Legal Protection of Small and Medium Industries in Dealing with Global Challenges

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Abstract: Along with the era of globalization, free trade to enter the market of a country is marked by the entry of goods from abroad and the impact of one of them is to threaten the local industry. The aims of this research are: (1) to know the legal protection of small and medium industries in facing global challenges, (2) Gain way of developing the resources of small and medium industries in order to have competitiveness in global era. The type of research is normative research, type and source of data is secondary data and data source using literature study, data analysis technique using deduction logic. Conclusions: (1) small and medium industry protection policy through RIPIN, KIN and further elaborated in provincial and district government or city level; (2) In order to realize national industrial development objectives, SME development efforts need to be continuously carried out through development strategy through: Human Resource Development (HR) Industry; Employment; Utilization of technology, innovation, and creativity.

Key Words: Legal Protection, Small Industry, Medium Industry

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A. INTRODUCTION

The globalization of the economic field is marked by the emergence of several international multinational agreement agreements (GATT-PU General Agreement on Tariffs and Trade), AFTA, APEC, ASEAN Free Trade Area. GATT-PU approval signify the emergence of the era of world trade liberalization without protection and obstacles in enhancing the level of trade competition between business actors\(^4\).

For developing countries that are not ready to face globalization can hamper growth in the industrial sector. Economic globalization causes developing countries can no longer use high tariffs to protect newly developed industries (infant industry). Thus, relatively free foreign trade poses barriers to developing countries in advancing the industrial sector. In addition, increasing dependence on industries owned by multinational companies.

Small and medium industry sectors have an important role in encouraging the growth of the Indonesian economy, such as unemployment due to the unabsorbed labor force in the world of work is reduced. This sector has also proven to be a pillar of a tough economy that drives the surrounding economy, and become a motor of economic growth in the environment.

The lack of solid economic fundamentals of Indonesia at this time, encourage the government to continue to empower small and medium industries. This sector is able to absorb a large enough workforce and provide opportunities for small and medium industries to grow and compete with companies that are more likely to use capital (capital intensive). The existence of small and medium industries is undoubtedly proven to be able to survive and become a driving wheel of the economy, especially after the economic crisis. On the other hand, small and medium industries also face many problems, namely the limited working capital, low human resources, and the lack of mastery of science and technology.


Based on the above background the authors are interested to examine the legal protection that has been implemented by the government to protect small and medium industries in facing global challenges.

B. FORMULATION OF THE PROBLEM

1. What is the legal protection of small and medium industries in facing the challenges of globalization?
2. How is the development of small and medium industry resources in order to have competitiveness in the global era?

C. AIM OF RESEARCH

1. Obtaining legal protection data on small and medium industries in facing the challenges of globalization being implemented.
2. Acquire ways of building the resources of small and medium industries in order to have competitiveness in the global era.

D. DISCUSSIONS


Law No. 3 of 2014 on Industry has placed the industry as one of the pillars of the economy and provided a substantial role for the government to promote the progress of the national industry in a planned manner. Such a role is necessary in directing the national economy to grow faster and catch up with other developed countries.

To strengthen and clarify the role of government in national industrial development, it is necessary to formulate a systematic, comprehensive and futuristic national industrial development plan in the form of the National Industrial Development Master Plan 2015-2035, hereinafter referred to as RIPIN 2015-2035.

The preparation of RIPIN 2015-2035 besides intended to implement the mandate of Article 9 of Law Number 3 Year 2014 on Industry is also intended to emphasize the seriousness of the government in realizing
the objectives of the organization of industry, namely:
1. Realize the national industry as a pillar and a driver of the national economy;
2. Realize the depth and strength of industrial structure;
3. Realize an independent, competitive, and advanced industry, as well as the Green Industry;
4. Realize business certainty, fair competition, and prevent centralization or control of industry by a group or individuals that harm society;
5. Open opportunities for employment and expansion of employment opportunities;
6. Realizing the equitable distribution of industrial development throughout Indonesia to strengthen and strengthen national resilience; and
7. Increase prosperity and prosperity of society equally.

RIPIN 2015-2035 is prepared with attention to several aspects that have characteristics and relevance that is strong enough with the development of national industries related to industry sector, including:
a. Increasing numbers, changing composition, and improving the welfare of the population.
   The large population is a potential market for the consumer goods industry and its supporting industries, including component industries. Moreover, the composition of demographic structure of the larger productive age population is an opportunity for increasing national industrial productivity. This increase in market potential and productivity will affect welfare improvement through increased per capita income.
b. Local wisdom growing in the community
   Local wisdom is a cultural richness that grows and develops in society, and is a positive human behavior in dealing with nature and the surrounding environment that comes from the values of religion, customs or local culture, which naturally builds in a community to adapt to the environment surrounding.
c. Technological development
   Future technological developments will focus on nanotechnology, biotechnology, information technology and cognitive science, with a focus on energy, food, health and the environment. These developments will have an effect on the development of the national industrial sector so that it is necessary to prepare appropriate technology transfer and innovation technology and innovation systems, including increased research and development (R & D) financing, including synergy between government, employers and academics.
d. Globalization of production processes
   Globalization has an impact on national industry engagement in the global supply chain where the creation of value added through the production process is spread across many countries. Component trading is predicted to further dominate the inter-state trade structure. The involvement of national industries in the global supply chain also has the potential for vulnerability to the world economic turmoil. Therefore, national self-reliance and resilience policy becomes very important in the future.
e. Scarcity of energy
   The scarcity of energy has begun to be felt and to ensure the sustainability of industrial development requires a policy of saving and diversifying energy as well as greater attention to the development of renewable energy sources and cheap and safe nuclear energy.
f. Scarcity of non-renewable raw materials
   The scarcity of petroleum as raw material for petrochemical industry has resulted in the industry being unable to operate again or operating at high cost so it is not competitive. This condition should be further anticipated by other upstream industries such as mineral-based
industries, by strengthening R & D in order to use other raw materials, including using the recovery process.

g. Increased Awareness of the Environment
To ensure the sustainability of the industrial sector in the future, the development of green industry (green industry) needs to be prioritized, among others through eco product regulation, the use of renewable energy and environmentally friendly, as well as hazardous materials.

h. Increasing demand for food
Food needs will increase in line with the increase in population, as well as the purchasing power and level of consumer education. These needs are not only in terms of quantity, but also in terms of quality, attractive, quick and practical presentation, as well as higher hygiene standards and competitive and affordable pricing. The need for healthy, safe, and halal food products is also higher.

i. Manufacturing Paradigm
Changes in the manufacturing paradigm resulted in a mass manufacturing system transformation from mass production to mass customization, where the first concern was given to designing to produce product quality according to customer needs, followed by market considerations for price fixing, and investment aspects to define production costs. Thus, attention is given to the planning stage in order to meet market acceptability.

j. Outsourcing and Collaboration
The outsourcing process is an evolving alternative, even many industries in developed countries carrying out their entire manufacturing process in developing countries, otherwise known as industrial relocation, mean outsourcing not only to the whole process but also to the use of people outsourcing.

k. Availability of competent workforce
The free labor market will be enforced in the ASEAN region with the establishment of the ASEAN Economic Community (MEA). To that end, the development of competent industrial workforce becomes an urgent need that is done through vocational education, education and training, apprenticeship, and supported by the enforcement of Indonesian National Work Competency Standards (SKKNI).

In an effort to realize RIPIN 2015-2035, the National Industrial Policy (KIN) is adopted for 5 (five) years and its operation is carried out through the Industrial Development Work Plan which is prepared for the validity period of 1 (one) year. RIPIN 2015-2035 and KIN are used as reference by ministers and heads of non-ministerial government agencies in determining sectoral policies related to the industry sector as outlined in their strategic plan documents in their respective duties as part of the National Medium Term Development Plan. In addition, RIPIN 2015-2035 and KIN are also used as a reference for governors and regents / mayors in the preparation of regional industrial development plans both in the provincial scale and in the district / city scale.

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Based on National Industry Master Plan (RIPIN) and National Industrial Policy (KIN) and downgraded to Provincial Industrial Development Plans, and translated into District / Municipal Industrial Development Plans which are industrial plans that lower industrial policy from above
and integrate it into policy related at the local level.

**National Industrial Development Focus**

Based on the criteria of the study in the drafting of the national industry master plan policy, ten priority industries are specified in the leading industries, supporting industries and upstream industries as follows:

<table>
<thead>
<tr>
<th>Jenis</th>
<th>Meliputi</th>
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</thead>
<tbody>
<tr>
<td>Industry mainstay</td>
<td>1. Food Industry</td>
</tr>
<tr>
<td></td>
<td>2. Pharmaceutical Industry, Cosmetics and Medical Devices</td>
</tr>
<tr>
<td></td>
<td>3. Textile, Leather, Footwear and Multifarious Industries</td>
</tr>
<tr>
<td></td>
<td>4. Transportation Equipment Industry</td>
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<tr>
<td></td>
<td>5. Electronics and Telematics Industry / ICT</td>
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<td></td>
<td>6. Energy Generating Industry</td>
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<tr>
<td>Supporting Industries</td>
<td>1. Industrial Goods Capital, Components, Rescue Materials and Industrial Services</td>
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<tr>
<td>Upstream Industry</td>
<td>1. Upstream agro industry</td>
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<td></td>
<td>2. Basic Metal and Non Metal Metals Industry</td>
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<td></td>
<td>3. Basic Chemical Industry Based on Oil and Gas and Coal</td>
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In realizing the achievement of the national industrial development objectives, in the RIPIN document has been determined the implementation period of program strategies listed in the period of the first five years and the next twenty years. With the focus of national industry development on three priority aspects as follows:

- **In an effort to synergize the policy from the central government level to the industrial regulatory policy at the regional level, Law No. 23 of 2014 on Regional Government Article 11 of the Regional Government Law paragraph (1) on the concurrent matters of regional government in the field of industry. Article 7 of Law Number 3 Year 2014 concerning Industry that the management of industry is carried out jointly between the government, provincial government, district or city**

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government to be able to jointly build national industry.

Based on the mandate of the law, each provincial government identifies the potential of the industry in its territory, and the district or city government also identifies the potential of small and entrepreneurial industries to formulate industry policies with reference to the National Industrial Development Master Plan (RIPIN) and the National Industrial Policy (KIN).

E. Development of Small and Medium Enterprise Resources To Have Competitiveness in the Global Era.

Development of industrial resources is a requirement for industry growth. Without these resources then the industry certainly will not grow. Resources are not just natural resources (SDA), but also human resources (HR), capital resources, appropriate technology and other supporters. Therefore, the development of industrial resources is done through the development of industrial human resources; utilization, supply and distribution of natural resources; development and utilization of industrial technology; development and utilization of creativity and innovation; provision of financing sources.


Industrial actors are human resources, so in order to build a strong industry, a growing and emerging industry, a strong industrial human resource is needed as well, in the sense that industry players meet the needs of the industry itself both in quality and quantity. So there must be programs designed to ensure the availability of industrial human resources.

2. Utilization, Supply and Distribution of Natural Resources

Natural resources are the basis for industrial development so that various matters related to the utilization, supply and distribution of natural resources is crucial to the success of industrial development.

3. Development and utilization of industrial technology

Industrial development necessarily requires the development and utilization of industrial technology to meet the standardization of products and production processes, as well as the efficiency and effectiveness of production. So there must be programs designed to ensure the development and utilization of industrial technology.


To improve the competitiveness and aggressiveness of the market requires continuous creativity and innovation. So there must be programs that are designed to ensure the development of creativity and innovation of the industry.

5. Provision of financing sources

Financing is often a problem that constrains the growth of the industry. So there must be programs that are designed to ensure that the financing of the industry is not a problem. It's just that capital problems sometimes not merely on the presence or absence of capital, but on the management or financial management. The weak financial capital management available (especially in IKM) makes development often lead to failure. Therefore, it takes program 3 to
ensure the effectiveness of capital culminate in the expected development.

6. Development of industrial facilities and infrastructure
In addition to the development of industrial resources, the development of industrial facilities and infrastructure is also a determinant of the success of industrial development, and has always been a strategic issue that in fact is directly related to the success of industrial development. Therefore it is important to formulate the planning of development of facilities and infrastructure of this industry which is integrated with the Priority Industrial Development Action Plan above. It is also important to pay attention to issues and planning. The development of industrial facilities and infrastructure is at least done through the development of transportation facilities and infrastructure; water, electricity and telecommunications networks; and infrastructure / environmental management.

IKM development strategy
Dalam rangka mewujudkan tujuan pembangunan industri nasional, upaya pengembangan IKM perlu terus dilakukan melalui strategi pembangunan berikut:

1. Pemanfaatan potensi bahan baku
Indonesia memiliki sumber bahan baku nasional yang sangat potensial, namun secaraalamiah berada pada lokasi yang tersebar. Pemanfaatan sumber daya tersebut akan efisien jika dilakukan pada skala ekonomi tertentu (umumnya skala menengah dan besar) yang seringkali memerlukan sarana dan prasarana yang memadai. Seiring dengan pembangunan sarana dan prasarana yang diperlukan, sesuai dengan skala operasinya, IKM dapat berperan signifikan sebagai pionir dengan melakukan pengolahan yang memberikan nilai tambah pada bahan baku tersebut.

2. Penyerapan tenaga kerja
Dibalik keterbatasan IKM dalam permodalan, IKM memiliki potensi penyerapantengan kerja pada industri padat karya. Melalui dukungan sederhana pada sentra IKM, penyiapan operasi IKM baru dan pengembangan IKM yang ada dapat dilakukan relatif lebih mudah dibanding industri besar sehingga berpotensi membuka lapangan kerja yang lebih luas dalam waktu yang relatif singkat. Namun, upaya ini perlu diikuti dengan peningkatan kompetensi tenaga kerja IKM secara langsung melalui berlatih sambil bekerja (on the job training), baik dalam aspek manajerial maupun aspek teknis, yang akan berpengaruh terhadap peningkatan daya saing IKM.

3. Pemanfaatan teknologi, inovasi, dan kreativitas
Tecnologi dikembangkan dalam berbagai tingkatan, dari yang sederhana sampai yang canggih. Berbagai teknologi sederhana, terbukti mampu memberikan manfaat yang besar pada aplikasi di industri yang memiliki sumber daya (bahan baku, pemodalan, dan tenaga kerja) yang terbatas namun memiliki tingkat inovasi dan kreativitas yang tinggi. Pemanfaat teknologi yang disertai inovasi dan kreativitas sesuai dengan karakteristik IKM yang memiliki tingkat fleksibilitas yang tinggi. Dengan cara tersebut, IKM mampu menghasilkan produk dengan biaya yang relatif rendah namun dengan kualitas yang memadai sehingga dapat memperluas pasarnya. Strategi pengembangan IKM tersebut perlu dilengkapi dengan upaya untuk mengatasi kelemahan IKM yaitu pada ketersediaan permodalan dan pengembangan jaringan kerjasama.
Strategi Pengembangan Industri juga diperlukan beberapa strategi diantaranya: (1) Identifikasi kebutuhan pasar/pelanggan asing (pasar ekspor); (2) Sinkronisasi event budaya dengan produksi produk dari industri kreatif (batik, garmen, kerajinan, makanan dan oleh-oleh) dengan tema yang sudah ditetapkan jauh hari sebelumnya; (3) Perbaikan kelemahan pengusahaan industri melalui penguatan kelembagaan klaster industri; (4) Peningkatan kualitas tenaga kerja dan para usahawan baru termasuk kemampuan berbahasa asing; (5) IKM didorong untuk hubungan jangka panjang dengan pelanggan (toko modern dan e-commerce yang sudah mapan); (6) Penguatan sistem bisnis internal klaster sehingga menjadikan kawasan klaster industri menjadi pusat pertumbuhan ekonomi kreatif atau wisata; (7) IKM/Klaster/koperasi berhubungan pemasok dan hubungan Pelanggan; (8) Peningkatan kemampuan pengelolaan manajemen bisnis dan keuangan; (9) Peningkatan kapasitas media penjualan non-tradisional: WEB, pameran Nasional/ internasional; (10) Peningkatan kemampuan inovasi proses produksi sehingga meningkatkan produktivitas dan efisiensi proses produksi; (11) Mendorong industri untuk meningkatkan mutu produk agar mendapatkan sertifikat halal, ramah lingkungan, produk sehat (BPOM) dan SNI, sehingga dapat memasuki pasar yang luas.

Teori Porter tentang daya saing nasional berangkat dari keyakinannya bahwa teori ekonomi klasik yang menjelaskan tentang keunggulan komparative tidak mencukupi, atau bahkan tidak tepat. Menurut Porter, suatu negara memperoleh keunggulan daya saing/competitive advantage (CA) jika perusahaan (yang ada di negara tersebut) kompetitif. Daya saing suatu negara ditentukan oleh kemampuan industri melakukan inovasi dan meningkatkan kemampuannya. Perusahaan memperoleh (CA) karena tekanan dan tantangan. Perusahaan menerima manfaat dari adanya persaingan di pasar domestik, supplier domestik yang agresif, serta pasar lokal yang memiliki permintaan tinggi. Perbedaan dalam nilai-nilai nasional, budaya, struktur ekonomi, institusi, dan sejarah semuanya memberi kontribusi pada keberhasilan dalam persaingan. Perusahaan menjadi kompetitif melalui inovasi yang dapat meliputi peningkatan teknis proses produksi atau kualitas produk.

F. KESIMPULAN


2. Dalam rangka mewujudkan tujuan pembangunan industri nasional, upaya pengembangan IKM perlu terus...
dilakukan melalui strategi pembangunan melalui:
Pengembangan Sumber Daya Manusia (SDM) Industri; Penyerapan tenaga kerja; Pemanfaatan teknologi, inovasi, dan kreativitas.

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PERATURAN PEMERINTAH REPUBLIK INDONESIA NOMOR 14 TAHUN 2015 TENTANG RENCANA INDUK PEMBANGUNAN INDUSTRI NASIONAL TAHUN 2015-2035

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