



Are SME's Product and Local Government Programs (OVOP) Coherent?

Ana Shohibul MA^{1✉}, Sarjiyanto², Sarwoto³

¹²³Faculty of Economics and Business, Universitas Sebelas Maret

Permalink/DOI: <https://doi.org/10.15294/jejak.v12i1.18827>

Received: October 2018; Accepted: January 2019; Published: March 2019

Abstract

In the developing countries, the government has a vital role in supporting the development of SME's as one of economic pillars. There are studies which state that the government has played an active role in supporting the development of SME's, either from policy or implementation, but several studies argue that government failure in supporting and creating business climate has caused business stagnation for SME's. This study aims to analyze the coherence between government policy through Regional Superior Products development (under OVOP) program with SME's main product choice in Central Java province. The analysis using analytic hierarchy process (AHP), on the data collected through focus group discussion (FGD), questionnaire, and secondary data. The result of this study shows weak evidence that there is coherence between government program and SME's/ SME's main product choice, there are only 6 districts/cities that have coherence SME's: Grobogan district, Blora, Rembang, Magelang (city), Brebes, and Banjarnegara, while the rest districts/cities have no coherence between SME's and government policy. Supply side policy, volume orientation, partial support, and several other factors are the cause of in-coherence. The implication of this finding is that there is a need of evaluation, downstream policy, business link (including education field) that support SME's will develop.

Key words : Superior Product, OVOP and Coherence.

How to Cite: Shohibul MA, A., Sarjiyanto, S., & Sarwoto, S. (2019). Are SME's Product and Local Government Programs (OVOP) Coherent?. *JEJAK: Jurnal Ekonomi dan Kebijakan*, 12(1), 100-126. doi:<https://doi.org/10.15294/jejak.v12i1.18827>

INTRODUCTION

The development of superior products and services under one village one product (OVOP) concept becomes one of the government priorities in increasing economic activities and community welfare. This concept put forward the role of local community, cultural and geographical characteristics, and regional resources in producing goods and services, therefore, this concept emphasizes local roles which in turn will create primordial/geographic brand congruency (GBC) product image. Products and place of origin have a strong relationship. GBC generates higher consumer evaluation compared to geographic incongruence products (Sloan, Aiken, & Mikkelsen, 2018). Brand or a product tend to be perceived according to the regional associations from which the products come from (Spielmann, 2016), a product region-of-origin will have a positive effect on the market/consumers because they will have the sense of belongings (Ittersum, Meulenberg, & Trijp, 2003). Besides, brand original (BO) will have a positive effect on consumers brand image (D'Antone & Merunka, 2015). As an example, in Indonesia, cassava products (gapek) is identical to Wonogiri, cow's milk from Boyolali, rattan from Sukoharjo and Cirebon, herbal beverages (jamu) from Sukoharjo and Wonogiri, which is in line with the characteristics and association of the region.

Besides that, the local brand/region as an identity is a driving factor for regional economic development especially in the rural area (Messely, Dessein, & Lauwers, 2009). Local and traditional products are important driving factors for regional economic growth

population characteristics, and point of views (Zalesko, 2017).

It has the ability to promote the region to the national and international market (Adamczuk, 2013) and (Kozak, O & Bezenar). Local products are a part of the regional transformation process and as the unifier factor between the people and their region (KAŠKOVÁ & CHROMÝ, 2014). Geographical products and brands (regional) have major implications on the development of the regional economy. Therefore, the government has an important role in supporting economic agents (SME's specifically) in order to produce goods and services that meet local characteristics (Smallbone & Welter, 2001); (Nakagawa, 2012); (Niskha & Vesala, 2013); and (Sambajee & Dhmun, 2015) through various methods, such as Human Resource Development, sponsorship and managerial training (Huang, 2009) and (Haddoud, Jones, & Newbery, 2017), the problems concerning products and production process (Onyido, Boyd, & Thurairajah, 2016), financial (Bilal, Naveed, & Anwar, 2017), and OVOP program (Schumann, 2016).

However, the development of regional products faced several problems, among others; the quality that generally considered as lower or not comparable to the national products and imports (Henchion & McIntyre, 2000). Local products tend to have a high price (Salisbury, Curtis, Pozo, & Durward, 2018) and (Donaher & Lynes, 2017) due to the simple production process that produces low-quality products and the use of the natural production process, for example in organic farming products. Consumers will compare local products they want to consume, they want to see the safety guarantee of using a product. Therefore, local products from SME's need certain product certification regarding the safety/standard/

certificate or origin (Ittersum K. V., Meulenberg, Trijp, & Candel, 2002) in order to be accepted and compete in the market. Besides that, the accessibility in the form of regional product information is needed for the market (Meulenberg, Ittersum, Trijp, & Koert, 2003). It can be created from the relationship between regional-product information and the types of products/brands and unique products (Collins & Elizabeth, 1975); and (Krishnan, 1996). The government has a big role in increasing regional economic performance through the development of SME's to create regional products. This, in turn, will become the local superior product and have the ability to provide impulse so that the products are accepted in the market.

The development of regional superior product cannot be separated from Small and Medium Enterprises' (SME's) role as an industry entity in a region. SME's have a significant role in economics cycle, as the source of continuous economic growth and development through job creation, reduction of poverty, and improvement of skilled labor (Karadag, 2016), facilitate industrial development and improvement and development production capacity (Oduntan, 2014) and a product's value added (Hobohm, 2017). Therefore, an empowerment is needed for all society members that covers various aspects such as, *first*, improvement of skill/competency in technical and business aspect for local SME's as a new source of income; *second*, facility and ease of access on financial sources especially for local supplier; *third*, reinforcement of distribution network and local supply as well as production basis (World Bank, 2004) and (Bennett & Robson,

2004). Moreover, SME's empowerment should meets several criteria *first*, expansion of economic activity in production process by referring to a developed superior product in a certain region, which will affect other micro and macro economics growth; *second*, the existence of product independency on customer sovereignty will be developed as a part of welfare improvement (Becker, 2004 in Soetarto et.al, 2011). However, SME's empowerment should be based on enterpreneurship and competitive business, because it will lead to the creation of an superior product of innovation, overall production growth, and business expansion for the SME's through various business diversification, which will create employment (Beck et.al, 2005). SME's effectiveness should be able to provide innovation, appropriation mechanism of the goods produced, and establishment of a cluster as a part of supply chain system. This innovation includes new product and service implementation, value added, production process, marketing method, design, business practice and organizational, as well as product and service development in accordance with the characteristic of the culture or local resource, thus creating an superior local and national product (Beer et.al, 2013).

By considering the significance of SME's, especially its relevance on local economics, in term of job creation and production value added, *first* SME's are labor intensive in nature thus it will leads to more equally distributed income; *second*, SME's have more efficient resource allocation compared with big industry; and the last SME's can create more systematic production system through the utilization of all productive resource with dynamic and elastic characteristic (Hobohm, 2017). Moreover, SME's

have more elastic vulnerabilities on economics turmoil and have bigger comparative advantage compared to big industry (Chambwera et al., 2011). Therefore, supports from various parties, especially government, in empowering and developing SME's role in various aspects are needed. Furthermore, SME's also have a direct effect on Locally Generated Revenue (Pendapatan Asli Daerah-PAD) as a benchmark of national economics development.

In Indonesia, the empowerment and development of MSME (Micro, Small, and Medium Enterprise) by the government is implemented through Law Number 9 of 1995 concerning Small Enterprises. The supports and concepts concerning regional superior product are implemented after the regional autonomy policy in 1999 by the issuance of Minister of Home Affairs Decree Number 9 of 2014 concerning the Guidelines of Regional Superior Product Development. Central Java province consists of 35 districts/cities and based on the data from Statistics Indonesia (Badan Pusat Statistik-BPS), there are 4.17 million SME's at the end of 2017, in which only 133,679 SME (dominated by commerce and production) or about 3.2 percent got coaching from the government that year (DINKOP-UKM(a), 2017). While in 2018, the number of SME's that that received assistance increased to 140,868 (5.4%). The total regional superior products produced by SME's in Central Java province is 175 products (DINKOP-UKM(a), 2017). This shows that there is a lack of local government role in stimulating and supporting SME's productivity as an economic basis, especially in Central Java province. There are works of literature which discuss the role of government in motivating

SME's. Government has an important role in SME's' internationalization process (Shamsuddoha, Ali, & Ndubisi, 2009) through the improvement in regulation in order to create conducive business climate, to encourage innovation and financial access from banking industry to the

external parties (non-bank financial institution and sponsorship) (Wonglimpiyarat, 2015); (Du, Bian, & Gan, 2017) and (Xiang & Worthington, 2017), government contract (Fee, Erridge, & Hennigan, 2002), macro-micro level (overseas market and individual assistance programs) (Crick & Lindsay, 2015), institutional support (Dimitriadis & Simpson, 2005) and (Bennett & Robson, 2004), market knowledge (Dominguez & Mayrhofer, 2017); and (Sinkovics, Kurt, & Sinkovics, 2018), and government support to market (both domestic and international) (Leonidou, 2004) and (Wright, ul-Haq, & Oktemgil, 2005).

However, in other previous studies in developing countries, government failure in supporting SME's and the lacks government proactiveness has caused SME's to find difficulties to develop their business and thus, they prefer bootstrapping model to sustain their business (Sambajee & Dhomun, 2015). Government policy tends to pay more attention to the business that is larger than SME's (Wyrick, Natarajan, & Eseonu, 2013). It fails to provide access to financial institutions (Beck T. , 2013), provide insufficient services such as consultation; and provide insufficient assistance (Yusoff & Zainol, 2012). Therefore, even though the government has a role as the agent of advice, they have no significant effect on the development of SME's (Robson & Bennett, 2000). Alienation of local government/hidden role has caused the failure in the mergers and acquisitions in medium-sized companies (Wang

& Han, 2008) which is influenced by economic and political benefits, although it is performed by individual and do not represent the local government. Other study are government's alignments to large industries (Fuller, 2005) and (Smallbone & Welter, 2001); supply side policy, corruption, goal disorientation (Xheneti, 2005); Government support is not in accordance with SME problems (Berry, Sweeting, & Goto, 2006) and (Smallbone D. , 2010); and Bureaucracy, unstable policy climate, unfriendly customs and trade regulations, strict monetary and credit policies, excessive tax regulations hinder SME's (Nyarku & Oduro, 2018) and (Fonseca, Michaud, & Sopraseuth, 2007).

This study focuses on whether Central Java government programs are in line with the development of SME's. The program in question is the OVOP policy stated in the Head of Cooperatives, Small, and Medium Enterprises Department of Central Java province Decree No. 910/2661 of 2018, and not on the government failure in supporting the development of SME's (Yusoff & Zainol, 2012); (Robson & Bennett, 2000); and (Beck T. , 2013). Analytical Hierarchy Process (AHP) and Fuzzy Comprehensive Evaluation are the methods used to determine regional superior products. This paper consists of five parts, the second part is the literature review which discusses the concept of regional superior products refers to the concept of OVOP and theories concerning informal sector/UKM. The next section discusses the methods and data used in the study. The fourth section describes the result and discussion and lastly is the conclusion and implication of the result of the study.

Product development into a regional superior product by an SME becomes an emerging issues to be discussed, especially in Indonesia. This mainly as a form of synergy between local government, stakeholders (SME's), and society in establishing various business opportunities, employment, and encouraging regional economic development. The basic concept of regional economic development is a development policy with a region's specific characteristic as its focus, in which the main focus of a region distinct characteristic lies on the resource utilization, endowment factor, institutional, human resource, and cultural nature. An initiative that encourage the implementation of this program is the goal to establish each region into a production basis in regional development, thus will have an impact on expansion and creation of new employment, expansion of economics activities, and welfare improvement for society.

The concept of regional superior product (PUD) is a diversification of OVOP program, in which the prototype of such movement is first introduced in Oyama, Japan in 1961 for agricultural sector, especially plum and chestnut, which known as "Oita Prefecture". The objective of the program is to gradually revitalize society's economics condition in a long term through policy formulation by local leaders (Natsuda et al., 2011). The prototype of OVOP movement is initiated by Japanese in 1961 through a local movement to revitalize society's condition in a long term. The movement is adopted by China, in 1983 with a one village one treasure (OVOT), one township one sector (OTOS), and one cooperative one product (OCOP) concept (Yonggong, 2016); Malawi in 1993 (however an OVOP secretariat is established in 2003) through a concept of

human resource and finance development in improving production (Haraguchi, 2008); Thailand with a model of One Tambon One Product (OTOP) in 2001 with an objective to revitalize and restructurisation of rural economics as a part of national economy (Kurokawa, Tembo, & Velde, 2010); Malaysia in 2002 with one town one industry/SDSI or one village one industry/SKSI concept (Latif, 2009); Nepal in 2006 with a concept of one district one product (ODOP) through a local product commercialization and partnership (Ghimire, 2014); by Kyrgyz in 2006 that adopt OVOP model using human resource competency development and empowerment based on local and traditional approach (Dadabaev, 2016); and in Indonesia the implementation of OVOP is started in 2008 with an objective to promote small and medium industries (Triharini, Larasati, & Susanto, 2014). The development of region-based small and medium enterprises (SME's) become a supporting factor in improving society's welfare, including superior product of small and medium enterprises in Central Java.

The main objectives of OVOP program consist of (i) improvement of local products' value added in a country, thus it will resulted in an increase of local community welfare, (ii) an increase of regional attraction for local community, national, and tourist through a local wisdom-based environment change (Claymone & Jaiborisudhi, 2011). The approach implemented in this program is a rural community empowerment through an improvement of participation, potential, creativity, and regional/local leaders role in improving human resource capacity in

producing superior product with a value added and appeal to the public and both local and international market. Rural community revitalization by regional leaders is expected to increase regional development, governance development and local community organization, as well as improving local community's income and welfare, which contributes to national development

Institutional system in this program is non-formal because it uses society-led approach, thus there is no detailed institutional organization structure. Coordination as an organizational action is conducted collectively on the technique in production process, technology implementation, and market information provided by the members to the organization. Meanwhile, government has a role in providing policy to support various program activities through dissemination and assistance, training and human resource development, production technique, market information and marketing, network expansion, capital assistance in the form of equipment, ease of access on financial system, and product promotion. Simple and non-formal institutional management, compliance on the organization and internal leader, members' initiative, commitment and cooperation among members are several factors that affect OVOP successfulness (Haraguchi, 2008). Figure 1 explains the relationship pattern and the main actors in OVOP program.

The main key in this program is commitment and collectivity among the members, thus this relationship pattern will

leads to initiative and information openness for the organization. Moreover, stakeholder's support, association, international organization, and other non-profit organizations in a form of market information, technical and non-technical assistance also affect the establishment of this program.

Other actors in the successfulness of this program are non-governmental organization, banking sector, information media (printed and electronic), network service provider, academics, and business associations or institutions that focused on SME's development (the association for advancement of small business/PUPUK and others). Governance enforcement, problem solving, production process improvement, characters development into entrepreneurial spirit, promotion and marketing are the form of support toward this program. Those supports is expected to encourage creativity from each member, which will bring innovation and market expansion.

Indonesia's economic downturn as an effect of economic crisis in 1997/1998 encourage the government to find a solution to ensure development sustainability and to improve the economic condition immediately. The policy taken by Indonesia's government is by promoting rural area development based on bottom up principle, which will improve the capability and independence of local community (Claymone & Jaiborisudhi, 2011). This policy is in line with OVOP principle namely local community resource, independence, and local wisdom-based economy. In Indonesia, the superior product

development program as an implementation of OVOP program has been conducted after the issuance of local autonomy policy in 2004. The legal basis for the implementation of OVOP is Presidential Instruction (Inpres) Number 6 of 2007 concerning the Acceleration of Real Sector, and Small and Medium Enterprise (SME's) Development, which instruct that development of business center should be conducted through OVOP approach, and the Regulation of the Minister of Internal Affairs Number 9 of 2014 concerning the Guidelines for Regional Superior Product. Competitiveness level, product innovation and promotion or sales system, access to finance and micro-finance, high logistic cost and political risk (long-winded bureaucratic system, corruption, extortion, import policy as a result of temporary and seasonal demand) are several problems that should be faced by SME's in developing their business especially in the context of ASEAN Economic Community (AEC) implementation (Rahadi, 2016).

Medium and skilled expatriate labor migration flow into Indonesia as well as a high import rate (Southiseng & Bartels, 2016).. However, this product will be more plagiarism-prone, which in fact has larger capital. Meanwhile, internally, the development of this program is hampered by several problems such as: (i) lack of concern from the society toward potential product; (ii) lack of coordination among local communities; (iii) lack of financial information or research on local product, marketing technique, and how to increase buying behavior of local or

regional product (Wardoyo & Humairoh, 2016) support from government; and (iv) lack of.

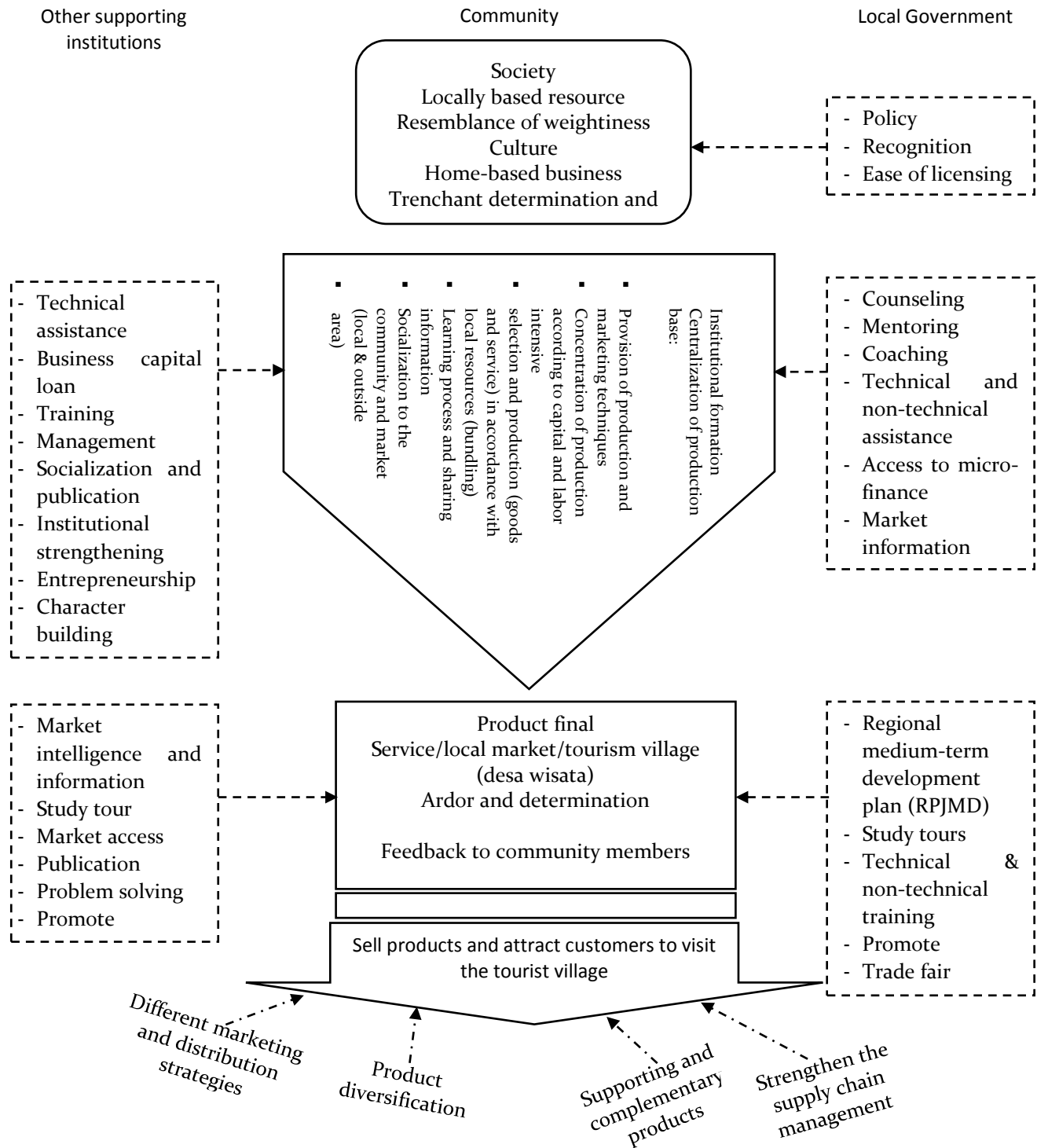


Figure 1. Pattern of Relationships and Key Actors in the OVOP Program
 Source: Haraguchi (2008), Author modification

Local government has a role in supporting superior product that can be implemented through a Medium-term Development Plan (Rencana Pembangunan Jangka Menengah-RPJMD), which prepared based on field identification. The basic principle of superior product development based on OVOP consist of: (i) invention of new product based on local resource that accepted in global market; (ii) development of human resource; and (iii) independence and creativity of local community (JICA-ODI, 2008; Kurokawa), (Tembo, & Velde, 2010); (Laymone & Jaiborisudhi, 2011); (Bennett & Robson, 2004); (Dimitriadisô & Simpson, 2005); (OECD, 2004) and (Schumann, 2016). Meanwhile, according to Latif (2009), the criteria of superior products based on OVOP are: (i) utilize local resource; (ii) generate income for local community; (iii) has the ability to provide employment for local community; (iv) aims for more established industry; and (v) has the ability to utilize the young labor force as innovation source.

According to the Regulation of the Minister of Internal Affairs Number 9 of 2014, the development of superior product should meet several criteria as follows: (i) utilization of labor force from the surrounding area, in which the region selected as the basis of superior product production should be able to provide employment; (ii) the produced product should provide benefits and multiplier effect on the economy; (iii) is a regional product as a basis of contribution to the PDRB; (iv) utilization of environment-friendly and renewable raw material; (v) using the potential

and local community institution based on local wisdom and culture; (vi) market availability, both local, national, and global market; (vii) raw material availability and competitive price; (viii) capital availability and adequacy; (ix) the availability of accessible (easy) infrastructure; (x) efficient technology; (xi) business management that utilize local resource and institution; and (xii) higher price as the basis of value added in a product or service.

RESEARCH METHOD

The data analysis in this research is hierarchical, which based on the products produced by SME's in the whole area of Central Java Province. The SME's (both cluster and business group/KUB) chosen as research object are those incorporated in the Forum for Economic Development and Employment Promotion (FEDEP), which lies under the coordination of Central Java Provincial Government with 199 business types in 2018. The data in this research are primary and secondary data obtained through focus group discussion (FGD), questionnaire, RPJMD, and strategic planning (Rencana Strategis/Renstra) of Central Java Province, and Central Bureau of Statistic (BPS). While the variables of analysis are consist of the number of SME's in each Municipality/City government in Central Java, the number of business unit, the number of employee, output, product uniqueness, material availability and business growth.

The analysis of superior product in Central Java uses the analytic hierarchy process (AHP), which first introduced by Saaty in

and published in 1980 (Saaty_(a), 1980). AHP as a sophisticated mathematical model is a method that implemented in a decision making process for multi-criteria problem (multi creteria decision making/MCDM). This model is conducted through a pairwise comparison between selection criteria and hierarchical aggregation of a priority that based on a pairwise comparison matrix.

AHP model has been applied in various business model since 1987 such as: portfolio investment selection risk (Saaty_(b), 1987); corporate forecasting, new product determination strategy, corporate business marketing, market selection, and technology selection (Saaty & Vargas, 2012); production process evaluation (Cannavacciuolo et al., 2012); new product development priority for electronic industry (Salgadoa et al., 2012); product quality evaluation (XiXi, 2013); and product development for SME's (Harnovinsah & Utami, 2017).

AHP analysis refers to seven main foundations namely ratio scales, proportionality and normalized ratio scales, reciprocal paired comparisons, sensitivity of the principal right eigenvector, homogeneity and clustering, rank preservation and reversal, group judgments (Saaty & Vargas, 2012). The analysis process using AHP method is explained as follows: *First*, define the problem and determine the hierarchy structure. The main component in AHP decision consist of three elements that are main objective, valuation criteria, and alternative options. The main objective of this research is to determine the business type conducted by SME's in Central Java as superior product, the valuation criteria consist of output, employment absorption, and the number of business unit, while the alternative options is various industry or business type conducted by SME's.

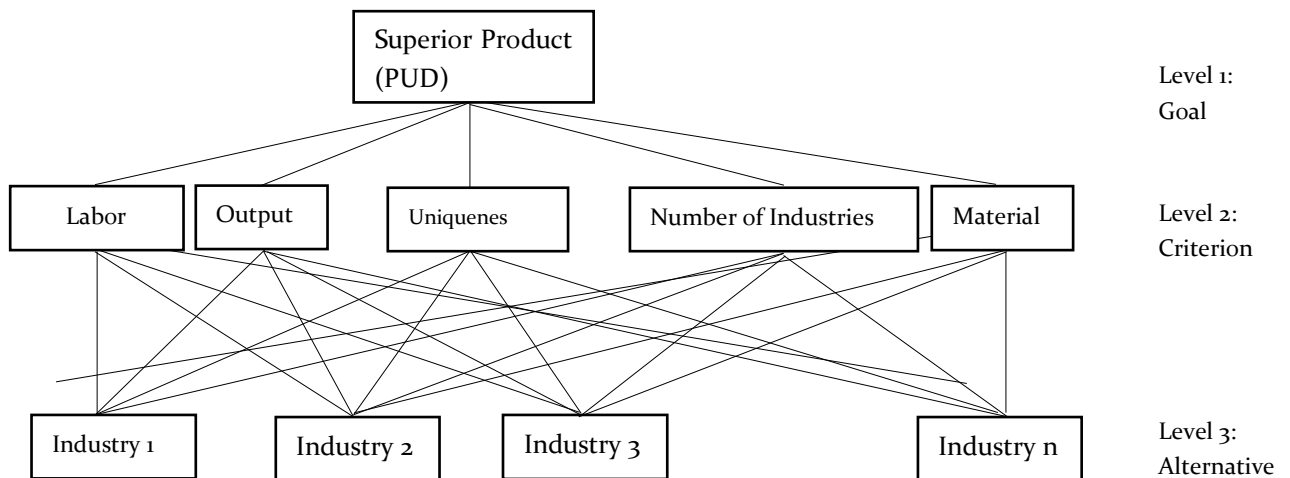


Figure 2. Hierarchy Best Choice of Superior Product

Table 1. Saaty's Pairwise Comparisons Scale

Intensity of importance	Definition	Explanation
1	Equal importance	Two factors contribute equally to the objective
3	Somewhat more important	Experience and judgment slightly favor one over the other
5	Much more important	Experience and judgment strongly favor one over the other
7	Very much more important	Its importance is demonstrated in practice
9	Absolutely more important	The evidence favoring one over the other is of the highest possible validity
2,4,6,8	Intermediate values	When compromise is needed

Second, prepare a pairwise comparison matrix based on criteria focus. The next stage is determining the pairwise comparison to determine the weight of each criteria. Pairwise comparison is implemented to calculate the weight of criteria and alternative weight on valuation criteria. Suppose there are n criteria with a number of N and m alternatives with a number of M , pairwise comparison will be conducted between each member of m criteria and m alternative for each n criteria. Weighting criteria in pairwise comparison is a preference in decision making process for each criteria taken show in table 1. In AHP analysis, there are three axioms (i) reciprocal, for example $PC \rightarrow (\epsilon I, \epsilon J)$ is a pairwise comparison between the element of J and I , and I as parent element, thus it shows the total value owned by I on J , thus $PC (\epsilon J, \epsilon I) = 1/ PC (\epsilon I, \epsilon J)$ and vice versa; (ii) homogeneity, the compared elements have almost the same value and have a lag that relatively small; and (iii) interdependency, that is when the priority element in the

hierarchy does not dependent on the lower element, thus allowing for hierarchical composition

The next step is conducting a consolidation of pairwise comparison into 'a' pairwise comparison matrix, $A = (A_{ij})_{n \times n}$ thus the matrix would become as follows,

$$A = \begin{bmatrix} a_{11} & a_{12} & \dots & a_{1n} \\ a_{21} & a_{22} & \dots & a_{2n} \\ \vdots & \vdots & \ddots & \vdots \\ a_{n1} & a_{n2} & \dots & a_{nn} \end{bmatrix}$$

According to Saaty theory, $a_{ij} > 0$ (positive) shows preference of the element of i and j thus nearing the ratio between two weights, $a_{ij} = \frac{w_i}{w_j}, \forall i, j$. If the ration between the weights is matched, thus matrix A can be re-arranged as follows :

$$A = (w_i/w_j)_{n \times n} = \begin{bmatrix} w_1/w_1 & w_1/w_2 & \dots & w_1/w_n \\ w_2/w_1 & w_2/w_2 & \dots & w_2/w_n \\ \vdots & \vdots & \ddots & \vdots \\ w_n/w_1 & w_n/w_2 & \dots & w_n/w_n \end{bmatrix}$$

Based on the two matrixes, thus by using multiplicative reciprocity axiom under a condition of $a_{ij} = \frac{w_i}{w_j}, \forall i, j$, the matrix can be simplified into :

$$A = \begin{bmatrix} 1 & a_{12} & \dots & a_{1n} \\ \frac{1}{a_{12}} & 1 & \dots & a_{2n} \\ \vdots & \vdots & \ddots & \vdots \\ \frac{1}{a_{1n}} & \frac{1}{a_{2n}} & \dots & 1 \end{bmatrix}$$

The last step is evaluating the consistency ratio (CR) of the pairwise comparison matrix criteria. If the CR value > 0.1 thus the pairwise comparison should be repeated until the CR value < 0.1 . CR is calculated using consistency index (CI) divided by random consistency index, while CI is determined using the formula of $CI = \frac{A_{max} - n}{n - 1}$.

RESULTS AND DISCUSSION

The main purpose of this study is to analyze the coherence between SME's product and regional superior product (produk unggulan daerah-PUD) in Central Java province using OVOP approach. This study also discusses various problems experienced by SME's in Central Java province. Based on the result of FGD, observation, questionnaire, and discussion, the total number of SME listed in this study is 38,618 units located in 30 district/city in Central Java Province with sales up to Rp 3,462 billion or Rp 9.35 million sales per capita per year. In order to facilitate the coordination of supervision, Central Java Province that consists of 35 districts/cities is categorized into 3 Regional Coordinating

Agency/Bakorwil (see table 2). Most of the SME's are in the form of cluster and joint business group (KUB) because this form can promote partnership and connectivity, especially in supply chain management among SME's and speed up the agglomeration process in industry/business.

The implementation of PUD in Central Java Province refers to the OVOP concept according to Oita Prefecture; the utilization and development of local resources based on local characteristics and culture. This is reflected in the products from each region that put forward local characteristics and matched it with the topography of each region. The region with the dominant factor tends to create products/services that closely related with the region. The region with water topography tends to have sea/water related products, while region with high altitude topography tends to produce agricultural, plantation, and related industry products.

The utilization of the local work force is starting to be optimized. The existing 38,782 SME's has created employment for 370,183 people during 2018 and will probably continue to grow.

Table 2 shows the superior product (SME's side) from each district/city in Central Java Province during 2018 based on the analysis using AHP. The product from SME's in each district/city has different characteristics even though the type of products is similar. The SME's main product choice is dominated with Batik product, Handicraft, Processed Food, Agriculture and Farming, Furniture, Fisheries and Tourism Village.

Table 2. Superior Products by Small and Medium Enterprises (SME's) in Central Java

Regional Coordinating Agency (Bakorwil) 1*	Grobogan	Product	Furniture	Batik	Corn	Tile crafts	Processed food
		IC	0.32	0.21	0.20	0.14	0.13
	Blora	Product	Desa Wisata	Batik	Crafts (ceramics & brick)	Processed food	Handycraft and Furniture
		IC	0.31	0.23	0.22	0.14	0.10
	Rembang	Product	Gula Tumbu	Brick and Tile	Paper (Notebooks)	Beef cattle	Salt
		IC	0.28	0.25	0.21	0.17	0.09
	Pati	Product	Paper (Notebooks)	Cotton (Kapuk randu)	Milkfish	Processed fisheries	Fruits
		IC	0.32	0.29	0.17	0.12	0.10
	Kudus	Product	Metal, Copper and Brass	Gebyok dan Rumah Adat	Processed food	Convection	Handycraft
		IC	0.35	0.24	0.19	0.12	0.11
Demak	Product	Desa Wisata(include	Processed food	Batik	Agriculture	Fisheries (Smoked,	
	IC	0.30	0.22	0.21	0.15	0.12	
Semarang (City)	Product	Metal crafts	Handycraft	Milkfish	Desa Wisata	Processed food	
	IC	0.28	0.20	0.18	0.17	0.16	
Regional Coordinating Agency (Bakorwil) 2**	Wonosobo	Product	Batik	Sheep farm	Carica	Processed food (Cassava)	Palm sugar
		IC	0.35	0.32	0.17	0.10	0.06
	Klaten	Mebel	Batik (Lurik)	Desa Wisata (Minapolitan)	Furniture	Processed food	Ceramics
		IC	0.27	0.25	0.18	0.16	0.14
	Sukoharjo	Product	Handicraft (Guitar)	Herbal	Processed food	Batik (Lurik)	Furniture (Wood and
		IC	0.37	0.24	0.16	0.14	0.10
	Wonogori	Product	Cassava (Gapplek)	Tile crafts	Batik	Medicinal plants (herbal)	Processed food
		IC	0.30	0.21	0.19	0.17	0.13
	Sragen	Product	Organic agriculture (rice)	Household appliances	Convection	Batik	Furniture
		IC	0.37	0.25	0.16	0.12	0.10
	Temanggung	Product	Coffee	Clay craft	Batik	Processed food	Horticulture
		IC	0.32	0.29	0.16	0.14	0.09
	Purworejo	Product	Desa Wisata	Bamboo crafts	Coconut sugar	Processed food	Agriculture (Corn)
		IC	0.34	0.21	0.17	0.17	0.11
	Boyolali	Product	Dairy farm (Cow's milk)	Furniture	Desa Wisata	Freshwater fisheries (Lele)	Metal crafts
		IC	0.29	0.22	0.19	0.19	0.11
Magelang (City)	Product	Plants and proc foods	Convection	Handicraft	Processed food	Slondok dan Puyur	
	IC	0.35	0.34	0.15	0.08	0.08	
Magelang (District)	Product	Stone chisel	Slondok dan Puyur	Batik	Freshwater fisheries	Salak	
	IC	0.30	0.29	0.24	0.09	0.08	
Surakarta	Product	Bird cage craft	Handicraft (shuttlecock)	Desa Wisata (Kampung	Furniture	Jewelry and gemstones	
	IC	0.30	0.27	0.18	0.14	0.11	
Regional Coordinating Agency (Bakorwil) 3***	Banjarnegara	Product	Ceramics (Klampok)	Batik (Handmade)	Processed food	Desa Wisata	Coconut sugar (Crystal)
		IC	0.31	0.22	0.21	0.16	0.11
	Batang	Product	Leather products	Desa Wisata	Processed food	Cattle farm	Batik
		IC	0.32	0.27	0.19	0.13	0.08
	Brebes	Product	Salted egg	Batik	Seaweed	Desa Wisata (Agrotourism)	Red onion
		IC	0.48	0.15	0.14	0.13	0.11
	Cilacap	Product	Batik	Desa Wisata	Processed food (Banana)	Sugar (Gula Semut)	Processed fisheries
		IC	0.29	0.28	0.16	0.16	0.11
	Pekalongan (City)	Product	Metal crafts	Weaving (Tenun ATBM)	Batik	Textile industry (printing)	Garment
		IC	0.38	0.21	0.16	0.15	0.10
Purbalingga	Product	Exhaust industry	Organic agriculture	Handycraft	Desa Wisata	Coconut sugar (organic)	
	IC	0.50	0.20	0.18	0.08	0.03	
Tegal (District)	Product	Organic agriculture (rice)	Horticulture	Batik	Metal crafts	Shuttlecock	
	IC	0.32	0.27	0.18	0.12	0.10	

Source: Author calculation

Note:

*) exclude Semarang (District), Salatiga, Jepara and Kendal

**) exclude Temanggung and Kebumen,

***) exclude Banyumas, Pemalang, Tegal (City), and Pekalongan (District)

IC: consistency index

Consistency ratio (CR): 0.05

Batik is one of the prima donnas for SME's, this industry has created employment for 32,683 people or 8.9% of total employment and generates sales of 867.7 billion rupiahs or 25.1% of total sales from SME's in Central Java Province. Pekalongan city is the region with the highest absorption with 58% of total workforces who work in the sector. Based on the processed data from 25 recorded districts/cities, there are 18 districts/cities (except Kudus, Semarang city, Purworejo, Boyolali, Magelang city, Surakarta and Purbalingga) that make Batik industry as their SME's main product choice, some of the regions even show the first position with highest consistency index.

The availability of raw materials and crafter's creativity are a few factors that lead to the rapid development of this business. The total sales of the business reach 134.03 billion rupiahs annually, or 4% of total sales from all SME's in Central Java Province.

The home industry that provides a big contribution to the creation of jobs is the Processed Food industry. There are 16 districts/cities that choose this industry as their local product excellence. Even though it is not the SME's main product choice, this industry has contributed to 15.51% on the job creation. The access to raw materials, simple production process, low capital requirement, and high market demands, makes this industry develop steadily. The processed foods produced by SME's are mostly from their own farms or agriculture, taken from nature/ primary product, and only a few are intermediate goods. This product is highly dependent on geographical condition and

area typographic condition. This industry has a competence level of 0.08 – 0.29, with the highest score generated by Magelang District and the lowest in Magelang City.

Central Java has many active volcanoes and the number of natural springs has made the area to have fertile agricultural soil. This makes agriculture and farming become the alternative of businesses. Agriculture and farming are one of the choices for SME's to run business. There are 33,936 people or 9.17% of the population works in this sector, with annual sales of Rp. 489.7 million or 14.14% from total SME's sales in Central Java during 2018. The interesting phenomenon from this sector is that several SME's focused on organic agriculture. This due to the high bargaining power of organic products compared to non-organic products. Besides, technically, organic plants have better resistance toward pest, therefore businessmen can minimize their cost while maximizing the profits.

Another industry that contributes to SME's main product choice is fisheries/marine products and the like. The coastal areas which are dominated by waters covered area are the main producers of this product. The number of SME's in this sector reach 2,020 units that employ 18,707 local labors (5.05% of the total workforce). The demand for this product reaches Rp. 4,109.4 billion annually. Magelang District is the region in which this industry becomes the largest SME's superior product with total income reached Rp. 222.15 billion or 54.13% of the total sector (CI=0.09) and followed by Cilacap (25.29%), Pati (14%), and Brebes

(3,65), consistency index 0.11, 0.17 and 0.14 respectively. The majority of this industry is still at the primary and traditional level, therefore limiting the variation of output and added value produced by this industry. Besides that, the constraint of tools and weather leads to less continuous product flow and lack product quality.

Furniture as one of the primary industries is a choice for businessmen to create products added values. Creativity and availability of raw materials are the factors that boost the development of this industry. Based on the data of SME's captured in this study, this industry generates Rp. 662.8 billion sales or around 19.14% from total SME's sales. However, the openness of global market still gives obstacle for the sustainability of the industry. Importer, which is mostly a wholesaler, prefers to choose foreign agent in Indonesia. This way they can find products from the craftsmen easily and they are provided facilities or down payment as business capital. In the short-term, this activity is good for the sustainability of SME's, but on the long-term, the craftsmen cannot create added value except on their production.

Tourism Village is one of the SME's products in Central Java in the form of service/tourism. This product is iconic as a result of integration among attraction, accommodation, local culture, and supporting facilities, including local communities' way of life. Tourism Village product greatly emphasizes authenticity, local traditions, attitude and values, and conservation and carrying capacity so that local communities become objects

(community-based tourism) of tourism activities. The Tourism Village managed by SME's in Central Java Province consists of 2 forms, natural and made-up/setting by the local community.

There are 11 districts/cities in Central Java Province select Tourism Village as their SME's main product choice; Blora District; Demak; Semarang (City); Klaten; Purworejo; Boyolali; Surakarta; Banjarnegara; Batang; Brebes; and Purbalingga with consistency index of 0.31; 0.30; 0.17; 0.25; 0.34; 0.19; 0.18; 0.16; 0.27; 0.13, and 0.08, respectively. This sector employs more than 18,000 people with total sales of Rp. 170.56 billion. Even though this sector does not open as many jobs and generates profit as high as other sectors, steady development is observed together with the improvement in people welfare to enjoy leisure activities.

The sales and jobs computed in this study are limited to primary products, the direct output of the sector, in the computation of output. Based on this analysis, Sragen has its own attractiveness compared to other districts/cities. It has 2 products or industries that capable of absorbing the largest labors and generating the highest sales. Handicraft (household appliances) absorbs 54,340 labors or 14.68% of total workforces, and it has consistency index of 0.25 (ranked second). The second industry, Batik, generates sales of Rp. 642.47 billion with 8,925 labor (consistency index 0.12). This low consistency index is caused by the industry (Batik) only capable of less job create so that the high output produced is not followed by the optimal number of workforces that can be absorbed.

Table 3. Comparison of SME's Main Product between AHP and SAW Method

AHP Method		SAW Method		AHP Method		SAW Method					
Regional Coordinating Agency (Bakorwil) 1	Grobogan	Furniture	0.32	Furniture	0.74	Purworejo	Desa Wisata	0.34	Desa Wisata	0.80	
		Batik	0.21	Tile crafts	0.39		↑	Bamboo crafts	0.21	Coconut sugar	0.51
		Corn	0.20	Processed food	0.36		↑	Coconut sugar	0.17	Processed food	0.47
		Tile crafts	0.14	Corn	0.28		↓	Processed food	0.17	Bamboo crafts	0.45
		Processed food	0.13	Batik	0.24		↓	Agriculture (Corn)	0.11	Agriculture (Corn)	0.34
	Blora	Desa Wisata	0.31	Desa Wisata	0.85	Boyolali	Dairy farm (Cow's milk)	0.29	Dairy farm (Cow's milk)	0.56	
		Batik	0.23	Batik	0.67		Furniture	0.22	Furniture	0.53	
		Crafts (ceramics & brick)	0.22	Handycraft and Furniture	0.62		↑	Desa Wisata	0.19	Freshwater fisheries (Lele)	0.49
	Rembang	Processed food	0.14	Processed food	0.33	Megalang Civ	Freshwater fisheries (Lele)	0.19	Desa Wisata	0.39	
		Handycraft and Furniture	0.10	Crafts (ceramics & brick)	0.31		↓	Metal crafts	0.11	Metal crafts	0.23
Gula Tumbu		0.28	Gula Tumbu	0.92	↓		Plants and processed foods	0.35	Plants and processed foods	0.88	
Brick and Tile		0.25	Brick and Tile	0.61	↓		Convection	0.34	Convection	0.79	
Paper (Notebooks)		0.21	Beef cattle	0.59	↑		Handicraft	0.15	Handicraft	0.38	
Pati	Beef cattle	0.17	Paper (Notebooks)	0.46	↓	Processed food	0.08	Slondok dan Puyur	0.25		
	Salt	0.09	Salt	0.35	↓	Slondok dan Puyur	0.08	Processed food	0.22		
	Paper (Notebooks)	0.32	Paper (Notebooks)	0.98	Megalang District	Stone chisel	0.3	Stone chisel	0.65		
	Cotton (Kapuk randu)	0.29	Cotton (Kapuk randu)	0.73		Slondok dan Puyur	0.29	Slondok dan Puyur	0.63		
	Milkfish	0.17	Processed fisheries	0.51		↑	Batik	0.24	Batik	0.47	
Processed fisheries	0.12	Milkfish	0.38	↓		Freshwater fisheries	0.09	Freshwater fisheries	0.28		
Fruits	0.10	Fruits	0.36	↓		Salak	0.08	Salak	0.24		
Kudus	Metal, Copper and Brass	0.35	Metal, Copper and Brass	0.87	Surakarta	Bird cage craft	0.3	Bird cage craft	0.66		
	Gebyok dan Rumah Adat	0.24	Gebyok dan Rumah Adat	0.61		Handicraft (shuttlecock)	0.27	Handicraft (shuttlecock)	0.63		
	Processed food	0.19	Processed food	0.45		Desa Wisata (Kampung Batik)	0.18	Desa Wisata (Kampung Batik)	0.43		
	Convection	0.12	Convection	0.31		Furniture	0.14	Furniture	0.31		
	Handycraft	0.11	Handycraft	0.31		Jewelry (Kampung Jayengan)	0.11	Jewelry (Kampung Jayengan)	0.20		
Demak	Desa Wisata(include)	0.30	Desa Wisata(culinary)	0.71	Banjarnegara	Ceramics (Klampok)	0.31	Ceramics (Klampok)	0.67		
	Processed food	0.22	Processed food	0.60		Batik (Handmade)	0.22	Batik (Handmade)	0.61		
	Batik	0.21	Agriculture	0.45		↑	Processed food	0.21	Processed food	0.35	
	Agriculture	0.15	Fisheries (Smoked, Catfish etc)	0.42		↓	Desa Wisata	0.16	Desa Wisata	0.34	
	Fisheries (Smoked, Catfish etc)	0.12	Batik	0.35		↓	Coconut sugar (Crystal)	0.11	Coconut sugar (Crystal)	0.34	
Semarang Civ	Metal crafts	0.28	Metal crafts	0.65	Batang	Leather products	0.32	Leather products	0.66		
	Handycraft	0.20	Milkfish	0.49		↑	Desa Wisata	0.27	Desa Wisata	0.60	
	Milkfish	0.18	Handycraft	0.47		↓	Processed food	0.19	Processed food	0.48	
	Desa Wisata	0.17	Processed food	0.35		↑	Cattle farm	0.13	Cattle farm	0.34	
	Processed food	0.16	Desa Wisata	0.30		↓	Batik	0.08	Batik	0.24	
Regional Coordinating Agency (Bakorwil) 2	Wonosobo	Batik	0.35	Batik	0.65	Brebes	Salted egg	0.48	Salted egg	0.89	
		Sheep farm	0.32	Sheep farm	0.59		Batik	0.15	Batik	0.48	
		Carica	0.17	Carica	0.25		Seaweed	0.14	Seaweed	0.29	
		Processed food (Cassava)	0.10	Palm sugar	0.18		↑	Desa Wisata (Agrotourism)	0.13	Desa Wisata (Agrotourism)	0.28
		Palm sugar	0.06	Processed food (Cassava)	0.16		↑	Red onion	0.11	Red onion	0.20
	Klaten	Batik (Lurik)	0.27	Batik (Lurik)	0.77	Cilacap	Batik	0.29	Batik	0.67	
		Desa Wisata (Minapolitan)	0.25	Desa Wisata (Minapolitan)	0.74		Desa Wisata	0.28	Desa Wisata	0.61	
		Furniture	0.18	Processed food	0.53		↓	Processed food (Banana)	0.16	Processed food (Banana)	0.35
		Processed food	0.16	Ceramics	0.49		↑	Sugar (Gula Semut)	0.16	Processed fisheries	0.34
		Ceramics	0.14	Furniture	0.39		↓	Processed fisheries	0.11	Sugar (Gula Semut)	0.34
Sukoharjo	Handicraft (Guitar)	0.37	Handicraft (Guitar)	0.90	Pekalongan Civ	Metal crafts	0.38	Metal crafts	0.78		
	Herbal	0.24	Herbal	0.79		Weaving (Tenun ATBM)	0.21	Weaving (Tenun ATBM)	0.37		
	Processed food	0.16	Processed food	0.53		Batik	0.16	Textile industry (printing)	0.35		
	Batik (Lurik)	0.14	Batik (Lurik)	0.43		Textile industry (printing)	0.15	Batik	0.33		
	Furniture (Wood and Rattan)	0.10	Furniture (Wood and Rattan)	0.30		Garment	0.1	Garment	0.19		
Wongiri	Cassava (Gaplek)	0.30	Cassava (Gaplek)	0.82	Purbalingga	Exhaust industry	0.5	Exhaust industry	0.87		
	Tile crafts	0.21	Tile crafts	0.62		Organic agriculture	0.2	Organic agriculture	0.60		
	Batik	0.19	Medicinal plants (herbal)	0.44		↑	Handycraft	0.18	Desa Wisata	0.56	
	Medicinal plants (herbal)	0.17	Batik	0.42		↓	Desa Wisata	0.08	Handycraft	0.47	
	Processed food (Cashew)	0.13	Processed food (Cashew)	0.39		↓	Coconut sugar (organic)	0.03	Coconut sugar (organic)	0.18	
Sragen	Organic agriculture (rice)	0.37	Organic agriculture (rice)	0.53	Tegal District	Organic agriculture (rice)	0.32	Organic agriculture (rice)	0.67		
	Household appliances	0.25	Household appliances	0.42		Horticulture	0.27	Horticulture	0.62		
	Convection	0.16	Batik	0.33		↑	Batik	0.18	Batik	0.51	
	Batik	0.12	Convection	0.30		↓	Metal crafts	0.12	Shuttlecock	0.36	
	Furniture	0.10	Furniture	0.21		↓	Shuttlecock	0.10	Metal crafts	0.34	
Temanggung	Coffee	0.32	Coffee	0.65	Regional Coordinating Agency (Bakorwil) 3	Purbalingga	Exhaust industry	0.5	Exhaust industry	0.87	
	Clay craft	0.29	Clay craft	0.64			Organic agriculture	0.2	Organic agriculture	0.60	
	Batik	0.16	Batik	0.34			Handycraft	0.18	Desa Wisata	0.56	
	Processed food	0.14	Horticulture	0.32			↑	Desa Wisata	0.08	Handycraft	0.47
	Horticulture	0.09	Processed food	0.23			↓	Coconut sugar (organic)	0.03	Coconut sugar (organic)	0.18

Note: *) ↑ ↓ = level change

Source: Author calculation

Table 4. Compatibility between SME's Main Product Choice and Regional Superior Products/OVOP (Government Side)

SMEs Main Product		OVOP	SMEs Main Product		OVOP	SMEs Main Product		OVOP	
Regional Coordinating Agency (Bakorwil) 1	Grobogan	Furniture Batik Corn Tile crafts Processed food	Regional Coordinating Agency (Bakorwil) 2	Wonosobo	Batik Sheep farm Carica Processed food (Cassava) Palm sugar	Regional Coordinating Agency (Bakorwil) 3	Banjarnegara	Ceramics Batik (Handmade) Processed food Desa Wisata Coconut sugar (Cryst)	Processed food (Banana)*
	Blora	Desa Wisata Batik Crafts (ceramics & brick) Processed food Handycraft and Furniture		Kalen	Batik (Lurik) Desa Wisata (Minapolitan) Furniture Processed food Ceramics		Batang	Leather products Desa Wisata Processed food Cattle farm Batik	Sugar (Gula Semut)
	Rembang	Gula Tumbu Brick and Tile Paper (Notebooks) Beef cattle Salt		Sukoharjo	Handicraft (Guitar) Herbal Processed food Batik (Lurik) Furniture (Wood and Rattan)		Brebes	Salted egg Batik Seaweed Desa Wisata Red onion	Milkfish*
	Pati	Paper (Notebooks) Cotton (Kapuk randu) Milkfish Processed fisheries Fruits		Wonogiri	Cassava (Gapek) Tile crafts Batik Medicinal plants (herbal) Processed food (Cashew)		Clitjap	Batik Desa Wisata Processed food Sugar (Gula Semut) Processed fisheries	Handicraft (Water hyacinth)
	Kudus	Metal, Copper and Brass Gebyok dan Rumah Adat Processed food Convection Handycraft		Sragen	Organic agriculture (rice) Household appliances Convection Batik Furniture		Pekalongan (City)	Metal crafts Weaving (Tenun) Batik Textile industry Garment	Gypsum
	Demak	Desa Wisata (culinary) Processed food Batik Agriculture Fisheries (Smoked, Catfish)		Temanggung	Coffee Clay craft Batik Processed food Horticulture		Purbalingga	Exhaust industry Organic agriculture Handycraft Desa Wisata Coconut sugar	Processed food (Pineapple)
	Semarang (City)	Metal crafts Handycraft Milkfish Desa Wisata Processed food		Purworejo	Desa Wisata Bamboo crafts Coconut sugar Processed food Agriculture (Corn)		Tegal (District)	Organic agriculture Horticulture Batik Metal crafts Shuttlecock	Handicraft (Bandol)
			Boyolali	Dairy farm (Cow's milk) Furniture Desa Wisata Freshwater fisheries (Lele) Metal crafts					
			Magelang (City)	Plants and processed foods Convection Handicraft Processed food Slondok dan Puyur				Decorative plants (Tanaman hias)*	
			Magelang (District)	Stone chisel Slondok dan Puyur Batik Freshwater fisheries Salak				Processed bamboo (Handicraft)	
			Surakarta	Bird cage craft Handicraft (shuttlecock) Desa Wisata (Kampung Batik) Furniture Jewelery (Kampung Jayengan)				Household appliances	

Source: Author calculation

To test the accuracy of the Analytical Hierarchy Process (AHP) result, robustness test is conducted using Fuzzy Multi-Attribute Decision Making (FMADM) with Simple Additive Weighting (SAW) method. A method that considers fuzzy logic and several alternatives can be measured through various alternatives. The complexity of this method is caused by the normalization process and fuzzy numbers ranking. The model uses the defuzzification approach that is decision making through the determination/ computation of alternative score using fuzzy arithmetic and compared it using the fuzzy ranking technique (see appendix). Table 3 provides the comparison of PUD SME's in Central Java based on AHP and SAW method.

Mathematically, the result of both methods is strikingly different, which is caused by the weighting for each criterion is computed using a different approach. However, based on the rank and qualitative analysis, SAW method supports the decision in AHP model. The main PUD (with the highest score) as product leader between both methods has a similarity (first place) in all SME's in 22 districts/cities in Central Java Province. However, several products in certain region experience position/rank shift. In Grobogan District, Tile Craft and processed Food which are formerly (AHP model) ranked 4th and 5th respectively, climbed up to 2nd and 2nd respectively position, replacing Batik and Corn; in Blora, Crafts (ceramics & brick) slumped to 5th position from 3rd position replacing Handycraft and Furniture; in Rembang (Paper/Notebooks dropped from 3th position to 4th and replaced by Beef Cattle); in Pati District (Processed Fisheries climbed from

4th position to 3rd position replacing Milkfish); in Wonosobo (Processed Food/Cassava dropped from 4rd to 5th and replaced by Palm Sugar); in Wonogiri (Batik dropped from 3rd to 4th and replaced by Medicinal Plants/Herbal); in Sragen (Convection dropped from 3th position to 4th and replaced by Batik); in Magelang City (Processed Food dropped from 4rd to 5th and replaced by Slondok & Puyur); in Cilacap (Sugar/Gula Semut dropped from 4rd to 5th and replaced by Processed Fisheries); in Boyolali (Desa Wisata is replaced by Freshwater Fisheries/Lele); and several district/city (Prubalingga, Pekalongan City, and Tegal District). The largest shift took place in Purworejo District, Demak, Grobogan, Klaten, and Semarang City, wich have 4 products experiencing shift in the ranking

In order to develop SME's, full, simultaneous, continuous, and structural support from both the central and local government is needed. Government policy has to focuses on the needs of SME's (demand side) and not only on dead policy or government side. This means that there should be a coherence or compatibility between good government programs (especially local government) and SME's decision to produce goods and services. Table 4 shows how the coherence between SME's main product choice and government program (Office of Cooperatives, Small and Medium Enterprises, Central Java) through OVOP concept based on the Regulation of the Head of Cooperative, Small and Medium Enterprises, Central Java No. 910/2661/2018 concerning regional superior product based on OVOP. Grobogan district, Blora, Rembang, Magelang (city), Banjarnegara, and Brebes are the regions that have the coherence between SME's main product choice and local government program or on the other words,

coherence between government policy and SME's needs or the suitability of local government policies with the needs of SME's only 24% of the representation level. Rembang is a district that has the highest coherence/consistency index. This shows that SME's main product becomes the regional superior product, it is ranked first for sugar production (Gula Tumbu), and Magelang (city) for plants products.

There is no coherence on the other 19 districts/cities even on the lowest level. This shows the lack/miss between government program and SME's needs in increasing and developing their business. This is caused by various factors; *first*, the support from local government program (Office of Cooperatives, Small and Medium Enterprises, Central Java) is not on target and cannot reach most of SME's, especially targeted SME's. This condition leads to the inefficiency of government budget allocated for SME's development programs. The indicator only set for the quantity of the assistance not on the implementation of the assistance afterward. This finding supports the argument from Hashi (2001) who state that proliferation and fragmentation of various supporting programs for SME's that do not reach most of the SME's and not as intended lead to business stagnation.

Second, based on the result of FGD and discussion, government support (especially local government) is still partial and implemented separately. Local government consists of several institutions (Office of Cooperatives, Small and Medium Enterprises; Trade Service, Industrial Service, Development Planning Agency at Sub-National Level, etc.) work separately in tern

of SME's development programs, therefore, this causes a mismatch in the development for SME's. Besides that, the implementation and overlapping inter-local government support will cause confusion for SME's, this condition will cause inefficiency and ineffectiveness of government programs. Therefore, inter-governmental support both in term of policy and implementation have to be integrated and coordinated in order to avoid mismatch among SME's support programs. Besides that, synergy among local governments and stakeholders in supporting SME's development is needed OECD (2004). Government has not been able to perform effective framework in supporting SME's and productive and independent entrepreneurial spirit, which in line with Smallbone (2010) statement on the relationship between Government and entrepreneurship in service business.

Third, even though the implementation of local government (Central Java Province) has been stated in the Central Java Medium-Term Development Plan (RPJMD) 2013-2018 objective. However, the support is still in policy level and has not reached the implementation level and even if it reaches implementation level, it is still focusing on the quantity of supports, not the quality. This makes the businessmen, which are unskilled labor, has low understanding and are not capable to implement the policy at the technical level. Implementation support, as an example, local government provides support in term of training on "how to enter export market" and "corporate financial management" for the targeted SME's. The target (local government) is how many active entrepreneurs who join the training, they tend to ignore the follow-ups of the training. Therefore, the participants/ entrepreneurs tend to act as

audience, not as the subject of business development process. This result support the argument from (Xheneti, 2005) that is evaluation of training is based on how many people attend it, there is “no values” that are attached in the training.

Local government policy tends to side to business with economic superiority (large industry) than isolated/informal/ small industries. Thus, it causes unhealthy interrelation. The unhealthy relationship is reflected on the reluctance in joining government programs, so that they tend to be apathetic toward the government. This policy will bring disincentive for SME's and they are only capable of survive, not growing. This condition is aggravated by the plan of tax collection for the SME's sector, while small entrepreneurs should receive incentive to grow their business. Besides that, the allocation of government budget for the development of local business usually has a bigger portion for large industry than small industry. This is reflected from the budget allocated for SME's related agencies (Office of Cooperatives, Small, and Medium Enterprises, Central Java) is Rp 19.7 billion, while for the agencies concerning large industry (Trade and Industrial Service) is Rp 113.8 billion (illustration of budget in Semarang City). Based on the allocation of budget, it is possible that there is partiality of policy in large industries. This finding supports the argument from Fuller (2005) and Smallbone & Welter (2001).

Based on the SME's side, local government policy tends to be static and supply side (government side) in nature, that is the government set a policy in such a way (usually in the beginning of fiscal year) and then implement it on the SME's without

evaluation/input from business people. This will cause ‘lack’ between the needs of businessmen/ SME's and what received from the local government. Various forms of assistances have been provided by the government without considering the specific needs faced by businessmen. The perception that SME's are homogenous will result in an assistance system that is poorly targeted, unspecific, and supply oriented. Businessmen will act as receiver/ consignee from all government programs. Thus, what they receive cannot/ inappropriate when implemented in the business world. Therefore, what they receive is not a solution for the problems the faced, but instead will bring new problems for them. This finding is in line with the argument from Xheneti (2005); Smallbone & Welter (2001); and Berry, Sweeting, & Goto (2006).

Most of SME's act as production basis, which means they only produce the goods and services/artisans, but the marketing brings another problem for them. SME's that operate in the service sector is less than 1%, or 0.82% to be more precise, and absorb around 0.67% of the workforce. In business, marketing is the spearhead for the survival of the company. Knowledge and understanding of the market is an important factor for the success of the marketing process. Promotional media, owners/workers who understand the market and promotion are the most important factors in the marketing process. But for SME's, these three factors are basic and traditional obstacles in accessing markets. Understanding of market demand can be known through a research process and market survey by someone who is competent. Based on the survey results, 72% of respondents stated that they did not have workers who were experts in marketing both locally and internationally. This implies that,

SME's in Central Java do not have managerial skills in terms of marketing, so understanding and knowledge of the market is crucial to solve. These results are in line with Xheneti (2005); Dominguez & Mayrhofer (2017); and Synovics, Kurt, & Synovics (2018). This has met the Central Java Medium-Term Development Plan (RPJMD) 2013-2018 objective, which aims SME's in the service sector to reach 0.12% of total SME's. Therefore, most of the SME's are just supplier for wholesalers and large-scale companies. This prevents them from generating maximum profits, sales are limited to wholesalers/agents and information is lost up to the end costumers, branding by other company or large industry which prevents SME's ability to intervene price in the market or end user.

The orientation of SME's is on short-term results; therefore, they do not care or have less interest in the continuity and development of their business. They tend to implement cost plus mark up for their production practice. This means main production cost is covered and they get profit no matter how small, some even do not consider labor as production cost. This is one of the factors that makes SME's have low competitiveness either in the local, national, and global level. Added to this, the factor of low Human Development Index (HDI) in Central Java Province with a score of 69.49 and below national HDI level. Another factor is a less coordinated institutional system. In the cluster system, communication and coordination are the key factors for the development of cluster. Even though in the cluster system, large business/industry tends to have broader and more established market

and access. Thus, a strong institutional and organizational system is needed to ensure that industry and business can be run together. The strong institutional system will have a positive impact on the company supply chain which starts with raw materials and ends on logistics and marketing. Besides that, 79.20% of existing SME's do not have legality/legal entity which hinders them from expanding their market, limit their access to the financial institution, and weak SME's brand/image in the public eye. These results are in line with OECD (2004); Bennett & Robson (2004); and Xheneti (2005).

Product quality is another problem faced by SME's in Central Java. The absence of product standardization and the traditional production process have resulted in uncompetitive products in the market. Support from production equipment, competent human resource management, and raw material become the key factors in creating a quality product. Besides that, simple product packaging has caused the product to find difficulty in competing with branded products. Therefore, innovation and creation from the business owner are needed in order to make products with distinct product's characteristics. Based on this problem, an active role from local labor that is not owned by other regions is necessary to create a product with different characteristics and values. Local resources as production input have to be supported by standardization in the production process and skilled trained human resources in order to create quality products (Xheneti, 2005) and (Ellerman, 2001).

Managerial ownership, entrepreneurial spirit, and capital also pose problems for SME's in Central Java. This leads to ineffective management of the company, which in turn brings limitation in the access to market and

network/supply chain (raw materials, market, and capital). Non-optimum and uncoordinated government support make SME's attract less interest from people, which leads to the low trust of the people.

Based on the results of discussions with entrepreneurs (SME's), it showed that 48 SME's or 72% of the have never received any form of assistance either from the local government or from the central government. This condition was clearly very unfavorable for the growth and development of SME's, especially for areas that have geographical/physical difficulties in access. The help from government tends to be more stable and large in size and in business groups/clusters

. This has led to an unfavorable assessment of the government regarding this matter. 43.75% of them gave a very poor assessment of the government's role in supporting SME's to continue to grow and develop as one of the pillars of the national economy role model. These results support the findings of Sear & Hamilton (2004); Leonidou (2004) and Wright, ul-Haq, & Oktemgil (2005) who emphasized the importance of the role of government in encouraging and supporting SME's to be able to go-international through empowerment, assistance, guidance and development.

Besides that, the high competition level has caused less conducive business climate for them. To address this problem, a synergy and collaboration between the government, academicians (universities and secondary education), financial institution, private institution, and industry association is needed to increase SME's role through empowerment, integrated coaching, mentoring, and technical and publication

support, so that SME's products are competitive in the market, increased people trust toward SME's as one of the economic pillars, and become PUD (superior products) which will provide significant contribution on the economic development.

CONCLUSION

OVOP is a concept of economic empowerment that involves local resources (human resource and natural resources) to achieve regional independence. This concept brings forward the topic of how local people and culture, geographical, and social characteristics are capable of producing goods and services that will improve welfare. This program is a form of regional independence and is expected to create goods and services with the image/brand of the local region so that the product can become PUD and increase people income.

Local government (Office of Cooperatives, Small and Medium Enterprises) program through OVOP in Central Java has not fully and optimally implemented for SME's. This is reflected of SME's main product less coherence with superior product (OVOP) in almost but six regions, Grobogan district, Blora, Rembang, Magelang (city), Banjarnegara, and Brebes. This is caused by several factors, *first*, government policies are supply side, support system is not in line with SME's problems, not involved in the preparation of government programs and the inadequate role of the government in empowering, mentoring, and supporting SMEs. *Second*, internal constraint from SME's/businessmen itself which consists of low managerial skill, entrepreneurial, institutional system, capital, limited market and raw materials access, lack of skilled labor, business

disorientation, and lack of standardization of products and processes. *Lastly*, less conducive business environment due to a high level of competition and the practice to topple other business owners. The implication of this study is the need of synergy between the government as policy-maker, academicians as the agent of excellence in creating entrepreneur candidates, financial institution as the provider of access to capital, private institution and industry association as the supporting factor in the creation of a business climate, and media as a means to create brand in order to support the role and performance of SME's in the society and the market. Thus, SME's will continue to grow while promoting the entity of local resources in producing goods and services for the community, as well as increasing local and national economic performance.

REFERENCES

- Adamczuk, F. (2013). Produkty Tradycyjne I Regionalne Produkty Tradycyjne I Regionalne. *Polityka Ekonomiczna*(307), 15-24.
- Beck, T. (2013). Bank financing for SME's – lessons from the literature. *National Institute Economic Review*, 225(1), 23-38.
- Beck, T., Demircuc-Kunt, A., & Levine, a. R. (2005). SME's, Growth, and Poverty: Cross-Country Evidence. *Journal of Economic Growth*, 10, 199-299.
- Becker, K. F. (2004). *The Informal Economy: Fact and Finding Study*. Stockholm: Sida.
- Beer, J. d., Fu, K., & Wunsch-Vincent, a. S. (2013). The informal economy, innovation and intellectual property-Concepts, metrics and policy considerations. *WIPO Economic Research Working Paper No. 10, 10, 1-76*.
- Bennett, R., & Robson, P. (2004). Support Services for SME's: Does the Franchisee' Make a Difference to the Business Link Offer? *Environment and Planning C: Government and Policy*, 22(6), 859-880. .
- Berry, A., Sweeting, R., & Goto, J. (2006). The effect of business advisers on the performance of SME's. *Journal of Small Business and Enterprise Development*, 13(1), 33-47.
- Bilal, A. R., Naveed, M., & Anwar, F. (2017). Linking Distinctive Management Competencies to SME's' Growth Decisions. *Studies in Economics and Finance*, 34(3), 302-330.
- Cannavacciuolo, L., L. I., Ponsiglione, C., & Zollo, a. G. (2012). An Analytical Framework Based on AHP and Activity-Based Costing to Assess the Value of Competencies in Production Processes. *International Journal of Production Research*, 50(17), 4877-4888.
- Chambwera, M., MacGregor, J., & Baker, a. A. (2011). *The Informal Economy*. London: International Institute for Environment and Development.
- Claymone, Y., & Jaiborisudhi, a. W. (2011). A Study on One village One Product Project (OVOP) in Japan and Thailand as an Alternative of Community Development in Indonesia: A Perspective on Japan and Thailand. *International Journal of East Asian Studies*, 16(1), 51-60.
- Collins, A. M., & Elizabeth, a. L. (1975). A Spreading-Activation Theory of Semantic Processing. *Psychological Review*, 82(6), 407-428.
- Crick, D., & Lindsay, V. (2015). Service and service-intensive New Zealand internationalising SME's: Managers' perceptions of government assistance. *Marketing Intelligence & Planning*, 33(3), 366-393.
- D'Antone, S., & Merunka, D. (2015). The Brand Origin Meaningtransfer Model (BOMT): Anintegrative theoretical model. *International Marketing Review*, 32(6), 713-731.
- Dadabaev, T. (2016). *Japan in Central Asia: Strategies, Initiatives, and Neighboring Powers*. London: Palgrave Macmillan.
- Dimitriadisô, N., & Simpson, M. (2005). Knowledge Diffusion in Localised Economies of SME's: The role of local supporting organisations, 2005, volume 23, pages. *Environment and Planning C: Government and Policy*, 23, 799-814.
- DINKOP_UKM (b). (2016). *Performance Report of Government Agencies of Small and Medium Enterprises Cooperative Office of Central Java Province*. Semarang: Office of Small and Medium Enterprises Cooperative in Central Java Province.

- Retrieved December 14, 2017, from [http://dinkop-umkm.jatengprov.go.id/assets/download/LAKIP_Dinkop_dan_UMKM_2016_\(Contents\).Pdf](http://dinkop-umkm.jatengprov.go.id/assets/download/LAKIP_Dinkop_dan_UMKM_2016_(Contents).Pdf)
- DINKOP-UMKMa. (2017). Time Series Data for UMKM in Central Java Province. Semarang: Central Java Province Cooperative and MSME Service. Retrieved December 14, 2017, from http://dinkop-umkm.jatengprov.go.id/assets/upload/files/DATA%20UMKM_TW%201%202017.pdf
- Dominguez, N., & Mayrhofer, U. (2017). Internationalization stages of traditional SME's: Increasing, decreasing and re-increasing commitment to foreign markets. *International Business Review*, 26, 1051-1063.
- Donaher, E., & Lynes, J. (2017). Is Local Produce More Expensive? Challenging perceptions of price in local food systems. *LOCAL ENVIRONMENT*, 22(6), 746-763.
- Du, J., Bian, C., & Gan, C. (2017). Bank competition, government intervention and SME debt financing. *China Finance Review International*, 7(4), 478-492.
- Ellerman, D. (2001). Helping People Help Themselves: Towards a theory of autonomy-compatible help. World Bank, Washington: Policy Research WP WPS 2693.
- Fee, R., Erridge, A., & Hennigan, S. (2002). SME's and government purchasing in Northern Ireland: problems and opportunities. *European Business Review*, 14(5), 326-334.
- Fonseca, R., Michaud, P., & Sopraseuth, T. (2007). Entrepreneurship, Wealth, Liquidity Constraints and Start-Up Costs. IZA Discussion Paper No. 2874.
- Fuller, T. (2005). SME Local Clusters and Support Policies. *Environment and Planning C: Government and Policy*, 23(6), 795-797.
- Ghimire, B. (2014). One Village, One Product. Development Advocate Nepal. Kathmandu: United Nations Development Programme (UNDP).
- Haddoud, M. Y., Jones, P., & Newbery, R. (2017). Export Promotion Programmes and SME's Performance: Exploring the network promotion role. *Journal of Small Business and Enterprise Development*, 24(1), 68-87.
- Haraguchi, N. (2008). The One-Village-One-Product (OVOP) movement: What it is, how it has been replicated, and recommendations for a UNIDO OVOP-type project. UNIDO Working Paper(03), 1-38.
- Harnovinsah, & Utami, a. W. (2017). Featured Product Development of Small and Medium Enterprises (SME's) to Improve the Tangerang City Regional Economic Growth. *The International Journal of Social Sciences and Humanities Invention*, 4(9), 3996-4000.
- Hashi, I. (2001). Financial and Institutional Barriers to SME Growth in Albania: Results of an enterprise survey. *Moct-Most*, 11, 221-238.
- Henchion, M., & McIntyre, B. (2000). Regional Imagery and Quality Products: The Irish experience. *British Food Journal*, 102(8), 630-644.
- Hobohm, S. (2017, December 2). Small and Medium-Sized Enterprises in Economic Development: The UNIDO Experience. Retrieved from <http://www.sesric.org:http://www.sesric.org/files/article/157.pdf>
- Huang, X. (2009). Strategic decision making in Chinese SME's. *Chinese Management Studies*, 3(2), 87-101.
- Ittersum, K. v., Meulenberg, M. T., & Trijp, H. C. (2003). Determinants of the Accessibility of Regional-Product Information. *Advances in Consumer Research*, 30, 180-187.
- Ittersum, K. V., Meulenberg, M. T., Trijp, H. C., & Candel, M. J. (2002). Certificates of Origin and Regional Product Loyalty. *Advances in Consumer Research*, 29, 549-440.
- JICA-ODI. (2008). Donor support to private sector development in sub-Saharan Africa. ODI Publications, Working Paper290 .
- Karadag, H. (2016). The Role of SME's and Entrepreneurship on Economic Growth in Emerging Economies within the Post-Crisis Era: an Analysis from Turkey. *Journal of Small Business and Entrepreneurship Development*, 4(1), 22-31.
- KAŠKOVÁ, M., & CHROMÝ, P. (2014). Regional Product Labelling as Part of the Region Formation Process. The Case of Czechia. *Acta Universitatis Carolinae Geographica*, 49(2), 87-98.
- Krishnan, S. H. (1996). Characteristics of Memory Associations: A Consumer-Based Brand Equity Perspective. *International Journal of Research in Marketing*, 13, 389-405.
- Kurokawa, K., Tembo, F., & Velde, a. D. (2010). Challenges for the OVOP movement in Sub-Saharan Africa. London: Overseas Development Institute.
- Latif, A. A. (2009, December 4). Analysis of "One Village One Product" (OVOP) or "Satu Daerah Satu

- Industri (SDSI)" in Kelantan. In A. A. Latif, *Contemporary readings on entrepreneurship and small business management* (pp. 114-139). Kelantan: Institute of Small and Medium Enterprises (ISME) Universiti Malaysia Kelantan (UMK). Retrieved from <http://umkeprints.umk.edu.my>: <http://umkeprints.umk.edu.my/1086/1/Paper%201.pdf>
- Leonidou, L. (2004). An analysis of the barriers hindering small business export development. *Journal of Small Business Management*, 42(3), 279-302.
- Messely, L., Dessein, J., & Lauwers, a. L. (2009). *Branding Regional Identity as a Driver for Rural Development*. Serbia: Belgrad.
- Meulenberg, M. T., Ittersum, K. V., Trijp, H. C., & Koert, V. I. (2003). Determinants Of The Accessibility Of Regional-Product Information. *Advances in Consumer Research*, 30, 180-187.
- Nakagawa, R. (2012). The Policy Approach in Promoting Small and Medium Sized Enterprises in Japan. *The International Business and Economic Research Journal*, 11(10), 1087-1098.
- Natsuda, K. I., Wiboongpongse, A., Cheamuangphan, A., Shingkarat, S., & Thoburn, J. (2011). *One Village One Product – Rural Development Strategy in Asia: The Case of OTOP in Thailand*. RCAPS Working Paper No. 11-3, Ritsumeikan Center for Asia Pacific Studies (RCAPS), Ritsumeikan Asia Pacific University.
- Niskha, M., & Vesala, K. (2013). SME Policy Implementation as a Relational Challenge. *Entrepreneurship and Regional Development: An International Journal*, 25(5-6), 521-540.
- Nyarku, K., & Oduro, S. (2018). Effect of Legal and Regulatory Framework on SME's Growth in the Accra Metropolis of Ghana. *The International Journal of Entrepreneurship and Innovation*, 19(3), 207-217.
- Oduntan, K. O. (2014). The Role of Small and Medium Enterprises in Economic Development: The Nigerian Experience. *International Conference on Arts, Economics and Management (ICAEM'14)* (pp. 75-78). Dubai: International Centre of Economics, Humanities and management.
- OECD. (2004). *Promoting Entrepreneurship And Innovative Sme's In A Global Economy: Towards A More Responsible And Inclusive Globalisation*. 2nd Oecd Conference Of Ministers Responsible For Small And Medium-Sized Enterprises (Sme's) (Pp. 1-59). Istanbul Turkey: Economic Co-Operation And Development.
- Onyido, T. B., Boyd, D., & Thurairajah, N. (2016). Developing SME's as environmental businesses. *Construction Innovation*, 16(1), 30-45.
- Rahadi, R. A. (2016). Opportunities And Challenges for Micro-Small and Medium Business in Indonesia Facing ASEAN Economic Community. *Journal of Management and Entrepreneurship*, 18 (1), 45-53.
- Robson, P., & Bennett, R. (2000). SME Growth: The relationship with business advice and external collaboration. *Small Business Economics*, 15(3), 193-208.
- Saaty, T. L., & Vargas, L. G. (2012). *Models, Methods, Concepts & Applications of the Analytic Hierarchy Process*. New York: Springer Science+Business Media.
- Saaty_(a), T. L. (1980). *The Analytic Hierarchy Process*. New York: McGraw-Hill.
- Saaty_(b), T. L. (1987). Risk Its Priority and Probability: The Analytic Hierarchy Process. *Risk Analysis*, 7(2), 159-172.
- Salgadoa, E. G., Salomon, V. A., & Mello, a. C. (2012). Analytic Hierarchy Prioritisation of New Product Development Activities for Electronics Manufacturing. *International Journal of Production Research*, 50(17), 4860-4866.
- Salisbury, K., Curtis, K., Pozo, V., & Durward, C. (2018). and, Is Local Produce Really More Expensive? A Comparison of Direct Market Conventional Grocery Produce Pricing. (49, Ed.) *Journal of Food Distribution Research*(1), 13-21.
- Sambajee, P., & Dhomon, M. Z. (2015). Government and SME's in the Maldives and Mauritius. *International Journal of Entrepreneurial Behavior & Research*, 21(6), 778-795.
- Schumann, F. (2016). One Village One Product (OVOP) One Village One Product (OVOP) Strategy and Workforce Development: Lessons for Small Islands and Rural Communities. *Pacific Asia Inquiry*, 7(1), 89-105.
- Shamsuddoha, A., Ali, M. Y., & Ndubisi, N. O. (2009). Impact of Government Export Assistance on Internationalization of SME's from Developing Nations. *Journal of Enterprise Information Management*, 22(4), 408-422.

- Sinkovics, R. R., Kurt, Y., & Sinkovics, a. N. (2018). The effect of matching on perceived export barriers and performance in an era of globalization discontents: Empirical evidence from UK SME's. *International Business Review*, 27, 1065-1079.
- Sloan, a. R., Aiken, D., & Mikkelsen, A. C. (2018). Places in names: an investigation of regional geographic brand congruency. *Journal of Product & Brand Management*, 27(7), 781-792.
- Smallbone, D. (2010). Government and Entrepreneurship in Transition Economies: the case of small firms in business services in Ukraine"., *Strategic Direction*, 26(10).
- Smallbone, D., & Welter, F. (2001). The Role of Government in SME Development in Transition Economies. *International Small Business Journal*, 19(4), 63-77.
- Soetarto, Muqorobin, A., & Mabrurroh, a. (2011). Featured Products and Value of PAD: Cases in Sukoharjo Regency, Central Java. National Seminar on Applied Economic Sciences (pp. 182-192). Surakarta: UNIMUS Faculty of Economics.
- Solopos. (2017, August 1). The number of MSMEs in Central Java is increasing. Surakarta, Central Java, Indonesia. Retrieved December 14, 2017, from <http://www.solopos.com/2017/08/01/usaha-mikro-kecil-dan-menengah-jumlah-umkm-di-jateng-bertambah-838999>
- Southiseng, N., & Bartels, a. K. (2016). The ASEAN Economic Community and SME's: More risks than potentials? Training Course on Challenges and Opportunities of the ASEAN Economic Community 2025 (pp. 1-24). Bangkok: Deutsche Zusammenarbeit GIZ.
- Spielmann, N. (2016). Is It All or Nothing? Testing schema congruity and typicality for products with country origin. *Journal of Business Research*, 69(3), 1130-1137.
- Thaçi, L. (2012). The role of small and medium enterprises in economic development - The case of Kosovo. *Academicus*(5), 60-69.
- Tribunnews. (2017, June 2). Central Java Province Has 4.13 Million MSMEs. Central Java, Semarang, Indonesia. Retrieved december 14, 2017, from <http://jateng.tribunnews.com/2017/06/02/provinsi-jawa-tengah-have-413-juta-umkm>
- Triharini, M., Larasati, D., & Susanto, & R. (2014). One Village One Product Approach (OVOP) to Develop Regional Craft Potential. *ITB J. Vis. Art & Des*, 6 (1), 29-42.
- Vijayakumar, S. (2013). The Trend and Impact of Small and Medium Enterprises on Economic Growth in Sri Lanka. *International Journal on Global Business Management & Research*, 2(1), 39-47.
- Wang, H., & Han, G. (2008). Local government's "black box" in Small and Medium-Sized Private Enterprises' Trans-Ownership M&A Failure: Chinese case. *Journal of Small Business and Enterprise Development*, 15(4), 719-732.
- Wardoyo, & Humairoh, a. (2016). Promoting Local Product through One Village One Product and Customer Satisfaction. *International Journal of Economic and Management Engineering*, 10(3), 998-1001.
- Wonglimpiyarat, J. (2015). Challenges of SME's Innovation and Entrepreneurial Financing. *World Journal of Entrepreneurship, Management and Sustainable Development*, 11(4), 295-311.
- World Bank. (2004). *Small Business Activities*. Washington DC: International Finance Corporation World Bank.
- Wright, L. T., ul-Haq, R., & Oktemgil, a. M. (2005). Integrated Marketing for SME's in the Global Marketplace. *Journal of Direct, Data and Digital Marketing Practice*, 7(3), 216-238.
- Wyrick, D., Natarajan, G., & Eseonu, C. (2013). Technology policy for promoting environmental sustainability in SME's: issues and considerations for effective implementation. In A. Azevedo, *Advances in Sustainable and Competitive Manufacturing Systems* (pp. 1237-1248). Springer International Publishing.
- Xheneti, M. (2005). Exploring the Role of the Business Support Infrastructure in Albania: The Need for a Rethink? *Environment and Planning C: Government and Policy*, 23(6), 815-832.
- Xiang, D., & Worthington, A. C. (2017). The Impact of Government Financial assistance on the Performance and Financing of Australian SME's. *Accounting Research Journal*, 30(4), 447-464.
- XiXi, Q. Q. (2013). Product Quality Evaluation System Based On AHP fuzzy Comprehensive Evaluation. *Journal of Industrial Engineering and Management*, 6(1), 356-366.
- Yonggong, L. (2016). One village one product and value chain development-Cases from China . Shanghai: ASEAN 10 +3 Village Leader Exchange Program-2016.

- Yusoff, M., & Zainol, F. (2012). Antecedents to the Utilisation of the Government Business Support Services: A literature review. *International Business Research*, Vol. 5, 5(11), 105-112.
- Zalesko, E. (2017). Regional and Traditional Product As Instruments for Supporting the Economic Development of the Region (On the Example of the Podlaskie Voivodeship). *Polityka Ekonomiczna*(487), 341-352.
- Kozak, O & Bezenar (2017). The Formation of Regional Product Brands is a way to Popularize Ukraine on the International Market. *Economy of AIC*, 6, 53-59..