

Facing MSMEs Opportunities and Challenges Through the Hexagon Linkage Strategy with the Penta Helix Model Approach

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Abstract

In moving the wheels of the economy, Indonesia is strongly supported by Micro, Small, and Medium Enterprises, or the public knows them to be MSMEs. Data from the Central Statistics Agency (BPS) for 2022 indicate that MSMEs play a central role in Indonesia's economy. Where, as many as 64.2 million MSME units contributed around 61.9% of the Gross Domestic Product (GDP) and created 97% of employment opportunities for the community. Bank Indonesia in 2018 stated that MSMEs still had problems in the financial sector (79.8%), venture capital (61.7%), marketing constraints (55.3%), location constraints (31.9%), and raw material factor constraints (8.5%). Economic growth in the midst of the very active development of technology and information requires efforts to face the opportunities and challenges of MSMEs. The existence of an MSME strategy encourages business actors to facilitate the processes of massive production, distribution, and consumption. This study aims to determine the strategy of SMEs to face opportunities and challenges. The method used in this study is a library research method that uses manual data processing. The results of this work create a hexagonal linkage strategy using the penta-helix model approach, which can be used as a reference in facing the opportunities and challenges of Micro, Small and Medium Enterprises.

Keywords: MSME, Hexagon Linkage, Penta Helix.

INTRODUCTION

In moving the wheels of the economy, Indonesia is strongly supported by Micro, Small, and Medium Enterprises, or the public knows them to be MSMEs. Data from the Central Statistics Agency (BPS) for 2022 indicate that MSMEs play a central role in Indonesia's economy. Where, as many as 64.2 million MSME units contributed around 61.9% of the Gross Domestic Product (GDP) and created 97% of employment opportunities for the community. The development of MSMEs continues to increase annually. Unfortunately, when the Covid-19 pandemic was rampant, the MSMEs were significantly affected (Rizqulloh, 2021). This is indicated by a decrease in income, orders, and other constraints related to business activities, such as production, marketing, and distribution processes (Yanmas DPKM-UGM Team, 2020).

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the Indonesian economy because they can support common people. MSMEs play at least three important roles in the lives of small communities. Among them are 1) alleviating poverty, 2) leveling the economic level of the common people, and 3) providing foreign exchange income for the country.

Bank Indonesia in 2018 stated that MSMEs still had problems in the financial sector (79.8%), venture

capital (61.7%), marketing constraints (55.3%), location constraints (31.9%), and raw material factor constraints (8.5%). Essentially, problems with SMEs continue to exist, as long as they exist. The MSME problem category according to Setyobudi (2007) is divided into three problems, namely, 1) basic problems in the form of capital problems, legal entity forms, human resources, product development, and marketing access, 2) advanced problems which consist of the introduction and penetration of export markets that are not yet optimal, lack of understanding of product design in accordance with market characteristics, legal issues related to patents, sales contract procedures and regulations applicable in export destination countries, basis to be able to deal with advanced problems better. Beck (2006), argues that the problem in small and medium-sized enterprises is in the financial sector "access to finance is an important growth constraint for micro, small and medium-sized enterprises, that financial and legal institutions play an important role in relaxing this constraint."

Economic development amid Industry 5.0 makes MSME actors smart in understanding science and technology developments (Muzanenhamo, et al., 2023). As a term, namely, the digital economy, which is predicted to be able to restore the economy, every MSME actor must be able to adapt and master it.

However, this is often a weakness for MSME actors due to a lack of access and knowledge due to a lack of awareness in studying economic development trends (Hanan, et al., 2021). Given the many problems faced by MSMEs, a strategy that can address them is required. In the context of economic growth, several strategies can be implemented, these strategies are presented to be able to identify the problem in detail and find the best solution. Therefore, the hexagonal linkage strategy with the penta-helix model approach can be an MSME strategy for facing opportunities and challenges through various programs (Rozaan, 2022). In this case, it will help implement or achieve the points contained in the Sustainable Development Goals (SDGs).

Sustainable Development Goals (SDGs) are a number of global-level targets initiated by the United Nations (UN) in the 2015 General Assembly. This target consists of 17 pillars to improve the quality of life of humankind globally and is targeted to be completed by 2030. SDGs are a blueprint that not only targets development at the global level but also at the community and individual levels (Bappenas, 2017). Regarding the linkage between the objectives of increasing the capacity and productivity of MSMEs that will be carried out, there are at least two SDGs targets that can be realized:

1. Goal 8: Decent Work and Economic Growth. Increasing the productivity of MSMEs directly increases the regional economic growth. Productivity, especially in the local tourism sector, specifically embodies the goals in sub-point 8.9 that "By 2030, develop and implement policies to promote the potential of MSMEs such as sustainable tourism that creates jobs and promotes culture and local products through MSMEs"
2. Goal 17: Partnership for the Goals. For writers, the Penta Helix collaboration is the spearhead of achieving goal number 17 at the SDG. With cross-sectoral collaboration, the 17th point can be achieved indirectly. Collaboration can be seen as a manifestation of sub-point 17.14 namely "enhancing the integration of policies for sustainable development" and sub-point 17.17 "encouraging and enhancing effective public-private and civil society cooperation, based on experience and sourced from the same strategy.

The Law of the Republic of Indonesia No.20 of 2008 concerning MSMEs defines them as follows:

1. Micro business (UMI) is a business unit with assets with a maximum of IDR 50,000,000.00, excluding land and buildings with a maximum annual sales revenue of IDR 300,000,000.00.
2. A small business (United Kingdom) is an economic business with an asset value greater than Rp. 50,000,000.00, up to a maximum Rp. 500,000,000.00, excluding land and buildings, where the business had annual sales of more than Rp. 300,000,000.00, up to a maximum Rp. 2,500,000,000.00.
3. Medium Enterprises (UM) are productive economic enterprises with a net worth of more than IDR 500,000,000.00, up to a maximum of IDR 100,000,000,000.00, annual sales of more than IDR 2,500,000,000.00, and up to a maximum of IDR 50,000 000.00.

METHODS

This study uses the library research method, examining materials sourced from books, articles, and others related to the material discussed in this paper. In addition, data processing was performed manually. In this study, the research used is descriptive; that is, there is no analysis of the relationship between variables, and there are no independent and dependent variables, which are general in nature, which require answers regarding where, when, how much, who, and the statistical analysis used is descriptive.

RESULTS AND DISCUSSION

Hexagon Linkage Strategy with Penta Helix Model Approach

The hexagonal linkage strategy is a new perspective for assessing the opportunity and operational optimization of MSMEs, both of which have been established and potential MSMEs that may develop (Belinda & Raditya, 2021). The Hexagon Linkage Strategy provides guidance to MSMEs on what things they really need to pay attention to. There are six components of this hexagonal linkage: 1) Innovation and Technological Needs, 2) Capital Intensity, 3) Human Resource Development, 4) Flexibility and Organizational Design, 5) Collaboration between MSME Actors, and 6) scancopy. The components contained in the hexagonal linkage can be combined with the existing components in the Penta Helix model.

In general, the Penta Helix collaboration involves five parties in a project known as ABCGM (Academics, Business, Community, Government, Media). The hope is that penta helix collaboration can encourage the achievement of targets that are more inclusive, accelerating, and concrete because the realization of the program is supported by five different actors, each of whom has a special role and specialization (Wahyuningsih, 2021); (Maturbongs and Lekatompessy, 2020).

In general, the roles of each actor are as follows:

1. Academics are represented by a group of academics who act as drafters by conducting research and academic studies that form the basis of a project.
2. Business is represented by actors and business groups that act as enablers, where their business resources and processes can create added value that is able to drive programs and encourage program growth in a sustainable manner.
3. Communities are represented by civil society groups and non-governmental organizations (NGOs) as accelerators. Their role was to accelerate the program development process

through pressure and advocacy. In addition, through program monitoring and escorting activities, they can act as intermediaries between stakeholders so that existing responsibilities and interests can be properly harmonized.

4. The government is represented by local (village), regional (city/district and province), and national (central). The government is expected to formulate rules and regulations to accommodate for program implementation.
5. Media are represented by mass media, Internet-based new media, and social media as an expander. The main role of the media is to produce publication materials and content for the general public so that existing programs receive maximum exposure and reputation. In addition, the media can conduct socialization and education, so that the program receives support and attention from a wider community. The role and specialization of each actor is crucial because the project will achieve innovation and better governance and progress, including cross-sectoral perspectives and expertise.

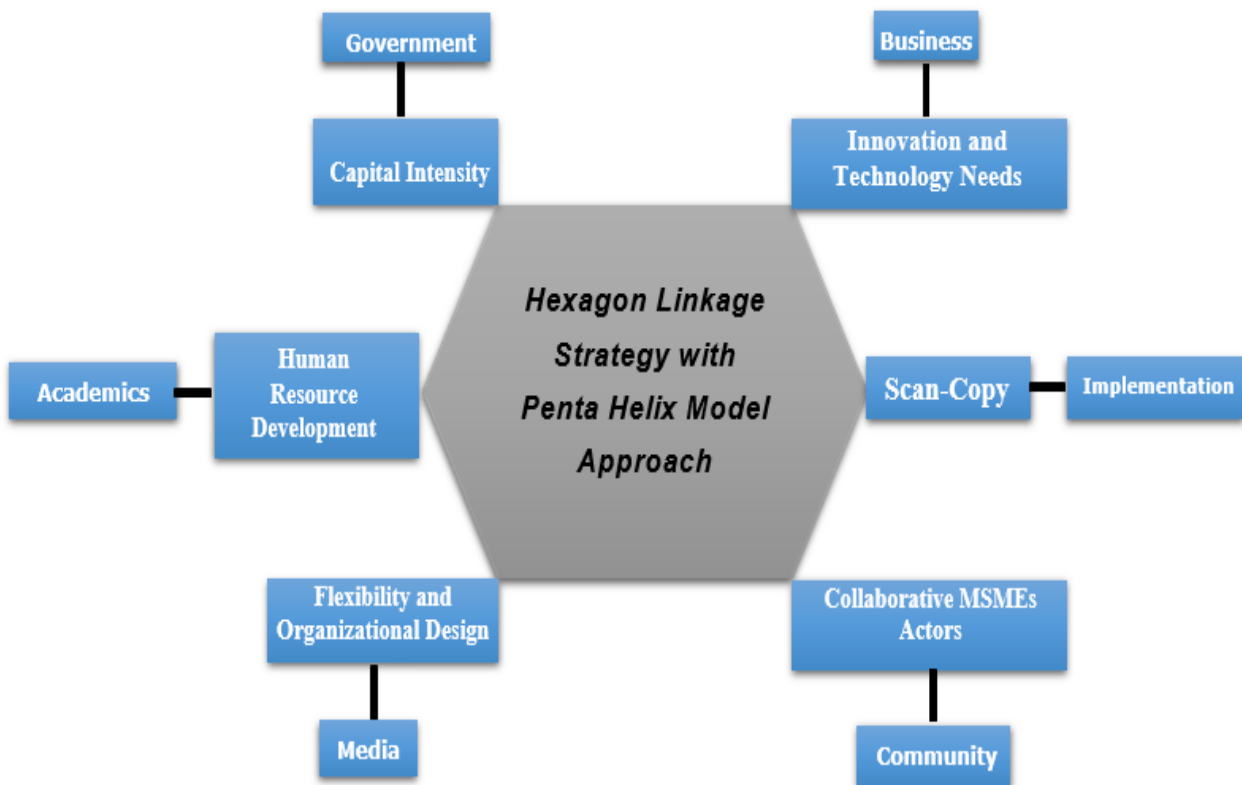


Figure 1. Role Model Strategy

The Relationship between Innovation and Technology Needs with Business

The levels of innovation and technological needs among the MSME actors differ. Every MSME actor must know the vision of their own business. The businesses in question were business persons. Each actor should know what problems they are going on in their business. These include the production, marketing, and distribution problems. Businesses should provide an internal platform that can support a company's business processes, such as data recording, approval or licensing processes, workflows, and the process of creating documents or reports.

As a businessperson, Science and Technology should be mastered to form the characteristics of an entrepreneurial orientation. Entrepreneurial orientation refers to the characteristics and values shared by entrepreneurs, which are unyielding, risk-taking, speed, and flexibility (Liao & Sohmen, 2001; Madi, et al., 2021)). According to Porter (2008) entrepreneurial orientation is a strategy that enables corporate benefits to compete more effectively in the same marketplace. Entrepreneurial orientation, which is reflected in an attitude of innovation, proactivity, and courage to take risks, is believed to improve a company's performance. The characteristics of Entrepreneurial Orientation can increase a company's ability to market its products so that the business will improve.

MSME actors perform various activities, such as partnerships with marketplaces, digital marketing through social media, product curation, product quality, certification (Halal, PIRT, Distribution Permit), product photo assistance and consultation, and product packaging.

Capital Intensity Relations with the Government

Industry differences, production strategies, and product types make the capital requirements of MSME players different from those of the other business actors. Every businessperson knows his/her capital problems from the seven existing financial statement records. Many policies are issued by the government as regulators, and business actors can use them to achieve capital intensity. The government has launched various assistance in National Economic Recovery (PEN) program policies, such as procuring loan restructuring, production assistance, and interest subsidies.

The government has issued several policies to support MSME activities. One is People's Business Credit (KUR), which is the active role of banking in

empowering MSMEs. KUR is Credit or financing to MSMEs and Cooperatives that are not currently receiving Credit or Financing from Banking and/or who are not currently receiving Program Credit from the Government when the credit or financing application is submitted. MSME and banking collaborations can create a symbiotic relationship of mutualism in the economy. This collaboration is not only a driving force for the wheel of capital to spin but also creates a wider impact, namely, creating MSME productivity, opening jobs, and increasing Indonesia's GDP. Organizers have also carried out this activity efficiently through online submission.

The government can implement various programs such as manual and digital-based financial assistance (SIAPIK Application), QRIS socialization, soft credit from banking, and digital financial inclusion (digital financial records).

Relations between Human Resource Development and Academics

The level of human resources that can be measured in terms of quality and quantity will have a different development for the MSME actors. As intellectuals, academics act as knowledge transferers. MSME empowerment in the form of providing special guidance and training, capacity building, and business matching can be conducted by academics to provide specific knowledge to support the existing human resources. Academics should develop existing human resources in MSMEs that are inseparable from the strategic process, the basic concepts of SWOT analysis, determining marketing performance, and measuring financial performance, market performance, and marketing strategy.

MSME actors can be carried out through MSME programs, such as competency certification, entrepreneurship training, business classes, employee recruitment, and business incubation.

Flexibility and Organizational Design Relations with the Media

Flexibility is a practical and flexible step used by companies to make short-term and medium-term decisions. Meanwhile, organizational design reflects the development of existing divisions, spans of control, and decision-making processes in MSMEs. MSME actors must work together with media actors to become intermediaries in marketing strategies. Business actors can work with the media to conduct training related to information graphics, pamphlets, and posters. MSME

actors' production results can be conveyed to customers in an attractive and clear manner. In order to create competent institutions within MSMEs, it is necessary to legalize businesses and strengthen cooperatives, so as to be able to realize flexibility and good organizational design.

Collaborative Relations between MSME Actors and the Community

Collaboration is mutualistic and has been agreed upon by MSMEs with related parties such as raw material suppliers, product agents, and fellow MSMEs. The presence of the community greatly assists business actors in expanding their business. A community is formed because of the desire of its members to achieve mutually agreed-upon goals. In addition, the community aims to provide mutual assistance to fellow members so that they can collaborate. Businesses that belong to a community can provide many benefits and have significant influence. Communities can provide access to professionals, find partners with the same goal, create collaborations, and find mentors who bring businesses to grow.

Through cooperation between MSME actors, there will be extraordinary exposure to the development of MSMEs, such as exhibitions/expos, bazaars, and even exports. In this case, the quality of MSMEs will be improved in terms of marketing.

Scan Copy Factor

Scan-Copy Factor shows the ability of an MSME to become a role model in a business whose ideas and how it works can or cannot be imitated by other MSME actors. In this section, all hexagonal linkage components that have been paired with the Penta Helix model can be carried out by every MSME who wants their business to be more optimal and grow significantly. From the examples of actual conditions described, there is a need for implementation and synchronization from several parties to encourage MSMEs through various lines held by academics as centers of excellence, businesses as business actors, the government as program accelerators and regulators, the community as a supporter of activities, and the media as a business expander.

CONCLUSION

The hexagonal linkage strategy with the penta-helix model approach can be used to address opportunities and challenges for Micro, Small, and Medium Enterprises. It consists of six main

components and five supporting components: Innovation Relations and Technology Needs with Business, Capital Intensity Relations with Government, Development Relations Human Resources and Academics, Relations Flexibility and Organizational Design with the Media, Collaborative Relations between MSME actors and the Community, and Scan Copy Factor. The points that have been presented are not only focused on one point from each model, but each point also has extraordinary cooperation and coordination between one another.

The strategy proposed by the authors has many shortcomings; therefore, it is necessary to further research and develop the knowledge of experts in their fields. There needs to be collaboration between related parties to optimize MSMEs, and business actors must be aware that they can master and adapt to economic development for a more prosperous life.

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