

VIRTUAL HUB FOR SMALL MEDIUM ENTERPRISES (SMES) IN INDONESIA AND MALAYSIA (POSH COSH AND HERBAL PRODUCT CASES)

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VIRTUAL HUB FOR SMALL MEDIUM ENTERPRISES (SMES) IN INDONESIA AND MALAYSIA (POSH COSH AND HERBAL PRODUCT CASES)

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ABSTRACT

ASEAN countries are a melting pot of 617 million people with rich culture and unique skills and can only be found in this part of the world. Over the decades, this region had seen immense transformation due to the economic boom but still retained its historical identity. It is no wonder that one can see a blend of modern sophistication and traditional lifestyle existing side-by-side in ASEAN Countries today. Small Medium Enterprises (SMEs) are integral to the ASEAN Member States' economic development and growth. They vastly outnumber larger enterprises in both the number of establishments and share of the labor force they employ. The result of this hub requires active participation by multiple stakeholders, particularly the entrepreneurs; therefore, their views are valuable to us and will be taken into consideration. It is hoped that the principles of openness, user-centricity, and stakeholder participation are upheld.

Keywords: Virtual Hub, Small Medium Enterprises (SMEs).

INTRODUCTION

Small Medium Enterprises (SMEs) are integral to the ASEAN member states' economic development and growth. They vastly outnumber large enterprises in both the number of establishments and share of the labor force they employ. SMEs account for more than 96% of all enterprises and 50% to 85% of domestic employment. The contribution of SMEs to GDP is between 30% and 53%, and the gift of SMEs to export is between 19% and 31%. They are essential in terms of income and employment generation, gender, and youth empowerment through business participation and their widespread presence in non-urban and more impoverished domestic regions. SMEs are the backbone of ASEAN, and SME development is integral to achieve long-run and sustainable economic growth, especially in Indonesia and Malaysia.

Micro and small and medium enterprises (MSMEs) are the largest contributors to the Indonesian business sector. It is evident from around 99 percent of Indonesia's business companies and employs more than 95 percent of its total workforce. Businesses have continued to be the main economic growth engines, especially since the monetary crisis of 1998. Even though they only produced about 56 percent of GDP in Indonesia, Criteria of MSEs, according to the United Nations, is that micro-enterprises have less than ten employees; small businesses have less than 50 employees; and medium scale business, less than 250 employees. Thus, in Indonesia, most companies are SMEs. (Rully Indrawan:2020).

One of Indonesian SMEs' obstacles is that they are excluded from regional and global value chains and marginalized in the local market. The blocks are due to a lack of connectivity with markets, access to financial networks and knowledge, and scarcity of human capital (the right set of skills), especially starting and running a successful digital business. At present, the use of digital technology combined with proactive policymaking has the potential to empower MSMEs and "improve" them into new value chains. Technology creates new opportunities and lowers entry barriers for SMEs. Digital economic platforms enable the development of human capital by connecting small companies to global digital commons. This platform means access to new markets and resources such as cloud-based tools, e-commerce platforms, and mobile applications to facilitate an unlimited number of economic and social activities. For opportunities related to cross-border business, MSMEs in Indonesia rely on existing e-commerce platforms such as Tokopedia, Shopee or use a combination of social media and postal and express delivery companies such as FedEx, DHL, or UPS. MSMEs are making progress in Indonesia towards inclusive, sustainable, and scalable growth. However, in an archipelago of more than 17,000 islands, this progress is uneven. Most improvement has been concentrated in urban groups on Java and Bali islands, namely, Jakarta, Bandung, Surabaya, and Denpasar. MSMEs are very hard to utilize technology in four critical areas of the digital landscape (e-commerce, shared economics, social media, and cloud-based).

This project aims to facilitate cross-border collaboration between these entrepreneurs through the development of an integrated virtual hub. Through cross-border cooperation, it is envisioned that products can be marketed into a bigger market. Collaboration between these entrepreneurs can be realized, and these efforts allow knowledge sharing to catalyze business competitiveness and productivity. This integrated hub aims to foster knowledge sharing through digital content, which trains the entrepreneurs to capitalize on ICT for info-mediation, product sales, and marketing. This will be achieved by conducting online training on product branding, package labeling, and marketing to accelerate the entrepreneurs' business improvement, competitiveness, and productivity. This virtual hub also provides a platform to facilitate cross-border business transactions. It is envisioned that this virtual hub also catalyzes to promote a collaborative economy. This can be achieved by instigating other local entrepreneurs to participate in this virtual hub, thus improving the value chain. Ideally, this will allow entrepreneurs to inform their market presence, identify potential collaborators, and explore new markets.

CONCEPTUAL FRAMEWORK

Knowledge sharing and Info-mediation

This virtual hub aims to provide content that trains the entrepreneurs to capitalize on ICT for info-mediation and knowledge sharing. This includes e-training on social media for marketing. This virtual hub will feature short documentaries on product highlights and the process of manufacturing local herbal products. This could further lead to collaboration between these entrepreneurs. More generally, regarding the issue of good governance, the underlying message that has emerged from MSMES in this study, as well as the existing

literature, is that government agencies and policymakers in Indonesia must continue to improve the way they interact with MSMEs in the following ways:

1. Make information for MSMEs everywhere and easily accessible, especially for coconut farmers in remote areas of the country.
2. Simplifying and harmonizing rules for doing business, considering coconut farmers and entrepreneurs' education level is very low.
3. Become a trustworthy and reliable collaborator in a multi-stakeholder ecosystem;
4. Provides increased transparency and access to data produced by the government
5. The digital economy has provided Indonesia's unprecedented MSME opportunities for inclusive growth in local, regional, and even global value chains. E-commerce, social media, sharing economy, and cloud-based analytics and hubs all contribute to MSME technology.

Marketing of local herbal products

This one-stop virtual hub integrates the showcase of products from the two countries. This will open up a more significant market opportunity. It will also potentially allow the local entrepreneurs to earn more, thus improving their quality of life. A user-centric approach will be employed when implementing this model. The stakeholders' views and opinions will be taken into account to ensure the principles of openness, user-Centricity, and participation are upheld. We believe that this initiative will bring a positive socio-economic impact on the entrepreneurs and the community at large.

1. Embracing open-source open-up solutions and collaboration; promoting public-private partnerships at the local, regional, and even global levels; by collaborating with the closest university.
2. Improve coordination between government agencies and national, regional, and local government offices depending on the lowest level government institutions such as local district government.
3. Become a trustworthy and reliable collaborator in a multi-stakeholder ecosystem;
4. Provides increased transparency and access to data produced by the government.

Figure 1. Methods of Implementation.



DISCUSSION

Coconut in Indonesia

Indonesia is one of the largest coconut producers in the world. The area of head plantation in Indonesia reaches 3.8 million hectares. Within a month, the production of coconut could get more than three million tons. However, seeing that coconut trees' potential and economic value, the farmers and commodity entrepreneurs have not been assessed as having received the maximum impact from the welfare side. One of the factors evaluated is the lack of understanding of coconut farmers and entrepreneurs about marketing commodities. So far, coconut is still sold in bulk. Another obstacle is the accessibility of farmer and coconut management, which is still low on information technology. The study obtained to increase the coconut commodity's economic benefits as a Comparison is Malaysia because local Malaysian farmers have the same culture and culture for coconut as Indonesia. However, Malaysian local farmers had first absorbed information technology, so it was accessible to the market. "One of the outputs of this research is to protect the intellectual property rights of local farmers o (Republika, Monday (16/1/2018)). The head is a plant that has high economic value. Therefore, coconut farmers should improve their business activities value. Huda Said Indonesian people have advantages in terms of creativity for any field. It will involve local farmers in Indonesia, Malaysia, and Thailand. The research will collaborate with ICT knowledge in three countries, namely Indonesia, Malaysia, and Thailand. (Republika, 2018).

Activated Charcoal Shell As Derivative Product Of Coconut

Activated charcoal is carbon with sound absorption abilities of the anions, cations, and molecules in organic and inorganic compounds, either in solution or gas. Some materials containing carbon, especially those that have pores, can be used to make charcoal. Activated charcoal making is done through charcoal's activation process by physical or chemical means in the retort. Differences in raw materials used and how activation can cause the nature and quality of activated charcoal differently. One of the raw materials for the manufacture of qualified activated charcoal is coconut shell. Excess or advantages activated charcoal made from coconut shell has maximum absorption properties because it has pores. Charcoal is produced through the carbonization process of raw materials. Large pores are still covered by hydrocarbons, tar, and other components, such as ash, water, nitrogen, and sulfur so that the activeness or low absorbency. To improve the absorption of charcoal, such materials can be converted into charcoal through the activation process. In principle, activated charcoal can be made in two ways, namely chemical and physical means. The resulting activated charcoal's quality is highly dependent on the raw material used, ingredients, temperature, and activating method. Activated charcoal has benefits in various fields, such as industry, health, environment, and agriculture:

Industries

Activated carbon products of more than 70% are used in the industrial sector. The primary use of activated charcoal is for purification of the solution, such as the sugar industry, syrup, water, vegetables, fats, oils, alcoholic beverages, chemicals, and pharmaceuticals; absorbing the toxic gas in the mask; deodorizing in the system of cooling device; absorbing

fuel vapor emissions in the automotive as well as a cigarette filter. Activated charcoal has also been used as an ingredient in products for the maintenance of cleanliness and smoothness of skin and hair, such as soaps, scrubs and shampoos.

Health

In the field of health, activated charcoal used in the treatment of external poisoning and secretory diarrhea therapy. In intoxication orally, to avoid the absorption of a number of toxins are still present in the gastrointestinal tract can be done with the adsorbent. Adsorbent most nutritious and less dangerous that the most widely used is activated charcoal.

Environment

Kadirvelu et al. (2001) have proved the ability of activated charcoal as an adsorbent for metals Hg, Pb, Cd, Ni, Cu in the wastewater industry radiator, nickel plating and copper plating. The ability of activated charcoal as a metal remover is influenced by the pH and the concentration of carbon. The increase in carbon levels raise percent activated charcoal adsorption to the metal ion. The use of activated charcoal is essential in the process of water purification and air. In the process of water purification, the activated charcoal and adsorb metals such as iron, copper. Nickel also can eliminate the odor, color, and flavor contained in the waste solution or water.

Agriculture

Activated charcoal is also used as an additional component in the soil media, can also be used in in-vitro culture media Widiastuty and Martowo (2004). The addition of activated charcoal pro analysis 2 g/l to the culture medium could improve the orchid plantlets of high growth, leaf area, shoot number, and roots.

Herbal Product in Malaysia in Thailand

Herbal products sourced from local herbs and other ingredients have been widely used in the South East Asia region for a very long time ago. Modernization, particularly in the pharmaceutical industry, has introduced a wide range of medicines that prevent, control, and cure diseases in this region. To date, the pharmaceutical industry continues to grow, while the herbal remedy is seeing a bleak future. Herbal products nowadays are only produced by rural folks who often have minimal access to fund and suffer from low market penetration. This is due to their low capacity, such as ICT literacy. Furthermore, some rural folks suffer from the lack of access to the Internet, and in some most cases, the non-existence of an e-commerce platform to perform business transactions. Though the Internet has increased, leveraging on the potentials of ICT is still lacking, particularly in SMEs' economic activities.

The development of this hub requires active participation by multiple stakeholders, particularly the entrepreneurs. Therefore, their views are valuable to us and will be taken into consideration. It is hoped that the principles of openness, user-centricity, and stakeholder participation are upheld. This also promotes ICT adoption among the local entrepreneurs, hence meeting Malaysia and Thailand's national ICT agenda.

In the long run, we foresee that this initiative will bring a forward better quality of life to local entrepreneurs within this region, bridging the digital gap while preserving the rich culture of the South East Asia people. A portal developed and used by its multi-stakeholders opens up opportunities for contributors and innovators to emerge while empowering people to achieve human potential through Internet use. The digital divide is a common problem affecting the mass community in developing countries such as Malaysia, Thailand, and Indonesia. The gap is more prevalent among the rural communities, disabled communities, single mothers, children, and small enterprises. Specifically, in Malaysia, small entrepreneurs have been identified as one of the eight underserved groups under the National Strategic Framework for Bridging the Digital Divide (NSF-BDD). SMEs are broadly defined, primarily based on the annual sales figures or the number of employees employed by the business. In Malaysia, SMEs are determined based on the sector the business is conducted in. SMEs are businesses that recorded sales turnover of less than RM25 million or employed less than 150 full-time employees under the manufacturing sector. They should register sales turnover of less than RM5 million or full-time employees of less than 50 to qualify as SME for businesses under services sectors. According to www.wikipedia.org a small business is a business that is privately owned and operated, with a small number of employees and a relatively low volume of sales.

This project aims to promote ICT for knowledge sharing and product sale and marketing amongst small entrepreneurs in South East Asia. Undertaken by two universities - Malaysia and Thailand, this project will involve local entrepreneurs who produce local herbal products. Universiti Utara Malaysia (UUM) has identified two entrepreneurs for this project. Iraherts Industries and Marketing is a locally run company located in Kepala Batas, Penang. The company produces self-care and cosmetic products, which were sourced from herbs as shown. The second company is Ees Herbs, located in Kubang Semang, Penang. The herbs are sourced from local communities, and the medicinal values of these herbs have been passed from generation to generations. Rangsit University has proposed the Naval Family Community in Recruit Training Center, Sattahip Naval Base, Royal Thai Navy as the participant in this project. The Sattahip Naval Base is located in Sattahip district in the province of Chonburi, Thailand about 180 kilometers from Bangkok. This community is made up of 4,000 draftees and more than 400 officer families. While the navy has to work in the borderland, their wives and families remain in the base where most of them are jobless or have low income.

One of the initiatives to help this community is through the manufacturing of natural insect repellents. Faculty of Pharmacy in the coordination with Faculty of Information Technology, Rangsit University, believed that repellents are an important tool to assist people in protecting themselves from these mosquito-borne diseases. Accordingly, the Faculty of Pharmacy has assisted the Thai local communities in developing natural insect repellents using organic materials that are available in their respective communities. This project would provide the Naval Family Community with both health and financial benefits.

Universitas Pasundan identified one single company namely Post cosh Subang, Subang is wellknown as a city with coconut tree. In summary, these villages have one thing in common – an industry based on herbs. These products are produced in small-scale by local entrepreneurs and marketed to the local communities. More than often, these entrepreneurs have minimal access to funds, ICT skills and penetration in the bigger market. Ultimately, an integrated hub to facilitate the cross border collaboration between these three countries is proposed.

Figure 2. The second company is Ees Herbs, located in Kubang Semang, Penang. The herbs are sourced from local communities, and the medicinal values of these herbs have been passed from generations to generations.



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Figure 3. Examples of natural insect repellent products developed with local Thai communities



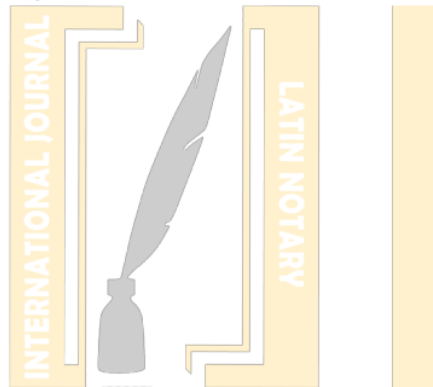
CONCLUSION

In summary, these villages have one thing in common – an industry based on herbs. These products are produced in small-scale by local entrepreneurs and marketed to the local communities. More than often, these entrepreneurs have minimal access to funds, ICT skills and penetration in the bigger market.

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