

# **Entrepreneurship in Business Competition Towards Asean Economic Community 2015**

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## **Abstract**

In the era of the crisis has also spawned a new awareness of both the public and government about the importance of the Small Medium Enterprises (SMEs) sector and medium and informal sectors. Awareness of the community to undertake entrepreneurial activities/entrepreneur (standing or trying on his own strength) also increased. The role of entrepreneurship in driving the nation's economy including employment. Entrepreneurship is a passion, capabilities and behavior of individuals who dare to risk, whether it is financial risk, psychological, and social in conducting a process of creating something new (new creation) and create something different from existing (innovation) to receive the results in the form of monetary rewards and personal satisfaction .

*Keywords: Small Medium Enterprises, entrepreneurship, nation's economy, employment, innovation*

## **1. Background**

Multidimensional crisis that happened was like this, it turns out the small and medium enterprises (SMEs) and the informal sector would be a lifesaver sectors of the Indonesian economy. The crisis of 1997 has led to the collapse of major industries, even the Indonesian economy in 1998 had a negative growth of 13 % and the inflation rate is 77%. The economic recovery continues to run, even in 2003 is expected economy could grow 3.8 % and inflation is expected to be reduced 9 % per year.

In the era of the crisis has also spawned a new awareness of both the public and government about the importance of the SME sector and medium and informal sectors. Awareness of the community to undertake entrepreneurial activities / entrepreneur (standing or trying on his own strength) also increased. Entrepreneurial have a meaning that is capable of initiating and or run a business. An entrepreneur is someone who has extensive knowledge about the environment and make decisions about the business environment, managing a number of capital and facing uncertainty for profit. In general, entrepreneurs have two roles, namely

as the inventor (innovator) and as planners (planner). As the inventor entrepreneurs discover and create new products, technologies and new ways, new ideas and organization of the new venture, while as a planner, an entrepreneurial role designing new venture, strategic planning new company, planning ideas and opportunities within the company, and to create an organization the new company.

The term entrepreneurship by Peggy A. Lambing and Charles R. Kuel Entrepreneurship in his book (1999) is a creative act that builds a value of something that does not exist. Entrepreneurship is a process for capturing and realizing an opportunity regardless of existing resources, as well as the need courage to take calculated risks.

According to Indonesian dictionary, entrepreneurs are intelligent people or gifted regarding new products, arrange operations for new products, determine how new production , preparing the operation for the procurement of new products , marketing , and arranging capital operations.

Raymond Kao in a book entitled *Defining Entrepreneurship* states that the entrepreneur is a person who creates prosperity and the process of adding value through the incubation of ideas, combine resources and make the idea a reality, and entrepreneurship (entrepreneurship) is a process of doing something new and different with the aim of creating For individual prosperity and adding value to the community .

The definition made Kao clearly indicate the elements that distinguish the entrepreneur with the others, namely the existence of new ideas (innovation), the courage to take risks, the creation of added value and the most important thing is for the prosperity of the wider community.

Thomas W. Zimmerer and Norman M. Scharborough (1996) says that entrepreneurship is an attempt to create value through the introduction of business opportunities , management took a risk that match the existing opportunities and through communication and management capabilities to mobilize human, financial , and various sources the power required to bring a project to succeed .

As for the role of entrepreneurship in driving the nation's economy including employment. In this case the production factors can be combined so as to generate new products. With the production of the employment becomes open more and this provides a good opportunity to reduce the unemployment rate. Moreover, it can increase national income, for example by contributing to the rise in

national income through an increase in the number of goods and services. The role of entrepreneurship also affect income in the form of foreign exchange is needed to import capital goods, so that the development of the national economy can be accelerated. Procurement investment (FDI) in the country will increase national production and reduce reliance on foreign investment. Income tax form is also an entrepreneurial role because of tax collected is a source of state revenue that is beneficial to the promotion of the national economy.

The Central Bureau of Statistics (BPS) and the Ministry and SME 2005 show the number of SMEs in Indonesia reached 43.22 million units . The SME sector in Indonesia has proven to absorb the 79.6 million workers, have contributed to the export value of 19.94 % and 55.67 % of GDP (Indarti2007) . Tambunan (2002) explains that the implementation of regional autonomy , SMEs in the region will face a major change that affects the business climate of competition in the area Kotey & Meredith, (1997) describes the SMB in provide employment , income generation through business opportunities , development rural areas, balancing development among regions and ( hittunen2000) increase investment and develop the entrepreneurial spirit.

SMEs in Jember is an industry that still exist because all activities were not influence with the crisis. It can be seen in several small industries still produce as usual, and even among them there are products that greatly improved the marketing and even export, namely Edamame. In 2008, there were 1,192 units recorded manage SME employers with employment of 12,700 workers with an investment of 21.3 billion embedded.

**Table 1. Condition of Small and Medium Enterprises in Jember in 2013**

No.	Description	Year			
		2013	2014	2015	2016
A	Industries				
1	Large industry	0	1	1	4
2	medium industry	10	10	11	7
3	Small industry	1181	1182	1191	1201
4	Industry domestic	35151	35151	35099	35114
B	Trade				
1.	Employers large	21	22	33	47
2.	Employers medium	615	676	676	676
3.	Small businesses	35969	36460	36281	36261

*Source: Department of Industry, Trade and Cooperation Jember (in units) in 2013.*

In 2016 the predicted number of large and medium industries will remain. Whereas small industries and households not yet be predicted. Large employers in 2016 is projected to rise as much as 12 people. While small businesses is predicted to rise some 312 people. These additions predicted by the filing of a trade SIUP small and medium respectively 312 and 12 people. Increase in units of small and medium enterprises cannot be separated from the role of entrepreneurial SMEs. Experience in developed countries shows that SMEs are a source of innovation and technological production, growth in the number of entrepreneurs who are creative and innovative and the creation of a skilled and flexible workforce in the production process to cope with rapid changes in market demand (Tambunan, 2002).

## **2. Review of Literature**

### **The theory of entrepreneurship**

Words in Indonesian entrepreneur is a combination of the word "hero", which means brave, mighty and the word "business", so literally the entrepreneur as someone whose courageous or brave in the attempt (Riyanti, 2003). Self-employment or self-employed according to Priyono and Soerata (2005) comes from the word "officer" means a major, strong, brave or noble warriors; "Swa" means alone; and the word "sta" means standing. From the origin of said "private" meant to stand on its own feet or stand on his own abilities. Then they concluded that the entrepreneur or self-employed means that people who are struggling with the dashing, daring, too lofty and exemplary in the field of business, or in other words, entrepreneurs are the ones that have the properties of entrepreneurship or entrepreneurship such as: the courage to take risks, priorities and exemplary in dealing with the business rests on the willingness and ability of its own

Definition of entrepreneurship according to presidential directives RI No. 4 of 1995; " Entrepreneurship is the spirit, attitude, behavior, and ability to handle the business activities leading to the ceremony search, create, implement ways of working, new technologies and products to improve efficiency in order to provide better service and obtain greater profits.

Drucker (1985) defines entrepreneurship as the spirit, skills, attitudes and behaviors of individuals in handling the business (activity) that leads to the search for, create, implement ways of working, technologies , and new products to improve efficiency in order to provide better services and or obtain greater profits.

Hisrich and Brush in (Winardi, 2003) states that entrepreneurship is the process of creating something different in value to the sacrifice of time and effort required to bear the financial risk, psychological and social activities and receive results in the form of monetary rewards and personal satisfaction as a result of activities the. Kao (1997) defines entrepreneurship as a process of creating something new (creation) and or to make something different (innovation), whose goal is to achieve well-being of individuals and the value added to the community. Similar delivered by Schumpeter in (Winardi, 2003) by stating that entrepreneurship is a process and the entrepreneur is an innovator who take advantage of the process.

Based on some of the above definition, it can be concluded that entrepreneurship is a passion, capabilities and behavior of individuals who dare to risk, whether it is financial risk, psychological, and social in conducting a process of creating something new (new creation) and create something different from existing (innovation) to receive the results in the form of monetary rewards and personal satisfaction .

### **Theory SMEs**

The provisions of law No. 9 Year 1995 on small businesses and then carried further by Government Regulation No. 44 of 1997 on the partnership, which is the definition of SMEs as set Law No. 20 of 2008 SMEs are productive economic activities that stand alone, carried out by individuals or entities which are not subsidiaries or branches not owned, controlled or become part either directly or indirectly direct from medium or large businesses that meet the criteria of small businesses.

SMEs are businesses that have initial capital of small or net worth (assets) were small and the number of workers is small (limited), the value of capital (assets) or the number of job according to the definition given by the government or institution other specific purposes (Sukirno 2004:365) .

Article 1 paragraph (1) of Law No. 20 Year 2008 on Micro, Small and Medium Enterprises said: "Micro is a productive enterprise belonging to individuals and or entities that meet the criteria of individual businesses Micro as stipulated in this Law. "

Article 1 point (8) of Law No. 20 Year 2008 on Micro, Small and Medium gives the sense of empowerment as the efforts made by the government, local government, businesses, and communities in synergy in the form of growing climate and business development of the micro, small and medium enterprises so that they can grow and develop into and independent businesses.

### **Theory Asean Economic Community**

ASEAN Economic Community is an agreement made by the state - the Southeast Asian country that has a purpose for greater cooperation and stronger solit. With the cooperation solit and strong, is expected to boost economic stability in the ASEAN region, so as to the welfare of society that exist throughout Southeast Asia. The ASEAN Economic Community is one of the Free Trade Area (FTA) in which the AEC will integrate through regional economic cooperation is expected to provide easier access, trade is no exception. (Fitri, 2015)

ASEAN Economic Community (AEC) is a joint effort to create regional economic integration by 2015, with the aim to realize the ASEAN economic region that is stable, prosperous and highly competitive with equitable economic development characterized by decreased levels of poverty and socio-economic differences. AEC implementation of the agreement was followed by the 10-member Asean which has a total population of 600 million inhabitants. Approximately 43 % of the population was in Indonesia. That is, the implementation of the AEC is actually going to put Indonesia as the main market is good for the flow of goods and investment flows (Tukhas, 2014).

Based on the IMD World competitiveness yearbook 2007, in 2003 the competitiveness of Indonesia ranks 49th out of 55 countries surveyed this condition continue to fall next year be the year ranked 50 in 2005, 52 in 2006, 54 in 2007. Meanwhile, according to the World Economic Forum reports global competitiveness forum has published a report competitiveness of ASEAN countries in 2013-2014, as follows:

COUNTRY	RANKING COMPETITIVENESS
Indonesia	50
Malaysia	25
Singapura	2
Philipina	38
Brunei	65
Kamboja	85
Laos	-
Myanmar	-
Vietnam	75

*Table competitiveness of ASEAN countries the period 2013-2014.*

While the table comparison of the Human Development Index 2012 - 2014 year are as follows :

COUNTRY	2012	2013	2014
Indonesia	0.620	0.624	0.629
Malaysia	0.673	0.676	0.679
Singapura	0.892	0.894	0.895
Thailand	0.686	0.686	0.690
Philipina	0.649	0.651	0.654
Brunei	0.854	0.854	0.855
Kamboja	0.532	0.538	0.543
Myanmar	0.490	0.494	0.498
Vietnam	0.611	0.614	0.617

*Source: Journal of Studies National Resilience Institute of RI: 2014*

In 2013 the World Economic Forum published a ranking of competitiveness back to the year 2013, Indonesia is ranked 38 of 148 countries participated and were in position 5 in the ASEAN countries and South Asia. whereas for countries other ASEAN such as Singapore, who finished 2nd, Malaysia at position 24, Brunei at the 26th position, and Thailand in the 37th position.

Judging from the table and data above, Indonesia progressed from idea to years cannot be underestimated, but Indonesia still should be more active to improve the quality in all sectors of the economy, enhance the high competitiveness

by utilizing advances in information and communication technology is more advanced as it is today, As for the HDI table above intermediate Indonesia ranks below other ASEAN countries that have high HDI such as Singapore, Malaysia, the Philippines, and Thailand. Another thing to note in this regard is the issue of remuneration in which the State of Indonesia belongs to the country was ranked 3rd in the provision of low wages . This will lead to challenges for Indonesia where most people depend on the suitability of the remuneration given to fulfill their lives. Referring to the table above Indonesia has the opportunity to plunge enliven the global competition in the international market as well as ASEAN if Indonesia continues to maintain and continuously improve the quality of self from the idea to the year and continued to increase competitiveness is high, the government must continue to improve the performance of the entire industry sector of the economy can help Indonesia excel in business competition.

Although many people believe that Indonesia is not yet ready to face the ASEAN market competition because many businesses are still largely technology illiterate and have less access and cannot master the international language to make cooperation with other businesses that exist abroad . As one of the industry sector that is widely grown in the community and greatly contributed to the national income and employment Great, Small and Medium Enterprises (SMEs) is felt can help this country to compete with other ASEAN countries.

### **3. Discussion**

The term entrepreneurship by Peggy A. Lambing and Charles R. Entrepreneurship Kuel in his book (1999) is a creative act that builds a value of something that does not exist. Entrepreneurship is a process for capturing and realizing an opportunity regardless of existing resources, as well as the need courage to take calculated risks.

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The definition made Kao clearly indicate the elements that distinguish the entrepreneur with the others , namely the existence of new ideas (innovation), the courage to take risks, the creation of added value and the most important thing is for the prosperity of the wider community.

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From the above definition we can note some important things is entrepreneurship as follows :

1. There must be business or activity to do something.
2. Creating Value is the new value that causes what is produced can have added value in the market and have the advantage.
3. The existence of business opportunities. The ability and speed in identifying business opportunities.
4. Take risks. That the concept of an entrepreneur entrepreneurial daring and willing to take risks and of the risk before profits can be obtained.
5. Having the skills or expertise of management and communication. This means that by adopting the concept of entrepreneurship person is required to have expertise or skills in managing an organization's activities and ability to communicate.
6. Ability in mobilizing the potential that exists and that is required by an employer as a factor of human resources, financial and other resources needed to be a business activity can be accomplished and successful.

According to the definition Rhenald Kasali entrepreneur is someone who likes change, perform a variety of findings which distinguishes itself with others, create added value, providing benefits for himself and others, his work is built sustainable (not explosion shortly) and institutionalized so that later can work effectively in the hands of others.

For ease, perhaps it would be better if we were quite remember the five featured entrepreneur characteristics are:

1. That Dare to take risks, dare to start something uncertain and full risk. In this case not all of the risks but only calculated risks carefully.
2. Like the challenge Everything is seen as a challenge rather than a problem. Changes continue to occur and the era of the all crazy motivations progress, not discouraging a featured entrepreneur. Thus an entrepreneur will continue to spur him forward, overcoming all obstacles.
3. Have a high resistance an entrepreneur must be resourceful and not easily despair. He must always be able to rise from failure and persevering.
4. Have a vision far ahead Everything he does has a purpose-term. Long despite starting with a very small step. He has a target for a certain period. How the next year, 5 years, 10 years and beyond.
5. Always try to give the best. Entrepreneurs will exert all potentials. If it is less, it will recruit people who are more competent in order to provide the best to its customers.

### **Characteristics of SMEs and Problems Faced**

There are various classifications of business / industry, one often sees the classification of the amount of labor used and the capital employed. If seen from the number of workers, the classification is often done :

1. Manufacture Big with 100 or more workers
2. Industrial Average with 20 to 99 workers
3. SMEs with 5 to 19 workers and Industry Households with 1 to 4 employees.

If of capital owned, the distribution is as follows:

1. Manufacture Big with a capital of more than USD 1,500 million
2. Industrial Average with a capital of USD 350 million to USD 1,500 million
3. SMEs with capital of USD 50 million to USD 350 million ; and Industry Households with less than Rp 50 million .

For the development of small and medium enterprises (SMEs) ideally does require the role (interference) government in increasing its ability to compete . But keep in mind is that ability here , not in the ability to compete with the business

(industry) is great, more on the ability to predict the business environment and the ability to anticipate the environmental conditions.

The government's role is also not on the provision of capital, but rather on building the capacity of SMEs and create a condition that drives the ability of SMEs to access capital. Or in other words, the government should build capacity of SMEs in calculating the optimum capital required, the ability to prepare a funding proposal to institution financiers, as well as issuing policies or laws that favor SMEs in their lending.

According Haeruman (2000), the challenge for the business world, especially the development of SMEs , covering broad aspects , among others :

1. Improving the quality of human resources in terms of management skills, organization and technology.
2. Competence entrepreneurship.
3. Broader access to capital.
4. Information transparent market.
5. Factors other production inputs.
6. Healthy business climate that encourages innovation , entrepreneurship and business practices and fair competition .

Another classification problems that are often faced by SMEs can detail as follows:

1. Problems in Management / HR, relates to education levels

Low, low motivation, mastery of technology.

2. Problems in the Production, covering from raw materials, production processes, as well as

when output (production) .

3. Market or marketing problems, including the limitations of the market, as well as extensive distribution target market.
4. Financial issues , relating to lack of capital, it is difficult to seek additional capital and also limitations in administration accounting / finance.
5. Problems are less conducive business climate , with regard to the role of government, regulation and so on.

The problem faced by the government in the development of entrepreneurship (SMEs) are a formidable selection of the strategy ( program ) for two different conditions. The condition in question is:

1. develop existing businesses in order to be resilient, or
2. develop a strong new entrepreneurs .

Strategy (program) for the development of both conditions must be different (specific) . Even the development strategy for entrepreneurs who are already unable to do with uniformity. It takes a mature and in-depth study (diagnosis) to determine what the actual problems faced by SMEs to be fostered. Without studies and planning, the business development program (albeit with good intentions) will encounter many obstacles, for example:

1. misdirected.
2. futile ( redundant ).
3. a lot of manipulation in its implementation .

### **Classical Dilemma Small and Medium Enterprises**

Usually the classic obstacle to the emergence of a strong SME sector is capital. Capital in the SME like ' blood ' is always flowing and keep the life of the human body. Although at present it is difficult to quantify the category of capital for SMEs in Indonesia, compared to the Chinese state, we are still very far behind. There, working capital of SMEs could reach billions of rupiah in Indonesia may fall into the category of medium and large industries. In addition to the factors also weak managerial and yet strong networks at lower levels. More precisely SMEs often have difficulty in improving business efficiency and difficulty in improving product yield. This classic complaint so often arise from small businesses.

Such condition can not just blame them. Due to the fact that emerges is the policy of empowering the SME sector through capital or operational management of the company even many captured by big industry, so that SMEs always continue to be on the verge of defeat. In the middle of the actual verge of defeat SMEs have many advantages compared with large industry.

It has proven survival of SMEs in the economic crisis libasan. Clearly the answer that big industry grew gigantic in Indonesia with the help of protective of the New Order regime with a series of economic policy. Theoretically and also

proven in the field turned out to SMEs will have many advantages compared with major industries such as : being able to come out into the market to adjust to market conditions. In addition, operational management has smaller overhead costs. As well as the flexibility of SMEs in anticipating changes in the market environment.

For the empowerment of the carrying capacity of the economy of a region located on the effectiveness of the behavior of economic actors region concerned. The more efficient the greater economic actors work carrying capacity on the economy of the region concerned.

### **Solving Problems SMEs**

One of the efforts of business development by companies (including SMEs) was initially determined by the ability to identify or make a diagnosis on internal factors (strengths and weaknesses ) and external factors (opportunities and threats) through a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). By this analysis obtained stages as evaluate the situation, set goals and decide (the selection and evaluation of activities). SWOT analysis can be used to download swot per item problems faced by the company or download the company's overall swot.

Diagnosis is absolutely necessary to identify the characteristics of the resulting product (excellence that already exist or allow to be developed), the market has entered (development opportunities and additional capabilities are needed), the technology used (optimizing the use of technology tailored to the characteristics of SMEs ), access to raw materials and other intake (constraints and possible solutions ), capital absorption (optimization of capital requirements tailored to market opportunities), as well as managerial aspects of management (accounting, organization and so on).

Good diagnosis will produce a typology of SMEs based development opportunities. This typology can be composed of a specific development strategy in accordance with the typology which is owned by the SMEs. If the development strategy ( to be what and when accomplishment) is clear, then a coaching program provided by the government will not be misplaced.

## **New Entrepreneurs Creation Strategy**

Creation of new entrepreneurs, certainly not as easy as turning the palm of the hand, because it is very difficult to find people who are entrepreneurial. Entrepreneurs often defined as people who take the risk to invest their money in new inventions (innovation), while entrepreneurship emphasizes the entrepreneurial spirit (adjective). Schumpeter called the entrepreneur as a person who:

1. The introduction of new products as a result of the creation / innovation.
2. create a new production method.
3. finding new markets.
4. find new raw materials.
5. find a new organization other than the existing ones.

Another opinion , the entrepreneur is defined as:

1. Imaginative
2. able to see opportunities
3. innovative , and innovation used for the betterment of society
4. which have characteristics such as: (a) confidence; (b) task-oriented and results; (c) risk-taker; (d) has leadership; (e) ideide originality; (f) oriented towards the future.

From the foregoing it is certainly not easy to find people who have the characteristics above. Results of research conducted in the United States and in Indonesia (as mentioned above), the majority of successful entrepreneurs who comes from a family with a strong tradition in the fields of business (business ). So it can be underlined that culture (culture) entrepreneurship of a family or tribe or nation affects the emergence of new entrepreneurs is tough.

Cultur some tribes in Indonesia (such as Thionghoa tribal, ethnic Minang) indeed exalts so many entrepreneurs entrepreneurial profession tough coming from that tribe. But in general the culture of Indonesian society (read: Java community) still venerate the profession relatively " without risk " (eg, the civil service, the military, or work in a large company) .

## **5. Conclusion**

The creation of new entrepreneurial venture these tough it would be better if committed against college graduates who already have the basis of science

and high intellect. This is based on the conditions of competition in the era of globalization which demands the ability of an entrepreneur who actually has a high ability. One pattern entrepreneurial development formidable and superior is to provide in addition to through high college, also through training and internships are supported by the facility / access technology, management, markets, capital, and information (both general and specific ), through Incubation business.

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# **THE ROLE OF LEADERSHIP IN BUSINESS COMPETITION TOWARDS ASEAN ECONOMIC COMMUNITY OF 2015**

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## **Abstract**

ASEAN Economic Community (AEC) which is one of the pillars of the ASEAN community dream. Policies that impose AEC causes increasingly global market competition, so that the people of ASEAN members are required to be able to compete with the ASEAN Economic Community (AEC) in the other. The claim is also true for the people of Indonesia are mostly still having low competitiveness.

ASEAN Economic Community (AEC) provides opportunities and threats for Indonesia. The opportunities of Indonesia in the form of abundant resources both natural resources and human resources. The greatest threat comes from the competitive ability of human resources for human resources have a very important role to mobilize all the existing potential to improve the ability of the economy of a country.

The progress of a country can be seen from the development and economic growth. One indicator that plays a vital role is the Micro, Small and Medium Enterprises. The Micro, Small and Medium Enterprises (SMEs) are very important because they are the main characteristics that distinguish them with great effort,

*Keywords: Small Medium Enterprises, entrepreneurship, nation's economy, employment, innovation*

### 1. Background

In December 2015 has been enacted ASEAN Economic Community (AEC) which is one of the pillars of the ASEAN community dream. Policies that impose AEC causes increasingly global market competition, so that the people of ASEAN members are required to be able to compete with the ASEAN Economic Community (AEC) in the other. The claim is also true for the people of Indonesia are mostly still having low competitiveness.

ASEAN Economic Community (AEC) provides opportunities and threats for Indonesia. The opportunities of Indonesia in the form of abundant resources both natural resources and human resources. These resources can be an opportunity if managed properly and appropriate. However, these opportunities will be a threat if

not managed properly. The greatest threat comes from the competitive ability of human resources for human resources have a very important role to mobilize all the existing potential to improve the ability of the economy of a country.

The progress of a country can be seen from the development and economic growth. One indicator that plays a vital role is the Micro, Small and Medium Enterprises. According to Tambunan: 2012 (in the journal Anna syukriyah & Imam Hamadi .2013: 111) says that the Micro, Small and Medium Enterprises (SMEs) are very important because they are the main characteristics that distinguish them with great effort, especially since SMEs are solid efforts works, there is in all locations, especially in rural areas, more dependent on local raw materials, and the main provider of basic needs goods and services perpendapatan low or poor communities.

The following table is presented on the development of Micro, Small and Medium Enterprises (SMEs) and Large Enterprises (UB) 2012-2013.

PERKEMBANGAN DATA USAHA MIKRO, KECIL, MENENGAH (UMKM) DAN USAHA BESAR (UB)  
TAHUN 2012 - 2013

NO	INDIKATOR	SATUAN	TAHUN 2012 **)		TAHUN 2013 ***)		PERKEMBANGAN TAHUN 2012-2013	
			JUMLAH	PANGSA (%)	JUMLAH	PANGSA (%)	JUMLAH	(%)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
1	<b>UNIT USAHA (A+B)</b>	(Unit)	56.539.560		57.900.787		1.361.227	2,41
	<b>A. Usaha Mikro, Kecil dan Menengah (UMKM)</b>	(Unit)	56.534.592	99,99	57.895.721	99,99	1.361.129	2,41
	- Usaha Mikro (UMI)	(Unit)	55.856.176	98,79	57.189.393	98,77	1.333.217	2,39
	- Usaha Kecil (UK)	(Unit)	629.418	1,11	654.222	1,13	24.803	3,94
	- Usaha Menengah(UM)	(Unit)	48.997	0,09	52.106	0,09	3.110	6,35
	<b>B. Usaha Besar (UB)</b>	(Unit)	4.968	0,01	5.066	0,01	98	1,97
2	<b>TENAGA KERJA (A+B)</b>	(Orang)	110.808.154		117.681.244		6.873.090	6,20
	<b>A. Usaha Mikro, Kecil dan Menengah (UMKM)</b>	(Orang)	107.657.509	97,16	114.144.082	96,99	6.486.573	6,03
	- Usaha Mikro (UMI)	(Orang)	99.859.517	90,12	104.624.466	88,90	4.764.949	4,77
	- Usaha Kecil (UK)	(Orang)	4.535.970	4,09	5.570.231	4,73	1.034.262	22,80
	- Usaha Menengah(UM)	(Orang)	3.262.023	2,94	3.949.385	3,36	687.363	21,07
	<b>B. Usaha Besar (UB)</b>	(Orang)	3.150.645	2,84	3.537.162	3,01	386.517	12,27
3	<b>PDB ATAS DASAR HARGA BERLAKU (A+B)</b>	(Rp. Milyar)	8.241.864,3		9.014.951,2		773.086,9	9,38
	<b>A. Usaha Mikro, Kecil dan Menengah (UMKM)</b>	(Rp. Milyar)	4.869.568,1	59,08	5.440.007,9	60,34	570.439,8	11,71
	- Usaha Mikro (UMI)	(Rp. Milyar)	2.951.120,6	35,81	3.326.564,8	36,90	375.444,2	12,72
	- Usaha Kecil (UK)	(Rp. Milyar)	798.122,2	9,68	876.385,3	9,72	78.263,1	9,81
	- Usaha Menengah(UM)	(Rp. Milyar)	1.120.325,3	13,59	1.237.057,8	13,72	116.732,5	10,42
	<b>B. Usaha Besar (UB)</b>	(Rp. Milyar)	3.372.296,1	40,92	3.574.943,3	39,66	202.647,2	6,01
4	<b>PDB ATAS DASAR HARGA KONSTAN 2000 (A+B)</b>	(Rp. Milyar)	2.525.120,4		2.670.314,8		145.194,4	5,75
	<b>A. Usaha Mikro, Kecil dan Menengah (UMKM)</b>	(Rp. Milyar)	1.451.460,2	57,48	1.536.918,8	57,56	85.458,5	5,89
	- Usaha Mikro (UMI)	(Rp. Milyar)	790.825,6	31,32	807.804,50	30,25	16.978,9	2,15
	- Usaha Kecil (UK)	(Rp. Milyar)	294.260,7	11,65	342.579,19	12,83	48.318,5	16,42
	- Usaha Menengah(UM)	(Rp. Milyar)	366.373,9	14,51	386.535,07	14,48	20.161,1	5,50
	<b>B. Usaha Besar (UB)</b>	(Rp. Milyar)	1.073.660,1	42,52	1.133.396,05	42,44	59.735,9	5,56

PERKEMBANGAN DATA USAHA MIKRO, KECIL, MENENGAH (UMKM) DAN USAHA BESAR (UB)  
TAHUN 2012 - 2013

NO	INDIKATOR	SATUAN	TAHUN 2012 **)		TAHUN 2013 ***)		PERKEMBANGAN TAHUN 2012-2013	
			JUMLAH	PANGSA (%)	JUMLAH	PANGSA (%)	JUMLAH	(%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
5	TOTAL EKSPOR NON MIGAS (A+B)	(Rp. Milyar)	1.185.391,0		1.161.327,5		(24.063,4)	(2,03)
	<b>A. Usaha Mikro, Kecil dan Menengah (UMKM)</b>	(Rp. Milyar)	166.626,5	14,06	182.112,7	15,68	15.486,3	9,29
	- Usaha Mikro (UMi)	(Rp. Milyar)	15.235,2	1,29	15.989,5	1,38	754,3	4,95
	- Usaha Kecil (UK)	(Rp. Milyar)	32.508,8	2,74	32.051,8	2,76	(457,0)	(1,41)
	- Usaha Menengah(UM)	(Rp. Milyar)	118.882,4	10,03	134.071,4	11,54	15.189,0	12,78
	<b>B. Usaha Besar (UB)</b>	(Rp. Milyar)	1.018.764,5	85,94	979.214,8	84,32	(39.549,7)	(3,88)
6	INVESTASI ATAS DASAR HARGA BERLAKU (A+B)	(Rp. Milyar)	2.283.872,9		2.609.778,8		325.905,8	14,27
	<b>A. Usaha Mikro, Kecil dan Menengah (UMKM)</b>	(Rp. Milyar)	1.250.801,1	54,77	1.655.233,5	63,42	404.432,5	32,33
	- Usaha Mikro (UMi)	(Rp. Milyar)	175.529,1	7,69	185.717,2	7,12	10.188,1	5,80
	- Usaha Kecil (UK)	(Rp. Milyar)	452.790,0	19,83	620.216,0	23,77	167.426,0	36,98
	- Usaha Menengah(UM)	(Rp. Milyar)	622.482,0	27,26	849.300,3	32,54	226.818,3	36,44
	<b>B. Usaha Besar (UB)</b>	(Rp. Milyar)	1.033.071,9	45,23	954.545,2	36,58	(78.526,6)	(7,60)
7	INVESTASI ATAS DASAR HARGA KONSTAN 2000 (A+B)	(Rp. Milyar)	583.426,4		607.879,3		24.452,9	4,19
	<b>A. Usaha Mikro, Kecil dan Menengah (UMKM)</b>	(Rp. Milyar)	300.175,7	51,45	341.341,6	56,15	41.165,9	13,71
	- Usaha Mikro (UMi)	(Rp. Milyar)	44.711,3	7,66	42.053,3	6,92	(2.658,0)	(5,94)
	- Usaha Kecil (UK)	(Rp. Milyar)	104.726,4	17,95	111.652,8	18,37	6.926,4	6,61
	- Usaha Menengah(UM)	(Rp. Milyar)	150.738,0	25,84	187.635,5	30,87	36.897,5	24,48
	<b>B. Usaha Besar (UB)</b>	(Rp. Milyar)	283.250,7	48,55	266.537,7	43,85	(16.713,0)	(5,90)

Keterangan :  
\*\*) Angka Sangat Sementara  
\*\*\*) Angka Sangat-Sangat Sementara

Sumber Data :  
Kementerian Koperasi dan UKM (diolah)

From the above table shows the increase of SMEs every year. The success of SMEs is determined by human resources who run or who is often referred to as an entrepreneur. Successful of entrepreneur lies in the dynamics and effectiveness of leadership and the role of leaders in entrepreneurship. Successful entrepreneurs are successful leader, a leader who can master and develop themselves, and also able to control and guide and develop employees.

An effective leader will always look for ways to better. Where a leader in performing an activity to believe in growth, efficiently increased, and the sustained success of the business is run. A leader should also be aware of the purpose of the beginning of the establishment of the business they're running, so the leader will seek various ways to achieve that goal.

Entrepreneurs are mature in the sense of leadership will be better prepared to face global trading activities are capable of being producers who export more finished goods, so that it has added to its business than to export the raw materials or semi-finished goods. SMEs has been the backbone of much help employment, reduce unemployment and poverty as well as improving domestic income countries. With SMEs a better course would contribute to greater domestic revenue increase state.

Formulation of the problem

- How it relates leadership in entrepreneurship?

- What is the role of entrepreneurship in the business competition of the AEC?
- What is required of a successful entrepreneur?
- What are the problems facing SMEs?
- How a solution that can be done to overcome these problems?
- What strategies should be done in an effort to improve the competitiveness of SMEs in order to compete with ASEAN countries in particular face products originating from ASEAN?
- How to enter the export market and import?

## **2. Review of Literature**

### 2.1 Definition of Leadership

According to House et al., in (Gary Yukl, 2015:3) leadership is the ability of certain individuals to influence, motivate, and make other people can contribute to the effectiveness and success of the organization while according to Burns (Yukl, 2015:3) leadership held when someone mobilizing institutional , political, psychological, and other sources to arouse, engage and fulfill his purpose. According to Jacobs and Jaques in (Yukl, 2015:3) leadership is the process of giving purpose (meaningful direction) on collective efforts and cause their effort expended to achieve the goal. From the opinions of experts on the above, it can be concluded that leadership is a planned or deliberate behavior to influence others to achieve a common goal.

### 2.2 Leadership Style

A leadership style can be defined as a pattern of behavior that is designed to accommodate the interests - the interests of the organization and personnel in order to pursue several objectives (Flippo, 1994:122). According Tjiptono in (journal Bryan Johannes, 2014:3) style of leadership is a leader in the means used to interact with subordinates. Another opinion Hersey in (Bryan Johannes, 2014:3) states that leadership style is a pattern of behavior (words-words and actions-actions) of a leader is perceived by others. From the opinions of experts on the above, it can be concluded that leadership style is the behavior of a leader who used to direct subordinates to achieve organizational goals.

Leadership styles based on the behavior of the subordinates can be divided into, the task-oriented leadership style, relationship-oriented leadership style, and participative leadership styles.

a. Task-Oriented Leadership Style

Effective managers do not spend time and effort to do the same job as their subordinates. Conversely, the more effective manager to concentrate on a task-oriented functions such as planning and organizing the work, coordinating the activities of subordinates, and provide supplies, equipment, and technical assistance is needed (Gary Yukl, 2015:67).

b. Relationship-Oriented Leadership Style

Leadership style relationship-oriented behavior support that correlates with effective leadership includes measures to demonstrate trust and confidence, act friendly and attentive, trying to understand the problems of subordinates, helping to develop subordinates and advance their careers, always give the information to subordinates, show appreciation for the the idea of the subordinates, and recognition of the contribution and success of subordinates (Yukl, 2015:67-68).

c. Partisipatif Leadership Style

Effective managers use more supervision than each control group-each in their own subordinates. Group meetings facilitate the participation of subordinates in decision making, improve communication, encourage cooperation, and facilitate conflict resolution.

In addition to the style of leadership based on the above behavior, adapaun leadership style based on behavior that can be divided into four types according to Robbins in (Bryan Johannes, 2014:4), as follows:

a. Charismatik Leadership Style

The followers motivated leadership abilities heroic or extraordinary when they observe certain behaviors of their leaders.

There are five characteristics of charismatic leadership:

1. Have a vision devoted to the ideal target which wish a better future of the status and able to clarify the importance of vision to understand other people.
2. a charismatic leader willing to take a high personal risk, to bear the huge cost, and engage in self-sacrifice to achieve a vision.
3. Sensitive to the environment, they are able to realistically assess the environmental constraints and resources needed to make a change.
4. sensitivity to the needs of followers.

5. Conduct an unconventional, charismatic leaders engage in behaviors that are considered new and contrary to the norm.

b. Transactional Leadership Style

A leader who guide or motivate their followers towards the goals set by clarifying role and task requirements. The transactional leadership style focuses more on the leader-subordinate relationship without any effort to create change for subordinates. There are four characteristics of transactional leadership style:

1. Rewards contingent: exchange contracts in return for the effort made, promising a reward for good performance, and recognizes achievement.
2. Management based on the exception (active): see and search for deviations from rules and standards, take corrective action.
3. Management based on the exception (passive): to intervene only if the only standard is not met.
4. Laissez-faire: remove the responsibility, to avoid decision-making.

c. Transformational Leadership Style

Transformational leaders pay attention to the things and the development needs of each follower. Transformational leaders will change the consciousness of the followers of problems with their helpers looked at old problems in new ways, and they are able to arouse, excite and inspire followers to put out extra effort to achieve the goals of the group. There are four characteristics of transformational leadership:

1. Charisma: provide the vision and mission, instilling pride, won the respect and trust.
2. Inspiration: communicating high expectations, uses symbols to focus on the business, describe the critical points are simple.
3. Intellectual stimulation: push intelligence, rationality, and solving the problem carefully.
4. Consideration of individuals: a personal interest, serving individual employees, coaching and mentoring.

d. Visioner Leadership Style

The ability to create and articulate a vision that is realistic, credible and attractive about the future of the organization is growing and improving. This vision if in selection and appropriately implemented, have a great power can result in a jump-start of the future by raising the skills, talents, and resources to realize.

### 2.3 Theory of Leadership

The appeal of the leadership as a research subject generates a lot of different concepts. Different concepts were grouped into the following five approaches (Yukl, 2015:13):

1. Personality approach
2. Behavioral approach
3. The power-influence approach
4. Approach the situation
5. The integrated approach

### 2.4 Theory of SMEs

SMEs is one of the largest contributor to the economy of Indonesia, where SMEs have a pretty good preparation in the face of AEC 2015 is not impossible that the Indonesian economy will grow rapidly over the MEA, 2015. There are two definitions of small businesses, known in Indonesia. First, the definition of small businesses under the Act No. 20 of 2008 on Micro, Small and Medium Enterprises is an economic enterprise productive stand-alone, conducted by an individual or business entity that is not a subsidiary or not a branch of the company owned, controlled, or be a part either directly or indirectly from medium or large businesses that meet the criteria for small Business as defined in the Act No. 20 of 2008. Second, according to the category of the Central Statistics Agency (BPS), rural small businesses, growth is synonymous with small industry and home industry (Sudarno, 2011:140).

According to the role of micro, small and medium enterprises (SMEs) in the economy of Indonesia should have been implemented in a concrete and serious within 10-20 years ago. A reflection that if in 2015, the start of the ASEAN Economic Community SMEs can conduct a hope in the future, at least can be seen from several aspects such as the following:

1. His position as a major player in economic activity in various sectors.

2. Provider of the biggest employment.
3. Important player in the development of local economic activity and empowerment community.
4. Creator of new markets and sources of innovation.
5. His contributions in maintaining the balance of payments through export activities. (Tedjasuksmana, 2014:195).

In general, small businesses have characteristics: a stand-alone management, provided the capital itself, a local marketing area, the small company's assets, and a limited number of employees employed. The principle of the implementation of SMEs is togetherness, democratic economy, independence, balance, progress, sustainability and efficiency of justice, as well as national economic unity. SMEs get attention and privileges are mandated by law, among others: assistance business loans with low interest rates, ease the requirements of the business license, business development assistance from government agencies, several other conveniences (Syukriah and Imam Hamdani, 2013: 113).

#### Indonesia Position

Indonesia is a country with a population the 4th largest in the world there are approximately 242 million more people in Indonesia, with a population that is very large, Indonesia discount HR enormous potential in terms of quantity. Indonesia's population reached more than 242.3 million people, equivalent to two-fifths of the total population of ASEAN in 2011, making Indonesia's position would not want to be a concern for ASEAN countries (Figure 2).

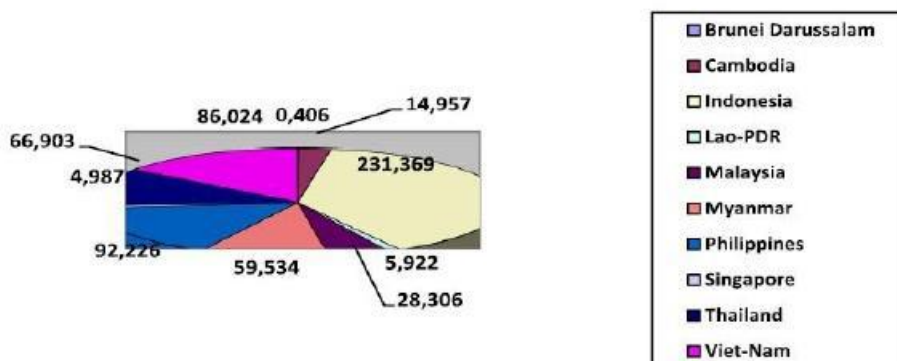


Figure 2. Number of ASEAN's Population (in thousand)

Source: Supriadi, Agust and Girsang, Erna S.U. 2011. Ekonomi ASEAN Layak Naik Kelas. Newspaper Bisnis Indonesia, 5 Juli 2011.



Indonesia opportunity to compete in AEC 2015 is actually quite large, Indonesia is currently ranked 16th in the world for economies of scale. Economies of scale are also supported by the proportion of the population of productive age and growth-middle-class me great. Indonesia positive economic outlook is also supported by the improvement of Indonesia's investment rating by the rating agencies as well as the inclusion of Indonesia as the world number four prospective destinations by UNCTAD World Investment report. The strengthening of fundamental perekonomian Indonesia can be seen when many states are "uprooted" buffeted by the global economic slowdown, the Indonesian economy can still be maintained to positive growth (Anggarani et al, 2014:46-47).

## 2.5 Theory of the Asean Economic Community (AEC)

MEA is a community of ASEAN (ASEAN Community) in Economics or ASEAN Economic Community (AEC) which was endorsed at the Summit (Summit) ASEAN 9th in Bali in 2003, otherwise known as Bali Concord II. The community building initiated by the Heads of State of ASEAN after the 1997 economic crisis in Southeast Asia. MEA is expected to realize the achievement of an area is stable, prosperous and highly competitive with balanced economic growth and reduced poverty and socio-economic gap. Bali Concord II not only agreed on the establishment of the AEC, but also agreed to establish an ASEAN Community in the field of Political Security (ASEAN Political-Security Community) and the Socio-Cultural (ASEAN Socio-Culture Community). Tulus Tambunan, 2012).

To realize the AEC by 2015, as the agreement in the Bali Concord II, has compiled the ASEAN Economic Community (AEC) Blueprint for the guidance of the member countries of ASEAN. Four main pillars of the AEC Blueprint, namely: (1) ASEAN as a single market and a single production base that is supported by elements of the free flow of goods, services, investment, labor educated and freer flow of capital; (2) ASEAN as a region with high competitiveness, with elements of competition rules, consumer protection, intellectual property rights, infrastructure development, taxation and e-commerce; (3) ASEAN as a region with equitable economic development with elements of the development of small and medium enterprises as well as the initiator of the integration of ASEAN countries CMLV (Cambodia, Myanmar, Laos and Vietnam); and (4) ASEAN as a region fully integrated into the global economy with elements of a coherent approach in

economic relations outside the region and increase participation in global production networks.

As a continuation of the preparation of the AEC Blueprint was signed the Roadmap for an ASEAN Community (2009-2015) at the 14th ASEAN Summit in Hua Hin-Thailand. With the implementation of AEC or AEC in 2015 will create a new configuration of production and distribution of production factors intra-ASEAN economies.

#### Readiness of Indonesia facing AEC 2015

In Indonesia's readiness to face the AEC in 2015, the World Economic Forum shows the level of global competitiveness of Indonesia with other ASEAN countries. Below is a table of competitiveness index Indonesia and other ASEAN countries in the global tingkt on ttahun 2013-2014.

Table 4.1 Competitiveness Index of the Member States of ASEAN Year 2013-2014

No	Negara	Rank	Score
1.	Singapore	2	5.61
2.	Malaysia	24	5.03
3.	Brunei Darussalam	26	4.95
4.	Thailand	37	4.54
5.	Indonesia	38	4.53

6.	Philippines	48	4.08
7.	Vietnam	59	4,29
8.	Laos	70	4.18
9.	Kamboja	88	4.01
10.	Timor Leste	138	3.25
11.	Myanmar	139	3.23

Sumber: World Economic Forum (2013)

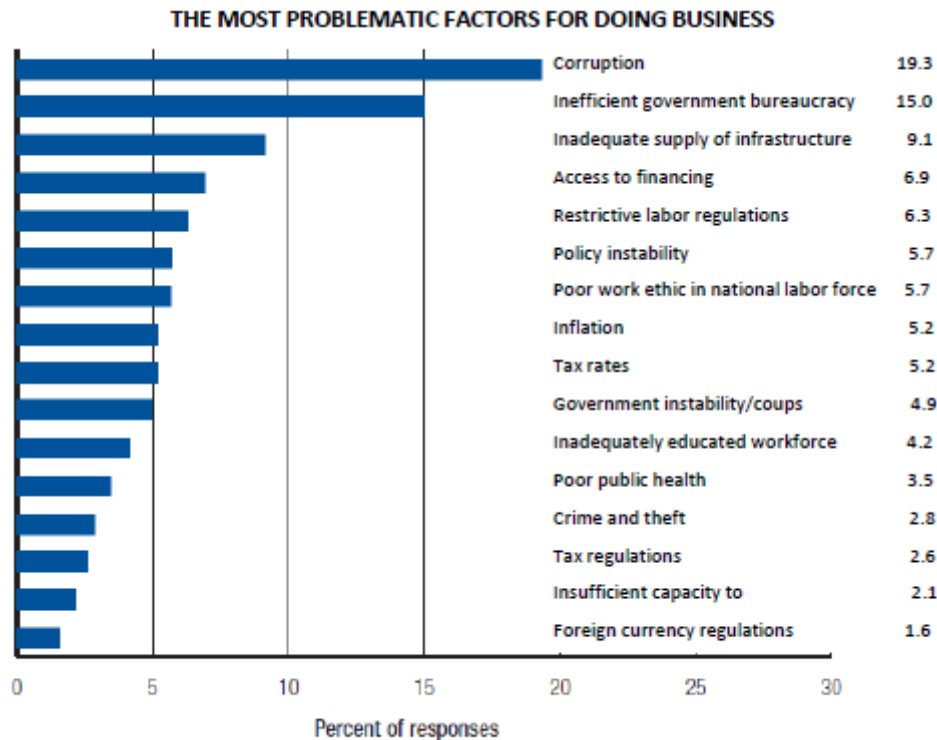
Based on the above table, from eleven countries of ASEAN, Indonesia is in the top five and is ranked 38 of 148 countries in the global. From the table, it appears that Indonesia is still losing competitiveness to carry out the investment of 4 other ASEAN countries that are in the top position, namely Singapore, Malaysia,

Brunei, and Thailand. Assessment in determining global competitiveness is based on several pillars, including; pegelolaan good institution, infrastructure conditions and the macroeconomic situation, health and primary education, education level up and training, market efficiency, labor efficiency, the development of financial markets, the readiness of technology, market size, business environment, and innovation. (Simamora, Dominican. 2015)

Now, Indonesia is in a group of other developing countries such as Brazil, although still better than the Philippines, Mexico, South Africa and Russia. While The International Institute for Management Development (IMD) Competitive Center states that the main factor inhibiting business in Indonesia, are:

1. The quality and quantity of human resources have not increased
2. There are too many inefficient bureaucracy and deregulation package
3. Not improved infrastructure
4. Regulations burdensome taxation
5. Economic growth meningkat but 65% supported by domestic consumption remaining export
6. The policy is not solid, raises regional autonomy policy implementation dilit directed / obstacles.

Furthermore based on report The Global Competitiveness Report 2013-2014// World Economic Forum, which was released at the end of 2013 suggests several factors that cause obstacles in Indonesia to be able to start a business (The Most Problematic Factors for Doing Business), as shown in the following figure 3.



Sumber : The Global Competitiveness Report 2013–2014//World Economic Forum 2013

Figure 3. The Most Problematic Factors for Doing Business

From the report of the report shows that Indonesia to be a "player" or not the audience will have already begun to restore things to welcome AEC 2015 (Rahadian. Anticipation of policies to meet the 2015 AEC 5-6).

### 3.1 Linkage leadership in entrepreneurship

Successful entrepreneurs are successful leader, a leader who can master and develop themselves, and also able to control and guide and develop employees, both leading several or hundreds of employees. an effective leader will always look for a better way. A successful leader can be said if it believes in sustainable growth, increased efficiency and the sustained success of the company. There is no best way to be a leader. There is no best way to become leader entrepreneurs are individuals who develop their own leadership style. Conversely, according to Alma (2005), in general, the failure of a business or company due to ineffective leadership, they are not able to lead employees, can not cooperate with others, or not be able to master and control himself.

### 3.2 Role of Entrepreneurship in Business Competition Against AEC

Entrepreneurship has a very important role in terms of business competition against the AEC, macro entrepreneurial role as a driver, controller and driver of the national economy. Entrepreneurship into economic power of a country. Even the results of scientific discovery, research, and floating science and engineering technology have produced new creations in goods and services with a global reach that is the result of a dynamic process of dynamic entrepreneurs. The entrepreneurs who managed to create jobs and boost economic growth.

1. The role of self-employment through small business no doubt, because:  
Small businesses can strengthen national economies of through the sharing of business relations, such as the functions of suppliers, production function, the function of distributor, and marketer for the results of major industrial products.
2. Small businesses in particular can meningkatkan ekonomi efficiency in absorbing the available resources, can absorb local labor, local resources and improving human resources become entrepreneurs will be tough.
3. Small businesses is seen as a means of distribution of national income, means of equalization effort, and equitable distribution of income because the amount tersebut both in urban and in rural areas.

Furthermore, the role of micro entrepreneurs is the insurer of risks and uncertainties, combine resources into a new and different ways to create new businesses. In conducting its micro fungsi according to Marzuki Usman (1977) are generally entrepreneurs have two roles, namely as inventor and planner.

#### a. Inventor (innovator)

Entrepreneurial role in finding and creating:

1. New products
2. New technology
3. New ideas
4. The organization of new businesses

#### b. Planners (planner)

Entrepreneurial role in designing:

1. Planner business
2. The company's strategy
3. The ideas within the company
4. Organization of the company

With the enactment of AEC 2015 can certainly be an opportunity for Indonesia to benefit. The role of entrepreneurship which are vital to the economy of this country should be one of the factors that can lead to the ability to compete in the business of the AEC. SMEs in particular entrepreneurial empowerment are necessary to improve economic competitiveness. Competition in terms of quality and quantity not only for local and national markets, but also export. As more and more entrepreneurs and SMEs to export, the greater the economic competitiveness Indonesia.

### **3. Discussion**

#### **a. Characteristics of Successful Entrepreneurs**

According Hornaday in (Winardi, 2003: 27) utilizing surveys and interviews intensively to develop a unified list of characteristics and properties of a successful entrepreneur is as follows:

1. Trust in yourself (self-confident)
2. Full of energy, and working closely (diligent)
3. Ability to take calculated risks
4. Has creativity
5. Has the flexibility
6. Have a positive reaction to the challenges faced
7. Having a dynamic spirit and leadership
8. Having the ability to get along with people
9. Have a sensitivity to receive suggestions
10. Have sensitivity to criticism leveled against him
11. Having knowledge (understanding) market
12. Having tenacity and determination to achieve goals (Perseverance, determination)
13. Have a lot of sense (resourcefulness)
14. Has the stimulus / need for achievement
15. Own initiative
16. Having the ability to stand alone (independent)
17. Have a vision of the future (foresight)
18. Oriented profit
19. Have an attitude perceptive (perceptiveness)

20. Has the soul of optimism
21. Having flexibility (versability)
22. Having knowledge / understanding of the products and technologies

While Wirawan (2014: 513-514) states the characteristics of successful entrepreneurs, among others:

1. Have a vision da business mission. Entrepreneurial vision and mission clear business. He knows exactly the needs of the community will barag and services, and what goods and services should be produced.
2. Internal lotus control. An entrepreneur, a man after percy a to internal locus control. He considers his fate, its business success, profit or loss is determined by itself is not determined by others. Indeed, his efforts will be influenced by others da business environment. He should be managing other people and the business environment in order to support the success of its business. The reverse is the external locus of control believe fate yan, keberhsilan and keuntungna specified enumerated by others.
3. Decision-risk. Entrepreneurial one who believes that his business always mengahdapi risks and damage that can lead to catastrophic losses and bankrupt his business: no pain no gain, he had to deal with the knowledge, skills and experience of risk management.
4. Do not be afraid to fail. Entrepreneurial not afraid of failure, a failure for him was not the end of everything, but experience to achieve success. he often do things by trial and error-try, fail and eventually succeed.
5. Confidence is high. Entrepreneurial that have a high confidence and motivated to been able to in his efforts. He believes if he carried out his business with great caution he will succeed.
6. Adaptability. Entrepreneurial one can adapt to various situations and changing business environment. He is the person who is flexible and can alter its business in accordance with the development and changes in the environment.
7. Hardworking. Entrepreneurial a hard worker, he can work 8 to 16 hours a day and 7 days per week, meeting the needs of business development.
8. Persuasive. Entrepreneurial one who can influence consumers to consume goods and services that they produce to meet their needs. He can show them that the goods and services which he has produced better than

competing products. He has the knowledge and skills to influence the karayawannya to work hard do their job properly. He was also able memngaruhi suppliers that supply raw materials and spare parts needed on time.

9. Discipline. Entrepreneurial people that have the self discipline, work discipline, the discipline of time and high financial discipline. He discipline themselves and discipline the employee. He believes discipline is the key to success.
10. Resistance to Risk. An entrepreneur has a high resistance to risk, he/she can survive and thrive in variety of business environments. When established the first business.
11. Energetic. An entrepreneur is someone who is energetic physical and mental. He can work and think in a long time to establish, develop, resolve the problems it faces.
12. Emotional intelligence. Entrepreneur have good emotional intelligence. He not only understands the emotion itself to produce goods and services, but also the emotions of the customers who need goods and services. From here entrepreneur can understand the needs of their goods and services, even their latent needs.
13. Social Intelligence. An entrepreneur has a good social intelligence. He understands the communities it serves, he was able to influence them to use goods and services produced.

b. Problems Faced SMEs

AEC to be faced SMEs, sent SMEs in an "Emergency", which require immediate action in order to be able to face the AEC. Based on the survey that was conducted in stages, there were 15 major issues facing SMEs:

- a. Problems with the image of interconnected Entrepreneurial
- b. Lack of government programs related to SMEs
- c. The trouble opening a new business
- d. Lack of purchasing power of people
- e. Tax matters
- f. Poor regional government support
- g. The lack of coordination of institutions dealing with SMEs
- h. The lack of supportive government policies



- i. Poor management of SMEs
  - j. Poor quality products
  - k. The low quality of human resources and low levels of education
  - l. Lack of market information for SMEs
  - m. Lack of marketing capability
  - n. The difficulty in obtaining an injection of funds through credit
  - o. Lack of training in order to increase competitiveness
- c. The solution to overcome the problem of SMEs

Based on the problems facing SMEs, lead to the assumption that the SMEs will never be ready to face the ASEAN free market competition because the government never really seriously thought of SMEs while SMEs are intrinsically sada locomotive national economic growth even as the biggest contributor to GDB. Therefore, an improvement in the empowerment of SMEs, where the policy direction that should be taken by the government in order to empower SMEs is in order to increase capacity, productivity, added value and competitiveness covering (Ministry of Cooperatives and Small and Medium Enterprises RI)

- a. Improved business climate conducive to SMEs.
- b. Improved Access to Productive Resources.
- c. Development of network marketing SME products.
- d. Increasing competitiveness of human resources.

Institutional strengthening cooperatives. (Iin Indarti & Anton. Challenges of Micro Small and Medium Enterprises in the face of the Asean Economic Community 2015.

- d. Strategies for Improving Competitiveness of SMEs

Strategic actions in order to provide support for improving the competitiveness of SMEs to strengthen domestic and international market SMEs which include:

- a. Downstream territory, focusing on capacity building through:
  - 1. Identification of export-oriented SMEs and the main products
  - 2. Identifikasi Country of export of SMEs and their products
  - 3. Capacity Building, in order to improve the company and the improvement of managerial techniques enterpreuner through training and guidance.

4. Provision facilities increased productivity and product quality certification of SMEs through socialization and standardization of SME products.
5. The development of export-oriented entrepreneurship and partnership development.
6. Improved access facilities to productive resources, in the fields of finance, marketing, and information technology.

b. Middle namely infrastructure development, namely:

1. Consolidation of the port for SME products through freight pooling system with e-condolidor cargo.
2. Development of export promotion tools, through SME tower, etc. Regional Promotion Center.
3. Establishment of an Integrated Business Service Centre and Development Board Trading
4. Traditional market revitalization
5. The distribution center and structuring street vendors
6. Development of a strategic partnership

b. Downstream includes promotion and market access, namely:

1. Facilitate the promotion of the exhibitions in the country and abroad as well as participation in strategic events.
2. State Diversifikasi objectives include improving access and networking markets, promotion of superior products.
3. Making the sale catalog featured product
4. Increased participation in international meetings related to the development of SMEs

In addition to the strategic efforts in marketing, there are also strategic steps generally can be done:

- a. increase public confidence in the product on the domestic market
- b. Improved access facilities of national products to penetrate global markets
- c. Improved support national innovation system
- d. Increased competitive advantage for SME products
- e. Increased HR skills appropriate facilities established standards
- f. Improving the quality of products according to the standards

- g. Product kemas innovation development according to standards that have been set
- h. Availabelity trade representative office in the region
- i. Increased sources of product information that can penetrate the global market.

A strategy which should be taken to face competition from large firms (creative products of China), is determined by the target market and given the reaction of the company. The reaction can be performed through big companies ignore or capture titers or interpreted by incumbent firms. Three strategies to do SMEs in the face of large corporate competitors, according to Adawiyah there are Three Generic Competitive strategy, namely:

- a. Substitution Strategy, which is a strategy to supply substitute goods that have different characteristics to the products of large enterprises.
- b. Free riding Strategy, the strategy of the supply of identical products with the company created by large companies.
- c. Deterrence Strategy, which is a commitment to continue to exist on the market that can be achieved through strategic movement and the formation of strategic alliances.

Incumbent reaction		The Bigger Incumbent Corporate	
		Accommodation	Contention
SME's	Market segments neglected by large companies	Substitution Strategy	Deterrence Strategy
	Market segments underserved by large companies	Free Riding Strategy	

Source: Indarti & Anton, Challenges of Micro Small and Medium Enterprises in the face of the Asean Economic Community 2015.

#### **4. Conclusion**

Indonesian strategy in the face of AEC

On the other hand Indonesian strategy that has been done to face the AEC in the SMEs sector are:

- a. In order to promote the growth of SMEs in Indonesia, the Chamber telah mengadakan-organized several programs, among others are 'Fair Cooperative and SME Festival' on June 5, 2013 and then followed by 463 KUKM. The event is organized by the Ministry of Cooperatives and Small and Medium Enterprises inibertujuan to introduce products of SMEs in Indonesia and also as a stimulant for people to be more creative in developing small and medium-sized enterprises.
  - b. In terms of funding itself, the government has socialized and run the program of business credit. Enforcement of business credit program is a follow-up to the signing of a Memorandum of Understanding (MoU) on October 9, 2007 on Credit Insurance/Financing for SMEs and Cooperation between the Government (Ministry of Cooperatives and SMEs, the Minister of Finance, Minister of Agriculture, Forestry Minister, Minister of Maritime Affairs and Fisheries , Minister of Industry, Guarantee Company (Instance of Business Development and PT. Asuransi Kredit Indonesia/Indonesia Credit Insurance) and Banking (Bank Rakyat Indonesia, Bank Mandiri, Bank Bank Negara Indonesia, Bank Tabungan Negara, Bank Bukopin, and Bank Syariah Mandiri). Business credit is supported by the Ministry of State Enterprises, Coordinating Ministry for Economic Affairs and Bank Indonesia. The results of the implementation of programs related to the empowerment of cooperatives and SMEs in 2011 include distribution Business Credit Rp. 29.0 trillion to more than 1.9 million SMEs and cooperatives, with an average loan financing amounting to Rp. 15.12 million. KUR pretty good return rate with bad credit only 2.1%. KUR volume can be achieved with the support of credit guarantee fund in full in 2011 (Sholeh, 2013: 10-11).
  - e. Method Enters Export Market
- Different factors and conditions that affect the selection of international market entry strategies. There are four schools of thought (schools of thought) with respect to the selection of the dominant entry strategy, namely: (Chandra, 2004: 152-154).

1. Gradual incremental involvement, that connects the commitment of resources in the target market with the risk in the relevant market and the international experience of the company. Therefore, the greater the risk in the target market, then the choice would fall on a smaller entry strategy commitment of its resources. In addition, the greater experience of the organization, the greater the possibility of using entry strategy that demands greater commitment of resources.
2. Transaction Cost Analysis, looked at the entry strategy selection decisions as a transaction. Therefore, all costs related to aspects of the value chain from production to consumption will be carefully considered. The basic assumption in this school of thought is that the company will carry out its own activity - activity that is able to be done at a lower cost, but will be subcontracted to external parties if the party has a cost advantage.
3. Selection Theory (Location-Specific Factors or Contingency Theory) argued that the factors of industry, company, and country selection decisions affecting specific entry strategy depends on ownership position advantage, internationalization advantage and location advantage.
4. Agency Theory holds that principal (newcomers) are highly motivated to collect data about its agents in the target market. This flow uses metaphor to describe the contractual relationship in which one party delegate work to others.

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