

PARTNERSHIP OPTIMIZATION BETWEEN MICRO, SMALL, AND MEDIUM DOMESTIC ENTERPRISES WITH THE JUSTICE-BASED CAPITAL ENTERPRISES

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ABSTRACT

A partnership is a model of cooperation, both directly and indirectly, on the principle of mutual interest, trust, strengthens and benefits involving Micro, Small and Medium Enterprises (MSME) with Large Enterprises to strengthen the national economy. A partnership between domestic companies with Micro, Small and Medium Enterprises with a form of a written agreement regulates the business activities, rights, and obligations of each party, the form of development, duration, dispute resolution and the termination of the partnership agreement. The partnership pattern reflects the active role of the state in managing the economy with its legislation being part of the state's responsibility as a regulator in realizing prosperity for Micro, Small and Medium Enterprises that conduct partnerships cooperation with justice-based domestic companies. The pattern of justice based partnership is carried out with the principles of helping without calculation of profit and loss, giving each of its parts, realizing the rights and obligations of the parties in the partnership agreement and to support the development of micro and small businesses in their respective business fields.

Keywords: optimization, partnership of Micro Small and Medium Enterprises, justice-based, domestic enterprises

INTRODUCTION

The development of Indonesia's national economy cannot be separated from the existence of micro, small and medium businesses, besides the existence of national and multi-national companies. Micro, small and medium businesses are very real in business forms and have a very important and strategic position, potential and role in realizing development goals, especially in the economic field. Micro, small and medium enterprises (MSMEs) are business activities that can expand employment and provide services to the communities' broad needs, play a role in the process of equity and increase community income, and encourage economic growth in realizing national and economic stability.

The ability of MSMEs in realizing national and economic stability was tested when Indonesia experienced a crisis in the economic field in 1997-1998 and 2007. MSMEs could survive and be able to overcome the storm of the crisis, because of its real nature, its existence to fulfill the needs of citizens society, the affordable price of goods, and does not depend on basic materials from abroad. The potential and condition of the real economy must be maintained and developed, so it requires specific policies that are different from the policies of large enterprises. These special policies are implemented with consideration of the limitations on MSMEs in the areas of the capital, management, technology, market access, and raw materials so that arrangements are needed to involve large companies, both domestic and foreign companies. The ability of MSMEs must be developed and improved given its big considerable contribution, including in the field of employment and improving the people's economy. Data from the National Development Planning Agency, the Central Bureau of Statistics, and the United Nations Population Fund predict the number of people who are in micro, small and medium enterprises (MSMEs) in Indonesia in 2018 is 58.97 million. Indonesia's population in 2018 is predicted to reach 265 million¹. This data shows the extraordinary potential that MSMEs have.

Wiji Pramajati and Widyarini's research results ² show that micro, small and medium-sized businesses can make a large contribution to the people's economy. and able to move the people's economy, provide new jobs and even be able to initiate the construction of hospitals, schools, and repair places of worship.

The existence of MSME cannot stand alone and requires assistance, cooperation, guidance and quality improvement in the fields of human resources, technology, production, and market access. One of the parties that can realize and provide assistance for the improvement is a large enterprise. To meet these needs also requires the optimal role of the government as a facilitator, regulator and dynamic maker of MSMEs' needs with large enterprises.

The development and empowerment of MSMEs can be done through partnership patterns, especially between large enterprises with micro, small and medium entrepreneurs, or between medium enterprises with micro and small enterprises. The freedom of large enterprises in conducting their business in Indonesia is no longer limited to certain fields of business but can enter all fields except those that are closed and those that are open with exceptions. Large enterprises can enter the open business sector on the condition that they must cooperate with micro, small, medium and cooperative businesses.

¹<https://keuangan.kontan.co.id/news/jumlah-pelaku-umkm-di-2018-diprediksi-mencapai-5897-juta-orang>, accessed on 13 September 2019.

² Pramajati, Wiji and Widyarini, (2007), *The Role of Small and Medium Enterprises in Improving the People's Economy in Pekalongan District*, UNTAG Universi Semarang ty Research Institution, page 47

Large enterprises are no longer limited to domestic entrepreneurs and investors but also include foreign investors. Law Number 25 Year 2007 concerning Investment no longer distinguishes between domestic investors and foreign investors, both of them have the same rights and obligations, including fostering and establishing partnerships with MSMEs.

The partnership pattern according to Law Number 20 Year 2008 has forms/patterns namely: core-plasma, subcontracting, franchising, general trading, distribution and agency, and other forms of partnership, such as profit sharing, operational cooperation, joint ventures, and outsourcing. Regulations on partnerships already exist but there are no specific cases that address and accommodate the needs of MSME businesses. But institutionally, how to deal with these partnerships does not yet exist, so it often does not seem to be a meeting point.

The direction of this research is the partnership agreement between MSMEs and large domestic enterprises, both private and state-owned enterprises (SOE). The partnership pattern for private companies and State-Owned Enterprises in general concerning Law Number 20 Year 2008 concerning MSMEs and Law Number 25 Year 2007 concerning Investment (Undang-U Penanaman Modal), Law Number 19 Year 2003 concerning State-Owned Enterprises (SOE Act), Government Regulation Number 17 Year 2013 Regarding Implementation of Law Number 20 Year 2008 and other regulations listed below, but for SOE it is still improving based on special regulations related to SOEs namely the SOE Act, Government Regulations and Regulation of the Minister of State-Owned Enterprises Number Per-04/MBU/09/2017 about Amendment to the Regulation of the Minister of State-owned Enterprises Number Per-03/MBU/08/2017 Regarding the Guidelines for Cooperation of State-owned Enterprises and Regulations of the Minister of State-owned Enterprises Number Per-09/MBU/07/2015 Regarding the Partnership Program and the Environmental Development Program for State-Owned Enterprises.

The chosen research location for the implementation of the partnership agreement is Pekalongan City, as one of the cities in Indonesia that becomes the center of economic growth, particularly in Central Java Province and has an MSME development program. Pekalongan City is also known as the city of batik because Pekalongan batik has a distinctive and varied style. Pekalongan City has been named as the UNESCO creative city network in the category of crafts & folk art in December 2014 and has the city branding as the World's city of Batik.³

Formulation of the problem:

1. How is the partnership pattern carried out in an effort to develop MSMEs in Pekalongan City?
2. Are there any factors that have caused the MSME development to be not optimal and what are the steps to realize the welfare of MSMEs based on justice in the city of Pekalongan?

RESEARCH METHODS

This research is included in the type of descriptive qualitative research. Sources of data in this study are primary data and secondary data. Data collection techniques are done by interview and documentation. Data validity is processed by using the triangulation of data sources. Data analysis techniques using qualitative analysis through the process of coding, editing, and systematizing data.

THEORETICAL FRAMEWORK

1. Criteria for MSME and Large Enterprises

Law Number 20 Year 2008 regulates the criteria for MSME in Article 6 paragraph (1), (2) and (3). Micro-business criteria are those that have the net worth maximum of 50 million rupiahs outside the land and business buildings and have annual sales assets of 300 million rupiahs. Small business is a business field with a net worth between 50 million rupiahs - 500 million rupiahs outside the land and building of business premises with sales result between 300 million rupiahs until 2.5 billion rupiahs. The criteria for a medium business is to have a net worth of between 500 million rupiahs - 10 billion rupiahs outside land and temporary buildings. This does not include land and buildings where the business is located or to have annual sales results of more than 2.5 billion rupiahs - 50 billion rupiahs.

There is no specific definition in the Indonesia legislation for defining criteria for large enterprises. Based on these MSME criteria, it can be obtained that the criteria for large enterprises in the capital sector are above 10 billion rupiahs and the sales revenue is above 50 billion rupiahs.

In addition to the criteria for capital and sales assets, there are some characteristics concern MSMEs. Characteristics of micro-businesses are types of goods are not always fixed and change regularly according to the needs and development of the community, business management is very simple, the place can be moved, and in general, managed by an individual. Characteristics of small businesses including, generally are managed by an individual, management is still simple but neater compared to micro businesses, human resources are more advanced and experienced, production is permanent and not easy to change, the place is settled, and already has a Tax ID Number (TIN). Medium business criteria include regular, modern and structured management, permanent business, employees who have specific skills, such as finance, production, marketing and administration, using company auditing, having banking access and wider market access. Criteria for large companies such as

³ https://id.wikipedia.org/wiki/Kota_Pekalongan, accessed on 18 July 2019.

have large capital, there are corporate organs, organization is structured, modern, and complex, have an alliance of capital, can be in the form of a Limited Liability Company, a management that separates company assets with personal wealth, have a statute and bylaws, complicated leadership structure ranging from directors, commissioners, managers, section heads, until lower sub, have many employees, using large and sophisticated machines/tools, business fields are more than one type of product, production is in large scale with extensive market and banking network. State-owned enterprises are an example of large enterprises.

Article 13 paragraph (1) and paragraph (2) of Law Number 20 Year 2008 requires large enterprises to cooperate with MSMEs and the Government to foster and develop micro, small and medium enterprises through partnership programs, enhancing competitiveness, providing innovation encouragement and expansion market, as well as the broad dissemination of information.

Based on the criteria of the large enterprises, it can be affirmed that the large enterprises that establish cooperation in the form of partnership with MSMEs are large enterprises in the form of legal entities, not incorporated entities or individual businesses.

Each line of business has a business form, and the forms of MSME business entities are:

- 1) Individual Companies,
- 2) Firm Companies,
- 3) Limited commanditaire vennootschap,
- 4) Limited Liability Company,
- 5) Cooperatives, and
- 6) State-Owned enterprises.⁴

The business cannot be separated from the industrial sector, as a business that processes raw materials and/or utilizes industrial resources that produce goods that have added value or higher benefits, including industrial services and have a position in Indonesia. (Article 1 number 1 and number 9 of Law Number 3 Year 2014 about Industry). Included in this sector is the industrial field that processes semi-finished materials into finished materials, called the manufacturing industry.

2. The Pattern of Partnership Between State-Owned Large Enterprises and Justice-Based MSMEs

Large domestic enterprises based on owned capital are categorized into two types, investors whose source funds come from the private sector, both individuals and business entities, and whose funds come from the state, called State-Owned Enterprises, by carrying out their activities in the territory of the Republic of Indonesia.

Large domestic enterprises at the time of establishment are required to collaborate with MSMEs and accommodate people's economy which involves the development and protection of micro, small, medium and cooperative businesses (considering the letter b and Article 4 paragraph (2) c of Law Number 25 Year 2007). Article 13 paragraph (1) of the Capital Market Law emphasizes the Government's obligation to establish business fields that are reserved for micro, small, medium and cooperative businesses and business fields open to large enterprises on the condition that they must cooperate with micro, small, medium and cooperative businesses. Article 13 paragraph (2) confirms that the Government conducts development and development of micro, small, medium and cooperative businesses through partnership programs, enhancing competitiveness, encouraging innovation and expanding markets, as well as disseminating information to as many people as possible. These provisions are in line with Article 2 paragraph (1) letter e of the SOE Law emphasizing that the purpose and objective of establishing an SOE to actively participate in providing guidance and assistance to economically weak entrepreneurs, cooperatives and the community. One of the requirements for the establishment of large companies in Indonesia is an agreement with a partnership pattern with MSMEs. Large domestic enterprises that collaborate with partnership patterns are industrial companies that produce a product from raw materials to semi-finished or finished goods, or from semi-finished goods to finished goods.

A partnership agreement is a cooperation agreement, both directly and indirectly, based on the principle of mutual interest, trust, amplify, and benefit involving Micro, Small and Medium Enterprises with Big Enterprises. This partnership is contained in a written agreement that regulates the business activities, rights and obligations of each party, the form of development, period time, and dispute resolution. The partnership agreement must not contradictive with the basic principle of independence of Micro, Small and Medium Enterprises and not create dependence of Micro, Small and Medium Enterprises on Large Enterprises. Large Enterprises are prohibited from owning and/or controlling Micro, Small and Medium Enterprises as their business partners in implementing partnership relations. Partnership pattern agreements are implemented in the fields of production and processing, management, marketing, capital, human resources, and technology.

The partnership pattern is an embodiment of the core of Indonesia's popular economic system, which contains these elements:

- (a) The existence of a kinship principle, which essentially means prioritizing equity;
- (b) State control over natural resources which are the interests of the livelihoods of the people,
- (c) All-natural resources are allocated to the people.⁵

⁴ Khairandi, Ridwan, (2006), *Introduction to Commercial Law*, FH UII Pres, Yogyakarta, page 23.

⁵ Fajar, Mukti, ND, (2016), *MSMEs in Indonesia, Economic Law Perspective*, Pustaka Pelajar, Indonesia, page. 103.

The principle of kinship is a principle that emphasizes the common interests of citizens, even though the interests of individuals and groups still receive protection by the state. This principle is a characteristic and becomes the foundation of the Indonesian nation in carrying out its activities and in the life of the nation and state.

3. The Government's Role in Empowering MSMEs

The realization of the partnership pattern requires the government's active role through the relevant ministries or offices. The role of the government is part of the state's responsibility in organizing the country's economy and one of them is to realize the welfare of MSMEs. The government's obligation in the concept of a Welfare State and the responsibility of the state as a regulator to present welfare as a social right of citizens, requires the state to have the ability to support adequate economic growth needed by businesses, namely MSMEs, which means realizing an Indonesian people's economic system, and one of them through a partnership pattern.

The role of the Government in empowering MSMEs has been mandated by Article 7 and Article 20 of Law Number 20 Year 2008. Article 7 confirms that Article 7 of the Government and regional governments fosters a business climate and policies that can be emphasized including funding, facilities and infrastructure, partnerships, promotion trade, and institutional support. Active support is also needed from the business world and the community.

The important role of the Government, especially the regional government, is to facilitate the provision of facilities and infrastructure as well as by entering into cooperation agreements with related institutions for the empowerment of MSMEs. Empowerment itself is regulated in Article 4 and Article 5 of Law No.20 Year 2008 which in principle is to foster the independence, togetherness and entrepreneurship of MSMEs, the development of regional-based and market-oriented business potentials, and increased competitiveness to make MSMEs that are resilient and independent as one of the national economy's pillar. The potential that exists in the regions must be directed to become a real economy to create jobs and to realize the society's welfare

The goal of the Indonesian economic system is the realization of a populist economy. This people's economy maintains a balance between the interests of groups or individuals with common interests based on the principles of economic democracy as outlined in Article 33 of the constitution of The Republic of Indonesia Year 1945. Article 33 paragraph (3) also emphasizes the state's control over natural resources and those controlling the interests of the lives of many people.

The control by the state on the sources of natural resources which are the interests of the livelihoods of the people means that the state does not possess. The definition of possessing can mean having complete control of an item. Having can also lead to illegally taking it into possession, the right to use or take profits. Therefore actions to sell, release and also give to other parties unilaterally can be done by the state. Those actions can not be done by the state in terms of owning natural resources. The state can control but does not possess it, because the one who owns the natural resources is the people of Indonesia. The definition of the controlling State is the state only regulates, maintains, facilitates and distributes natural resources for the welfare of the people of Indonesia.

Simply stated, people's economy has at least 5 important goals which include:

- 1) Availability of decent work and livelihood opportunities for all members of the community,
- 2) The availability of a social security system for people who need it.
- 3) The protection and distribution of material capital ownership is relatively evenly distributed among community members,
- 4) The implementation of free education for every member of the community who needs it,
- 5) Guaranteed the right of every member of society to establish people's unions.⁶

A pattern of partnership based on justice is a pattern of partnership based on the values of justice adopted by the Indonesian people, without abandoning economic values and profit-oriented in the business sector. The values of justice are based on the fifth principle of Pancasila, namely social justice as a characteristic of the multi-meaning Indonesian nation.

Social justice actually aims to realize the governance of society in the country. Social justice does not only want to hold justice "*suum cuique tribuere*", but also propriety (equity, *billijkheid*) and satisfying reasonable living needs, all of which are aspired by social justice. In other words, not only justice in a reasonable sense, the absolute demand rather than justice, the accuracy of what justice requires, the absolute rights for those concerned, but social justice still demands other elements.⁷

Other elements of social justice are justice that applies to society, which is based on the principles of development to ensure life and livelihood. The existence of social principles in society, such as cooperation and help, and the existence of a cultural principle, such as the progress of the nation must still be based on the personality of the Indonesian nation.

Social justice covers various aspects, ranging from individuals, the state, society, mutual cooperation, cooperation and even the fulfillment of the needs of citizens is part of social justice based on Pancasila. Social justice can be interpreted not as an individual moral problem, but a social moral problem related to impersonal structural problems which means the issue of social

⁶ *Ibid*, page. 103-104.

⁷ Notohamidjojo, O, (1971), *Justice Issues*, Tirta Amerta, Semarang, page 11.

justice is not determined by the will of a particular individual or good, but depends on the structures of power in society such as economic, political, and cultural structure. Social justice requires the social benefits available in the community must be distributed in such a way that it can reach the most disadvantaged members of the community.

RESEARCH RESULT AND DATA ANALYSIS

1. Partnership Patterns Run in Efforts to Develop SMEs in Pekalongan City.

Pekalongan City is one of the cities in Indonesia that has run MSME development efforts, both through regional regulations and in the form of cooperation agreements. The partnership pattern is carried out with a cooperation agreement signed by large enterprises with the Pekalongan City government. This cooperation agreement involves various aspects, ranging from the capital, technology transfer, marketing, and management.

Pekalongan City has optimized the empowerment of MSMEs with the issuance of Pekalongan City Regulation No. 3/2012 about Structuring Traditional Markets, Shopping Centers, and Modern Stores. This Regional Regulation in its consideration emphasizes that the marketing/retail activities on a micro, small, medium and large scale are part of trade activities that can enhance regional economic growth because of their strategic role, in encouraging the growth of production, distribution, fulfillment of people's basic needs and job creation as a form of regional economic growth and markets is a tool for the survival and growth of MSMEs.

Business partnership governed by Article 15 paragraph (1) of Regional Regulation No. 3/2012 is mandatory and is carried out in the form of marketing cooperation, the provision of business locations, or receiving supplies from other parties. Cooperation can be realized in the form of MSME product marketing, a storefront or an outlet from a modern store. This regional regulation is an embodiment of the provision of facilities and infrastructure, trade promotion, and institutional support and partnerships. The responsibility of Pekalongan City government is realized by the existence of a cooperation agreement between Pekalongan City Government and the Limited Liability Company (Perseroan Terbatas) Praja Puri Indah Real Estate (Management of Pasar Mangga Dua Morning Market Wholesale Center) Jakarta, Number 005/PPI-Leg/Perjj/V/2016 and Number 050/634.1/V/2016. Both parties agreed to implement a cooperation agreement to develop the marketing of Pekalongan batik products. The rights and obligations of the parties are contained in Article 1 paragraph (1) and paragraph (2) and Article 2 paragraph (1) and paragraph (2). Article 1 paragraph (1) and paragraph (2) stated that:

- (1) First party has obligations:
 - a. Providing kiosks on the 2nd floor of Mangga Dua Morning Market Wholesale Center Building for MSMEs selling Pekalongan batik
 - b. Providing supporting facilities in the batik center of Mangga Dua Morning Market Wholesale Center Building for MSMEs selling Pekalongan batik
 - c. Promoting the existence of batik centers in Mangga Dua Morning Market Wholesale Center Building.
- (2) 1st party has the rights:
 - a. Receive rent from MSMEs selling Pekalongan batik every month
 - b. Receive service charge/electricity from MSMEs selling Pekalongan batik every month
 - c. Receive a security deposit of one million rupiahs and will be returned without interest after the rental period ends.

Article 2 paragraph (1) and paragraph (2) stated that:

- (1) 2nd party has obligations:
 - a. To guide MSMEs selling Pekalongan batik who are developing marketing at the Mangga Dua Morning Market Wholesale Center Building
 - b. Monitoring and evaluating the development of MSMEs selling Pekalongan batik in Mangga Dua Morning Market Wholesale Center Building
- (2) 2nd party has the rights:
 - a. Knowing the development of MSMEs selling Pekalongan batik located in Mangga Dua Morning Market Wholesale Center Building
 - b. Providing proposals and suggestions for the development of marketing for MSMEs selling Pekalongan batik, which is located at Mangga Dua Morning Market Wholesale Center Building.

Other cooperation agreements related to funding have been made by Pekalongan City Government, represented by Pekalongan City Trade, Cooperative and MSME Office with the Limited Liability Company of Central Java Regional Development Bank, Pekalongan Branch related to Facilitation of Financing for Micro, Small and Medium Enterprises in Pekalongan City, Number: 050/239 and Number: 011/HT.01.04/007/2018. This agreement contains financing facilities for MSMEs, i.e:

1. Strengthening MSME capital;
2. Establish a monitoring team by the Bank to provide guidance and monitoring of debtors;
3. The existence of active supervision (on-site) for the continuity of the debtor's business, administrative management, bookkeeping and swift fulfillment of credit payments.

The purpose of this agreement is to strengthen capital to improve the productivity and quality of MSME businesses, while the objectives are:

1. Expanding access to loans to MSMEs practitioners,
2. Realizing and improving the welfare of MSMEs practitioners,
3. Strengthening the role of MSMEs in expanding community employment opportunities, and reducing unemployment and poverty in Pekalongan city.

The form of credit facility is Central Java 25 partner, People's Business Credit and Productive Business Credit, with a payment model of *lopend* (installments) for working capital and/or investment.

Support for efforts to improve the quality and productivity of MSMEs is also provided by Pekalongan City Chamber of Commerce and Industry (Kamar Dagang dan Industri) through a memorandum of understanding between the Chamber of Commerce and the Government of Pekalongan City Number: 001/KDN-PKI, MOL7.III/2018 and Number: 500/2392 about Education, Training, Apprenticeship, Assistance of Prospective New Entrepreneurs/New Entrepreneurs and MSME Export Business Actors/Prospective Export Business Actors.

The scope of this Memorandum of Understanding includes:

- a. Facilitation of education, training, apprenticeship, mentoring of prospective new entrepreneurs/new entrepreneurs as well as MSME Export Business Actors/Prospective Export Business Actors,
- b. Technical guidance on business development for prospective entrepreneurs/new entrepreneurs as well as MSME Export Business Actors/Prospective Export Business Actors,
- c. Other fields determined and agreed upon by the parties.

The financing costs that emerge from the implementation of this memorandum of understanding are the responsibility of the parties proportionally. The material given to MSMEs is mutually agreed with reference to the need for training, apprenticeship, mentoring and technical guidance. Facilities provided by Pekalongan city government are included in the empowerment of MSME practitioners and also improving the quality of MSME practitioners.

2. Factors That Cause Optimal Development of MSMEs in Pekalongan City.

Targets that are closely related to MSMEs are the availability of decent work and livelihood opportunities and the distribution of capital ownership and each MSME can establish trade unions and business unions. State facilitation in the development of MSMEs is regulated in legislation, one of which is emphasizing the existence of partnerships between large enterprises and MSMEs. Regulations on partnerships already exist and are quite adequate but the implementation is not yet optimal. The role of the Government and regional government as regulators and policy-makers plays an important role in enhancing and empowering MSMEs, while still providing facilities, and protection for large companies, both private (National, joint venture and foreign) as well as SOEs.

Empowerment in all its forms has been carried out by Pekalongan City Government whether carried out through local regulations, facilities provided, empowerment through training and apprenticeship.

The weakness that still appears is the absence of comprehensive data collection on the MSMEs. Micro, small and medium enterprises practitioners are business actors based on their respective criteria as regulated in Law Number 20 Year 2008 and Government Regulation number 17 Year 2013 concerning Implementation of Law Number 20 Year 2008. The main points contained in Government Regulation Number 17 Year 2013 are the role of government and regional governments to facilitate the development of MSMEs. One of them is by giving priority to MSMEs to participate in the goods and services procurement program organized by the government. Another thing that is regulated is the ease of licensing, provision of funding, and facilitation of information technology. These facilities have generally been implemented well by Pekalongan city government.

Head of Cooperatives and MSME Division of Pekalongan City Industry, Trade, Cooperatives, and MSME Office, Edi Harsoyo said, currently there were 19,615 units with a turnover value of Rp1.84 trillion, and assets reaching Rp1.88 trillion.⁸

The type of dominating MSMEs business is engaged in the batik industry, meeting basic needs, and culinary business. These three types of businesses can be managed by MSMEs and even large companies.

Pekalongan City government efforts to optimize all the facilities needed by MSMEs are already good and optimal. The needs for facilities and infrastructure, business information, funding, promotional partnerships and institutional support have been carried out through collaboration with various large enterprises and the provision of adequate facilities and even increasing the quantity and profit of sales and MSME assets can already be recorded, including the dominant fields in the industry sector. On the other hand, data collection per sector or business actor has not been able to run optimally. Data on micro, small and medium enterprises has not been separated, so it needs comprehensive data collection.

⁸ <https://www.medcom.id/ekonomi/mikro/IKY4B9Ak-omzet-umkm-pekalongan-capai-rp1-84-triliun>, accessed on 10 September 2019.

The term of MSMEs is also still an obstacle because there is a term for Small and Medium Industries (Industri Kecil dan Menengah). Data of small and medium enterprises engaged in the industry can be collected through small and medium industries. Though not all MSME businesses are engaged in industry, and micro-businesses are not yet included.

Based on the data obtained, the factors that have caused the MSME not yet optimal in Pekalongan city are:

1. Data separation among micro, small and medium enterprises
2. Grouping by type of business for MSMEs
3. Data in the government is not optimal, because there is no obligation to report business activities at MSMEs
4. Data about the implementation of cooperation with many companies are submitted to the association.

Data Separation among micro, small and medium enterprises needs to be carried out considering, this data is still mixed into one by following the provisions in the law. The criteria for micro, small and medium enterprises need to be more clarified, not only based on the criteria of net wealth and sales assets but also what business sectors are included in the criteria of micro, small and medium enterprises.

There needs to be firmness about the understanding of micro-enterprise in society, which is based on its characteristics such as business goods that can change at any time, the place of business is not always settled, human resources with low education and who have low entrepreneurial spirit, do not have banking activities, generally do not have business licenses, and do not have business associations. The meaning of "Micro" term must also be almost the same as the seller because it has the same characteristics. The micro-enterprise mentioned before is different from the understanding of micro-enterprise in Law No. 20 Year 2008.

The characteristics of micro-businesses in the community, in general, have not been recorded, including the size of the capital which is not certain. For example, for micro-household enterprises, businesses selling chicken soup or noodles only require capital of no more than 5 million rupiahs. Data collection is important as an optimal effort of the Pekalongan City Government to realize community welfare.

Data on micro, small and medium enterprises including sellers of food, goods or other small household production are generally not yet registered. Micro-business data is real business data in the community. The micro-business data should be distinguished from the definition of micro business in the law.

The data meant to realize the Government's role optimally is MSME data that is regulated in the law. Micro enterprises data whose characteristics are mentioned above, such as the changing of goods, the place of business is not always settled, does not have an entrepreneurial spirit and others, but the effort is to meet the needs of family life. Data that needs to be specified means micro-business data, small business data, and medium business data as well as data that is beyond the understanding of micro business according to the law.

Another step that can be implemented by the City Government of Pekalongan is reporting data that has collaborated with large enterprises. The Government of Pekalongan City must guard and record the implementation of its cooperation agreement with the Limited Liability Company (PT) Praja Puri Indah Real Estate (Management of Pasar Mangga Dua Morning Market Wholesale Center) Jakarta. Data on how many MSMEs realize the cooperation agreement, the prospects of the cooperation agreement and also the value of profits, both in terms of MSME practitioners and in terms of increasing production and promotion of the selling products.

Detailed MSME data that obtains capital facilities from the Central Java Development Bank, needs to be well-documented and separated among micro, small and medium enterprises and even entrepreneurs or sellers of food and household products. Data reported to the government will have an impact on the protection of MSMEs and other entrepreneurs.

The realization of the collaboration between the Government of Pekalongan City with the Chamber of Commerce and Industry (KADIN) is a step to realize cooperation and independence of MSMEs in facing business competition, both at the local, national and even international level and also the ability to export MSME products. KADIN's steps to implement Education, Training, Apprenticeship, Assistance of new Prospective Entrepreneurs/new Entrepreneurs are stages to provide space for entrepreneurs who are both incorporated in MSMEs and those who have not yet been incorporated. The data of the trainees become important data for further coaching or opening new business spaces for community members.

Other data needed is data concerning cooperation between SMEs themselves. This data is important as a manifestation of the concept of social justice in Pancasila. Social justice referred to the fifth precepts of Pancasila should realize mutual cooperation, cooperation and independence. The personal rights of MSME practitioners remain attached to the concept of independence. Because of the independence principle, the rights and obligations of the MSMEs practitioners and other entrepreneurs are attached.

CONCLUSION

A. Conclusion

1. The Government of Pekalongan City has provided facilities and infrastructure and has implemented a Partnership Pattern in Efforts to Develop MSMEs in Pekalongan City through cooperation agreements with large companies and the Chamber of Commerce and Industry (KADIN). The cooperation agreement is to facilitate capital, marketing, management, and other training needed.
2. Factors that have caused the non-optimal development of MSMEs in Pekalongan City are there are no comprehensive records of all activities involving the Government's role in developing and facilitating all activities carried out by the Government for MSMEs. Data on micro, small and medium enterprises made for each of these categories is also not optimal, and the need for grouping entrepreneurs or sellers engaged in micro-business to obtain the same facilities as those already incorporated in the MSME Community Association.

B. Suggestion

1. All facilities that have been provided and realized by the Government of Pekalongan City should be further improved by involving more MSMEs and large enterprises with a calculation that is mutually beneficial to both parties.
2. Data collection of all activities, both the results of cooperation with large enterprises, associations of large companies and cooperation between MSMEs themselves is data that shows the role and responsibilities of Pekalongan City Government in fostering and developing MSMEs. This data collection should be enhanced and maximized as a form of protection for entrepreneurs and also the realization of community welfare in Pekalongan City.

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