

# Analysis of Information Technology and Product Creativity Development to Increase the Value Added of Micro And Small Enterprise in Jakarta

Diena Noviarini<sup>1</sup>, Rida Prihatni<sup>2</sup>, Nuramalia Hasanah<sup>3</sup>,  
Yunika Murdayanti<sup>4</sup>, Dedi Purwana<sup>5</sup>

<sup>1,2,3,4,5</sup>State University of Jakarta, Accounting Major, Faculty of Economics, Indonesia

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## ABSTRACT

**This research is aimed to study the use of information technology and product creativity development in the attempt of increasing the value added of micro and small business in Jakarta by focusing in Ramadhan Bazar event in Small Industry Center, Jakarta. We find out after conducting a series of interviews and observations that the micro and small enterprise in Jakarta have gained extra profits by taking the Ramadhan event as the promotion tool for selling products in large amount and gained more customers. However, the participants of this event were not only coming from the central of industry but from a wider area than Jakarta with various products and competitive prices. This have resulted hard competition for the local enterprises. The management have urged the used of information technology and product creativity development to maintain the business and customers as to increase the value added of the company. Thus, certain acts have been taken regularly to enlarge the potential buyers and winning the competition in this and alike event.**

**Keywords: information technology, economic creativity, company value advantage.**

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## 1. INTRODUCTION

The anxiety of micro and small enterprises about the invasion of products coming from the Bamboo Curtain Country, China after the agreement on free trade called the ASEAN–China Free Trade Area (ACFTA) took place seems could be true. As stated in the Wikipedia, the free trade area between Indonesia and China was initialized back in November 4th 2002, when the framework assignment was signed on among ASEAN countries including Indonesia and China. Further stated that it was not until January 1st 2010 that the free trade area among ASEAN Countries and China came into effect and since then the tariffs of goods being imported have reduced to zero.

Statistics implies from the article of fokus news viva.co.id by Syahid Latif, et. al. [1], that sales of goods products from Indonesia to China was rising by over one hundred million US Dollars during the first semester of 2011 while the goods products that coming from China into Indonesia have reached the value of 12.05 billion US Dollars. Thus the realization of Indonesia's exports to China in 2011 has increased by 2.9 billion US Dollars meanwhile the imports has increased over 3 billion US Dollars. This means that the deficit trade of Indonesia with China are expected to shrink for the benefit of Indonesia's traders and enterprises. Therefor it could be resulted that the importation of goods traded among ASEAN Countries and China being cheaper. This would mean that goods being imported were the hardest products against local products because they have competitiveness and some policies on their side to support their traders in competition in the market. The imported goods products from foreign countries especially China are known cheaper at the price for the same kind of products manufactured in Indonesia and they are widely circulated in Indonesia through the strong business network. This may be the threat to Indonesia's goods of products that the government need to design some incentive schemes to protect in fair way of local products manufactured and traded in and out Indonesia.

The government as the authority have set up regulations in developing creative economy as stated in the President Decree No. 6 of 2009 on the development of the creative economy. According to the Directorate General of National Export Development, Hesti Indah Kresnarini [2] the Ministry of Trade ever since the beginning of the Cultural Products Week Indonesia in 2007 have been responsible for the implementation of the convention. The convention has declared creative

economic studies 2009 until the year of 2025. Beside that the government have formed and built many Industrial Centers that spread widely throughout the Indonesia area to provide some short of support to micro and small enterprises. This centers are organized under certain regularities and supported with the present of their cooperative institutions. For instance, the Small Industries Center (PIK) in East of Jakarta that was regulated by region authority and supported with the cooperative institution called KOPIK. This institution would act as the mediator between enterprises and any parties for example banks and trading organization outside the area and occasionally held some events to help the goods products promotion. The event that was held yearly is Ramadhan Bazaar PIK in 2012 in the courtyard and along PIK road and this year it started from July 28th until August 18th, 2012. The Jakarta Province Governor at the time, Fauzi Bowo, have visited this Bazar as support to this kind of valuable acts for the micro and small enterprise businesses promotion.

Local newspaper stated that according to Dian Sabtarini [3], the marketing of PIK Ramadhan Bazar 2012, the Bazar was greeted enthusiastically by the merchants. Although the goods products and the merchants were not only coming from the PIK area, the PIK micro and small enterprises thought this event as the opportunity to their businesses becoming strong and selling the products widely than the regular day so they have participated enthusiastically. This opportunity have been prepared by the PIK micro and small enterprises by developing their products creatively and using the information and technology to such effort in order to advantage their value added against merchants and foreign products coming into this event.

The effort to use information and technology to develop product creatively in order to increase the value added of micro and small enterprises in such event in this research is the Ramadhan Bazar event have become the issue of this study.

## **2. TODAY'S CHALLENGES**

Combs (1995) in Mihane Berisha [4] research have noted that informarion technology is one of the most important factors of any production activity and technological changes can have profound consequences. Nowadays, information and technology upgrading especially the technology used in designing the product is a must in order to gain competitiveness and value added advantages no matter the size of the micro and small enterprises are they were forced to adopt the latest technology. Mihane Berisha pointed out that the ability of small and medium enterprises to survive in an increasingly competitive and global environment is largely influenced upon their capacity to access information as a resource and usage of new technologies. Further said that the capacity mostly associated with improved availability of information, quality of work, effectiveness and efficiency in accomplishing tasks.

In the Industrial Center (PIK), the information and technology used to engage transaction through the internet and designing products with graphic design software were at the level of initiated means that only a few personnel and employee have mastered the skill and qualification required to adopt the technology.

## **3. RESEARCH METHODOLOGY**

### **3.1. The Research Approach**

The research is using a phenomology of qualitative approach. Phenomenology is a term that comes from Greek: phainómenon means that which appears and lógos means study, of which is the philosophical study of the structures of subjective experience and consciousness (wikipedia, 2012) [5]. Laverty, (2003) [6], stated that in Van Manen research (1997), phenomenology is essentially the study of lived experience or the life world. Laverty further said that its emphasis is on the world as lived by a person, not the world or reality as something separate from the person (Valle, 1989). This kind of approach was using in order to find the explanation of this research problem and the researchers were using random samplings, which is to select certain informants that could provided the required description of the issue. The researchers then observed a website used by the micro and small enterprises to do its business in taking and sending order to its customer at most of the time. Meanwhile more explanations required were provided by the owner of the enterprises about the certain aspects regarding to its company profile and its ways in product creativity development to increase the value added of the products in facing yearly momentous event such as Ramadhan Bazar.

### **3.2. The Informants Criteria**

We have decided that the informants suitable in this research were the enterprises that have used information and technology in enhancing the product development thus gaining more for the value added of its company. We found that many companies in the research area were using websites to promote its product nevertheless only companies that taken yearly event such as Ramadhan Bazar and enhancing product development in facing this kind and alike event were the best sample of this research. Thus supporting datas were collected through the internet and from the cooperative institution that organize micro and small enterprises in the research area, the Ramadhan Bazar banners and media promotion also helped providing proper datas regarding to this research.

### 3.3. The Analysis of Data

The analysis of data was performed during the process of data collection through the in-depth interviews with the informants while making comparisons with the results of alike previous studies. The research flow was making a series of interview questions, filtering the answers that were collected, doing proper comparison with previous research and drawing the conclusions out of all the research process.

## 4. THE RESULTS OF RESEARCH

The information and technology as the device used to enhance product development were some websites and graphic design softwares. The software was just used recently after the right personnels been involved in the production process. Orders that coming through the websites and agencies were certain order that required some specification and modification over the usual products. The customers were usually been informed about the common products through other customers or some exhibitions such as Ramadhan Bazar or through the websites. Certain customers have placed orders with some modification on the product for example adding some patches, sketches and logos regarding to their special occassion such as birthdays, institution anniversaries, some gathering events, social events, campaigns and many more. This kind of orders were taken only on a based of bulk order which were placed in large amount because of the production cost would only been covered through large quantities. The owner also stated that some orders were made through the agencies part that scattered over some provinces in Indonesia. Yet, the agencies were not appointed carelessly means that only credible and trustworthed agencies that were selected over the years to take and distribute order to the customers. This kind of network would then have been maintained and survived from the interference of the competitors mostly from big garment factories and exporters outside Indonesia. Meanwhile the informant interviews with the owner of micro and small enterprises also noted that:

The software used have provided the graphic design devices and the websites used were organized by the employee merely the children of the owner that have taken suitable educations for certain purposes.

The website could be described as follows:

- The Sell and Order feature was used to describe the range price of products and the sales term that arrange the selling
- The Profile feature was used to describe the profile of the company
- The Customer Personnel was used to address the frequently ask questions from the customers to the customer service personnel
- The overall profit that gained from Ramadhan Bazar would cover the year expenses and especially the promotion cost that occur during this event

The value added that was gained through the promotion device would then increase its product quality and have helped the enterprise to survive and stand still up to this now

## 5. CONCLUSION AND SUGGESTION

### 5.1. The Conclusion

From the results of the research it can be concluded as follows:

Micro and small enterprises has been using information systems and technology applications in the process of product creativity development in facing such momentous yearly events like Ramadhan Bazar and gaining a winning position of the competition in the market

The application of information and technology have been adequately enhanced the income of the enterprises during the event and increasing its overall profits

### 5.2. The Suggestion

The research result would only cover the area of the study, however it was acknowledged through the part of agencies placed regions in Indonesia that similar issue have been the problem of most micro and small entitites all over Indonesia, so some suggestions may be given to the management as follows:

The upgrading of information and technology used in the product development process may have considered the training for the employee also so that the personnel that involved in the production process and marketing division have become skillful and the process itself would be efficient.

The modification of using the internet not only as a tool of delivering and taken order but also a tool of payment outlet for the transaction that occur of which could be more convenient to the customers and its agencies.

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