

## Model of Small Business Development in the Traditional Markets

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**Abstract:** This research aims to identify the problems and a decent strategy pursued by small businesses in the city of Makassar. This type of research is qualitative research. The data used are of qualitative aspects related to small businesses in the city of Makassar through techniques of observation, interview and documentation. And, then analyzed by using SWOT analysis. Results of the study showed small businesses still face problems that are internal and external. Internal problems including lack of capital, human resources are limited, less raw materials, weak business network. External issues include an attempt has not been conducive climate, technology, the implications of the limited autonomy of the region, free trade.

**Key words:** Small business, market, traditional, development, Indonesia

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### INTRODUCTION

The pattern of poverty reduction has been done by government need to get a change of paradigm. During this time, the poor only become the object of government policy in terms of poverty reduction, so it causes dependence, especially for the poorest segments of society. That pattern should change into a pattern of more perceptive community empowerment, so that the poor can participate as subjects in tackling poverty.

Community empowerment activities should be able to develop certain techniques of imaginative education to arouse public awareness. According Jhingan (2007), the orientation of community empowerment should be to help the community to be able to develop themselves on the basis of existing innovations, established a participatory manner, the method-oriented approach to the needs of target communities and the things that are practical either in the form of individual services and the group. The role of community development officers as outsiders' people can be divided into 3 parts, namely the role of consultants, the role of mentoring and role in the information. Thus, the participation of target groups (society itself) becomes very dominant.

According to Tambunan (2000), the most fundamental problems faced by small businesses are a problem in the field of management. Small business sector is still less able to determine the pattern of management that suits your needs and stage of business development.

Michael (1998) suggested that small business issues in the field of marketing focused on three things, namely market competition and product problems, problems of access to market information and institutional problems of small business support.

Research done by Salamun, etc., in 2006 which states that there are still relatively stagnant conditions or less developed in terms of trade due to the inefficiency of business operations. The case occurred in South Sulawesi Province.

More specifically, these studies further emphasize the aspects of coaching and development of the small business sector. Law No. 9 in 1995 states that, government, businesses, and communities do coaching and human resource development. The steps taken is to socialize and cultivate entrepreneurship, improving technical and managerial skills, establish and develop educational institutions, training and small business consulting as well as provide extension workers and small business consulting.

This study will examine in greater depth the problems faced by small businesses in the city of Makassar then, review relevance of the policies that have been taken by central and local governments to address these problems. The results of these studies will become a model of community development practitioners in small business environments through a strategy of fostering and developing small businesses.

**Problem formulation:** Based on the above background, then as for the formulation of the problem in this study are as follows:

- What are the problems faced by small businesses in Makassar?
- Whether a viable strategy pursued in the framework of fostering small businesses in Makassar?
- Whether a viable strategy pursued in the context of small business development in Makassar?

### **Objectives, benefits and outcomes**

**Destination:** As for the purpose of this study are as follows:

- To identify the problems faced by small businesses in Makassar
- To establish a viable strategy pursued in the framework of fostering small businesses in Makassar
- To establish a viable strategy pursued in the context of small business development in the city of Makassar

Benefit as for the benefits of this research are as follows:

- Provide positive information to the government both central and local government as the policy makers in determining several policies related to efforts to empower the small business sector
- Provide positive information to practitioners or small businesses, particularly in terms of business management
- Provide technical skills for actors or small business practitioners on matters related to business management
- Provide positive information for the parties related to the small business sector, particularly for financial institutions or the banks

**Literature review:** The dichotomy between traditional and modern market indeed is not only architectural buildings sourced from or management operations but rather stems from the definition of conception of the market as a venue for economic transactions. The concept of the market can be understood from various perspectives such as the perspective economic, social, cultural and even political. In this perspective, the concept of market economy (in a broad sense as the place where supply and demand meet him) was formed as one of the main implications of the process of changing society to capitalist society.

The most fundamental difference between capitalistic societies with a pre capitalistic society is in terms of the orientation of its economic activities. Community pre capitalistic degree strives to maintain the level of income acquired while the high degree of capitalistic society is attempting to get maximum profit.

The economic orientation difference gave birth to social values and culture that shape the understanding of market presence in both categories of the society. In a capitalistic society, individual autonomously determine the decision freely. In a society like that, the market is collectivities a decision freely between producers and

consumers. If the decision of producers is determined by the cost of the alternatives, the hope of profit and the expectations of the market price then, the consumer decision determined by purchasing power, income minus savings, prices and commodity price expectations as well as individual factors (interest, needs and others). In contrast, the pre capitalistic society, collectivism determines individual decisions. The market in the community as it is a confluence of social, economic and cultural. If the decision is more determined by the manufacturer hopes to maintain the position that income has been achieved, then the decision of the consumer closer to the collective value that can be gained.

The value of collectivities becomes the differentiator in the understanding of the conception of the market among the public and the community pre capitalistic. For the pre capitalistic community characteristics apparent in community groups that are still based on the collectivities, economic activity that took place in the market is still very colored by cultural nuances that emphasizes the importance of face-to-face, personal relationships between the seller and the buyer (marked by loyalty 'subscription') as well as the proximity of social relationship (characterized by the concept of "bargain price" in the purchase of goods or the concept of "debtor"). This kind of characteristic is in fact not only rural society as found in research by Boeke but, also in the urban community, who settled in big cities in Indonesia. This is the sort of conditions that later gave rise to social dualism which appears in the form of a contradiction between social systems that are coming from outside the community with indigenous social systems that live and survive in the same area.

As a sociological and cultural, philosophical meaning a market is not only an arena for buying and selling goods or services, however is a meeting place for citizens of mutual social interaction or do informal discussions over the issues of the city (Kotler, 2006). This definition reflects the functioning of the broader market but it is less working on during the operations in various policies. Policies related to the management of the market such as trade policy, spatial and licensing more oriented on the economic dimension of the concept of the market. Waiver of this market socio-cultural function then gave birth to the modern market forms the more capitalistic, accentuates the building's physical comfort, luxury, ease and completeness of facilities but showing the other side which is individualistic.

The influx of new values such as collectivities or rational individual autonomy that became characteristic of the capitalistic society was not offset by the institutionalization of these values in the dimensions of

life in society. Social habits among the urban community should become community characteristics revealing a capitalistic in fact still shows a habit of community pre capitalistic. This is the condition that later gave rise to the phenomenon of dualism as development of the street vendors around the mall.

This social dualism next leads to a pattern of relationship where one party dominates the lame on the other party and the other party is in a position of marginalized, both in structural and cultural framework. Porter (1985) explains that the gap in the relation pattern caused by imbalances in social power base. Poverty is related to an imbalance in bargaining power in the market mainly due to inequality of opportunity to accumulate social power base. Some cause is inequality to obtain capital or assets productively, inequality in obtaining financial resources, inequalities in entering social networks to obtain job opportunities and the inequality of access to controlled information.

Inequality that arises as a result of an imbalance in the bargaining power of at least gave rise to two consequences: loss of self-worth (self-esteem) due to the construction of the system and the institution failed to develop social and economic dignity and authority of humanity and the gradual confidence in oneself (self-reliance) from the community who are in stages of undeveloped because lack of independent.

Condition of imbalance in the bargaining position as described above also became one of the main causes of the weakening of the capacity of the traditional market in competition with modern markets. Traditional market traders competing space is increasingly limited. If during this modern market is considered superior in delivering relatively low prices for many commodities, with shopping facilities are far better economies of scale, modern retailers are quite extensive and direct access to the manufacturers they can lower the cost of goods sold them so that they are able to offer lower prices.

In contrast to traditional market traders, they are generally small scale and has to face the marketing chain is long enough to buy the goods that will be sold the field. As a result, the benefits of low cost traditional merchants are now beginning to erode. Advantages of traditional markets may also be obtained from the site. The community will prefer shopping to its markets more closely. However, modern shopping centers continue to expand hunt for potential locations. With more lively and modern shopping center location of the spread of the benefits of the location will also be getting lost.

The proximity of the location is now no longer can be a source of excellence for traditional markets. The effort to balance the traditional market position with modern

markets has not concretely done as there is no policy that supports traditional markets, for example in terms of purchasing agricultural products there is no subsidy from the government so that the products that go into traditional markets compete in terms of quality to the products that go into modern market. Even today, the growing market that tends to marginalized designation of society such as traditional markets for public purchasing medium-power down but the quality of goods sold does not match the standards while modern market for medium-sized community with quality products according to even exceed minimal standards.

That kind of categorization gave rise to social jealousy and disparity not only between traditional markets with a modern market but increasingly extends lead to horizontal conflicts in society. Traditional market category distinction and modern market also showed the stigmatization and discriminatory. Whereas, the concept of modern market reality more laden with meaning than consumerist meaning as a social space of cross strata of society.

**The definition of traditional markets:** The market literally means gather to exchange goods or selling. The market in the urban concept of Java is a recurring event in rhythmic where the transaction itself is not central; the central activities in the market are economic and social interactions in a single event.

The market is a social space in addition to the economic space. Factors that cause the market interest are still the traditional characters/consumer culture. Although, information about the modern lifestyle with easy to obtain but it seems that the community still have a culture to keep visiting and shopping to traditional markets. There is a very basic difference between traditional and modern market. Traditional markets are still going on the process of bargaining the price whereas in modern market prices have certainly marked with the price tag. In the process of bargaining intertwined personal and emotional closeness between the seller and the buyer may not be obtained when shopping in the modern.

**Market development:** The development of a market is generally preceded by the existence of two different needs so it appears at the time Bartering. The markets continued to flourish after the known rate of exchange of goods (money), emerging markets has spread in various areas and occupy a more permanent place. At first, traditional market takes place in a room or open space under a large tree that has been around in one corner of the intersection or other place that at least is the strategic location of the corresponding environment (Kotler, 2006). Traders in

selling merely to occupy the open spaces with AIDS by selling brought from his residence and taken home after you have finished selling. The market is growing in line with the emergence of simple buildings made of materials such as bamboo, wood and occupies a space of mixed with traders that selling by way of advance. Regional manager interference on market activity is in the form of the creation of a permanent stores.

**Traditional markets as a mirror of popular culture:** The main function is as a market place/container where the economic activities of trade takes place but the market is also carrying out the mission as a vehicle for social and recreational activities. The market can be used to read the “culture” of local communities (Sofjan, 1996), some markets have their respective characteristics and this makes one market with another different markets. The market is also a cultural asset which has an important role in the life of society particularly, the rural agrarian society.

Type traditional market actually varies in its kind and its growth has been going on a long time. Each market establishes the role, function and form. When generally they function as market retailers in some markets the cities developed into market collectors while in the big cities into wholesale. There are some markets that specialize in the sale of certain commodities such as animal/livestock, fruit etc. (Siswanto, 2003). The main activities in this traditional market known existence of periodic and daily market (Kliwon, Legi, Pon, Wage, Sunday market, markets Friday and so on) in accordance with the needs of the local community will be a commodity market that does not necessarily have to be met every day.

**Small business development:** If viewed from the operationalization process, the idea of having two development trends among other things: first, the primary tendency, i.e., the tendency of a process that gives the most power, or reroute power or capacity (power) to the community or individuals become more empowered. This process can be equipped also with a material asset building efforts in support of the development of their independence through the organization and second, a secondary trend, namely the tendency which emphasis's the process provides stimulation, encourage or motivate a small business that has the ability or empowerment to determine what became of his choice.

Community development is a concept of economic development which encapsulates the social values. This concept reflects a new paradigm of development which is regional development is not only related to economic sector but also linked to other factors such as; political, legal and cultural. This concept is broader than merely

satisfy basic needs (basic needs) or provide a mechanism to prevent further depletion processes (safety net) that his mind lately, many developed in an effort to find an alternative to the concepts of growth in the past. This concept grew from the efforts of many experts and practitioners to look for what is among others by Friedman (1992) referred to as alternative development which requires the inclusive democracy, appropriate economic growth, gender equality and intergenerational equity” (Michael, 1998).

The concepts of community development arise due to a failure at a time of hope. The failure of that question is the failure of economic development models in tackling the problem of poverty and a sustainable environment. While hope, appeared because of an alternative development that incorporates the values of democracy, gender equality and adequate economic growth. Community development efforts can be seen from three sides, namely; firstly, create an atmosphere or climate that allows developing community potential (enabling). Starting point is the recognition that every human being, every society has a potential that can be developed. That is, there is no society that is totally without power. Empowerment is an effort to build it by pushing power, motivated and raised awareness of the potential of its own as well as working to improve it.

Secondly, strengthening the potential of community-owned power or empowering. Needed more positive measures, apart from simply creating the climate and atmosphere. This includes retaining measures real and concern the provision of a wide range of input (input) and the opening of access to the wide range of opportunities (opportunities) that will make people become empowered. The principal efforts is an increase in levels of education and the degree of health as well as access to the sources of economic progress such as capital, technology, information, employment and markets.

Thirdly, the development also contains the meaning of protection. Must be prevented the weak become weaker due to the lack of empowerment in the face of the strong. Therefore, the protection to the weak and very fundamental nature in the concept of community empowerment. Protection should be seen as an attempt to prevent the occurrence of unequal competition as well as exploitation of the strong over the weak. Community development instead of making the community became more dependent on the various program delivery (charity). The goal ultimately is to be independent the community, enables and build capabilities to advance themselves in the direction of a better life on an ongoing basis.

The concept of development was born as the antithesis of the model of development and

industrialization model favoring less on people's majority. The concept is built from the logical framework as follows: that the process of centralizing the power awakened from the centralization of control of factors of production; the centralization of power factors of production will bring forth a community worker and community entrepreneurs edge; the authority shall establish a system or building upon the knowledge, political system, legal system and the manipulative to strengthen ideology and legitimacy and footpace knowledge systems, legal system, political system and are ideology, systematically going to create two groups of people, namely the community powerless and society less powerful.

On the field, there are at least 3 concept developments. The first concept which only deals with the "leaf" and "twig" or called conformists. Because of the social structure, economic structures and economic structures have been deemed given and then empowerment is effort how society must adjust to the powerless, which are already given. This concept of action form change the mental attitude of society less powerful and the granting of compensation, such as the provision of assistance in capital, infrastructure development, education and the like. This concept is often referred to as the magical paradigm.

The second concept which only deals with the "trunk" or empowerment of reformers. This means that in general social order, the economy, politics and culture, it's no problem. Problems existed in operational policy. Therefore, this is a style change empowerment from top down to bottom up while developing its human resources, strengthen the institutional. This concept is often referred to as naive paradigm.

The third concept, which only deals with the "root" or structural empowerment. Because, it does not have powerful the society caused by the structure of the political, economic, social and cultural that does not give room for weak societies to share power in the fields of economic, political, cultural and social.

According to Kuncaro Mudrajad, community development is the process of the struggle of the powerless to obtain a surplus value as a right normatively. The fight earned surplus value distribution is done through the mastery of production factors. And, the struggle to distribute the mastery of production factors should be done through political struggle.

In addition to Friedmann, there are many views on the notion of empowerment such as Hulme and Turner in 1990, Robert Dahl in 1963, Kassam in 1989, Sen and Grown in 1987 and Paul in 1987 which in principle is that empowerment is the strengthening of the community to be

able to participate in decision-making processes that affect the future, strengthening the community to be able to obtain factors of production and strengthening of the community to be able to determine his future options.

Of the various views on the concept of development, it can be concluded that the development of small business is strengthening the ownership of the factors of production, strengthening the control of distribution and marketing, the strengthening of the community to get an adequate income and strengthening communities to obtain information, knowledge and skills which must be done in multiple aspects.

Efforts to formulate concepts, approaches and operational form of economic empowerment society as a generic, it is indeed important but far more important, is the clear understanding of the shared characteristics of the problems of powerlessness of society in the field of economics. Because with a clear understanding of this, it would be more productive in formulate concepts, approaches and operational form of economic empowerment of society according to the characteristics of local problems. Here, is one example of the specific problems faced by the community of powerless in the field of access to factors of production capital (Fig. 1).

One of the problems faced by the community is weak in terms of gaining access to capital. In the money market, rural society farmers, laborers, micro-entrepreneurs, small businessmen and medium-sized entrepreneurs, continues to increase savings driven. But, when they are in need of capital, they treated the discriminatory by a financial institution. So, what happens is the flow of capital from the community are weak to strong communities.

Similarly, from the evils of surplus business. Most of the community does not have a power and effort, or if they have then they face constraints in terms of capital and or soils and human resource capabilities and or distribution (either on the market or on the input-output or market goods market). The four obstacles are inter-related to each other. Therefore, in the framework of the economic empowerment of the community side of the business then, the surplus needs to be addressed in a comprehensive manner.

Striking characteristics that distinguish alternative approaches is the emphasis of the locality both in terms of institutional, community, environment and culture. Policy implications of this approach are the emphasis on transformative and transitive planning, bottom up, community empowerment, participative and everything is famous for its community development (community development).

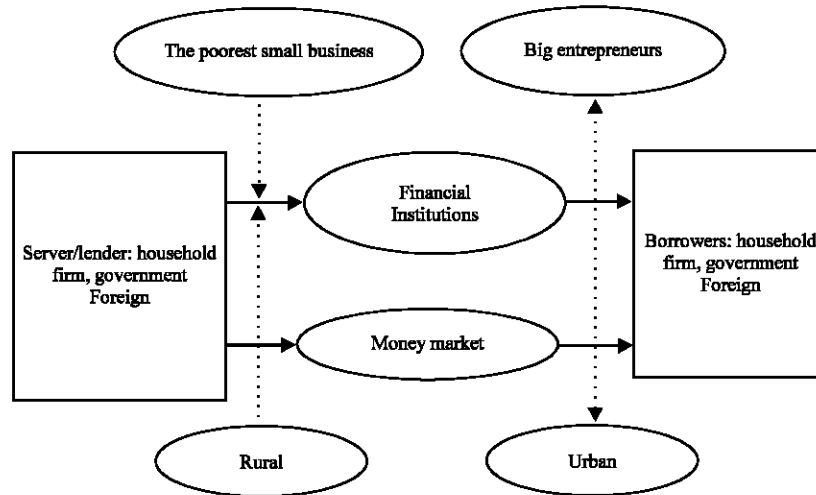


Fig. 1: Halplessness of society on the money market

Development strategy which is based empowerment is understood as a process of transformation in social relations, economics, culture, politics and society. The expected structural change is the process that takes place naturally, i.e., generating must enjoy. Vice versa, who enjoys to be generating.

Small enterprise development can be seen as bridge-building concepts for macro and micro. Within the framework of thought that various inputs such as funds, infrastructure and the means allocated to the community through a variety of development programs should be placed as a stimulus to spur the acceleration of socio-economic activities of the community. This process is geared to enhancing the capacity of small business (capacity building) through fertilization of capital sourced from the surplus produced and in turn can create the income enjoyed by the community. Thus, the communities themselves must drive the process of transformation.

The main approach in the concept is that small businesses do not become objects of various development projects but it is a subject of its own development efforts. Some approaches can be done as follows:

First, efforts should be focused. This effort is addressed directly to that need, with programs designed to address the problem and according to his needs.

Second, the program must directly involve or even implemented by their target. Involve the community that will be helped to have some purpose, namely to help the ineffective because according to the desire and recognize their needs and capabilities. In addition, while enhancing its capabilities with experience in designing, implementing, managing and self-improvement efforts and accountable economy.

Third, use a group approach because a singly they are difficult to solve the problems it faces. Also, the scope of assistance to be too broad if handling is done individually. The group's approach is the most effective use of resources and viewed from a more efficient also.

## MATERIALS AND METHODS

**Methodology and measure the success of community empowerment:** Two evaluative research methodologies that are bottom-up are the Rapid Rural Appraisal (RRA), and Participatory Rural Appraisal (PRA).

RRA method used for the collection of information accurately in a limited time when decisions about the development of rural areas should be taken immediately. Now a days, many development programs that are executed before the activity of collecting all the information in the area of the target. Consequently, many development programs that have failed or cannot be accepted by the target group even though, those programs have been planned and prepared in a matured because the society is not included in the preparation of priorities and solving the problem.

Whereas, the PRE is generally used to evaluate the four different kinds of processes, namely: appraisal and participatory planning, implementation, monitoring, evaluation of participatory programs, investigation of various topics (such as natural resource management; food security, health and others), training and orientation to the researchers and villagers.

**Framework:** The researcher tried to describe the entire process of thinking through modelling approach by the system, as shown in Fig. 2.

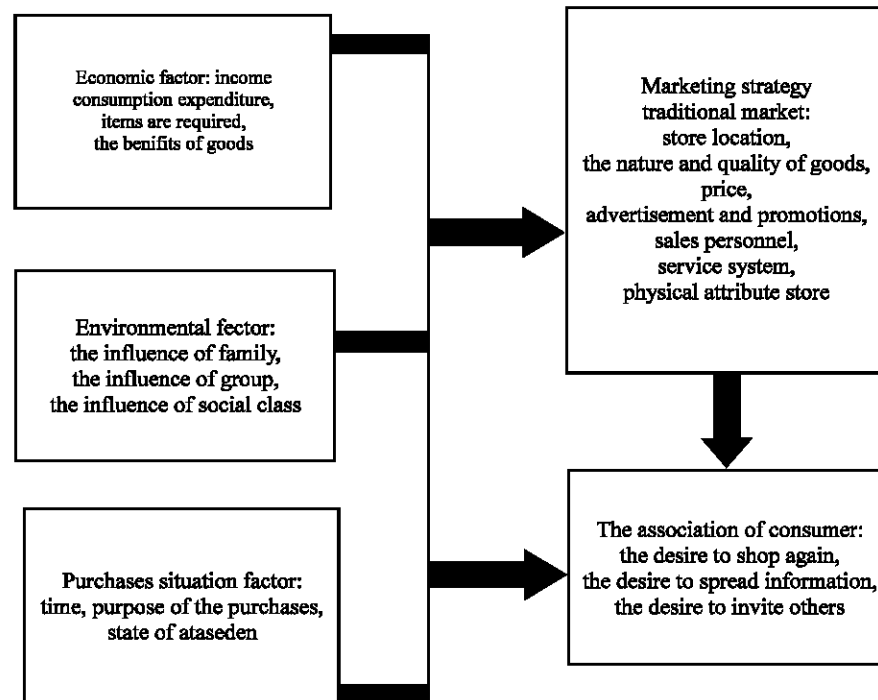


Fig. 2: Paradigm of research

The research was conducted in the city of Makassar, which consists of 14 sub districts, namely District Mariso, Mamajang, Tamalate, Rappocini, Makassar, Ujung Pandang, Wajo, Bontoala, Ujung Tanah, Tallo, Panakkukang, Manggala, Biringkanayya and Tamalanrea.

The population of this study is the overall small business located in Makassar, spread across 14 districts. Small businesses located in the city of Makassar is as much as 4841 small businesses, so that the population of this study is as much as 4841. Based on the sample size formula is derived as follows:

$$n = \frac{N}{Nd^2 + 1} = \frac{4841}{(4841)0.1^2 + 1} = \frac{4841}{49.41} = 97.98 = 100$$

Of the total sample of 100 small businesses to simplify the process of research and data collection then, determined the amount of each sample according to the District in proportion.

To see a variety of opportunities, challenges, strengths and threats coaching and small business development in the city of Makassar, we need to hold assessment or SWOT analysis. SWOT analysis is a systematic identification of factors to formulate a strategy

based on the logic that can maximize the power (strengths) and opportunities (opportunities) and can simultaneously minimize your weaknesses (Weaknesses) and threats (threats). Thus, a SWOT analysis to compare between opportunities and threats external factors with internal factors of strengths and weaknesses.

## RESULTS AND DISCUSSION

**Small business profile in makassar:** In terms of management, small businesses in the city of Makassar have the following characteristics:

- Evolving from a small business, because it's excessive self-confidence
- Not making a written plan
- Less make records/bookkeeping rules
- Delegation of authority orally
- Less able to maintain quality
- Highly dependent on customers and suppliers around the business
- Less foster channels of information
- Less able to establish banking relations
- Owner as manager

From a financial standpoint as for the small business profile in Makassar is as follows:

- Starting a small business, small capital and skill owners
- Limited sources of funding from banks
- The ability to obtain bank loans is relatively lower/less able to provide collateral, credit proposals and others
- Less accurate planning of the cash budget
- Have no record of the cost of production calculation is very rough
- Lack of understanding about the need for financial record keeping/accounting
- Less understanding of the principles of financial statement presentation and ability analysis
- Less able to select information that is useful for business

**Identification of problems small businesses in makassar:**

As well as in other areas, the development of small businesses in city of Makassar is not free from various kinds of problems. Level of intensity and nature of these problems can differ not only according to the type of products or markets served but also different inter-locations, inter-sectors or sub-sectors or types of activities and inter-unit effort in the activities/sectors of the same. However, there are some problems faced by micro entrepreneurs, small and medium enterprises such as limited working capital or investment capital, difficulty in obtaining raw materials of good quality and reasonable price, the limitations of technology, human resources with good quality (especially management and production technicians) in particular information about the market and difficulties in marketing. In other words, the problems faced by many entrepreneurs of micro, small and medium enterprises are multidimensional. In addition, naturally there are some problems that are more internal, while others are external. Two external problems by many small enterprises is considered the most serious is the limited access to bank and market distortions (output or input) caused by the policies or government regulations that are not conducive, intentional or unintentional is more profitable large employers including Foreign investment.

The problems mentioned above more so for entrepreneurs who serve the open market or export as with other entrepreneurs who only serve the local market in a relatively isolated region. Therefore, in the open market they are dealing with similar products from big businessmen who are superior in many respects as well as competition from imported goods. Even in the export market, entrepreneurs of small business must also deal with their partners of the same scale and more advanced than other states. In such market conditions, factors such as mastery of technology and information, sufficient

capital including for innovation in products and production processes, renewal of machinery and production equipment and to conduct extensive and aggressive promotion, workers with the skills high and managers with entrepreneurship and the high level of skill in business management and has extensive insight into the factors that are very important to at least maintain the level of global competitiveness.

**Internal factors:** More specifically, the internal problems faced by small businesses in Makassar which were identified through this research include the following:

**Lack of capital:** Capitals are the main factors necessary to develop a business unit. Lack of capital small businesses, because small businesses generally an attempt by individuals or companies that are closed which rely on capital from the owners which is very limited while the loan capital from banks or other financial institution difficult to obtain because of the administrative and technical requirements requested by the bank cannot be met.

Small businesses in Makassar face two major problems in the financial aspect or the capital, namely the initial capital mobilization and access to working capital and long-term financial investment that is necessary for long-term output growth. Although, in general the initial capital derived from capital alone or informal sources but the sources are oftentimes not enough capital for production activities, what else to invest.

**Limited human resources:** Most small businesses in Makassar are traditionally grown and are a family business for generations. Limited human resources of small businesses both in terms of formal education as well as knowledge and skills greatly influence the management of its business, so the effort is difficult to develop optimally. In addition to the limitations of its human resources, business units are relatively difficult to adopt new technology developments to enhance the competitiveness of their product. Limited human resources is also a serious obstacle for many small businesses in the city of Makassar, particularly in aspects of entrepreneurship, management, production engineering, product development, engineering design, quality control, organization business, accounting, data processing, marketing techniques and market research. While all of this expertise is needed to maintain or improve product quality, increase efficiency and productivity in the production, expand market share and penetrate new markets.



Limitations of human resources is one of the serious threat to SMEs in the Makassar to be competitive in both domestic and international markets in the era of anti-free trade; even in those days, human resources together with the technology will become much more important than capital as the main factor that determine the ability of SMEs to enhance its global competitiveness.

**The problem of raw material:** Limitations of raw materials are also one serious obstacle to the growth of output or the continuity of production for many small businesses in the city of Makassar. Especially, during times of crisis, many centers of SMEs in a number of sub-sectors of manufacturing industry in Makassar who had difficulty obtaining raw materials or other inputs or because the price in dollars become very expensive due to the depreciation of the rupiah against the US dollar. Not a few of them were forced to stop operations and move the profession to other economic activities such as a merchant.

**Lack of business networks and the ability of market penetration:** Small businesses in the city of Makassar in general is a family business unit has a very limited business networks and the ability of low market penetration because of the resulting product is very limited in number and have a quality that is less competitive.

**External factors:** In more specific external problems faced by small businesses in Makassar which were identified through this research include the following.

**Not yet fully conducive business climate:** Government policy to foster small businesses, although from year to year continues to be refined but not yet fully perceived conducive. It is seen, among others, still the occurrence of an unhealthy competition between small entrepreneurs with big businessmen in Makassar.

**Limited facilities and infrastructure (technology):** Lack of information relating to the advancement of science and technology, leading facilities and infrastructure that they have also rapidly developed and less supportive of his efforts progress as expected.

Unlike some other regions in Indonesia that has been fairly well established in Makassar is generally still using old technology/traditional in the form of old machinery or the means of production that are manual. The backwardness of this technology not only makes the low total factor productivity and efficiency in the production process but, also the poor quality of products made.

Limitations of technology especially for small businesses in Makassar is caused by many factors including limited capital investment to purchase new machines or to perfect process of production, shortage of information about developments in technology or machinery and new production tools and limited human resources which can operate the new machines or do innovations in products and production processes.

**The implications of regional autonomy:** If this condition is not immediately addressed it will reduce the competitiveness of small businesses. In addition, the spirit of regionalism is excessive, sometimes creating conditions that are less attractive to employers outside the region to expand its business in the area.

**The implications of free trade:** As we know that the AFTA which came into force in 2003 and APEC in 2020 the broad implications of small an enterprises to compete in free trade. In this case, could not help small businesses be required to perform the production process with a productive and efficient and can result in products that match the frequency of the global market with quality standards such as the issue of quality (ISO 9000), environmental (ISO 14,000) and rights issues (Human Rights) as well as employment issues.

Developed countries often use this issue unfairly as an obstacle (non-tariff barrier for trade). For that, it is expected that SMEs need to prepare in order to compete both comparative advantage and sustainable competitive advantage.

**The nature of product with short life time:** Most small business products in Makassar have traits or characteristics as a fusion products and crafts with a short lifetime. It does not affect the behavior of these products if trends or consumer tastes change.

**The limited market access:** The limited market access will lead to the products produced cannot be marketed competitively in the market locally, nationally and internationally.

**SWOT analysis:** SWOT analysis is a systematic identification of factors to formulate a strategy, based on the logic that can maximize the strengths and opportunities and can simultaneously minimize weaknesses and threats. Thus, SWOT analysis to compare between opportunities and threats external factors with internal factors of strengths and weaknesses.

In order to know, the prospect of coaching and development of small businesses in Makassar, it will do a

SWOT analysis as described above. SWOT analysis is based on research findings obtained either in the form of data in the form of primary or secondary data is based on the profiles and the identification of problems faced by smallbusiness sector in Makassar. For more details can be seen in the following description.

**Strength:** The reasons small businesses can survive and tend to increase in number during the crisis are as follows:

- Most small businesses in the city of Makassar producing consumer goods and services with the elasticity of demand for low-income, the average income level of the community are not much affected to the goods produced. Instead increase the income level also had no effect on demand
- Most small businesses do not get capital from the Bank. The implication of the banking sector slump and rising interest rates does not much affect this sector. Unlike, the troubled banking sector, the large-scale businesses participate disrupted its operations. While small businesses can survive
- Small businesses have limited capital and competitive markets the impact small businesses have a strict specialization of production. It allows small businesses easy to move from one business to another business, barriers and out of nothin
- Reforms eliminate the barriers in the market, the upstream industry protection is removed and small businesses have more options in the procurement of raw materials. As a result, production costs down and efficient increased. However, it coincides with the economic crisis, and then the effect is not too large

**Weakness:** In addition to power, small businesses in the city of Makassar also have its disadvantages. Based on this research, the general weakness of SMEs owned by the city of Makassar can be divided into two aspects, namely the weakness structural and cultural weaknesses. Structural weaknesses that are owned by small businesses in the city of Makassar include:

- Weaknesses of management and organization, particularly in terms of knowledge management efforts
- Weak quality control
- Weaknesses in the adoption and mastery of technology
- Trouble finding capital, so the impact on limited capital

- Labor is still local
- The limited market access

While, the cultural weaknesses that are owned by small businesses in Makassar is a weakness in the corporate culture that still reflects the company as corporate culture.

**Opportunities:** Based on the results of research, identified the opportunities faced in the context of coaching and development of small businesses in the city of Makassar is the:

- Increasing number of financial institutions both banks and non-banks that provide assistance to the small business sector in the city of Makassar
- Heightened interest and concern for institutions of higher education or the world of campus in an effort to coaching and development of industries in the city of Makassar, either in the form of education, training, counseling and technical assistance

**Threat:** Other external aspects faced by the small business sector in the city of Makassar are a range of threats that could disrupt the stability of the economy in Makassar. Based on the findings of this study, the threat is as follows.

- Has not been conducive business climate
- Facilities and infrastructure are inadequate
- Implications regional autonomy
- The implications of free trade

#### **Strategy development and small business development in makassar**

**Target:** With the perspective of such a role, the general goal of empowerment of small businesses in Makassar on the recommendation of this study are:

- The increased productivity of small businesses with higher growth rate than the rate of productivity growth elsewhere in the city of Makassar in particular and other areas in Indonesia in general
- The proportion of fixed labor absorption on small businesses increased along with increasing employment in Makassar
- The increased value of exports of small businesses with higher growth rate than the growth rate of value added
- The decline in the proportion of micro enterprises is accompanied by increase in the number of formal small businesses

- The functioning of the system to foster new entrepreneurs based on science and technology

**Direction of coaching and development:** In order to realize these goals, empowering small businesses in Makassar will be implemented within the framework of the strategy as follows:

- Expansion of the business base as well as new entrepreneurial privilege growth to encourage growth and job creation
- Institutional strengthening
- Development of small businesses that are directed to serve as a source of economic growth, job creation, and increased competitiveness while micro-scale enterprise development more geared to getting a role in increasing income in low-income groups
- Development of small businesses to increasingly play a role as providers of goods and services on the domestic market, especially to meet the needs of many communities

**Development strategies:** Based on the objectives and strategic direction in empowering small businesses, the steps or strategies pursued are translated into development programs which are the implementation strategy of the policy direction.

**Program creation of small businesses:** This program contains the main strategies in order to:

- Completion perfecting legislation such as the Law on SMEs, the Law on Small and Medium Enterprises and the Law on Compulsory Registration of Companies, and its implementing provisions in order to build a strong foundation of business legality and the continued simplification of the bureaucracy, licensing locations and a review of other regulations that are less conducive to small businesses
- Facilitation and provision of facilities in the formalization of small business enterprise
- Increasing flow of goods, both raw materials and products
- Increasing the ability of the authorities in conducting scheming and assessment regulations, policies and programs
- Development of licensing services are easy, cheap and fast including through a one-stop licensing for small businesses, develop complaints handling unit and provide advocacy services for small businesses

**Program development of small business support system:**

The main activities of this program with respect to the effort:

- Provision of facilitation to reduce barriers to small business access to productive resources
- Increased participation of the business/community as a provider of technology services, management, marketing, information and consulting businesses through the provision of incentive systems, ease of business and increase its service capacity
- Expansion of small business financing sources, especially the SMEs investment credit schemes and increasing the role of non-bank financial institutions.
- Increasing the effectiveness and efficiency of SME development funds sourced from various central government agencies, county and state
- Support for efforts to address the problem of credit gaps in SME financing
- Development of incentive systems, accreditation, certification and strengthening of training institutions and cooperation networks between agencies training
- Development and revitalization of the unit training and research and development and technical information belonging to various government agencies and local institutions

**Entrepreneurship development programs and small businesses a competitive advantage:**

The program is intended to develop the entrepreneurial spirit and enhance the competitiveness of small businesses. Targetsto be achieved is the development of entrepreneurial knowledge and attitude, increased productivity, the growth of new entrepreneurs and knowledge-based technology, the growing range of superior products and growth of small businesses in accordance with the identity, values and basic principles of small business. Main strategies of this program include:

- Correctional entrepreneurship, including expanding the introduction and entrepreneurial spirit in the national education curriculum and the development of incentive systems for new entrepreneurs, especially with regard to aspects of the license business, location, access to finance, taxation and market information
- Provision of incentives and guidance systems to spur small business development, technology-based, mainly export-oriented, subcontracting, agribusiness/agro-industry and the use of local resources

- Network construction entrepreneurship development institutes
- Development of technology and business incubators including the use of central government R and D facilities/areas and through a partnership of public, private and public
- Development of investment partnerships between small businesses including through strategic alliances or joint investment by foreign companies in order to speed up the mastery of technology and markets
- Development of production and distribution network through the utilization of information technology, business development groups and networks between small businesses in small containers as well as networking between small and large businesses through business partnerships
- Education and training and education for practitioners, future practitioners and managers of small businesses, including small businesses correctional success according to the identity and values of small business
- Improving the quality of 'small and medium entrepreneurs (PKM), including women entrepreneurs, who have a strong entrepreneurial spirit of cooperation

**Empowerment programs for small businesses:** The goal of empowerment is the increased capacity micros, increasing business management skills and implementation of certainty, protection and development effort. This program contains the main strategies in order to:

- Providing facilities and guidance in starting a business, including in licensing, business location and protection efforts of informal levies
- Provision of alternative financing schemes without distorting the market such as a profit sharing from the revolving fund. Implementation of technical support and funding sourced from various central institutions, regional and state a more coordinated, professional and institutional
- Improved institutional capacity and quality of Services Microfinance Institutions (MFIs)
- Business culture and entrepreneurial training and technical guidance in business management
- Provision of infrastructure and support networks
- Facilitation for the establishment of container joint organization among micro-enterprises
- Support the development of small enterprises and craftsmen through the traditional development approach of production
- Development of productive economic activities

**Strategy development and small business development in the city of makassar through access to technology and information:** The small business sector of the local economy as a very strategic role in community economic development has always been a central issue contested by the politicians in attracting the sympathy of the masses. The academics and NGOs are also much discussed in seminar forums, but they rarely make efforts so that the real impact on improving the welfare of small businesses.

This is a constraint in terms of marketing, because with limited access to market information results in lower market orientation and weak competitiveness in the global level. Paucity of information about those markets, making small businesses cannot guide the development of its business in a clear and focused, so the slow moving if not stagnant.

In the face of an increasingly open market mechanisms and competitive, market control is a prerequisite to enhance the competitiveness of small businesses. In order to master the marketplace, so small businesses need to obtain information easily and quickly, both production and market information on the factor markets. Information on the production market is necessary to expand the marketing network of the products produced by small businesses. Production or market information necessary commodity markets such as what type of goods or products needed by consumers in certain areas, how the purchasing power of these products, how the prevailing market price, consumer tastes on the local market, regional and international levels. Thus, small businesses can anticipate a variety of market conditions so that in running the business will be more innovative.

Besides, having the ease and speed in obtaining market information, small businesses also need to have the ease and speed in communicating or promoting his business to consumer widely both within and outside the country. During this promotion of small businesses in Makassar is mostly done through exhibitions together in time and space is limited, so the relationships and transactions with consumers less able to guarantee its continuity. It can be caused by distance or lack of communication obstacles intensity. Whereas, the communication factor in running a business is very important, because the communication will create a strong emotional bond with existing customers, it also allows the arrival of new customers. Information technology is a form of technology used to create, store, modify, and use the information in all its forms. Through utilization, of this information technology, micro enterprise, small and medium enterprises can enter the global market.

Utilization of information technology in running a business or commonly known as E-commerce for small firms can provide flexibility in production, enabling delivery to customers more quickly for software products, send and receive offers quick and efficient, and support faster transactions without paper.

In addition, small businesses in Makassar with all faults can be developed by utilizing information technology, training and necessary support facilities. Of course, the greatest responsibility to provide training and provision of this facility is in the hands of government, in addition to other parties who have a commitment, especially among college. Through this study, researchers created the need to convey the idea of web-based business communications center in Makassar to facilitate small businesses in developing its business network. Central web-based business communications need to be built in every district. The facility is a special room equipped with a set of computers connected to the internet as well as small business website features each region, under the management and financing of local government.

Web-Based Business Communication Centre should be made because it is based on the fact that most small businesses are located in sub-urban villages and districts, and not able to have their own Internet networks, let alone have a website. Yet, for business development with global market access should utilize virtual media. Business Communication Center will facilitate web-based small businesses in expanding the market both domestically and overseas markets with the time and cost efficient. So that, the welfare of small businesses in Makassar and the labor involved in it will increase and the synergy will positively impact the success of regional development and national development.

## **CONCLUSION**

Based on the discussion above, the conclusions of this research are as characteristics of small business on the traditional market in the city of Makassar are the number of traders increasing awareness is low, cleanliness and order and low understanding of consumer behavior. The strategies used by small business, traditional market traders in the city of Makassar to attract buyers; nearly 40% of the respondents stated the attitude of polite behaviors as the key to their business success. The second strategy is more concrete: quality and price. Interesting to note that approximately 10% of traders do not have a strategy. Although, the major proportion of respondents consider the supermarkets as one of its competitors.

Most traders in traditional markets do not have access to credit. They pay suppliers in cash and thus assume its own all the risks including the risk cannot be sold before the expiration of the item is out of stock. They generally rely on the observation on attitude to attract and retain customers. Given that the majority of its customers are not household and then they gave up hope on some loyal customers rather than on the basis of a large number of customers.

Model for the revitalization of the traditional market in Makassar is the paradigm of looking at the market should trade places the economy shifted from being a public space where the social interaction focused in traditional market revitalization model their efforts on improving the distribution of the commodity bought traded in traditional markets. Market development is inhibited by interests seeking no financial gain as the market development in addition to having social objectives also serve to reduce social costs, in which the revitalization of traditional markets should be viewed as long-term investments within the framework of the development of city property (property development); modernization of markets is also a step to improve the economy of the small traders; model partnerships becomes important to formulate the budgets because Makassar's city never made a special post for structuring the market, so, inevitably the local government has always been involving developers to revitalize the market and the traditional market should be managed creatively to solve problems of space for the community

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