

The 2nd International Conference on Business and Banking Innovations (ICOBBI)
“Nurturing Business and Banking Sustainability”
Surabaya, 14th - 15th August 2020

Proceeding Book of
The 2nd International Conference on Business and Banking Innovations
(ICOBBI) 2020
“Nurturing Business and Banking Sustainability”
Surabaya, 14 - 15th August 2020

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Indonesia**

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FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 2nd International Conference on Business and Banking Innovations (ICOBBI) with the topic “*Nurturing Business and Banking Sustainability*”. This proceeding contains several researches articles from many fields in Marketing, Management Technology, Finance, Banking, Human Resources Management, Information System Management, and Islamic Economics.

The 2nd International Conference on Business and Banking Innovations was held on 14th – 15th August 2020 by virtual (online) meeting and organized by the Master Management Study Program of STIE PERBANAS Surabaya in Collaboration with six Higher Education Institutions in Indonesia and five Universities from Asia countries. Keynote speakers in this conference were: Prof. Angelica M..Baylon, Ph.D (Director of the Maritime Academy of Asia and the Pacific, Philippines), Chonlatis Darawong, Ph.D. (Head of the Master of Business Program Sripatum Chonburi University - SPU Graduate School Bangkok, Thailand), Prof. Madya Dr. Reevany Bustami (Director of Centre for Policy Research and International Studies Universiti Sains Malaysia), Associate Prof. Dr. Ellisha Nasruddin (Graduate School of Business Universiti Sains Malaysia), Associate Prof. Pallavi Pathak Ph.D. (School of Management Sciences, Varanasi, India) and Prof. Dr. Tatik Suryani (Head of the Master of Management Study Program of STIE Perbanas Surabaya, Indonesia).

I would like to give high appreciation to the Rector of STIE Perbanas Surabaya for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the six universities, namely Universitas 17 Agustus Surabaya, Universitas Surabaya, Universitas Dr. Soetemo Universitas Dian Nuswantoro Semarang, STIE 66 Kendari, Institut Institut Bisnis dan Keuangan Nitro Makassar which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <https://pascasarjana.perbanas.ac.id>.

Chair of the Master Management Study Program
STIE Perbanas Surabaya

Prof. Dr. Tatik Suryani, M.M.

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Analysis of The Impact of the Development of Inolobungadue Central Park (ICP) on Micro, Small and Medium Enterprises in Konawe Regency

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ABSTRACT

This research aims to analyze the impact of the development of Inolobungadue Central Park (ICP) on Micro Small Medium Enterprises (MSME) in Konawe Regency. Several things can be concluded from the research results that the identification results of types of businesses can build a business in the ICP area are; (a) MSME of the upstream sector including rice, vegetables, corn, sago, chilies, bananas, rambutan fruit, kampung chicken, inland fisheries; (b) MSME of the downstream sector including tofu-and-tempe industry, delicious culinary, restaurants, traditional woven fabrics industry, rattan and wood furniture industry; (c) MSME in the trade sector, namely; trade in clothing, foodstuffs; and (d) MSME of the service sector, namely; repair services, tailors, beauty salons, printing and photocopying. Furthermore, the results of development strategy show 6 (six) strategies that can be taken in the context of developing MSME in the ICP area, namely: (a) ICP Institutional Strengthening and Protection Strategies; (b) Upstream Sector Production Capacity Development Strategy; (c) Downstream Sector Production Capacity Increase Strategy; (d) Strategies for Increasing Physical Availability and Supporting Infrastructure; (e) Strategies for Increasing Market Share; and (f) Business Financing Capacity Development Strategy.

1. INTRODUCTION

The implementation of the free trade system, especially for ASEAN countries, has brought serious problems for the business world in Indonesia because with these conditions, the business competition will be increasingly complex. This has also been worsened by the arrival of the economic crisis that affected the failure of various sectors of economic life. The high prices of goods and services have also caused high production costs. Only entrepreneurs who can be efficient in the production process can exist in the market. Besides, the condition of human resources is also low.

This must be overcome by realizing the actualization of the development strategy and policy design to move out from the problems. One of the forms of actualization is the promotion of discourse and policies on the development of micro, small and medium enterprises (MSME) both on a regional and national scale. MSME are expected to be able to become a concrete manifestation of people's economic activities based on their strength, decentralized, diverse, and become business groups that can be a buffer when the economy is hit by a crisis.

The functions and roles of MSME are currently very important. Apart from being a source of livelihood for many people, it also directly provides jobs vacancy for most of the population. As micro and small business groups, MSME are always trapped in the problem of limited capital, production techniques, marketing, management and technology. To increase the capacity of small businesses in order to expand their role in the national economy, a series of integrated and sustainable guidance is needed to overcome these various problems, especially those stemming from problems with limited knowledge, information and capital.

In general, the internal problems faced by MSME include: (a) low professionalism of MSME business management personnel, (b) limited capital and lack of access to banks and markets, (c) low technological mastery ability. Meanwhile, external problems are; (a) unfavorable business climate for small business development, (b) government policies that have not been running as they should be, (c) lack of support, and (d) lack of guidance in management guidance and improvement of the quality of human resources. Several research results state that the factors causing the failure of the small and medium enterprises sector to develop include; (1) weak ability to make decisions, (2) inability in management, (3) lack of experience, (4) weak financial supervision.

Moreover, MSME also have a strategic role in national economic development, because in addition to playing a

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role in economic growth and employment, they also play a role in the distribution of development results. In the economic crisis that has occurred in our country since a while ago, where many large-scale businesses have stagnated and even stopped their activities, the small and medium enterprises sector has proven to be more resilient in facing this crisis.

On the other hand, MSME also have a significant role in contributing to regional GDP (Gross Domestic Product) and national GDP. Based on the results of surveys and calculations conducted by the Central Bureau of Statistics, it shows that the contribution of MSME and SME to Indonesia's GDP (without oil and gas) in 2016 was 62.71% and it increased by 63.89% in 2017

However, the condition of MSME in Indonesia remain vulnerable. This is due to various reasons, among others; low alignment of banking, a free market starting to open up, and limited policies supporting the small and medium enterprises sector. Meanwhile, big businessmen get various facilities and very supportive policies.

Various approaches have been made to overcome all the problems faced by MSME, but it has not been completely successful. This is because the implementation of development programs has not been on target, including the implementation of programs or activities that are not based on the economy and local competencies, even though we know that most of the MSME developing in Indonesia are businesses based on local competence.

Apart from the problems, MSME remain one of the popular business sectors for most people in Indonesia. In Konawe Regency, the activities of MSME are quite promising, especially in urban areas including District Unaaha, Wawotobi, Anggaberri and Tongauna. The structure of the Unaaha City community which tends to be heterogeneous where various professions are inhabited is a big enough opportunity for the growth of MSME. In the corners of Unaaha City, various MSME line up to become a promising economic sight for the community.

The development of MSME in the Unaaha City community cannot be separated from the fairly large community consumptive pattern. This is surely a pretty good potential for the continuity of MSME. Besides, the most promising factor is the geostrategic position of Unaaha City which is on the Trans Sulawesi crossing, in which the volume of social and economic activities of the community passing through this crossing is quite large. So, Unaaha City in its position acts as a transit city for motorists.

One of the obstacles to the development of MSME in Unaaha is the lack of centers or special areas for MSME. It is as common in other areas in Indonesia, such as in Jogja which is famous for its Malioboro Area, in Bandung for its Cihampelas, in Sidoarjo with its Wind Dike Area and other cities in Indonesia developing similar concepts and strategies for the forum for developing MSME.

To anticipate it, in the 2018-2023 government period Konawe Regency Government made a breakthrough in efforts to develop Unaaha City planning having double purposes which are not only to improve the aesthetics of Unaaha City, but also to encourage the more opening of the development of MSME through the development of Inolobunggadue Central Park (ICP). ICP is a concept of developing MSME which was initiated by the Konawe Regency Government aiming to form a business center area for MSME in Konawe Regency. In the future, this area is expected to become central area for MSME in Konawe Regency which is able to encourage the creation of additional value improvement, absorption of labor, and increase regional productivity.

The preparation of an impact assessment for the development of Inolobunggadue Central Park (ICP) on Micro Small Medium Enterprises (MSME) and small and medium industries (SMI) in Konawe Regency in 2019-2023 is intended to determine the extent of the impact of ICP development on economic development in Konawe Regency, especially at the scale of MSME . .

Meanwhile, the objectives of The preparation of an impact assessment for the development of Inolobunggadue Central Park (ICP) on Micro Small Medium Enterprises (MSME) and small and medium industries (SMI) in Konawe Regency in 2019-2023 are:

1. To identify MSME in Konawe Regency that can build businesses in the ICP area.
2. To make calculations of the economic impact in the medium and long term regarding the existence of ICP on the development of MSME .
3. To identify the inhibiting factors in the development of the ICP based on MSME in Konawe Regency.
4. To design the strategies for the development of MSME in the ICP area
5. To arrange the development programs periodically to develop the existence of MSME in the ICP area

2. RESEARCH METHOD

In general, the location of the activity was conducted in all sub-districts of Konawe Regency. However, based on the research objectives, the research locations were divided into 2 (two) regional groups, namely; Core Zone and Buffer Zone. The core zone was the area where the ICP was established, while the Buffer Zone was the area that supplied goods and services to the core area.

The first group of areas was areas that were the focus of ICP implementation or known as Core Zone, namely;

- Unaaha District,
- Tongauna District,
- Wawotobi District, and
- Anggaberri District.

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-Meanwhile, the second group of areas was Buffer Zone for the supply of goods and services entering the core zone. The sub-districts in the buffer zone include 12 (twelve) districts, namely;

- Konawe District,
- Wonggeduku District,
- West Wonggeduku District,
- Lambuya District,
- Uepai District,
- Onembute District,
- Pondidaha District,
- Amonggedo District,
- Besulutu District,
- Abuki District,
- Padangguni District, and
- Puriala District

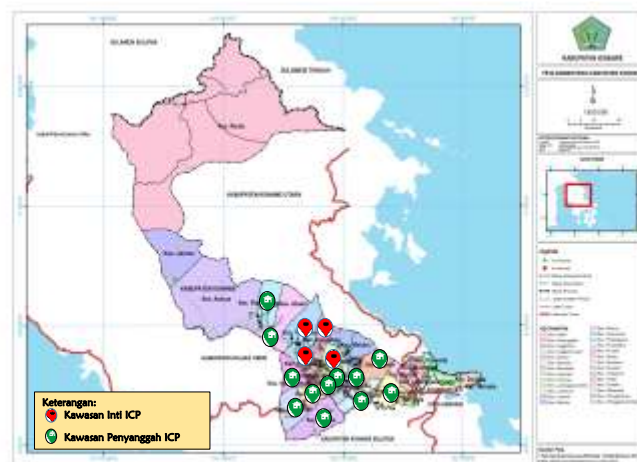


Figure 1.

Population and Sample

a. Population

In general, the population of this study was divided into 2 (two) groups, i.e. (a) all potential consumers (communities) around the ICP area, namely; Unaaha District, Tongauna District, Wawotobi District and Anggaber District; and (b) all micro, small and medium enterprises (MSME) and Small and Medium Industries (SMI) located both in the core zone and in the buffer zone as described in the research location in the previous section. The description of the MSME sectors refers to the Micro, Small and Medium Enterprises Master Plan document of Konawe District namely;

- a. Agricultural Sector, consisting of; food crops, plantation, fishery and livestock sub-sectors.
- b. Mining and Processing Industry Sector, consisting of; the mining sub-sector, food industry, handicraft industry, iron and aluminum processing industry, and forest products industry.
- c. Trade, Hotel/Restaurant sector, consisting of; sub-sector of trade, hotels/inns, and restaurants.
- d. Transportation and Communication Sector, consisting of; the transportation sub-sector.
- e. Other Services Sector, consisting of; non-financial services sub-sector.

b. Research Sample

Based on the criteria for the first population group, namely; prospective consumers living around the ICP area, namely Unaaha District, Tongauna District, Wawotobi District, and Anggaber District, the sample determination was carried out by using the purposive method by determining the number of samples for each district, namely 100 respondents, distributed as many as 25 respondents for each sub-district. The data needed from this group of respondents were data regarding the public's response to the plan to establish an ICP area and responses to their interest and desire to shop at the ICP.

Analysis Method

In general, the analysis method used in this study was exploratory descriptive analysis. However, in detail, some analyzes used in achieving the objectives of this study were:

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- Exploratory Analysis. This analysis was used to identify MSME that can build a business in the ICP of Konawe Regency. The exploratory analysis used in this study was a factorization analysis, namely; The analysis aims to select the types of priority MSME in Konawe Regency.
- Economic Impact Analysis. This analysis was used to determine the projected economic impact in the medium and long term on ICP development in KonaweRegency. As for the details, the economic impact calculations used were;
- SWOT analysis. This analysis was applied to identify the strengths, weaknesses, opportunities, and challenges of the Konaweregency in developing MSME.
- TOWS matrix. This analysis was used to formulate a strategy for developing MSME in Konawe District.

Analysis Of Msme Determination In Icp Area

SWOT Analysis

The next analysis carried out in the context of the preparation of an impact assessment for the development of Inolobunggadue Central Park (ICP) on Micro Small Medium Enterprises (MSME) in Konawe Regency dis a SWOT analysis. This analysis aims to identify all the strengths and weaknesses as well as the opportunities and challenges faced in the development of MSMEs in the ICP area of Konawe Regency as a whole. This analysis is useful for formulating general policy directions and strategies formulated later.

a) Strengths

The identification results generally indicate that several things becoming the strengths in the development of MSME in the ICP area ofKonawe Regency are as follows:

- The business traditions of MSME actors are quite sufficient.
- The continuity of the production of goods and services produced by MSME actors in Konawe Regency is quite adequate even though it is on a limited economic scale.
- The mobility of the flow of goods and services produced by MSME can be easily done
- Very smooth land transportation access.
- The production scale of MSME commodities in Konawe Regency is still on an increasing economic scale
- Adequate production quality and quantity
- The availability of the main auxiliary material (water) is quite a lot
- Tenagakerjalokal produktifcukuptersedia The availability of productive local workforce
- The availability of productive business groups
- Sudahterdapatsimpuldanklasterusaha. There are already business nodes and clusters

b) Weaknesses

Besides the strengths, in the effort to develop MSME in ICP area ofKonawe Regency, it also has several weaknesses, including:

- The unavailability of clear and structured aspects of the ICP.
- The unavailability of physical and economic planning aspects of the ICP
- The ICP does not yet have a clear legal basis
- Most of the commodities of each MSME in Konawe Regency do not havea meaningful uniqueness
- Very limited Production facilities
- Limited capital aspects including access to capital institutions.
- The availability of information technology facilities owned by priority MSME is still very minimal.
- Most of the business orientation for production activities is still monoculture.
- The function of business clusters for the production of superior MSME has not been maximized
- Lack of promotion of products produced by MSME
- Very low operating margin
- Market access still uses a manual system.
- Production costs for several types of leading MSME are still high.
- Availability of supporting facilities, such as; inadequate electricity, communications, terminals and markets.

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c) Opportunities

As with external factors, several things becoming opportunities for MSME in Konawe Regency, are:

- Natural resources owned by Konawe Regency are very potential for the development of MSME in the ICP area.
- Geographical and demographic conditions are in accordance with the product characteristics of each MSME in Konawe Regency and are very suitable for investment.
- The location of Konawe Regency is on the main road connecting the Southeast Sulawesi with South Sulawesi.
- The support of the stakeholders (government, farming community, consumer community) for the development of MSME in the Konawe Regency is very good.
- The level of community income is relatively good.
- regional, national and international markets are available for products produced from each of the priority MSME.
- GDP and Economic Growth in Konawe Regency tend to increase.

d) Ancaman Threats

Furthermore, several conditions that pose a threat to the development of MSME in Konawe Regency are as follows:

- The involvement of economic actors in the trade system, which is monopsony, is still very dominant.
- For regional coverage, competitors are relatively high.
- The use of technology in production activities for each type of MSME in Konawe Regency is still very limited
- The availability of communication facilities for the smooth running of the trade system is still very limited.
- The use of information technology is still very limited.

The Strategy And Programs Development Of MSME In ICP Area

Strategies, Programs and Action Plans of the Development of ICP-based MSME in Konawe District

The strategies and development programs of CP-based MSME in Konawe Regency are prepared to facilitate the implications of implementing the development of MSME in Konawe Regency, especially those are expected to build businesses in the ICP area. The initial step in determining the development strategy of ICP-based MSME in Konawe Regency begins with analyzing the real conditions of the ICP, MSME institutions in Konawe Regency, both regarding the problems faced and the opportunities that can be achieved so that the formulation of strategies and programs produced is able to provide a clear roadmap for the development of MSME in the ICP area later.

In this section, the resulting ICP-based MSME development strategies will then describe through programs taken in applying these strategies. The results of the formulation of ICP-based MSME development strategies from the results of this study consist of 6 (six) strategies, namely: (1) ICP Institutional Protection and Strengthening Strategies; (2) Building Strategy of Upstream Sector Production Capacity; (3) Enhancement Strategy of Downstream Sector Production Capacity; (4) Strategy for Increasing Availability of Physical and Supporting Infrastructure; (5) Strategies for Increasing Market Control; and (6) Strategy for Building Business Financing Capacity.

The description regarding each of the resulting strategies, as well as the programs offered in each strategy, can be described as follows:

a) ICP Institutional Protection and Strengthening Strategies

The strategy of protecting and strengthening the ICP institution generally aims to provide strengthening and legal certainty for the ICP institution in Konawe District. The ICP established in Konawe Regency is expected to have an independent institution so that ICP managers can carry out their institutional functions professionally. This ICP institution will also later function as a regulator of ICP operations, both in determining priority businesses that will open a business, as well as in terms of assisting MSME players in developing their business. The development programs that can be formulated in implementing this strategy are as follows:

b) Building Strategy of Upstream Sector Production Capacity

In general, the strategy to increase the production capacity of MSME in the upstream sector aims to increase the quality and quantity of upstream MSME production. The results of the analysis reveal that the establishment of the ICP area will have an impact on increasing demand for goods and services obtained by MSME in Konawe Regency. This increase in demand must be accompanied by an increase in production. Increased production in the downstream sector (SMI) will have an impact on increasing demand in the upstream sector. For this reason, the production capacity of the sector must increase more, because the upstream MSME, in addition to supplying demand for the SMI sector, also serve direct demand from end consumers. For this reason, it is considered important to formulate programs and action plans to increase the production capacity of upstream MSME so that the level of economic turnover in Konawe Regency which originates from the MSME sectors can run smoothly.

c) Enhancement Strategy of Downstream Sector Production Capacity

The strategy for increasing the production capacity of downstream SMI generally aims at increasing the quality and quantity of downstream SMI production. This strategy is set in order to anticipate an increase in demand for goods and services by SMI consumers in Konawe Regency. This increase in demand must be accompanied by an increase in production. Increased production in the downstream sector (SMI) will have an impact on increasing demand in the upstream sector. For this reason, it is considered important to design connectivity between the upstream and downstream sectors in order to be able to support the supply of raw materials for the SMI sector which in turn will be able to increase the production capacity of SMI. For this reason, it is important to formulate programs along with an indication of an action plan to increase the production capacity of downstream SMI in order to serve the project of an increase in demand for goods and services as a result of the development of the ICP area.

d) Strategy for Increasing Availability of Physical and Supporting Infrastructure

The results of the analysis indicate that one of the obstacles faced in developing the MSME in Konawe Regency is the limited of several physical and supporting infrastructure facilities availability. For this reason, it is necessary to establish a strategy that aims to increase the availability of physical and supporting infrastructure, both in the raw material pole region and the production pole region. This strategy is established to support several strategies that have been previously established, such as; strategy to increase the production capacity of upstream MSME. For this reason, it is important to formulate programs along with indications of action plans related to efforts to increase the availability of physical and supporting infrastructure facilities to support the development of MSME in Konawe Regency, especially for businesses that will enter the ICP area.

e) Strategies for Increasing Market Control

The strategy to increase market share aims to improve the capacity of the ICP area so that it is able to create more interest for potential consumers. This strategy is important to formulate programs along with indications of action plans related to efforts to increase market interest both for potential consumers around the ICP area and potential customers from other areas. So, the end ICP area does not only function as a business area, but also as the tourism area as well as other designations that can be packaged in the form of an integrated area.

f) Strategy for Building Business Financing Capacity

The strategy for increasing the capacity of business financing aims to increase the capacity of MSME players in the ICP area so that they are able to develop their businesses through adequate business financing. This strategy can only be achieved if in Konawe Regency, especially in the ICP area is available for business financing institutions, both private-owned, community members of MSME or those sourced from the local government.

4. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Conclusion

Based on the results of data analysis and the preparation of strategy formulations that have been conducted in the previous chapter, several things can be concluded from the results are as follows:

- The results of the identification of types of businesses that can build a business in the ICP kampung chicken, inland fisheries; (2) downstream sector SMI, namely; tofu-and-tempe industry, culinary delights, restaurants, traditional woven fabrics, rattan and wood furniture industries; (3) MSME in

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the trade sector, namely; clothing trade, groceries; and (4) service sector MSME, namely; the services of tailoring, beauty salon, printing and photocopying services.

- The results of the development strategy formulation indicate that there are 6 (six) strategies that can be taken in order to develop MSME within the ICP area, namely: (1) ICP Institutional Protection and Strengthening Strategies; (2) Building Strategy of Upstream Sector Production Capacity; (3) Enhancement Strategy of Downstream Sector Production Capacity; (4) Strategy for Increasing Availability of Physical and Supporting Infrastructure; (5) Strategies for Increasing Market Control; and (6) Strategy for Building Business Financing Capacity.

Suggestions

Based on the results of the preparation of a study on the impact of the development of the ICP area on the development of MSME in Konawe Regency, some of the things that suggest implementation are as follows:

1. It takes an alignment of related elements such as; local governments, banks, educational institutions, non-governmental organizations in the efforts to develop MSME in the ICP area of Konawe Regency so they can contribute more to the development of the region as a whole MSME
2. Additional infra and supra structure facilities are needed to support the development of MSME in the ICP area of Konawe Regency.
3. There should be a support for a regulatory framework in the framework of implementing the ICP area in Konawe Regency so that it can make a positive contribution to the development of MSME .