МЕНЕДЖМЕНТ ТА ПІДПРИЄМНИЦТВО: ТРЕНДИ РОЗВИТКУ

Електронне наукове фахове видання

MANAGEMENT AND ENTREPRENEURSHIP: TRENDS OF DEVELOPMENT

ELECTRONIC SCIENTIFIC EDITION

eISSN: 2522-1566

www.management-journal.org.ua

VOL. 2 ISSUE 16
ВИПУСК 2 (16)
JUNE 2021 / ЧЕРВЕНЬ 2021

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MANAGEMENT AND ENTREPRENEURSHIP: TRENDS OF DEVELOPMENT

ELECTRONIC SCIENTIFIC JOURNAL

ISSUE 2 (16) 2021

Zaporizhzhia
2021

Міністерство освіти і науки України

Запорізький національний університет

МЕНЕДЖМЕНТ ТА ПІДПРИЄМНИЦТВО: ТРЕНДИ РОЗВИТКУ

ЕЛЕКТРОННЕ НАУКОВЕ ФАХОВЕ ВИДАННЯ КАТЕГОРІЇ «Б»

ВИПУСК 2 (16) 2021

Запоріжжя
2021

EDITORIAL TEAM

Recommended for electronic distribution by ZNU Academic Council

https://management-journal.org.ua/

ISSN (Online): 2522-1566

РЕДАКЦІЙНА КОЛЕГІЯ

Рекомендовано до поширення через мережу Інтернет Вченою радою ЗНУ

https://management-journal.org.ua/

ISSN (Online): 2522-1566

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MANAGEMENT

RECEIVED:
20 April 2021
ACCEPTED:
20 May 2021
RELEASED:
20 June 2021

UDC 658.3 : 331.1

DOI 10.26661/2522-1566/2021-1/16-01

SOCIAL SYSTEM OF ENTERPRISE MANAGEMENT AS AN OPPORTUNITY TO ACHIEVE SOCIAL EFFECTS AND SUSTAINABLE DEVELOPMENT GOALS

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Abstract. The aim of the article is to explore the social management system in order to achieve positive effects and ensure the goals of sustainable development. The article examines in detail the system and process of managing the social work of enterprises at all hierarchical levels. The main functions of management concerning management of social system are defined. The main measures of the social management system are additionally defined. An analogy is made between the system of social management of the enterprise and the system of management of the social enterprise. The requirements for the choice of social management system are indicated. The importance of using innovations to promote the development of the enterprise and achieve social impact and protection of employees of the organization is emphasized. In the course of the research such general scientific methods were used as: theoretical, empirical, methods of analysis and generalization. Methods of generalization, comparison and analytical grouping of data were also actively used. Most successfully, systematic and comparative methods have also been used in the study. Due to the use of institutional and structural-functional approaches, the study was able to further practical application. The results of the study explain the need to use a systematic approach to the establishment of the entire social management system, in order to achieve the greatest social effect and further development of the enterprise by attracting and meeting the goals of sustainable development.

Keywords: social system, management, enterprise, sustainable development goals, social entrepreneurship, financial system of income management.
JEL Classification: A13, M14, M19, M20.

INTRODUCTION

An important condition for the functioning of enterprises in the modern world is the management's compliance with the goals of sustainable development and the achievement of a certain social effect from the overall activities of the entire enterprise. This approach explains the relevance of this study and justifies the of this work.

LITERATURE REVIEW

A significant contribution to the study of the problem and the search for methods of achieving social effect by enterprises made the following domestic authors Shchukin G.V. (1996), Mokiy A.I., Datsko O.I. (2014), Kolenda N.V. (2017), Yurchenko K. (2019).

Some issues of the goals of sustainable development and social orientation of enterprises have been covered by such scientists as: Spreckley F. (2011), Drayton B. (2017), Mair J. J., Robinson K. and Hockerts (2006) and others.

PAPER OBJECTIVE

The main purpose of the article is to explore the social management system in order to achieve positive effects and ensure the goals of sustainable development. Also explore and analyze the system and process of managing the social work of enterprises at all hierarchical levels.

METHODOLOGY

In order to determine the main functions of management in relation to the management of the social system and to determine the main measures of the social management system, an analogy was made between the social management system of the enterprise and the social enterprise management system. The main requirements for the choice of social management system are also indicated and the importance of using innovations to promote enterprise development and achieve social effect and protection of employees of the organization is emphasized data. Systematic and comparative methods were also used.

RESULT AND DISCUSSION

Today, new conditions to encourage employees to fulfill their obligations are increasingly playing a very important role. Motivating employees, the management of enterprises increasingly pays attention to their social security and support. In an oversaturated labor market, everyone is looking for a job that would provide not only a stable income and social security guarantees, but also comfortable conditions for cooperation with colleagues and superiors. It is these requirements of workers pose new challenges to the entire management system of organizations. Modern enterprise management must take into account the social aspects of support and encouragement of workers.

It should be noted that the issue of development of socially oriented enterprises in general also needs special attention. In the new conditions, when all countries encourage their enterprises to develop within the framework of sustainable development goals, the development of social entrepreneurship is gaining momentum. Here we are talking, not just about the social direction of personnel management, but about the direction of the entire management system of the organization to take into account the social orientation. That is why the question arises: should the management of a social enterprise differ from the management of a regular enterprise, but one that cares about the social support of its employees?

Speaking about the system of social management in the enterprise, it should be noted that such a system is formed of individual elements, the composition and condition of which may differ significantly.

Thus, the scientist O.V. Fedorova divides the elements of the social management system of the enterprise into basic, supporting and social-legal (Figure 1).

The basic elements are the basis of the social management system of the enterprise, and it is through them you can implement the existing capabilities of the enterprise. Securing elements facilitate receipt social result and the achievement of the main goal - the formation of a system of social management enterprises. Socio-legal elements regulate social resources in the enterprise with the help set of established norms and rules (Fedorova, 2008).

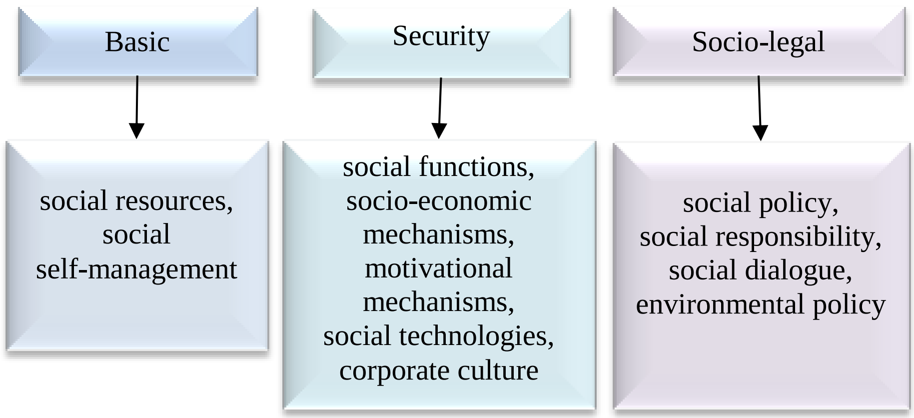

Figure 1. Elements of the social management system

Source: Formed by authors after Fedorova, 2008.

Other scholars, including the Cheeks, believe that elements of the social management system can be classified somewhat differently. Thus, the author to the elements of the system of social management includes: mechanism, object, functions, organizational structure, personnel and management process.

The object of management in such a system is a set of human activities, isolated from the social environment, or as a link social system, or as a special function that requires a special management mechanism.

The management mechanism should be considered as a set of goals, principles, methods, techniques, forms and incentives management, ensuring the effective development of the organization.

The process of such management involves the influence of management bodies and personnel on the object of management using selected methods to achieve the planned goals. The management process is determined by objective social laws (Figure 2) (Shchekin, 1996).

It is also necessary to name the main principles of the social management system of the enterprise. These principles are divided into general and special. General ones include: scientific, systematic, economical, hierarchical and feedback, coherence, perspective and progressiveness, publicity, humanism.

Naming the special principles of social management of the organization or enterprise, at the same time we note the main tasks assigned to the managers of such a management system. Among these tasks the need for a non-standard and flexible mode of staff work should be named. Also various modern methods of motivation shoul be applied, using continuous and planned approaches and staff development, as well as priority of encouragement and stimulation of innovative activity.

Bukharina, L. and Pavliuk, T. (2021), “Social system of enterprise management as an opportunity to achieve social effects and sustainable development goals”, *Management and entrepreneurship: trends of development*, 2(16), pp.8-17. Available at: https://doi.org/10.26661/2522-1566/2021-1/16-01.

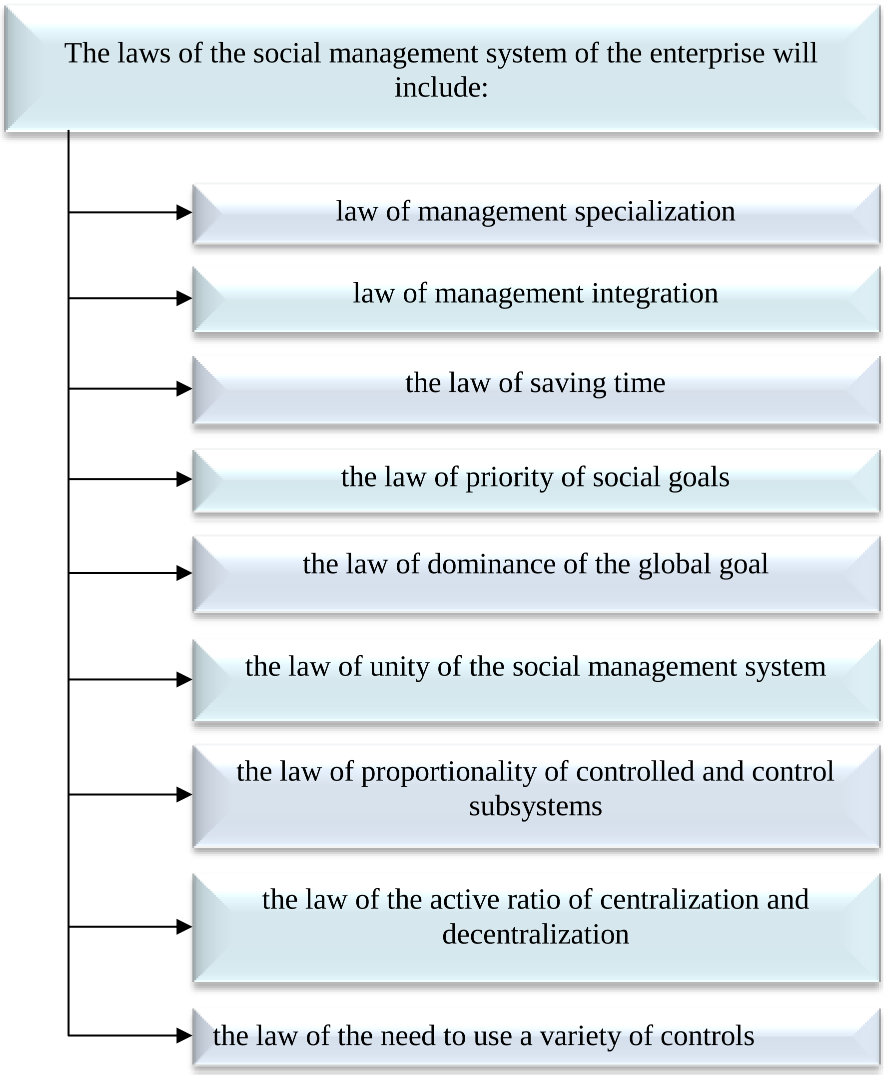

Figure 2. The laws of the social management system of the enterprise

Source: Formed by authors after Shchekin, 1996.

Also among the tasks of managers of such a management system is the harmonious interaction of formal and informal organization and reliance on a system of flexible leadership. Another challenge is the transition to a corporate organizational culture of management and, in addition, the focus on social needs and universal interests.

Therefore, summarizing the main tasks facing the managers of the social management system of the company, we should highlight the direction of the formation and optimization of the social organization of the team and to improve its social structure. Separately highlight the creation of favorable opportunities for employees to exercise their social rights and to meet material and spiritual needs, as well as the task of education and development of socially significant qualities of employees.

In general, we emphasize that social governance is one of the types of governance, the function of which is to ensure the implementation of the needs of progressive development of society and its subsystems.

In these and other functions of the social management system of the enterprise is similar to the main tasks of social enterprises.

Recall the basic principles of social entrepreneurship, namely:•

- the company is jointly owned by its members, the basis of which is the equal distribution of shares;
- membership is determined by the charter of the organization; for example, members may be employees, local residents, customers and users;
- democratic decision-making (one person – one vote);
- income is invested in the enterprise and / or directed to social and environmental goals;
- the company can receive both its own income and grants;
- the company conducts both commercial activities and social events (sometimes they are combined);
- commercial, social, environmental achievements are assessed by financial and social audit;
- social enterprise is aimed at creating social wealth, rather than obtaining private capital.

Regarding the goals of social entrepreneurship, we note that in the process of its activities, the social organization solves a triple task:

- a social problem that has not been solved for some time due to the limited access of a certain target group to financial and political resources to solve it;
- development and implementation of an innovative mechanism for solving a social problem that violates the established but not fair state of affairs;
- freeing up resources for the target group, which provides a better future not only for individuals but also for society as a whole (Spreckley, 2011).

It is also necessary to indicate the main advantages and positive changes that social entrepreneurship leads to.

Positive effects from the activities of social enterprises are:

- assistance in overcoming social isolation – in particular, employment of people with physical and mental disabilities, the unemployed, and representatives of risk groups.
- finding new ways to reform public social services.
- involving citizens in social initiatives on a volunteer basis, uniting communities around social issues.
- the emergence of new types of social services that remain out of the ordinary business due to low profitability, unpopularity, lack of proper training.
- more efficient use of available resources of the region in solving social problems.
- reducing the burden on local budgets in solving social problems (relevant in the context of chronic budget deficits).

Comparing the goals facing the leaders of social enterprises and managers who use the social management system in their enterprises, we can conclude that the main objectives and principles of their activities are very similar.

There are six basic values of understanding management in social work:

1) organizational and structural – the key problems here are: who should perform social work; which bodies and institutions should deal with this and what is the effectiveness of their activities. The board of social work is organized at different hierarchical levels (national, regional, local) and has organizational structures management.

2) functional – implies that different organizational structures management in the social protection system perform certain functions: general and specific.

3) professional activity. Labor management in social work is a special type of activity that is engaged in a certain category of people, called management staff, management staff or managers of social work.

4) procedural – management in social work – is a process setting goals and objectives, as well as the organization of practical activities in the field social work is aimed at achieving a certain goal through various means, forms and methods of management.

5) epistemological – management in social work is scientific discipline that studies the patterns, principles, structure, functions of professional activity of the management process. The components of this science are a certain methodology, relevant theories, certain techniques, as well as art practical management activities.

6) educational – management in social work is considered as a discipline that is part of the curriculum for training, retraining of management staff for the social protection system.

That is, from these six basic concepts it becomes clear to manage workers engaged in certain social work or any other economic activity, but in order to achieve a social effect, the manager of such a social management system requires certain knowledge, skills and experience.

The fact that it is necessary to take into account the peculiarities of motivation and social support of employees has already been mentioned above. We would like to add that in order to meet certain needs and new interests of the company's employees, managers choose a social management system that provides additional opportunities to improve not only working conditions but also the social and psychological condition of workers.

It is for this purpose that managers of the social management system use the latest methods of social orientation (Figure 3).

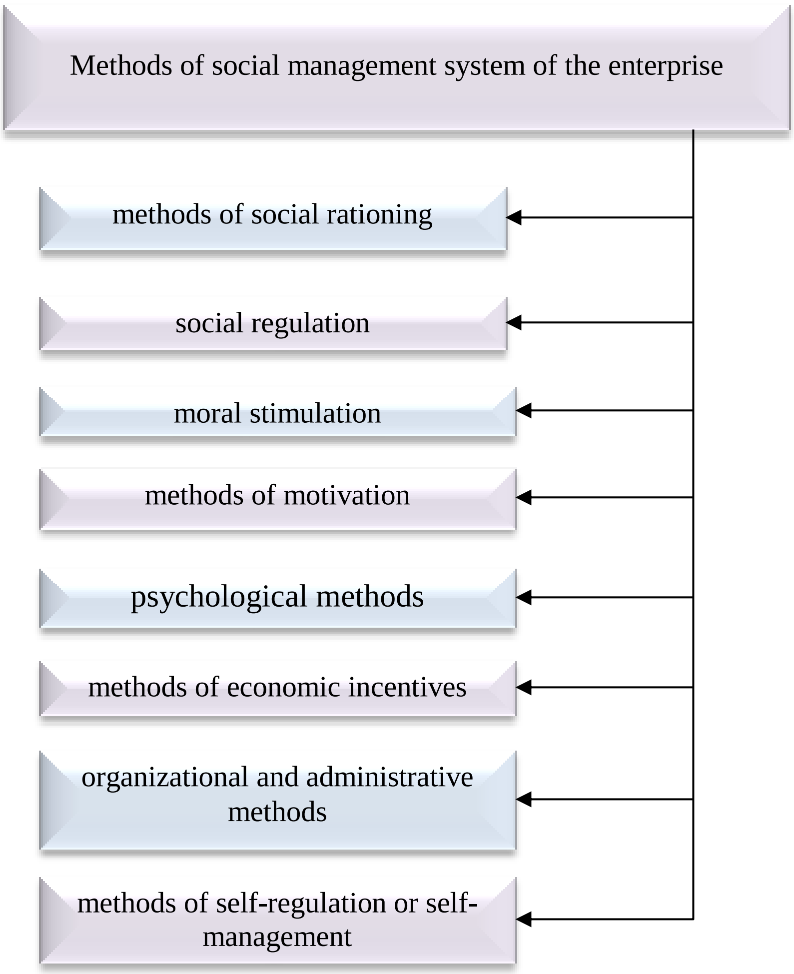

Figure 3. Methods of social management system of the enterprise

Source: Formed by authors

To manage social work at all hierarchical levels, it is advisable to rely on the theoretical and methodological principles of modern management, in particular – to consider the institution of social work as a social organization and object of social work management; to allocate as a subject of management of social work managerial staff (managers-specialists), the content of which is the implementation of such basic management functions as planning, organization, motivation and control, as well as unifying functions – decision-making and communication; expedient to carry out structuring of administrative activity in establishments of social work, allocating in them the corresponding levels of administrative activity; higher, middle and lower, while providing for the relevant requirements for professional training of management staff of each hierarchical level.

Once you have decided on the basic methods of the social management system of the enterprise, you should pay attention to the measures that will be used by managers. Note that the measures of the social management system of the enterprise should include:

- material (means and working conditions, wages, bonuses, etc.);
- moral (public evaluation of the work of subordinates by managers, gratitude, awarding of prestigious titles, awarding diplomas, submission for awarding orders and medals);
- administrative (oral orders, written orders and instructions, various kinds of punishment: remarks, reprimands and severe reprimands, dismissal) (Koleda, 2017).

CONCLUSION

Finally, answering the question of what is common between the management system of a social enterprise and the system of social management in an enterprise, we draw the following conclusions. First of all, both in the case of management of a social enterprise and in the case of social management, the main task has always been and remains to take into account the interests of citizens: both ordinary employees and users of the company's products. The goal of an enterprise that is social, as well as an enterprise that uses a social management system, is to achieve a social effect. To ensure that the goals of sustainable development are achieved, as they say, all means are good. It will be recalled that the goals of sustainable development include overcoming poverty and hunger, agricultural development, good health and well-being, quality education, gender equality, adequate sanitation, decent work and economic growth.

The choice of the social management system at the enterprise has and can promote the achievement of these goals. That is, it is not necessary that the company was social, sometimes it is enough to choose the right management system that will contribute to the social effect and protection and support of employees of the organization.

Finally, we would like to add that one of the modern tools for the development of modern society is the implementation of socially innovative entrepreneurial activity, a significant part of the profits from which is directed to solving social problems. The main thing that distinguishes a social entrepreneur from business entrepreneurs and even from a socially responsible businessman is a social mission. And unlike ordinary charity, social enterprises are sustainable business mechanisms that have a much greater impact on existing problems and allow more efficient allocation of financial resources.

That is why the social management system must include such a financial system of income management, which would allow the effective distribution of part of the earned funds for social needs.

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СОЦІАЛЬНА СИСТЕМА УПРАВЛІННЯ ПІДПРИЄМСТВОМ ЯК МОЖЛИВІСТЬ ДОСЯГНЕННЯ СОЦІАЛЬНИХ ЕФЕКТІВ ТА ЦІЛЕЙ СТАЛОГО РОЗВИТКУ

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Метою статті є дослідити соціальну систему управління задля досягнення позитивних ефектів та забезпечення цілей сталого розвитку. У статті детально досліджено систему та процес управління соціальною роботою підприємств на всіх ієрархічних рівнях. Визначено головні функції менеджменту, щодо управління соціальною системою. Додатково визначено основні заходи системи соціального управління. проведено аналогію між системою соціального управління підприємством та системою управління соціальним підприємством. Зазначено головні вимоги, щодо вибору системи соціального управління. Підкреслено значущість використання інновацій для сприяння розвитку підприємства та досягненню соціального ефекту та захисту працівників організації. В процесі дослідження було використано такі загальнонаукові методи як: теоретичні, емпіричні, методи аналізу та узагальнення. Також активно використовувалися методи узагальнення, порівняння та аналітичного групування даних. Найбільш вдало, в ході дослідження було також використано систематичний та порівняльний методи. Завдяки використанню інституційного та структурно-функціонального підходів, проведене дослідження отримало можливість подальшого практичного застосування. Результати дослідження пояснюють необхідність використання системного підходу до налагодження всієї соціальної системи управління, з метою досягнення якнайбільшого соціального ефекту та подальшого розвитку підприємства на шляху залучення та дотримання цілей сталого розвитку.

Ключові слова: соціальна система, управління, підприємництво, цілі сталого розвитку, соціальне підприємництво, фінансова система управління доходами.

СОЦИАЛЬНАЯ СИСТЕМА УПРАВЛЕНИЯ ПРЕДПРИЯТИЕМ КАК ВОЗМОЖНОСТИ ДОСТИЖЕНИЯ СОЦИАЛЬНОГО ЭФФЕКТА И ЦЕЛЕЙ УСТОЙЧИВОГО РАЗВИТИЯ

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Целью статьи является исследовать социальную систему управления для достижения положительных эффектов и обеспечения целей устойчивого развития. В статье подробно исследована система и процесс управления социальной работой предприятий на всех иерархических уровнях. Определены основные функции менеджмента, по управлению социальной системой. Дополнительно определены основные мероприятия системы социального управления. Проведено аналогию между системой социального управления предприятием и системой управления социальным предприятием. Указано главные требования, по выбору системы социального управления. подчеркнуто значимость использования инноваций для содействия развитию предприятия и достижению социального эффекта и защиты работников организации. В процессе исследования были использованы следующие общенаучные методы как: теоретические, эмпирические, методы анализа и обобщения. Также активно использовались методы обобщения, сравнения и аналитического группировки данных. Наиболее удачно, в ходе исследования было также использовано систематический и сравнительный методы. Благодаря использованию институционального и структурно-функционального подходов, проведенное исследование получило возможность дальнейшего практического применения. Результаты исследования объясняют необходимость использования системного подхода к налаживанию всей социальной системы управления, с целью достижения наибольшего социального эффекта и дальнейшего развития предприятия на пути привлечения и соблюдение целей устойчивого развития.

Ключевые слова: социальная система, управление, предпринимательство, цели устойчивого развития, социальное предпринимательство, финансовая система управления доходами.

PUBLIC ADMINISTRATION

RECEIVED:
3 March 2021
ACCEPTED:
3 April 2021
RELEASED:
20 June 2021

UDC 351.78

DOI 10.26661/2522-1566/2021-1/16-02

IMPLEMENTATION OF DESA TANGGUH BENCANA POLICY IN MAGELANG REGENCY

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Abstract. Natural disasters continue to occur in Magelang Regency every year and cause damage and loss to the community. The government agency designated for disaster management, namely Badan Penyelenggaraan Penanggulangan Bencana (BPBD), develops Disaster Resilient Village Program (Destana). The purpose of this study is to analyse the implementation of Desa Tangguh Bencana in Magelang Regency. The research methodology uses qualitative methods and data collection techniques through observation, interviews and documentation. The results of the study demonstrate that the implementation of Desa Tangguh Bencana policy in Magelang Regency regarding the objectives of the Destana program in Margoyoso village could be achieved because the Destana activists understand the program's objectives and there is support from the government, non-governmental institutions, village institutions and the community. Meanwhile, the implementation of the Destana program is also influenced by the support of human resources, funds, infrastructure and other resources. The implementation of the Destana program in Margoyoso village is quite successful due to resources, namely human resources, funds and infrastructure available in Margoyoso village. Policy implementation requires collaboration, namely coordination and cooperation of performers of Destana activities. In carrying out Destana activities, the consensus is needed to reach decisions that are beneficial to all parties. In cooperation and coordination, it is necessary to have clear job descriptions of each participant so that there is no overlapping when implementing activities.

Keywords: implementation, policy, Destana, regency, Magelang.
JEL Classification: A21, I28.

Christiani, C., Larasati, E. Suwitri, S. and Mulajaya, P. (2021), "Implementation of Desa Tangguh Bencana policy in Magelang Regency", *Management and entrepreneurship: trends of development*, 2(16), pp. 18-30. Available at: https://doi.org/10.26661/2522-1566/2021-1/16-02.

INTRODUCTION

Natural disasters unexpectedly and frequently occur in Indonesia. "The territory of the Republic of Indonesia has geological, geographic, hydrological, demographic and sociological conditions that make it prone to disasters, both natural, non-natural and social disasters" (Yulianto and Mutiarin, 2018). In 2019 there were 3,768 disasters that hit various regions in Indonesia. The types of disasters that occurred are as following: 764 floods, 1,370 wind cyclones, and 746 forest and land fires. Over 6.1 million people were affected and evacuated, 478 died, and 3,422 were injured in the disasters (*BNPB, 2020*). An overview of the Indonesian disaster is shown in the diagram below (Figure 1):

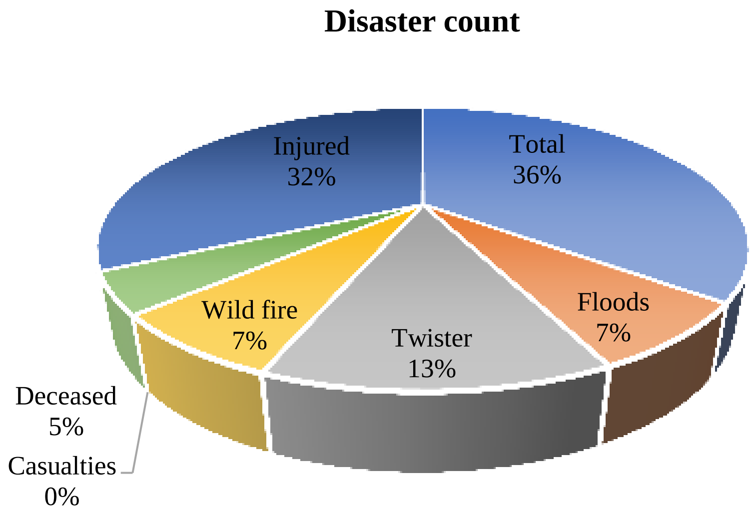

Figure 1: Disasters in Indonesian regions

Source: BNPB, 2020

The count of disasters that occurred in 2019 increased by 371 events or 12% that in 2018 with 3,397 events (BNPB, 2020). "Disasters will bring bad conditions for affected communities such as neglected refugees, inadequate refugee camps, food shortages, shortages of tents, blackouts, lack of clean water, damaged roads, neglected toddlers, difficulties in access to healthcare, incomplete information, and even looting" (Yumantoko, 2019). The statistics of disasters that occurred in 2018 and 2019 is shown in the graph below (Figure 2):

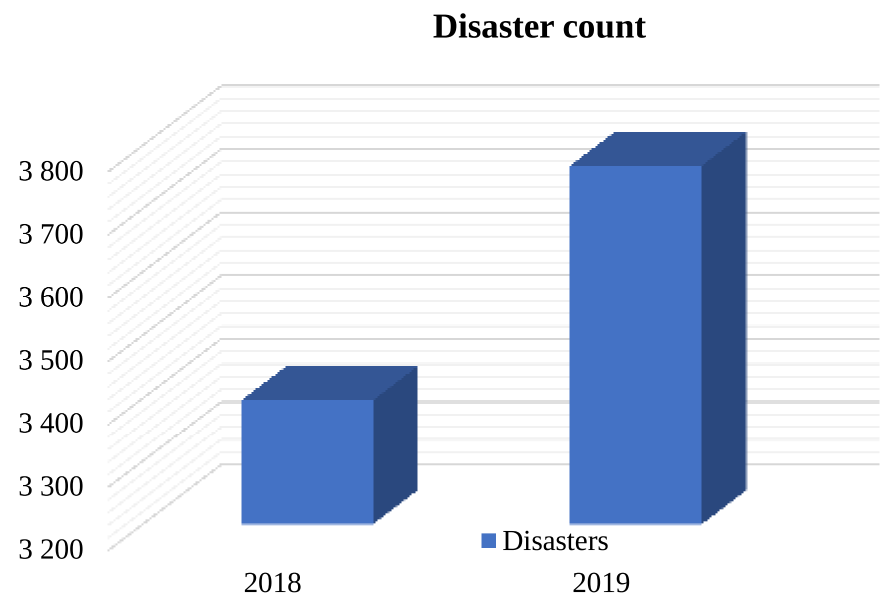

Figure 2: Disasters in Indonesia 2018-2019

Source: BNPB, 2020

In Indonesia, there are areas that are prone to disasters, namely Central Java with 914 disasters, West Java with 691 disasters, East Java with 612 disasters, Aceh with 180 disasters, and South Sulawesi with 164 disasters (BNPB, 2020). Central Java is one of the disaster-prone areas due to geographical, geological, hydrological and demographic conditions. These natural disasters include earthquakes, landslides, floods, drought, twister, and volcanic eruptions.

Table 1

Conditions and Types of Natural Disasters in Central Java Province

	Types of Disaster	Incidents	Casualties			Housing damage		Public Facility Damage
			Deceased	Injured	Refugees	Destroyed	Submerged	
1	Twister	148	5	22	727	1.925	0	12
2	Floods	61	5	1	106.081	141	26.121	7
3	Landslides	101	26	24	7.379	329	20	1
4	Abrasion	1	0	0	40	8	0	0
5	Earthquakes	1	2	41	5.739	703	0	0
6	Volcanic eruptions	1	0	56	178	0	0	0
7	Drought	1	0	0	1.000	0	0	0
	Total	**314**	**38**	**144**	**121.144**	**3.096**	**26.141**	**39**

Source: BNPB, 2019

One area in Central Java that has a high potential for disaster risk is Magelang Regency. It is a disaster-prone area in Indonesia. The sources of existing disasters are the eruption of Mount Merapi, cold lava floods, landslides, and flash floods (Arisanti and Nugroho, 2018). Conditions and types of disasters that occurred in Magelang Regency during 2013-2017 are presented in the table below.

Table 2

Conditions and Types of Natural Disasters in Magelang Regency 2014-2018

	Disaster type	2014	2015	2016	2017	2018
1	Eruptions	0	0	0	0	0
2	Floods	15	4	5	12	5
3	Landslides	88	52	80	105	156
4	Twister	153	60	44	27	37
5	Drought	7	4	3	0	0
6	Wildfire	34	46	45	37	6
7	Earthquakes	0	1	0	0	0
8	Others	4	4	8	9	9
	Total	**301**	**172**	**185**	**190**	**213**

Source: BPBD Magelang Regency, 2019

The table demonstrates that natural disasters in Magelang Regency occur every year. The government agency responsible for disaster management is *Badan Penyelenggaraan Penanggulangan Bencana* (BPBD). BPBD was formed based on Magelang Regency Regional Regulation Number 3 of 2011 concerning Magelang Regency BPBD, and Magelang Regency Regional Regulation number 3 of 2014 concerning the implementation of Disaster Management in Magelang Regency. “Analysis of public policy includes not only decisions, actions and events, but also the policy process that is formulated and decided so that it can explain the relationships and involvement of various parties, environmental conditions, values and ideology, distribution of power, institutional framework and others” (Fischer et al, 2007). BNPB, which has the vision of realizing the resilience of the nation in the face of disasters, carries out the strategy through developing *Desa tangguh terhadap bencana* (Destana). The Destana policy aims to protect communities in hazard-prone areas, increase community participation in reducing disaster risk and increase the institutional capacity of the community and the government in disaster risk reduction. The success of implementing a policy according to Grindle (1980) is determined by two variables, namely the content and the context ones. The content variable is the scope that affects the public policy implementation process. Meanwhile, the context variable is the description of the way the political context and administrative activities affect the implemented public policy.

The Destana policy in Magelang Regency has been implemented since 2015 and there are 3 Disaster Resilient Villages, namely Margoyoso Village of Salaman Sub-district, Sirahan Village of Salam Sub-district and Ngargomulyo Village of Dukun Sub-district. The three villages were selected by Margoyoso Village, Salaman Sub-district because they are the most vulnerable to the risk of landslides and wind cyclones. The purpose of this study was to analyse the implementation of *Desa Tangguh Bencana* policy in Magelang Regency.

LITERATURE REVIEW

Dye (2013) defines public policy as *what the government does, why they do it, and what difference it makes*. According to Dunn (2003) public policy is a series of action options (including the choice not to act) to respond to challenges concerning people's lives. The public policy process does have the vulnerability to include the hidden political interests of certain groups. Public officials who have high credibility and integrity are needed in this case, because the role and behavior of public managers are important variables that determine public policy tendencies (Howlett and Walker, 2012).

The success of implementing the policy according to Grindle (1980) is determined by two variables, namely the content and the context ones. The content variable is the scope that affects the public policy implementation process. Meanwhile, the context variable is a description of how the political context and administrative activities affect the implemented public policy. Thus the context variable includes the environment of public policy. Political and administrative environment is associated with these public policies.

Content variables are detailed in 6 elements, namely:

1. The party whose interests are affected. Theodore Lowl (Grindle, 1980) states that the type of public policy made will have a certain impact on various kinds of political activities. Thus, if public policy is intended to cause changes in social, political, economic relations and so on, it is threatened by the public policy. Grindle gave an example with public policy regarding the radical reform in the agrarian sector against the landlord system. Such policy will be strongly opposed by the parties whose interests are threatened, in this case, the landlords.
2. Types of benefits that can be obtained. Programs that provide benefits collectively or to many people will be easier to implement because it is very easy to obtain support and a high level of compliance from target groups or general public. For example, programs on drinking water and electricity. On the other hand, a particularistic program is likely to exacerbate a conflict and competition between people who seek to benefit from the program. Programs like this are more difficult to implement. For example, programs on housing, telecommunication services; programs unavailable to the whole community can sharpen competition in society.
3. The extent of the change envisioned. The programs that are long-term and require changes in community behavior and do not directly or immediately benefit the community (target group) tend to experience more difficulties in their implementation. An example is the family planning program, at the beginning of the introduction of the program there were many challenges from the community and religious leaders. Community support has appeared only after running the program successfully for a number of years.
4. Site of decision making. The more scattered the position of decision makers in the implementation of public policies, both geographically and organizationally, the more difficult the implementation will be. The reason is the amount of decision-making units involved in it. Grindle considers that implementing integrated village development is more difficult than implementing the school curriculum.
5. Program implementers. The ability of program implementers will influence the successful implementation of the program. A bureaucracy that has active, qualified, skilled staff, whicn are highly dedicated to the implementation of tasks and strongly supports the success of the program.
6. The resources that can be provided (committed resources). The availability of adequate resources will support the successful implementation of programs or public policies.

The success of implementing a policy based on the content and context of its implementation according to Grindle, is as follows:

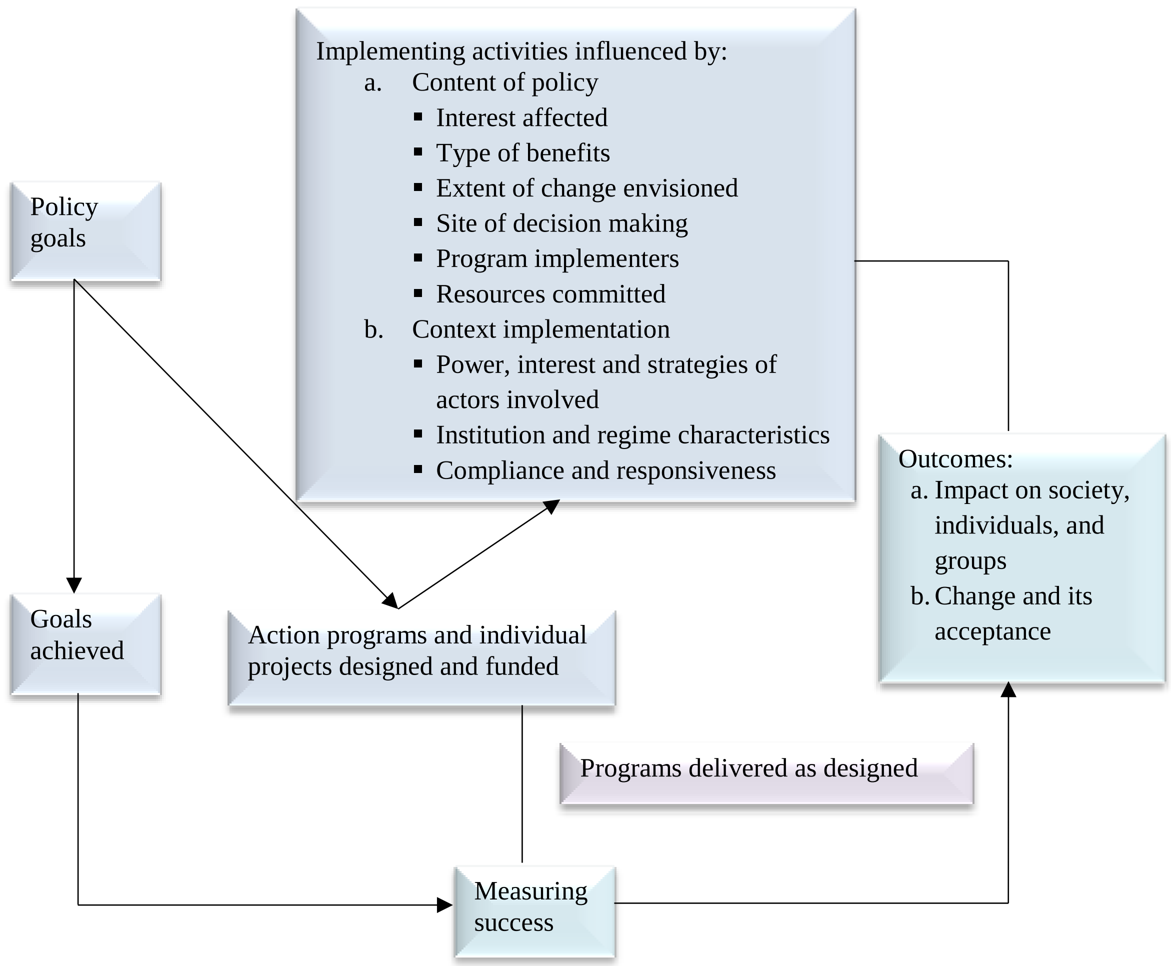

Figure 3. Policy Implementation Based on Content and Implementation Context

Source: Grindle (1980)

From the image above it can be concluded that the purpose of the policy will be achieved effectively and efficiently if it is followed through. The maximum implementation of the policy that is applied to the action program or the project funded by government and society. The first step that should be done to apply this program is setting up the success indicator of the program or the project. There are two things that can make a succesful program, they are the content of policy and the implementation context. However, there are also factors that affect the success of implementing policy which are decision making, executive director and involved recources (Grindle, 1980). The success of a program depends on its implementation effect which impacts the society, the individual and the community as the objective of the policy and when changes are brought by the policy, the society can accept them.

PAPER OBJECTIVE

Paper objective is to analyze the implementation of Desa Tangguh Bencana policy in Magelang Regency, provided by the government agency designated for disaster management, in order to increase the level of disaster resilience for villages given the high frequency of natural disasters occurring in this region.

METHODOLOGY

The research methodology implements qualitative methods that use natural backgrounds with the intention of interpreting the phenomena that occur and are carried out by involving various existing techniques (Creswell, 2013). The process and results of qualitative research are considered properly performed if the researcher has applied the validity criteria (Zamili, 2015). According to Creswell (2008) the validity of qualitative research presupposes the use of two strategies, namely validity and reliability, with data collection techniques, namely observation, interviews, and documentation (Creswell, 2013).

RESULT AND DISCUSSION

In general, the implementation of the policy is the way the policy can achieve its purpose. Dye (2013) defines public policy as what the government does, why they do it, and what difference it makes. According to Dunn (2003), public policy is a series of action options (including the choice not to act) to respond to challenges concerning people's lives.

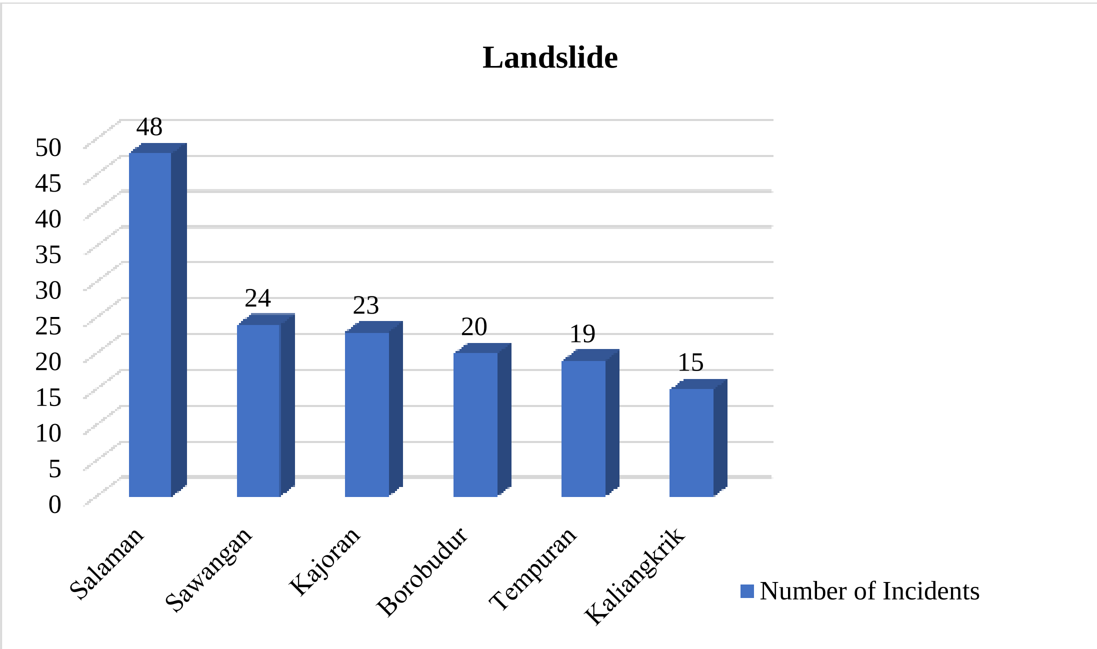

Figure 4. Disaster Incidence in Magelang Regency in 2020

Source: BPBD, 2020

In 2020 Magelang Regency has suffered from multiple landslide. The most landslide occured in Salaman Sub-district with 48 incidents. Followed by, Sawangan (24 incidents), Kajoran (23 incidents), Borobudur (20 incidents), Tempuran (19 incidents), and Kaliangkrik (15 incidents). Moreover, the total number of incidents and the types of disasters are showed in the chart below (Figure 5):

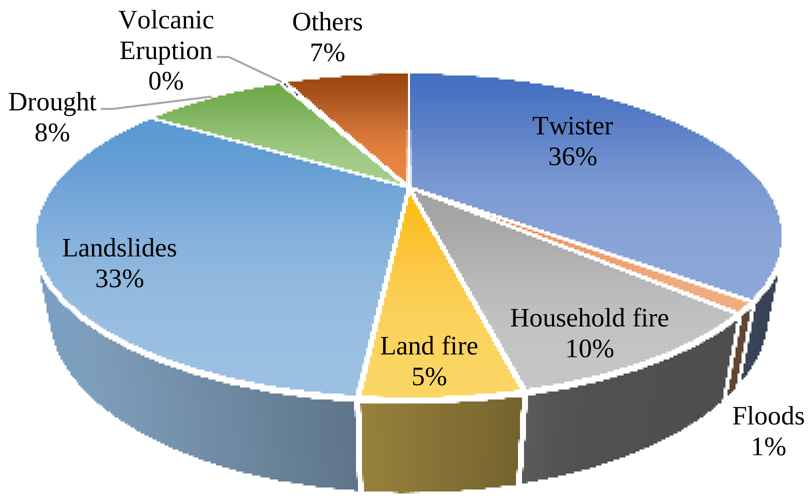

Figure 5. Disaster Distribution in Magelang Regency, 2020

Source: BPBD Magelang Regency, 2020

Figure 5 demonstrates the distribution of disasters in the Magelang Regency in 2020 which includes strong winds as much as 36%, followed by landsides as much as 33%, house fires – 9%, drought – 8%, land fires – 5%, floods – 1% and other events – 7%. So it can be concluded that the disasters that often occur in Magelang Regency are strong winds and landslides. Landslides and strong winds were triggered by heavy rainfall. The Implementation policy *Desa Tanggung Bencana* in Magelang Regency concerned three points: Purpose, Resource and Collaboration.

1. Purpose

The program purpose attainment is affected by the purpose itself, executive agent, executor and the objective of the program. Likewise, the purpose of Destana program is affected by many things. The purpose of Destana program in Margoyoso village can be achieved because the executors understand the purpose of the program and they are supported by the goverment, non-governmental institutions, village institutions and people of Margoyoso village. The theory of Implementation of Public Policy Model Merilee S. Grindle (1980): "The success of the implementation of a public policy can be measured from the process of achieving the final result, namely whether the goals to be achieved are achieved or not by looking at the benefits to society and the changes that have occurred and the acceptance of the target group and the changes that have occurred" (Leo Agustino, 2012).

Considering the theory, it can be concluded that the implementation can be successful if the purpose is realistic, the executors possess the proper social cultural level; the purpose is not unlikely to simple and easily realized. Moreover, the purpose should be beneficial for the society and make changes to the objectives. Furthermore, according to the findings sources, one of the indicator of the policy success is the full achievement of the purpose of the policy. The purpose of Destana will be achieved if the purpose is clear, simple, organized and accesible as well as clear understanding among the executors has been achieved. The purpose will be beneficial for the society and change the perception as well as behaviour on disaster survival. The understanding of the purpose of Destana in the society should be an ongoing process performed through constant socialization in school, PKK, *Karang Taruna* and other activities that involve the society.

According to the findings, it can be inferred that one of the significant characteristics of the successful implementation is being clear, simple and accessible. The purpose should be organized and approached effectively and efficiently. Also, the purpose is successfully achieved if the program is beneficial for the society and makes positive changes.

2. Resource

Apart from the easily realized purpose, Destana program implementation is also affected by the human resource, budget, infrastructure, and other resources. The competent and capable resources will facilitate the management of Destana program to achieve it purposes. The management of Destana program in Margoyoso village has been adequate because of the presence of available resources.

According to Van Metter and Van Horn theory and Grindle theory as a triangulation suggests "The success of the policy implementation process is very much dependent on the ability to utilize available resources. Humans are the most important resource in the success of the implementation process which demands quality Human Resources (competence and capability) in accordance with the work required by the policy. Apart from human resources, there are other resources, namely funds and time resources" (Leo Agustino, 2012).

While the theory of Implementation of Public Policy Model Merilee S. Grindle (1980) suggests that "In carrying out a policy or program, it must be supported by the presence of competent and capable policy implementers for the success of a policy. Apart from human resources, it must also be supported by other supporting resources so that its implementation will run well" (Leo Agustino, 2012).

The above theories define that the success of program management policy depends on the availability of resources and the ability to utilize them. As the executor, the human resources must be competent and capable according to the expertise that the program needs. Besides the human resource, there are also other factors that affect the success of management policy such as budget and infrastructure. As the result of conclusion from the available main sources and supporting sources it has been defined that the factor which affects the success of Destana implementation policy is availability of competent and capable human resources, sufficient budget and qualified infrastructures.

From interview result with the source compared with the triangulation theories from Grindle and Van Metter and Van Horn and also the key source, it can be concluded that the success of implementing public policy program Destana is affected by human resources, budget and infrastructures. The human resource have to be competent, capable, understood, and possess expertise in disaster survival. Moreover, the availability of the sufficient budget and qualified infrastructure is essential for the successful program. In Margoyoso, the human resources are sufficient but have low quality. The bugdet and infrastructure are available and financial issues have been handled by the FORTIs member with the help of village agency.

3. Collaboration

Collaboration in managing Destana is important, because without collaboration the implementation of the program of Destana will be difficult to perform. Collaboration in Destana includes coordination and cooperation. Coordination and cooperation are the main process of collaboration which involves organizing, implementing and evaluating. Coordination and cooperation also involve many people such as government, non-government, and village institute and society. Collaboration in managing Destana in Margoyoso village has succeeded to design the landslides contigency plan document, the landslide evacuation plan and the society-based warning alert which has been validated by *Surat Keputusan Kepala Desa Margoyoso*. Collaboration is also being done in every stage of disaster management which includes pre-disaster, disaster and post disaster.

The result shows that coordination and cooperation in Margoyoso involves every elements such as goverment, non-governmental institutions, village isntitutions and society. They are cooperating and coordinating in Destana program which includes organizing, implementing and evaluating. Coordination is held at least once in a year when organizing the process, while at the implemention stage it is always preceded by the coordination and followed by cooperation of all elements.

The conclusion can be drawn that collaboration has been well accomplished because everyone is coordinanting and cooperating from the process of organizing, implementing and evaluating. Coordination is done at least once in a year before the implementation. Moreover, cooperation is always carried out in implementing Destana.

According to Baechler, Shergold and Hogue, the importance of coordination and cooperation in implementing Destana is in executing policies in order to realize the interest of society into common purpose and orientation. Coordination between government, private parties and society is needed to achieve the purpose of the policy. In the end, this step will create cohorence and harmonization implicated to the comprehensive, flexible and objectives service and policy (Baechler, 2016). While according to Shergold, the implementation of policy can be successful with the following requirement met: cooperation, collaboration, togetherness and reliable human resources (Shergold and others, 2004). According to Hogue, collaboration is about working together and building consesus to achieve the decision beneficial for everyone. Relations between individuals tend to be dynamic and interdependent (Hogue, 2003).

In conclusion, to achieve the purpose of the policy coordination and cooperation from government, non-goverment, private parties, and society are required. The policymakers will succeed when there are cooperation, togetherness and reliable human resources. This cooperation required consesus that provides benefits to all participants and everyone should be committed to creating sustainable and constant cooperation.

Furthermore, the result of the research based on the key source as far as collaboration in implementing Destana program in Margoyoso village has demonstrated that the implementation of Destana program requires collaboration which includes cooperation, togetherness and coordination among all parties involved. The commitment to constant cooperation provides benefits, interdependent society and respect of the each other's interest. Cooperation in Destana should be done constantly by respecting the interest of every party involved and development of a common ground to achieve Destana purpose so that it will benefit the society. Apart from cooperation, the process of collaboration requires coordination of all parties involved in Destana. Coordination requires good and transparent communication among all parties. It will unify the perception of the task and responsibility. In the process, the clear Job Description (description of the responsibilities associated with a given job) is required so there is no overlapping tasks.

As it is stated above, there is an important point regarding the success of implementating Destana in Margoyoso village. The process of this cooperation requires the commitment from all parties involved in Destana to constantly work together and give benefits to the society. Intense communication is also required between all parties to achieve the common ground that suits the purpose and indivual interests. It is necessary to have a spesific and clear job description before implementing Destana to prevent overlapping.

To conclude, the implementation policy requires collaboration which includes coordination and cooperation between all parties involved in Destana. Intense communication between all parties in Destana is needed for coordination, while the commitment is required in cooperation to work together in constant and sustainable environment. In implementing Destana consesus is also required to achieve the decision beneficial to all parties. In cooperation and coordination a clear job description for each individual is required to avoid overlapping tasks.

CONCLUSION

Implementation Policy Desa Tangguh Bencana in Magelang Regency concerns three points: Purpose, Resource and Collaboration. The purpose of Destana program in Margoyoso village is achieved because all parties involved in Destana understand the purpose of the program and are supported by the government, non-governmental institutions, village institutions and people of Margoyoso village. The implementation of Destana program has achievable purpose and is affected by good resources, including human resources, budget and infrastructure. Competent and capable resources will facilitate the implementation of Destaba program and achievement of its purpose. The implementation of Destana program in Margoyoso village has been successful enough because of the availability of the human resources, budget and infrastructure in Margoyoso. The implementation policy requires collaboration which includes coordination and cooperation between all parties involved in Destana. In implementing Destana the consensus is required to achieve the decision beneficial to all parties. In cooperation and coordination clear job description for individuals is required to avoid overlapping tasks.

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РЕАЛІЗАЦІЯ ПОЛІТИКИ DESA TANGGUH BENCANA («АКТУАЛЬНЕ СЕЛО») В РЕГЕНТСТВІ МАГЕЛАНГ

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Стихійні лиха продовжують відбуватися в регентстве Магеланг щороку і завдають шкоди і збитків товариства. Урядове агентство, призначене для управління стихійними лихами (BPBD), розробляє Програму стійкості до стихійних лих для села (Дестан). Метою даного дослідження є аналіз реалізації Desa Tangguh Bencana («Актуальне село») в регентстве Магеланг. У методології дослідження використовуються якісні методи і методи збору даних за допомогою спостереження, інтерв'ю та документації. Результати дослідження демонструють, що реалізація політики Desa Tangguh Bencana в регентстве Магеланг щодо цілей програми Destana в селі Маргойозо може бути досягнута, тому що активісти Destana розуміють цілі програми і мають підтримку з боку уряду, неурядових організацій, сільських установ і громади. Тим часом, на реалізацію програми Destana також впливає підтримка людськими ресурсами, фондами, інфраструктурою та іншими ресурсами. Реалізація програми Destana в селі Маргойозо є досить успішною через ресурсів, а саме людських ресурсів, засобів та інфраструктури, наявних в селі. Реалізація політики вимагає співпраці, а саме координації та співпраці виконавців Destana. При здійсненні діяльності Destana потрібно консенсус для ухвалення рішень, вигідних для всіх сторін. При співробітництво та координацію необхідно мати чіткі посадові інструкції кожного учасника, щоб не було дублювання при реалізації заходів програми.

Ключові слова: реалізація, політика, Дестана, регентство, Магеланг.

РЕАЛИЗАЦИЯ ПОЛИТИКИ DESA TANGGUH BENCANA («АКТУАЛЬНАЯ ДЕРЕВНЯ») В РЕГЕНТСТВЕ МАГЕЛАНГ

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Стихийные бедствия продолжают происходить в регентстве Магеланг каждый год и наносят ущерб и убытки сообществу. Правительственное агентство, назначенное для управления стихийными бедствиями (BPBD), разрабатывает Программу устойчивости к стихийным бедствиям для деревни (Дестана). Целью данного исследования является анализ реализации *Desa Tangguh Bencana* («Актуальное село») в регентстве Магеланг. В методологии исследования используются качественные методы и методы сбора данных посредством наблюдения, интервью и документации. Результаты исследования демонстрируют, что реализация политики *Desa Tangguh Bencana* в регентстве Магеланг в отношении целей программы Destana в деревне Маргойозо может быть достигнута, так как активисты Destana понимают цели программы и имеют поддержку со стороны правительства, неправительственных организаций, деревенских учреждений и общины. Между тем, на реализацию программы Destana также влияет поддержка человеческими ресурсами, фондами, инфраструктурой и другими ресурсами. Реализация программы Destana в деревне Маргойозо является довольно успешной из-за ресурсов, а именно человеческих ресурсов, средств и инфраструктуры, имеющихся в деревне. Реализация политики требует сотрудничества, а именно координации и сотрудничества исполнителей Destana. При осуществлении деятельности Destana требуется консенсус для принятия решений, выгодных для всех сторон. При сотрудничестве и координации необходимо иметь четкие должностные инструкции каждого участника, чтобы не было дублирования при реализации мероприятий программы.

Ключевые слова: реализация, политика, Дестана, регентство, Магеланг.

Hikmah, N., Larasati, E., Purnaweni, H. and Yuniningsih, T. (2021), “Collaboration of stakeholders in the development of ecotourism of Tangkahen village in Pulang Pisau regency of Central Borneo”, *Management and entrepreneurship: trends of development*, 2(16), pp. 31-41. Available at: https://doi.org/10.26661/2522-1566/2021-1/16-03.

PUBLIC ADMINISTRATION

RECEIVED:
12 February 2021
ACCEPTED:
12 March 2021
RELEASED:
20 June 2021

UDC : 338.486

DOI 10.26661/2522-1566/2021-1/16-03

COLLABORATION OF STAKEHOLDERS IN THE DEVELOPMENT OF ECOTOURISM OF TANGKAHEN VILLAGE IN PULANG PISAU REGENCY OF CENTRAL BORNEO

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Abstract. Indonesia is known for its various panoramas of natural beauty that are tempting to visit. Various natural tourist destinations in Indonesia are favourite destinations for local and foreign tourists. This is of course a huge potential for the development of Indonesian tourism. The government has also started to promote ecotourism programs as a tourist destination for travellers in Indonesia. Ecotourism is one of the environmentally friendly tourism activities by prioritizing aspects of nature conservation, aspects of socio-cultural empowerment, local community economy, and aspects of learning and education, and ecotourism development is one of the best efforts to save forests from human-caused damage. Cooperation between stakeholders involved in ecotourism development is a way to make it happen. This article aims to analyze collaboration between stakeholders in the development of ecotourism in Tangkahen Village in Pulang Pisau district, Central Borneo Province. This research uses descriptive qualitative, data collection techniques are using interviews, observation, and documentation. According to the result there are differences in the strategic mission of each stakeholder and the development of ecotourism depends on regional finances. The supporting factors for this collaboration are the role of the ecotourism manager as well as the traditional religious leaders in the village and a very strong role of the head of the working group team to accelerate tourism development.

Keywords: collaboration, collaborative governance, stakeholder, ecotourism, development.
JEL Classification: Q01, Q23, Z32, Z38, O20.

INTRODUCTION

Indonesia is known for its various panoramas of natural beauty that are tempting to visit. Various natural tourist destinations in Indonesia are favourite destinations for local and foreign tourists. This is of course a huge potential for the development of Indonesian tourism. The government has also started to promote ecotourism programs as a tourist destination for travellers in Indonesia. Indonesia has tourism potential which is one of the industries that has such great growth. Based on data from the Ministry of Tourism (2016), the tourism industry is in the top five of the ten other industries from 2011 to 2015 and foreign exchange generated from the tourism sector continues to increase every year from 2015 to 2019 like the table below:

Table 1

Foreign exchange generated from the tourism sector

Year	2015	2016	2017	2018	2019
Foreign exchange	12,2 billion USD	13,6 billion USD	15 billion USD	17 billion USD	20 billion USD

Source: Ministry of Tourism and the Central Bureau of Statistics

By looking at the table above, the tourism sector contributes a large foreign exchange each year. In the National Medium-Term Development Plan (RPJMN) 2020-2024, the target set for tourism development is oriented towards the target of people's income from tourism, and tourism must have a welfare impact on the surrounding community. Central Borneo Province has natural potential and diversity can be developed into tourist objects, the number of domestic and foreign tourists visiting in 2018 was 988,999 tourists, and in 2019 the number of domestic and foreign tourists increased to 1,556. 488 (BPS Central Borneo, 2019), ecotourism so that it has a positive impact in the form of increased and in the form of economic improvement, conservation, environmental preservation, and empowerment of local communities (Rahzen, et al, in Yuniarta 2018). Ecotourism has developed not only in the form of observing animals in the forest (Nugroho 2019), or traveling into the forest, but has changed its orientation towards the concept of forest conservation and residents (Chafid Fandeli. 2000). Good ecotourism development can encourage local economic growth and preserve natural resources, although the opposite occurs in the case of Southern Ethiopia due to poor ecotourism development that causes environmental damage (Wondirad and Tolkach, 2019).

Central Borneo Province has natural potential and diversity can be developed into tourist objects, the number of domestic and foreign tourists visiting in 2018 was 988,999 tourists, and in 2019 the number of domestic and foreign tourists increased to 1,556. 488 (BPS Central Borneo, 2019). Ecotourism development efforts in Pulang Pisau district can run if all related parties work together in an effort to make this happen, Pulang Pisau district has potential natural resources for ecotourism development. Moreover, Pulang Pisau has very good natural potential, such as the potential of Tangkahen village forest. This village has the advantage of its unspoiled forest, the diversity of native Dayak plants, and animals typical of Central Borneo can still be found in Tangkahen ecotourism. however, in the development effort, there are obstacles faced, as expressed by the head of the tourism sector Sari Mumpung "in the effort to realize the ecotourism development, it is still constrained by the conditions and the area that is spread to tourist attractions is not optimal". Another thing, as stated by the Acting Head of the Home Office of Public Works and Public Housing of Pulang Pisau district, Usis I Sangkai, was related to collaboration "in developing tourism, there needs to be collaboration such as government, society and the private sector like us from the PUPR service to have a role in supporting tourism development, especially ecotourism, such as infrastructure arrangement". The same thing was conveyed by the Official (Acting) of the Regional Secretary (Sekda) Pulang Pisau (Pulpis) H Saripudin that "the development of Tangkahen Village ecotourism continues to be built, especially in relation to its facilities and infrastructure" (C-MYE, 2019).

The era of good governance is a concept that refers to the process of achieving decisions and their implementation which can be accounted for collectively, as a consensus reached by the government, citizens, and the private sector. The government has decreased its role in development by providing opportunities to other actors, this is because the government realizes that it has limitations on other public problems. Regarding the ecotourism development of Tangkahen Village, it is necessary to carry out collaboration between stakeholders so that these development efforts can be realized immediately. Based on this description, this study will discuss the collaboration between stakeholders in the development of ecotourism in Tangkahen Village, Pulang Pisau Regency, Central Borneo Province.

LITERATURE REVIEW

Collaboration efforts to gather various parties with different interests to produce a common vision, build an agreement on a problem, create a solution of the problem, and put forward shared values to produce joint decisions that benefit all parties (Simatupang, T.M. and Sridharan, 2008). Collaboration is a relationship that is designed to solve a problem by creating solutions in limited conditions, for example, limited information, time and space. Collaboration is a concept used to explain the cooperative relationship that is carried out during the efforts of combining thoughts by certain parties in starch for solutions of the problem from different perspectives (Agranoff et al., 2003). Thomson, A., Perry, J. and Miller, (2009) *Journal of Conceptualizing and Measuring Collaboration*, collaboration is a process in which autonomous or semi-autonomous actors interact through formal and informal negotiations, together creating rules and structures that govern their relationships and how to act or solve the problems that hold them together; it is a process involving shared norms and mutually beneficial interactions. Collaborative governance is a working mechanism to resolve any public issues involving many parties and stakeholders from government, private and also the community (Ansell and Gash, 2008, 2017). Through this framework collaborative governance should reach a mutual agreement and a win-win solution as well as collaborative governance is also developed (Emerson, Nabatchi and Balogh, 2011; Gravelle, Baird, and Green, 2008; Mah and Hills, 2012; Schultz et al., 2018; Wanna, 2008).

Ecotourism is one of the forms of tourism that are integrated with the surrounding nature contains a lot of education to the visitors to protect the environment, preserve the culture and local wisdom start to feel that everything is packed with the elements of professionalism and skill so that people who travel in ecotourism will get very valuable experience from the visit (Nugroho, State and Yuniar, 2018; Nugroho et al., 2016). According to (Laarman and Durst, 1987) ecotourism is another term in tourism but the concept is the same; there is only some difference of practice in the field where ecotourism is more directed to nature which is still far from the touch of human and natural both in terms of flora and fauna. So through the activities of ecotourism the visitor will get an interesting experience about the biodiversity and uniqueness of it that are not found in other (Sharpley, 2006). A program that involves related parties in its implementation needs to identify the actors or stakeholders involved, this is done so that in its implementation it can minimize errors or failure of a program. Freeman (1984) Stakeholders are individuals or groups who can influence and/or be influenced by the organization as a result of its activities. Waligo et al., (2013) stakeholders are also referred to as people or groups involved in an activity related to tourism development, therefore it can be influenced by actions and decisions related to these activities.

PAPER OBJECTIVE

The paper objective is to describe the roles of stakeholders involved in the Tangkahen ecotourism development collaboration and to identify the factors that affect the collaboration in the development of Tangkahen ecotourism.

The purpose of this research is to analyse the role of stakeholders in the Tangkahen ecotourism development collaboration as well as to analyse the supporting and inhibiting factors in the development of Tangkahen ecotourism.

METHODOLOGY

The method used in this research is a descriptive method. Referred to Bogdan and Taylor, qualitative research is a research procedure that produces descriptive data in the form of written or oral words from people and observable behaviour directed at the background and individual holistically (whole). The analysis technique used in this study is a qualitative method with descriptive research techniques. Miles and Huberman (1984) in Sugiyono argued that data analysis in qualitative research carried out interactive activities and continued until complete. Data analysis is very important in a study in order to provide answers to the problems studied, before data analysis is performed, data collection is first carried out, then analysed qualitatively and interpreted logically and systematically. Here it is used descriptive research with the aim to find out how stakeholder collaboration is in developing ecotourism, with research informants; the Pulang Pisau Regency Culture and Tourism Office, the tourism development acceleration group, the private sector, namely PT. Sawit Sumbermas Sarana, USAID Lestari, and Village-Owned Enterprises, as well as communities in the form of groups, namely the Tangkahen Village Forest Management Agency (MIFV).

RESULT AND DISCUSSION

Ecotourism in Tangkahen Village began to be developed in 2017 after the issuance of the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number P.83 / MENLHK / SETJENKUM.1 / 10/2016 of 162 hectares with the designation of Village Forest, on-field observations it was found that the Tangkahen Village Forest became ecotourism for preventing forest conversion to oil palm plantations and logging and forest fires that have occurred frequently in several places in Central Borneo Province. The people of Tangkahen Village voluntarily protect, care for and preserve the forest with the awareness that the forest is a hope to be passed on to their children and grandchildren, and the belief of the Tangkahen village community that their village forest is a place where the ancestor/god "Bawi Ayah" descended their life. Tangkahen has the potential to become ecotourism in the form of unspoiled forests, the diversity of native plants of Central Kalimantan such as bajakah, earth pegs, and jamut wood,and typical animals such as orangutans, hornbills, and red water from tree roots. Through interviews with the Village Tangkahen Institution Managers of the Village Forest (MIFV) in 2019, several countries have visited the area, including from the United States, Canada, the Philippines, Germany, and Australia, their arrival to conduct research on forests and the diversity of flora and fauna, see the life of the indigenous people of Tangkahen village.

As the result of field research stakeholders involved in ecotourism development and joined in a forum for the Regional Tourism Development Acceleration Team. In this forum, there are stakeholders from government, community, and private / NGO elements. The purpose of the establishment of this forum is to have a collaboration forum, to facilitate coordination and communication, so that the goal can be achieved. Tangkahen Village is one of the priorities for tourism development in Pulang Pisau Regency. Apart from having a natural village forest, it also has historical and cultural values and this has the potential to be used as ecotourism. In the development of ecotourism in Tangkahen Village, there are stakeholders involved in it, from the government there is the Tourism and Culture Office, the Public Works and Public Housing Service, the Development Planning Agency, and Regional Revenue and Research (BAPPEDALITBANG), and there are two parties involved such as PT. Sawit Sumbermas Sarana, USAID Lestari, and BumDes. The contribution of PT SSS in Corporate Social Responsibility (CSR) for sustainable development in Pulang Pisau Regency, USAID Lestari plays an important role in the community by providing assistance and training related to village forest management, assistance for local crafts that can be further processed and have high economic value and BUMDES provide financial assistance for the construction of treehouses.

Then from the community side, where the community here can be among individuals and groups, who play an important role in the success of the village community group, namely the Village Forest Management Institution, which is the Tangkahen Village community who are motivated to preserve and develop benefits from the forest without destroying the forest. On the other hand, the advantage of MIFV is that it is willing to help tourists who visit with existing limitations so that they do not have good service standards and still have to fix several things to support Ecotourism Village, and another advantage of MIFV is that its members are also mantir / traditional leaders from every religion in the village. To make it easier to explain the results of this study, the following researchers present them in the following table:

Table 2

Mapping stakeholder and Field result

Stakeholders	Informant	Filed Result
Governance	1. BAPPEDALITBANG	1. Support the development of ecotourism as a regional development coordinator.
	2. DISPARBUD	2. Leading sector in tourism development in the region.
	3. DISPUPR	3. Infrastructure development (roads, bridges)
NGO	1. PT. Sawit Sumbermas Sarana	1. The provision of supporting infrastructure and facilities to support Ecotourism Village Tangkahen.
	2. USAID Lestari	2. Provide assistance and training for village communities related to village forests and ecotourism
	3. BUMDes	3. Provide financial assistance for the construction of tree houses
Civil society	The Institution Of Village Forest Management Tangkahen	Protect forest area, develop the potential of the forest without damaging it, and prohibit all forms of destruction of the forest by anyone

Source: Formed by authors

If the results of this study are associated with collaborative governance theory (Ansell and Gash, 2008), they can be used to develop better ecotourism, as follows:

The initial condition

Referring to the opinion (Lahat and Sher-Hadar, 2020; Mukhlis, Rahmatunnisa and Yuningsih, 2019), the initial condition is one of the keys to success in running a mechanism focused on implementing the issued policy by the government. The initial condition of Tangkahen ecotourism was a production forest area, then received appreciation and support from the Pulang Pisau Regency Government, and a strong desire by the village community to protect their village forest, then with the issuance of a Decree of the Ministry of Environment and Forestry Number P .83 / MENLHK / SETJENKUM.1/10/2016.

Institutional design

Referring to a more detailed explanation of the institutional design according to (Lestari and Jannah, 2017; 2016) where the institutional design includes 8 (eight) parts of the design which are effective participation of each stakeholder and support of resources, lack of democratization in the forum, targets, the ineffectiveness of the discussion mechanism for each stakeholder, the trust in government agencies, the realization of any agreement, the resolution of conflicts and the ways of governance in society.

Leadership

Leadership here to take the leadership shown by the Pulang Pisau Regency Government, represented by the PPS Working Group, and to the Pulang Pisau Regency Culture and Tourism Office. Referring to the opinion expressed by (Agbodzakey, 2020; Hsieh and Liou, 2016) leadership in collaborative government must be built and can also receive input and suggestions from various parties which of course have their own goals.

Collaborative process

Referring to opinions (Piatak et al., 2018; Widhanarto et al., 2013) provide clearer information about this collaborative process, which emphasizes trust in institutions and commitment. The Pulang Pisau Regency government provides space for the private sector and the community to collaborate in Tangkahen eco-tourism development by carrying out the mandate of the Ministry of Environment and Forestry (KLHK) in forest management and continuing to be committed to the goal of ecotourism development.

Factors Influencing the Development of Tangkahen Village.

In the development of ecotourism, the Pulang Pisau Regency Government provides a lot of support to the Tangkahen village community and this has received the support of various stakeholders. Of course it cannot be separated from various factors that influence its development. The factors that influence the development of Ecotourism in Tangkahen Village so far based on the results of research by field researchers are as follows

a. Development Priorities

In interview with the Head of the Pulang Pisau Regency Tourism and Culture Office, that the development of ecotourism in Tangkahen Village is not a priority in tourism development, even though Tangkahen Village Ecotourism is included in the target of tourism development. Kurung Park as a district city icon that is a priority for development

b. Lack of community participation

The participation of the Village community Tangkahen in supporting the development of Ecotourism is very necessary, to any meeting to discuss the development of ecotourism, the community is choosing to perform activities miner sand zircon which happened along the river, with the assumption that following the meeting day the same just lost money Rp. 200.000,-. And the Village community Tangkahen most livelihoods are as the sand miners zircon, this job was a long time ago made by the people of the Village Tangkahen.

c. Facilities and Infrastructure in the department related

Human Resources (HR) is one very important factor in an organization, institution, or company. Human resources are also the key that determines the progress or decline of a company. Human resources in the form of humans who are employed in an organization as movers, thinkers, and planners to achieve the goals of the organization itself. The Culture and Tourism Office of Pulang Pisau Regency as the leading sector, is an agency that is nationally responsible for such as promotion, preparation of tourism needs, research, and tourism information. As the leading sector this service lacks the number of personnel and performance support facilities.

Based on the results of the field research, the researchers got insufficient information about the existence of Tangkahen Village ecotourism, both those listed in the Pulang Pisau Regency brochure or in the internet. In addition, there are still some Pulang Pisau people who do not know about the existence of the Tangkahen Ecotourism Village in the Pulang Pisau area.

CONCLUSION

The conclusion of the research of stakeholder collaboration is that stakeholder collaboration in fact works partially, although basically helping each other, but the problem of strategic target budgets in each agency makes collaboration difficult. The factors that affect the ecotourism development process include 3 components, namely development priorities, lack of community participation, existing facilities and infrastructure in related agencies, promotion of Tangkahen Village ecotourism which can hinder development of ecotourism goods. Besides that, the initial improvement can be done through promotion to the wider community about the existence of this Tangkahen Village ecotourism village through social media or print media or entering national news.

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СПІВПРАЦЯ СТЕЙКГОЛДЕРІВ У ПРОЦЕСІ РОЗВИТКУ ЕКОТУРИЗМУ СЕЛА ТАНГКАГЕН У РЕГІОНІ ПУЛАНГ-ПІСАУ ЦЕНТРАЛЬНОЇ БОРНЕО

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Індонезія відома своїми різноманітними панорамами природної краси, які спокушають туристів відвідати країну. Різні природні туристичні напрямки в Індонезії є улюбленими напрямками для місцевих та іноземних туристів. Це, звичайно, величезний потенціал для розвитку індонезійського туризму. Уряд також розпочав просувати програми екотуризму як туристичного напрямку для мандрівників в Індонезії. Екотуризм є одним з екологічно чистих видів туризму, надаючи пріоритети аспектам збереження природи, аспектам соціально-культурного розширення можливостей, економіці місцевої громади та аспектам навчання та освіти, а розвиток екотуризму є одним з найкращих напрямів для порятунку лісів від техногенної шкоди. Співпраця між зацікавленими сторонами, які беруть участь у розвитку екотуризму – це спосіб реалізації політики уряду щодо розвитку екотуризму. Ця стаття має на меті проаналізувати співпрацю між зацікавленими сторонами у розвитку екотуризму в селі Тангкаген у районі Пуланг Пісау, центральна провінція Борнео. У цьому дослідженні використовуються якісні описи, методи збору даних використовують інтерв'ю, спостереження та документацію. Відповідно до результату, існують розбіжності у стратегічній місії кожної зацікавленої сторони, а розвиток екотуризму залежить від регіональних фінансів. Підтримуючими факторами для цієї співпраці є роль менеджера з екотуризму, а також традиційних релігійних лідерів у селі та дуже сильна роль керівника робочої групи для пришвидшення розвитку туризму.

Ключові слова: співпраця, спільне управління, стейкголдери, екотуризм, розвиток.

Hikmah, N., Larasati, E., Purnaweni, H. and Yuniningsih, T. (2021), “Collaboration of stakeholders in the development of ecotourism of Tangkahen village in Pulang Pisau regency of Central Borneo”, *Management and entrepreneurship: trends of development*, 2(16), pp. 31-41. Available at: https://doi.org/10.26661/2522-1566/2021-1/16-03.

СОТРУДНИЧЕСТВО СТЕЙКХОЛДЕРОВ В ПРОЦЕССЕ РАЗВИТИЯ ЭКОТУРИЗМА СЕЛА ТАНГКАГЕН В РЕГИОНЕ ПУЛАНГ-ПИСАУ ЦЕНТРАЛЬНОЙ БОРНЕО

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Индонезия известна своими разнообразными панорамами природной красоты, которые соблазняют туристов посетить страну. Различные природные туристические направления в Индонезии являются излюбленными направлениями для местных и иностранных туристов. Это, конечно, огромный потенциал для развития индонезийского туризма. Правительство также начало продвигать программы экотуризма как туристического направления для путешественников в Индонезии. Экотуризм является одним из экологически чистых видов туризма, предоставляя приоритеты аспектам сохранения природы, аспектам социально-культурного расширения возможностей, экономике местной общины и аспектам обучения и образования, а развитие экотуризма является одним из лучших направлений для спасения лесов от техногенной вреда. Сотрудничество между заинтересованными сторонами, участвующих в развитии экотуризма – это способ реализации политики правительства по развитию экотуризма. Эта статья имеет целью проанализировать сотрудничество между заинтересованными сторонами в развитии экотуризма в селе Тангкаген в районе Пуланг Писау, центральная провинция Борнео. В этом исследовании используются качественные описания, методы сбора данных используют интервью, наблюдения и документацию. В соответствии с результатом, существуют различия в стратегической миссии каждой заинтересованной стороны, а развитие экотуризма зависит от региональных финансов. Поддерживающими факторами для этого сотрудничества являются роль менеджера по экотуризму, а также традиционных религиозных лидеров в селе и очень сильная роль руководителя рабочей группы для ускорения развития туризма.

Ключевые слова: сотрудничество, совместное управление, стейкхолдеры, экотуризм, развитие.

PUBLIC ADMINISTRATION

RECEIVED:
3 March 2021
ACCEPTED:
3 April 2021
RELEASED:
20 June 2021

UDC 339.544

DOI 10.26661/2522-1566/2021-1/16-04

THE DUAL MARGIN OF CHINESE AGRICULTURAL PRODUCTS EXPORT TO JAPAN

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Abstract. The purpose of the article is to investigate the reasons for the decline in trade activity between China and Japan, considering the fact that China is the largest source of Japanese agricultural products imports. Agricultural products trade plays an important role in the economic and trade relations between China and Japan, and the proportion of China's agricultural products exports to Japan's exports is increasing year by year. However, after 2013, China's agricultural exports to Japan have shown a downward trend year by year. What are the reasons for this change in trade? What is the structure of China's agricultural exports to Japan? This is a problem that must be understood. This article uses the HS4 quantile code data of China's agricultural exports to Japan from 2010 to 2019 by the United Nations Commodity Trade Statistics Database (UN Comtrade), and applies the binary marginal decomposition method to analyze China's agricultural exports to Japan. The results show that China's agricultural exports to Japan In export growth, the marginal contribution of expansion is weak, while the marginal contribution of intensive is larger. After further decomposing the intensive margin into the quantity margin and the price margin, it is found that the growth of China's agricultural exports to Japan is mainly due to the rapid growth of the quantity margin, while the price margin does not contribute much to export growth. In the future, if China wants to expand its exports of agricultural products to Japan, it must become familiar with and adapt to the access standards of the Japanese market as soon as possible, increase the added value of agricultural products, and enhance the comprehensive competitiveness of agricultural exports to Japan.

Keywords: agricultural products, export trade, expansion margin, intensive margin.
JEL Classification: F1 F12, F14.

INTRODUCTION

China and Japan are the world's major agricultural products trading countries, and both are important agricultural product trading partners. In recent years, Japan has surpassed ASEAN to become China's largest agricultural product export market. China is also the largest source of

Japanese agricultural product imports. With the implementation of the "Belt and Road" initiative, more and more countries and regions have joined the cooperation framework agreement, Japan has become an important economic partner of China, and the agricultural trade relationship has also become an important part of the economic and trade relationship between China and Japan. Through the study of China's agricultural exports to Japan in the past 10 years from 2010 to 2019, we believe that there are two stages in general, namely the growth stage from 2010 to 2012 and the slow decline stage from 2013 to 2019. With diversified development, can China's agricultural exports to Japan continue to grow? We must deeply analyze the dual margin of China's agricultural exports to Japan and study whether China's agricultural exports to Japan are mainly intensive growth or extensive growth. This article is based on the United Nations International Trade Standard Classification (HS) and the use of the United Nations Commodity Trade Statistics Database (UN Comtrade) 2010-2019.

LITERATURE REVIEW

The dual marginal research framework of trade growth comes from the new trade theory represented by Melitz (2003), which decomposes export growth into extended margins and intensive margins, providing a new perspective for the study of trade growth methods. In recent years, the literature on the use of this method to study the growth of agricultural exports has continued to emerge.

Based on the CEPII-BACI database, using the customs statistics of the "Belt and Road" countries from 2002 to 2017 as a sample, from the perspective of the survival of trade relations, a dual marginal analysis of the growth of China's agricultural exports is carried out of the study, conducted by Li Xingchen and Liu Hongman (2020). The results show that in terms of the expansion margin, the types of agricultural exports from China to the "Belt and Road" countries have grown rapidly, and the utilization rate of export relations has increased at a higher rate. At the same time, a large number of new relationships have entered while a large number of existing relationships have been disrupted. On the other hand, the marginal aspect of intensiveness has contributed more to the growth of China's agricultural exports. The increase in the survival rate of export relations can not only promote the growth of export volume, but also improve the stability of export growth (Wang Ling and Zhang Mei, 2020). Using relevant data on agricultural exports from China and Russia from 2003 to 2017, to study the dual margin of agricultural trade between the two countries, and to analyze the trends and trends in the expansion and intensive margins of agricultural exports between the two countries, influencing factors can be indicated. The research results show that in the agricultural trade between China and Russia, the expansion marginal contribution of agricultural exports is greater; the intensive margin of China's agricultural exports to Russia is higher than that of Russia's agricultural exports to China; the economic scale and production efficiency contribute to bilateral agricultural exports between China and Russia The margin of intensiveness has a positive impact and has a negative impact on the expansion margin. Therefore, the Chinese government should expand the types of agricultural products, encourage innovation in agricultural products, continue to implement the "Belt and Road" initiative, and expand Sino-Russian agricultural trade (Peng Shiguang and Zhang Yue, 2020). To conduct a dual marginal study on the export growth of Chinese products and to analyze the impact of factor endowment differences on the dual margin of exports the HK measurement method is using. The results show that the rapid growth of Chinese exports mainly comes from the number-led intensive marginal pull, the expansion margin and the price index's contribution to export growth continue to increase; in economies of different levels of development and the markets of major trading countries, the number-led intensive margin is also the main driver of China's export growth.

In terms of impact effects, the impact of factor endowment differences on the dual margin of exports is different. Therefore, improving China's domestic factor resources and promoting the diversification of export products are effective methods to reduce resistance to export trade (Sang Mengqian and Wang Ling, 2020). With reference to the research methods of Hummels and Klenows, and based on relevant data from the CEPII-BACIHS 2002 database, this paper analyzes the dual margin of China's export growth to emerging market countries from 2003 to 2017.

The study found that China's export growth to emerging market countries mainly relies on the intensive margin, and the expansion margin has been relatively stable; the dual margin of China's export growth to emerging market countries has shown different upward trends, and the dual margins of each country are different. Significant factors, but basically relying on the intensive margin to drive export growth, are: economic scale, trade costs, trade resistance, productivity level and other factors. All of them affect China's exports to emerging market countries, and different factors have different effects. Based on this, countermeasures and suggestions can be put forward, such as focusing on technological innovation, improving the logistics system, and increasing the productivity of enterprises (Wang Sheng and Ren Xiaochang, 2019). Based on China's export data to 21 major aquatic product trading countries from 2000 to 2016, the PVAR model was used to test the impact of the dual margin on China's aquatic product export growth. The results show that, when the expansion margin is basically stable, the impact of the intensive margin on the growth of China's aquatic product exports is negative, that is, the export growth brought about by the intensive margin is diminishing, which shows that the continuous and stable export of Chinese aquatic products cannot be achieved by relying on the intensive margin alone increase. Therefore, we should start with product quality and added value to change the structure of China's aquatic products export (Xiang Songlin, 2019).

Through research on trade between China and countries along the "Belt and Road", it is found that after the implementation of the "Belt and Road" initiative, the growth of China's export trade with countries along the route has been significantly increased, as well as the expansion of new products and new markets. At the same time, the implementation of the "Belt and Road" initiative has differences in promoting the trade growth of countries along the route. For example, it has a greater impact on the intensive marginal growth of the "Silk Road countries on the land", while the expansion of the "Silk Road countries on the sea" has a greater marginal effect. The growth is higher in this case (Yang Fengmin, Wen Feng and Wei Linghui, 2019).

Using the HS-92 version of the United Nations Commodity Trade Database HS-92 (agricultural product data), based on the theory of enterprise heterogeneity, research on China's export to ASEAN agricultural products trade shows, that China's intensive margin of agricultural exports to the ASEAN market is smaller than the expansion margin, but the contribution rate of the intensive margin is higher than the contribution rate of the expansion margin. Moreover, the impact of each variable on the intensive margin and the expansion margin is different, and the impact of trade costs and the relative agricultural productivity of the importing country on the dual margin are both negative. The relative GDP of importing countries and the scale of agricultural economy have a positive effect on the intensive margin of China's agricultural exports to the ASEAN market, but have a negative effect on the expansion margin (Li Na, 2018).

To measure quantitatively and to test empirically the dual marginal effect of China's export trade, the author proposes to use the trade gravity model. As a result, the intensive margin and the expansion margin show an increasing trend over time in China's export trade, but the contribution of the intensive margin is greater than the expansion margin. The dual marginal effect of China's export trade is positively correlated with the size of the importing country and China's economy, and is negatively correlated with bilateral trade costs and bilateral trade resistance (Zhu Lina, 2017). Data from the United Nations Trade Statistics database, research on non-tariff barriers to China's agricultural exports and the dual margin of exports from 1992 to 2014 show that non-tariff barriers hinder the export of Chinese agricultural products; however, different types of non-tariff barriers have different effects on trade, and the effects of non-tariff barriers on different types of products are significantly different, while the impact on cereals is not significant. The export of fish, meat, fruit and vegetable products has a significant inhibitory effect; the non-tariff barriers set by countries of different developed levels have significantly different effects on China's exports. The non-tariff measures of developed countries have a significant inhibitory effect on China's exports. The impact of non-tariff barriers in low- and middle-income countries on China's agricultural exports is not significant.

PAPER OBJECTIVE

China and Japan are very close geographically. Due to China's large population, Japan, as an island country, is not suitable for the large-scale cultivation and production of agricultural products. Therefore, both China and Japan are major agricultural products trading countries in the world. Japan is an important market for China's agricultural exports, China is the largest source of Japanese agricultural imports, and agricultural trade occupies an important position in the total bilateral trade.

However, through research on China's agricultural exports to Japan in recent years, it is found that the trade volume has increased first and then slowly declined. Then, in the current period when China's agricultural exports are geographically diversified, what is the trade structure of China's agricultural exports to Japan? What factors have affected China's agricultural exports to Japan? These questions state the paper objective. This article uses the dual marginal research model to divide export growth into expansion margins and intensive margins, analyzes the trade structure and influencing factors of China's agricultural exports to Japan, and makes recommendations for expanding the development of agricultural trade between the two countries.

METHODOLOGY

This article uses the extended marginal (EM) and intensive marginal (IM) measurement models proposed by Hummels and Klenow, and uses the HS4 quantile code data of China's agricultural exports to Japan from 2010 to 2019 by the United Nations Commodity Trade Statistics Database (UN Comtrade) to export to China. The article analyzes the expansion and intensive margins of Japanese agricultural products, studies the structure of agricultural exports, and improves China's competitiveness in Japanese agricultural exports.

RESULT AND DISCUSSION

The status of China's agricultural exports to Japan

As it can be seen from Figure 1, the changes in China's agricultural exports to Japan from 2010 to 2019 can be divided into two stages: The first stage is the rapid growth stage from 2010 to 2012, when China's agricultural exports to Japan have increased from USD 9.43 billion in 2010 to USD 12.34 billion in 2012 – an increase of 30.86%. The Japanese market continues to be more attractive to China's agricultural exports. The second stage is a period of overall decline from 2013 to 2019. China's agricultural exports to Japan have increased from USD 11.53 billion in 2013 and fell to USD 10.51 billion in 2019 – an overall decrease of about 10%. The Japanese market's attractiveness to Chinese agricultural exports continued to decline.

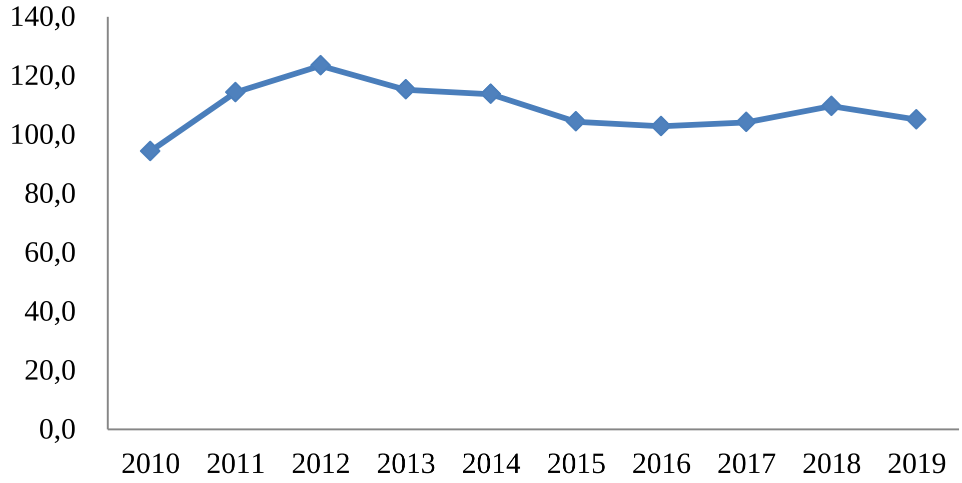

Figure 1. 2010-2019 China's agricultural exports to Japan

Source: United Nations Commodity Trade Statistics Database, 2020.

Share of Chinese agricultural exports to Japan in China's total agricultural exports

As can be seen from Figure 2, the proportion of China's agricultural exports to Japan in China's total agricultural exports from 2010 to 2019 is similar to the changes in China's agricultural exports to Japan. It can also be divided into two stages:

Phase 1 (2010-2012) – the growth stage, when China's agricultural exports to Japan accounted for the proportion of China's total agricultural exports from 14.96% in 2010 to 15.72% in 2012;

Phase 2 was a slow decline stage from 2013 to 2019. The proportion of total exports dropped from 13.48% in 2013 to 11.24% in 2019, showing a slow downward trend overall. The above changes indicate that since China proposed the "Belt and Road" initiative in 2013, China's agricultural export market has developed a diversified strategy. As a result, China's agricultural exports rely on a single market and will continue to change.

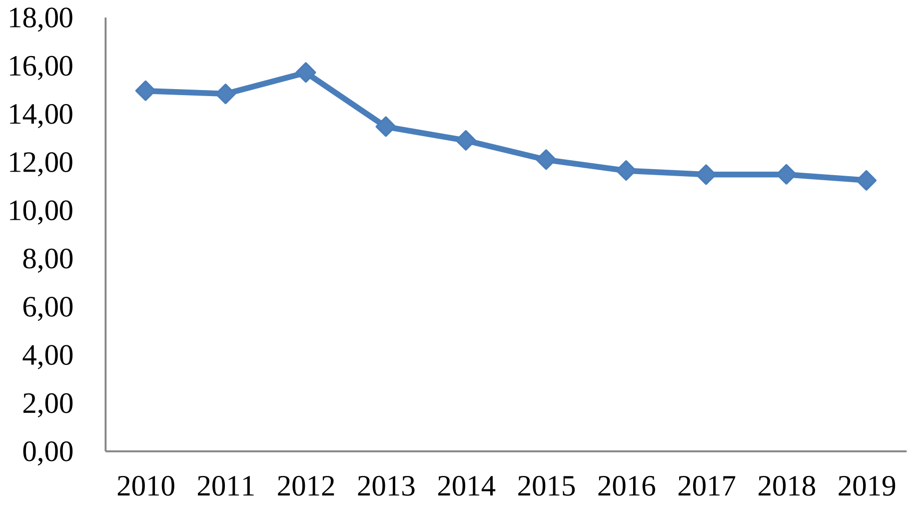

Figure 2. Share of Chinese agricultural exports to Japan in China's total agricultural exports

Source: United Nations Commodity Trade Statistics Database, 2020.

Lingling, Wu, Fuli, Ch. and Fenghe, Zh. (2021), "The dual margin of Chinese agricultural products export to Japan", *Management and entrepreneurship: trends of development*, 2(16), pp. 42-53. Available at: https://doi.org/10.26661/2522-1566/2021-1/16-04.

The dual margin of Chinese agricultural products export to Japan

1. Binary marginal research methods

The dual marginal research mainly studies the trade growth of a country from the expansion margin and the intensive margin (which can be decomposed into the price margin and the quantity margin). The calculation formulas for the expansion margin and the intensive margin are as follows:

$$EM_{jm} = \frac{\sum_{i \in l_{jm}} P_{rm} X_{rm}}{\sum_{i \in l_{rm}} P_{rm} X_{rm}} \quad (1)$$

$$IM_{jm} = \frac{\sum_{i \in l_{jm}} P_{jm} X_{jm}}{\sum_{i \in l_{jm}} P_{rm} X_{rm}} \quad (2),$$

where EM_{jm} represents the expansion margin of country *j's* agricultural exports to country *m*,
IM_{jm} represents the intensive margin of country *j's* agricultural exports to country *m*,
P_{rm} represents the price of agricultural exports
X_{rm} represents the quantity of agricultural exports
r represents the world,
l_{jm} represents country *j* to *m* and the set of types of agricultural products exported by the country,
l_{rm} represents the set of types of agricultural products exported by the world to country *m*, $l_{jm} \in l_{rm}$. The larger the expansion margin, the more abundant the types of agricultural products exported from country *j* to country *m* is.
Intensive margin can be decomposed into price margin and quantity margin:

$$IM_{jm} = P_{jm} Q_{jm} \quad (3)$$

$$P_{jm} = \prod_{i \in l_{jm}} \left(\frac{P_{jm}}{P_{rm}}\right)^{W_{jm}} \quad (4)$$

$$Q_{jm} = \prod_{i \in l_{jm}} \left(\frac{X_{jm}}{X_{rm}}\right)^{W_{jm}} \quad (5),$$

where P_{jm} represents the price margin of country j's agricultural exports to country *m*,
Q_{jm} represents the quantity margin of country *j's* agricultural exports to country *m*.
The calculation method of the weight W_{jm} is as follows:

$$W_{jm} = \frac{\frac{S_{jm} - S_{rm}}{\ln S_{jm} - \ln S_{rm}}}{\sum_{i \in l_{jm}} \frac{S_{jm} - S_{rm}}{\ln S_{jm} - \ln S_{rm}}} \quad (6),$$

where S_{jm} represents the proportion of the amount of *i-th* agricultural products exported from country *j* to country *m* in its total agricultural exports,
S_{rm} represents the proportion of the *i-th* agricultural products exported from country *m* in the world to its total agricultural exports among the overlapping agricultural products.

2. Results of Binary Marginal Analysis

We use formulas (1) and (2) to calculate the binary marginal values of Chinese agricultural exports to the Japanese market. The results are shown in Table 1. From 2010 to 2019, the expansion margin of China's agricultural exports to Japan tends to decline in general fluctuations. The average annual growth rate is 89.16%, and the average expansion margin is 0.771, indicating the China's agricultural exports to Japan and the world's agricultural exports to Japan. The similarity is relatively high, and China's agricultural exports to Japan are more diverse and cover a wide range, which shows that the contribution of the expansion margin to the growth of China's agricultural exports to Japan is extremely weak. From the perspective of the types of Chinese agricultural products exported to Japan, according to the HS 4-digit code, the types of Chinese agricultural products exported to Japan from 2010 to 2019 are: 168, 173, 167, 162, 157, 160, 162, 165, 165, 167. In the past 10 years, the change was not large, showing a slight downward trend.

The intensive margin of China's agricultural exports to Japan declined first and then increased. It increased from 0.121 in 2010 to 0.127 in 2019, an average annual increase is of 0.55%. Therefore, it can be said that China's share of agricultural exports to Japan from 2010 to 2019 has overall trend to decline, including both the expansion margin and the intensive margin. Further decomposing the intensive margin into price margins and quantity margins, the margins of China's agricultural exports to Japan declined slightly in volatility, with an average annual decline of 7.82%. However, it is worth noting that from 2010 to 2019, except for 2015, the price margins of other years and the export price margins are all greater than 1, which shows that China's agricultural export prices to Japan are generally lower than the world average. Except for 2011, the overall margin of China's agricultural exports to Japan has shown an increasing trend, which shows that the number of Chinese agricultural exports to the Japanese market is increasing year by year.

Table 1

The expansion and intensive margins of China's agricultural exports to Japan from 2010 to 2019

Years	Extended margin	Intensive margin		
		overall	Price margin	Quantity margin
2010	0.792	0.121	2.475	0.051
2011	0.820	0.138	2.692	0.053
2012	0.788	0.147	2.532	0.062
2013	0.761	0.142	1.824	0.074
2014	0.730	0.139	1.925	0.067
2015	0.748	0.131	0.846	0.143
2016	0.764	0.126	1.398	0.083
2017	0.767	0.125	1.742	0.066
2018	0.764	0.125	2.454	0.056
2019	0.773	0.127	2.483	0.057
Growth（%）	-0.28	0.55	0.04	1.31

Source: Authors' calculations, based on the UN Comtrade database.

An analysis of the factors influencing the growth of China's agricultural products exports to Japan based on the dual margin

1. Model setting and variable description

Studies have shown that the contribution of the extended margin to the growth of China's agricultural exports to Japan is relatively weak, and the intensive margin is the main factor in the growth of China's agricultural exports to Japan. In the next step, we further quantify the contribution of the extended margin and the intensive margin to the growth of agricultural exports, using linear regression analysis to analyze and set the time series data model as:

$$L_nV_t = \beta_0 + \beta_1 L_nEM_t + \beta_2 L_nIM_t + \mu_t \quad (7),$$

where V represents China's agricultural exports to Japan,
EM and IM are the extended margin and the intensive margin, respectively,
t refers to the period from 2010 to 2019,
β_0 is the intercept term,
μ_t is the random disturbance term.

2. Calculation results

It can be seen from Table 2 that for the unit root test of the total sample, the level series of all variables have a unit root, which is an unstable time series. However, after the first-order difference, they all reach a plateau, which is a first-order single integer variable.

Table 2

Unit root test of statistical variables

	Fisher – ADF		Fisher – PP		
Variable	Statistics	P	Statistics	P	conclusion
LnV	-4.103	0.0062	-3.873	0.1632	unstable
D(LnV)	-3.768	0.0430	-2.715	0.0315	stable
LnEM	-2.179	0.9148	-2.196	0.9113	unstable
D(LnEM)	-4.156	0.0008	-3.504	0.0013	stable
LnIM	-3.924	0.6422	-3.947	0.6301	unstable
D(LnIM)	-4.731	0.0037	-4.699	0.0041	stable

Source: Authors' calculations

According to the "EG-ADF test" proposed by Engle and Granger (1987), we conduct a total sample cointegration test on whether there is a stable long-term relationship between the expansion margin, the intensive margin and the export value of agricultural products. Regress with LnEM and

LnIM as the dependent variables and LnV as the independent variable, and then separately test the stationarity of the regression residuals.

From the test results in Table 3, we can see that there is a long-term equilibrium between the extended margin, the intensive margin, and China's agricultural exports to Japan relationship.

Table 3

Residual error stationarity test

Regression variable	ADF Statistics	P	Conclusion
LnEM and LnV	-4.7134	0.0092	stable
LnIM and LnV	-4.1659	0.0016	stable

Source: Authors' calculations

The result obtained of setting the model according to formula (7) to perform linear regression, is shown in formula (8), which indicates that the equation has a higher degree of fit and better overall significance.

$$L_nV_t = 4.533 + 0.347L_nEM_t + 1.057L_nIM_t \tag{8}$$

At a significance level of 1%, the coefficient of the variable LnIM is greater than 1 and significant, indicating that the intensive margin has a significant positive effect on the growth of China's agricultural exports to Japan. However, the coefficient of the variable LnEM is 0.347 – although greater than 0, which is not significant and also shows that the contribution of the expansion margin to the growth of China's agricultural exports to Japan is weak.

CONCLUSION

The dual marginal analysis method was used to analyze the situation of Chinese agricultural exports to the Japanese market. The results showed that China's agricultural exports to Japan mainly depend on the intensive margin, and the contribution of the expansion margin is weak. For every 1% increase in the intensive margin, it exports to Japan's agricultural products. The amount will increase by an average of 1.06%. We further decompose the intensive margin into price margin and quantity margin. From the perspective of growth, the average annual growth rates of price margin and quantity margin from 2010 to 2019 are 0.04% and 1.31%, respectively. This shows that China's agricultural exports to Japan mainly increase depend on the expansion of numbers.

Relying solely on quantitative export growth to expand the growth mode of agricultural exports is not conducive to the improvement of China's terms of trade with Japan's agricultural products. Therefore, during the period of deepening agricultural production reform, for the Chinese government, in order to promote the sustained and healthy development of China's agricultural exports to Japan, it is necessary to further expand the pragmatic cooperation between China and Japan in the agricultural field. While China and Japan are strengthening trade in agricultural products, their cooperation in agriculture should develop in the fields of agricultural science and technology innovation, agricultural products and food processing technology, food quality and safety, etc. Only by deepening practical cooperation in various fields of agriculture, it is conducive to strengthening the trade exchanges between the two countries and further activating the growth potential in agricultural trade. For Chinese agricultural product export enterprises, they should become familiar with and adapt to the access standards of the Japanese market as soon as possible. Through innovative marketing, create green agricultural products and improve the quality of agricultural products, accelerate the transformation and upgrading of agricultural export trade, and continuously improve the comprehensive competitiveness of agricultural exports to Japan.

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ПОДВІЙНА МАРЖА ЕКСПОРТУ КИТАЙСЬКОЇ СІЛЬСЬКОГОСПОДАРСЬКОЇ ПРОДУКЦІЇ ДО ЯПОНІЇ

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У цій статті використовуються дані квантільного коду HS4 для сільськогосподарського експорту Китаю до Японії з 2010 по 2019 рік з бази даних UN Comtrade, а також застосовується метод двійкового граничного розкладання для аналізу експорту сільськогосподарської продукції Китаю до Японії. Результати показують, що в зростанні сільськогосподарського експорту Японії граничний внесок розширення слабкий, в той час як граничний внесок інтенсивного виробництва більше. Після подальшого розкладання інтенсивної маржі на кількісну маржу і цінову маржу було виявлено, що зростання сільськогосподарського експорту Китаю до Японії в основному пов'язане з швидким зростанням кількісної маржі, в той час як цінова маржа не вносить великого вкладу до зростання експорту. У майбутньому, якщо Китай хоче розширити свій експорт сільськогосподарської продукції до Японії, він повинен якомога швидше ознайомитися зі стандартами доступу на японський ринок і адаптуватися до них, підвищити додану вартість сільськогосподарської продукції та підвищити всебічну конкурентоспроможність експорту сільськогосподарської продукції до Японії.

Ключові слова: сільськогосподарська продукція, експортна торгівля, запас розширення, інтенсивна маржа.

Lingling, Wu, Fuli, Ch. and Fenghe, Zh. (2021), "The dual margin of Chinese agricultural products export to Japan", *Management and entrepreneurship: trends of development*, 2(16), pp. 42-53. Available at: https://doi.org/10.26661/2522-1566/2021-1/16-04.

ДВОЙНАЯ МАРЖА ЭКСПОРТА КИТАЙСКОЙ СЕЛЬСКОХОЗЯЙСТВЕННОЙ ПРОДУКЦИИ В ЯПОНИЮ

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В этой статье используются данные квантильного кода HS4 для сельскохозяйственного экспорта Китая в Японию с 2010 по 2019 год из базы данных UN Comtrade, а также применяется метод двоичного предельного разложения для анализа экспорта сельскохозяйственной продукции Китая в Японию. Результаты показывают, что в росте сельскохозяйственного экспорта Японии предельный вклад расширения слаб, в то время как предельный вклад интенсивного производства больше. После дальнейшего разложения интенсивной маржи на количественную маржу и ценовую маржу было обнаружено, что рост сельскохозяйственного экспорта Китая в Японию в основном связан с быстрым ростом количественной маржи, в то время как ценовая маржа не вносит большого вклада в рост экспорта. В будущем, если Китай хочет расширить свой экспорт сельскохозяйственной продукции в Японию, он должен как можно скорее ознакомиться со стандартами доступа на японский рынок и адаптироваться к ним, повысить добавленную стоимость сельскохозяйственной продукции и повысить всестороннюю конкурентоспособность экспорта сельскохозяйственной продукции в Японию.

Ключевые слова: сельскохозяйственная продукция, экспортная торговля, запас расширения, интенсивная маржа.

PUBLIC ADMINISTRATION

RECEIVED:
9 March 2021
ACCEPTED:
9 April 2021
RELEASED:
20 June 2021

UDC 351.72

DOI 10.26661/2522-1566/2021-1/16-05

EFFECT OF BUDGET EFFICIENCY ON ECONOMIC GROWTH

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Abstract. This study is aimed to find and analyze a comparison of the region's ability to carry out budget efficiency, the relationship between regional expenditure and regional original revenue, and analyze the relationship of budget efficiency in creating Gross Regional Domestic Revenue (GRDP). Qualitative methodology is used to analyze the data by comparing and analyzing the ratio of efficiency relative from several regions. Through the Data Envelopment Analysis (DEA) approach and Linear Regression Testing, the results are seen as follows: first, there is a comparison of efficiency between districts/cities in budget management, where Pontianak City is a benchmark for districts/cities in West Kalimantan Province. Second, there is a significant positive relationship between the amounts of expenditure with the amount of Local Original Revenue. Third, there is a significant and positive relationship between budget efficiency and Gross Regional Domestic Revenue (GRDP) growth. The effort to maximize the budget in improving the Regional Original Income (ROI) can be done through giving motivation/awareness of society in paying tax and retribution, what can be achieved by optimizing the system of information and technology which are available and by the improvement of competency of apparatus resources.

Keywords: regional budget efficiency, city efficiency, gross regional domestic revenue, revenue growth, regency comparison.
JEL Classification: E620, H720, H760.

INTRODUCTION

The efficiency of government expenditure is one of the problems that attracted attention in several countries. It is related to the government expenditure in the cases of the developed country, which most of it focuses on the measurement of public expenditure. It reflected from the several researches, such as the research implemented by Gupta, Verhoeven and Tiongson (2001) which tested the efficiency of the government expenditure for education and health. The research that implemented on the period of 1984-1995 showed the average expenditure in these two sectors is inefficient. This also analyzed by Ouertani et al., (2018) in Saudi Arabia while in the period of 1988-2009. This finding implies the improvement of the public expenditure is not guaranteed by the improvement in education or health.

Meanwhile in Indonesia, the efficiency of local government (PEMDA) in particular, lately becomes the attention of Minister of Finance. PEMDA is able to realize the efficient expenditure, because fiscal decentralization designed with the assumption that regional government knows the needs and conditions of every region. PEMDA also hoped to embody the expenditure which has spent the funding according to the society needed in every region. Decentralization, basically is the structuring policy management mechanisms with bigger authority to the region in order to have more effective and efficient governance and implementation of development (Aritenang, 2012). Related to the efficiency of expenditure problem, especially local government spending, the Ministry of Financial, Sri Mulyani Indrawati, referred many of the budget allocations in the Regional Revenue and Expenditure Budget (RREB) that are still inefficient.

LITERATURE REVIEW

According to Sri Mulyani, it is still the regional governments which spend the funding only to pay the fees or expenditure of employee (Riswan and Kesuma, 2014). The central government each year allocates the funding transfers to the regional and village funding (TKDD) in bigger number. In 2020, the central government allocates Rp 858,8 trillion or around 34% from total State expenditure as much as Rp 2.528,8 trillion for TKDD. According to the Ministry of Financial, the portion of personnel expenditure in the RREB reaches 36% for budget for goods and business trips as much as 13,4%, while for the office services shopping reaches 17,5% from total regional budget. Besides, from 389 PEMDA, most of it gives the additional income allowance to Regional State Civil Apparatus which varies and often found the additional unrelated allowances with the performance and bureaucracy reformation. Thus, more than 75% of the RREB has been allocated for various salary and operational expenditures (Syadullah, 2019).

In the Constitutions Number 32 and 33 of 2004 mandate an autonomous authority in order for the region implemented the development in all fields. The implementation of autonomous region is the process which requires the involvement of all elements and levels of society, with giving the authority to regional government in implementing the regional financial management. One important aspect of the implementation of regional autonomy which must be regulated carefully is the problem of regional financial management and RREB (Deviani, 2016).

RREB are the regional government annual financial policies which arranged and based on the prevailing statutory provisions or some various other balances with the aim to make preparation, observation, control and evaluation of regional expenditure budgets easy (Nugroho and Rohman, 2012). The other RREB can be the facilities for the certain party to see or know the ability of good region in terms of income and spending. The general phenomenon which faced by most of the local governments in Indonesia in regional finance is relatively small role (contribution) of ROI in the structure of Regional Revenue and Expenditure Budget (RREB). The cases are appointed through the district/city in West Kalimantan (Nurabiah, 2018).

Moreover, the RREB structure can be seen on how much ROI contributes to total regional revenues and from which posts it provides the big contribution on the development and regional income (Harliza and Anitasari, 2017). Hence, from the locally-generated revenue the reflections of the regional economic are potential. It is not excessive if the central government becomes ROI as the criteria in the giving of regional autonomous.

The Regional Revenue and Expenditure Budget (RREB) stipulated based on the regional regulation are in line with the purpose of country and also consistent with the State Revenue and Expenditure (SRE). RREB must made accordance with society, means the benefits of regional financial management must be felt by the community as much as possible. RREB are one instrument of policy which used as the tools to improve the public services and community welfare in the area (Kusmila, Mukhzarudfa and Yudi, 2018).

The understanding related to the system of planning and budget preparation is very important, not only to get the expenditure projections but to get the advice to the making of policy related to the eligibility and desirability of a particular budget proposal, from the macro and micro economy. The other words, it is ease to control the government expenditure at the point of budget preparation "hulu" than after the implementation of budget (Israwan, Surarso and Frikhin, 2016).

According to Regulation of the Minister of Home Affairs (Permendagri) Number 21 of 2011, RREB is the planning of regional government annual financial plans which explains and approves by regional government and DPRD and stipulated with the regional regulation. RREB are the main policy instrument for the regional regulation. The budget is also used as the tools to determine the large income and expenses (Samekto, 2012).

The government expenditure is the tools to strength the good society capacity in health, education or budget. The government expenditure is the main indicator in growth and development of a nation. The biggest variant in this indicator highlights several country's approaches to deliver goods and the public service, and gives the social protection. Realizing the importance the effect of several indicators above, so the government spending efficiency indicators becomes very important (Soamole, 2013).

The Regional Expenditure General Policy referred to the government regulation Number 25 of 2000 related the authority of government and province as the autonomous region. Based on the budget principal, the regional expenditures are prepared using a performance budget approach oriented to the achievement of result (output) from input which planned (Solihin and Lesatri, 2010).

The regional expenditure used to the funding the implementation of government affairs which becomes the authority of province consist of the obligatory affairs, optional affairs, and affairs handled in certain sections or fields can be implemented along with Government, Government of Province and government of district and city. Since 2001, arranging the budget using the Performance-based Budgeting System, the performance budgeting which is a system of funding which prioritize the effort of reaching the output work result from the planning of funding allocation or the settled input (Yushkov, 2016). The basic difference from the performance budget with the long system is sourced from the expenditure which allocated only from the decentralization budget. So, the responsibility of District head concentrates especially on the budgets.

In the Permendagri Number 13 of 2006 referred that the regional expenditure are all the expenditure from the regional general cash account which reduced the current fund equity and the obligation of regional in a year which will not obtained reimbursed by the region. There are the expenditure of government consist of: 1) indirect expenditure and direct expenditure Articles 36 and; 2) Local government financing Article 18.

To improve the contribution of government expenditure especially through the procurement of goods/services on the economic growth, it is necessary to ensure that all government expenditures are properly absorbed. The implementation on the effort to guarantee the expenditure of the building infrastructure is needed to be done in the right time, realizing this is very important as one of determiner of the government's economic performance (Wibowo, 2014).

This is still becomes the main public highlight which related the expenditure allocation proportionality which still dominated the consumption than the allocation of development investment spending and basic infrastructure. The minimum the quality of government infrastructure spending is often considered as the biggest barrier of building which not optimal, one is causes by the bad performance of bureaucracy in procurement of goods/services, especially in the field of infrastructure construction procurement (Azwar, 2016).

PAPER OBJECTIVE

This research aimed to know and analyze the effect of the relationship of budgeting efficiency on the Gross Regional Domestic Income (GRDP).

METHODOLOGY

These research implements two steps, the first step is to assess the level of expenditure efficiency of the District/city in the West Kalimantan as the output variable, while the input variable is the direct expenditure, indirect expenditure and the Regional Financing.

This research is qualitative analysis which compares and analyzes the ratio of efficiency relative from several regions. The second step implements the associative explanatory research which explains the effect of the independent variable on the dependent variable qualitatively through the hypothesis proof, in order to see the level of influence of Regional Expenditure Efficiency as an independent variable. The dependent variable is economic growth of District/city in the West of Kalimantan provinces.

This research was implemented in the entire District/city on the west Kalimantan province within 4 months. There is the type of data used in this research: the data time series for 5 years from 2014 to 2019. The data used in this research is secondary research as the data is obtained by the other party published by several other agencies in the form of documentation and the official archives. The secondary data in this research taken from the BPS or other publication including data are: 1) direct expenditure; 2) indirect expenditure; 3) regional expenditure; and 4) economic growth.

Analysis Method

Analysis of Panel Data Regression

This research is using panel data regression which is between data cross section and data time series, where the same unit crosses section which assesses the different time. While, the type of other data is data time-series and data cross-section to the data time series, one or more variable will analyze on one unit observation in the certain time. Thus, data cross-section is the analysis of observation unit in one point time.

Research Variables

Ratio of Regional Financial Relative Efficiency

To obtain relative efficiency ratio in this research Data Envelopment Analysis (DEA) is used. The method was discovered in 1978 by Charnes A, Cooper W.W. and Rhodes E. in the journal of Operational Research entitled “Measuring the Efficiency of Decision Making Units (DMU)”. The journal defines the steps in taking the efficiency which can be used in evaluating the decision taking units. DEA is the technique based on the linear programs to evaluate the relative efficiency from the unit to taking decision, with how to compare between DMU one with other DMU which has the benefit of the same resources to produce the same output where the solution from the models indicates productivity or efficiency of a unit or other units. The end purpose of DEA means as the method to evaluate the performance and benchmarking (Israwan, Surarso and Frikhin, 2016).

The meaning of ratio efficiency is the ratio which describes the comparison between input and output or expenditure realization with regional revenue realization. The smaller this ratio, the more efficient, and vice versa, the result from the comparison above then compared between the number of city districts which becomes the comparing between another. Where the efficient value between district and city will becomes a benchmark for others. So, the relative efficiency value will found between $0 < x < 1$, which means if the ratio value is closer to 1 more efficient and vice versa.

There is the input which is explained as follows:

1. RREB expenditure

RREB arranged as the government guidance in arranging the acceptance or expenditure. There are the purposes of RREB: 1) helps the regional government to reach the fiscal purpose; 2) improves the regulation or also coordination of every part involved in the regional government environment; 3) creates efficiency on the provision of goods and services; 4) creates priority of regional government expenditure.

The functions of RREB according to the Permendagri Number 13 of 2006 are as follows:

1) The authorization function: RREB can implement the profit and regional expenditure in the year concerned.

2) The planning function: RREB become guidance for management in planning activities in the concerned year.

3) The oversight function: RREB is able to assess whether the activities of local government administration are in accordance with the stipulated regulation.

4) Allocation function: RREB is directed to create the job vacancy or to reduce the unemployment, improving the efficiency by the effectiveness of economy.

5) Distribution function: RREB pays attention to justice or property.

6) The stability function: RREB becomes the tools to maintain the balance of economic fundamentals in a region.

a. Indirect expenditure

The expenditure group as stipulated to Permendagri Number 13 of 2006 Article 36 Paragraph (1a) – are the budgeted spending which is not directly related with implementing the program and activity. The indirect expenditure group, as means in the Article 36 Paragraph (1a), is related to expenditure type which consists of:

a. employee expenditure;
b. flower;
c. subsidy;
d. hibah (grant);
e. social assistance;
f. profit sharing expenditure;
g. financial assistance;
h. unexpected shopping.

b. The direct expenditure

Direct expenditure group means the expenditure which budgeted shopping related directly with implementing the program and activity in RREB District/city, the direct expenditure group from the activities according to the Permendagri Number 13 of 2006 Article 36 Paragraph (1b) is divided into 3 types of expenditure as follows:

1) personnel expenditure;
2) spending on goods and services;
3) capital expenditure.

c. The Regional Equity Participation

The Equity capital is in the form of government investment to the business entity which obtains the ownership rights, including the establishment of a limited liability company. This implied in the Article 1 Paragraph 3 of the government regulation of Republic Indonesia Number 1 of 2008 related to the Government investment.

2. Regional Original Income (ROI).

The regional original income (ROI) is divided into 4 groups of income:

1) regional taxes;

2) regional retributions;

3) the result of management of assets owned by the region, which includes three parts namely:

a) share of return on equity participation in provincially – or municipally-owned corporations (BUMDs);

b) share of profit on equity participation in state-owned enterprises (BUMNs);

c) share of profit on equity participation in Private companies.

4) The regional original income (ROI) which officially comes from the Pemda ownership.

3. The Gross Regional Domestic Product (GRDP)

The Gross Regional Domestic Product (GRDP) can be defined as all goods and services as a result of economic activities carried out in the country regardless of whether the production factors originating from or owned by residents of the area are domestic products from an area of the region concerned.

Income that causes domestic production in the area concerned is due to the value of domestic products which causes different incomes received by residents of the area.

Table 1

Total Regional Original Revenue (ROI) of City Districts in West Kalimantan Province from 2015-2018 (in rupiah – Rp.)

No	District/City	Average
1	SAMBAS	128,905.73
2	BENGKAYANG	44,564.79
3	LANDAK	76,824.61
4	PONTIANAK	66,712.27
5	SANGGAU	111,613.31
6	KETAPANG	153,824.20
7	SINTANG	141,537.88
8	KAPUAS HULU	86,022.62
9	SEKADAU	27,966.26
10	MELAWI	43,027.31
11	KAYONG UTARA	21,921.67
12	KUBU RAYA	131,083.62
13	PONTIANAK City	410,121.39
14	SINGKAWANG	116,121.25

Source: RREB Data Processed

Table 2

City District Economic Growth in West Kalimantan Province from 2015-2018 (percentage)

District/City	2015	2016	2017*	2018**
1. Sambas District	11.226	11.814	12.42	11.544
2. Bengkayang District	4.65	4.889	5.166	5.444
3. Landak District	5.763	6.068	6.383	6.71
4. Mempawah District	4.176	4.426	4.688	4.963
5. Sanggau District	11.047	11.637	12.161	12.705
6. Ketapang District	13.529	14.608	15.661	16.913
7. Sintang District	7.83	8.244	8.683	9.159
8. Kapuas Hulu District	5.301	5.581	5.882	6.189
9. Sekadau District	3.433	3.637	3.849	4.076
10. Melawi District	2.809	2.943	3.084	3.251
11. Kayong Utara District	2.062	2.185	2.304	2.42
12. Kubu Raya District	14.494	15.417	16.427	17.329
13. Pontianak City	20.747	21.801	22.903	24.054
14. Singkawang City	5.64	5.931	6.252	6.547

Source: According to Statistic Indonesia (https://www.bps.go.id/)

Table 3

Total Expenditures for the Average RREB of Municipalities in West Kalimantan Province from 2015-2018 (in rupiah – Rp.)

No	District/city	Indirect Expenditure	Direct Expenditure	Inclusion in the Regional Capital	TOTAL
1	KETAPANG	1,024,150.90	953,954.25	2,750.00	1,980,855.15
2	SINTANG	1,009,692.13	735,143.80	18,707.82	1,763,543.75
3	KAPUAS HULU	817,266.08	810,748.37	22,125.00	1,650,139.45
4	SAMBAS	894,105.66	693,700.15	1,125.00	1,588,930.81
5	PONTIANAK City	628,057.66	883,399.81	15,747.91	1,527,205.38
6	SANGGAU	809,486.92	584,809.25	8,625.00	1,402,921.17
7	KUBU RAYA	732,846.40	655,949.33	11,405.77	1,400,201.50
8	LANDAK	640,819.44	667,317.24	6,093.75	1,314,230.43
9	BENGKAYANG	565,449.17	473,607.67	5,812.50	1,044,869.34
10	MELAWI	541,406.64	471,948.96	4,750.00	1,018,105.60
11	PONTIANAK	573,083.36	419,114.16	5,500.00	997,697.52
12	SINGKAWANG	399,399.38	414,571.42	9,968.75	823,939.55
13	SEKADAU	395,220.45	414,518.42	3,570.00	813,308.87
14	KAYONG UTARA	317,801.49	392,406.11	2,000.00	712,207.60

Source: RREB Data Processed

RESULT AND DISCUSSION

Efficiency of Regency / City Budget Management

Indirect expenditure

Indirect expenditure group means the group which is divided according to the type of expenditure which consists of: personnel expenses; flower; subsidy; grant; social assistant; profit sharing spending; financial assistant; unexpected shopping.

In 2015-2018 the highest average value was in Ketapang Regency of Rp. 1,024,150,900,000; and the lowest value was in North Kayong District of Rp. 317,801,490,000.

Direct expenditure

The direct expenditure group means the budgeted shopping that is directly related with the implementation of program and activity in district/city of RREB. The direct expenditure group is a form the activity that consists of: personnel spending; goods and services spending; capital spends.

In 2015-2018 the highest average value was in Ketapang Regency of Rp. 953,954,250,000; and the lowest value wass in North Kayong District of Rp. 392,406.110,000.

Equity Participation

The Equity Participation is the form of the Government Investment to the business entity with ownership rights, including the establishment of a limited liability company and/or the incorporate company. This implied in the Article 1 Paragraph 3 in Republic of Indonesia Government Regulation Number 1 of 2008 concerning the Government investment. The highest value in 2015-2018 was in the Sintang District of Rp. 18.707.820.000 and the lowest value was in the North Kayong District as much as Rp. 2.000.000.000.

The regional original income (ROI)

ROI is divided into four income groups:

1) Local tax which consists of the taxes of hotels, restaurants, entertainments, billboards, street lighting, extracting of group C minerals, and parking.

2) Regional retributions.

3) The results of the management of assets owned by the region, which are:

a) share of return on equity participation in BUMDs;

b) share of profit on equity participation in BUMNs companies;

3) share of return on the equity participation on the private companies;

4) other ROI which officially comes from the PEMDA. For instance, the proceeds from the sale of regional assets that are not separated current accounts, interest income, receipts for regional compensation claims and others.

The highest average value of the ROI in 2015-2018 was in the Pontianak of Rp. 410.121.390.000; and the lowest value was in the North Kayong District of Rp. 21.921.670.000.

District / City Budget Management Efficiency Ratio

Based on the two data above (Expenditures and ROI) through the Data Envelopment Analysis approach, it is possible to assess the value of financial efficiency in each district/city as follows:

Table 4

District / City Regional Financial Relative Efficiency Value in West Kalimantan Year 2015-2018 (in rupiah – Rp.)

No	District/City	2015	2016	2017	2018	Average
1	PONTIANAK City	1.00	1.00	1.00	1.00	1.00
2	SAMBAS	1.00	0.67	1.00	0.63	0.83
3	KETAPANG	1.00	0.95	0.55	0.68	0.80
4	KUBU RAYA	0.72	0.35	0.68	1.00	0.69
5	SINGKAWANG	0.76	0.52	0.58	0.65	0.63
6	PONTIANAK	0.44	1.00	0.57	0.45	0.62
7	SANGGAU	0.95	0.31	0.44	0.40	0.53
8	SINTANG	0.40	0.28	0.32	0.85	0.46
9	LANDAK	0.36	0.23	0.51	0.36	0.37
10	SEKADAU	0.24	0.04	0.12	1.00	0.35
11	BENGKAYANG	0.30	0.45	0.19	0.28	0.31
12	MELAWI	0.21	0.19	0.40	0.34	0.29
13	KAPUAS HULU	0.25	0.15	0.32	0.20	0.23
14	KAYONG UTARA	0.19	0.10	0.33	0.26	0.22

Source: RREB Data Processed

This can be seen from the average efficiency value of Pontianak City which has the most stable efficiency value, which is 1 (one). Pontianak City can be a benchmark for efficiency for other regions. This can be seen through the graph of the output approach in table 4 where the city of Pontianak is compared to other regions that are maximally efficient with their inputs. In other words, Pontianak City can maximize input which consists of indirect expenditure of Rp. 573.083.360.000, Direct Shopping Rp. 419.114.160.000, and capital investment of Rp. 5,500,000,000 to obtain Regional Original Income (ROI) of around Rp. 410.121.390.000.

The lowest efficiency value is found in North Kayong District of 0.22. In other words, North Kayong Regency has not maximized inputs consisting of indirect expenditures of Rp. 317.801.490.000, Direct Shopping of Rp. 392,406.110,000 and Equity Participation of Rp. 2.00.000.000 to obtain Local Original Income (ROI) of around Rp. 100 billion.

Table 5

Efficiency Relationship in Creating Economic Growth

SUMMARY OUTPUT					
Regression Statistics					
Multiple R			0.6467		
R Square			0.4182		
Adjusted R Square			0.4074		
Standard Error			0.5104		
Observations			56.0000		
ANOVA					
	df	***SS***	***MS***	***F***	***Significance F***
Regression	1.0000	10.1112	10.1112	38.8146	0.0000
Residual	54.0000	14.0670	0.2605		
Total	55.0000	24.1783			

Y= Gross Regional Domestic Income (GRDI)
X= Efficiency

	Coefficients	Standard Error	t Stat	P-value
Intercept	2.4854	0.1085	22.8993	0.0000
LN Efficiency	0.6168	0.0990	6.2301	0.0000

Source: Own Study

Analysis of the Efficiency Relationship in Creating Economic Growth

It was found that there was a significant and positive relationship between Gross Regional Domestic Product (GRDP). This equation can be written in the statistical test results / *t count* as follows:

Table 6

The Gross Regional Domestic Income

	Coefficients	Standard Error	t Stat	P-value
Intercept	2.4854	0.1085	22.8993	0.0000
LNEfficiency	0.6168	0.0990	6.2301	0.0000

Equation; y = 2,4854 + 0,6168x

This can be defined if the increase in efficiency by 1 percent will increase in the amount of GRDP of 0.6168 percent. These results are not in accordance with the research conducted by (Sianturi, 2014) and (Djohan, Hasid and Setyadi, 2020). However, this study supports research conducted by (Rarung, 2016) in the city of Manado.

Analysis of Regional Capacity in Conducting Budget Efficiency

Comparison of Total Expenditure with ROI

If budget sorting is done, then the highest budget value is in Ketapang Regency, the highest average value is Rp. 1,980,855,150,000; and the lowest budget value is in North Kayong District of Rp. 712,207,600,000.

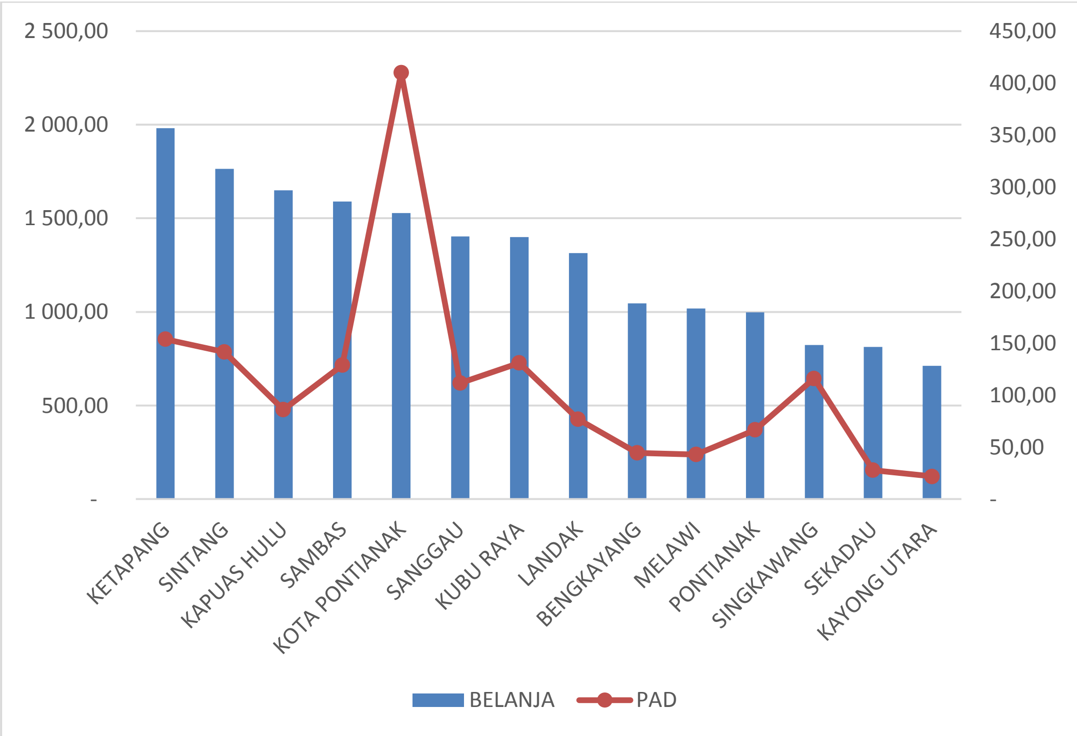

Figure 1. Graph of Comparison of Amount of Expenditure with ROI of Regency/City in West Kalimantan Province Kalimantan

Source: RREB Data Processed

If seen, the condition of segregation of Regional Original Income (ROI) does not follow the pattern of regional expenditures, where the highest ROI is in the city of Pontianak with an average of Rp. 410.121.390.000 and the lowest is in North Kayong District with an average of Rp. 21,921,670,000. So this can be reflected that various kinds of budgets have not been able to generate ROI.

This is in line with research conducted by Djohan, Hasid and Setyadi (2020), which further applies variations in government spending that have a significant positive effect on income inequality. This shows that variations in government spending determine the increase in income inequality between districts/cities.

Prediction of Efficiency of ROI in the Output Approach

It seems that the comparison between districts/cities in the most efficient budget management is Pontianak City with an efficiency value that is relatively equal to one, which can be a benchmark for other regions in West Kalimantan Province. Second, the Sambas Regency has an efficiency value of 0.83 with the realization of ROI an average of Rp. 100 billion. Through the output approach, of course, Sambas Regency is able to optimize the budget for Regional Original Income (ROI) which is obtained around Rp. 150 Billion.

The third is Ketapang Regency with an efficiency value of 0.80 with the realization of ROI an average of Rp. 150 Billion. Through the output approach, Ketapang Regency must be able to optimize the budget for ROI which is obtained around Rp. 200 Billion. Fourth is Kubu Raya Regency with an efficiency value of 0.69 with the realization of ROI an average of Rp. 125 billion. Through the output approach, Kubu Raya Regency must be able to optimize the budget for ROI which is obtained on average of Rp. 200 billion.

The fifth is the Singkawang area with an efficiency value of 0.63 with the realization of ROI an average of Rp. 110 billion. Through the output approach, Singkawang City should be able to optimize the budget for ROI which is around Rp. 180 billion. The sixth is the Pontianak Regency area with an efficiency of 0.62 with the realization of ROI an average of Rp. 60 billion. Through the output approach, Pontianak Regency must be able to optimize the budget for ROI which can be obtained around Rp. 120 billion. The seventh is the Sanggau Regency area with an efficiency value of 0.53 with the realization of ROI an average of Rp. 110 billion. Through the output approach, Sanggau Regency must be able to optimize the budget for ROI which is obtained around Rp. 250 billion.

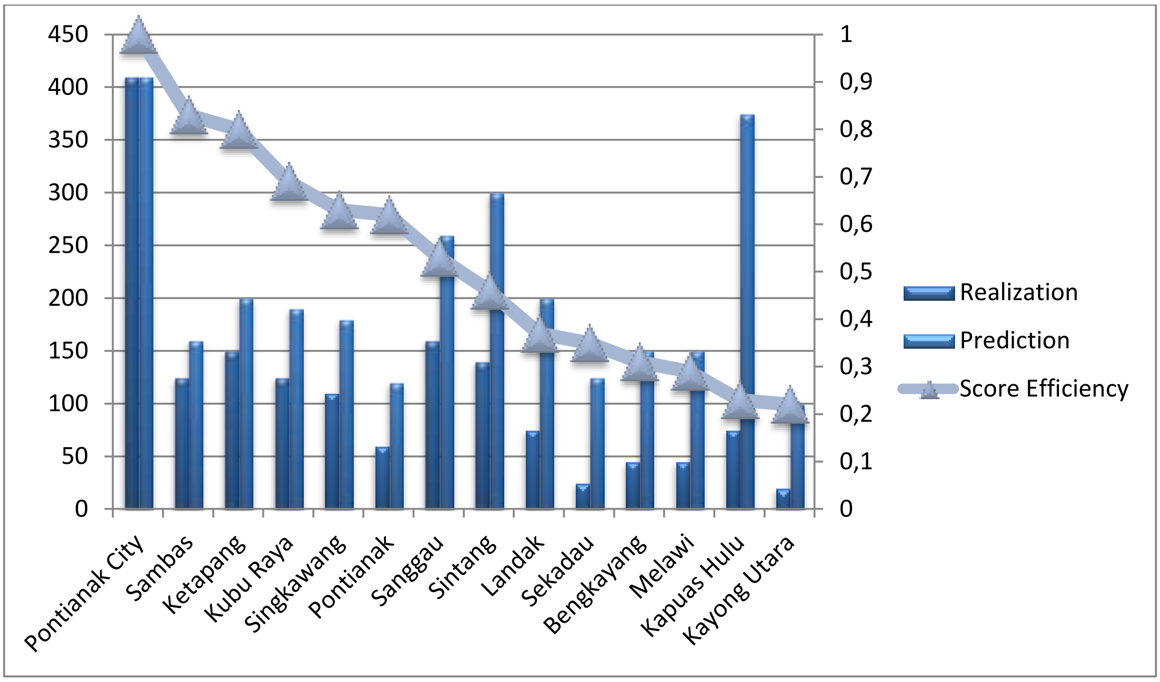

Figure 2. Graph of Comparison of Average Realization and Prediction of Regency/City Original Revenue in West Kalimantan Province

Source: RREB Data Processed

The eighth is the Sintang Regency area with an efficiency value of 0.46 with the realization of ROI an average of Rp. 140 billion. Through the output approach, Sintang Regency must be able to optimize the budget for ROI which is obtained around Rp. 300 billion. The ninth is the Landak District area with an efficiency value of 0.37 with the realization of ROI an average of Rp. 75 billion. Through the output approach, Landak Regency should be able to optimize the budget for ROI which can be obtained around Rp. 200 billion. The tenth is the Sekandau District area with an efficiency value of 0.35 with the realization of ROI an average of Rp. 25 billion. Through the output approach, Sekandau Regency must be able to optimize the budget for ROI which is obtained around Rp. 125 billion.

The eleventh is the Bengkayang Regency area with an efficiency value of 0.31 with the realization of ROI an average of Rp. 45 billion. Through the output approach, Bengkayang Regency must be able to optimize the budget for ROI which is obtained around Rp. 150 billion.

The twelfth is an area of Melawi Regency with an efficiency value of 0.29 with an average ROI of Rp. 45 billion. Through the output approach, Melawi Regency must be able to optimize the budget for ROI which is obtained around Rp. 150 billion. The thirteenth is the Kapuas Hulu Regency area with an efficiency value of 0.29 with the realization of ROI an average of Rp. 75 billion. Through the output approach, Kapuas Hulu Regency should be able to optimize the budget for ROI which is around Rp. 375 billion.

The fourteenth is the area of North Kayong District with an efficiency value of 0.22 with the realization of ROI an average of Rp. 20 billion. Through the output approach, North Kayong Regency should be able to optimize the budget for ROI which is obtained around Rp. 100 billion.

CONCLUSION

It was found that there was a significant and positive relationship between efficiency and Gross Regional Domestic Product (GRDP). This can be seen from the comparison of budgets, so that the highest budget in Ketapang Regency is the highest average value of Rp. 1,980,855,150,000; and the lowest budget value is in North Kayong District of Rp. 712,207,600,000.

If we look at the condition of the ROI it does not follow the pattern of regional spending. Where the condition of the highest ROI is in the City of Pontianak an average of Rp. 410.121.390.000; and the lowest is in North Kayong District with an average of Rp. 21,921,670,000. So this is reflected that the highest budget variance that is able to generate ROI is also larger.

It can be seen that the comparison between districts/cities with the most efficient budget is the city of Pontianak with an efficiency value that is relatively equal to 1 (one), which can be a reference for other districts/cities of West Kalimantan province.

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ВПЛИВ БЮДЖЕТНОЇ ЕФЕКТИВНОСТІ НА ЕКОНОМІЧНЕ ЗРОСТАННЯ

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Дане дослідження мало на меті знайти та проаналізувати порівняння здатності регіону здійснювати бюджетну ефективність, співвідношення між регіональними витратами та регіональними початковими доходами, а також проаналізувати взаємозв'язок бюджетної ефективності у створенні валового регіонального внутрішнього доходу. Для аналізу даних використовується якісна методологія шляхом порівняння та аналізу коефіцієнта ефективності щодо кількох регіонів. Завдяки підходу аналізу обсягу даних та тестуванню лінійної регресії результати бачаться наступним чином: по-перше, проводиться порівняння ефективності між районами / містами в управлінні бюджетом, де місто Понтіанак є еталоном для районів / міст провінції Західного Калімантану. По-друге, існує суттєва позитивна залежність між сумою витрат та величиною місцевого початкового доходу. По-третє, існує значний і позитивний зв'язок між бюджетною ефективністю та валовим регіональним внутрішнім доходом. Заходи для максимізації бюджету для покращення регіонального початкового доходу, можуть бути здійснені шляхом стимулювання / обізнаності суспільства щодо сплати податку, що може бути забезпечено шляхом забезпечення оптимізації наявної інформаційної та технологічної системи та покращенням компетентності апарату ресурсів.

Ключові слова: регіональна бюджетна ефективність, ефективність міста, валовий регіональний внутрішній дохід, зростання доходу, порівняння регентств.

ВЛИЯНИЕ БЮДЖЕТНОЙ ЭФФЕКТИВНОСТИ НА ЭКОНОМИЧЕСКИЙ РОСТ

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Данное исследование имело целью найти и проанализировать сравнения способности региона осуществлять бюджетную эффективность, соотношение между региональными расходами и региональными начальными доходами, а также проанализировать взаимосвязь бюджетной эффективности в создании валового регионального внутреннего дохода. Для анализа данных используется качественная методология путем сравнения и анализа коэффициента эффективности по нескольким регионам. Благодаря подходу анализа объема данных и тестированию линейной регрессии результаты видятся следующим образом: во-первых, проводится сравнение эффективности между районами / городами в управлении бюджетом, где город Понтианак является эталоном для районов / городов провинции Западного Калимантана. Во-вторых, существует существенная положительная зависимость между суммой расходов и величиной местного начального дохода. В-третьих, существует значительная и положительная связь между бюджетной эффективностью и валовым региональным внутренним доходом. Мероприятия для максимизации бюджета для улучшения регионального начального дохода, могут быть осуществлены путем стимулирования / осведомленности общества по уплате налога, что может быть обеспечено путем обеспечения оптимизации имеющейся информационной и технологической системы и улучшением компетентности аппарата ресурсов.

Ключевые слова: региональная бюджетная эффективность, эффективность города, валовый региональный внутренний доход, рост дохода, сравнение регентств.

MARKETING

RECEIVED:
19 April 2021
ACCEPTED:
19 May 2021
RELEASED:
20 June 2021

UDC 339.138

DOI 10.26661/2522-1566/2021-1/16-06

USE OF SOCIAL MEDIA MARKETING IN SMEs: DRIVING FACTORS AND IMPACTS

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Abstract. This study is aimed at exploring the factors that encourage the use of social media marketing in Café & Resto sector, as well as to find out its benefits. Using a descriptive exploratory research approach, an online survey was conducted at Café & Resto sector in Malang City Indonesia. The samples were selected using convenience sampling technique, the respondents were asked to fill out a Google Form which was sent to their social media addresses. A total of 300 cafes and restaurants have been contacted through their social media accounts, which corresponded to 106 respondents. The results showed that the main factors considered by Café & Resto companies in choosing social media marketing were to introduce products to consumers, as the majority of consumers were social media users, to increase the popularity of businesses, and to share information with consumers. Additional factors are the encouragement of competitors who also use social media, and low cost. The main benefits obtained from the use of social media marketing are increased communication with customers, brand awareness and brand image, new customer acquisition, savings in promotional costs, increased sales, and ability to manage dissatisfaction (customer service and feedback). This study has limitations, the number of respondents involved is limited, further research is needed with a wider sample. In addition, further research can be developed by testing the effectiveness of using each social media channel, because each social media channel has different user characteristics and goals.

Keywords: social media marketing, customer communication, brand awareness.
JEL Classification: L1, M31.

INTRODUCTION

The development of technology in recent years has led to changes in consumer purchasing behavior and marketing strategies adopted by business firms. The use of technology such as social media makes it easier for consumers to find information about products or services needed for purchasing decisions (Chen, Lu and Wang, 2017). In the business field, the information technology revolution has led to a change in marketing strategies from conventional approach to the concept of social media marketing.

The development of social media causes changes in communication patterns and affects marketing communication (Hutter et al., 2013). This cannot be avoided as social media can create effective communication and interaction. Social media encourage companies to look for effective ways to improve customer relationships (Quinn, 2016), and customer engagement (Kozinets et al., 2010). Social media are an important part of marketing activities for they provide benefits and opportunities to develop ways of conducting marketing communications (Kaplan and Haenlein, 2010).

The development of information technology has also been accompanied by changes in people's lifestyles, one of which being the habit of gathering in cafes or restaurants. This condition encourages the growth of the Café & Resto business with various innovations, offering not only food and drinks but also a comfortable place and a great view to take photos. According to the Indonesian Café and Restaurant Entrepreneurs Association (Apkrindo) in East Java, the Café & Resto business in East Java Indonesia has grown by 18% (Wahyudi, 2019). According to the Baseline Economic Survey conducted by Bank Indonesia Malang, the situation is similar in Malang City. For 2-3 years, the Café & Resto business has grown in Malang city, although it has not gone along with business sustainability (Malangtimes, 2019).

Nowadays, finding a café or restaurant is not hard. We can find all the information needed from social media, starting from the uniqueness, location, and price. Café & Resto sector generally has youth and adult segments. Thus, social networks are the right promotion medium either to introduce products or services or to popularize their business.

Previous studies have recognized that social media contribute to marketing and sales activities (Marshall et al., 2012; Guesalaga, 2016), increase brand awareness (Ardiansyah and Sarwoko, 2020), build customer relationships (Quinn, 2016), and create value (Garrido-Moreno et al., 2020). However, in the context of SMEs, the challenge is to measure the benefits of using social media (Schultz and Peltier, 2013). Furthermore, there is still limited knowledge about the motives of using social media by SMEs in their marketing activities.

LITERATURE REVIEW

Social media marketing

Social media marketing is marketing and customer management activity using social media (Buttle and Maklan, 2019). Social media marketing is part of digital marketing to facilitate customer interaction with companies and brands in social networks (Hutter et al., 2013; Chaffey, 2015). It is aimed at encouraging consumer interest in a brand (Magasic, 2016), obtaining customer input, and improving customer experience (Jin, Muqaddam and Ryu, 2019). Social networking sites have become platforms that allow interaction between consumers and a brand (Tsai and Men, 2013).

According to Tuten (2020), social media activities can be classified into four groups based on their objectives: social community, commerce, entertainment, and publishing. A social community is a social media activity that focuses on the relationship between users, resulting in two-way communication, conversion, collaboration, and sharing of experience. The social communities include Twitter, Facebook, Instagram, Linkedin, and Reddit (Tuten, 2020). This study has focused on discussing the use of social media as a means of marketing activities. The presence of social media initially had a feature to share experiences and content among users (Ismail, 2017) by displaying photos or videos. However, in its development, social media can also be used by businesses for sharing information about products or brands, promotion, and communication with customers.

The motive for the use of social media marketing

Social media are new communication medium that encourages interaction (Brogan, 2010), and has become a new alternative for communicating with customers. Tsai and Men (2013) argue that social media have evolved into a forum for customers to engage with brands, which has an effect on purchasing decision (Elwalda and Lu, 2016). Social networking has the advantage of being able to communicate with consumers and handle customer service problems efficiently and effectively.

Tsimonis and Dimitriadis (2014) state that the basic motivations for using social media are increasing polarity, competitor presence, and reducing cost. The expected objectives are to interact with customers, to create relationships with customers, to raise brand awareness, and to promote products. Meanwhile, Tsai and Men (2013) explain that relationship motives and encouragement of consumer involvement are important factors in the use of social media. The previous studies have classified social media marketing activities as presented in table 1 below:

Table 1

Motivation to use social media

Motivation to use social media	**Authors**
Understanding the customer; approaching the customer; needs discovery; presentation; close; service and follow-up	Andzulis, Panagopoulos and Rapp (2012)
Entertainment; interaction; trendiness; customization; perceived risk	Kim and Ko (2012); Seo and Park (2018); Godey *et al.* (2016)
Entertainment; social integration; personal identity; information; empowerment; remuneration	Tsai and Men (2013)
Personal factor: competence and individual commitment to the use of social media Situation factor: competence and organizational commitment to social media use, customer engagement.	Guesalaga (2016)
End user; organizational; technological; management business environment	Dahnil *et al.* (2014)
Market research and feedback generation; publicity, branding, and reputation management; business networking; customer service and customer relationship management	Thoring (2011)
Popularity; presence of competitors; cost reduction; technology advances; promotion	Tsimonis and Dimitriadis (2014); Durkin, McGowan and McKeown (2013), Christina, Fenni and Roselina (2019)

Source: Formed by authors

Based on the literature review, the considerations for adopting social media marketing can be grouped into two categories: internal and external factors. Internal factors include promotion (publicity, branding, and reputation), customer involvement, understanding customers, interaction, service and follow-up, cost reduction, popularity, and customer relationship management. External factors include technological developments (trendiness), competition, and consumers or end-users.

Benefits of social media marketing

Social media have evolved into a forum for customers to engage with brands (Tsai and Men, 2013). Thus, purchasing decisions are significantly influenced by this relationship between customers and brands (Elwalda and Lu, 2016). Binienda (2017) explains that social media content can persuade consumers to make purchases.

Table 2

Benefit of social media marketing

Benefit of social media	Authors
Brand awareness, brand loyalty	Barreda *et al.* (2015); Hutter *et al.* (2013); Tsimonis and Dimitriadis (2014); Ismail (2017); Lim, Chung and Weaver (2012); Bilgin (2018)
Purchase intention and purchase decision	Hutter *et al. (*2013); Hudson and Thal (2013); Ardiansyah and Sarwoko (2020); Goodrich and De Mooij (2014); Lin (2013); Jalilvand and Samiei (2012); Guesalaga (2016); Marshall *et al.* (2012); Kristina and Sugiarto (2020)
Customer relationship; brand awareness; customer engagement; increased sales; new customer	Tsimonis and Dimitriadis (2014)
Brand equity (brand awareness & brand image); brand attitude	Langaro, Rita and de Fátima Salgueiro (2018); Seo and Park (2018); Godey *et al.* (2016)

Source: Formed by authors

Several researchers have conducted studies related to the expected goals of using social media marketing for their business as presented in table 2.

PAPER OBJECTIVE

This study was conducted to investigate the factors that encourage SMEs to adopt social media marketing and to find out its benefit.

METHODOLOGY

The study used an exploratory descriptive approach to consider the factors that drive media use in business and the expected benefits of using social media. An exploratory research is useful in situations where available information is limited and researchers want to have the flexibility to explore the research field (Cooper, Schindler and Sun, 2006). The survey was conducted in Café & Resto sector in Malang City, to explore the driving factors for the use of social media as well as the benefits obtained. In this study, data were collected online, making use of social media addresses. Social media accounts of 300 cafes and restaurants were contacted. After a month, 106 responses were obtained.

The research instrument used in this study was adapted from a previous study in the form of closed and open questions, where a manager or an owner of a café or a restaurant needs to explain his / her consideration in using social media and analyze the benefits of using them.

RESULT AND DISCUSSION

Types of Social Media Used

Respondents were asked about the types of social media used in their marketing activities. The used social media are generalized in Table 3.

Table 3

Used Social Media

Social Media	Percentage
Facebook	99%
Instagram	100%
Twitter	78%
Lain-lain	45%

Source: Formed by authors

Social media such as Instagram and Facebook are the types most chosen by Café & Resto sector as marketing media. This fact can be explained by high popularity of Facebook and Instagram. Moreover, they can embrace various segments of users.

Motives for the Use of Social Media Marketing

Respondents were asked about the characteristics of the social media beneficial for their business (Table 4). It is an interesting finding that Café & Resto companies use social media if they want to introduce the brand (95%). Furthermore, they also use social media since most of the intended consumers are social media users (92%). Cafés and restaurants currently do not only serve food and drinks, but also provide places for entertainment, comfortable venue facilities, and attractive place designs for taking photos. Social media are used to make the characteristics of cafés and restaurants recognizable for potential consumers. Social media are the most appropriate choice, for information can be spread among their users, attracting more information accompanied by interesting photos. Café & Resto has a target market and segment among teenagers who are identified as social media users. Social media are used to introduce products/services to their users. This finding supports the previous study that concludes that the function of social media marketing is to support promotional activities via social media (Tsai and Men, 2013).

Table 4

Motive using Social Media Marketing

Motive using social media	Percentage
Popularity	73%
Introduce new product/service	95%
Information	61%
Competitors use social media	45%
Consumers are social media users	92%
Low cost	45%

Source: Formed by authors

Another factor that encourages the use of social media in marketing activities is to popularize business and to provide information about the business to consumers. Café & Resto companies owners use social media in their marketing activities because competitors also use those. Another reason is the low cost of such activities. However, this is not the main consideration in using social media marketing, since only 45% of respondents state that they take into account these two factors.

Benefits of Social Media Marketing

Based on the responses of the owners/managers of the Café & Resto companies, the benefits obtained from the use of social media marketing are summarized in Figure 1.

1. Communication with customers.

The highest benefit obtained by the Café and Resto companies from the use of social media marketing is the improvement of communication with customers. This statement is supported by 65 respondents. The content posted in social media, such as Facebook, Instagram, or Twitter might get responses from the users connected to the account. The users who want to get more information about a product or service can communicate directly through social media. The administrators can respond to various things that social media users want to know about the company.

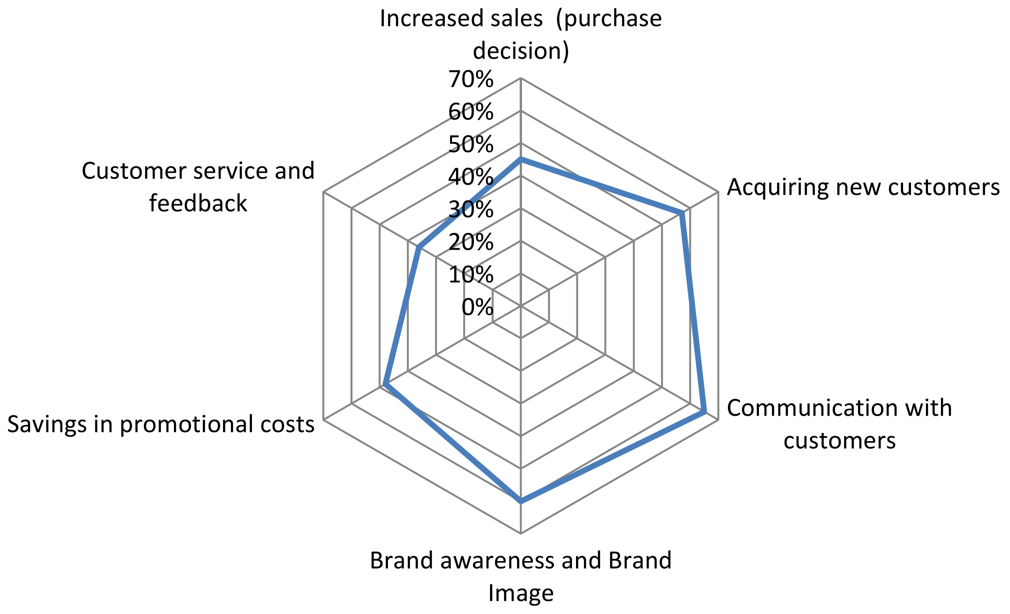

Figure 1. Benefits of Social Media Marketing

Source: Formed by authors

One of the advantages of using social media is the opportunity to get the input from customers and to improve the customer experience (Jin, Muqaddam and Ryu, 2019). Moreover, social media allow interaction between consumers and a brand (Tsai and Men, 2013), as well as customer engagement (Tsimonis and Dimitriadis, 2014). Furthermore, interaction between consumers and companies will provide an advantage of being able to understand consumers, their desires and expectations. Interaction and understanding customers' needs and closeness to them are the goals of social media marketing (Andzulis, Panagopoulos and Rapp, 2012; Godey *et al.*, 2016; Seo and Park, 2018). These findings explain the fact that more effective interaction with customers through social media marketing is one of the reasons for the use of social media marketing.

2. Brand Awareness and Brand Image.

The next highest benefit, according to 65% of Café & Resto companies owners, is that the use of social media can increase brand awareness and brand image (brand equity). Social media marketing can increase customer awareness about the existence of Café & Resto companies, understand the products and services that are characteristic of a certain Café & Resto companies. These characteristics might create the brand image and increase the brand popularity.

The nature of social media users is the occurrence of communication in the user community. They will share content with the connected community, provide recommendations among users. Likewise, the content in social media posted by a Café & Resto company will be shared by one or more social media users with their social communities. Thus, social media marketing will increase brand awareness. This result support prior studies that social media marketing will affect brand awareness (Lim, Chung and Weaver, 2012; Hutter *et al.*, 2013; Tsimonis and Dimitriadis, 2014; Barreda *et al.*, 2015; Bilgin, 2018).

3. Acquiring new customers.

The level of competition in Café & Resto sector has been relatively high in recent years. Thus, attracting consumers has become a hard task for marketers. Social media marketing turns out to be able to carry out its function of attracting new customers and this is the third highest goal (57%) of social media marketing activities at cafés and restaurants. The use of social media provides benefits for businesses since they are able to reach more people. The benefit for the brand is that it can be targeted at a certain social group or community (Tsimonis and Dimitriadis, 2014).

4. Savings on promotional costs.

Respondents acknowledge that one of the benefits obtained from social media marketing is the ability to save on promotional costs, compared to promotion in other media. Tsimonis and Dimitriadis (2014) suggest that one of the goals of using social media is to reduce promotional costs. Social media such as Instagram, Facebook, and Twitter provide options for users to have a personal account (free of charge) or a business (paid) account. Personal accounts tend to function for business to customers (B2C) activities, while business accounts are for business to business (B2B) activities. If social media marketing is focused on customer relations and promotion, personal accounts are still able to carry out their functions. The only weakness of a personal account is its credibility compared to the use of a business account, with an annual fee that is not large compared to promoting via other electronic media.

5. Increased sales (customer intention and customer decision).

The objective of promotional activities is to achieve sales growth; likewise, the social media marketing used by Café & Resto companies can increase sales. Posting content in social media will spread to various social communities, and encourage them to come or visit a café or restaurant, especially if a Café & Resto company is unique and the place is Instagrammable. This finding supports previous studies that social media contribute to marketing and sales activities (Jalilvand and Samiei, 2012; Hudson and Thal, 2013; Hutter *et al.*, 2013; Lin, 2013; Goodrich and De Mooij, 2014; Ardiansyah and Sarwoko, 2020).

6. Handling complaints (customer service and feedback).

Café & Resto is a business that does not only rely on taste but also on quality of service.

Nurfarida, I. N. and Sudarmiatin (2021), "Use of social media marketing in SMEs: driving factors and impacts", *Management and entrepreneurship: trends of development*, 2(16), pp. 70-81. Available at: https://doi.org/10.26661/2522-1566/2021-1/16-06.

Positive or negative responses related to products and services will usually be posted by users in connected social media. A negative response (negative review) will be an advantage for the Café & Resto as an evaluation material or an opportunity to provide feedback.

CONCLUSION

The development of social media requires business people, especially small businesses to adapt their marketing activities. Social media marketing is one of the commonly adopted marketing strategies. The main consideration of cafes and restaurants in utilizing social media marketing is to introduce products to consumers, due to the fact that the majority of consumers are social media users, to increase the popularity of businesses, to post information to consumers. Other reasons for the social media marketing development are its use by competitors and its low cost. The main benefits obtained from the use of social media marketing at Café & Resto SMEs are increased communication with customers, brand awareness and brand image, acquisition of new customers, savings in promotion costs, increased sales and ability to handle complaints (customer service and feedback).

This study provides theoretical implications for developing new marketing strategies, such as social media marketing. Therefore, its effectiveness still needs to be further explored. As for practical contributions, the findings of this study recommend that small businesses must be adaptive to environmental and technological changes. Changing the consumer behavior must be accompanied by the ability of businesses to understand the consumer wants and needs. Social media is able to provide solutions to these needs since a company can organize the two-way communication with consumers using social media.

This study has the limitation for it has only explored social media marketing activities of Café and Resto SMEs. The research on a wider scope is needed to obtain more precise results. Furthermore, future research can also be conducted using comparative studies on the role of each social medium (Facebook, Instagram, Twitter) in marketing results.

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ВИКОРИСТАННЯ МАРКЕТИНГУ СОЦІАЛЬНИХ МЕДІА В МСП: ФАКТОРИ ВПЛИВУ

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Це дослідження спрямоване на вивчення факторів, що стимулюють використання маркетингу в соціальних мережах у секторі Café & Resto, а також на виявлення його переваг. За допомогою описового дослідницького підходу було проведено онлайн-опитування в секторі Café & Resto в місті Маланг, Індонезія. Зразки були відібрані за допомогою зручної методики вибірки, респондентів попросили заповнити форму Google, яка була надіслана на їхні адреси в соціальних мережах. Всього через їхні акаунти через соціальні мережі було встановлено контакт із 300 кафе та ресторанами, що відповідало 106 респондентам. Результати показали, що основними факторами, які розглядають компанії Café & Resto при виборі маркетингу в соціальних мережах, було представлення продуктів споживачам, оскільки більшість споживачів були користувачами соціальних мереж, збільшення популярності бізнесу та обмін інформацією зі споживачами. Додатковими факторами є заохочення конкурентів, які також використовують соціальні мережі, та низька вартість. Основними перевагами, отриманими від використання маркетингу в соціальних мережах, є збільшення комунікації з клієнтами, поінформованість про бренд та імідж бренду, залучення нових клієнтів, економія на рекламних витратах, збільшення продажів та здатність управляти невдоволенням (обслуговування клієнтів та зворотній зв'язок). Це дослідження має обмеження – кількість респондентів, які беруть участь, необхідні подальші дослідження на більш широкій вибірці. Крім того, подальші дослідження можуть бути розроблені шляхом перевірки ефективності використання кожного каналу соціальних мереж, оскільки кожен канал соціальних мереж має різні характеристики та цілі користувачів.

Ключові слова: маркетинг у соціальних мережах, комунікація з клієнтами, проінформованість про бренд.

ИСПОЛЬЗОВАНИЕ МАРКЕТИНГА СОЦИАЛЬНЫХ СЕТЕЙ В МСП: ФАКТОРЫ ВЛИЯНИЯ

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Это исследование направлено на изучение факторов, стимулирующих использование маркетинга в социальных сетях в секторе Café & Resto, а также на выявление его преимуществ. С помощью описательного исследовательского подхода был проведен онлайн-опрос в секторе Café & Resto в городе Маланг, Индонезия. Образцы были отобраны с

Nurfarida, I. N. and Sudarmiatin (2021), “Use of social media marketing in SMEs: driving factors and impacts”, *Management and entrepreneurship: trends of development*, 2(16), pp. 70-81. Available at: https://doi.org/10.26661/2522-1566/2021-1/16-06.

помощью удобной методики выборки, респондентов попросили заполнить форму Google, которая была направлена на их адреса в социальных сетях. Всего через их аккаунты через социальные сети был установлен контакт с 300 кафе и ресторанами, что соответствовало 106 респондентам. Результаты показали, что основными факторами, которые рассматривают компании Café & Resto при выборе маркетинга в социальных сетях, было представление продуктов потребителям, поскольку большинство потребителей были пользователями социальных сетей, увеличение популярности бизнеса и обмен информацией с потребителями. Дополнительными факторами являются поощрение конкурентов, которые также используют социальные сети, и низкая стоимость. Основными преимуществами, полученными от использования маркетинга в социальных сетях, является увеличение коммуникации с клиентами, осведомленность о бренде и имидж бренда, привлечение новых клиентов, экономия на рекламных расходах, увеличение продаж и способность управлять недовольством (обслуживание клиентов и обратная связь). Это исследование имеет ограничение – количество респондентов, необходимы дальнейшие исследования на более широкой выборке. Кроме того, дальнейшие исследования могут быть разработаны путем проверки эффективности использования каждого канала социальных сетей, поскольку каждый канал социальных сетей имеет различные характеристики и цели пользователей.

Ключевые слова: маркетинг в социальных сетях, коммуникация с клиентами, осведомленность о бренде.

ENTREPRENEURSHIP, TRADE AND EXCHANGE ACTIVITIES

RECEIVED:
26 March 2021
ACCEPTED:
26 April 2021
RELEASED:
20 June 2021

UDC 338.242.2 : 334.72

DOI 10.26661/2522-1566/2021-1/16-07

THE ROLE OF BUSINESS INCUBATION IN PROMOTING ENTREPRENEURSHIP AND SMEs DEVELOPMENT

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Abstract. The role of business incubation in fostering entrepreneurship and SMEs development has generated a strong interest among policymakers in recent years. Even among scholars, there is a general consensus that entrepreneurship is pivotal to economic growth in both developing and developed countries. This study investigated the role of business incubators on entrepreneurship and SMEs development in Nigeria. The population of this study comprised of 60 incubatees in Oyo and Lagos State National Board of Technological Beneficiaries (NBTI). Yamane formula was employed to determine the sample size. The sample size for this research study was 60 respondents (30 incubatees in Oyo State and 30 incubatees in Lagos State). The sampling validity was used to access the validity of the data. The study made use of statistical tools which include: analysis of variance (ANOVA) and correlation efficient in testing hypotheses where applicable. The responds gotten from the questionnaire was sorted, coded and the Statistical Packages for Social Sciences (SPSS) was used for the analysis. This study found that business incubation coaching has a positive significant on human capital management towards entrepreneurship performance and also revealed that incubation business knowledge has a positive significant on the sales turnover level of entrepreneurship performance. This research has shown that 70% of the all startup ventures that survive the first three years of operations passed through the incubation programs. The study recommended that the incubation centers should emphasize more on their coaching and technical knowledge, as the result of findings shows that coaching and technical knowledge acquisition contributes 61.3% and 73.6% respectively towards entrepreneurship performance in terms of human capital management and their productivity performance level.

Keywords: business incubation, coaching, human capital management, business knowledge, entrepreneurship performance.
JEL Classification: L26, M53, M1.

Akpoviroro, K. S., Oba-Adenuga, O. A. and Akanmu, P. M. (2021), "The role of business incubation in promoting entrepreneurship and SMEs development", *Management and entrepreneurship: trends of development*, 2(16), pp. 82-100. Available at: https://doi.org/10.26661/2522-1566/2021-1/16-07.

INTRODUCTION

Business incubation from a layman point of view is to help train startup enterprises in order for them to survive the modern business competitive environment (Chen, 2009). Incubator can be seen from the angle of premature birth, when a premature baby would be put in an incubator for a period of time in order for the baby to develop. Such process applies to a startup business that needs to develop and survive the challenges in the modern business environment towards its success (NBIA, 2009). Business Incubation have proven to be an effective tool for promoting economic growth throughout the world, as they serve as catalysts in the process of starting and growing companies by providing entrepreneurs with the expertise, networks, and tools needed to make their ventures successful. Oshewolo (2010) posit that Business Incubation generally in particular contribute to the economic development of a country by the creation of new enterprises, employment increased or creation of job, improvement of industry structure, acquisition, commercialization and/or transfer of technology owned by universities and research institutions, wealth creation, and the promotion of techno-entrepreneurship culture (Naude, 2011; UN Bakar et al, 2015; Okafor et al., 2015; Peter et al., 2004).

Business Incubation is a unique and highly flexible combination of business develop¬ment processes, infrastructure and people, designed to support entrepreneurs and nur¬ture and grow new and small businesses, products and innovations through the early stages of development (Rice, 2002; Omoh, 2015). Small and medium scale enterprises (SMEs) are businesses whose personnel numbers fall below certain limits. Small enterprises outnumber large companies by a wide margin and also employ many more people. The SMEs are responsible for driving innovation and competition in many economic sectors. For instance in Nigeria, SMEs have been able to contribute to Gross Domestic Product (GDP) of the country, helps to reduce unemployment, thereby increasing the standard of living of the people (Omoh, 2015; NBS, 2014; Agboola, 2010). SMEs is considered as an impediment to further economic development and growth, SMEs in Nigeria often fail within their first three years of operations as a result of low technical capabilities, low entrepreneurial skills, limitation of their sizes among others, have been adduced to their low survival rate, therefore as a result of these factors, and for SMEs to survive in this modern age of global market, business incubation programs was introduced to help give advice, assistance and to nurture SMEs for survival(Adegbite, 2001).

Statement of Research Problems

Despite growing popularity of business incubation as a means to stimulate economic development by supporting new ventures, research on the impact of business incubators is underdeveloped and represents an opportunity for conducting research (Hitts et al, 2000). The following problems shall be considered for the purpose of this research. The provision of coaching is an important way in which business incubators assist the development of incubatees. Coaching can be referred to as the provision of training or instructing, seminars, educational workshops, or programs to individual towards enhancing their skill and knowledge (Bhabra et al., 2003; Matuluko, 2015). In the context of business incubation, coaching is closely related to the concept of counseling; counseling is the dissemination of knowledge and advice to entrepreneurs in the domain of business startups (Rice, 2002, Okpara et al, 2011). Business incubators are known to tie incubatees to their network in the aid of knowledge acquisition. Exposure to a variety of actors enhances a new venture's technical knowledge acquisition (Arogundade, 2011). Similarly Hitt et al. (2000) suggest that firms acquire valuable technical knowledge from an external network. If incubators intermediate between incubatees and venture capitalists or other professional service organizations it will allow incubatees to obtain valuable talent and market knowledge (Albort & Ribeiro, 2016;Peters et al,2004). These notions give important insights in the knowledge acquisition process. To take these characteristics into account however, would require in-depth in-sights in the internal characteristics of both the incubatee and incubator. Based on the problem statement, the following research questions are posed (i) what is the effect of business incubation coaching on firms' performance in terms of Human Capital Management? (ii) To what extent does the incubation business knowledge acquisition is related to incubatee sales turnover?

LITERATURE REVIEW

The Concept of Business Incubation

The business incubation concept has been influenced and shaped by three significant economic and technological developments since its inception, and its governance, value proposition and configuration have evolved. In their early development, business incubators were primarily seen as an instrument of urban renewal and community development (Autio et al, 2000; Studdard, 2006). First business incubators were conceived as a result of the difficulty some landlords faced finding tenants for their vacant buildings. These buildings were factories that had curtailed or ceased operation because of industrial restructuring and re-location of production facilities, schools experiencing declining enrolment or other types of buildings left vacant by emigrating companies. Faced with the difficulty of finding a single tenant for the entire building, their owners started partitioning them and renting them out as units to different tenants. Thus the use of the term 'tenant' to describe residents of a business incubator, which emphasizes the rental relationship, is not entirely coincidental (Chan and Lau, 2005; Bollingtoft, 2012). It is a reflection of the focus of the early incubators' activities, although it continues to be used even today when provision of rental space is one of their many activities. Given government concern with revitalizing decaying urban areas and creating employment opportunities in close proximity to where communities lived, combined with the fact that some of these buildings were public property, the early business incubators tended to be joint private-public partnerships or were subsidized by government (Hoang and Antoncic, 2003). In the mid-1980s, in the U.S. the Small Business Administration undertook a number of initiatives to strengthen the incubation movement, including regional conferences, handbooks and newsletters on business incubation, and supporting the formation of a national association (Wiklind and Shepherd, 2003). The World in which research, development and innovation take place has changed fundamentally. Today, open science and open innovation co-exist, creating new opportunities and interdependences (Hamdani, 2006).

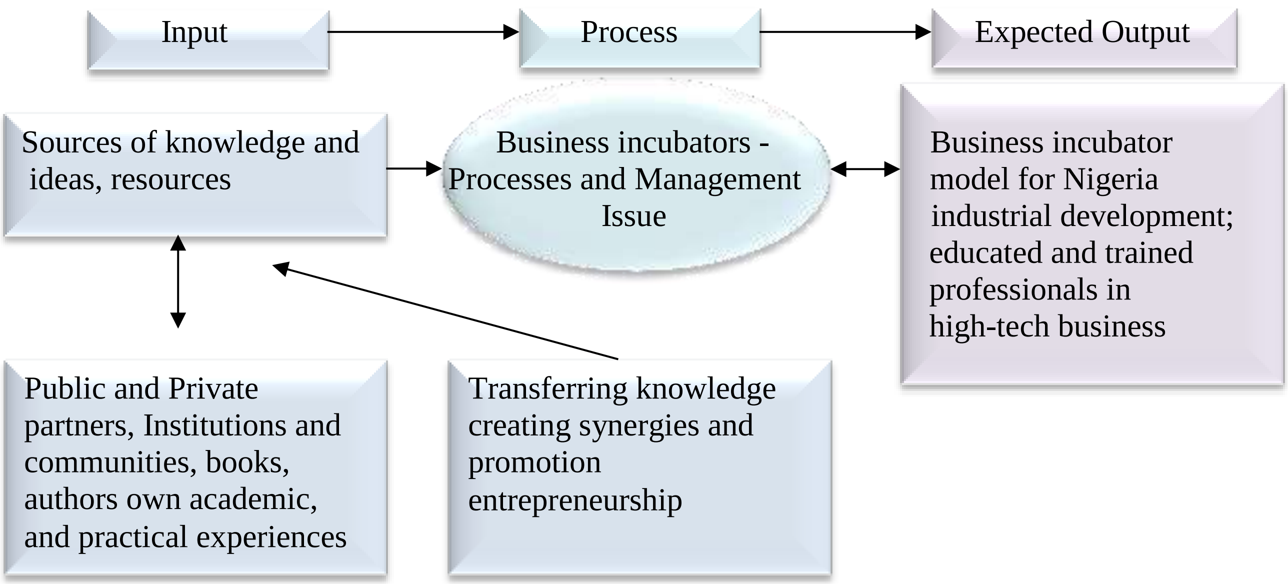

Figure 1. A Conceptual Framework for the Study on the effect of governmental business incubation programs on entrepreneurship performance

Source: Verheugen, G. (2007).

In this conceptual framework, a business incubator is a means to an end, and not an end in itself. Governmental business incubator is proposed as an organization providing infrastructure to support innovative companies overcome the barriers linked to the complexity of the innovation process and creation of new ventures.

Evolution of Business Incubation

The term 'incubator' was derived from the fundamental meaning of the term: The artificial nurturing of the chicken egg in order to hatch them faster in a sheltered environment. The same hatching concept is applied to the incubating of companies; it speeds up new ventures' establishments and increases their chances of success. An incubator thus hatches new ideas by providing new ventures with physical and intangible resources (Bergek and Normann, 2008). Despite the efforts to develop a general definition for business incubation, there are still a variety of models of business incubators. In business incubation, there is some degree of Government, Academia and industry involvement (Adejimola and Olufunmilayo, 2009). The most common classification of business incubators is based on funding. There are those that are: (i) public funded such as those set up by government agencies in science/technology/business parks, research institutions and universities (ii) privately funded such as those in privately run organizations and enterprises. Recent studies introduced the mixed-models of business incubators such as public-private partnerships incubators (Lalkaka, 2003). The first incubator was established in 1959 in Batavia, New York in the United States. Charles Mancuso rented space in his Batavia Industrial Centre to small and starting companies and guided them through their growth process (Mancuso Business development Group, 2005). This concept had since spread to other part of the world for development with significant improvement in the process of conducting it. As at 2000, there were 900 incubators of different categories in the United States (Ardichvili et al, 2003), while in 2006, the number has increased to about 1,200. As per the NBIA estimates, since 1980 the North American incubators have generated 500,000 jobs and every 50 jobs created by an incubator has generated another 25 jobs in the community. Incubator graduates create jobs, revitalize neighborhoods and commercialize new technologies, which strengthen local, regional and even national economies. The survival rates of the U.S. incubators graduates are in the average of 87% and it have also brought down the start-up cost by nearly 40-50 per cent (Tamasy, 2007). Similarly, OECD countries have also reported high survival rate ranging from 80-85 per cent as against 30-35% survival rates of non-incubators start-up firms (Lee, Lee and Pennings, 2001). Today, there are up to 7000 incubators around the globe with close to half in North America and other half spread across Europe, Asia, Latin America and a few in Africa (Omoh, 2015; Matuluko, 2015).

Nature of Business Incubation in Nigeria

The concept of Business Incubation was introduced to the Nigerian Government by UNDP & UNFSTD in 1988. The Federal Government then commissioned a consortium of 3 firms to advise on the desirability and implementation modality (those 3 firms are NISER, OAU and a private consulting outfit). Eventually, the first Technological Business Incubation in Nigeria was established in Agege in 1993, followed by the ones in Kano and Aba in 1994 and 1996, respectively (Nwekeaku, 2013; Oshewole, 2010; Nwabuese and Ozioko, 2011). The choice of these 3 cities was informed by the fact that they are industrial nerve Centers in the regions where they are located. These Centers were established by the Federal Government to be managed by the Federal Ministry of Science and Technology (FMST) and since then, 12 additional canters have been established across the country. As at 2009, the figure has increased to 25 centers which were lower than what China had in 1994 when they started their own and Brazil in 1996 which grew from 2 incubators in 1988 when they started to 38 incubators in 1996 and today has close to 400 (Arogundade, 2011).

The expected benefits of TBIs to the Nigerian Economy are listed as follows (Omoh, 2015; Okafor et al, 2015):

- Promotion of indigenous industrial development;
- Innovation and commercialization of R&D results from Research institutes and knowledge canters;
- Economic diversification through the development of SMEs in manufacturing and services;
- Linkage of SMEs with big businesses by acting as local suppliers thus reducing dependence on imports; and
- Job creation by new SMEs to reduce unemployment.

Reasons for Business Incubation

There are a number of studies in the literature that evaluate the usefulness of the incubators by assessing their value-added contributions. One fact that makes the assessment challenging is the selection of appropriate criteria. On what grounds can an incubator be labeled as successful? Answering this question requires a brief summary of the aims of establishing incubators. Incubators are established and supported for different reasons:

i. **To reduce start-up and early stage operational costs, and the risk of doing business by providing a protective environment for start-ups**. (Al-Mubaraki and Busler, 2010; Thorpe et al, 2005; Alavi and Leidner, 2001; Lalkaka 2003; Hitts, 2000). Most incubators offer managerial and administrative assistance as well as physical infrastructure to their tenants. Previous studies showed that incubator services are important for tenant firms (Barney, 1991). For instance, Adegbite (2001) argues that one of the main reasons behind the low performance of Nigerian incubators is poor and insufficient incubator services. Especially managerial assistance could be an asset to entrepreneurs who lack managerial skills.

ii. **As a means of regional (technology) development policy**. Incubators were used as an effective policy tool in various countries for reducing unemployment, new job and venture creation (Chrisman and Mcmullan, 2004).

iii. **Enhancing university-industry collaboration via university incubators**. Especially in the mid-1990s incubators were established with the aim of increasing commercialization of research and transfer of technology. University incubators also serve as a role model for university students and act as an in-house (part-time) employment opportunity for students (Nwekeaku and Ozioko, 2011).

iv. **Stimulating networking among firms** (e.g. Sweeney 1987; Chrisman and Mcmullan, 2004; Naude, 2011). Tenant firms and entrepreneurs can benefit from peer groups effects. The idea is based on synergies among entrepreneurs who share similar problems, businesses and work environment. For instance, Bakar et al. (2015) argue that among the existing incubator models, the networked incubator (incubators in which networking is organized and deliberately fostered) is likely to be more successful. In a similar manner, Lichtenstein and Brush (2001) argue that firms' success is related to strategic networking. Tenant firms network to access resources and to acquire knowledge.

v. **Reversing or preventing brain drain**. For instance, in Israel high tech incubators were effectively used as a tool for absorbing immigration (Dahlqvist, David and Wiklund, 2000; Bhabra et al. 2003). Between 1989 and 1995 more than 11.000 high skilled scientists and engineers emigrated from the former Soviet Union some of which were employed in incubator firms. Incubators can also help scientists to commercialize their work and to increase the financial means of scientific research. For instance, one particular goal of the Zelenograd Scientific and Technology Park in Russia is to make scientific work financially worthwhile to gain scientists back. Russian science has faced a within country 'brain drain' in the sense that most Russian scholars gave up scientific research for more profitable non-scientific work such as managing western retail stores in Moscow (Barney,1991). Similarly, China established 'Innovation Parks for Returned Scholars' to attract talented researchers and students who live abroad. Various subsidies are provided for returned scholars to set up high technology-oriented businesses in China (Chen, 2009).

Benefits of Business Incubation

The benefits of a well-managed incubator can be many-fold for different stakeholders (NBIA, 2009; Omoh, 2015, Okafor et al, 2015; Agboola, 2010; Lalkaka, 2003):

For tenants: it enhances the chances of success, raises credibility, helps improve skills, creates synergy among client-firms, and facilitates access to mentors, information and seed capital;

For governments: the incubator helps overcome market failures, promotes regional development, generates jobs, incomes and taxes, and becomes a demonstration of the political commitment to small businesses;

For research institutes and universities: the BIC helps strengthen interactions between university-research-industry, promotes research commercialization, and gives opportunities for faculty/graduate students to better utilize their capabilities;

For business: the BIC can develop opportunities for acquiring innovations, supply chain management and spin-offs, and helps them meet their social responsibilities;

For the local community: creates self-esteem and an entrepreneurial culture, together with local incomes as a majority of graduating businesses stay within the area;

For the international community: it generates opportunities of trade and technology transfer between client companies and their host incubators, a better understanding of business culture, and facilitated exchanges of experience through associations and alliances.

Coaching and Knowledge Acquisition

The literature review above reveals that the provision of coaching is an important way in which business incubators assist the development of incubatees. Coaching can be referred to as the provision of training, seminars, educational workshops, or programs (Hitts et al., 2000). In the context of business incubation, coaching is closely related to the concept of counseling; counseling is the dissemination of knowledge and advice to entrepreneurs in the domain of business startups (Rice, 2002). While some studies choose to separate these activities, other studies aggregate them. Because both activities are geared towards the provision of knowledge to incubatees, this study will refrain making subtle distinctions between counseling, consulting, and education. Instead, and similar to other studies, it will aggregately consider these concepts and label it `coaching'. Literature reveals that business incubators provide targeted coaching to incubatees (Alavi and Leidner, 2001; Tamasy, 2007; Studdard, 2006; Udell, 1990). The areas in which incubatees receive coaching and assistance can vary from general business advice to more specific advice in areas such as marketing or finance (Rothaermel and Thurby, 1990; Autio et al, 2000) Bakar et al (2015) assessed business incubators focused on technology development and determined that these incubators provide workshops and transfer programs to incubatees, which can be interpreted as a form of coaching. Similarly, business incubators are suggested to fill knowledge gaps in technology or product and service development (Rice, 2002). In fact, Peter et al, (2004) found that advice by external consultants was generally perceived to be useful and have positive impact on performance of small businesses. Thus, assistance from external advisors allows an incubatee to acquire knowledge. Coaching provided by business incubators to incubatees suggests a way in which incubatees acquire technical and business knowledge.

Theoretical Review

A Real Driven-Options Theory of Business Incubation (David M, 2004).

This theory seeks to predict and explain how business incubators and the process of business incubation increase the likelihood that new ventures will survive the early stages of development. It conceptualizes the incubator as an entrepreneurial firm that sources and macro-manages the innovation process within emerging organizations, infusing these organizations with resources at various developmental stage-gates while containing the cost of their potential failure. The incubator is the unit of analysis while incubation outcomes-measured in terms of incubatee growth and financial performance at the time of incubator exit-provide indicators of success. Our model of the incubation process and specification of the range of possible incubation outcomes offer implications for managerial practice and policy-making *vis-à-vis* incubator management and good entrepreneurial failure. It further asserts that decision-makers create low-cost options to initiate (but not fully commit to) risky investments; subsequent investments are based on reductions in uncertainty and the perceived likelihood of return on option investment.

Structural Contingency Theory (Ketchen, David, Thomas and Snow, 1993)

This theory suggests that the configuration of the incubator must obtain "fit" with environmental needs in order to achieve incubation success. This contingency theory also relate to decision making. According to these models, the effectiveness of a decision procedure depends upon a number of aspects of the situation: the importance of the decision quality and acceptance; the amount of relevant information possessed by the leader and subordinates; the likelihood that subordinates will accept an autocratic decision or cooperate in trying to make a good decision if allowed to participate; the amount of disagreement among subordinates with respect to their preferred alternatives. Although the incubator configuration studies were theoretical, inductive compilations of variables of the incubator-incubation phenomenon, implicitly this approach rests on structural contingency theory. The primary assumption of structural contingency theory is that the configuration of an organization and the external environment must achieve ‘‘fit’’ in order to obtain ‘‘success’’ (Ketchen et al., 1993). Although most configuration studies do not test for success, structural contingency theory provides a theoretical underpinning for the often asserted need for the incubator to be tailored to meet local needs and norms. This theory of contingency is an organizational theory that claims that there is no best way to organize a corporation to lead a company, or to make decisions, instead, the optimal course of action is contingent (dependent) upon the internal and external situation.

Empirical Review

Study on the Impact of governmental Business Incubation program on entrepreneurship performance in the EU, approximately 900, help create 40,000 new (net) jobs. The UK has a well-established network of approximately 300 business incubators that support over 12,000 high-growth technology businesses in sectors such as biomedical, IT and the creative industries. The range reported is between 25-40 supported businesses per incubator, and between 44-91 jobs created per year per incubator. But these figures typically include a mix of technology and other types of incubators (Al-Mubaraki and Busler, 2010).

Statistics compiled by Australia Industry show that Australian incubators have graduated 3,500 businesses, facilitating more than $785 million in SME sales and created a minimum of more than 10,500 jobs. The New Zealand Trade and Enterprise Incubator Support Programme, regarded as one of the best incubation programmes, reported that over the past 10 years, more than 250 ventures graduated from an incubator; 69 percent of these have raised external investment, 71 percent are still trading, and 57 percent are exporting. Along the way over 1100 high value jobs were created.

The World Bank Information for Development Program (infoDev's) Business Incubation Network consists of nearly 300 incubators in over 80 developing countries assisting 20,000 enterprises, which have created more than 220,000 jobs. In 2010, 150 business incubators in infoDev's Business Incubation Network reported that they were assisting 12,500 early-staged enterprises, and 92 business incubators reported they had graduated 4,200 enterprises. According to the Monitoring and Impact Assessment Report (MEIA), which assessed over 49 incubators, one third of the incubators helped to start more than 50 new businesses. Three incubators in Costa Rica, Panama and Uruguay, have together graduated 63 companies with an annual turnover of $90,000. These enterprises had no, or less than $15,000 annual turnover at the start of the incubation process and on average were incubated for three years.

According to a study conducted in 2011 by Anprotec, in partnership with the Ministry of Science, Technology and Innovation (MCTI), Brazil has 384 incubators in operation, home to 2,640 companies, generating 16,394 jobs. These incubators have graduated 2,509 enterprises, with revenues of $2.1 billion and employing 29,205 people. The same study revealed another important fact: 98% of incubated companies innovate, 28 of them at the local level, 55% at the national level and 15% at the global level. The Tianjin Women's Business Incubator (TWBI) specializes in assisting women entrepreneurs and fostering growth in the employment of women made redundant through economic reform and restructuring. It currently has 48 on-site tenants and 7 off-site tenants and, to date, has graduated 8 enterprises.

PAPER OBJECTIVE

The paper objective is to investigate the role of business incubators on entrepreneurship and SMEs development in Nigeria to provide suggestions and recommendations based on the survey, experimental research and the ex-post facto conducted.

METHODOLOGY

The methods of the study include the survey research, the experimental research and the ex-post facto.

In this research study, the survey method was adopted. It is a method that focuses on obtaining subjective opinions of respondents (Kumar, 2010). Thus, the opinion of the study population concerning the research topic was gathered by administering questionnaires that ask questions concerning the effect of governmental incubation in Promoting Entrepreneurship and SMEs Development. The ex-post facto method which involved the use of secondary data from the internet, journals, articles, and so on was also used. The population of this study comprised of 60 incubatees in Oyo and Lagos State National Board of Technological Beneficiaries (NBTI). A total of 27 technology incubation centers are spread across the six geo-political zones of Nigeria. To determine the sample size for this research study, a complete enumeration survey would be adopted, where data would be collected for each and every unit or universe which is the complete set of items that are of interest in any particular situation (Cooper, 2006). Therefore, the sample size for this research study would be 60 respondents (30 incubatees in Oyo State and 30 incubatees in Lagos State). For this study the sample is determined using Yard's formula. This formula is concerned with applying a normal approximation with a confidence level of 95% and a limit of tolerance level (error level) of 5% (Kumar, 2010)

To this extent the sample size is determined by

$$n = \frac{N}{1+Ne2} \qquad (1),$$

where: n = the sample size,
N = population,
e = the limit of tolerance.

Therefore,

$$n = \frac{76}{1+76(0.05)^2} = \frac{76}{1+76(0.0025)} = \frac{76}{1+0.19} = \frac{76}{1\ 19} = \textbf{60 respondents}$$

The study employed the face validity; to ensure face validity; the search instrument was given to experts in the area of statistical measurement to judge the adequacy of the instrument. A pilot study was carried out before actual data collection to ascertain the reliability of the survey instrument and test for vagueness and clarity of items for the pilot test, the questionnaire was administered at two weeks intervals between the pre-test and post-test on a group of selected respondents. Data from the structured questionnaire were translated into numerical codes by the researcher, and data capture was done by statistical analysis using the regression analysis. Statistical Package for Social Science (SPSS) was used for analyzing frequencies and testing research hypothesis.

Data Analysis

Table 1

Distribution of respondents and response rate

Respondents Occupation	**Questionnaire administered (sampled)**	**Percentage of total response (%)**
Top Level	47	83.9
Middle Level	9	16.1
Lower Level	-	-
Total	56	100.0
Gender/Category	Questionnaire administered (sampled)	Percentage of total response (%)
Male	30	53.57
Female	26	46.43
No of returned	56	93.3%
No of not returned	4	6.67%
Total no. of questionnaires	**60**	**100**

Source: Field Survey 2020

The research questionnaire was administered to 60 respondents (entrepreneurs) which is the sample size representing the study population of Oyo and Lagos National Board for Technological

Incubation. Fifty six (56) questionnaires representing 93.3% were returned, and 4 questionnaires representing 6.67% were not returned. The table above shows the details at a glance.

Table 2

The Descriptive statistics of Governmental Business Incubation in Promoting Entrepreneurship and SMEs Development

Responses	Total (N)	Mean
Business Incubation Coaching and Human Capital Management.		
The firm gets the necessary knowledge towards employee management.	56	3.86
Business incubation programs have been able to contribute to your firm employee productivity	56	3.94
The firm gets the training required from the incubation program in order to enhance performance by the employee.	56	3.91
Government business incubation programs have been able to contribute to the growth of SMEs.	56	3.89
Government business incubation programmes has a strong influence in enhancing entrepreneurial performance	56	3.93
Business Knowledge Acquired From Business Incubation And Entrepreneurship Performance In Terms Of Increase In Sales Turnover	**Total**	**Mean**
The firm has been able to obtain a tremendous amount of Business knowledge (e.g. designing new products, manufacturing).	56	3.94
The firm gets most of its valuable Business knowledge from being associated with this business incubator.	56	3.99
The firm is able to obtain a tremendous amount of financial knowledge (e.g. venture capitalist funding, subsidies, angel investors, banks).	56	3.88
The firm gets most of its valuable marketing knowledge from being associated with this business incubator.	56	3.91
Business incubation has contributed to your firm sales performance	56	3.97
The firm is able to obtain a tremendous amount of other knowledge from the business incubator	56	3.95

Source: Field Survey 2020

Test of Hypotheses

Hypothesis One

H0: There exists no significant relationship between business incubation coaching and human capital management.

Table 3

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.752[a]	.566	.558	1.76257	2.206

a. Predictors: (Constant), Coaching

b. Dependent Variable: HCM

Source: Field Survey 2020

Table 4

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	214.874	1	214.874	69.166	.000[a]
	Residual	164.653	53	3.107		
	Total	379.527	54			

a. Predictors: (Constant), Coaching

b. Dependent Variable: HCM

Source: Field Survey 2020

The result from the model summary table revealed that the extent to which the variance in human capital management can be explained by business incubation coaching is 56.6% i.e. (R square = 0.566). The ANOVA table shows the Fcal 69.166 at 0.0001 significance level. The table shows that business incubation coaching significantly assists entrepreneurship in human capital management towards performance.

Table 5

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.109	.616		5.045	.000
	Coaching	.613	.074	.752	8.317	.000

a. Dependent Variable: HCM

Source: Field Survey 2020

The coefficient table above shows that the simple model that expresses how incubation business coaching assists firms towards human capital management in order to enhance performance. The model is shown mathematically as follows:

Y = a+bx where y is human capital management and x is incubation coaching, a is a constant factor and b is the value of coefficient. From this table therefore, human capital management = 3.109 + 0.613 Coaching. This means that for every 100% human capital management efficient, coaching contributed 61.3%. The significance level below 0.01 implies that a statistical confidence of above 99%. This implies that business incubation coaching has a positive significant on human capital management towards entrepreneurship performance. Thus, the decision would be to reject null hypothesis (H0), and accept the alternative hypothesis (H1)

Hypothesis Two

H0: There exists no significant relationship between business knowledge acquired from business incubation and entrepreneurship performance in terms of increase in sales turnover.

Table 6

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.366[a]	.134	.118	2.56273	2.170

a. Predictors: (Constant), Business Knowledge

b. Dependent Variable: Sales Turnover

Source: Field Survey 2020

Table 7

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	54.707	1	54.707	8.330	.000[a]
	Residual	354.650	54	6.568		
	Total	409.357	55			

a. Predictors: (Constant), Business Knowledge

b. Dependent Variable: Sales turnover

Source: Field Survey 2020

The result from the model summary table revealed that the extent to which the variance in firms increase in sales turnover can be explained by the business knowledge is 13.4% i.e. (R square = 0.134). The ANOVA table shows the Fcal 8.330 at 0.0001 significance level. The table shows that incubation business knowledge significantly assists entrepreneurship performance by enhancing its sales turnover level.

Table 8

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.862	1.175		4.136	.000
	Business knowledge	.512	.143	.366	2.886	.000

a. Dependent Variable: Sales turnover

Source: Field Survey 2020

The coefficient table above shows that the simple model that expresses how incubation business knowledge acquisition assists firms to increase their sales turnover. The model is shown mathematically as follows: Y=a+bx where y is increase in sales turnover and x is incubation business knowledge acquisition, a is a constant factor and b is the value of coefficient. From this table therefore, Increase in sales turnover = 4.862 + 0.512 Business Knowledge. This means that for every 100% increase in sales turnover, business knowledge acquisition contributed 51.2%. The significance level below 0.01 implies that a statistical confidence of above 99%. This implies that business incubation business knowledge has a positive significant on the sales turnover level of entrepreneurship performance. Thus, the decision would be to reject null hypothesis (H0), and accept the alternative hypothesis (H1).

RESULT AND DISCUSSION

The study found that for every 100% human capital management efficient, coaching contributed 61.3%. The significance level below 0.01 implies that a statistical confidence of above 99%. This revealed that business incubation coaching has a positive significant on human capital management towards entrepreneurship performance. More so, the study found that for every 100% increase in sales turnover, business knowledge acquisition contributed 51.2%. The significance level below 0.01 implies that a statistical confidence of above 99%. This revealed that incubation business knowledge has a positive significant on the sales turnover level of entrepreneurship performance. This research tends to show that 70% of the all startup ventures that survive the first three years of operations passed through the incubation programs. Also many entrepreneurs agreed to the fact that with the aid of the incubation programs, startup businesses have been able to survive and cope with the challenges of the global market. The following area has to do with the facilities offered by the incubation programs namely: coaching, network mediation, technical skill acquisition, business knowledge acquisition and so on, which was well applauded by the entrepreneurs were discovered in the research. The study discovered that incubation programs has benefitted startup ventures to reduce the fear of failure in the global market and has also benefitted the incubators to build their customer relationship and enhance their training facilities, and to the government, it has been able to help the government to reduce the rate of unemployment in which at the end contribute to the Gross Domestic Product (GDP) of the country.

CONCLUSION

The success and survival of every startup venture in Nigeria and the global world cannot be over-emphasized. Businesses all over the world go as far as possible to survive the challenges and the global market competition. This study is an important study that helps to evaluate the role of governmental incubation programs on entrepreneurship performance and SMEs development. The study found that startup businesses in Nigeria often fail within their first three years of operations as a result of low technical capabilities, low entrepreneurial skills and limitation of their sizes among others and so on. As a result of all these challenges being faced by startup ventures, this study provides information for entrepreneurs to know the essence of incubation programs towards achieving result with less stress. This study will also assist entrepreneurs in the incubation programs to know that they cannot handle all services alone as they need to undertake some coaching under the incubation programs. Since the study will equipped entrepreneurs in order to survive the early challenges of startup so as to be able to cope and adapt to changes in the global market competition. Finally, this study has clearly stated that business incubators is aimed at promoting economic development of its community by supporting start-up companies and their business development and offers services to support the establishment and development of new as well as existing small and medium companies.

Recommendations

Based on the findings of the study, the following recommendations can be summarized;

i. Firstly, since it has been reflected in this study that business incubation programs assists entrepreneurs in the cost of running a startup venture towards its survival in the first three years of operation. Therefore, it is very important for entrepreneurs to enroll for the incubation programs so as to get the necessary knowledge as regards business setting.

ii. The study also recommends that the incubation centers (Lagos and Oyo State) should emphasize more on their coaching and technical knowledge, as the result shows that coaching and technical knowledge acquisition contributes 61.3% and 73.6% respectively towards entrepreneurship performance in terms of human capital management and their productivity performance level.

iii. It is also recommended that the business incubators should find ways of understanding and sustaining customers' relationship to encourage more incubatees into the incubation programs in terms of service quality and knowledge delivering system to the incubatees because findings showed that knowledge acquisition have a significant impact to incubatee performance.

ii. Also, the incubators should ensure that they have adequate records of their incubatees in order to facilitate incubatee operation checkup, i.e. the incubator trying to examine the performance of the incubatee after graduation from the incubation program so that they can become more competitive.

De- Limitation of Studies

(i)The sample size used was restricted to a certain limited sampled population because it considered only just two business incubation centers as case study.

(ii)There is no standard methodology for measuring incubator performance, which makes comparison between studies challenging. Lack of data is also due to the fact that many business incubators do not track their results beyond the number of enterprises they graduate.

Suggestions for future research

Future research is suggested to take into account the concept of (relative) absorptive capacity when studying knowledge acquisition of incubatees. This can improve the understanding of the extent to which incubatees acquire knowledge from business incubation. Another suggestion for future research is to address the long term impact of business incubation by means of longitudinal research methods.

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РОЛЬ БІЗНЕС-ІНКУБАЦІЇ У СПРИЯННІ ПІДПРИЄМНИЦТВУ ТА РОЗВИТКУ МСП

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Роль бізнес-інкубації у сприянні підприємництву та розвитку МСП викликала великий інтерес серед політиків протягом останніх років. Навіть серед науковців існує загальний консенсус щодо того, що підприємництво є ключовим для економічного зростання як в країнах, що розвиваються, так і в розвинутих країнах. Це дослідження вивчало роль бізнес-інкубаторів у підприємництві та розвитку МСП в Нігерії. Респонденти цього дослідження є представники з 60 інкубаторів у штаті Ойо та Лагосі, Національному комітеті технологічних бенефіціарів (NBTI). Для визначення обсягу вибірки застосовували формулу Yamane. Обсяг вибірки для цього дослідження склав 60 респондентів (30 інкубаторів у штаті Ойо та 30 інкубаторів у штаті Лагос). У дослідженні використовувались статистичні інструменти, які включають: дисперсійний аналіз (ANOVA) та ефективну кореляцію при тестуванні гіпотез, де це можливо. Відповіді, отримані з анкети, були відсортовані, закодовані, а для аналізу використані статистичні пакети соціальних наук. Це дослідження виявило, що коучинг бізнес-інкубації позитивно впливає на управління людським капіталом щодо ефективності підприємництва, а також виявило, що знання бізнес-інкубації мають позитивне значення на рівні обороту продажів. Це дослідження показало, що 70% усіх стартап-підприємств, які переживають перші три роки діяльності, пройшли через програми інкубації. Дослідження рекомендувало інкубаційним центрам більше наголошувати на своїх коучингових та технічних знаннях, оскільки результат висновків показує, що коучинг та набуття технічних знань вносять 61,3% та 73,6% відповідно до результатів підприємництва з точки зору управління людським капіталом та рівня їхньої продуктивності.

Ключові слова: бізнес-інкубація, коучинг, управління людським капіталом, знання бізнесу, результативність підприємництва.

РОЛЬ БИЗНЕС-ИНКУБАЦИИ В СОДЕЙСТВИИ ПРЕДПРИНИМАТЕЛЬСТВУ И РАЗВИТИЮ МСП

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Роль бизнес-инкубации в содействии предпринимательству и развитию МСП вызвала большой интерес среди политиков в последние годы. Даже среди ученых существует общий консенсус относительно того, что предпринимательство является ключевым для экономического роста как в развивающихся, так и в развитых странах. Это исследование изучало роль бизнес-инкубаторов в предпринимательстве и развитии МСП в Нигерии. Респондентами исследования являются представители из 60 инкубаторов в штате Ойо и Лагосе, Национальном комитете технологических бенефициаров (NBTI). Для определения объема выборки применяли формулу Yamane. Объем выборки для этого исследования составил 60 респондентов (30 инкубаторов в штате Ойо и 30 инкубаторов в штате Лагос). В исследовании использовались статистические инструменты, которые включают: дисперсионный анализ (ANOVA) и эффективную корреляцию при тестировании гипотез, где это возможно. Ответы, полученные из анкеты, были отсортированы, закодированы, а для анализа использованы статистические пакеты социальных наук. Это исследование показало, что коучинг бизнес-инкубации положительно влияет на управление человеческим капиталом по эффективности предпринимательства, а также выявило, что знания бизнес-инкубации имеют положительное значение на уровне оборота продаж. Это исследование показало, что 70% всех стартап-компаний, которые переживают первые три года деятельности, прошли через программы инкубации. Исследование рекомендовало инкубационным центрам больший акцент на своих коучинговых и технических знаниях, поскольку результат выводов показывает, что коучинг и приобретения технических знаний вносят 61,3% и 73,6% соответственно в результаты предпринимательства с точки зрения управления человеческим капиталом и уровня их производительности.

Ключевые слова: бизнес-инкубация, коучинг, управление человеческим капиталом, знание бизнеса, результативность предпринимательства.

Kala'lembang, A. (2021), "Digitalization in increasing SMEs productivity in the post COVID-19 pandemic period", *Management and entrepreneurship: trends of development*, 2(16), pp. 101-110. Available at: https://doi.org/10.26661/2522-1566/2021-1/16-08.

RECEIVED:
18 April 2021
ACCEPTED:
18 May 2021
RELEASED:
20 June 2021

UDC 338.312

DOI 10.26661/2522-1566/2021-1/16-08

DIGITALIZATION IN INCREASING SMEs PRODUCTIVITY IN THE POST COVID-19 PANDEMIC PERIOD

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Abstract. The COVID-19 pandemic caused the global upheaval which resulted in the economic growth to be stunted and had a negative impact on the sustainability of SMEs. The panic occurred causing uncontrolled spending in order to promote the recovery. This study aims to examine the post COVID-19 pandemic opportunities for SMEs by utilizing digitization. With the use of SMEs digitalization, it is easy to attract and retain potential customers, ameliorate communication, save costs, and improve relationships with business partners. The author considers digitization as a smart solution to increase SMEs productivity.

Keywords: SMEs, COVID-19, digitalization.
JEL Classification: M11, M20.

INTRODUCTION

Since the announcement of the first COVID-19 case occurrence on March 2, 2020 until now, the impact still has not ceased to be felt. In dealing with the COVID-19 pandemic, the government has taken steps to implement the Large-scale Social Restriction (PSBB) policy, which is one of the options used within the pandemic. The government applies the PSBB system and considers it to be an effective way to reduce the spread of COVID-19. However, the PSBB system was faced with rejection since the restrictions had a negative impact on community activities. This would directly affect the sectors related to the daily mobility of the society. The sectors of tourism, transportation, manufacturing as well as food and social sectors were adversely affected by this policy.

Micro, Small, and Medium Enterprises (MSMEs) are among the drivers of the economic sector which has also had a severe impact due to the pandemic. According to the data of the Ministry of Cooperatives and Small Business, as many as 2,322 cooperatives and 185,184 SMEs actors were affected by the pandemic (beritasatu.com). The SMEs sectors, which suffered most, were those of food and beverages which experienced a decreased demand, hampered distribution, and capital. At least 39.9% of SMEs decided to reduce the stock of goods and 16.1% chose to reduce the number of employees due to closures of the physical stores.

The government has used various ways so that SMEs can survive and continue to develop after the pandemic, including by providing capital and credit relief, and also supporting the digitization of SMEs. The transformation of SMEs needs to be continuously strengthened through optimizing the use of digital technology in order to take advantage of one of the main lessons of the health crisis, namely the use of digital technology for daily activities. The digital era has changed the way of management in business activities (Steenkamp, 2020).

Based on the important role of SMEs, namely in increasing the share in the economy and exports, these enterprises are among the priorities for further development. The experience gained by SMEs during the pandemic still shows resilience and has the potential to increase even more after the pandemic. The trend of digitizing SMEs is one of the ways to arouse their activities. Digitalization strengthens the SMEs position by expanding the scope of their activities and encouraging innovation (Autio et al., 2018). It is time for business people to implement a digital business strategy (Bharadwaj et al., 2013)

LITERATURE REVIEW

To create new business opportunities, Industry 4.0 transformation provides many choices and brings efficiency to the production process, both for products and services, regardless of whether the enterprises are producers or distributors (Arnold et al., 2016). The government takes part in it by providing stimulation through financial funding for digitizing SMEs players so that they can compete in national and international markets (Autio et al., 2018).

With digitalization that continues to grow, almost every success in each sector has happened due to using IT. Thus, business people need to carry out digital innovation to improve or change their business model. If they fail to develop faster than their competitors, they risk losing their competitive advantage. With rapid technological changes, many businesses are feeling pressure to digitize. This pressure is constantly increasing due to the preferences (tastes) and expectations of customers and users.

Digitalization is the use of digital technology to increase business as well as income, to innovate and create a digital culture (Svadberg et al., 2019; Zhang et al., 2015). Digitalization is the use of new technology to enable business growth to be greater (Fitzgerald et al., 2013). Some examples of digitalization applications include mobile devices, big data analytics, cloud, social media, 3D printing, additive manufacturing, and artificial intelligence (AI). In entering Industry 4.0, digitalization is seen as a basic need for business people to develop and innovate (Nambisan et al., 2019; Schuh et al., 2017).

PAPER OBJECTIVE

The deterioration experienced by SMEs during the pandemic made them have to change the ways and processes of running their businesses. This study aims to examine the extent to which digitalization has raised the productivity of SMEs after the COVID-19 pandemic.

METHODOLOGY

This study uses a literature study approach by collecting library data, reading and taking notes, and managing research materials. Literature studies are used with the aim of finding a basis for building a theory and framework of thought. By studying the literature, researchers have a broader and deeper understanding of the problems to be studied. The data used comes from journals, scientific articles, literature reviews that contain the concepts studied.

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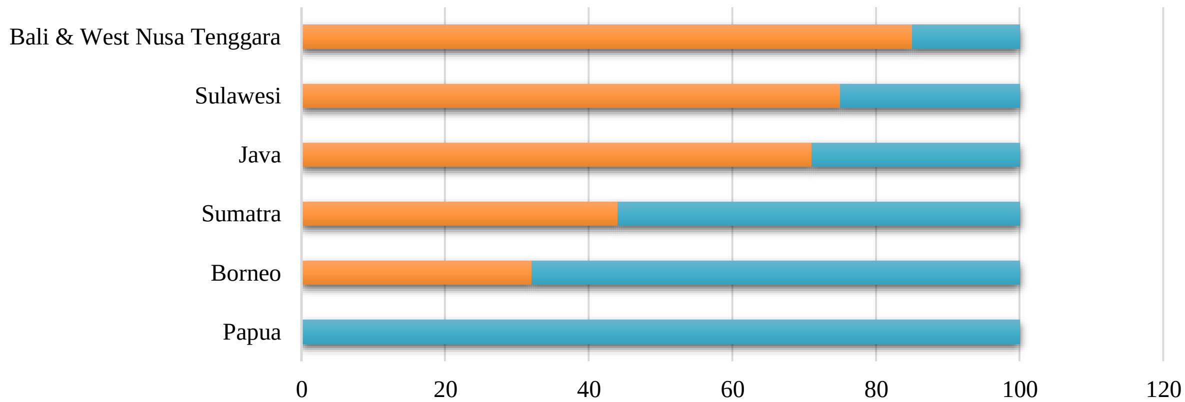
RESULT AND DISCUSSION

The economic crisis that has hit Indonesia has shown us that Micro, Small, and Medium Enterprises (MSMEs) are the backbone and support that protect Indonesia from various economic problems. SMEs are also a significant force for economic growth not only in Indonesia, but in every country (Lawal and Akingbade, 2018). Now, SMEs are back in the spotlight to support the acceleration of digital transformation in the post-pandemic era. SMEs play an important role in the infrastructure development with the aid of science and technological advances to increase national productivity (Khalique et al., 2018). Currently, SMEs players are required to find alternatives to survive in the midst of the pandemic and switch after the COVID-19 pandemic. Figure 1 shows the results of a Mandiri Institute survey, according to which as many as 85% of SMEs players in the regions under study have been already using digital technology, while the rest are still offline.

Online & Offline Channel Penetration in Indonesia



	Papua	Borneo	Sumatra	Java	Sulawesi	Bali & West Nusa Tenggara
Online	0	32	44	71	75	85
Offline	100	68	56	29	25	15

Figure 1. Online & Offline Channel Penetration in Indonesia

Source: Mandiri Institute survey (Indonesian Economic and Business Data Center, 2021)

With the rapid development of technology, many SMEs have adopted an online digital system that is well managed and can facilitate with their business partners (Fairchild, 2005). Business people who tend to adopt the digitalization system have more potential to innovate in improving their business (Caniato et al., 2016). With digitalization, the financing process is cheaper than in traditional businesses (Perego and Salgaro, 2010). Businesses that use a digitization system will have a significant impact on their business performance and be more flexible (Ali et al., 2018; Lorenz et al., 2020). This is also proved by the research conducted by Maiti and Kayal, (2017), which states that digitization improves the performance of MSMEs. The high adoption of digitization provides positive results and can strengthen the independence of SMEs (Oliveira et al., 2021). Bank Rakyat Indonesia (BRI) argued that the SMEs business has resumed its growth after being hit by the pandemic. This can be seen from the Bank Rakyat Indonesia SMEs Business Activity Index (BMSI) which shows an increase in the third quarter of 2020. Figure 2 shows the role of each business actor in the process: micro-businesses are gradually increasing the number of workers, small businesses are increasing the inventory of finished goods, and medium businesses are increasing the production volume.

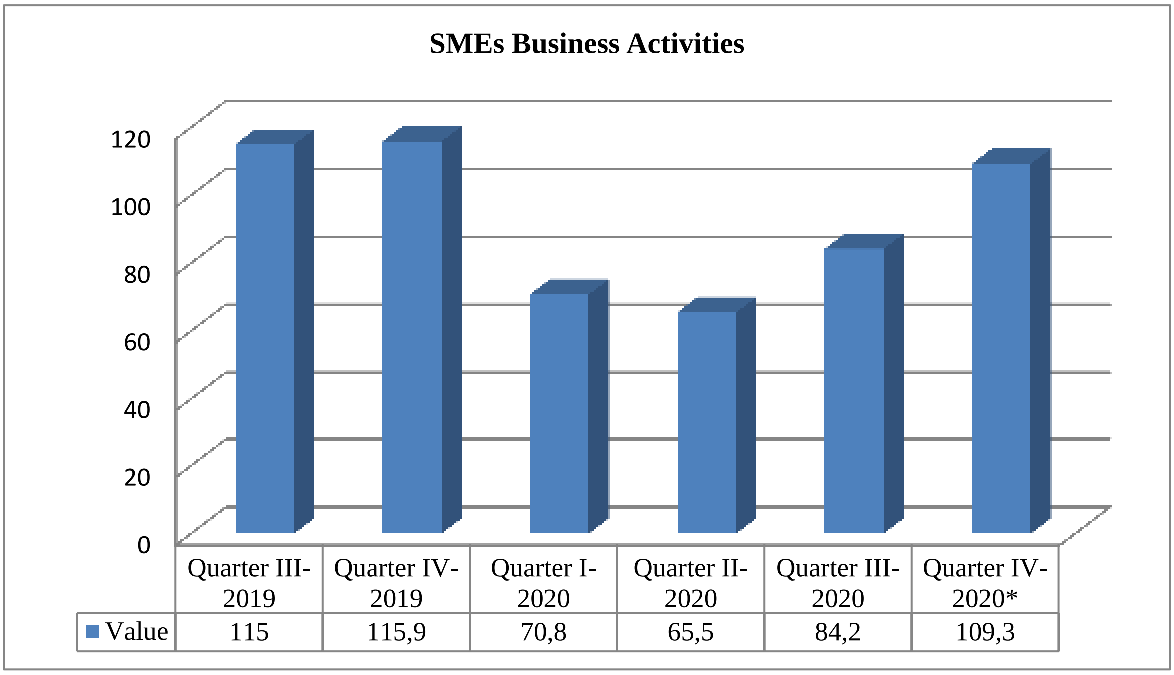


Figure 2. SMEs Business Activities

Source: Indonesian Economic and Business Data Center, 2021

Digitalization has become an important part of daily activities to the extent it can change the consumer behavior. Digitalization is positively related to business growth, performance, and competitiveness. Marketing with a digital system provides good opportunities to find new customers and can be more efficient in reaching customers (Karjaluoto and Heikki Karjaluoto, 2015). In addition, digitalization can also change the buying and selling transaction system, which initially used notes; then with the digital transaction technology, it turned into a digital transaction system (Gavrila Gavrila and de Lucas Ancillo, 2021). Bank Indonesia (BI) declares that around 5.8 million business people use the QR Code Indonesian Standard (QRIS), which is a payment system using the QR Code method that is easy, fast, and safe in carrying out transaction processes. BI explained that the QRIS will further support the digitization of MSMEs, (Indonesian Economic and Business Data Center, 2021). The increase of SMEs users of QRIS as a form of digitization can be seen in Figure 3. According to the Indonesian Fintech Association and Bank Indonesia (BI), the number of e-money users increased during the pandemic, with digital payments being of great assistance to many individuals and MSME players in their transactions. Figure 4 provides the data on the changes of the number of e-money users.

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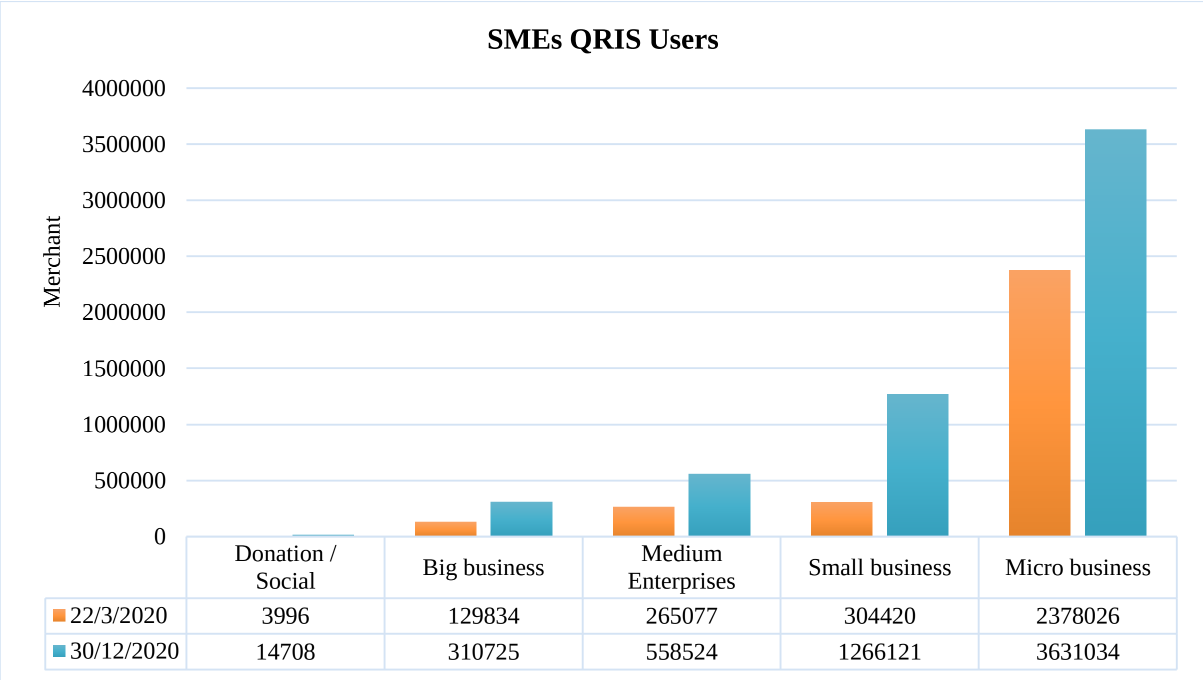

Figure 3. SMEs QRIS Users

Source: Indonesian Economic and Business Data Center, 2021

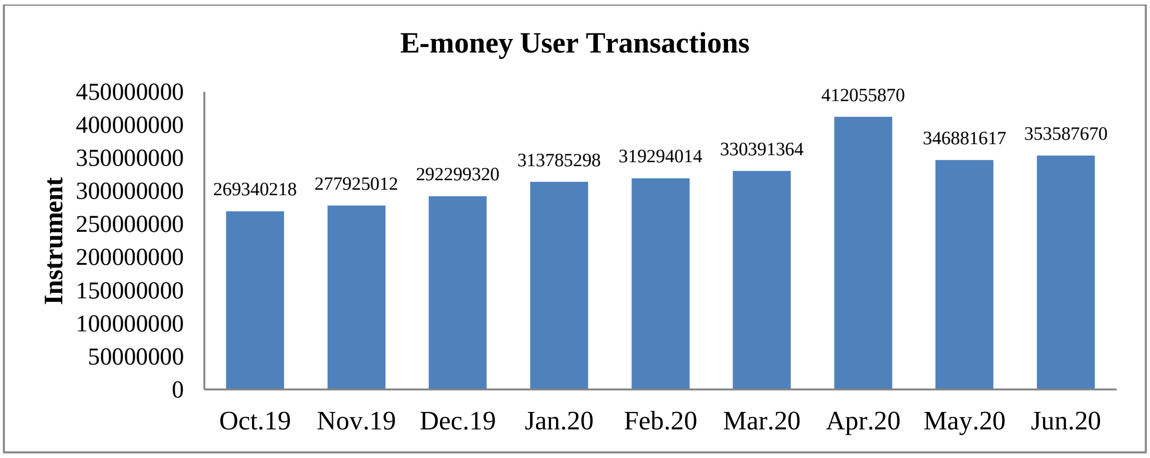

Figure 4. E-money User Transactions

Source: Indonesian Economic and Business Data Center, 2021

In their research of the Italian SMEs, Crupi et al. (2020) argue that digital innovation acts as a source of knowledge capable of shaping the digitalization of SMEs. Digital innovation is not only a forum for knowledge but also plays a role in helping SMEs achieve a higher openness that encourages the exchange of knowledge between business people (Crescenzi et al., 2016). Garzoni et al., (2020) analyzed how digitalization affects the business processes of Apulia SMEs (Southern Italy). Most of the available technology is a digital solution for the production and distribution process that has a relevant impact on the business strategy. Spanish SMEs are encouraged to change their business models and adapt to changing market trends by using digitalization strategies so that they have added value and can compete at European and international levels (Gavrila Gavrila and de Lucas Ancillo, 2021).

Such forms of digitization as Facebook, Instagram, Twitter, and the Web are media used by businesses to increase sales that can reach many people while saving costs (Matarazzo et al., 2021). Social media and mobile applications change the strategy of communication, interaction, and collaboration within companies (Lamberton and Rose, 2012). Social media generates a lot of relationships with other people, unlike the traditional system of only approaching one or a few people. The world of digitalization shapes experiences to play an active role in creating customers. Economic development and success are due to the digitalization business model (Parker, Van Alstyne and Choudary, 2016). Social media such as Facebook is a medium of communication and also provides opportunities for SMEs players in running their business. 92% of SMEs admit that the Facebook application can increase the number of subscribers, while 75% and 74% respectively say that it reduces marketing costs and barriers to growth (Indonesian Economic and Business Data Center, 2021). Figure 5 shows the benefits and impact of Facebook for SMEs.

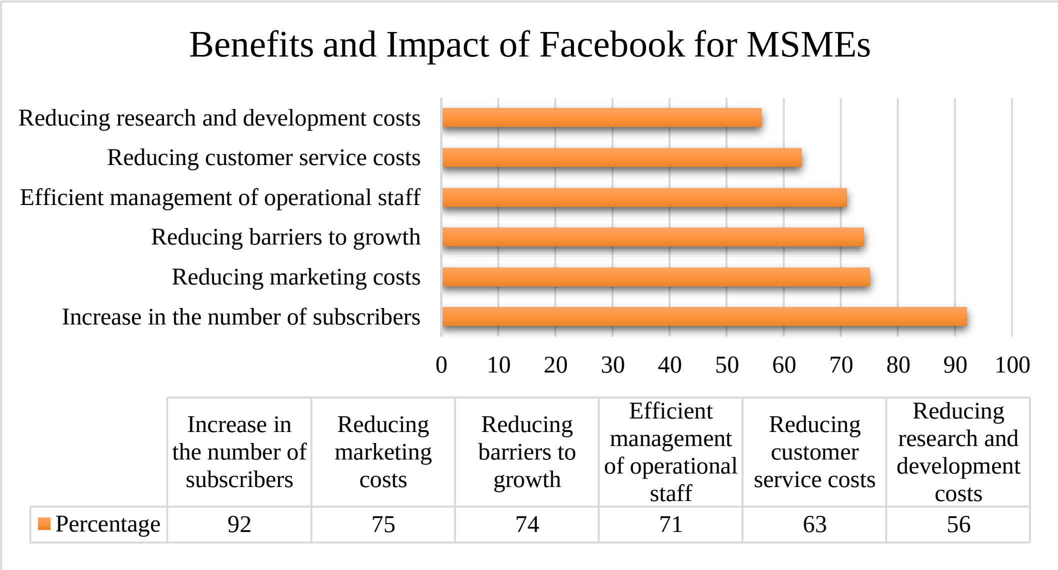

Figure 5. Benefits and Impact of Facebook for SMEs

Source: Indonesian Economic and Business Data Center, 2021

The strength that drives SMEs to adopt digital technology can be seen from the sales orientation where they use e-commerce applications, marketing orientations that enhance the branding of their products; the process improvement can save labor costs, reduce errors in work and accelerate the production process and product development (Lee et al., 2020). SMEs need to adopt ethical, efficient, and sustainable business models to support competition in the global market (Kumar et al., 2020). Digitalization needs to be adopted by SME players as lifestyle and habits have shifted to the technology that makes it easier for every user to meet their needs. Table 1 provides the comparison between digital and traditional users in SMEs that can be used as a consideration in providing quality for using technology.

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Table 1

Digital vs Traditional Users

Digitized SMEs	Traditional SMEs
Innovation strategy	Difficulty in innovating
Easier transaction process	Slow transaction process
Wider partner on a national and even international scale	Limited partners for certain areas
Easier to follow market trends	Looks stiff and difficult to follow market developments
Easier to find new customers	Rely on old customers
Create new market opportunities	Difficult to create new markets

CONCLUSSION

The sustainability of SMEs must be maintained since they represent one of the backbones of the economy. Based on the results of reviews from various sources, we conclude that digitization is one of the strategies that can be used and developed to support the sustainability of SMEs. The Industrial Era 4.0 is an era where consumer behavior changes and business people must keep up with these changes so that they continue to exist.

Long before the pandemic hit the world, digitalization was used by various countries to support their daily activities as well as grow their business. Various benefits can be felt, including finding potential customers and retaining them, improvements in communication, saving costs, and better relationships with business partners. SMEs in Indonesia should adopt a digitalization strategy in running their business so that they can survive and compete with other business players. Digitalization is one of the ways of increasing SMEs productivity.

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РОЛЬ ЦИФРОВІЗАЦІЇ У ПІДВИЩЕННІ ПРОДУКТИВНОСТІ МСП У ПОСТ-ПАНДЕМІЧНИЙ ПЕРІОД COVID-19

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Пандемія COVID-19 спричинила глобальне потрясіння, що призвело до затримки економічного зростання та негативного впливу на стійкість МСП. Паніка виникла внаслідок неконтрольованих витрат, які було здійснено з метою сприяння відновленню. Це дослідження має на меті вивчити можливості пандемії після COVID-19 для МСП, використовуючи цифровізацію. Використовуючи цифровізацію, МСП легко залучити та утримати потенційних клієнтів, покращити спілкування, заощадити витрати та покращити стосунки з діловими партнерами. Автор розглядає цифровізацію як розумне рішення для підвищення продуктивності МСП.

Ключові слова: МСП, COVID-19, цифровізація.

РОЛЬ ЦИФРОВИЗАЦИИ В ПОВЫШЕНИИ ПРОИЗВОДИТЕЛЬНОСТИ МСП В ПОСТ-ПАНДЕМИЧЕСКИЙ ПЕРИОД COVID-19

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Пандемия COVID-19 вызвала глобальное потрясение, что привело к задержке экономического роста и негативному влиянию на устойчивость МСП. Паника возникла в результате неконтролируемых расходов, осуществленных с целью содействия восстановлению. Это исследование имеет целью изучить возможности пандемии после COVID-19 для МСП, используя цифровизацию. Используя цифровизацию, МСП легко привлечь и удержать потенциальных клиентов, улучшить общение, сэкономить расходы и улучшить отношения с деловыми партнерами. Автор рассматривает цифровизацию как разумное решение для повышения производительности МСП.

Ключевые слова: МСП, COVID-19, цифровизация.

Електронне наукове фахове видання

Включене до Переліку наукових фахових видань України (категорія «Б»), відповідно до Наказу МОН України № 1643 від 28.12.2019 (Додаток 4)

Рекомендовано до поширення через мережу Інтернет Вченою радою ЗНУ

МЕНЕДЖМЕНТ ТА ПІДПРИЄМНИЦТВО: ТРЕНДИ РОЗВИТКУ

ВИПУСК 2 (16) 2021

Верстка і макетування: Онищенко О.А.
Дизайн обкладинки: Бухаріна Л.М., Онищенко О.А.

Засновник видання:
Запорізький національний університет
Адреса редакції: 69063, м. Запоріжжя, вул. Жуковського, 55а, к. 415
Телефон: (061)289-41-15
Офіційний сайт видання: www.management-journal.org.ua
Електронна адреса: znu@management-journal.org.ua

Electronic scientific journal

*The scientific journal is included into the Ministry of Education and Science of Ukraine's list of professional publications (**category "B"**) according to the Decree of the Ministry of Education and Science of Ukraine № 1643 dated 28.12.2019.*

Recommended for electronic distribution by ZNU Academic Council

MANAGEMENT AND ENTREPRENEURSHIP: TRENDS OF DEVELOPMENT

ISSUE 2 (16) 2021

Design and layout are developed on the graphic design platform of Canva infographics: https://www.canva.com/

Layout	Oksana Onyshchenko
Cover design:	Liudmyla Bukharina, Oksana Onyshchenko

Publisher:
Zaporizhzhia National University
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