How to Enhance MSMEs Readiness? 
an Empirical Study in Semarang Municipality 

Rusdarti¹, Nurjanah Rahayu Kistanti²

¹Economics Faculty, Universitas Negeri Semarang

Abstract

The absence of maximum readiness of the existing Micro Small Medium Enterprises or SMEs in Semarang City in facing the ASEAN Economic Community (AEC) requires an effort to improve the quality and competitiveness of SMEs. According to this problem, this research had several objectives to achieve, namely 1) evaluating the readiness of Semarang Municipality’s SMEs from various aspects in facing Asean Economic Community (AEC), 2) preparing the strategies to improve Semarang Municipality’s SMEs business quality and capacity. This research uses descriptive and SWOT analyses. The research results indicate that SMEs in Semarang Municipality has been ready in facing AEC. The obstacles standing in the way of SMEs include poorly arranged administration, the absence of product standardization, and marketing. The strategies practicable to improve SMEs’ businesses in Semarang Municipality include improving and extending marketing network and organizing training, assistance and technology upgrade for SMEs to improve their product standard, value and quality.

Key words: Readiness, SMEs, AEC.

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INTRODUCTION

Indonesia is currently racing against time in welcoming the implementation of the free market of Southeast Asia or so-called ASEAN Economic Community (AEC) that has begun on December 31, 2015. In facing the implementation of AEC 2015, Indonesia is still facing some external and internal challenges. The external challenges faced include the increasingly competitive level of trade competition, the greater deficit of Indonesia’s trade balance with other ASEAN countries, and how Indonesia can increase investment attractiveness. AEC while, Indonesia’s internal challenges include the low understanding of the people towards the AEC, the unpreparedness of the regions facing the AEC, the level of regional development that still varies greatly and the condition of human resources and employment of Indonesia.

Thus, in facing the 2015 AEC, Indonesia is still having many of homework to improve in order to achieve sustainable national economic growth. It is said so because national economic growth is largely determined by the dynamics of the regional economy, while the regional economy is generally supported by small and medium-sized economic activities.

Micro, Small and Medium Enterprises (MSMEs) sector has proven resilient in facing crisis, and even showed rapid growth. Based on the HSBC survey, of the 51 million registered SMEs businesses, 37 percent of which will expand business, 16 percent will increase the number of employees.

This shows that SMEs have a large multiplier effect in the national economy. Also, approximately 60 percent of current GDP is related to the SMEs sector. (Saefudin, Dinar, 2013).

Any business units included in the category of MSMEs are the vein of regional and national economy. As a result, it is obvious that SMEs are formidable business in the middle of the slow of economic growth. Currently around 97% of the majority economic actors are the business actors of SMES which continue to grow significantly and become a business sector capable of supporting the stability of the national economy. Alternatively, SMEs become more resilient and remain optimistic in the midst of crisis.

This Small and Medium-Sized Micro Enterprises (SMEs) sector is a tough business in the midst of current decelerating economic growth. With the potentials that this Small and Medium-Sized Micro Enterprises (SMEs) has, it is expected that they would be able to survive in the free market era of AEC. According to Skokan Karel (2013), the very existence of Small and Medium-Sized Micro Enterprises (SMEs) in a nation’s economic arena ought to have full attention from the government given the magnitude of benefits these enterprises give for the nation’s economic growth. They should always be encouraged in order to be able overcome various weaknesses to compete and not fall oppressed by competitors from outside countries.

The number of micro and small-sized enterprises in Semarang Municipality, Central Java Province, has always been increasing each year, indicating that a productive economic growth is taking placeas indicated by increasingly better and conducive growth and climate of micro and small-sized businesses. The reality shows that when economic crisis occurs, micro and small-sized enterprises are more resistant than their bigger counterparts. The problems of Semarang Municipality’s SMEs generally lie with human resources, capital, and modern technology mastery, leading to their weak competitiveness against imported
products. This will get even harder after AEC is in effect. With no interference, SMEs who have been known for their tenacity and resilience will eventually fall.

Considering the problems above, there is a need, then, for the government of Semarang Municipality or relevant offices or society to pay more attention to the development of Semarang Municipality’s SMEs to enable them to grow to be even more competitive together with other economic agents.

There is also a need for the government of Semarang Municipality to pass future policies which make the situation more conducive for SMEs to grow and develop. This research aims at (1) evaluating the readiness of Semarang Municipality’s SMEs from various aspects in facing AEC, and 2) preparing the strategies to improve Semarang Municipality’s MSMEs business quality and capacity in multiple aspects.

RESEARCH METHODS

This study used primary and secondary data. The data were taken by doing sampling on each business field through proportional sampling where the number of samples and respondents to be taken were proportionally in accordance with the number of micro, small and medium enterprises (MSMEs) population in each type of business. AECnwhile, the total population in this case was the number of outstanding MSMEs in Semarang City as many as 110 SMEs. Additionally, the number of samples were decided by using Slovin error tolerance formulae of 10%. Then, the number of samples to be used were 53 SMEs.

This study used two approaches which were quantitative and qualitative. Quantitative approach was used in determining the weight of strengths, weaknesses, opportunities and threats of SMEs in Semarang City. AECnwhile, the qualitative approach was used to describe the phenomenon that occurred in MSMEs in Semarang City.

To evaluate the readiness of SMEs in facing the AEC, descriptive analysis was used. AECnwhile, to know the efforts to be made by the Government to support the readiness of SMEs in facing the AEC, the researcher used SWOT analysis.

SWOT analysis was needed to determine strategies and efforts that would be done by Semarang City Government to support the readiness of SMEs in facing AEC.

RESULTS AND DISCUSSION

The development of MSMEs in the city of Semarang is very rapid. Accordingly, the number of micro and small businesses in Semarang City increased annually, indicating a productive economic growth due to the improvement and climate of micro and small enterprises which were getting better and conducive.

In addition, the most dominating MSMEs in Semarang City was the food sector. This business dominated 48 percent of the total number of MSMEs, while the handicraft sector ranked second as much as 29 percent, followed by the fashion sector as much as 23 percent.

In facing the current AEC challenges, MSMEs should be able to prepare themselves to survive in situations that may be difficult for themselves. Moreover, it is known that the form of self-preparation in terms of improving product quality has been done by most of the actors of MSMEs in the city of Semarang which amounted to 73 percent of the total actors. However, the improvement forms in terms of marketing and improvement in the quality of human resources were slightly done by the actors of MSMEs, namely 13 percent and 14 percent.
The results of the study regarding the constraints faced by MSMEs in the city of Semarang in facing AEC obtained 47% constraints in the capital. Therefore, if AEC want to increase their business capacity, their capital must be large. Another obstacle faced by MSMEs in the city of Semarang was the reliable human resources. Given the most MSMEs in Semarang City are home-based businesses, their human resources are limited in ability.

There is society pragmatic side from this question. As many as 41% of businessmen claimed that AEC wouldn’t give any opportunity for business sustainability. However there is 37% stated that AEC will bring some challenge for competition, including the foreign competitors. Amount 20% participant declared that AEC will give some chance for export.

Internal identification was undertaken to understand the strengths and weakness influencing in readiness Semarang MSMEs toward AEC.

Table 1 showed that score median total for strength factors was 1.91, AEC while weakness score median total was 0.68. This implied that the readiness MSMEs against AEC had strength factors bigger than weakness factors, so that MSME can utilize these strength to improve the business in progress.

AEC surement result from Table 1 showed that Semarang strategic geographical location was the biggest strength for MSMEs businessmen against AEC.

This location was the one influencing the MSME’s development and sustainability. This strategic location resulted in low transportation cost since the access to harbour and airport wasn’t far. This strategic location also AEC that Semarang is accessible, easily reached and passable by consumer so it was highly potential for the products to be bought.

AEC while, undisciplined administration and bookkeeping (impacting on TIN ownership and capital access) became the worst weakness suffered by MSMEs businessmen. This condition proofed that businessmen didn’t have any appropriate planning.

Disciplined bookkeeping and financial statement actually was really essential for Semarang’s MSME businessmen provided they were ready against AEC. These bookkeeping and financial statement could represent the business development.
Table 1. Internal Factor Evaluation

| Internal Strategic Factor | Quality (a) | Rating (b) | Score (c) = (a)*(b) | Ranking |
|---------------------------|------------|-----------|---------------------|---------|
| **Strength**              |            |           |                     |         |
| A Semarang has strategic geographical location | 0.11 | 3.9 | 0.41 | 1 |
| B Availability of infrastructure (harbour, airport, station) | 0.10 | 3.6 | 0.36 | 4 |
| C Abundant human resources | 0.10 | 3.4 | 0.35 | 5 |
| D Trade exhibitions are often held by government | 0.10 | 3.7 | 0.39 | 3 |
| E Many business association helping information dissemination | 0.11 | 3.5 | 0.40 | 2 |
| **Strength Score Median Total** | | | **1.91** | |
| **Weakness**              |            |           |                     |         |
| F Labors are slow in absorbing knowledge and information | 0.10 | 1.6 | 0.15 | 2 |
| G Undisciplined in administration and bookkeeping (impacting to TIN ownership and capital access) | 0.10 | 1.7 | 0.17 | 1 |
| H Raw materials are relatively difficult to obtain / obtain (both distance and availability constraints) | 0.09 | 1.5 | 0.14 | 3 |
| I Lack of an understanding of export and import procedure | 0.09 | 1.2 | 0.11 | 4 |
| J Lack of comprehension of cooperative contract (substance and language) | 0.10 | 1.2 | 0.11 | 5 |
| **Weakness Score Median Total** | | | **0.68** | |
| **Total** | | | **1.00** | **3.59** | |

Source: Primer data was processed, 2016

That way when the business is growing, MSMEs can make its improvement plan. On the contrary, if the progress is declining, MSMEs can promptly attempted to prevent the event so that the business didn’t go downhill.

The 2.59 of IFE matrix score total showed that Semarang’s MSMEs endeavoring against AEC competition was in median condition. This condition demanded MSMEs businessmen to optimize the strengths to overcome the weakness. External identification was undertaken to understand the opportunity and threats influencing in readiness Semarang’s MSMEs toward AEC. The given rating based on the high low response showed by MSME against opportunity and threats.

Table 2 showed that score median total for opportunity key factor was 1.48. Whereas score median total for threats key factors is 1.33. This showed that the opportunity key factors is bigger than the threats factors, so that MSMEs businessmen have to optimize the available opportunity to overcome the threats.

Based on EFE matrix result observing the readiness of MSMEs against AEC, we got total score 2.81.

This showed that Semarang’s MSMEs businessmen had enough ability to garner external opportunities and evade the threats during business process.
Table 2. External Factor Evaluation

| External Strategic Factor                                      | Quality (a) | Rating (b) | Score (c) = (a) x (b) | Ranking |
|----------------------------------------------------------------|-------------|------------|-----------------------|---------|
| **Opportunity**                                                |             |            |                       |         |
| A  MSME products already variative and innovative               | 0,08        | 3,1        | 0,26                  | 2       |
| B  High products demand                                        | 0,09        | 2,7        | 0,24                  | 4       |
| C  Increasing number of MSME in Semarang                        | 0,09        | 3          | 0,26                  | 3       |
| D  Market opportunity is widely opened                         | 0,08        | 3          | 0,23                  | 5       |
| E  Many financial institutions either government or private     | 0,09        | 3          | 0,27                  | 1       |
|     sectors offers Micro Credit for Business                    |             |            |                       |         |
| F  Business licensing is getting easier to get Opportunity     | 0,08        | 3          | 0,23                  | 6       |
|     Score Median Total                                         |             |            | 1,48                  |         |
| **Threats**                                                    |             |            |                       |         |
| G  Productivity capacity is relatively low.                    | 0,08        | 3          | 0,24                  | 2       |
| H  No product standardization                                  | 0,08        | 3          | 0,25                  | 1       |
| I  Passive marketing                                           | 0,08        | 3          | 0,22                  | 4       |
| J  Government attention is not yet optimal                     | 0,08        | 3          | 0,24                  | 3       |
|     (only focused on training)                                 |             |            |                       |         |
| K  Similar product competitor from foreign country             | 0,08        | 2          | 0,19                  | 5       |
| L  Not competitive price                                       | 0,09        | 2          | 0,19                  | 6       |
| **Threats Score Median Total**                                 |             |            | 1,33                  |         |
| **EFE Total**                                                  | **1,00**    | **2,81**   | **        **          |         |

Source: Primer data was processed, 2016

Credit for Business was expected to solve the main problem faced by MSMEs in Semarang, namely financial aspect (initial capital mobilization and working capital access). Whereas this financial aspect was really crucial in long term, for investment, was essentially needed for long term output growing.

The worst weakness involved by Semarang’s MSME businessmen against AEC was there was no product standardization. This factor became an anticipated threat because it can hindered the readiness MSME against AEC. In case a product can compete in AEC, this product needed to fulfill certain standard and...
quality, in which categorized into Health, Safety and Environmently Safe).

Based on IFE and EFE analyses, it is found that the total score of each factor could be detailed as follows: Strength (1.91), Weakness (0.68), Opportunity (1.48) and Threat (1.33). It could then be confirmed that the Strength score is above that of Weakness, at a difference of (+) 1.23 and the Opportunity score is above that of Threat, at a difference of (+) 0.15.

![SWOT Diagram](image)

**Figure 3.** SWOT Diagram of Analysis on the Readiness of Semarang Municipality’s SMEs in Facing AEC

Source: Primary data are processed, 2016

Based on the SWOT diagram presented in Figure 3, it is found that Semarang Municipality’s SMEs are placed in quadran I, AEC that the MSME development strategy should be SO strategy, i.e. a strategy which employs strength to take the existing opportunity. The strategy which should be implemented under this condition is to support the agressive growth policy (Growth Oriented Strategy).

In the face of current AEC challenge, SMEs should be capable of preparing themselves to survive under a circumstance which may be difficult for them. The research results indicate that MSMEsin Semarang Municipality have been prepared in facing AEC. However, only a few of these SMEs have themselves prepared in terms of their marketing and HR quality improvement, i.e. only 13 and 14 percents.

What stands in the way of these MSMEs in Semarang Municipality in the face of AEC is that 47% of these MSMEs have limited amount of capital.

Therefore, if these MSMEs want to improve their business capacity, they have to have large amount of capital. Another issue standing in the way of these MSMEs in Semarang Municipality is that their human resources are less reliable. Since most MSMEs in Semarang Municipality are household industry, the HR they use have limited ability.
Table 3. Quantitative Strategy Combination

| EFE  | IFE     | WEAKNESS- W |
|------|---------|-------------|
| Opportunity-O | SO Strategy (1.91 + 1.48 = 3.39) | WO Strategy (0.68 + 1.48 = 2.16) |
| Threats-T | ST Strategy (1.91 + 1.33 = 3.24) | WT Strategy (0.68 + 1.33 = 2.01) |

Source: processed primary data, 2016

From the society’s preference regarding AEC, it is found that most of the society and employers surprisingly think that AEC will give them challenges as well as opportunities. This is indicated by their preference score at 31%. Moreover, 33% of employers say they believe AEC will give them profits, because this era will present them an access to a greater market where they could sell their products, even to foreign countries. Nevertheless, 12% of respondents acknowledge that AEC will only give more threats and even has the potential of harming the businesses they are running. In between these two groups, there remains a pragmatic group, in this case 24% of respondents, who say that they do not really understand what AEC is all about that they fail to give an objective preference.

The result of IFE calculation shows that the strategic geographical location of Semarang Municipalityis the greatest strength of MSMEs in facing AEC. This location influences MSMEs’ growth and continuance.

AEC while, poorly arranged administration and bookkeeping (with its effect to their NPWP ownership, access to capital) become the biggest weaknesses that MSMEs’ owners feel. This condition is a proof that business owners do not have any appropriate planning. Well-arranged bookkeeping and financial statements are actually important for MSME owners in Semarang Municipality if they want to get themselves prepared in facing AEC competition. The total score of IFE matrix is 2.59, indicating that Semarang Municipality’s SMEs is at average condition in facing AEC. Such condition demands SME owners to optimize their strengths even more in dealing with their weaknesses.

Based on the result of EFE matrix to see the readiness of MSMEs in facing AEC, a total score of 2.81 is obtained. This shows that MSME owners in Semarang Municipality have fairly high ability in utilizing external opportunities and avoiding the threats that they have during the business process.

The result of EFE calculation indicates that the many micro KUR (people's business loan) offers from a number of both public and private financial institutions and MSME owners’ motivation to keep developing their business have been the main opportunities. On the other hand, the biggest weakness standing in the way of SME owners in Semarang Municipality in facing AEC is the absence of product standardization. This factor becomes the threat which needs anticipation because it has the potential of preventing MSMEs from being well-prepared in the face of AEC. This is because to be able to compete in AEC, the products they are marketing should meet the standards and quality of HSE (Health, Safety, and Environment).
### Table 4. SWOT Matrix of Semarang Municipality’s SMEs in the Face of AEC

| IFE       | Strength- S                                                                 | Weakness- W                                                                 |
|-----------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------|
|           | S1. Strategic geographic location of Semarang Municipality.                   | Wi. Poorly-arranged administration and bookkeeping (with its effect to their NPWP ownership, access to capital) |
|           | S2. Existence of business association to help information distribution        | W2. The labors employed are slow at absorbing knowledge and information.      |
|           | S3. Frequent trading exhibition organized by government                       | W3. Raw materials are relatively hard to obtain/ acquire (either for distance or availability reason) |
|           | S4. Infrastructures (harbor, airport and station) are available              | W4. Lack of understanding about export and import procedure.                  |
|           | S5. Availability of many labors                                              | W5. Difficult to understand cooperation contract (substance and language)    |

| EFE       | Opportunities- O                                                             | Opportunities- O                                                             |
|-----------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
|           | O1. many micro KUR (people’s business loan) offers from a number of both public and private financial institutions. | O2. SMEs’ products have been varied and innovative                           |
|           | O3. Number of SMEs in Semarang Municipality increases                         | O4. Demand for products is high                                              |
|           | O5. Widely open market opportunity                                            | O6. Business permit issue has been simplified                                |

| SO        | Improving and extending marketing network through promotions, exhibition, fashion show, inter-institution and inter-electronic media cooperation to fulfill increasing market demand. Organizing training, assistance and technology upgrade to SMEs to improve their product standards, value and quality, qualifying HSE requirements to meet the increasing global market demand and market share. | Providing advocacy and support of information through cooperation with various sectoral bodies and institutions to make SMEs understand what financial products they need and to help SMEs gain the benefits of such cooperation. Strengthening the synergy between government’s role as policy maker and assisting institutions, particularly micro-financial institutions to facilitate the access to loan and to expand information network related to production and marketing issues. |

| ST        | Nurturing and empowering SMEs with an aim of improving their product quality and standards in order to increase SMEs’ performance to generate distinctive and highly competitive products. | Nurturing and training for improving SMEs’ capacity building. Providing efficient and effective communication media and promotion for SME owners as an |
T3. Less optimal attention from the government (only revolving around training)
T4. Marketing is still passive
T5. Product competitor from other countries
T6. Less competitive price

| Optimizing the existing resources and increasing the efficiency to save more production time and costs through technology and information mastery to create products with uniqueness and characteristics. |
| Planning effort to facilitate and expand product marketing. |

Source: Processed primary data, 2016

The formulation of alternative strategies for Semarang Municipality’s MSME owners to face AEC competition could be made using SWOT matrix as in table 3. MSMEs in Semarang Municipality states that they are ready to face AEC. The first attempt they make to get themselves prepared for AEC is by improving their product quality. In running their business, the products and services these SMEs are selling should be of fine quality or worth the tagged price in order for their businesses or enterprises to survive in the face of harsh competition to come, particularly the one from quality perspective.

Kotler (2012:49) suggests that quality is the entire characteristics and nature of a product or service which influence its ability to satisfy the explicit or implied needs.

In the SWOT matrix analysis results (Table 4) combined with quantitative model analysis, it was found that the effective strategy for MSMEs in Semarang City in facing the AEC is SO strategy, that is strategy to use strength to reach the opportunity.

Further, the implementation of the SO strategy are as follows; 1) Improve and expand the marketing network through promotions, exhibitions, fashion shows, inter-agency cooperation and electronic media to meet the growing market demand; 2) Conducting training, mentoring and technological enhancement to MSMEs to improve the standard, grade and quality of products that meet the Work Healthiness, Safety and Environment (K3L) to meet the growing global market demand and share.

In Indonesia, MSMEs have a very important role. Urata (2000) who has observed the development of MSMEs in Indonesia confirms that MSMEs play some important role in Indonesia.

Some of the roles are: (1) Employment provider (2) Important actors in local economic development and community development (3) Creator of market and innovation through flexibility and sensitivity as well as dynamic interconnection among company’s activities (4) Contribute to the increase of non-oil exports. SMEs reduce income inequality. In facing the ASEAN Economic Community (AEC), MSMEs need to prepare themselves to engage in broader production processes. One of them is to be able to contribute in regional-scale production process chain. The discussion by The Asia Foundation with SMEs and regional economic experts in Bangkok 2014 suggested that regional economic integration can benefit MSMEs through opening access to wider raw materials, more efficient economies of scale and increase demand potential. Therefore, the main requirement for MSMEs in facing the AEC is to strengthen MSMEs with concrete
information and actual issues of establishing the ASEAN Community, including the understanding of the concept of a single market and a regional production process.

Regarding the previous explanation, on the other hand, the Tambunan's study (2013) explains that regional free trade such as AEC has two blades of opportunity as well as challenges for MSMEs. Further, Tambunan maps both sides as follows: 1) The opening of regional markets can sharpen the competition at the local level. The loss of trade barriers provides incentives for non-domestic products to enter. 2) Without significant trade barriers, economic actors will enjoy a decrease in production costs if the raw materials used are imported products.

In order to reach the Asean Free Market 2015, there are still many opportunities for MSMEs to gain market share and investment opportunities. To take advantage of these opportunities, the biggest challenge for MSMEs in Indonesia to face the Asean Free Market is how to be able to determine the right strategy to win the competition.

MSMEs in Semarang City are ready to face AEC. The first effort made in preparing AEC is by improving product quality. In running their business, products or services sold must have a good quality or in accordance with the price offered for a business or company can survive in the face of competition, especially competition in terms of quality. According to Kotler (2012: 49) quality is the overall trait and nature of a product or service that affects its ability to satisfy expressed or implied needs. The definition of product quality itself according to Kotler and Armstrong (2012: 283) is the ability of a product in demonstrating its function, this includes the overall durability, reliability, accuracy, ease of operation, and product repairs as well as other product attributes. Additionally, MSMEs need to continuously improve the quality of their products or services because the improvement of product quality can make consumers feel satisfied with the products or services they buy, and will affect consumers to re-purchase.

To achieve the desired product quality, it is necessary to create a standardization of quality. From this research, there was a condition that contradicts between improving the quality of MSMEs products and the constraints of non-standardization of products produced by MSMEs. Moreover, MSMEs that produce their products do not meet the applicable international standards. It was caused by the perpetrators of MSMEs who just produced only products without seeing the provisions of standardization of products that produce.

In the era of AEC, all products produced by MSMEs should refer to predetermined international standards. Indonesian National Standard (SNI) is one of the standards that become the reference in product production. The existence of product standardization can ensure the safety and comfort of consumers in consuming any products produced by MSMEs.

To make MSMEs in Semarang City know the standardization of the products they produce, it is necessary also the active role of the Government to socialize and give mentoring regarding the standardization of MSMEs products. This way is intended to keep the products produced meet the standards that have been set so that consumers will not lose confidence in the products that MSMEs produced.
There is a need to have a quality standardization in order to achieve the desired product. It is intended that the products maintain their quality and produce standards that have been set so that consumers do not lose confidence in the products offered.

MSMEs which do not pay attention to the quality of products offered will bear disloyal consumers so that the sales of their products will tend to decline. They should pay attention to quality, even reinforced by advertising and reasonable price then consumers will not think long to make purchases of the product (Kotler and Armstrong, 2012: 284).

In addition to product quality, the increase of Human Resources (HR) is very necessary. HR will drive MSMEs to participate actively in AEC. Reliable human resources are able to manage MSMEs, responsive technology and creative, necessary to maintain the existence of their business in the era of AEC.

One of the strengths of MSMEs in Semarang city lies on its strategic location. Semarang City strategic location as a development corridor in Central Java Province consists of four gate nodes, north coast corridor, south corridor, east corridor and west corridor. The strategic location of Semarang City is also supported by the presence of Tanjung Mas Port, Ahmad Yani Airport, Terboyo Terminal, Tawang and Poncol Railway Station, which strengthen the role of Semarang City as a development activity node in Central Java Province and the central part of Java Island, Indonesia.

The existence of this strategic location facilitates MSMEs to conduct their production activities, market their products abroad and minimize the cost of transportation from the place of business to the airport or port because the location of the facility is close and easy to reach.

In facing more open and competitive market mechanism, market control is a prerequisite for improving the competitiveness of MSMEs. To be able to dominate the market, MSMEs need to get information easily and quickly, both information about the production market and production of factor market. Information on the production market is necessary to expand the marketing network of products produced by MSMEs. Market information of production or commodities market require things such as (1) kind of goods or products needed by consumers in certain areas, (2) how people's purchasing power to the product, (3) the existing market price, (4) consumers' appetite on local, regional and international markets. Thus, MSMEs can anticipate various market conditions so that in running their business, they will be more innovative. Alternatively, the market information of production factors is also needed in order to know: (1) the source of raw materials needed, (2) the price of raw materials to be purchased, (3) where and how to obtain business capital, (4) where to get professionals, (5) reasonable wage or salary levels for workers, (6) where to obtain the necessary tools or machinery (Effendi Ishak, 2005).

Comprehensive and accurate market information can be utilized by MSMEs to properly plan their business, for example: (1) make product designs favored by consumers, (2) determine competitive prices in the market, (3) know the target market and other benefits. Therefore, the role of government is needed in encouraging the success of MSMEs in gaining access to expand its marketing network.
In addition to having the ease and speed in obtaining market information, MSMEs also need to have the ease and speed in communicating or promoting their business to consumers widely both at home and abroad. So far, MSMEs promotion is mostly done through joint exhibitions in limited time and place, so that relationship and transaction with consumer less can be guaranteed for its sustainability. It can be caused by long distances or lack of communication intensity constraints. Though the communication factor in running a business is very important because communication will create strong emotional ties with existing customers, also allows the arrival of new customers.

The development of MSMEs in Semarang City cannot be separated from the banking support in distributing credit to them. Every year, credit to MSMEs grows and in general, the growth is higher than total banking credit. Moreover, MSMEs Credit is a credit to MSMEs debtors that meet the definition and criteria of MSMEs as regulated in Law no. 20 Year 2008 About MSMEs. Under the Act, MSMEs are productive businesses that meet the criteria of business with certain restrictions on net worth and annual sales results.

Nowadays, the most familiar credit scheme in the community is the People’s Business Credit (KUR), which is specifically intended for MSMEs which have feasible category of business but do not have enough collateral in the framework of banking requirements. KUR is Credit or Financing to MSMEs and Cooperatives which are not receiving Credit or Financing from Banking and / or are not receiving Program Credit from Government when the Credit / Financing application is submitted. In addition, the final goal of the KUR Program is to boost the economy, poverty alleviation and employment.

KUR is a credit provided by banks to MSMEs in the form of working capital and investment for productive enterprises that feasible but not yet bankable. The aim is to accelerate the development of the real sector (especially agriculture, forestry, marine and fishery and industry).

Sabirin (2001) explains that the way to empower the economically weak group or small business sector is to provide an affordable source of business financing. One of the financing strategies for this class is the microcredit business. Although there are currently many credit facilities of MSMEs or KUR (People's Business Credit), the obstacle faced by MSMEs is on their disordered administrative. Further, one of the requirements for the submission of KUR for MSMEs is MSMEs should prepare their business bookkeeping. However, in fact, many MSMEs have not mastered how to run a good business. Their business bookkeeping also has not been done in the businesses they run. Accordingly, so far, financial arrangements have not been effective. They have not yet sorted out which things belong to the financial business and financial of household consumption. Therefore, there is a need to do further coaching to teach the actors of MSMEs to arrange business bookkeeping on each business they run.

So far, Semarang City Government has only focused on helping MSMEs by conducting MSMEs products exhibition. However, they have not given any training and mentoring for MSMEs especially for mentoring in training MSMEs bookkeeping. Actually, the training and mentoring of MSMEs bookkeeping are not only.
the responsibility of Semarang City Government, but also Higher Education in Semarang City, should help MSMEs and Semarang City Government to conduct training and bookkeeping assistance as well. In relation to this, if MSMEs can do a simple bookkeeping in a simple manner in accordance with the rules of accounting. MSMEs can access credit already provided by the Government and banks to increase their business capacity.

AEC requires competent human resources (HR) and superior products. Superior products can be generated from cooperative buildings, linkages, strong supporting synergies. The strong supporters among others must have the elements of involvement of A, B, G, C (Academics, Business, Government, Community) and Banking.

University can enter all areas of B, G, C and banking because they produce the human resources needed by B, G, C and banking. In this way, the government can open wide taps to boost employment with the creation of Micro Small and Medium Enterprises (MSMEs), including elements of capital.

CONCLUSION

From the research results and discussion, it could be concluded that: (1) MSMEs in Semarang Municipality suggest their readiness to face the competition in AEC era; (2) The strategies taken by MSMEs to face AEC are improving and expanding their marketing network and organizing training, assistance and technology upgrade to MSMEs in order to improve their product standards, value and quality.

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