

ENTREPRENEURIAL INNOVATION STRATEGY TO ASEAN ECONOMIC COMMUNITY AND CHINA-ASEAN FREE TRADE AGREEMENT (Case Study: Industrial Business Centre “Brem”, Madiun, East Java Indonesia)

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Abstract

The ability to innovate in entrepreneurship determines the success of the business in the midst of very competitive competition, especially in entering the era of the Asean Economic Community (AEC) and China-Asean Free Trade Agreement (CAFTA). The existence of business groups in the center of the Mejayan brem industry, Madiun Regency, human resources within it have a capable and reliable entrepreneurial ability. The researcher is interested in examining and examining the existence of the brem industry center, and providing guidance as a form of dedication to the surrounding community so that they are more empowered in their economic capacity, can continue to carry out their business activities, and increase their competitiveness in the midst of competition in the AEC and CAFTA. The type of research conducted is qualitative research. The type of approach used in this study is a case study approach. In this study the data collection uses interviews, observation, and documentation. Data analysis using inductive and descriptive methods. The results of the study show that (1) the form of applied entrepreneurship strategy is the entrepreneurial strategy in general, small companies that are growing and developing successfully on an ongoing basis and can compete excellently to have a limited scope of market geographical distribution. (2) The entrepreneurial strategy innovation applied is the marketing mix, including Product, Price, Place/Distribution, Promotion. (3) Entrepreneurship strategy innovation has succeeded in increasing its sales volume and preparing it to enter the AEC and CAFTA. (4) The results of community economic empowerment appear that the lives of the people are already well-established. Business activities carried out can improve their standard of living and welfare so that they can realize economic independence.

Keywords: entrepreneurial, innovation, strategy, community, empowerment.

I. RESEARCH BACKGROUND

Indonesia as a developing country has undergone a change from an agrarian-patterned country to an industry, where the impact of an industrialized country is the number of competition in the economic field. The current phenomenon is that many companies are out of business due to inability to compete and determine competing strategies in the future, such as sellers of staple foods who must have a strategy in their sales to attract buyers and add new enthusiasts in the future. Strategic innovation in entrepreneurship determines the existence of businesses in entering economic globalization. Geoffrey G. Meredith [1] stated that an important entrepreneurial trait is to offer something useful to others, the greater the needs of people for products and services, the greater the rewards. This shows that the ability to innovate in entrepreneurship determines the success of the business in the midst of very competitive competition, the main in entering the era of AEC and CAFTA.

Entrepreneurial success in facing these challenges is largely determined by the ability of entrepreneurship itself and one of them that plays an important role is the ability to innovate entrepreneurial strategies [2].

Small industries are very related to human resources, besides education which plays a role in one's mentality in facing the business they run and influences one's success in trying, self-confidence directly or indirectly affects the attitude and mentality of an entrepreneur in order to convince all people and everything the form of his strategy in creating his new field. Ideas, initiative, creativity, and perseverance, hard work spirit, enthusiasm for work are much influenced by the level of self-confidence mixed in with knowledge, skills and alertness [3].

The existence of business groups in the center of the Brem centre industry, Madiun Regency, human resources within it have a capable and reliable entrepreneurial ability. The center of this brem industry has been around for a long time, starting from the home brem industry that produces brem as a distinctive characteristic of the Madiun regional food. Initially they produced individually from each house and sold it manually around the village from house to house as well. The results of the production are also still simple and without innovation and renewal, the taste and packaging are still very simple, even generally they are not familiar with packaging and the brem products are sold without packaging and packaging. Entrepreneurial strategy innovation will be able to increase sales volume, it can be done in various ways, among others, by developing a physical product concept in the hope that consumers can receive their products as they wish, the second with research and analysis of the intended market, and third with an increase in the field of promotion in improving marketing and one of them is the development that the company produces sustainably [4]. In another part, Mursid [5] stated that in small industries more emphasis was placed on how to increase the sales volume rather than producing products to be marketed. Sales volume can be increased by using strategic management innovations, marketing is more than the organization's ability to produce goods or services in meeting needs, because the organization knows how to offer better offers in its target market than its competitors. Because consumers can buy from various sources of needs, ever-changing desires, so organizations must always be ready to face all these changes and continuously review and improve their offerings.

From the results of a preliminary study at the central location of the Brem industry in Kabupaten Madiun, it is important to conduct more intense and in-depth observations and studies as well as a form of dedication in an effort to increase the economic empowerment of business groups in the industrial center in Madiun Regency. The purpose of this research is to find out: (1) the form of entrepreneurial strategies applied by business groups in the central industrial area of the Ministry of Manpower in Madiun Regency entered the AEC and CAFTA. (2) Entrepreneurial strategy innovations applied by business groups in the central business district of Mejayan Madiun Regency entered the AEC and CAFTA. (3) Entrepreneurial strategy innovations can increase the sales volume results in business groups in the central business district of Madiun Regency entering the AEC and CAFTA. (4) The results of community economic empowerment in business groups in the central business district of Madiun Regency entered the AEC and CAFTA.

II. LITERATURE STUDY

II.1 Entrepreneurship

Entrepreneurship is a creative, and innovative ability that is used as a basis, tips, and resources to find opportunities for success. The essence of entrepreneurship is the ability to create something new and different through creative and innovative actions to create opportunities for success [6]. Creativity is the ability to develop new ideas and new ways of solving problems and finding opportunities. While innovation is the ability to apply creativity in duplicity, solve problems, and find opportunities [7]. The ability to create requires continuous creativity and innovation to determine something different from the one that already exists, then with creativity and innovation it is ultimately able to contribute to society a lot [8]. Becoming an entrepreneur must go through a gradual process that is from exploration, consolidation, renewal and individualization, even though paths and environments may not be the same. The functions and roles of entrepreneurship can be seen through two approaches, namely micro and macro. In micro terms, entrepreneurship has two roles, namely as an inventor and planner [9]. As an

inventor, entrepreneurship finds and creates something new, such as products, technology, methods, organizational ideas, and so on. As a planner, entrepreneurship plays a role in designing new actions and businesses, planning new business strategies, planning ideas and opportunities for success, creating new company organizations, and others. In macro terms, the role of entrepreneurship is to create prosperity, equity in wealth, and employment opportunities that function as the engine of economic growth of a country [8].

II.2 Sales Strategy

The term strategy has existed in the Greek era, namely (stratos = military and Ag = leader), which means generalship or something done by the war generals in making plans to win the war. Fandi Tjiptono [10] stated that the strategy is a tool to describe the direction of business that follows the chosen environment and is a guideline for allocating resources and organizations. Kotler also believes that strategy is a game plan to achieve business goals using strategic thinking [11]. From the above definition it can be concluded that in the formulation of the strategy it is necessary to pay attention to the conditions and changes in the corporate environment, both internal and external, which ultimately can be achieved goals [4].

Selling is the science and art of influencing the person that is done by the seller to invite other people to be willing to buy goods or services offered. In making sales, sellers are required to have artistic talent and expertise to influence others. There is another definition of sales that was put forward by William G Nickels [12] defined that who calls it face-to-face sales (personal selling) is the interaction between individuals, meeting each other aimed at creating, improving, controlling or maintaining mutually beneficial exchange relationships other parties, so face-to-face sales are individual communication that can be done to achieve the overall goal of marketing efforts, namely increasing sales that can generate profits by offering satisfying needs to the market in the long run.

III. RESEARCH METHOD

The type of research conducted is qualitative research, namely research conducted by describing, describing and explaining data or information, with words or sentences separated according to categories to obtain conclusions [13]. The type of approach used in this study is a case study approach. Arikunto [13] stated that case study research is a study carried out intensively, in detail and deeply on an organization, institution, or certain symptoms.

The data collection used interviews, observation, and documentation. This data is obtained from entrepreneurs who are members of business groups in the “brem” industrial center located in Kaliabu Village, Mejayan District, and Madiun Regency. In qualitative research, data analysis is carried out during and after data collection. Data analysis using inductive and descriptive methods.

IV. RESULTS AND DISCUSSION

IV.1 The form of the Entrepreneurial Strategy Applied by Business Groups in the Brem Industrial Center Madiun Regency Entering the MEA Era

Based on the results of research on Business Groups in the “Brem” Industrial Centre, Madiun Regency, so far, it has used entrepreneurial strategies that are generally small companies that are growing and developing successfully on an ongoing basis and can compete excellently, to have a limited range of market geographical distribution.

The entrepreneurial strategy undertaken by the Business Groups in the “Brem” Industrial Center in Madiun Regency is found in two aspects, namely aspects of human resources and marketing aspects. Human resource planning from the national point of view of the types of human resources is the entire workforce that is within the territory of the country, and open job vacancies are in the form of absorptive capacity generated by ongoing development sectors throughout the country. The 1945 Constitution provides guidance that every citizen has the right to obtain decent work for humanity.

This industry also has an awareness of the importance of employee welfare because welfare has a very

close relationship in order to increase company productivity. The regulation of social security and compensation in the industry is regulated by each industry according to the conditions and capabilities of the industry concerned. This compensation is very important because it involves the welfare and prosperity of the wider community of a country, the higher the compensation level of an industry, the more prosperous and prosperous the employees of an industry will be, and the lower compensation of industrial employees concerned the more suffering and poverty of the employees will appear [14].

In the product policy includes factors that need to be considered, decisions that need to be taken, and plans that need to be formulated to keep the company's profitability fulfilled as planned [5]. As the literature study explains, products are goods and services that are produced to be used by consumers to meet needs and provide satisfaction. There are parts of the product that must be known to maximize the products to be marketed including: product diversity, quality, design, characteristics, brand name, packaging, size, service, and warranty.

To increase the sales volume of production development by making various modifications to production in accordance with Kotler's theory [11] the production concept that consumers will support available products and affordable prices, management must therefore focus on increasing production efficiency and distribution..

IV.2 Entrepreneurial Strategy Innovations Applied by Business Groups in the Brem Industrial Center Madiun Regency Enter the MEA Era

From the results of the study it appears that one of the strategies used is promotion that aims to disseminate information, influence/persuade the market (consumers) so that the product can be accepted and used. the purpose of promotion within the company is to increase sales, to better introduce more reliable companies, and to value companies seen in the outside world. With the promotion goal formulated in broad outline is to build the good name of the company, educate consumers and create a high reputation of a product and short-term goals [5].

The functions and roles of entrepreneurship can be seen through two approaches, namely micro and macro. In micro terms, entrepreneurship has two roles, namely as an inventor (planner) and planner (planner). As an inventor, entrepreneurship finds and creates something new, such as products, technology, methods, organizational ideas, and so on. As a planner, entrepreneurship plays a role in designing new actions and businesses, planning new business strategies, planning ideas and opportunities for success, creating new company organizations, and others. In macro terms, the role of entrepreneurship is to create prosperity, equity in wealth, and employment opportunities that function as the engine of economic growth of a country [15].

In conducting an entrepreneurial strategy is usually one of the four strategies as follows:

- (1) Being in the market with new products and services, this strategy is often chosen by entrepreneurs, even though it is most risky. Because by looking at this strategy, if it is successful, then it will maintain the market leader position.
- (2) Position new products and services in underserved market niches, this strategy involves developing skills to reach opportunities created by companies in the first market. What often happens is that many imitators (imitators) improve or modify goods and services to create higher value for buyers, and there is a need to shift competitiveness to other market segments by dominating small market segments that are considered by large companies to have no opportunity.
- (3) Focus on goods and services in small but durable niches.
- (4) Change the characteristics of products, markets or industries, changes in the characteristics of products, markets or industries based on innovation. This strategy is done by changing existing products and services, such as changing benefits, values, and other economic characteristics. This strategy creates innovation in one way, namely creating benefits, increasing the value of innovation, adapting to the economic environment of the customer, and presenting what is considered valuable by the customer [8].

IV.3 Entrepreneurial Strategy Innovations Can Increase Sales Volume Results in Business

Groups in Brem Industrial Centers in Madiun Regency Entering the MEA Era

From the results of the study it appears that the innovation of entrepreneurial strategies carried out by the Business Group in the Center of the Brah Village in Kaliabu Village, Mejayan Subdistrict, Madiun Regency has succeeded in increasing its sales volume. This fact is in accordance with the theory from Basu Swastha which states as follows:

"Some entrepreneurs believe in the long term there is a positive correlation between entrepreneurial strategies in the introduction of new products with an increase in total sales volume and company profits," [12].

This can be interpreted that in terms of a longer time, there is a close relationship between the vitality and morality of the company with the dynamic that the company has in the field of corporate strategy to develop products. Companies that are considered to be reputable in this regard, usually show a large growth power and high profitability [16].

From the two opinions above, we can see that the entrepreneurial strategy in product development is closely related to the success of a company in an effort to increase its sales volume. The strategy undertaken by the company will affect the achievement of the sales volume of the company concerned. With an entrepreneurial strategy, the chances of the company will be even greater, if there are more customers, the sales volume will be even greater. So this entrepreneurial strategy is a vital need in order to increase the sales volume expected.

One indicator of the success of a marketing activity of a product can be seen from the size of the sales volume achieved by the company concerned from the next period [17]. Generally, if the sales volume obtained is low, the profits will be low. This shows us that every company is required to be able to increase sales volume as optimally as possible, in order to seek high profits, these high profits are generally always coveted by every company. This is similarly stated by Basu Swastha, as follows: that profitable sales must be the company's goal, not volume for the sake of the volume itself [18].

Sales are a part of the lot of people selling giving the impression of passing property rights. In the business of trading sales means transactions that include the delivery of goods to be exchanged for cash, promises to pay for them. To increase sales volume, product development makes a difference or modification of the product. Kotler's theory [11] stated that "everything that can be offered to a market to be noticed, requested, used or consumed so that it may satisfy the needs or needs of products in the form of physical objects, services, people, place, organization or idea."

IV.4 Results of Community Economic Empowerment in Business Groups in the Brem Industrial Center Madiun Regency Entering the Era of the MEA

Based on the results of direct observations by researchers, it appears that the lives of business groups in the center of the brewery industry in Kaliabu Village, Mejayan Sub-District are indeed well-established. Business activities carried out can improve their standard of living and welfare so that they can realize economic independence. From these economic independence they can meet the needs of business capital so that they have capital independence and business independence. It is from this business independence that economic independence can be realized so that the standard of living and welfare of the people can be realized. Indicators of well-being and a good standard of living have been fulfilled in the community of business groups in the "Brem" industrial center: Kaliabu Village, Mejayan District, and Madiun Regency.

Community economic empowerment is an embodiment of increasing the dignity of the society to escape the trap of poverty and underdevelopment. This step is part of improving the capacity and increasing economic independence of the community. Community economic empowerment requires active and creative participation.

The empowerment paradigm is motivated to change conditions that are all centralized to a more autonomous situation. This is done by giving the poor groups the opportunity to plan and then implement the development programs they choose themselves. They are also given the opportunity to manage development funds from both the government and outside parties. The basic concept of empowerment

referred to as alternative development that requires inclusive democracy, appropriate economic growth, gender equality and intergeranational equality [19].

Chambers states that economic empowerment in society is a concept of economic and political development that encapsulates various social values [20]. This concept reflects the new paradigm of development, which is "people centered, participatory, empowering, and sustainable" (people-centered, participatory, empowering and sustainable). This concept is broader than merely fulfilling basic needs or providing a mechanism to prevent further impoverishment processes (safety net). It was also stated that the economic empowerment of the community which is characterized by various indicators such as self-reliant, self confident and self respecting, is required to be able to internalize those values into groups.



Figure 1: Innovation strategy 4P



Figure 2: Product



Figure 3: Place



Figure 4: Promotion



Figure 5: Price



Figure 6: Marketing mix

V. CONCLUSION

Based on the research result and discussion, it can be conclude of this research as follow:

1. The form of entrepreneurial strategy applied by Business Groups in the “Brem” Industrial Center in Madiun Regency entering the AEC and CAFTA is the entrepreneurial strategy in general small companies that are growing and developing successfully on an ongoing basis and can compete excellently to have a limited range of market geographical distribution. This entrepreneurial strategy is found in two aspects, namely: aspects of human resources and marketing aspects.
2. Entrepreneurial strategy innovation implemented by the Business Group in the “Brem” Industrial Center in Madiun Regency entering AEC and CAFTA is a marketing mix, including Product, Price, Place/Distribution, and Promotion.
3. Entrepreneurship strategy innovation innovations carried out by the Business Group in the Kaliabu Industrial Center in the District of Mejayan, Madiun Regency have succeeded in increasing their sales volume and preparing it to enter the AEC and CAFTA. There are three approaches carried out, namely sales volume planning, profit target planning, and optimal profit planning.
4. The results of community economic empowerment in Business Groups in “Brem” Industrial Center in Madiun Regency in entering the AEC and CAFTA appear that the lives of the people are already well-established. Business activities carried out can improve their standard of living and welfare so that they can realize economic independence. From these economic independence they can meet the needs of business capital so that they have capital independence and business independence. It is from this business independence that economic independence can be realized so that the standard of living and welfare of the people can be realized.

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