



# RECONSTRUCTION METHOD DEVELOPMENT AND CONSTRUCTION OF SMALL AND MEDIUM ENTERPRISES (SMEs) THROUGH BUSINESS DEVELOPMENT SERVICE (BDS) PROGRAM IN PADANG

## KEYWORDS

Strategi, Business Development Service, Small and Medium Enterprises

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## ABSTRACT

This study uses qualitative descriptive method for this study aimed to get an overview and information about the right strategies used by Business development service (BDS) to produce modules appropriate strategy for the development and cultivation of Small and Medium Enterprises (SMEs) in the city of Padang. The key informants are 10 BDS in Sentra Rotan 60 SMEs BDS, BDS with assisting consultants and related institutions, by interview and observation. The results of this study explained that appropriate and effective strategies that should be implemented by the BDS in assisting SMEs are: 1) Strategy to Increase Market Knowledge Executors of SMEs; 2) Infrastructure Preparation Strategies And Technology To Support Implementation of SMEs; 3) Service Delivery on Strategy Consulting Enterprises To SMEs; 4) Supplier Information Provision Strategy To SMEs; 5) Organizing Training on Strategies And Techniques To Help SMEs; 6) Provision Strategy Capital Loans to SMEs by facilitating capital loan.

## 1. INTRODUCTION

Small and Medium Enterprises (SMEs) play an important role in national economic growth, but if we observe quite a few SMEs that suffered a setback caused by several problems including difficulty in accessing capital, because to get a loan from another agency business, they must own a professional system management. The weakness is like a circle of mutual influence. In general, the vulnerability is more on issues of Human Resources. The government in this case the Department of Cooperatives and SMEs in West Sumatra, as the institution is formally given responsibility for developing Cooperatives and Small and Medium implement various policies.

One of the policies issued by these institutions was launched Business Development Service (BDS) to improve the performance of SMEs, market access and the ability to compete in non financial that are dynamic with extensive coverage and focus on the needs of SMEs. From 2001 to 2006, it has been recorded as many as 30 BDS under the guidance of the Department of Cooperatives and SMEs in West Sumatra. Another goal were to contribute in efforts to develop Small and Medium Enterprises with approximately 11 years of BDS in West Sumatra has not yet obtained maximum results. This presumably happened because of inadequate coaching methods allegedly employed by BDS. This research is directed to reconstruct the development and cultivation methods of small and medium enterprises through the Business Development Service in the city of Padang, resulting in the proper method to give guided towards Small and Medium Enterprises.

## 2. LITERATURE REVIEW

Gundry, Kickul, Welsch and Posig (2003), in his study in the US revealed that the mastery of technology, change and innovation have a key role to the improvement and growth of the market. Swierczek & Ha (2003), "Lack of equipment and outdated technology are among hindrances of SMEs development".

According Duh (2003) and Kristiansen (2002), a new information access can open initiative, the growth and resilience of SMEs. According to Mead and Liedholm (1998); Swierczek & Ha (2003), business information became a crucial link to the

success of a business.

Kristiansen and Indanti (2004) in research in Norway and Indonesia, found that there is a very important relationship between a person's confidence in his ability with a desire for self-employed or readiness for entrepreneurship has close link which is related to with the success of a business Social networks.

Kristiansen (2003) argues that social networks have an important correlation with the SME's ability to adapt in the business.

Service providers developed by Miehbradt and McVay in the seminar The Fourth Business Development Services were held in Turin, Italy in September 2003 organized by the Small Enterprises Development Program of the International Labour Organization (ILO).

The decision of the Minister of Cooperatives and SMEs Number: 32.1 / KEP / MKUKM / IV / 2003 on practical instructions of BDS stated that BDS is a Legal entity that provide business development services in order to improve the performance of SMEs

The strategies adopted by the BDS are strategy to increase market knowledge of SMEs, the strategy preparation of infrastructure and technology to support the implementation of the SME strategy service deliver consulting effort to SMEs, strategies to provide supplier information to SMEs, the strategy by organizing training and technical assistance to SMEs, coaching strategies in the field of technology and product development, and strategies to provide loan capital to SMEs.

## 3. OBJECTIVES OF THE STUDY

a. To describe a method that has been used by the Business Development Service for the management and development of SMEs in the city of Padang.

b. To reconstruct methods that have been used by the Business Development Service for the management and development of SMEs in Padang

#### 4. RESEARCH METHODOLOGY

This study uses qualitative descriptive method. Methods of collecting data are Library Research, Field Research by in-depth interviews to 10 BDS centers built in 60 SMEs BDS rattan CV. Analysis of Furniture Pitameh Lubeg Padang, and assisting consultants BDS and related institutions.

#### 5. CASE STUDY

##### 5.1 Strategies Implemented by BDS to SMEs Patronage in the city of Padang, West Sumatra

a. Strategy to Increase Market Knowledge Executors of SMEs; Marketing effort, a network of markets, trade shows, development of samples of goods to the buyer, market information, meetings and business trips, market research, exhibition space, advertising, market development, and Packaging.

b. Infrastructure and Technology Preparation Strategies to Support Implementation of SMEs; Warehouse Small Scale / Large, Business Incubator, Telecommunications, Computer Services, Financial Transfer, courier, Internet access, and administration services.

c. Delivering Business Consulting Services Strategies To SMEs; Sponsor find exhibitions, Consulting Everything about the contract, and direct representatives of SMEs.

d. Supplier Information Provision Strategy To SMEs; link SMEs with suppliers, providing infrastructures for information about suppliers, Facility Group of SMEs for the purchase of raw materials, and supplies information on suppliers of goods.

e. Provision of Training Strategies and Techniques to Help SMEs; Mentoring, visits and business travel, financial services, technical training, capital and tax services, accounting, and Tata book.

f. Strategy Development in the Field of Technology and Product

Development; Transfer Technology, Connecting SMEs with providers, maintenance and repair of Technology, Renting and selling of technological equipment, design services, Getting the technological facilities, product development.

g. Credit Capital Strategies To facilitate SMEs.

##### 5.2 Reconstructing the Strategies implemented by BDS

Based on the analysis of the Delphi technique, it can be concluded that, based on the results rekonstruksi strategy that has been implemented by the business development service (BDS), then the appropriate and effective strategies that must be implemented by the BDS in assisting SMEs are:

Strategy to Increase SME Market Knowledge Performers consists of: Marketing effort, a network of markets, trade shows, development of samples of goods to the buyer to buyer, market information, meetings and business trips, market research, advertising, market development and Packaging.

Preparation Strategies And Technology Infrastructure to Support the Implementation of the SME consists of: Warehouse Small Scale / Large, financial transfers, courier and administration services.

Delivering Strategies Business Consulting Services To SMEs comprise: Sponsor find exhibitions and consultations Everything about contract.

Supplier Information Provision Strategy to SMEs comprise: connecting SMEs with suppliers, linking SMEs with suppliers, providing infrastructures for information about suppliers,

Facility Group of SMEs for the purchase of raw materials and supplies information on suppliers of goods Delivering Training for Strategies and Techniques to Help SMEs comprise: Mentoring, visits and business travel, financial services, management training, technical training, capital and tax services and accounting. Giving Credit Capital Strategies to SMEs by facilitating capital loans.

Some of the obstacles faced today, including SMEs still have difficulty in establishing cooperation with the investors. in this case because SME activities focused only production and not pay attention to marketing, and ultimately impact on low sales. The benefits of accounting training given to SMEs has not been entirely helpful, as were predominantly SMEs still using bookkeeping methods were very simple and does not meet the standards and principles of bookkeeping should be. SMEs still do not pay attention to the management of bookkeeping well, so training on bookkeeping needs to be done in a sustainable manner. Purchase of raw materials facility is still individual and small-scale so that SMEs are still dependent on a few suppliers only. Information on the supplier inventory needs to be so that the supplier can provide the raw material according to the needs of SMEs.

#### 6. CONCLUSIONS

The results of this study explained that appropriate and effective strategies that should be implemented by the BDS in assisting SMEs are: 1) Strategy to Increase Market Knowledge Executors of SMEs; 2) Infrastructure Preparation Strategies And Technology To Support Implementation of SMEs; 3) Service Delivery Strategy Konsultasi Enterprises To SMEs; 4) Supplier Information Provision Strategy To SMEs; 5) Exercise Pemberian Strategies And Techniques To Help SMEs; 6) Provision Strategy Capital Loans To SMEs by facilitating capital loans.

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