

Opportunity and Threat of Bandung Fashion SMEs Facing The Era of Asean Economic Community (AEC)

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Opportunity and Threat of Bandung Fashion SMEs Facing The Era of Asean Economic Community (AEC)

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Abstract

The aim of this research is to identify existing condition of Bandung Fashion Small and Medium sized enterprises (SMEs) and analyse its characteristics and needs, how Fashion SMEs develop their management for increasing competitiveness in the era of the ASEAN Economic Community (AEC). Methodology used in this research is qualitative method by conducting in-depth interview to fashion SMEs practitioners uses survey for collecting data by distributing questionnaires. The data were collected from primary and secondary sources, it generated and analysed using descriptive. The conclusions of this research is the current condition a potential and competitive fashion SMEs were run by young and educated people, such as shoes and denim has a selling point by utilizing advances in technology and has a unique product that has competitiveness, but still weak in management and accounting. While SMEs are managed by micro entrepreneurs and un-educated, producing mass product, the quality is low, today mostly their staffed by individuals who has 2 or 3 function as the owner, manager, and worker as well as utilize the labor of family and close relatives, management is also low, limited capital, difficult to get loans from banks, face the rapid development of technology, and some of them received training from the government is not specific material as required. There are 2 concept solutions to rise Bandung Fashion SMEs competitiveness, the first for the SMEs that already have unique products and ways of marketing are given specific training to the fields of management, accounting and strategy for export while for SMEs Fashion which is conventionally given training in how to make a good quality product and conducted assistance and support given by the Government both in terms of equipment or the ease of applying for the loan.

Key Words: SMEs, AEC, Fashion

1. RESEARCH BACKGROUND

Small and Medium sized enterprises (SMEs) are the backbone of Indonesian economy is therefore to maintain the stability of the Indonesian economy should SMEs received significant attention and dealt with properly. Indonesia is a huge captive market, about 60% of ASEAN population are Indonesian citizen, therefore if Indonesian citizen buy and used its product, Indonesian SMEs will be develop and has a strong competitiveness in ASEAN. It will much better if Indonesian SMEs able to grab global market. The other hand if SMEs product not performed and low quality and didnt used by Indonesians it self, automatically Indonesian huge market will be taken by another country such as Thailand.

Bandung is metropolis, as capital city of West Java, in 1955 it was a venue of Asia Africa Conference, even India Prime Minister Jawaharlal Nehru called Bandung is capital city of Asia Africa. Now Bandung Famous as creative city, Fashion is one of the leading creative industries in Bandung. Therefore Bandung be a city of fashion

Based on description above, researcher interest to do study with title "Opportunity And Threat Of Bandung Fashion SMEs Facing The Era Of Asean Economic Community (AEC)

2. RESEARCH PURPOSES

The aims of the need to be carried out in this research are as follows:

- a. Identify existing condition of Bandung Fashion Small and

Medium sized enterprises (SMEs) and analyse its characteristics and needs,

- b. How Fashion SMEs develop their management for increasing competitiveness in the era of the ASEAN Economic Community (AEC)

3. THEORY

Based on journal reference : "Alison Smith, John Whittaker, (1998) "Management development in SMEs: what needs to be done?", *Journal of Small Business and Enterprise Development*, Vol. 5 Iss: 2, pp.176 – 185 , This paper examines the state of play regarding management development in SMEs. Additionally, it discusses government initiatives which seek to develop SMEs competitiveness through encouraging increased take-up of management development. Helping SMEs to develop and grow is important to the national economy and a number of government initiatives are now in place to meet this need. Developing people in line with business objectives is a priority which the government is promoting through the Investors in People process and the acquisition of National Vocational Qualifications. However, the style of SMEs is focused upon short-term activist priorities of obtaining business while the longer term strategic view, of which people development is a significant part, tends to be an overlooked area. The paper reviews the current literature regarding the contribution of SMEs to the UK economy and the relationship of management training to SME performance. The authors identify a need for research investigating the level of awareness amongst SMEs of the opportunities available to them for developing their staff, their attitudes toward the range of initiatives and

options, and the degree of take-up. A greater understanding of the adequacy and appropriateness of government approaches to SME development would allow agencies which can support SMEs, such as Training and Enterprise Councils, Regional Development Agencies and providers of training and development, to target their assistance more effectively.

Aylin Ates, Patrizia Garengo, Paola Cocca, Umit Bititci, (2013) "The development of SME managerial practice for effective performance management", *Journal of Small Business and Enterprise Development*, Vol. 20 Iss: 1, pp.28 – 54, The paper found that SMEs engage with a four-stage performance management process, although there are some gaps between their practice and the complete process as recommended in literature. SMEs seem to be more focussed on internal and short-term planning, whereas they pay less attention to long-term planning. The main challenge for making performance management practice more effective lies in an appropriate, balanced use of strategic and operational practices and relevant measures. Therefore, managerial activities such as vision, mission and values development, internal and external communication, change management and horizon scanning represent recommended areas for improvement.

"Strategy to develop Strong SMEs" Study found that government faced problems in developing SMEs , Formulating and Implementing Strategy or program should be set up for two different SMEs condition. The first one is how to develop existing strong SMEs and the second one how to develop a new strong SMEs. The Strategy (program) in developing two kind of SMEs competitiveness must

be specific and properly. (Tejo Nurseto, 2004).

4. RESEARCH DESIGN

Methodology use in this research is qualitative method by conducting in-depth interview to fashion SMEs practitioners

5. DATA COLLECTION

- a. Secondary Data collected from the study of literature through various sources and the results of previous research, textbooks up to material obtained via internet network.
- b. Primary Data, taken directly from the field either through in-depth interviews (in-dept interview) or through a questionnaire (questionnaire) . This research uses a semi-structured interview, intended to get as much information as the number, so that if required can be given another question which does not exist in the questionnaire

6. DATA ANALYSIS TECHNIQUE

Primary and secondary Data are collected, analyzed by descriptive to give a general overview of the data that has been retrieved. Data collected , classified and tabulated based on the classification specified. At this stage do comparisons of primary and secondary data. The results tabulate then repeated checking is done to ensure the accuracy and logic that they are presented

7. RESEARCH RESULT

Bandung Fashion industry very potential. Even some business currently deliberately choose factory outlet (fo), clothing company (cc), and distro (distribution store). Area dago be central business development fashion. Now there are, more than 890 company, some of them are members kick (kreatif independent clothing

kompany). Some brand has had built popularity likes c59 t -shirt, ouval research, invictus, , fourspeed nomad, sasharina, indri, the senses pot meets and system airplane clothing and still many other. Pot Meets is one of the fashion brand denim for jeans, jackets and apparel, which has been the best jeans in Indonesia. In addition, shoes are favored by consumers, there are some well known brands such as Fionn Baxter, MKS, Tegep Shoes Kulkith Shoes, Booth, Brodo, Portee Goods and much more. Many young entrepreneurs are using technology where the marketer focus on relationships with consumers so that it can create engagement, participation partnerships, co-creation with through internet technology.

In the Cibaduyut shoe industry centers, researchers found the different conditions in which the model and quality not quite good, they still produce mass product use conventional marketing, has not made electronically due to education and knowledge are limited. But when researchers visit there, its have good opportunities because cibaduyut is still much visited by tourists from out of town using the bus, different condition in sentra knit Binong Jati, does not have a parking space it caused many travelers feel uncomfot in visiting it

The study analyses 50 Fashion SMEs found that the owner 6% junior high school education, 44% senior high school, 18% Diploma and 32% Bachelor . The current are condition of Bandung Fashion SMEs are:

- a. Potential Fashion SMEs are run by young and educated people , such as shoes and denim has a selling point by utilizing advances in technology Web based, Social Media (instagram, FB, Twitter), Order online,

Custom Boots online , Chat live on website focus on relationships with consumers so that it can create engagement, participation partnerships, co-creation with through internet technology. The product that has competitiveness, but still weak in , human resource, accounting and management is focussed on internal and short term activities. Has opportunity growing upper middle market and has threat facing strong competition.

Product unique “crafted for” to whom order the shoes available at insole shoes Creative packaging (ex : free shoes bag) Guarantee. Price: Value based, cost based, value guarantee. Place, Store and Social Media. Promotion : Social media, Advocate, sales promotion

- b. While those SMEs (micro entrepreneurs) managed by low-educated people usually produce mass product which the quality is low as the shoes in Cibaduyut, knit in Binong Jati and T-shirt screen printing, today mostly staffed by individuals who play 2 or 3 function as the owner, manager and worker of the company, as well as utilize the labor of family and close
- d. Young Fashion SMEs obtaining program independent without government assistance
- e. Fashion SMEs need Accounting, and Managerial skill training

9. RECOMMENDATION

- a. There are 2 concept solutions to rise SMEs Fashion Bandung competitiveness, the first for the SMEs that already have unique products and ways of marketing

relatives, management is also weak, limited capital provided by the owner, difficult to get loans from banks, face the rapid development of technology, and there are some who received training from the government is not specific material as required.

- c. 68% respondent (Fashion micro entrepreneurs) do not have awareness even do not know what Asean Economic Community is
- d. 38% Young and educated fashion SMEs have unique product and unique selling, they are have awareness and ready to compete in AEC Era

8. CONCLUSION

- a. SMEs are the backbone of Indonesian economy is therefore to maintain the stability of the Indonesian economy should SMEs received significant attention and dealt with properly ,. Because Indonesia is a huge captive market.
- b. 68% of Fashion SMEs da not have awareness and do not what Asean Economic Community is
- c. Training material provided by Government not specific and not as required

that utilizes the technology are given specific training to the fields of management, accounting and strategy for export while for SMEs Fashion which is conventionally given training in how to make a good quality product and conducted assistance and support given by the Government both in terms of equipment or the ease of applying for the loan capital.

- b. Proper strategies for Bandung Fashion SMEs can develop its

competitiveness in the era of the ASEAN Economic Community (AEC).

- c. Government should give training how to make a good quality product and conducted assistance and support given both in terms of equipment or the ease of applying for the loan

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