

The multi-stakeholder's role in an integrated mentoring model for the SMEs in the creative economy sector

Abstract

This study aims to formulate an integrated mentoring model by involving multi-stakeholder collaboration for the SMEs in the creative economy sector. More specifically, this study tries to identify the mentoring aspects required by the small and medium enterprises SMEs in the creative economy sector and formulate a mentoring strategy which fits their actual needs by involving multi-stakeholder. The background for the study is the lack of attention towards mentoring issues for SMEs in Banyumas Regency, Central Java, Indonesia. This qualitative research approach is conducted with a case study using SMEs' creative economy in Banyumas Regency, Central Java, Indonesia. The data is collected by in-depth interviews and focus group discussion with creative economy actors. We analyse twenty-five informants representing three main sub-sectors of creative economy namely culinary, fashion, and craft, creative economy activist and local government agency. A qualitative data analysis was made and the results show that an integrated mentoring model comprises substantial aspects namely: (1) marketing development, (2) business permit and legal business entity, (3) social media and information technology, (4) financial management and intellectual property protection, and (5) internationalization of market and entrepreneurship development. For more effective mentoring, the stakeholder's participation is imperative. This paper shows that the coordinated role and capacity of stakeholders may encourage flows of current experience, knowledge and entrepreneurial spirit into the SMEs' creative economy. Therefore, the findings of this study contribute to an understanding of multi-stakeholder involvement for SMEs in the creative economy sector through an integrated mentoring approach.

Keywords: creative economy, small and medium enterprises, integrated mentoring model, multi-stakeholder, collaboration, Banyumas

Introduction

In the last two decades, creative economy has received considerably high attention from scholars. Hartley, Wen and Li (2015) mention that creative era has replaced the previous ones, namely the information, industrial, and agricultural era. In line with the booming utilization of internet and digital technology, creative economy which relies on ideas and knowledge has rapidly developed and replaced the conventional and traditional economy. People believe that creative economy may become more environmentally friendly, resilient and promising for better economic development.

Creative industries also contribute to GDP growth because of its most rapidly growing sectors of global economy and global trade. In the era of globalization, new technologies, information technology and the export of creative goods have been growing in the last 15 years for approximately 12 per cent per annum in developing countries (Glantz, 2019). The empirical evidence shows that the developing countries gain more benefits from trading creative products than the developed countries do. In 2012, the developing countries have received a total world export of 57 per cent, while the developed countries only received 42 per cent (United Nations, 2015). However, the impacts of creative economy are still dominated by the large creative industries (Evans, 2009). This fact shows that in both developing and developed countries, even when there are more economic actors engage in small and medium enterprises, many of them are still powerless.

Though having less essential role in global economy, the SMEs' contribution to the national economy has been well proven by a number of studies (Alauddin & Chowdhury, 2015; Arunagiri, Kalaippiriya, Krishna, Vithya, and Kalaivani, 2015; Gregory, Harvie, & Lee, 2002; Hironaka, Zariyawati, & Diana-Rose, 2017; Karadag, 2015; Khan & Khaliq, 2014). The provision of wages for workers, export-import activities, increasing poverty, and economic growth are considered as the SMEs' important roles in developing the national economy. In Indonesia, the national creative economy agency has reported that the creative economy sector has a significant increase in the last three years by IDR852 billion (2015), IDR894 billion (2016), and IDR990.4 billion (2017) (Okezone, 2017). Despite the impressive performances, the data released by the Ministry of Cooperatives and Small and Medium Enterprises demonstrate that around 70-80 per cent of SMEs actors have failed to develop and compete. The main causes include lack of mentoring programs in the field of marketing and partnership (Liputan6, 2018).

To face the global economic competitions, especially due to the opening ASEAN Economic Community (AEC)'s wider marketing access, the SMEs in creative economy sector are greatly demanded to improve the quality of their products and services. Thus, government's pro-populist policies in the form of mentoring programs are greatly required by those SMEs. Unfortunately, the mentoring programs held by central and local governments are still inadequate that the SMEs' development seems to be stagnant with a slowing trend (Republika, 2016).

In the local level, especially in Central Java, SMEs creative sectors face several problems from the production to distribution process. Thus, the need of mentoring programs are highly demanded to enhance knowledge and business management. The mentoring programs are also highly demanded by the Central Java SMEs. Data show that number of SMEs in Central Java grows positively to 89,990 units per year on average during 2010-2017 (Handayani, Ferdinand, and Sugiono, 2017). However, the competitiveness of SMEs products in Central Java is still relatively low (Handayani et al., 2017). Including in their shortcomings are their monotonous brands and branding, uninteresting packaging and low quality of products (Kompas, 2018).

The same situation is found in Banyumas Regency, Central Java. Although the number of SMEs in Banyumas reached 214,329 businesses (98.97 per cent) in 2017, they still have to deal with low technical skill, weak entrepreneurship and limited business management knowledge (Suliyanto, Suroso, & Jati, 2013). Given these circumstances, assistance for SMEs in Banyumas Regency is crucial. At least, there are three required mentoring aspects needed by SMEs in Central Java, namely marketing access, product standardization, and financing (Suara Merdeka, 2017).

As a matter of fact, mentoring models in central and local levels have already been implemented by the government through the establishment of an Integrated Business Service

Center (IBSC, in Indonesia, known as *Pusat Layanan Usaha Terpadu/PLUT*) since 2013. Other mentoring models that have been applied are partnership schemes with large retailers and co-operative assistance in business financing. Other mentoring programs through corporate social responsibility (CSR) have also been held by state-owned enterprises and private sectors in Indonesia. However, the SMEs have never been engaged with the existing mentoring programs. Thus, the SMEs seem to be having difficulties to market their products in the modern stores.

Mentoring programs are greatly essential for the development of SMEs to improve their business performance and transfer knowledge from the experienced entrepreneurs (Kent, Dennis & Tanton, 2003; Crompton, 2012; Shah, Othman, & Mansor, 2016), to improve management capabilities (Turok & Raco, 2000; Crompton, 2012) and the economic growth driving force (Peel, 2004). Unfortunately, the studies on mentoring issues for SMEs are still rarely conducted (Lorrain & Laferté, 2006) whereas, mentoring is potentially one support mechanism greatly required by SMEs to develop their business. In addition, multi-stakeholder involvement is also unclear in particular how to synchronize an legitimate the multi-stakeholder's role in collaborative activities like mentoring (Fitria, 2012; McKevitt Donna Marshall, 2015). In public sector, even multi-stakeholder approach are considered to stimulate innovation, but empirical evidence shows that it cannot become a panacea to address the lack of innovation (Godenhjelm & Johanson, 2016). Therefore, involving the role of multi-stakeholder in collaborative activities are a challenging issue in designing a mentoring model. If each party work partially for providing mentoring based on their respective resources and expertise, so their role is not effective to improve competitiveness of SMEs' business development in creative economy sector.

Based on the identification of problems, the purpose of this study is to formulate an integrated mentoring model for SMEs in creative economy sector through involvement of the

role of multi-stakeholder. The study particularly tries to identify the mentoring aspects required by the SMEs in creative economy sector and come out with the most properly mentoring strategies to the actual needs of SMEs in creative economy sector. Then, this study is intended to provide an understanding of how to synchronize the role of multi-stakeholder in an integrated mentoring approach for development of SMEs in creative economy sector.

Literature Review

Creative Economy

Currently, the economic development has a great influence from the development of creativity. As the availability of natural resources decreases, creativity becomes the most strategic resource to sustain economic development. Florida (2002) states that creativity acts as a new engine of economic growth with technological and talent support. There are several examples of creative products worldwide including music, film, fashion, architecture, and television. In Indonesia, exports of creative products have contributed 7.44% to National Income in 2016 or equals to 923 billion rupiahs (Bekraf, 2018).

Howkins (2001) coined the creative concept of economics. He insinuates that creative economy is "a transactional activity of creative products that are goods and services that have economic value" (Howkins, 2001: 8). These creative economic products cover from art to science products. The Indonesian government through the Ministry of Tourism and Creative Economy break down the creative economic sector into 16 sub-sectors consisting of architecture, design, film, video and photography, culinary, crafts, fashion, music, publishing and printing, interactive games, advertising, research and development, fine arts, information technology, television and radio. In 2016, culinary, fashion and craft are the top three of the creative economy sub sectors contributing to Indonesia's national income (Bekraf, 2018).

Creative economy has a close relationship with the creative industry. Creative economy is an activity that relies on creativity to produce products or services that have economic values. Creative industry is an activity that processes creativity, skills and talents to generate wealth and create jobs by arousing and exploiting creative and creative power. Thus, creative economy is the foundation for the development of the creative industry.

The integrated mentoring model

Mentoring is one supporting mechanism required by SMEs to empower their businesses. Through mentoring, experts or experienced business actors may share their experiences and expertise with the start-up business actors. However, poor mentoring is one crucial problem faced by SMEs especially the start-up ones. Consequently, only few start-up SMEs are able to survive in the early years (Hasbullah, Surahman, Almada, & Faizaty, 2014). Even where there was a mentoring program, the implementation tended to focus more on their efforts to maintain the economic stability than to encourage the economic development (Bank Indonesia, 2006).

One mentoring model organized by the government is the Integrated Business Service Centre (in Indonesia, known as *Pusat Layanan Usaha Terpadu/PLUT*). This model provides the mentoring services to SMEs in 5 service types: permit, human resource development, finance, production, and marketing. These five service types are the answers of the technical problems which have become the inhibiting factors for the development of SMEs. However, the research conducted by Arifin (2017) has found that the consultants working for the Integrated Business Service Centre (*PLUT*) were not completely well accepted by the SME actors. The capacity of *PLUT* consultants was even poorly trusted in providing the mentoring to *PLUT*. The other factor inhibiting the *PLUT* mentoring model was the attitude of SME

actors which are not open related to their turnover. They were afraid to the taxation issues which might disclose their turnover.

The other weaknesses of the existing mentoring model found in the study conducted by Hasbullah et al. (2014). They included (1) no ideal business mentoring model reference, (2) no incentive and appreciation for the business incubator managers, and (3) limited operational funds in the management of business incubators. These circumstances have led to SMEs to lack competitiveness.

The other obstacle is the weakening support from stakeholders. This was the case found by Fitria (2012) stating that the mentoring performed by the business party to its SMEs' partners deprived of the local government's support. Even if the support was provided, it was usually limited to one aspect, such as exhibition. On the other hand, the business party is unable to provide mentoring for all aspects required by the SMEs' partners. Thus, the SMEs' actors feel the unclear directions in managing their business. The related parties even tend to work independently without a clear collaboration to synchronize the stakeholders' roles.

From the results of the mentoring study, it is concluded that:

- (1) A mentoring approach has not been well implemented in integrated manners either in terms of content or the involvement of other actors as the mentors.
- (2) The mentors' roles are mostly performed by the consultants whose social capacity has not been well recognized by the SME actors.
- (3) Lack of stakeholders' wider involvement in mentoring model which resources may be greatly transferred to the SMEs and add the social networking for SMEs.

Multi-stakeholder Collaboration

The actual mentoring model used by government and private agencies seems to face difficulties to empower the SMEs. These difficulties reflect the need of an alternative mentoring model integrating a comprehensive support from various actors for development of the creative economy SMEs. Therefore, an integrated mentoring model means one mechanism providing share of experience and expertise from collaboration of various mentors to improve technical and managerial capacity of SEMs actors.

An integrated mentoring model is also interpreted as a collaboration of multi-stakeholder to incorporate their experience and expertise to help the SMEs' problems. Within the context of creative economy, collaboration of multi-stakeholder includes academician, business, government, community and media or called Penta Helix (Muhyi, Chan, Sukoco, & Herawati, 2017). These multi-stakeholder can facilitate resource flows to SMEs such as current knowledge and technology, social and media support, entrepreneurial spirit, pro-business policy, partnership, and market information.

The concept of Penta Helix is relevant to creative economy sectors since it is used to encourage an innovation (Sturesson, Lindmark, & Nilsson, 2009). Compared to other economy sectors, the creative economy relies on creativity, ideas and talent as the main business capital. This sector is challenged to promote innovative efforts to increase competitive advantage. Thus, Penta Helix approach is demanded by the creative economy SMEs to gain external resources for improving their technical capacity in producing innovative and creative products.

Methods

This research aims at formulating an integrated mentoring model for the SMEs in the creative economy sector by involving the role of multi-stakeholder. The research also identified some best criteria based on the perspectives of SMEs actors. Discussion with SMEs

actors about appropriate mentoring aspects lead us to make an in-depth exploration of some themes such as (1) their experiences on existing mentoring, (2) the SMEs actors' perspective of mentoring model based on their actual need, and (3) potential role of stakeholders in mentoring program. The SMEs actors' perceptions and opinions on mentoring aspects were deeply explored to interpret the obtained mentoring experiences and model. Thus, this study employed a qualitative rather than quantitative approach.

Denzin and Lincoln (2017) describe that qualitative research emphasizes the social construction aspects of reality. Qualitative research methods seek to uncover the socio-cultural meaning and experience of the subject of research on a non-numeric phenomenon. Case study was also used to investigate deeply various actors' perspectives regarding the mentoring model needed by them. As a type of qualitative research, case study explores the complexity and uniqueness of a particular model (for example, mentoring model) from multiple viewpoints (Simons, 2009).

This research used in-depth interviews and focus group discussions (FGD) with creative economy actors. They represent those involved in fashion, culinary, product design, TV and film sectors as well as the activists of creative economy communities, and regional bureaucracies, such as local development planning agency, industrial and trading agency, manpower, cooperatives and SME agencies. FGD has been conducted to confirm the mentoring model that the creative economy actors need. After conducting interviews with informants, creative economy actors and local government were invited to review the interview results to obtain a proper model of mentoring as an empowerment strategy.

The main tool of data analysis in qualitative approach is the researchers themselves instead of other tools. In the process of data analysis, the role of researcher is essential to interpret data. Researchers collect and interpret data from FGD and in-depth interview from mentoring model perspectives.

To obtain more reliable and valid data, this research only collected informants directly involved in creative economy activities. We also selected those who well understood the development of SMEs in creative economy sector as informants. Such triangulation of various data sources is used to confirm the process of data validity. Therefore, results of the research have a high degree of trust if they has been verified by triangulation of different sources but exhibit the same results. Table 1 below provides the information about the number of informants in each creative economy sector.

Table 1. Number of Informants

| No | Sector | Total |
|----|------------------------|-------|
| 1 | Culinary | 6 |
| 2 | Fashion | 5 |
| 3 | Craft | 3 |
| 4. | TV | 1 |
| 5. | Social media community | 2 |
| 6. | Local government | 5 |
| 7. | Activist | 3 |
| | Total | 25 |

The cited words and expressions from the informants in this qualitative report were presented in the forms of statements to help the scientists claim, outline thoughts, enlighten understandings, encourage feelings, and stimulate reactions (Sandelowski, 1994). This research used one type of data presentation to report any information obtained from the data analysis. The quotations then show the research findings.

Results and Discussion

From our interview with the SMEs actors, common problem was found in business and finance management due to the lack of human resources. In terms of market orientation, most of the entrepreneurs have lack confidence given their weak competitiveness and less innovation. Nevertheless, some of them claim that their products have good quality exports such as Batik and coconut sugar which have reached European market. Another great obstacle is the lack of marketing strategies especially start up SMEs that are only satisfied with their distribution in local market.

Furthermore, based on the results of focus group discussion with the informants, there are some important aspects to include in the mentoring model: (1) financial management, (2) marketing, (3) protection of intellectual property, (3) legal business entity, (4) utilization of information technology, and (5) business permit. These five aspects are integrated into a mentoring program for SMEs actors so they have adequate capacity to run their business.

Financial management mentoring

The SMEs' failure in their business development is mainly due to the poor financial management (Karadag, 2015; Mbroh & Quartey, 2015). Many SMEs have inadequate knowledge for the financial management. Thus, it impacts on the business efficiency and effectiveness. Besides, lack of financial management capacity was found to be an issue for SME actors to manage the bank's loan funding. The following quotation is taken from the discussion with two SME informants.

"SMEs require the financial management capacity in the accounting, starting from simple bookkeeping to efficiently and effectively manage funds. The problem is caused by the unevenly distributed capital disbursement. It is probably related to the SMEs'

financial management. It seems to be unfair as there are some stagnant and poor running business activities. The capital access may be well facilitated, especially those with smooth business activities, even the Bank itself offers the capital funding (DT, 61 years old, a creative economy actor in craft sector, May 16, 2018).

“Due to the most required product selection problem, HR management should be well considered. Training should be continuously and sustainably held in well and appropriate orders. Education and training should understand the management experienced by the SME actors. At the beginning, anything should be simple. Do not discuss the balance sheet. Making the bookkeeping, buying the raw materials, understanding the production costs should be adequately assisted. It is just simply to understand since the SMEs are still in small scale.” (TB, 32 years old, a creative economy actor in craft sector, May 16, 2018).

Financial management is an activity that includes (1) how to obtain working capital, (2) how to use and allocate funds, and (3) how to manage assets owned (Detiknews, 2017). SMEs usually do not have good financial management capabilities. In the FGD discussion that we held, SMEs still manage finances conventionally which then lead to other problems, such as; (1) difficulties to calculate profits from business activities, (2) difficulties to develop business, and even (3) feeling that their business is not making profit.

Marketing Mentoring

Marketing has a critical connection with the SMEs’ performance (Ebitu, Ufot, & Olom, 2015). Production will not provide the economic value if the production may not be accepted by the market. Thus, the marketing aspect determines the SMEs’ sustainability.

The research evidences show that the SMEs actors in creative economy require mentoring in marketing aspects. Although the SMEs actors have participated in the training programs to improve the product quality, their efforts may become meaningless if the product market is not yet known. Knowledge on market is greatly required by the SME actors to distribute their products needed by the costumers. The following quotations are taken from the interview made with a creative economy actor related to the need of marketing mentoring.

"In my opinion, marketing mentoring is highly necessary. The manufacturing techniques have already followed the education and training held in Surabaya. We can create and have advanced training in Sidoarjo. However, the problem is to market our products in national markets. Although in 1997, we have successfully introduced our product in Sumatra markets, our products find them difficult to continuously remain along with the time" (DT, 61 years old, a creative economy actor in product design sector, May 16, 2018).

"It is necessary to improve people's interest to develop SMEs and their entrepreneurship, such as those with creativity in entrepreneurship. I do not need to be in contact with MEA. What I need is information about the market share of the ASEAN communities. It means the more national products interested by the ASEAN Communities" (TB, 32 years old, a creative economy actor in craft sector, May 16, 2018).

From the field research, we found that the problem of marketing was a problem for SMEs in Banyumas. For example "Sofa O", which had been enthusiastically welcomed by the people in Banyumas as a creative product, but then suddenly did not attract customers

after three months of operation. In fact, they considered the market is still opened and have sufficient product stock. Finally, the inability to read the market stopped their business for a few months.

Intellectual Property Mentoring

Most bureaucratic procedures and expenses considered as problems for SMEs to effectively deal with their intellectual property rights (Sukarmijan and Sapong, 2014). Thus, SMEs' actors tend to protect their intellectual property rights though they do not really understand the importance of intellectual property rights (Kitching and Blackburn, 1998). Our informants have also considered that intellectual property right mentoring is highly necessary to perform. The following quotations represent their needs on mentoring in the field of intellectual property rights.

“Dablongan Clothing is one local business which has successfully developed at the national and international level by selling Banyumas’ typical characteristics. However, its typical characteristics are still inadequate to survive because the widely stretching Banyumas’ typical characteristics do not get a specified protection that it is highly vulnerable to be imitated or used by other people/companies. The problems faced by this clothing business when developing a creative economy are related to the unavailability of design and intellectual property right protection. Dablongan clothing in the recent years find it difficult to submit a permit related to its design and intellectual property right protection. Such condition may threaten the results of Dablongan Clothing creativity (AF, 37 years old, a creative economy actor in fashion sector, August 25, 2018).”

"An intellectual property right needs protection. Yet, our concentration emphasizes more on the maximum sales. Intellectual property right is not applicable when selling is not working. The important thing is never be in the comfort zone. It is much better but to build creativity. The punishment used when violating the design copying rules is still at the level of social punishment (WD, 38 years old, a creative economy actor in fashion sector, May 16, 2018).

"To my opinion, mentoring is greatly necessary, especially for the copyright purposes. The problem is that we seem to well understand about the copyright matters, yet we actually do not know anything, moreover related to trademark establishment. We heard trademark establishment is costly that eventually we don't think that it is important. We still focus on product development. For example, the mentoring is highly necessary to open our knowledge as we have just started our business." (RS, 18 years old, a creative economy actor in culinary sector, September 13, 2018).

For SMEs, intellectual property rights have not been considered as an important issue. The idea of creativity that emerges from business actors is considered as a normal thing and even easily imitated by other business actors. Imitating other types of business actors become habitual. As a result, newly-grown businesses such as "patterned shirts" can be easily emulated by other businesses that offer more competitive prices. Finally, patterned t-shirts will go out one by one because of new business actors. It will be different if the business actor has intellectual property rights for their product. By these intellectual property rights, new businesses will not easily replicate the business.

Legal business entity mentoring

Nurhalim (2014) has conducted a study on business entity of SMEs throughout Indonesia which findings show that SMEs have the problems to obtain their proper legal entity and require assistances from the other parties. It is also experienced by some SMEs in our study. Some informants have expressed their opinions to the issues as follows:

“Mentoring for legal entities is greatly necessary. SMEs with clear legal entities may have positive impacts on their capital and tender accesses.” (WD, 38 years old, a creative economy actor in fashion sector, May 16, 2018).

“In my opinion, the legality of business entities is mainly required by the established business actors. Those who have just started a business like us do not even think about it. However, SMEs in general greatly require such mentoring.” (RS, 18 years old, a creative economy actor in culinary sector, September 13, 2018).

From the findings in the research, creative business people have not considered business legality as important as managing business documents. Some of the reasons that arise include; (1) uncertainty on whether their business will develop, (2) there is no provision of funds for the management of permits, (3) the difficulty of managing business licenses. This condition is contrary to the reality in the field where the government tries to facilitate licensing and free up some financing components in licensing.

Information Technology Mentoring

One small business weakness is related to its ability to utilize the information technology (OECD, 2009). Some studies show that the utilization of information technology

may increase the small businesses' competitive advantage (Schubert & Leimstoll, 2007; Tarute & Gatautis, 2014; McCann & Barlow, 2015). The importance of information technology mentoring is expressed by several informants as follows:

"Each SME requires an official website to be recognized by both regional and international Buyers. However, SMEs require the supports from IT staffs to regularly fill the web content, update, and respond to the questions of potential buyers. Thus, training on website making is greatly required." (DT, 61 years old, a creative economy actor in craft sector, May 16, 2018).

"Innovation in marketing should utilize the existing technology, running a business should always be optimistic and never feel satisfied with the existing conditions. For creative sectors, Banyumas is still left behind when compared to the other regions" (WD, 38 years old, a creative economy actor in fashion sector, May 16, 2018).

"Creative atmosphere should be well established among the communities, for example Balinese jogger T-shirt. It is the product of one SME in Bali and highly prestigious. To encourage the Banyumas products to have high competitiveness in local area, Social media may be utilized to promote Banyumas SMEs' products" (UL, 42 years old, a creative economy actor in TV sector, May 16, 2018).

"We can actually use social media, yet the promotion still uses our personal social media accounts instead of those on our personal behalf. To create more interesting contents, the design like pamphlet is necessary to be uploaded in social media. Our limited ability in making the design eventually inhibits our promotion to introduce our

products. In addition, a small number of followers keep us using our personal social media accounts. More effective use of IT and social media require mentoring, especially on how to create more interesting content, more attractive sentences and designs.” (RS, 18 years old, a creative economy actor in culinary sector, September 13, 2018).

Business permit mentoring

The legal and regulatory systems in developing countries are found to be one inhibiting factor for the development of SMEs (Bilal & Mqbali, 2015). Thus, the bureaucracy which has the authority to issue the business permits tends to be normative than just have a service-providing orientation. This issue has also appeared in our discussion with the informants. The following quotations related to the need of SMEs in creative economy sector to obtain the technical assistance in terms of the issuance of business permit.

“The SMEs in creative economy sector should be continuously mentored to have the business permit (in Indonesia, known as Surat Izin Usaha Perdagangan/SIUP). However, we do not need it since we have already had the higher permit. However, SIUP is usually for the administrative requirements when cooperating with the other parties. Technology-based creative industries may not be separated from the permit. SMEs want to continuously develop, but they are inhibited by the administrative conditions which are less supportive that eventually become obstacles.” (UL, 42 years old, a creative economy actor in TV sector, May 16, 2018).

“Mentoring during the process of business permit management is also required. During this time, we do not have any idea about the business permit and etc. We still

focus on product development and return on capital.” (RS, 18 years old, a creative economy actor in culinary sector, September 13, 2018).

From various discussions, we found the weakness of two-way communication between policy makers and business actors. There are prominent factors that are the cause of the lack of communication, namely the number of SMEs in Banyumas that are not comparable to the service units. In fact, the government as a policy maker has a big role in helping businesses to develop their businesses.

Designing an Integrated Mentoring Model: Multi-stakeholder Collaboration

In this study, the mentoring is intended to share business experience from mentors to SMEs’ actors. Meanwhile, skill development is intended to share certain skills from mentors to the SMEs’ actors. In collaborative perspective, the mentoring model for creative economy actors needs to involve the stakeholders from 5 strategic actors or Penta Helix, namely: creative community, social media community, business actors, bureaucracy and academicians. By integrating these 5 strategic actors, mentoring will not only become the responsibility of one actor, like the present case (Fitria, 2012; Hasbullah *et al.*, 2014).

The integrative approach used in the model in this paper assumes that all stakeholders are already available in the existing SMEs’ development, yet not integrated in an optimal collaboration. Thus, there must be collaboration within SMEs’ development by involving the local governments, universities, SME players, and community networks. During this time, those parties have actually existed, but they tend to go on their own and do not have an integrated working program. The following are quotations from the interviews with the creative economy activists in explaining the need for collaboration among various parties in the mentoring activities.

"The existing approach is not really correct, including the government approach or researchers on SMEs as social charity objects. SME is a business object to implement not socially but professionally. We must have a business plan, strategic plan, and steps to develop. Government is stupid while people are smart as they are superior in creative economy. There is a mentoring termination. The main point is not positioning the government as the superior one but as a supporting sub-system. So as the SME actors' supporters, mentoring and workshop is 70%, yet we still need a clear incubation for the SMEs. How can we talk about MEA (ASEAN economic community) if we still have problems with the human resource ability, and then we talk about creative SMEs from those individuals with commitments? Actors' and stakeholders' real actions are greatly required, not only inputs and suggestions. Business actors, governments, academicians, media, and communities should work together and establish communication due to their interconnected relationship." (AP, 32 years old, a creative economy activist).

The government and universities frequently consider the formula in running the training for SME actors as a big step. However, for some SMEs, it does not have a big impact. The business actors argue that training should not only be conducted in the centralized places, such as meeting rooms, but also be made in the business spaces owned by the SME actors.

"Training should be formally categorized based on the business classifications that it is easy for mentoring, especially for the mentors when providing assistance at business locations that they may know the best and most appropriate solutions. I feel

highly inferior when I have to come to a nice place as my business scale is still small.” (TB, 32 years old, a creative economy actor in craft sector, May 16, 2018).

In a collaborative model adjusted to the SMEs’ goals to have higher competitiveness at ASEAN level, the SME stakeholders should well understand five programs required by the SMEs; (1) productivity improvement, technology and innovation, (2) financial management development, (3) market access and internationalization enhancement, (4) ability improvement to protect their Intellectual Property Rights, (5) entrepreneurship improvement and human resource development for the creative economy actors. Those five programs are expected to be able to encourage the development of SMEs in creative economy.

In the integrated mentoring model, the research provides a specific role for each stakeholder (see Figure 1). The implemented roles should be in accordance with the capacity provided by the stakeholders. Thus, mentoring is only imposed on one particular actor but the responsibility for all during the mentoring processes.

Based on our interview, the role of multi-stakeholder in our integrated mentoring model for SMEs are follows:

First, creative community. Creative community is a community in which the creative economy actors gather and exchange ideas. This community has an essential role for the development of human resources, innovations and marketing. The development of human resources may be conducted through discussions and exchanging experiences related to their creative economy activities that innovations and market expansions are possibly made.

Product marketing and promotion are some other problems faced by the SMEs. During this time, the SMEs tend to market and promote their products in both local and international markets. Meanwhile, the SMEs have some financial limitations to market and promote their products when compared to the large businesses which usually have a lot of

funds to promote their products. The weaknesses in marketing and promoting products make the SMEs unable to optimally develop. Moreover, in this recent global competition, many SMEs are powerless to compete with overseas products which easily come into the local markets.

Second, local government agency. Since the Indonesian independence in 1945, SMEs have not yet become the government's major concern until recent years. This is proven with the absence of government regulations at the level of Law regulating the SMEs until 2008. The absence of strong legal regulations (in the form of Laws) has resulted in the inhibited development of SMEs. However, there are several policies and rules issued by the government agencies related to the SMEs which have been used as references for the supervision and development of SMEs.

The Indonesian government's poor attention to the SMEs is caused by the central government's dominant role in national economy and supported by a centralized government system. In this centralized system, the local government basically becomes the implementer of the central government's policy and has no autonomy to develop its own regional potentials. Through some state-owned enterprises (in Indonesia known as *BUMN*), the government has an important role to develop several economic sectors, such as manufacturing, trade and services. Meanwhile, due to the state revenues, the state-owned companies exporting oil and gas have some significant contributions to the country. Thus, SMEs are placed in the minor position against the state-own companies.

During this time, the local government has actually taken its role in the licensing process and skills training. In this model, local governments, however, are encouraged to have the roles not only in the licensing legality process but also in the process of obtaining the business permit.

With the development of information technology, the influence of social media activists is increasing in the community. Social media activists are usually able to promote products by their ways that are unique and more acceptable to society. For example, they highlight the local wisdom aspects of SME products, the entrepreneur's personal profile, and personal testimonials relating to product quality. By cooperating with social media activists in empowering local SMEs, the products will be more easily recognized not only at the local level but also at national and international levels.

Third, social media community. Social media community is a community who highly concern on the development of SMEs through the social media. This community has the role to help the SMEs adopt the information technology development and introduce the SME products to wider communities.

Fourth, academicians. Academicians may provide their assistance to the SMEs through the financial management training and help the SMEs obtain their Intellectual property rights. Most SMEs in Indonesia fulfil their financing needs by relying on individuals' savings; loans from relatives or friends; or borrowing money from money lender (In Indonesia known as *rentenir*). The financing sources are generally not reliable in sustainable manner. Meanwhile, to obtain loans from the formal financial institutions, such as banks, most SMEs still do not meet the requirements. Thus, intervention from the third parties is necessary to help the SMEs overcome their financial difficulties. Academicians may help the SMEs to access the banking financial services through the financial management training.

Fifth, business actors. The business actors may help the SMEs by encouraging their entrepreneurship growth and reach the international markets. By having wider networks and market information, the SME actors may have potential buyers. During this time, the inhibiting problems for the SMEs in creative economy are related to how to maintain their

business for a long term period. Through the business actors' mentoring, the entrepreneurship mentality may be well developed as the experienced business actors share their experiences in facing the critical situations in order to sustain their businesses.

Insert here

Figure 1. An integrated mentoring model to empower the SMEs in creative economy sector

Our model shows that development of SMEs in creative economy sectors should integrate the actual needs of mentoring proposed by SMEs with the potential sources provided by stakeholders. The weakness of SMEs in facing competitive market has been seen from lack of technical skill, weak entrepreneurship and lack of knowledge in business management (Suliyanto et al., 2013). Our study indicates that there is a strong demand from SMEs to get an integrated mentoring program to improve their business capacity including financial management, marketing, protection of intellectual property, legal business entity, utilization of information technology, and business permit. Therefore, these actual needs of SMEs should be taken mentoring programs into account.

Previous research also pointed out that poor mentoring has led to failures of SMEs to improve capacity of SMEs and survive from market competition (Bank Indonesia, 2006; Hasbullah et al., 2014; Arifin, 2017). In addition, SMEs gain poor support from local government (Fitria, 2012). Even if the support is provided, the government or private programs carry out only partial mentoring such as exhibition or access to loan. The existing parties tend to work independently without efforts to integrate their resource for empowerment of the creative economy SMEs. Based on the findings of data analysis, this study suggests that development for the SMEs in creative economy sector should integrate

the power of Penta Helix (academician, business, government, community, and media) into one ecosystem. These actors can play the role of mentor to transfer their respective knowledge, experience, skill, and expertise to the SMEs. Through such integrated mentoring model, the SMEs in creative economy sector can improve their technical capacity and entrepreneurial spirit to respond competitive creative economy market. Finally, our mentoring model integrating mentor sources with the actual need of SMEs actors provides fresh insights into the multi-stakeholder involvement mechanism for improving the competitiveness of SMEs in creative economy sector.

Conclusion

This research explored the strategic aspects that should be taken mentoring model into account for development of SMEs in creative economy sector. Our study results show that SMEs in creative economy sector need mentoring activities to empower them in the field of financial management, marketing, protection of intellectual property, legal business entity, utilization of information technology, and business permit. Such mentoring activities should be integrated into a mentoring program for SMEs to improve their capacity to compete in creative economy business.

The results of this study also confirm that the development of SMEs at local level through a mentoring model requires the collaboration of Penta Helix actors consisting of local government, universities, business actors, creative community, and social media community. The role of Penta Helix actors in mentoring the SMEs actors is adjusted to their respective experience, knowledge and expertise. The local government can play the role as mentor to facilitate the SMEs actors in gaining business permit and legal entity. The university or academician in our study can assist the SMEs to get intellectual property rights and improve their financial management capacity. The business actors may share their

experience and expertise with the SMEs to enhance entrepreneurial motivation and access to international market. The creative community can guide the SMEs to increase their marketing capacity. Lastly, the social media community is able to help the SMEs to promote the utilization of social media technology for wider market development of creative economy products.

By involving the stakeholders from various elements, the mentoring of SMEs in creative economy sector is then greatly and widely supported. The mentoring is not partially performed by the economic consultants, business actors or even the governments only. This study suggests that integrating the Penta Helix actors into mentoring model will have positive impacts on empowerment level of SMEs in creative economy sector. Therefore, our integrated mentoring model can become a solution to empower the SMEs in improving their capacity and entrepreneurship.

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