

## AN INNOVATION & BUSINESS SYSTEM DEVELOPMENT THROUGH TO THE FINANCE ENTREPRENEUR NEEDS A LOCAL COMMUNITY IN MALANG

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### ABSTRACT

**Objectives:** Local communities can access the internet with social media plat-form to catching up their product such digital industry. These criteria business system are set up with the basic of a few context in the Malang, which any im-pact by social media as the main digital platform industry, obviously selling a best product by online. I described that both the problems absolutely encountered to applying finance strategy in the Small Medium Enterprises.

**Methodology/Technique:** This kinds research paper has been used by descrip-tive analysis and conceptual framework

**Findings:** The results were showed by innovation & business system develop-ment, digital marketing, through to the finance entrepreneurship needs a local community such finance streams

**Type of Research:** Conceptual Framework

Keywords: innovation, business development, local community

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### INTRODUCTION

Malang is one of the city and district that growth up in many located in East Java, where the majority of the population works. There are many things that they can actually upgrade their knowledge of, especially about SMEs (Small Medium Enterprise). Where, it will be an additional income for the family, but this will be difficult if there is no balance between science and knowledge related to the digital market industry. Because, so far they have been asking about fishing and selling it directly to the market at a relatively stable price. The problem is that they should be able to prepare for finance platform such application to hold their business including income and expenditure, absolutely. Moving from the other side, technology learning must be maximized that can be obtained from the experts regarding the online market. When all systems are running well, it will make it easier for local residents of Malang making financial reports that are easy to learn and practice when selling online. Therefore, knowledge related to financial strategies is very necessary for the community in controlling online sales and purchases. Maybe there will be a team that is still young to be able to help handle the finances system business development.

Entrepreneurial finance, there are strong, a priori, theoretical reasons for expecting sources of equity finance to be hit hard by shocks such as pandemics given the need for face-to-face contact between investors and entrepreneurs. Clearly, "financial distancing" may rise as a result of social distancing measures enacted by the Covid-19 crisis (Howell et al., 2020). It is a moot point whether new sources of technology such as online video pitches used in equity crowdfunding can mitigate the impact of the crisis given their potential role in reducing the need for personal interaction. There are also important factors mediating various sources and types of entrepreneurial finance which may influence the impact of crisis events.

First, past work clearly demonstrates that these funding sources are extremely volatile (Gompers et al., 2008). Examining historical data on VC investment activity, research has found that aggregate deal volume, capital invested, and deal size all decline substantially in past recessionary periods (Howell et al., 2020). Moreover, the same researchers found systematic evidence that investors who specialize significantly more responsive to business cycles than later-stage investors. Indeed, they are founded that a number of weekly deals during the Covid-19 pandemic declined by nearly 38% in the two months starting 4th March 2020, relative to the previous four months (Howell et al., 2020). What factors could explain this differential impact on different types and phases of entrepreneurial finance? Late-stage deals are typically undertaken by large VC firms with well-established entrepreneurial firms which may make them more recession proof. For example, Airbnb famously obtained substantial venture capital in the aftermath of the GFC. 4Plus, large VCs typically undertake staged capital infusions into firms which have long-term timetables, often predicated on performance goals by recipient firms (Gompers and Lerner, 2001).

Various scholars have invoked the concept of real options thinking to explain the sequencing of VC investments (Li, 2008; Hsu, 2010). Each venture capital funded project has project-specific uncertainty concerning the costs and benefits of the project. Project-specific information generally arrives when investment is taking place, so there may be little value in holding off investments. Consequently, a VC firm has the motive to invest sooner rather than accumulate information (Li, 2008).

An assessment on the business performance for SMEs (Small Medium Enterprise) in terms of innovation, which is undoubtedly influence by the definition of business innovation. Adopting by Porter (1990) had been stated that any innovation is attempt to create any competitiveness with perceive a new and good ways on completion for the business industry to bringing out to the real emerging market.

In another sectors, like a food processing, competitiveness might depend on more upon SMEs (Small Medium Enterprise) being able to maintain for a high level on flexibility to customer demands. There is developing about business skills to people slightly modified versions an existing local products or new business start-up way on packaging. However, innovation for SMEs (Small Medium Enterprise) are like typically rely on incremental changes to their unique product portfolio and the way that presented to customers rather than fundamental business innovations or radical changes tot the unique local product are produces in Indonesia or another country in the world by online technology platform.

## **THEORITICAL**

### **SMEs in the Different Types Between Production and Innovation Systems**

According to the Stopper 1997 argued that a part the national and European Union based on innovation policy should carried out in the regional level. Where, a best knowledge on the variation of regional condition innovation can be secured as well. For the case, innovation activity is a territorial innovation phenomenon. This is like any stimulation by cooperation between local players and by place specific resources. For instances, some places platform about knowledge and learning spillover to take result, which is lead to unique experience being created in a best way to promote competitive for local firm or home production.

### **Social entrepreneurship**

Social entrepreneurship holds the mission of the firm as its ultimate purpose. Creating wealth is necessary for social entrepreneurs if they are to survive and thrive but wealth is more of a means to an end that benefits society. The Benefit Corporation is a new corporate form that makes it possible for social entrepreneurs and other like-minded business people to promote the social good as well as wealth creation. Sustainability reports, otherwise known as social responsibility reports, measure how well the firm achieves the triple bottom line of planet, people, and profit. Integrating reporting is becoming increasingly prevalent as firms try to pull and reporting together into a comprehensive format.

### **Collaboration**

To maintain collaboration, a constant invitation is necessary to keep people stay connected. Participants who involve collaborative must use core concepts of trust, sharing, belonging and respect (Lee and Glad, 2011). Collaboration looks like the ocean waves flow from source to destination constantly. It will happen when people participates each other with idea sharing, sense of ownership. In this study, the researcher invited multiple talent people such as designers, ethical fashion advocates, conscious chefs, new media entrepreneurs, community builders, ecological architects to build new solutions responses to the problems they have in the world. They start from silo-thinking at the beginning, later on they share their idea that no one can see. Collaboration from each other, having exchange quality of works that responses to the problems (Lee and Tatiana Glad, 2011).

### **Business Development**

In the simplest terms, business development can be summarized as the ideas, initiatives, and activities that help make a business better. This includes increasing revenues, growth in terms of business expansion, increasing profitability by building strategic partnerships and making strategic business decisions.

- Business development encompasses a wide scope of ideas, activities, and initiatives that a business owner and management implement with the goal of making the business better.
- Business development can include many objectives, such as sales growth, business expansion, the formation of strategic partnerships, and increased profitability.
- Successful business development impacts every department within a company, including sales, marketing, manufacturing, human resources, accounting, finance, product development, and vendor management.
- Business developers should be aware of new market opportunities, possibilities for expansion, competitor developments, and the current sources of the company's revenue.

Business development activities extend across different departments, including sales, marketing, project management, product management, and vendor management. Networking, negotiations, partnerships, and cost-savings efforts are also involved. All of these different departments and activities are driven by and aligned with the business development goals.

For instance, a business has a product or service which is successful in one region, such as the United States. The business development team assesses further expansion potential. After all due diligence, research, and studies, it finds that the product or service can be expanded to a new region, such as Brazil.

### **Government Sites**

The government could be change or move for some of it was own departments out of the capital and locate in local areas for high unemployment. It really important to distinguish many policy the merely seek to modify a local market by altering market signals from policies that replace a market for local communities. Regulation replaces a market and unless very carefully devised and monitored that it may lead to ill-thought-out decisions being made. Subsidies and taxes merely can modify to the local market, leave it to individual firms and to make for their good and final location for tourist decision.

### **Entrepreneurs Finance Strategy**

Due to the high levels of uncertainty associated with finance for informationally opaque start-ups and SMEs, investors overcome this by extensive monitoring and control procedures (Kaplan and Stroemberg, 2001). Indeed, a large body of work indicates that equity investors require close relational interactions and proximity (often face-to-face interactions) with their recipient firms (De Clercq; Sapienza, 2006). VC investors often use their personal networks to elicit deals and then oversee their invest firms by staying “close to their money” (Shane and Cable, 2002; Cumming and Dai, 2010; Colombo et al., 2019).

Clearly, in this case about financial distancing” may arise as a result of social distancing measures enacted by the Covid-19 crisis (Howell et al., 2020). It might be a point view for some new sources about technology such as online video pitches used in equity crowdfunding can mitigate the impact of the crisis given their potential role in reducing the need for personal interaction.

There are also important factors mediating various sources and types of entrepreneurial finance, which might any impact for financial crisis events. First, past work clearly demonstrates that these funding sources are extremely volatile (Gompers et al., 2008). Moreover, many more researchers have been founded about a few systematic evidence that investors who specialize in deals are significantly more responsive to business cycles. Indeed, during the Covid-19 pandemic declined by nearly 38% in the two months starting 4th March 2020, relative to the previous four months (Howell et al., 2020).

In conclusion, for any entrepreneurial finance is heavily pro-cyclical in nature and this seems most pertinent for financial deals. Additionally, this topic had noted more job to provide any potential explanations for extremely condition (Howell et al., 2020, p. 7).

## **METHODOLOGY**

This research paper absolutely used with a qualitative method with case study approach, and conceptual method in Malang, East Java such city and district areas. In case that, any substantial also contained and could be explored in depth research (Yin, 2009). In this research paper, it was explored that how many local communities in Malang that could be sets up many more short-term and long-term goals with business drives to achieve everything seems great ideas. In this quite contrast, would be creates any innovation and business development to an organization, exactly. Whereas, an extent to sharing and tracking for change occasionally informations needs to identified, collected, communication, and creativity with collaboration many peoples. For those case, instead off the important action and coaching by digital system for make any platform industry. Generally, a place for young generation could be evaluation for the next ideas of product innovation as part as a human relations by wonderful positive vibes and motivation between personal and teams in the Island areas.

## **CONCLUSION**

In quite contrast, this research paper a slightly ahead with conceptual framework between innovation, business development, and digital platform industry by Small Medium Enterprise (SMEs) variety among others business start-up level including education, culinary, and many more kinds of product innovation. However, this also implies with a few survive in digital market industry by a wonderful skills and knowledge from young generation Malang, East Java. Additionally, we can assimilate for many people from local industry with obtain collective strengthening by networking such as offline and online in regional areas like Indonesia to sell and buy some product with additionally value. Thus, many more results of small industry communities in Malang, which has been any specific and region knowledge such district areas, which often involving an experience for instance uniqueness and covered by local government like product collaboration by finance supporting.

## **SUGGESTION**

For the next research paper might be discuss about market business oriented with many solutions such unique and achieve any goals to make process of product like packaging and sell by online market industry. Definitely, a few support in the local communities based on market solutions argued that organization are the best collaboration with local government. Because of government intervention would impede efficient decision taking by industry. They had been argued to remove strategy that not suitable with demand and supply for local communities, absolutely with finance strategy. Immediately, a market could be achieving a regional and local balance for products by business development system such coaching and education digital learning system to follow up finance and innovation.

## **LIMITATION**

Absolutely, this research paper has a limitation including innovation ideas and business creation to catch up a local communities in the remotes areas in Saonek Island, Raja Ampat Papua. In this case, for another researcher could be novelty between product and selling systems by offline and online digital platform industry.

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