

PRICE ADAPTATION OF EXPORT PERFORMANCE FOR SMALL MEDIUM ENTERPRISES IN THE MARKET TURBULENCE IN MAKASSAR, INDONESIA

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Abstract: *This research was a library research which was conducted by collecting data by comparing a variety of literature. The results showed that the condition of the world economy either on the scale of local, regional, and national or global is currently showing changes that are fluctuating and sensitive. It is a reaction to the turbulence of the internal and external businesses environment changes. A small and medium-sized enterprise (SMEs) is a family-owned productive Enterprises or individual citizens of Indonesia, and it has the most sales results ₹ 100.000.000 (one hundred million rupiah) per year. Microenterprises can apply for loans to banks at most ₹ 50.000.000, -. SMEs sector serves as the main pillars of the formation of the gross domestic product (GDP), the absorption of labor, investment, and as a social safety net to face various crises and economic fluctuation. SMEs is empowered in some aspects. Therefore, it can get out of the market turbulence. The aspects consist of the managerial, capital, partnership programs, development of industrial centers, and coaching programs.*

Keywords: *Market turbulence, turbulence, economics, empowerment.*

1. INTRODUCTION

The shifting values of the world economy which threaten the recession are expected to affect the condition of the national economy in all countries in the world that conduct international trade. It is a recession that has recently become the discourse of the international community, since the issue about the deceleration of United States economic (Budi Sudjijono: 1) in (Sihono, 2009). The definition of a recession in the economy of conjuncture is a decrease in economic activity that occurred in the average growth (Alvin h. Hansen, 1951: 8) in (Sihono, 2009). In a macroeconomic recession, contains the meaning that the period in which gross domestic product (GDP) declined at a time when the growth of the real economy is negative. A symptom that can be observed is the increase in world oil prices, which broke through the range of US \$ 110 a barrel in early 2008 that shake macroeconomic stability in many countries (rising inflation and State spending on subsidies).

According Truman (2007) global financial markets have experienced brief bouts of turbulence. My task is to try to put those adjustments into perspective, to consider

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whether the balance of investor sentiment has shifted from greed (the reckless pursuit of short-term gains) to fear (a substantial reduction in risk taking), and to speculate on the consequences. The global market is currently experiencing severe turbulence. The investors have to harmonize among indiscretion in profit-taking, the reduction of the risk of challenges and the consideration of the consequences that are unpredictable, as the above issue.

Decision makers have gained wisdom from learning as a result of the world recession, which has ravaged economic sources, and it brings misfortune of human life. Therefore, each appearing symptoms, which could potentially develop into a world recession should be anticipated seriously by experts. The rising of the price of a commodity is based on one of the world's recession that is difficult to control. Increasing the prices of foodstuffs, mines, plantations that became symptoms for past two years is accumulated as market failure and government failure. A combination of market failure and government failure is called twins problems faced by the United States, and lead to a world recession (Harry Azhar Azis, 2002) in (Sihono, 2009).

Indonesia's integration into the global financial system has a logical consequence, where rupiah is increasingly sensitive to any global economic shock. The slowing economy in the United States attacked financial crisis has spurred an impact on Indonesian economy. Moreover, it lowers the interest of global investors to increase investment in Indonesia. It will lead to instability in the exchange rate of rupiah that weakened due to a decrease in the flow of foreign capital coming into Indonesia.

Burhanudin Abdullah, the Indonesian bank governor, stated that 2007 is the year of achievement because, for the first time since the crisis in 1997, Indonesia's economy experienced a growth of 6, 32%. The year of 2007 marks the beginning of moving and synergizing the two economic engines. They are stability and growth (engine of real sector and financial sector). Whereas, the real sector of the engines before does not move as it should.

The lower class in Indonesia is currently experiencing difficult conditions as a result of the influence of the global economy. Purchasing power is down drastically, because real income is also down due to the increasing of the price of foods and necessities. Increased poverty with economic dynamics society forced to wallow in the short-term problems in meeting the basic needs of increasingly unreachable. The country was forced to make revisions to the Indonesian budget repeatedly in 2009. Thus, the budget was lowered. It was from 6.7-7.2% to 6.4-6.9%. This number still would be lowered being 2% considering the possibility of a deficit. The revisions will still be conducted if the fluctuation of global economic remains unstable.

National Development Planning Agency estimates that Indonesia's poverty rate in 2009 was 14%. The number is almost the same as the number targeted by

the state. It is 12% – 14%. This number was still lower than the level of poverty in Indonesia in 2008. It reached 15, 4% (Deputy of poverty, employment and SMEs of National Development Planning Agency, Prasetijono in Bali, May 3, 2009) in (Sihono, 2009).

If inflation can be suppressed by the number of 7%, decreasing the poverty rate would be faster. Meanwhile, the unemployment rate in 2009 was above 8 percent (range 8.3%-8.4%) of the total labor force. This number is slightly higher than the previous year, which is 7%-8%. The rising of these numbers is a result of the global crisis that was triggered by the slowness of the realization of the planned infrastructure in the country. Companies in Indonesia are required to compete professionally on a worldwide or global scale. Therefore, they can survive and develop. Kotter (1992) in (Hanantijo, 2011) warns that the globalization of markets and competition create an enormous change. Appropriate strategies should be applied to achieve success through the utilization of existing opportunities in an increasingly competitive business environment.

There are many companies in the world and Indonesia that have realized this condition, and they chose the right corporate strategy. However, there are also many of them that are not taking into account the implications of the corporate strategy of direct human resources. For example, a company chooses the strategy of analyzer that is very careful in managing and utilizing business opportunities. In addition, it has a corporate culture that tends to conventional, non-bureaucratic, less innovative and locally oriented. At the time, the company changes its strategy being a prospector or pioneer. The company will experience many problems if its human resource and corporate culture are not managed effectively. The company with a prospector strategy must be supported by human resources who embraced the innovative values and flexible. Without a conformity between corporate strategy and human resources strategy, the company will almost certainly face difficulties.

The causes of the problems faced by SMEs are as follows

1. Implementation of legislation and regulations relating to SMEs, including the taxation issue has not been adequate;
2. There is still occurred a mismatch between the facilities provided by the Government and the needs of SMEs;
3. There is less linkage inter-SMEs or between SMEs and larger industry.

There are some problems faced by MSEs in obtaining loans from banks. They cannot also be separated from the internal problems faced by banks. The problems are:

1. Bank does not yet have competent human resources in dealing with the debtor for the perpetrators of the micro and small.
2. Bank is more oriented and focused on corporate credit services.
3. Bank has a network of office that is still limited, and its spread has not been evenly distributed, including rural credit banks.

Problems of MSEs in the capital access resources of banking are as follows:

1. Micro and small business actors do not yet have a proper bookkeeping and clear. Thus, it is difficult for the bank to find out information about their businesses entirely.
1. Micro and small actors have not registered their business as a legal business entity.
1. Micro and small actors still have limited human resources who can manage their business well.

Problem

How are price adaptations of export performance for small, medium enterprises in the market turbulence in Makassar, Indonesia?

2. REVIEW OF RELATED LITERATURE

Performance

Performance is the result of the firm obtained as a result of a number of internal activities. Every company is aware that there is a need to utilize the company's resources to maximize the performance of the company in the face of competition. According to Swamidass and Newel, 1987; Yeoh and Jeong, 1995; in (Nur, 2009), the strategy is the vehicle for performing adaptation, and it is a key determinant of company performance. James and Hatten, 1994 in (Nur, 2009) confirms that performance is a function of the strategy. How the company uses the strategy to adapt to its environment is the meaning of strategic orientation.

The performance of the company is determined by the primacy of socio-cognitive capabilities of companies, particularly in a variety of team development and implementation strategy (Giasberg, 1994) in (Nur, 2009). Principal dimensions of socio-cognitive skills are human resources (cognitive ability and social competence) and organizational resources (mapping and modeling techniques, as well as the design of the organizational structure and incentives). Socio-cognitive capabilities in an organization determine the development strategy. The success of the company is determined by the group starting from the stage of the assessment of the situation, strategic thinking, decision making until implementation strategies.

Business Performance

Resources and capabilities are the primary sources for the company in reaching profitability. Referring to the conception of functional management, it is reasonable to state that the company's performance is indeed reflected in the work of the various functional management running well (Ferdinand, 2003) in (Reswanda, 2011). Functionally, good business performance will be reflected in four things. The first is the level of human resources such as performance level of creativity and innovative human resources, as well as the level of productivity of human resources. The second is the level of performance of production operations management such as level of the efficiency of the production process, product quality and service, the level of speed process and the level of accuracy process. The third is the level of performance marketing management such as the level of sales volume, market share and profitability. The fourth is the level of financial performances such as availability of funds, the use of effective and efficient funds reflected in the variety of ratio-financial including the ratio of solvency, liquidity, and profitability.

Small and Medium-Sized Enterprises (SMEs)

The definition of Micro, Small, and Medium Enterprises according to the decision of the Minister of Finance Number 40/KMK 06/2003 on 29 January 2003 in (anonymous. 2013) is a family-owned productive Enterprises or an individual citizen of Indonesia and it has the most sales results ₹ 100.000.000 (one hundred million rupiah) per year. Microenterprises can apply for loans to banks at most ₹ 50.000.000, -. In addition, the Legislation number 20 in 2008 describes the micro, small and medium enterprises as follows:

1. Definition of SMEs:

- (a) Micro enterprises are productive business owned by an individual and/or business entity of individuals that meet the criteria as micro enterprises as provided the Act.
- (b) Small business is the economic productive business that stands on its own. This business is conducted by an individual or business entity that is not a subsidiary. In addition, this business is not a branch of the company. It is owned, controlled, or become part either directly or indirectly from medium or large enterprise businesses that meet the criteria of small enterprise as stipulated in this law.
- (c) Medium business is productive economic business that stands alone. This business is conducted by an individual or business entity that is not a subsidiary or branch of the company. It is owned, controlled, or become part either directly or indirectly with a small business or a large enterprise with total net worth or annual sales results as provided in the legislation.

2. *Criteria:*

| No | Description | Criteria | |
|----|--------------------|----------------------------|-----------------------------|
| | | Asset | Omzet |
| 1 | MICRO | Max 50 million | Max 300 million |
| 2 | SMALL BUSINESS | > 50 million – 500 million | > 300 million – 2,5 billion |
| 3 | MEDIUM ENTERPRISES | > 500 million – 10 billion | > 2,5 M – 50 billion |

Definition of SMEs in Some Countries in (Anonymous. 2013)

World Bank divides SMEs into three types, namely:

1. Medium enterprise, with the following criteria:
 - Number of employees is up to 300 people,
 - Annual revenue reached \$ 15 million
 - Total assets are up to \$ 15 million
2. Small enterprise, with the following criteria:
 - The number of employees is less than 30 people,
 - Annual revenue does not exceed \$ 3 million,
 - Total assets do not exceed \$ 3 million.
3. Microenterprise, with the following criteria:
 - The number of employees is less than ten people,
 - Annual revenue does not exceed \$ 100 thousand, and
 - Total assets are not exceeding \$ 100 thousand.

Europe Commission divides SMEs into three types, namely:

1. Medium-sized enterprises:
 - The number of employees is less than 250,
 - Annual revenue does not exceed \$ 50 million (equivalent to \$ 58.5 million)
 - Total assets do not exceed \$ 43 million (comparable with 50.3 million).
2. Small-sized enterprise:
 - The number of employees is less than 50 people,
 - Annual revenue does not exceed \$ 10 million (equivalent to \$ 11.7 million),
 - Total assets do not exceed \$ 13 million (equivalent to \$ 15.2 million).

3. Micro-sized enterprise:

- The number of employees is less than \$ 10 million,
- Annual revenue does not exceed \$ 2 million (equivalent to \$ 2.3 million)
- Total assets do not exceed \$ 2 million.

Singapore defines SMEs as businesses with at least 30% local shareholders. Fixed productive assets are under SG \$ 15 million (equivalent to \$ 8.7 million). For service companies, the number of employees is at least 200 people.

Malaysia defines SMEs as businesses that have a full-time worker of less than 75 people. Shareholders are less than M \$ 2.5 million (equivalent to US \$ 6.6 million). SMEs is divided into two, namely:

1. Small Industry (SI):

- Number of employees is between 5-50 people
- Amount of capital reaches M \$ 500 thousand (equivalent to US \$ 132 thousand).

Based on the rate per June 4, 2003, EUR = \$ 1.17,

Based on the rate per June 4, 2003, 1 MYR = \$ 0.26

2. Medium Industry (MI),

- Number of employees is between 50-75 people
- The amount of share capital is between M\$ 500 thousand-M\$ 2.5 million.

Japan defines SMEs as follows:

1. Mining and manufacturing with the following criteria:

- The number of employees is up to 300 people
- The amount of share capital reaches ¥ 300 million (equivalent to US \$ 2.5 million).

2. Wholesale with the following criteria:

- The number of employees is up to 100 people
- The amount of share capital reaches ¥ 100 million (equivalent to US \$ 840 thousand).

3. Retail with the following criteria:

- The number of employees is up to 54 people
- The amount of share capital reaches ¥ 50 million (equivalent to US \$ 420 thousand).

4. Services with the following criteria:

- The number of employees is up to 100 people
- The amount of share capital reaches ¥ 50 million (equivalent to US \$ 420 thousand).

South Korea, defines SMEs as enterprises whose total employees under 300 people and assets of less than US \$ 60 million.

Characteristics of SMEs

In General:

1. There is still a simple management
2. There is a lack of access to credit institutions
3. It does not yet have the status of legal entity
4. It emphasizes on a particular business group

Micro Enterprises:

1. The goods and commodities business are not always fixed. They can be changed at any time;
2. The place does not always settle down. In. It can be relocated at any time;
3. This business has not made any financial administration though it is a simple administrative. It does not separate family finances and business finance;
4. Human resources (entrepreneurs) do not yet have adequate entrepreneurial spirit;
5. The average level of education is relatively very low;
6. In general, it does not have a business license or other legal requirements including TAX ID.

Small Businesses:

1. Goods and commodities have already fixed, and they are not easily changed;
2. Location or place of business is settled;
3. In general, this business has been doing financial administration though it is still simple. Financial companies have been separated with the family finances. In addition, it has made the balance of business;
4. This business has had a business license and other legal requirements including TAX ID;
5. Human resources (entrepreneurs) have experience in entrepreneurship;

6. There has been access to the banking capital requirements;
7. This effort has not been able to make such good business management with business planning.

Medium Business:

1. In general, this business has organizational management that is better, more regular and more modern. Division of tasks is apparent. The division consist of financial, marketing and production;
2. This business has been doing financial management by implementing the accounting system regularly. Therefore, it is easy to conduct auditing and assessment or examination including by banking;
3. This business has made rules or management and labor organizations. There have been social security and health care
4. This business already has all the requirements for legality including permits of the neighbors, business license, permits of place, and TAX ID
5. This business has access to the banking for funding sources;
6. In general, it has trained and educated human resources

Market Turbulence

The market turbulence is the environment where results are not predictable. It means that the economic dynamics occur irregularly. Dankbaar (1996) (Kurtz et. al., 2011) reveals that a turbulent environment is an environment in which one cannot predict the outcome of one's actions. In addition, Stigter (2002) in (Kurtz et al, 2011) made a compilation of those concepts in a tentative to understand how SMEs should position themselves in a way that bring success even (or especially) in turbulent environments. A turbulent environment is characterized as difficult to understand and requires a flexible organization to respond quickly and adequately in order to remain competitive. Stigter concludes that a turbulent environment consists in a situation that is subject to continuous and substantial changes that are uncertain and unpredictable.

Turbulence also has an impact on the economic and technological changes that are considered to be very dramatic. It aligns with the opinion expressed by Meyer (1982) in (Ottesen et. al., 2004). He states that turbulence is often thought of as discrete, salient and unpredictable events in the environment such as significant technological changes, dramatic changes in the economic climate (e.g., the recent economic crisis in Asia), boycotts by environmentalists, and so on.

Loch and Pich (2002) in (Deleersnyder, 2003) divides the market turbulence into four levels

1. Variation of the market: Variation of the market represents the lowest level of market turbulence, and it is defined as a market where frequent, regular, events influence performance randomly, but within a predictable range. In this case, the market turbulence at this level can still be said to be normal and regular.
2. The Foreseen turbulence: On the other hand, certain promotional activities do seem to be able to cause permanent changes in the long-term market equilibrium. At this level, there are changes to the environment marketing permanently but they still balance.
3. Unforeseen turbulence: Occasionally, a market may be hit by a special type of event that is much larger and less frequent. This Level has already signed to an environmental marketing rules and larger in scope.
4. Disruptive turbulence: Environmental changes had implications for at most one industry, but whenever multiple industries are hit simultaneously and profoundly. This level has an impact on more than one industry at a time and in a great scope.

3. METHOD

This research was a library research. The data were collected by comparing the various literatures (books, journals, articles, legislation and mass media). It was conducted to obtain the relevant data needed to set the problems examined. The data used in this study was secondary data. The data were gained from some archives and documents. In addition, the data were obtained from the materials in the library by reading the literature that deals with issues that are examined.

4. RESULTS AND DISCUSSION

Reviewed from the number of businesses and labor absorption, Micro, Small and Medium Enterprises (SMEs) can be seen as a major pillar of the economy nations. SMEs is one of the backbones of the Indonesian economy. Characteristics of SMEs are strong, dynamic and efficient assessed to encourage sustainable economic development. It is not surprising if SMEs has an important role in Indonesia.

Based on the review of Bank of Indonesia in 2009, the important role of SMEs can be reviewed in three indicators. The first is based on the number of industrial units. Central Statistics Agency in 2012 recorded that the number of SMEs reached 56.54 million units. They are equivalent to 99.99% of the total Indonesian unit. The second is based on its ability to absorb labor. In 2012, SMEs is recorded that it can provide employment for 107 million workers or absorbs. It is about 97% of the workforce. The third is based on its contribution to national income. SMEs contributes 59.8% of the total Gross Domestic Product (GDP) of Indonesia in 2012. SMEs is also known as one of the industries that are most creative. It often occurs that

the product produced by SMEs is an original idea that presents new breakthroughs in its creation. In line with this, Wulan and Nindita (2009) cited in (Probosari, 2014) adds the role of SMEs as pioneering new markets and innovation.

Through these explanations, it can be obtained an idea of the dominance of SMEs in the Indonesian economy. SMEs also have a strategic role as a safety net in facing crisis and people's economic turbulence. It was proven in the economic crisis in 1997. SMEs is proved that it can survive. In addition, it could make the Indonesian economy being dynamic (Musnandar, 2011) in (Probosari, 2014). Specifically within the framework of ASEAN, SMEs in ASEAN countries will soon face a new era of liberalization, including liberalization of financial markets declared as one of the destinations in the ASEAN Economic Community (AEC) or *Masyarakat Ekonomi ASEAN* (MEA) in 2015. With the AEC 2015, it is expected that ASEAN will have four main characteristics. The first is the unity of the single market and production base. The second is competitive economic region. The third is equitable economic growth. The fourth is increased ability to integrate with the global economy (Bank of Indonesia, 2009).

From the description of the dominance of SMEs in the number of business entities and employment, it is more dominated by micro-enterprises. It is possible considering the micro business entity includes formal and informal sectors with characteristics barrier to entry and exit are low. This micro-scale business entity also plays a strategic role as a safety net in facing crisis and people's economic turbulence.

Interesting description can be seen at the contribution of SMEs to the GDP. In the formation of GDP, the contribution is dominated by SMEs. It was 56,23% in 2007 and 55,56% in 2008. A similar description also appears if it is viewed in the calculation of GDP with constant price is 2000 where the contribution of SMEs was 58.40% in 2007 and 58.33% in 2008. However, if it is viewed in comparison with the number of entities and employment in large enterprises is associated with big business sector contribution to the GDP, it can be said that the productivity of SMEs is lower than large business entities. It is probably due to an imbalance in terms of education, skills, technology, and management, access to finance and access to markets.

Furthermore, based on the description of non-oil and gas exports, entity SMEs does not show a significant contribution. It was only 19.99% in 2007 and 20.17% in 2008. It may imply that the entities of SMEs focused on the domestic market. In addition, capability to emerge in export markets, are still relatively low, and it needs to be improved. Nevertheless, the focus on domestic markets can provide the benefits considering the measure of the potential market is considerable and relatively more resilient to global economic turmoil.

The dominance of SMEs sector also appears on the realization of investments made. Share of sector investment for SMEs based on price in 2007 was \$ 52, 99%

and 2008 52, 89%. The description that is no different also appears if it is viewed on the realization of investments in constant 2000 prices, respectively for the years 2007, and 2008 were 51.23% and 51, 80%.

From the above description, it shows the importance of the role of the SMEs sector, either as a key pillar to GDP, employment, investment or social safety net in facing crises and economic turmoil. Thus, strengthening the capacity of SMEs is a necessity. The existence of reliable and strong SMEs is the main assets of economic development, as well as being bearing in facing global economic turmoil. Increasing the capacity of SMEs include increased and improved access to information, access to technology, access to finance and access to markets.

Specifically within the framework of ASEAN, the SMEs in ASEAN countries will face a new era of liberalization, including liberalization of financial markets. It was declared as one of the destinations in the ASEAN Economic Community (AEC) or the ASEAN Economic Community (AEC) in 2015. With the AEC 2015, it is expected that ASEAN will have four main characteristics are as:

1. Unity of the single market and production base;
2. Competitive economic region;
3. Equitable economic growth;
4. Increased ability to integrate with the global economy.

Towards a single market and unity production base, it will apply the free flow of goods, services, investment, skilled labor, and capital. In financial markets, the liberalization of the financial services sector is arranged gradually, namely in 2015 and 2020. In 2015, Indonesia is committed to liberalization in the insurance sub-sector and capital markets. In 2020, it was expected that liberalization of the whole sub-sectors in the financial services sector can be fulfilled.

The opening of the ASEAN financial markets provides opportunities to increase open access for SMEs to financial resources, not only in the domestic but also the international financial markets. On the other hand, SMEs in ASEAN countries face a tough challenge, due to increasing competition. Considering the economic conditions in each country that has not been equaled, every country including Indonesia is expected to be able to improve competitiveness. Therefore, the country could benefit from liberalization. As part of the biggest actors in the Indonesian economy, the development of SMEs would also need attention in the future to meet the liberalization era.

SMEs development within the framework of the AEC 2015 was conducted for equitable economic growth. Its implementation refers to the ASEAN Policy

Blueprint for SME Development (APBSD) 2004-2014. There are a few things to note in the development of SMEs as noted in APBSD. One of them is the need for access to information, markets SMEs, development of human resources, finance, and technology.

In APBSD, SME development is implemented through five programs:

1. Entrepreneurship development;
2. Increased marketing capabilities;
3. Access to finance;
4. Access to technology; and
5. Creating a conducive policy.

Other government agencies implement each of the programs under the coordination of the Ministry of Cooperatives and SMEs. For Bank of Indonesia, the focus of the program is implemented to improve access to finance.

Coordination of SMEs Empowerment (Strategic Plan for Ministry of Economic Affairs from 2010 to 2014)

The focus in increasing opportunity for entrepreneurs for SMEs through sectoral policies is directed on:

1. The existence of SMEs is a jobs creator and Prime mover of economic growth. SMES was nearly 51 million units in 2009. However, it has not been reliable in the absorption of unemployment and boost economic growth, mainly due to the lack of touch technology in the development of business management and entrepreneurial SMEs. Further impact is the human resource capacity of SMEs that is still low. System of management and entrepreneurship are still lags behind. There is a lack of creativity and innovation that led to low sustainable competitiveness of SMEs.
2. SMEs Innovation Center is a trigger acceleration of entrepreneurship and business. The policy, which puts the SMEs technology-based, is an appropriate policy. Prime mover of Innovation Center SMEs is instrumental in pushing the SMEs acceleration out of the difficulties of access to technology and information. Therefore, in almost all sectors of the SMEs ranging from informal micro enterprises, to the formal sector, can use the intellectual property rights with the support of technology which is the mainstream media in the acceleration for increasing business scale to a higher class. Policy direction for arranging development of SMEs technology-based is by optimizing SMEs Innovation Center in synergizing the program.

There are six main approaches of development of cooperatives and SMEs in Indonesia:

1. Development strategies for conducive business environment
2. Strategies for increasing access to SMEs being productive resources
3. Strategy of development of entrepreneurship and competitiveness of SMEs
4. The establishment of the institutional strategy of the cooperative in accordance with the cooperative identity
5. Micro empowerment strategy
6. Strategies for increasing synergy and community participation

Empowerment of SMEs in order to get out of the problem of market turbulence:

Managerial Aspects: The efforts conducted in relation to managerial aspects consist of increased productivity, marketing capabilities, and the development of human resources.

Capital Aspects: In the capital aspect, efforts undertaken consist of the provision of capital. It is in the form of allowance benefit State-Owned Enterprise. It is about 1 to 5 percent. An obligation to distribute credit for micro and small is a minimum of 20 percent of bank credit, as well as and credit facilities.

Partnership Program: Efforts that are conducted through the partnership program is developing a partnership program with great effort either through system Adoptive father-child, PIR, Upstream-downstream linkages (forward linkage), the downstream-upstream linkages (backward linkage), Venture Capital, and Subcontracting.

Development of Industrial Centers: Efforts conducted through the development of industrial centers are developing small industries in the region whether in the form of small industrial settlements, industrial environment, and means for small industries supported by technical service unit and industries extension officer.

Empowerment Program: Empowerment efforts undertaken is in the form of guidance for specific business sectors and regions through business groups, union small industry, and handicraft.

This SMEs sector shows that the data contribute to an economy that is very dominant. SMEs have been able to demonstrate the contribution and its identity as a major pillar of the economic backbone of the nation contributed to the economic recovery of Indonesia. If limitations can be overcome, the contribution to the economy will be getting better. By improving and enhancing business performance of SMEs, it is expected that the economy can certainly run faster and advanced. Therefore, it can further enhance economic growth better in the future.

Barney (1991) cited in (Reswanda, 2011) states that in order to achieve competitiveness and sustainable advantage, the company must seek and foster the special capabilities of all its resources.

Theory of Competitive Strategy (Porter, 1980) in (Reswanda 2011) suggested that companies should create a special competitiveness in order to have a strong bargaining position in the competition. Furthermore, Porter (1991) reveals that the company can achieve success if three conditions are met. The first is the purpose of a strong company in the market. The second is paying attention to the strength of the company dynamically including opportunities and threats of the external environment. The third is having a distinctive competency as the driving force.

Meanwhile, according to Mahoney and Pandian (1992) in (Reswanda, 2011), in order to the face competition that is increasingly complex and internal crisis, small companies can use the theory resourced-based strategy. This theory is assessed potentially to maintain the company's success in a turbulent external environment. This theory focuses on the development of internal capabilities, superior, not transparent, futuristic and recession proof.

5. CONCLUSION

SMEs sector has some important roles. The first is as a main pillar of the establishment of the Gross Domestic Product (GDP). The second is employment. The third is investment. The fourth is a social safety net in facing crises and economic turmoil. There are some empowerments of SMEs in order to get out of the market turbulence problem, namely Managerial Aspects, Capital Aspects, Partnership Program, Development Center of Industry, and the empowerment program.

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