DEVELOPMENT POLICY FOR SME'S AND ENTREPRENEUR'S CROSS CULTURAL PROFILE

a Cross National Study on Development Policy and Cross Cultural Study on SME's

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Young San University
South Korea
2010

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ABSTRACT

DEVELOPMENT POLICY FOR SME'S AND ENTREPRENEUR'S CROSS CULTURAL PROFILE

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Compared to South Korea, the comparative study of Small and Medium Enterprise's development policy in former times in Indonesia did not have any vision about the position of Small and Medium Enterprise in national economic organizational structure, and if being compared to Malaysia, there was no native's proprietary development plan in national investment portion in Indonesia.

Comparative study between Indonesian manager-entrepeneur (native) and Tionghoa (non-native) in Bandung, Banjarmasin, and Palembang in terms of Meaning of Working found that there was no difference between two groups especially in Working Centralization, Income Oriented, and Expressive Working Aspect, and suggests that the opinion that there is difference in working motivation between native entrepeneur and non native entrepeneur is unacceptable. On the contrary, the low level of Obligation Oriented and Dependancy Orineted and the high level of Learning Oriented of non-native group can be referable to formulate Native Entrepeneur Development Policy which based on Business Strategy Learning and Learning Culture Creation.

The condition of Small Enterprise in Beijing, Hongzhou-Suzhau and Shanghai indicates that great condition of law infrastructure for investment, excellent planning of urban area and business area can create composure in running a business , business agresiveness privacy in area, great condition of police structure and free of unlegal livies, and especially privacy in business strategy by professional salesmanship way. The high level of sales bargaining practice has already supported small and mendium enterprise to be as good as big enterprise.

Homogenity of native group in marginal level and non-native group in very high level suggest that the Small and Medium Enterprise Development Policy must have variation, having looked at "gap characteristics" on each homogen group. Mix educational path of native and non-native Small and Medium Enterprise must be done for learning process and integrated path, at least by joint field job visit system.

Keywords : Indonesian Small and Medium Enterprise Development Plan, Business Strategy Learning, Law Infrastructure, Economic Area Plan in Urban Area, Professional Salesmanship, Nativa and Non-Native Mix Training and Education Program.

I. Introduction

The issues Small and Medium Enterprise development can't discharge from the government policies, education system and the entire ways undertaker behave. Study aboard has been done with consideration, give a vision, how we can deal with the other country experiences in improving Small and Medium Enterprise. What we take as an entitlement thing, may be not or half way to make it perfect. What we take as a false thing, may be happens the counter condition. In a research case, there're so called error one and error two, we take the entitlement thing as the false one, and the false thing as the entitlement one. For example in employees selection, we reject the competent and potential employee (as error one), and we accept the employee who have a lack in potentials (as error two).

The comparative studies enable us to have a different point of view, a different paradigm, different assumptions, and we consider it as creative mindset which is really acquired in the enterprise world. The same mindset perhaps create mechanistic enterprise, but the literal mindset create an ***era-changing*** *enterprise or even create an enterprise that have no similar with what had been create before. Planning way of small and medium enterprise which rest on internal or closed system without see the experience and the other people world, and so does the past static experience enterprise, it doesn't make any chance to think creative. An approach and flexible philosophy make it possible with wider planning. For example, if in Jakarta there's a street called "Mangga Dua Street" (means two mangoes) if we visit and see in Shenzhen there's a protocol street planted by mangoes tree. What is the philosophy beyond this deductive experience? China which has a billion populations can plant the mango trees on the protocol street, can Indonesia do the same? What is the meaning of incapability of Indonesia? As we acquainted "The law don't work well" a little or a big violation from individual or group can't be finished by laws. The spectators' of PSSI match disturbances which mostly make damage on people's belongings never solved by law. The laws need to improve effectively. The law aspects on business reflected on the Shaolin Temple's effort which will give law actions to 80*

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Shaolin name users' countries is a huge actions an creative based on the certainty of law (see the journal of visiting China). The uncertainty of law which afflicts the copy entitlement in Indonesia because it makes the artist or art creator frustrated. How far the entrepreneur and the citizen protect their copyentitlement in Indonesia and abroad? Batik for example.

Enterprise development related to a conducive business climate (see the journal of visiting China) which can create 1500 new business each day or 550.000 per year with investment about 3 billion Yuan (3, 6 billion Rupiah). What about Indonesia? Information from ***Kementerian Koperasi & UKM & BPS*** *informs that business enterprise growth in Indonesia from 39, 93 million to 41, 36 million or increase 1, 43 million. It means that the development of business in Indonesia is better than China. This condition makes clear the position of Indonesia, and gives a legitimating Small and Medium Enterprise policy.*

II. Research and Observation Small and Medium Enterprise Development Policy Abroad: Malaysia, Japan, South Korea, Philippine, Indonesia, Swiss, and China.

2.1.Results of Small and Medium Enterprise Observation in China.

With a background of "much population" problem and "the wide region" problem and "problem of communist culture which turn into free trade culture". This following data shows the economic and entrepreneurship in China:

1) *Flight Annual World Wealth Report which published by Capgemini and Merril Lynch say that in the end of 2005 in Mainland China existed 236.000 billionaire, increasing 12 percent than last year (2004). This country has turned into the second country after Japan which in quantity of billionaire. The report also says that approximately 7, 7 million of billionaire spread all over the world in the end of 2005, which increasing 7, 5 percent than last year.*
2) *According to Head of All- China Federation of Industry and Commerce, each day 1500 new private enterprise established in Mainland China with*

amount of capital which registered in all that companies about 3 billion Yuan (US$361,45 million). Now China have 32 million self employed businessman which reflected 2, 5 percent of its population (total population of China is 1, 28 billion)

3) *In the last five years, there're 99 China's university students who graduate Master from Business Administration of Harvard Business School, and 20 university students will settle their MBA from Harvard Business School in 1991, one of them is student from Shanghai.*
4) *According to Deputy of China Commerce Ministry entrepreneur from Taiwan had invested in Mainland China for 62.000 companies with total actual investment US$ 37, 8 billion. The Government of Mainland China will not change the "favorable policy" of investor from Taiwan and their "entitlements of law" will be secured. In other side, China Center Government had declared that they will not let entrepreneurs from Taiwan gain a profit in China Mainland if all the entrepreneurs supporting a freedom of Taiwan.*
5) *Shaolin Temple in Henan is ready for hard battle to save Shaolin Kungfu. This Shaolin Temple had spread the application to 80 countries to register the Shaolin Kungfu Trademark. They have inventorying process all over the world and there're 117 trademarks which use "Shaolin" name or "Shaolin Temple", most of them found in Australian and Japan. In Mainland of China also found a hundred companies and about 54 kinds of product which have a name "Shaolin" from car even to beer. Every one of them is out of knowledgably of Shaolin Temple.*
6) *More than half internet café rental have income less than 3000 Yuan (US$ 361, 45) per month. This matter reported, it because these internet café rentals have to paid a lot of fees for much kind of government institutes.*

2.2.Results of Small and Medium Enterprise Observation in South Korea.

1) *1961 is the first year of Small and Medium Enterprise Development Planning in South Korea. The policy is that technology sophistication of Small and Medium Enterprise.*

2) *In 1973 the policy of developing cooperation enterprise established. Cooperation enterprise aimed at :*
   a. *A business which needs a collaborating of all the business man.*
   b. *A traditional business which generally done by handicraft maker.*
3) *Established special bank for small and medium enterprise beyond Government General Bank.*

2.3. *Observation Work Orientation of Small and Middle Entrepreneurs Culture Cross in West Java (Bandung, Sukabumi, Tasikmalaya), South Sumatra (Palembang), South Borneo (Banjarmasin, Banjarbaru).*

Work Centrality Abroad

- *Japan is on the top and Britannia is the lowest and other countries are among them.*
- *The high part of centrality Britannia (score 8- 10) about 26% and the low centrality of Britannia (2- 4) about 13%. German's centrality high 35% and the low one is 14%. Holland's centrality high 35% and the low one is 10%. Belgian's centrality high 39% and the low one is 10%. US's centrality high 41% and the low one is 10%. Israel's centrality high 43% and the low one is 8%. Yugoslavia's centrality high 54% and the low one is 6%. And Japan's centrality high 59% and the low one is 6%. (MOW International Team 1997 : 83-84)*
- *Based on professions group cross, the highest centrality found on chemical engineers group, followed by teacher, textile worker, tool and die makers, unemployed, office worker, pensioner, university student, and the lowest one is part- timer. (MOW International Team 1997 : 85)*

2.3.1. *Four Patterns the Meaning of Work: Abroad Country Sample*

- *MOW International Pattern (high pay – IR CW very low)*
- *Expressive Work Centrality Pattern (low pay – IR CW very high)*
- *Contact and Entitlements Orientation Pattern (high contact and entitlement – low obligation)*

- *Low Entitlements Pattern (very low entitlement – rather low contact and obligation)*
  (MOW International Work Team 1997: 187)

2.3.2. *Four Patterns the Meaning of Work (Abroad Country)*

Background: Competency and Work Understanding Problem

- *Reported on past that Indonesian work orientation isn't like the westerner. The work centrality is low says Boeke (1993) and considered not support or not match with development program (Kuntjaraningrat, 2001). On a discussion of dualistic economy theory Boeke (1993) explain the characteristic of Indonesian people are: "...there is almost no oriented on profit for the East People (Indonesia). Speculative profit attracting them, but these profits have no regularity and continuity element which identify of income concept. East industry identified with "doesn't like capital" and "the lingering hatred when invest a fund because the risk always behind it"; just a little desire on a finishing and accuracy, lack of business quality, even failed on granting standard and samples, lack of elasticity supplying, lack of organization, and indiscipline and lack of the entitlement local specialization.(Boeke, 1993)*
- *They dedicated for following "bypass culture" as a work habit which disobey stipulation and broke the law procedure in effort to accomplish instrumental work goals.*
- *According to opinion that Indonesia isn't suit to support the economy development, the government suggested to wisely not on speculative by hang it on authority capacity of ethnic group in Indonesia. (Boeke, 1993; Higgins, 1999).*

Previous Research

- *Almost in all studies terminology of "Indonesian people" and "Indonesia Manager" means Indonesian Ethnic (Kuntjaraningrat, 2001; Dananjaya, 2006; Geertz, 1999; Hadisumarto, 1998; Hoefstede, 1982) and Indonesia Ethnic Manager (Dananjaya 2006). Indonesian Ethnic entrepreneur contrasted from Indonesian non-ethnic entrepreneur, that is ethnic*

entrepreneur and non ethnic entrepreneur (Tionghoa or China Entrepreneur)

- *In several culture cross study, terminology of Indonesia use only for Indonesian ethnic as an appeal from other nation. (Hofstede, 1982; Redding & Casey, 1996). For example, it's identifying that Indonesian Manager who work on multinational company found that they having leadership style lower than other nation. (Redding & Casey, 1996).*
- *In several studies about economic of Indonesia wrote by foreign writer, terminology non – ethnic Indonesia almost always mean by Chinese or Tionghoa who live in Indonesia. (Suryadarma, 1996,; Wong, 1998; Gungwu, 1998).*
- *For guarantee the succeed of development program where the differences of ethnic and non ethnic regarded as a source of the differences performance and the ability of these groups, then the government often take a position to entrust realizing of economy development program for the abilities of this non ethnic group. (Moh. Sadli, 1999).*
- *There are government attentions to fix the way we behave and ethnic group oriented of business with a target: "to educate Indonesians dealing with real competitive market" (Moh. Sadli, 1999)*

*2.4.**Purpose of Researching***

- *Studying: how far index the meaning of work (work centrality, work norm, work output) manager/ ethnic entrepreneur differ than non ethnic entrepreneur?*
- *Studying: how far the managerial job – fit of the manager/ ethnic entrepreneur differ than non ethnic entrepreneur?*

Managerial Fit

- *Managerial Job Fit is a measure in meaning of score of imbalance between employee qualification with requirements of managerial work (Van der Ven and Drazin). Related with situation factor of business strategy, and attached with the other business aspects, imbalance*

score can be an important measurements of managerial job fit (Leontiades, 1993)

- *This imbalance score how it can be progressing with work stratification measurement from each managerial worker group. (Wanous, 1974; Lawler, 1987). Imbalance score on a general studies, the meaning of work measured in T – Score from Index. The meaning of work which counted from employee's hope and their context of work. It expected the ratio of one managerial group with the other could reveal each profiles from group, the differences and the similar between two groups.*

III. Methodology

- *Survey had done with 200 samples entrepreneur- manager who distributed adequately between China's Manager and Indonesia, they work in business environment in three big cities, Bandung, Banjarmasin, and Palembang. They are disordered clustery from business list in Industry and Commerce Department. Indexes the meaning of works counted for gaining work centrality point (WC), normative entitlement (ENT), normative obligation for public advantage, economy functions, (PAY) intrinsic and expressive work result (IR), and a chance to trained and put to work (OPP)*
- *T – Score counted related with a total average and deviation of total standard, with total average counted on scale 50. To evaluating the score extent three clarifications made, which are :*
  - *High : T- score > 54*
  - *Medium : T – score = 46 – 54*
  - *Low : T – score <46*
- *Analyzing factor meant to clarify variables to dominant factors which construct dominant managerial work point.*
- *Discriminate analyze which construct to find factor or variable that distinguish sample group and classification group based on analyze*

result, discriminate use for comparing the level of discriminate analyze validity.

- *T – Test and F – Test for hope discrepancy and reality of work used for examine managerial job- fit for both group.*

IV. Research Result: Ethnic Group and Non Ethnic Group in Six Indexes MOW (Income, Centrality of Work, Intrinsic, Contact, Obligation Norm, and Opportunity)

Table 1: Income

	Mean	*Std deviation*	*F-value*	*Sign level (α)*
Indonesian ethnics	*50.47*	*4.52*	*0.0310*	*0.8606*
Non-ethnic (Chinese)	*50.59*	*4.99*		

Table 2: Centrality of Work (CW)

	Mean	*Std deviation*	*F-value*	*Sign level (α)*
Indonesian ethnics	*49.80*	*4.54*	*1.768*	*0.019***
Non-ethnic (Chinese)	*50.11*	*4.93*		

Table 3: Aspect of Intrinsic Work

	Mean	*Std deviation*	*F-value*	*Sign level (α)*
Indonesian ethnics	*49.62*	*6.72*	*0.219*	*0.640*
Non-ethnic (Chinese)	*50.98*	*8.02*		

Table 4: Contact

	Mean	*Std deviation*	*F-value*	*Sign level (α)*
Indonesian ethnics	*50.02*	*5.16*	*0.215*	*0.643*
Non-ethnic (Chinese)	*49.68*	*5.19*		

Table 5: Obligation

	Mean	*Std deviation*	*F-value*	*Sign level (α)*
Indonesian ethnics	*50.00*	*5.34*	*5.902*	*0.016***
Non-ethnic (Chinese)	*48.66*	*5.35*		

Table 6: Opportunity/ Entitlements

	Mean	*Std deviation*	*F-value*	*Sign level (α)*
Indonesian ethnics	*50.61*	*6.94*	*3.245*	*0.073***
Non-ethnic (Chinese)	*48.35*	*6.09*		

Research result: the Differences between Managerial Fit Ethnic Manager Group and Non Ethnic

Table 7: Ratio job – fit of ethnic and non ethnic in variation, learning, promotion, interest, and mental effort.

Variation Skill *T – Score Discrepancy*

	Mean	*StdDev (σ)*	*Dist.bet*	*Dist.within*	*F-value*	*Sign level (α)*
Indonesian ethnics	*-0.386*	*31.221*	*11296.5*	*1037.0*	***10.894*****	***0.11%***
Non-ethnic (Chinese)	*14.379*	*33.344*				

Learning *T – Score Discrepancy*

	Mean	*StdDev (σ)*	*Dist.bet*	*Dist.within*	*F-value*	*Sign level (α)*
Indonesian ethnics	*0.693*	*25.985*	*6332.2*	*715.9*	***8.845*****	***0.33%***
Non-ethnic (Chinese)	*11.747*	*27.656*				

Business Promotion *T – Score Discrepancy*

	Mean	*StdDev (σ)*	*Dist.bet*	*Dist.within*	*F-value*	*Sign level (α)*
Indonesian ethnics	*4.895*	*20.742*	*1729.5*	*465.0*	***4.168****	***4.25%***
Non-ethnic (Chinese)	*11.011*	*22.510*				

Interest *T – Score Discrepancy*

	Mean	*StdDev (σ)*	*Dist.bet*	*Dist.within*	*F-value*	*Sign level (α)*
Indonesian ethnics	*13.684*	*14.377*	*629.1*	*213.9*	***2.941****	***8.78%***
Non-ethnic (Chinese)	*17.168*	*14.917*				

Mental Effort *T – Score Discrepancy*

	Mean	*StdDev (σ)*	*Dist.bet*	*Dist.within*	*F-value*	*Sign level (α)*
Indonesian ethnics	*41.202*	*27.433*	*1729.5*	*608.5*	***2.842****	***9.33%***
Non-ethnic (Chinese)	*46.979*	*20.8*				

The Indonesia Managers

- *T-Test for number T imbalance among work factors and selection job for Indonesia Manager (ethnic) found that work aspect Decision Making unbalance very worth (p<0.0000) (T-Value = 16.894) between hope and reality. This is indicated that there are perceptions for their needs in for their business reconstruction which want to realize and the reality couldn't say the same.*
- *Further analyze according to Test – T for work variation aspects, learning opportunity from work, personal contact from job, work conditions, work safety, flextime, mental effort, variation skill, income, autonomy, responsibility and intrinsic work point, found that there are no imbalances which worth enough. This discovery concludes that what do matter are hopes and reality have a similarity in this group.*

The Non-ethnic (Chinese) Indonesian Managers

Test T for imbalance of work situation and work preferences among Chinese ethnic managerial group in manage their business in Bandung, Banjarmasin, and Palembang show this following statement:

- *Activity of work Variation found very imbalance (p<0.0001) which is they perceive work variation more than what they could expect.*
- *Work opportunity for learning found marginally higher than they could expected*
- *Personal contact from job in reality is higher as sufficient (p<0.038) than they could expected*

- *The opportunity to take a self decision found as sufficient, means there are imbalances ($p<0.000$) which are their preferences is higher than the reality.*
- *Opportunity for promotion through work which is now the reality is very signify ($p<0.000$) more opportunities that they could expected.*

Managerial Fit Ethnic Manager Group and Non Ethnic

- *Managerial fit measure by imbalance point between work reality and hope for work based every perception from manager. Ratio team up for managerial fit between two groups measure by F- Test in variation analyze from T- Score differences between work reality and hope for work in that group*
- *By using significant moderate level (10%), sufficient (5%) and high (1%) some dimensions of managerial fit found different.*
- *Based on analyze variance found significant differences between group, very significant in skill variation ($p<0.0011$), very significant in opportunity of learning ($p<0.0033$), significant enough in promotion ($p<0.0425$), rather significant in mental effort ($p<0.093$), which mean the Indonesian ethnic is under China's group in managerial fit.*

V. Conclusion and Recommendation for Improving Competiveness of Small and Middle Business Seminar

- *Comparative study gives an illustration more complete about the success and failure of policy.*
- *Comparative study among country refer to huge problems can be a reference for region policy or wider.*
- *Comparative study found a strong tendency in central variables the meaning of work between managerial group of China and Indonesia can give illustration for strategic of developing entrepreneurship in Indonesia.*
- *Enterprise creativity appears and need the protection from law splendidly. Though the creativity can appear in every condition, but the certainty of law which protect the rights and obligations is the most important thing so the freedom of enterprise more guaranteed for internal even external.*

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