A Social Enterprise Approach to Empowering Micro, Small and Medium Enterprises (SMEs) in Indonesia

Irfan Ridwan Maksum 1, Amy Yayuk Sri Rahayu 1 and Dhian Kusumawardhani 2,*

1 Public Administration Department, Faculty of Administrative Science, Universitas Indonesia, Jawa Barat 16424, Indonesia; irm60@ui.ac.id (I.R.M.); amy_soeroso@yahoo.com or amy.yayuk9@ui.ac.id (A.Y.S.R.)
2 The Indonesian Institute of Sciences (LIPI), Jakarta 12710, Indonesia
* Correspondence: dhiankusuma@gmail.com or dhia002@lipi.go.id

Received: 17 April 2020; Accepted: 22 June 2020; Published: 20 July 2020

Abstract: Micro-enterprises play a critical role in the Indonesian economy, in which they supply 99.8% of the country’s employment and account for more than 95% of all enterprises in Indonesia. However, these firms experience many impediments, including a lack of capital, skills, and technology, which creates poor competitiveness. Although the Indonesian government has implemented many policies to deal with these problems, none have been adequate in improving the capacity and productivity of micro, small, and medium enterprises (SMEs). The empowerment program “Iptekda LIPI—Penerapan dan Pemanfaatan Ilmu Pengetahuan dan Teknologi di Daerah Lembaga Ilmu Pengetahuan Indonesia (LIPI)—The Technology for Region Program of the Indonesian Institute of Sciences” proposed a new approach using a social enterprise to solve this issue. This paper analyses the social-enterprise approach of Iptekda LIPI which incorporates market and social welfare to determine the problems experienced by SMEs. The researchers conducted in-depth interviews with the owners of SMEs in West and East Java to explore how this approach may contribute to their businesses and to analyze the challenges of the social enterprise approach in empowering SMEs.

Keywords: social enterprise policy; micro-enterprise empowerment; technology for regions program

1. Introduction

The United Nation (UN) stated that global growth is predicted to remain at 3.0% in 2019–2020. However, the steady pace of expansion in the global economy conceals an increase in negative factors that could potentially worsen already challenging developments in many parts of the world, including Asia. The global economy is a confluence of risk, which severely disrupts economic activity and inflicts significant damage on longer-term development prospects. The trade war between the USA and China could also have many effects on the global economy, which will bring harm to consumers who will have to pay higher prices. The war between the two biggest economies in the world will not only weaken both countries’ economies, but will also have negative effects on other countries, including Indonesia, which trades with these two countries.

Indonesia’s National Statistics Bureau (BPS) notes that exports from January to June 2019 were down by 8.57%, while imports fell by 7.63% [1]. Accordingly, the Indonesian government started to shift its economic development approach towards the domestic economy’s backbone: micro, small, and medium enterprises (SMEs). During the Indonesian economic crisis in 1998, SMEs were the firm entities able to survive. During that period, the Indonesian rupiah was depreciated by more than 200% against the US dollar, which caused a national banking crisis. As a consequence, many large enterprises that used banking services and bought many imported materials went bankrupt. On the
other hand, SMEs that did not use many imported materials or had a minimum relationship with banking were able to survive [2].

Based on this experience, Mynt [3] suggested that immediate policy stimulation should be used to boost the domestic economy, keeping in mind that the country’s export performance relies not only on foreign trade policies in a narrow sense, but also on a series of policies that correspond to such policies in general [3]. Maintaining focus on MSME development is a strategic alternative to cope with the uncertainties of global economic turbulence.

Tambunan [4] asserts that SMEs are an engine for the Indonesian national economy because these units are more numerous than large enterprises. They are scattered widely throughout rural areas and have considerable employment growth potential. Their development or growth can be included as an important element of policies to create employment and generate income. Although SMEs are an employee absorber and represent the backbone of economies in developing countries, they still have classic problems. The Enterprise Survey of the World Bank 2016, which covered data from 119 developing countries to investigate the biggest obstacles for SMEs, showed that SMEs perceive access to finance as the most significant obstacle to their growth [5].

In addition, some researchers have also concluded that access to finance, technology for the production process, human resource capacity, raw materials, and marketing are common problems in MSME development in developing countries, including Indonesia [6]. According to the Law Number 20 (2008) on Micro, Small and Medium Enterprises, an MSME is an entity owned by an individual or individual business unit, excluding foreign-owned or foreign-invested firms, and is defined by both assets (excluding land and buildings) and annual sales. They also have a limited number of human resources, particularly at the micro level (see Table 1).

### Table 1. The characteristics of Indonesian micro, small, and medium enterprises (SMEs).

| Entity | Value of Assets (Excluding Land and Buildings) in rupiah (IDR) | Approximate Value of Assets in USD June 2020 | Number of Employees |
|--------|-------------------------------------------------------------|-----------------------------------------------|---------------------|
| Micro  | Assets less than 50 million or sales less than 300 million | Assets less than $3542.03 or sales less than $21,255.57 | 1–4                 |
| Small  | Assets 50–500 million or sales 300 million–2.5 billion     | Assets $3542.03 to $35,425.96 $ or sales $21,255.57 to $177,129.79 | 5–19                |
| Medium | Assets 500 million–10 billion or sales 2.5 billion–50 billion | Assets $35,425.96 to $708,519.17 or sales $177,129.79 to $3,542,595.83 | 20–99               |

Source: Indonesia Law Number 20 of 2008 as cited in [7]; the National Bureau of Statistics Indonesia (BPS) and the World Bank Enterprise Survey (WBES 2009) [8].

Table 1 explains that an SMEs is an entity owned by an individual or individual business unit, excluding foreign-owned or foreign-invested firms, and defined by both assets (excluding land and buildings) and annual sales, while the number of employees is based on the value of the assets of SMEs. The competitiveness of SMEs according to the Law Number 20 of 2008 for Micro, Small and Medium Enterprises oversimplifies the scope of SMEs only on the basis of assets and capital ownership, and it is clear that most elements within the law are not representative of most Indonesian micro-enterprises.

For instance, the regulation neglects both the employee’s occupation rate and the specific sales criteria of these enterprises. In reality, it is not easy for such enterprises to comply with these criteria. This is due to a series of long-standing issues, including access to competent human resources, the utilization of technology, modalities, and the market. This has led to a minimum contribution of 27% of the national economy from such enterprises [9]. Ruthinda [10] further explains that several factors are involved in an SME’s ability to export, including the firm’s internal circumstances, organizational issues, policies in the foreign market industry, and the very limited government support.
With these characteristics, an affirmative policy approach to empowering SMEs was undertaken by the Indonesian Government from 1966 to 1988. With this approach, SMEs are considered weak sectors that need to be assisted with various programs for capital or credit scheme assistance, technical assistance, and large enterprise cooperation. This approach is called a market-based approach [11] (pp. 9–16). This policy, however, has not succeeded in improving the quality of SMEs, particularly at the micro and small levels.

For this reason, since 2000, the Indonesian Institute of Sciences, through the Science and Technology Program, has been trying to implement a socially based approach.

In the social enterprise concept, through collaboration with Lembaga Ilmu Pengetahuan Indonesia (LIPI) -The Indonesian Institute of Sciences researchers and higher education academics throughout Indonesia, any assistance given to MSME entrepreneurs is no longer provided in the form of financial capital but instead as an appropriate technology transfer. Any technology that has been received will be treated as a soft loan and must be repaid in return by the beneficiaries to institutions called Kelompok Intermediasi Alih Teknologi (KIAT)—Intermediary Technology Transfer Group. All proceeds from this refund are used by the KIAT to increase the production and marketing capacity for MSME entrepreneurs as beneficiaries.

Based on the description above, this study aims to investigate the use of the social enterprise approach in empowering micro-enterprises. The research questions are as follows: What is the challenge of the social enterprise approach in improving MSME capacity? How does the social enterprise approach empower SMEs in West and East Java, Indonesia? To answer these questions, the present research applies a grounded theory from multiple cases of different SMEs in two areas. Khan’s [12] case study answered a research question based on program or activity including more than one person. Khan’s study also analyzed data using case descriptions and aimed to provide an in-depth understanding of the cases (see [12], p. 226). This research contributes an alternative policy approach that may be implemented in the case of the financial crisis that may occur due to a trade war or other uncertain factors which may be a threat to economic growth in developing countries.

2. Literature Review

The United Nation of Development Program stated that social enterprises comprise a program that seeks to improve and generate market-based revenue for financially sustainable business. They also intend to solve a pressing social or environmental problem. The concept of social enterprises emerged when problems affected profit maximization and ultimately caused the financial crisis of 2007–2008. As a result, the social enterprise approach has become an alternative way to minimize the negative impact of the market-based approach, by perceiving social aims and profit as two sides of the same coin [13].

According to Thompson [14], a social enterprise is an institution that benefits not only the economy but also social wealth. It has the ability to manage, generate income, and support its resources to operate satisfactorily. Bull [15] further adds that social enterprises should have social missions and objectives that can be met through entrepreneurial strategies. One form of social enterprise is the cooperative enterprise.

Several scholars, such as those in [16–18], suggest that cooperatives should be included in the category of social enterprises since they have specific related characteristics, such as working for community interests and possessing a minimum level of profit distribution among their members (see [16–18] cited in [19]). Lyon and Sepulveda [16] developed the concept of social enterprises by prioritizing a combination of trades and charities. Such a concept has been long adopted by the UK government, which sees social enterprise as a business unit focused on addressing social causes as its primary objectives. Subsequently, its surpluses are intensively reinvested for purpose-driven business activities that benefit communities in a general sense, rather than intensifying profit-making for the greater benefit of shareholders ([20], cited in [16,21].
Kerlin [22] classified social enterprises into two types: those that work for profit but engage in socially beneficial activities and non-profit organizations that work in mission-supporting commercial activities ([22]; Santos as cited in [23]). According to Santos [24], a social enterprise is an organization that trades to generate positive social and environmental externalities rather than private gain. Social enterprises are, therefore, different from private sector organizations, which are profit-oriented; their program priorities are wealth creation or other social activities, such as poverty reduction and solving inequality, homelessness, and unemployment [25].

Thus, we consider a social enterprise as a profit-making entity that is driven by community interests ahead of profit maximization for its underlying shareholders. In general, social enterprise activities are dominated by a combination of simultaneous trading and charitable activities that are subject to public accountability. Moizer and Tracey further emphasized that social enterprises are non-profit entities established to run profit-making activities while creating a social impact at the same time [21].

Previous research on the social enterprise concept has become well-known worldwide as a market-friendly alternative to cost-intensive social policy programs. Advocates contend that civil society could approach social problems using innovative methods that include social enterprises. Social entrepreneurship has supported resources that impede the government in resolving socio-economic issues such as poverty, disease, and access to education and research, as well as overseeing disability matters [26]. Policies to enhance social entrepreneurship are becoming known widely across the Organization for Economic Cooperation and Development (OECD), as well as in high-income Association of Southeast Asian Nations (ASEAN) member states (AMS) like Singapore [27]. For this publication’s objectives, the social enterprises model is adopted from Muhamad Yunus’s model, which focuses on providing technology or equipment and capacity-building for SMEs. At the end, it aims to reinvest all the profits from KIAT to improve SMEs productivity, capacity and incomes of the SMEs ([28], p. 183).

As defined in this assessment, a social enterprise is a vehicle that “involves private activity performed in the public interest, managed with an entrepreneurial strategy, where the main objective is to accomplish certain economic and social goals instead of increasing profit, and that has the ability to resolve social problems and unemployment through innovative solutions.” For the comparison goals, and considering the recent growth of these enterprises globally, including in OECD countries, the diverse social-oriented companies in ASEAN countries, such as cooperatives, inclusive business initiatives, and associations, are considered here to be “social enterprises” in practice for the monitoring and evaluation blocks. However, in the planning and design blocks, the assessment follows the definition of a social enterprise stated above.

A similar implementation of the social enterprise approach for the poor is Grameen Bank in Bangladesh. This bank provides loans to poor people, and the target group invests this money in small business and trade [29]. The KIAT of Iptekda LIPI also acts as a Grameen Bank. However, there are some differences between the KIAT and Grameen Bank. First, the KIAT does not directly provide cash or loans to micro-enterprise owners. Second, the KIAT is managed by researchers from universities, with the micro-enterprises as members. Third, the KIAT is not a financial institution but a group of researchers and owners of SMEs, such as Iptekda, that aims to sustain the business of SMEs with technological assistance.

Simamora and Aiman’s [30] paper, “Policy Approaches and Support Mechanisms to Promote Innovation in SMEs in Indonesia: A Case of Iptekda”, delivered at the National Workshop on Sub-National Innovation Systems and Capacity-Building Policies to Enhance Competitiveness, discusses policy approaches for promoting innovation in SMEs in Indonesia. According to the two authors, the role of innovation has been recognized as one of the main drivers of industrial competitiveness and also of national competitiveness. This paper emphasizes several policies of the Indonesian government for strengthening the capacity of national innovation in local industries, including SMEs, and explains some of the programs related to the national innovation system that have been, are, and will be implemented, as well as reviews LIPI’s Science and Technology Program and its role in promoting innovation and
technology from R&D centers and universities to SMEs, and explaining some of the key factors for the success of a relevant program.

The authors stated that the key factors for the successful implementation of this program were determined by the availability of appropriate technology, the proximity of the implementing unit (university) to the SMEs, and consistent financing. Although using only an analysis of the literature, the article provides a description that is important in promoting policies for the development of technology for SMEs. One drawback of a literature study is that the subjectivity of the writers tends to be higher than the writing produced. Therefore, the work of Simamora and Aiman is compared with similar research to ensure objectivity. Also, the research recommendations that suggest revolving the funds integrated into LIPI to encourage the commercialization of the research and development results of LIPI researchers are not in agreement with the mandate of Government Regulation Number 20 of 2005 Article 15c, which emphasizes the non-commercial aspects of research and development results.

Another study [31] added that to foster social enterprises and social value creation, policies related to human development that produce results in the medium and long-term are again the most preferable. On the other hand, policies that subsidize firms with social results at the cost of economic results are less preferable. This result provides contributions to policy-makers who, frequently, are tempted to deploy interventionist policies that provide results in the short run (usually four years or less) but go against free trade and market logic and, as a consequence, are harmful in the long run. Adopting a participative and exploratory focus would perhaps be wise for prescribing policies that impose a “best way” and limit incumbents’ freedom and creativity.

Some previous research focused on collaboration between universities and SMEs. For example, Plechero [32] researched the Veneto region in Italy. In his research, Plechero observed a collaboration between local universities and traditional small and medium-sized enterprises (SMEs). However, specifically in terms of the Regional Innovation System (RIS), the potential contribution of local universities to increasing the absorption capacity of SMEs has not yet been fully developed. Contacts between industry and universities are mainly spread out through a series of individual initiatives. Plechero used a positivist approach in his study. Data were collected by distributing questionnaires to 28 innovative traditional SMEs. These questionnaires were distributed to reveal “the relationship of the university with SMEs”. In addition to distributing questionnaires, Plechero deepened the analysis with qualitative data. Qualitative data were obtained from in-depth structured interviews. Four interviews were conducted with companies that had collaborated to some extent with the university. Four other interviews were conducted with the directors of Innovation Brokering Agencies (IBAs). This study appears simple because of the nature of one-way data testing. In this case, this simplicity is most visible when testing the hypothesis of the influence of local universities in increasing MSME innovation. In terms of population representation, the chosen sample requires further discussion. Plechero only distributed questionnaires to 28 innovative traditional SMEs. What needs to be discussed is the method chosen for determining these 28 SMEs.

Based on the policies for empowering SMEs through the social enterprise approach, the next section outlines policy implementation that applies a social enterprise approach through the Iptekda LIPI program. This program provides one of the lessons that may be learned as part of the exit strategy for global crises, which are occurring increasingly often and more unpredictably, particularly in developing countries.

3. Method and Research

This study uses a qualitative approach with multiple case studies, applying the Iptekda LIPI program as the unit of analysis. This work applies a qualitative method to obtain a deeper understanding of how the beneficiaries of the program understand the role of KIATs as social enterprises for SMEs in different geographical locations and cultures (West and East Java Indonesia). As Guba and Lincoln and Neuman [33–35] assert, the aim of such qualitative research is not to test hypotheses but to build a concept or framework based on people’s perceptions in an organization under an ordinary setting.
using in-depth interviews or focus group discussions as a method to collect the data [33–35] as cited in [12], (pp. 225–226).

Data Collection and Loci

This study conducted in-depth interviews with 50 owners of SMEs in the Malang sub-districts and Batu City, East Java. In West Java, the loci of research included Tasikmalaya, the Bogor sub-district, and the Bandung sub-district. The researchers also conducted in-depth interviews with 50 leaders of KIATs. The leaders of KIATs include researchers from universities and LIPIs. The experiences of the informants as Iptekda LIPI participants are useful for exploring the challenges faced by social enterprises in Indonesia in greater detail. The researchers also conducted member checks and multiple measurements at different points of time. In this regard, multiple triangulations were used by separating the time of data collection and member checking.

The researchers visited informants at different times under different contexts and situations. The first interview was conducted during June 2013–March 2014 for East Java province. The second was performed from July 2018 to December 2018. Each interview lasted 2–4 h. The different timelines for each interview sometimes resulted in different perceptions of the program among MSME owners. In the next section, we explore the challenges of implementing the social enterprise approach in the Iptekda LIPI program and how this program empowers the SMEs in both areas.

4. Analysis

4.1. The Social Enterprise Approach through the Iptekda LIPI Program

In the Indonesian context, according to Prasetyanto [9], SMEs, particularly at the micro level, face more challenges since their characteristics are very traditional compared to those of small and medium enterprises. These characteristics make MSME businesses a strategy for survival. In addition, many SMEs are located in villages and have no knowledge about financial institutions, such as banking and legal matters, that are prerequisite conditions for the establishment of a business.

Based on the research of Irjayanti and Mulyono [6], many SMEs hope that the government can seriously reduce and/or prevent their problems. This expectation can be achieved if the government is committed to improving the performance of all ministries or line ministries that indirectly influence the SMEs business climate. Through good governance and high-value performance, the government can help SMEs eliminate all barriers for business development.

Unfortunately, most of the government policies in Indonesia have focused on financial assistance and the partnership of large enterprises with SMEs (see Table 2).

| No | Name of the Policy | Policies Form |
|----|-------------------|--------------|
| 1  | Credit Grants     | Credit Investment Scheme (KIK), Credit for Permanent Working Capital (KMKP), Credit for Small Enterprises Scheme (KUK), Village Credit Scheme (KUPEDES). |
| 2  | Banking/Financial Institutions | Establishing financial institutions in villages. |
| 3  | Manufacturing     | Manufacturing cooperatives for SMEs (KOPINKRA) in industrial area or small industrial neighborhood (LIK). |
| 4  | Partnership between SMEs and industries | Partnership between SMEs and large companies (business and export consultation). |

Source: ([36], p. 9).
The policies presented in Table 2 show that most government interventions for MSME empowerment are related to financial aid. Furthermore, there are few policies that mention the non-financial factors that may contribute to micro-enterprises’ problems. Several previous studies showed that there are many non-financial problems encountered by micro-enterprises for improving their competitiveness. Gunasekaran, et al. [37] (as cited in [38]) noted that the major constraints for SMEs competitiveness are closely related to access to adequate technologies. Other researchers, such as those in [39–41], have asserted that obstacles to SMEs are concerned with human resource competencies, the cost of production, and marketing.

Furthermore, the poor human resource capacity and skills of SMEs in developing countries may require a different policy approach. In developed countries, SMEs can obtain many non-financial benefits from partnership with large organizations related to environmental and social issues, company performance, operational impact, and employee performance [42]. Palmi, et al. [43] further note that organizations pursuing responsible social and environmental policies have lower financial uncertainty, higher sales growth, and better chances of survival, with no short-term profit disparities. Resilience is the key factor that allows companies to move beyond survival and succeed under complex, unpredictable, and challenging conditions [44].

Thus, changes in policy direction are due to a failure of the market-based approach to meet the needs of SMEs in Indonesia, particularly at the micro-enterprise level. Prasetyantoko ([45], p. 17) adds that the government may overcome MSME problems based on their business scope. If the business is small or medium, a market-based policy approach can be used, for example, easy loan applications from formal financial institutions, training programs and skill development in all areas, technology procurement assistance, etc. Further, good government performance will help significantly to create stable economic conditions by making the needs of SMEs affordable, such as energy and raw materials, which greatly affect the cost of production. Strict regulations will help to reduce many SMEs problems related to security, process difficulties, and corruption.

The Iptekda LIPI program is an example that accommodates the social enterprise approach for empowering micro and small enterprises. The scheme of the social enterprise approach is to give capital and technological assistance to SMEs through the involvement of researchers from universities. These researchers are required to establish local institutions known as KIATs to deliver technology and capital to SMEs. The assistance of KIATs chaired by researchers from the universities or LIPIs can provide technology, training, and capital assistance to SMEs. However, these interventions are not given as charity but instead as “soft loans”. In other words, the capital and technical assistance given to SMEs improves their productivity and sales, and every increase in sales revenue is paid to the KIAT. The KIAT then manages these payments for further production improvements of the SMEs. Since many SMEs in Indonesia are not familiar with the banking system, the loans from KIATs to micro-enterprise owners are not provided in the form of finance but as the materials of production, marketing information, or technology advancement. The mechanism of the program is trade credit together with the technology or materials of production and is a source of public education for SMEs and particularly for micro- and small-enterprise owners (see Figure 1).

Figure 1 describes the mechanisms of the Iptekda LIPI. When LIPI research centers or universities propose applied technology programs for SMEs to LIPIs, the LIPI acts as the funder of the program. After a proposal has been granted, LIPI research centers or universities receive funding from the LIPI and establish KIATs as local organizations that function as mediators between themselves and SMEs. This process is facilitated by a KIAT chaired by researchers from the universities and LIPI research centers. The roles of the KIAT include providing technology and training and acting as market agents for MSME products. After the SMEs have improved their productivity and capacity and increased their sales revenue, the SMEs should pay for the value of the technology that was provided by the KIAT in the first phase of the project.

After this payment has been made, the SMEs will own the machinery and technology received from the KIAT, but the role of the KIAT as a social enterprise continues, as the researchers and the
The chairman of the KIAT should apply the results of their research to the interests of SMEs. The salaries of KIAT managers and personnel are embedded within their salaries as public institute employees. Alongside their roles as the managers of a KIAT, these researchers also continue their research in public organizations, such as LIPIs or universities.

![Diagram of the Technology for Regions Program (Iptekda LIPI)](image_url)

**Figure 1.** Technology for Regions Program (Iptekda LIPI) (author’s own) [46]. KIAT, Kelompok Intermediasi Alih Teknologi.

The social enterprise approach involves the KIAT serving commercial business activities in the form of a social business or venture (see [47,48] as cited in [49]). The social enterprise approach aimed to change the mindset of SMEs as the target group of the program. Unfortunately, the use of KIATs as a replacement for banking or financial institutions and as a sustainable tool to build the capacity of SMEs was not effective enough to improve the assets of SMEs after they received the program.

According to Syamsulbahri [50], the success rate of the Iptekda LIPI is only 67.7%. In terms of this percentage, East Java has the highest rate of success (85%), while West Java has the highest percentage of failure. These indicators of failure or success refer to the technology usage in micro-enterprises and/or the growth of assets owned by the micro-enterprises [50]. Data from an evaluation report of the program in 2017 noted that during the 2006–2016 program implementation only 20% of the 489 SMEs knew about the KIAT’s function and took advantage of it [51]. Most of the owners did not return their loan to the KIAT because they thought that the assistance was provided for free, as with other government assistance. Most of these failures occurred in the SMEs of West Java.

To identify the contributing factors for the success and failures in both loci, the discussion section of this paper explores the challenge of implementing this approach and how this approach has succeeded in improving the SMEs in both areas. Before we discuss the research findings, the next section explores the method of research.

4.2. The Challenge of Social Enterprises Implementation in West and East Java

The data analysis process applied open coding by classifying the data. Each category was applied based on the role of the KIAT in empowering micro-enterprises. To analyze these data, we used Rogers’s steps because the KIATs applied a social enterprise approach, which is a new approach for
empowering SMEs through technology and capacity building. According to Rogers, “an innovation is an idea, practice, or project that is perceived as new by an individual or another unit of adoption” ([52], p. 12). For Rogers [52], the innovation–decision process involves five steps: (1) knowledge, (2) persuasion, (3) decision, (4) implementation, and (5) confirmation.

In this research, individuals learned about the existence of the KIAT and sought information about the roles of the KIAT in their businesses in the knowledge step. The persuasion step was then related to individuals’ attitudes towards innovation and whether they accept or reject the KIAT. The acceptance or rejection of the KIAT not only depends on information from researchers as KIAT leaders but also on information acquired from other groups of micro-enterprises that have similar experiences in dealing with KIATs. Individuals receiving such information are more sensitive to innovation in the persuasion stage. In the decision stage, the micro-enterprises decide to join the program; at this stage, they have to pay for credit as the “cost” of the technical assistance they receive.

In the implementation stage, the micro-enterprises implement the Iptekda LIPI program and receive confirmation that a KIAT is able to help them expand their business market. Although the processes take the form of independent steps, in practice, we found that the five steps are made in sequence. To identify the process of empowering micro-enterprises through the KIAT, the interview also involved five stages. For example, the question about knowledge was related to how the micro-enterprises found information about the Iptekda LIPI, how they heard about the KIAT and its role before they joined the Iptekda LIPI, what the KIAT’s roles in the Iptekda LIPI are, what will happen after they finish repaying their credit, and whether the KIAT allows them to take another loan for future business or technology development.

The questions relating to persuasion deal with the perceived innovation of the KIAT from the perspectives of micro-enterprise owners. In this step, individuals/adopters had negative or positive attitudes towards innovation. The positive or negative attitudes that the micro-enterprise owners had towards such innovations do not necessarily reflect their acceptance or rejection of the innovation. This is because most micro-enterprises in the Iptekda LIPI show a positive acceptance of the program but negative attitudes towards soft loan schemes. Table 3 summarizes the findings in these two areas.
Table 3. The acceptance of KIATs as social enterprises for empowering SMEs based on the steps of the innovation-decision process model.

| Steps of Decision/Innovation of KIAT | West Java | East Java |
|-------------------------------------|-----------|-----------|
| Knowledge                           | No knowledge about the roles and functions of the KIAT. | Familiar with the functions and roles of the KIAT. |
| Persuasion                          | Researchers do not communicate the roles and functions of the KIAT. | Researchers take part in public education and communicate intensively to introduce the KIAT’s role as a social enterprise for micro-enterprise owners. |
| Decision                            | They participate in the Iptekda LIPI because of the capital assistance provided; they do not have any interest in following the program since they do not have any knowledge about KIATs and their functions. Most are start-up businesses that depend heavily on government aid. | They decide to participate in the program since they think that the Iptekda LIPI offers not only capital assistance but also technology and management skills. Capital assistance through the KIAT mechanism is not a burden for micro-enterprises since most of them have run their businesses for more than 2 years. |
| Implementation                      | KIATs fail to be social enterprises for the empowerment of micro-enterprises since there are differences between what micro-enterprise owners need and what the program provides. | The KIAT is successful in changing the mindset of the micro-enterprise owners concerning their needs to secure capital and their overall business. |
| Confirmation                        | Micro-enterprise owners reject the KIAT since they do not understand the mechanism of the credit scheme and revolving funding. | KIATs become alternative financial institutions and replace the role of banks. |

Source: Data analysis by authors.

Based on the analysis in Table 3, most MSME owners in East Java have succeeded in recognizing the need to secure the capital of their business. KIATs thus offer an alternative solution to the banking system, which mostly cannot serve MSME owners due to their lack of prerequisite conditions for credit assistance from those traditional institutions [2]. These findings are in line with those of the Organization for Economic Cooperation and Development (OECD) in 2010. According to the OECD ([28,53], p. 118), Iptekda successfully helped non-bankable SMEs finance and secure a range of abilities through a banking mechanism. In other words, beyond its positive contributions to integrating business and social missions, this research discovered further benefits of the program under a social enterprise approach, particularly in East Java.

However, Table 3 also reveals a contrasting condition with the SMEs in West Java. SMEs in this area were unaware of the KIAT; therefore, these owners still think of the Iptekda LIPI as a grant and reject the social enterprise approach. The resistance and acceptance of the KIAT as part of the social enterprise approach relies on the knowledge and persuasion steps. The following in-depth interviews with one of the micro-enterprise owners who participated in the program revealed important evidence:

“I disagree with what the KIAT Program of Iptekda LIPI requires within the investment funding scheme. For a seed-level business unit such as mine, it is impossible to comply with such requirements. How can I put my money in the KIAT Program if no sales come from my handicraft? It is common sense that people do not purchase handicrafts on a daily-basis” (an in-depth interview with a palm handicraft micro-business owner in Cineam, West Java).

“I am seeking a suitable program for my business needs. As such, I came across the Trade and Industry Agency in Batu to request a prospective program that suits my business. Nevertheless, the agency was not equipped with one. Later on, I met Mr. E, who invited me to join the Iptekda program by investing a large amount of money for every purchase on the machine and other items. I did not say yes immediately, but eventually, I decided to take the risk. My initial assumption was that it would be a challenging procedure, but it turned out to be quite simple. Today, I have paid my mortgage and own the machine with its subsequent tech devices. KIAT also gave me an interest-free
loan for business expansion. Due to this, my sales and production have been greatly multiplied because I produce using machines and equipment of my own” (an in-depth interview with UD Dua Merpati in the city of Malang, East Java).

The in-depth interviews with the micro-enterprise owners in both loci showed the different perspectives of the participants. One participant in West Java showed resistance to the social enterprise approach through KIAT, and the other participants from East Java showed acceptance of the social enterprise scheme. Their decision and implementation stages heavily relied on the persuasion stages of the project managers in both areas. The following field interviews showed that the persuasion stage should consider other institutions who give similar assistance to SMEs.

As a consequence, to persuade and convince micro-enterprise owners to implement this program, further activities should be taken:

“In the community where I live, if we identify ourselves as government representatives, people would immediately assume that this program is charity-based, but it is not. Principally, they won’t be obliged to be reciprocal in this sense. Therefore, it is more appropriate for us to identify ourselves as wealthy individuals who are offering investments in the shrimp business ecosystem. In this case, I won’t give modalities in cash but instead provide shrimp seeds for cultivation. Once they complete the whole series of training, these people will be able to multiply production by up to 2.5 tons of shrimps per year. The KIAT Program by Iptekda LIPI under my supervision will distribute shrimp to various eateries in Bogor, as well as to different supermarkets in Jakarta. The profit from these aids will be shared equally among the farmers and the KIAT. The KIAT will keep some of the farmers’ shares for reinvestment. Then, the program will purchase more seeds for re-cultivation to create a continuous cycle of production and marketing. Even though the result was quite fruitful in the beginning, there are several special circumstances that are out of my hands, such as the fluctuation in shrimp price, which is full of uncertainties; unfortunately, the farmers do not seem to understand this” (an in-depth interview with a researcher from the LIPI).

A KIAT Project Manager revealed that the social enterprises in the program could be implemented successfully if the payment of the soft loan for the KIAT were replaced by a seed of shrimp. This seed would be used to improve the productivity of shrimp. Based on various interviews among micro-enterprise owners and KIAT managers, the social enterprise approach implementation in West Java is likely to fail to change the mindsets of the micro-enterprise owners toward government assistance.

However, according to Kusumawardhani ([53], p. 132), the failure to introduce KIATs as part of the social enterprise approach in West Java has some other contributing factors. First, the Iptekda LIPI program competes with other similar MSME empowerment programs with other actors, such as the local government, under the credit and capacity-building program, State-Owned Enterprises, and private sectors under the corporate social responsibility (CSR) programs. SMEs thus choose the most accessible and flexible programs that are grant-based with no other financial consequences (unlike the KIAT). One of the LIPI researchers who helped an owner of a small fertilizer business added the following:

“We did not know that our target group had already received infrastructure assistance from the local government of West Java. As a result, we did not tell the owner that the Iptekda LIPI had an investment scheme that needed to be paid by the target if their business improved significantly after following the Iptekda LIPI. After the program finished, we could not ask them to invest their revenue in selling fertilizer in the KIAT because they already knew that the machine and the financial aid that they received were government grants” (interview with a researcher from the LIPI, February 2013).

Second, the MSME selection process in West Java was not taken seriously by researchers or academics. A yoghurt maker from Sampora village, West Java participated in the program because her business was closed to the area of the researcher’s office. She would have had no experience in running a yoghurt business if the researcher from LIPI did not help her (in-depth interview with the yoghurt business owner in Sampora village, West Java). In contrast, the MSME owners in East Java had to pass a selection process from the university as the manager of the KIAT:
“Before we proposed our activity to the LIPI as the funder of the program, we developed a small study by visiting the beneficiaries of the program. We evaluated their business capital and income and what kind of technology their business needed. We interviewed them as if they were being interviewed by the LIPI. We mentioned at the beginning of selection that they had to treat the program as a long-term investment because after they succeeded in improving their productivity and marketing they had to re-pay the value of the assistance to the KIAT” (in-depth interview with a Brawijaya University researcher as the manager of the KIAT for UD Merpati, May 2017).

These findings clearly show that at the persuasion stage the researcher used a selection process to find the appropriate target group to receive technical assistance and engage in the loan scheme of the program. As a result, most of the MSME owners in Malang Raya, East Java were already brief on and willing to follow the program lending scheme. A significant challenge in the implementing stage of the approach is related to the payment term. Some of the SMEs owners in East Java who participated in the program from 2000 to 2006 admitted that they regularly paid their installment to the KIAT managed by Brawijaya researchers as the KIAT managers:

“I paid my installment to KIAT about three or four times after my crackers had increased due to the machinery and technical assistance that the researcher from Brawijaya gave to my business. I think I was lucky because, although my installment was finished, Mr. W. still asked for my productivity and marketing progress. I can also borrow seed funding from the KIAT if I need to buy raw cassava materials” (in depth interview with the UD Merpati owners, a cracker business, 2016).

According to other evidence from West Java’s Cibinong district, public awareness of the KIAT was severely misleading, as the program was perceived as an alternative to bank credit funding. The evidence of shrimp micro-farming in several subdistricts of Bogor showed KIAT to be a successful initiative for transferring shrimp research into shrimp farming management for local farmers, as well as becoming a profitable economic activity. The keyword “successful” depends on the way the program is communicated, particularly as a non-governmental aid for the most successful businesses. This fact suggests that the “government aid” label should be removed for the successful delivery of the program.

4.3. The Social Enterprise Approach to Empower SMEs in West and East Java

Another success story of Iptekda LIPI’s social enterprise approach was observed in several districts in Malang, East Java. Stories about the delivery of the social enterprise approach for micro-enterprises are particularly different from those in West Java. In East Java, the majority of micro-enterprises illustrated the urgency of technological accessibility to stimulate business growth, which led to the use of the KIAT credit scheme in their business units.

KIAT Managers in Malang suggested that the government’s communication of social enterprises should be timeless. This requires a time-buying process for technology transfer and diffusion. Researchers should also convince micro entrepreneurs with an evidence-based warranty that investment in the KIAT will offer great support for their businesses.

The involvement and active participation from universities and research institutes, such as the LIPI, in assisting SMEs agree with the mandate of Law Number 18 of 2002 concerning the National System of Research, Development and Application of Science and Technology, which states that technology diffusion describes the adoption and application of the results of extensive innovations by inventors or other parties to increase their effectiveness and potential. This increase can be interpreted as an improvement in production, such as production capacity, product quality, and sales turnover.

The implementation of the law is in line with the benefits of the Iptekda LIPI program for MSME owners. For example, in Malang Raya East Java, the owner of UD Rovit, a traditional herb business, admitted that the program succeeded in increasing her knowledge of manufacturing practices and guaranteeing hygienic products, speeding up production time, reducing production costs, and increasing turnover from IDR 5,000,000 to IDR 25,000,000. In this regard, the social enterprise approach implemented through technology and capacity-building assistance can also be interpreted in terms of its non-production aspects.
The benefits of these non-production aspects were also admitted by other program participants. According to a spice businesswoman, productivity and turnover increased after she joined the program. She paid a loan to the KIAT to obtain assistance for her spice business, and she used the revenue to conduct a guardian pilgrimage program for her employees. She mentioned that her business revenue after joining the Iptekda LIPI program increased from IDR 75,000/month, with manual production, to IDR 8.5 million/month after she obtained machinery and capital assistance from the KIAT (in-depth Interview with UD Hidayah Owner, May 2017). When we interviewed her, this business had further improved; she was a participant of the Iptekda LIPI program from 2003.

In the context of public policy implementation, the KIAT model as a social enterprise approach, according to Grindle (1980), is an example of how the challenges of this type of policy are far more difficult because they require the long-term adaptation of the behavior and participation of target groups. Furthermore, the type of the program is categorized as an ideology program, which was marked by the desire to achieve several goals at once, did not recognize the hierarchy of goals or priorities, had strong political overtones so that anyone who asked the program implementer obtained large resources, and was free from criticism ([54], p. 9).

In the Iptekda LIPI ideology program, the aim was ambitious. Within this scheme, it is hoped that SMEs will no longer depend only on government assistance to develop their businesses but will instead use reserve funds that they keep in the KIAT. This is in line with the opinion expressed by one of the former chairs of the implementation team for the application of science and technology in the region, who was the initiator of the application of science and technology program in the region. According to him, technology transfer funds should function as reserve funds because the process of technology diffusion presents unfavorable risk. The following are excerpts from the interview:

“Actually, we are helping. If it works, why return it? However, if it doesn’t work, that’s fine. For example, if it fails, the technology cannot be used, and if it is easily damaged and is not desired to be used, there is no need to pay. Thus, the nature of revolving funds is to buffer funds from the technology applications that we provide, and that is the goal for empowerment. What is the purpose of empowerment? If a person is helpless, of course he or she must be able to restore his or her funds because returning them is not for us (LIPI). Thus, we are not giving aid for that purpose—yes, like giving money, that is. Well, if we educate a person, that happens first; if they succeed, they must return the funds. Because they can earn profit and because those funds will be used for more profit” (in-depth interview with former chairman of the Program of the Application of Science and Technology in the Regions Implementing Team in 1998–2004, as Program Manager, 15 August 2013).

Based on the findings from the field, the implementation of the program agrees with Grindle’s theory entailing the absence of a hierarchy of priorities, a very ambitious nature, and freedom from criticism. Conversely, in West Java, the goal of the program was implemented through the capacity building of micro-enterprise owners in running a proper business and improving their knowledge about technology. In East Java, the program was an alternative solution to financial institutions such as bank and offered capacity building for business members in terms of their technology, knowledge, and marketing.

The different empowerment outcomes between the two areas cannot be separated from the persuasion stage that was already mentioned in the previous sub-section. Thus, we conclude that the social enterprise approach may be useful for empowering SMEs if the program implementation period spans multiple years and if there is a hierarchy of goals for each period of implementation. Moreover, the different characteristics between the two different geographical areas led to different strategies of persuasion–decision–implementation and confirmation for other researchers to implement similar programs.

5. Discussion

It is evident that a large number of best-practices for social enterprises derived from this research are applicable to Iptekda LIPI’s case studies. First of all, the integration of business and social elements
aimed at empowering micro-enterprise owners greatly relies on the time factor and public awareness (education). These case studies in West and East Java showcase the key prominence of researchers in playing the role of KIAT’s managers, particularly for the program’s deployment strategies. Secondly, the social enterprise approach, without any doubt, holds significance as an alternative method for leveraging micro-enterprise productivity. Nevertheless, several other trade-related and industrial policies can complement this approach. My onsite experiences in both locations revealed several uncontrollable factors that may affect profit-making activities and the sustainability of SMEs.

To solve the sustainability of the SMEs and the KIAT as the social enterprises, the lesson from India’s grassroots innovation and the Burro Battery in Ghana may become an alternative solution. Both countries’ case studies show that the critical success factor in social innovation management is that the highest political decision-maker recognizes social innovation as a vital force for the solution of social problems and sustainable economic development. For example, the Honey Bee Network, a socially creative private company, and the National Innovation Foundation (NIF)- India, an Indian government agency, sought social open innovation engagement. The government of Ghana also plays a role by supervising big businesses and SMEs. Intervention from the government helps to secure the endurance of profit-oriented social enterprises like Burro. At the same time, the government establishes mechanisms mainly to aid the private sector which social enterprises can benefit from [55].

Yun and Liu [56] also recommend the Quadruple-Helix Model as a form of collaboration between government, business, academics, and society to achieve sustainability in the industrial era of Industry 4.0. However, the ecosystem of collaboration demands a flexible, dynamic, and open platform [56]. From both countries, we may also learn that the collaboration or partnership between government and private sectors for social mission to improve the capacity and sustainability of SMEs achieve he objective if the actors in the collaboration have shared values. As Ansell and Gash [57] (p. 5) add, the collaboration of state and non-state actors also means that every actor that collaborates shares accountability for policy consequences, which, therefore, requires that stakeholders be directly involved in the decision-making process. In the Indonesian MSME policy-development context, it will be challenging to meet the shared values of each factor due to the lack of mutual trust of every actor, which can be shown in the case of Burro, which has preferred to address the rural area, somewhat distant from the red tape that is more obvious in the large towns. In other words, Burro, as a private enterprise, choose to maintain minimum connections with the government [55] (p. 11).

6. Conclusions

6.1. Implication to Future Research of Social Enterprises Approach to SMEs

This research applied inductive analysis, which raises a number of future research opportunities. First, our study used participants and actors that are involve in the Iptekda LIPI program, which is mainly focused on two provinces in Java island—very little can be said of the implementation of the program for the SMEs and researchers that are not located in Java. Bhinadi [58] (p. 39) asserts that the national development plan from 1975 to 2009 showed that most Java provinces are more modernized than provinces outside Java. As a consequence, there is a wealth gap between Java regions and regions outside Java. In regard to this, our research can therefore extend to incorporate a statistical approach on how social enterprises affect social innovation policy at the grassroots level.

Second, the implementation of social enterprise policy through Iptekda LIPI’s program has several underlying implications that necessitate a multidisciplinary approach from the perspectives of anthropology and sociology. To facilitate better integration between the social mission and business objectives as two sides of the same coin, the implementation of social enterprise policy should be localized to the roots of Indonesian regional culture.

Third, our study has offered the challenges of the collaboration of government, academics and SMEs in developing mutual trust and shared values that requires the cultural adaptation of the program
as well as law enforcement in order to prevent rent-seeking activities in the program. More work is currently required to refine our new findings and to expand them further.

6.2. Limitations of Research

The designed implementation will be better executed if the characteristics and peculiarities of each enterprise, such as the age of the business unit, can be highlighted accordingly so that the organizational model of programs such as KIAT does not offer a “one-size fits all” approach to their beneficiaries. Also, the case study may not be representative of all similar program, such as corporate social responsibility, in social enterprise implementation through the collaboration of large enterprises and SMEs. A larger sample and more variables will develop new conceptual or typological framework.

Author Contributions: Conceptualization, I.R.M. and A.Y.S.R.; methodology, A.Y.S.R.; software, D.K.; validation, D.K., A.Y.S.R.; formal analysis, I.R.M.; investigation, D.K.; resources, I.R.M. and A.Y.S.R.; data curation, D.K.; writing—original draft preparation, I.R.M.; writing—review and editing, I.R.M. and A.Y.S.R. and D.K.; visualization, I.R.M.; supervision, I.R.M. and A.Y.S.R.; project administration, D.K.; funding acquisition, I.R.M. and A.Y.S.R. All authors have read and agreed to the published version of the manuscript.

Funding: This research was funded by the Indonesian Institute of Sciences in collaboration with Public Administration Department, Faculty of Administrative Science, Universitas Indonesia.

Acknowledgments: We thank to our colleagues from Universities in East Java and the Indonesian Institute of Sciences who were the participants of the Iptekda LIPI program. We also thank to the “anonymous” reviewers for their so-called insights.

Conflicts of Interest: The authors declare no conflict of interest.

References

1. Aisyah, R. Data Point to Slowdown in Indonesian Amid Ongoing Trade War. Available online: https://www.thejakartapost.com/news/2019/07/16/data-points-to-slowdown-in-indonesian-economy-amid-ongoing-trade-war.html (accessed on 4 June 2020).
2. Tambunan, T.T. The impact of the economic crisis on micro, small, and medium enterprises and their crisis mitigation measures in Southeast Asia with reference to Indonesia. Asia Pac. Policy Stud. 2019, 6, 19–39. [CrossRef]
3. Myint, H. Inward and Outward-Looking Countries Revisited: The Case of Indonesia. Bull. Indones. Econ. Stud. 1984, 39–52. [CrossRef]
4. Tambunan, T.T. Development of Small & Medium Enterprises in Indonesia from the Asia-Pacific Perspective, Jakarta: LPFE-USAKTI, 2006; LPFE: Edinburgh, UK, 2006.
5. Wang, Y. What are the biggest obstacles to growth of SMEs in developing countries?—An empirical evidence from an enterprise survey. Borsa Istanb. Rev. 2016, 16, 167–176. [CrossRef]
6. Irjayanti, M.; Azis, A.M. Barrier Factors and Potential Solutions for Indonesian SMEs. Procedia Econ. Financ. 2012, 4, 3–12. [CrossRef]
7. Picard, M. Regional Synthesis Report Indonesia Philippines Thailand Viet Nam: Strengthening Disaster and Climate Resilience of Small & Medium Enterprises in Asia; The Asian Disaster Preparedness Center (ADPC): Bangkok, Thailand, 2017.
8. Burger, N.; Chazali, C.; Gaduh, A.; Rothenberg, A.D.; Tjandraningsih, I.; Weilant, S. Reforming Policies for Small and Medium-Sized Enterprises in Indonesia. Available online: http://www.trp2k.go.id/images/uploads/downloads/Reforming%20SMEs_0529_lowres_2015-1.pdf (accessed on 22 June 2020).
9. Prasetyantoko, A. Pemberdayaan UMKM sebagai perwujudan demokrasi ekonomi di Indonesia. J. Sos. Demokr. 2010, 9, 38–43.
10. Rutihiinda, C. Factors Influencing The Internationalization Of Small And Medium Size Enterprises. Int. Bus. Econ. Rev. J. 2008, 7, 45–54. [CrossRef]
11. Wie, T.K. Policies for Private Sector Development in Indonesia; ADB Institute: Tokyo, Japan, 2006.
12. Khan, S. Qualitative Research Method: Grounded Theory. Int. J. Bus. Manag. 2014, 9, 9. [CrossRef]
13. Poon, D. The Emergence and Development of Social Enterprise Sectors. Available online: https://repository.upenn.edu/sire/8/ (accessed on 22 June 2020).
14. Thompson, J.L. Social Enterprise and Social Entrepreneurship: Where Have We Reached? A Summary of Issues and Discussion Points. Soc. Entrep. J. 2008, 4, 149–161. [CrossRef]
15. Bull, M. Challenging Tensions: Critical, Theoretical and Empirical Perspectives on Social Enterprise. Int. J. Entrep. Behav. Res. 2008, 14, 268–275. [CrossRef]
16. Lyon, F.; Sepulveda, L. Mapping Social Enterprises: Past Approaches, Challenges and Future Directions. Soc. Entrep. J. 2009, 5, 83–94. [CrossRef]
17. Defourny, J.; Nyssens, M. Social enterprise in Europe: Recent trends and developments. Soc. Entrep. J. 2008, 4, 4–202. [CrossRef]
18. Thomas, A. The Rise of Social Cooperatives in Italy. Volunt. Int. J. Volunt. Nonprofit Organ. 2004, 15, 243–264. [CrossRef]
19. Idris, A.; Hati, S.R.H. Social Entrepreneurship in Indonesia: Lessons from the Past. J. Soc. Entrep. 2013, 4, 277–301. [CrossRef]
20. Department of Trade and Industry of Great Britain. Social Enterprise: A Strategy for Success; Department of Trade and Industry: London, UK, 2002.
21. Moizer, J.; Tracey, P. Strategy making in social enterprise: The role of resource allocation and its effects on organizational sustainability. Syst. Res. Behav. Sci. 2010, 27, 252–266. [CrossRef]
22. Kerlin, J.A. Social Enterprise in the United States and Europe: Understanding and Learning From the Differences. Int. J. Volunt. Nonprofit Organ. 2006, 17, 246–262. [CrossRef]
23. Nyssens, M. Social Enterprises at the Crossroads of Market, Public Policies and Civil Society; Routledge: New York, NY, USA, 2006.
24. Santos, F.M. A Positive Theory of Social Entrepreneurship. J. Bus. Ethics 2012, 111, 335–351. [CrossRef]
25. Doherty, B.; Haugh, H.; Lyon, F. Social Enterprises as Hybrid Organizations: A Review and Research Agenda. Int. J. Manag. Rev. 2014, 16, 417–436. [CrossRef]
26. Seebos, C.; Ganly, K.; Mair, J. Social Entrepreneurs Directly Contribute to Global Development Goals. In Social Entrepreneurship; Palgrave Macmillan: London, UK, 2006; pp. 235–275.
27. OECD/ERIA. SME Policy Index ASEAN 2018: Boosting Competitiveness and Inclusive Growth; OECD Publishing: Paris, France, 2018.
28. Nyssens, M.; Defourny, J. The EMEs Approach of Social Enterprise in a Comparative Perspective. Available online: https://www.researchgate.net/publication/295367694_The_emes_approach_of_social_enterprise_in_a_comparative_perspective (accessed on 22 June 2020).
29. Wahid, A.; Hsu, M.K. The Grameen bank of Bangladesh: History procedures, effects and challenges. Asian Aff. 2000, 31, 160–169. [CrossRef]
30. Simamora, M.; Aiman, S. Policy Approaches and Support Mechanisms to Promote Innovation in SMEs in Indonesia: A Case of IpTekda. Available online: https://www.researchgate.net/publication/293484063_Policy_Approaches_and_Support_Mechanisms_to_Promote_Innovation_in_Indonesia_A_Case_of_IPTEKDAC (accessed on 22 June 2020).
31. Garrigos-Simon, F.J.; González-Cruz, T.F.; Contreras-Pacheco, O.E. Policies to enhance social development through the promotion of SME and social entrepreneurship: A study in the Colombian construction industry. Entrep. Reg. Dev. Int. J. 2017, 29, 51–70. [CrossRef]
32. Plechero, M. The Role of Local Universities in Improving Traditional SMEs Innovative Performances: The Veneto Region Case; Centre for Innovation, Research and Competence in the Learning Economy (CIRCLE): Lund, Sweden, 2009.
33. Guba, E.G. The Paradigm Dialog; Sage Publications, Inc.: Thousand Oaks, CA, USA, 1990.
34. Guba, E.G.; Lincoln, Y.S. Competing paradigms in qualitative research. In Handbook of Qualitative Research; Sage: Thousand Oaks, CA, USA, 1994; pp. 105–117.
35. Neuman, W.L. Social Research Methods; Allyn and Bacon: Boston, MA, USA, 1994.
36. Tambunan, T.T.H. SMEs in Asian Developing Countries; Palgrave Macmillan: London, UK, 2009.
37. Gunasekaran, A.; Marri, H.B.; Mcgaughey, R.; Grieve, R. Implications of organization and human behaviour on the implementation of CIM in SMEs: An empirical analysis. Int. J. Comput. Integr. Manuf. 2001, 14, 175–185. [CrossRef]
38. Singh, R.K.; Garg, S.K.; Deshmukh, S. The competitiveness of SMEs in a globalized economy: Observations from China and India. Manag. Res. Rev. 2009, 33, 54–65. [CrossRef]
39. Chordà, I.M.; Gunasekaran, A.; Lloria-Aramburu, B. Product development process in Spanish SMEs: An empirical research. *Technovation* **2002**, *22*, 301–312. [CrossRef]

40. Hashim, M.K.; Wafa, S.A. *Small & Medium-sized Enterprises in Malaysia: Development Issues*; Pearson Malaysia: Selangor, Malaysia, 2002.

41. Narula, R. R&D collaboration by SMEs: New opportunities and limitations in the face of globalisation. *Technovation* **2004**, *24*, 153–161.

42. Venturelli, A.; Caputo, F.; Cosma, S.; Leopizzi, R.; Pizzi, S. Directive 2014/95/EU: Are Italian Companies Already Compliant? *Sustainability* **2017**, *9*, 1385. [CrossRef]

43. Palmi, P.; Morrone, D.; Miglietta, P.P.; Fusco, G. How Did Organizational Resilience Work Before and after the Financial Crisis? An Empirical Study. *Int. J. Bus. Manag.* **2018**, *13*, 54–62. [CrossRef]

44. Lengnick-Hall, C.A.; Beck, T.E.; Lengnick-Hall, M.L. Developing a capacity for organizational resilience through strategic human resource management. *Hum. Resour. Manag. Rev.* **2011**, *21*, 243–255. [CrossRef]

45. Prasetyantoko, A. Krisis Ekonomi dalam Perspektif Keadilan Amartya Sen. *Respons J. Etika Sos.* **2011**, *16*, 181–197.

46. The Indonesian Institute of Sciences (LIPI). *Iptekda LIPI Guidelines Book*; LIPI Press: Jakarta, Indonesia, 2016.

47. Luke, B.G.; Chu, V. Social enterprise versus social entrepreneurship: An examination of the ‘why’ and ‘how’ in pursuing social change. *Int. Small Bus. J.* **2013**, *31*, 764–784. [CrossRef]

48. Rogers, E.M. *Diffusion of Innovations*, 5th ed.; Free Press: New York, NY, USA, 2003.

49. Kusumawardhani, D. Analisis Impelementasi Kebijakan Difusi Teknologi Bagi Pemberdayaan Usaha Mikro Kecil: Studi Kasus Iptekda LIPI di Jawa Barat dan Jawa Timur 2000–2011. Ph.D. Thesis, University of Indonesia, Jakarta, Indonesia, 23 July 2016.

50. Ansell, C.; Gash, A. Collaborative Governance in Theory and Practice. *J. Public Adm. Res. Theory* **2008**, *18*, 543–571. [CrossRef]

51. Bhinadi, A. Disparitas Pertumbuhan Ekonomi Jawa dengan Luar Jawa. *JEPE* **2003**, *8*. Available online: [https://media.neliti.com/media/publications/69941-ID-disparitas-pertumbuhan-ekonomi-jawa-deng.pdf](https://media.neliti.com/media/publications/69941-ID-disparitas-pertumbuhan-ekonomi-jawa-deng.pdf) (accessed on 22 June 2020).