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Septuple Helix Partnership Model for Value Creation

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Abstract: *Purpose* – This study aim to identify the various parties that can be involved in supporting the development of SMEs, especially at Kawalu Embroidery Center, Tasikmalaya, because the actor mentioned in Triple Helix Model is considered not enough.

Design/methodology/approach – All finding are based on an in-depth, detailed examination of one specific case. The case study approach allows analysis of how SMEs' value creation and development can be done with due consideration of their contextual conditions.

Finding – Study found that the actor of THM is not enough in supporting SMEs development and value creation, needed support from other actors covering financial institution, association of SMEs entrepreneur, customers, and supporting company.

Originality/value – This study found the need of supporting company; that is the company formed to coordinate various programs and cooperation in supporting SMEs value creation and development, beside propose a revision for Triple Helix Model especially if want to be implemented at Kawalu Embroidery Center, Tasikmalaya.

Keywords: Value creation, SMEs, Triple Helix, Septuple Helix, Supporting Company

I. INTRODUCTION

Triple Helix Model (THM) which proposed by Leydesdorff and Etzkowitz described interactions between university, industry and government in innovation and development process (Etzkowitz & Leydesdorff, 1995). The phenomenon of triple helix system has been recognised widely in developed countries as it has emerged from the needs of universities to work closely together with industry and to maintain sustainable development of industry-university integration, and supporting role of government as a policy maker. University-industry-government interaction is the key to improve the condition for innovation in a knowledge-based society where the university as a source of new knowledge and technology (e.g. center of excellence); industries are the locus of production and provider of customer demand; and the government

as the source of contractual relations that guarantee stable interactions and exchange (Etzkowitz & Mello, 1994).

THM was declared important in different studies; however, some studies in Indonesia found that THM did not work well in its implementation, as well as what is found in Kawalu Embroidery Center, Tasikmalaya. To understand how cooperation between various actors should be drawn up so that value creation by SMEs can be promoted, research on Kawalu Embroidery Center, Tasikmalaya has been done based on varied studies that have been done.

II. ACTORS WHO ARE DEEMED CAPABLE TO COMPLETE THM

Various studies shown that of government, universities and business are the main actors to encourage innovation. Through cooperation, these actors can pool resources and agree on joint priorities, and new innovative solution can be created in the compromise situation that arises (Lundberg, 2014). However, other studies found that are not enough just these three actors to work together. Some view THM innovation needs to be refined by adding civil society and named it as Quadruple Helix (Afonso & Monteiro, 2012; Carayannis & Campbell, 2009; Carayannis & Campbell, 2010). Civil society as the user of goods and services or economic output is considered to have an effect on the development of SMEs (Mulyana, 2014).

Colapinto & Porlezza in their study said that instead of civil society, finance organizations, which encourage revenue growth and commercialization should count at the fourth actor added to THM so that Quadruple Helix model would consist of government, university, finance organization and business itself (Colapinto & Porlezza, 2012).

In other studies, Hemert said that in open innovation, SMEs collaborated with various parties, especially with supplier and customers (Hemert, Nijkamp, & Masurel, 2013), but SMEs builds more cooperation with customers than with suppliers (Theyel, 2013). Some studies on SMEs mention the role of professional and advisers (Chittihaworn, 2011), consultant or research staff (Zubielqui, Jones, Seet, & Lindsay, 2015).

The importance in the association of SME entrepreneurs in supporting their development is expressed in research conducted in UK and European Union. Employers' associations are said have a potential role in increasing the participation of SMEs in public programs for innovation and knowledge-supported policies (Vega, Brown, & Chiasson, Open Innovation and SMEs: Exploring policy and the scope for improvements in university based public programmes through a multidisciplinary lens, 2012).

One study conducted in China highlighted the financial problems faced by SMEs in developing their business and difficulties for accessing loans from banks. To overcome these problems, research shows the important role that can be played by the loan guarantee institution. However, even though the financial guarantor institution can overcome this, research shows that in order to work more efficiently, it is better if a bank exercises its own control and not relies on the loan guarantee institution (Hong & Zhou, Can third party's collateral arrangements tackle the financing problem of small-medium enterprises?, 2013).

III. RESEARCH METHODOLOGY

This study mainly aim to analyze how THM can work at Kawalu Embroidery Center, Tasikmalaya based on literature that mentions various actors that are deemed capable to complete THM.

The research is designed for finding indication and allows for elaboration involvement of local government, universities, financial institution, SMEs entrepreneur association, customer, supplier, and other actors who often work together and able to support the value creation and development of SMEs.

Research will be conducted by a qualitative method. In qualitative method, researchers cannot draw a firm line to the results, however, researchers have to maintained objectivity.

Data Collection

Data were collected using qualitative in-depth interview, semi-structured interviews, observation, and reviewing documents such as marketing document from SMEs, project reports and policy by government.

Observation

Observation is data collection method with the non-interventionism principle. Researchers will follow the flow of what happen with subject just like record everything for scientific objectives.

Criticisms to this method mainly related to its validity and reliability because the observer will base their analysis on their own perceptions. To overcome this problem, triangulation as proposed by Yin have been done.

The advantage of observation is the ability to minimize the influence that can be caused by researchers in the research subject. Observation has the flexibility in framing the idea to the new data collection method (Adler & Adler, 2009).

In this study, observation has been done before other data collection methods to find the daily activities of SMEs in running their business.

In-depth interview

In-depth interviews are qualitative data collection techniques by conducting intensive interviews on a small number of individual respondents to explore their perspective on the issues under study.

The relaxed atmosphere during in-depth interviews will provide an opportunity to get more detailed and extensive information than using other data collection methods. The disadvantage in this method is the possibility of a researcher bias, requiring longer data collection times than other methods, and data cannot be generalized because it is only obtained from a small number of respondents (Boyce & Neale, 2006).

Nowadays, problem of sample selection in qualitative research is still a debate. There are various views of the adequacy of the number of samples. This research refers to the opinion that the sampling process in qualitative research is dynamic, because the strength of qualitative research lies in the wealth of information owned by the respondents of the cases studied and the analytical ability of researchers.

This means that in qualitative research, sampling is determined by the judgement of the researcher, in relation to the need to obtain complete and sufficient information, in accordance with the objectives, research problem, collection data techniques and the existence of cases. Snowballs sampling in this case have been used. Until the end to this study, in-depth interview was conducted with 10 SMEs.

Semi-structured Interview

Semi structure interview already done with government official, university, financial institution, SMEs entrepreneur association, customer, and supplier.

The interview concern questions are to know about the various programs and government policies that have been and will be done in order to develop SMEs. How does the program to support SMEs development? What has been done? What are the obstacles faced when going to implement the various programs? How about the participation and public welcome when the program is implemented? How is the continuation of the various programs that have been done?

Document Study

Notes on programs and plans that have been and will be done are studied, analyzed and systematically arranged to determine whether planned programs can work, what are the constraints and how the program can be synergized with SMEs needs.

SMEs' document also be analyzed to determine whether there is a correspondence between the situation told during in-depth interview with all documents about sales, purchase, labor cost and other costs.

IV. RESEARCH FINDING

Based on research, we known that most of today's entrepreneurs continue embroidery business that has been initiated by their parents. At the first venture, they begin business with a regular sewing machine and performed as a side job between agriculture activities.

The uniqueness and tidiness of embroidery which applied in cloth, pillowcases and sheets, tablecloths and various other household items render the embroidery product become the preferred product and characteristic of Tasikmalaya.

Assistance of local governments in the early days brought opportunities to introduce embroidery products to Jakarta and then to various other areas in Indonesia even abroad. High demand of embroidery product leads this industry well developed.

As anticipation of high demand, most of the entrepreneurs change manual embroidery machine to a computer embroidery machine which has an average of 9 to 12 head needles. That means one computer embroidery machine can replace 9 to 12 workers. Computer embroidery machine is working 24 hours, so that the production capacity increased rapidly.

The problem is a change from manual to a computer embroidery machine is not done with a good preparation and calculation. The entrepreneurs only saw the change to fulfill high demand but ignore the other things that should be changed like how to manage cash flow, inventories, and employee also how the embroidered products may lose their uniqueness and quality.

To buy a computer embroidery machine that cost is quite high, part of the entrepreneurs sold their land, padi (rice) fields, or gold, which is a traditional form of their saving, and the others bought by installments, which in turn become a burden of their cash flow.

After using the computer embroidery machine, production capacity increased rapidly, which means the need for raw materials (fabric and yarn) also increased rapidly. The employer is not prepared with the funds needed for an increase in raw materials and especially not ready with the broader market.

The first impact on this situation is clear, cash flow becomes messy. The shift from manual to the computer embroidery machine happens in almost same time for most SMEs there, that make the recent market immediately saturated, while new market has not been open.

Lack of cash makes the purchasing of raw materials, which was originally made with cash now must be done by a certain time limit which ultimately results in a higher price. Most of the entrepreneurs even start to use loan with high interest.

Limitations in doing proper financial records and habit of most employers who do not make the separation between personal and business money, made they mismanaged the finance. When get a lot of revenue, they often use their money for consumptive purposes instead of reinvest to their business.

In the other side, limitations in making financial records, do not allow them to get funding from banks that interest rates are relatively lower than what they are using. As it is known, one of the rules of Bank Indonesia, Bank Indonesia Regulation No. 14/22 / PBI / 2012 chapter 5 of the lending or financing by commercial banks for the development of SMEs to provide credit or financing of SMEs, required the accounting information in the form of financial statements, and this cannot be met by most of the entrepreneurs.

In terms of marketing, passion and creativity to penetrate the wider market both around country and abroad hindered by limitation knowledge of marketing. Most of SMEs entrepreneurs could not build a brand that is known by the public, all they do is sell the product at low prices, and let the others attach their brand and sell again with the much higher margin than what they get.

The failure to throw abundant production to the market, in turn, raises the costs of storage. Currently, many entrepreneurs accumulate embroidery production after holiday and can only sell a few months before the holidays, because at that time the demand for products increased significantly. The accumulation of production in the period prior to holiday caused unhealthy competition. The need for cash forces entrepreneurs to sell their products at very low prices, thus undermining market prices

Recently, several SMEs entrepreneurs realize that using computer embroidery machine made them lost their uniqueness. When embroidery made manual, only trained labor can produce quality embroidery. The trained to make it, taught for generations. Ten years ago, we even could see how children helped their parents to doing finishing at their spare time. Embroidery ingrained and become their characteristic.

People from other areas who want into do embroidery business will come to this village to learn how to make embroidery. Now with technological advances, all people who want to do this business can easily come in. Computer embroidery machine very easy to operate. In the past embroidery products have high demand from other cities and island, now lots of their customer made embroidery products by themselves.

The number of imported products for similar goods with cheaper price is also one reason, which lowers the demand. So while the entrepreneurs of SMEs in Tasikmalaya are grappling with the increasing cost of production, substitution products for lower prices flooded the market.

Now we can see the problem repeatedly faced by SMEs: globalization of markets, technological advances and the changing needs and demands of customers forced the nature of competitive paradigms to change continuously. But the main problem is, low levels of education and managerial capacities of entrepreneurs.

In-depth interview found that mostly the entrepreneur just completed education at junior high and high school. Lack of managerial knowledge such as financial management and marketing becomes the main obstacle. Therefore, SMEs need support from various parties to be able to do value creation.

Research found that some actors considered can work together and support SMEs development in this embroidery center. Actors like government, universities, and financial institution have to introduce a lot of programs. However, the programs run independently according to their respective mission without coordination, so that many programs overlap on one side and not touched on the other side.

To coordinate all programs from government, universities, financial institution so that all programs do not overlap, the actor who always ready to provide assistance to SMEs considering its various limitations is needed. Moreover, the actors expected to coordinated input from SMEs Association and customers. This actor should help SMEs to solve the problem of institutional coordination as found, assist and advise if needed by SMEs in the implementation of production process, daily activities, as well as in search for new market and even be a sales agent who looking for orders from overseas or out of town and then coordinate it sales.

V. DISCUSSION

Based on data obtained from SMEs, government officials, financial institution's officials and university, it can be concluded that basically cooperation between the parties to support the development of SMEs is very possible.

That mean THM can be implemented. However, should be adjusted so that the aim to support SMEs value creation achievable.

In this study, what named as an innovation model will be named as a partnership model because this cooperation is expected to support value creation not only for SMEs, but for all actors who are involved. All the actors involved are seen to be in a causal relationship that has a common goal of creating value for SMEs and for themselves.

Value that can be enjoyed by all actors will make this cooperation sustainable. Which should be noted is the value for each actor will be certainly different and cannot count by money only.

During this time, each party moves in accordance with its mission, so that on one hand, there is overlapped of the program, and on the other hand, there are important things that are not done. In addition, the different programs performed are normally temporary, and are not monitored for their sustainability, so their long-term impact is not known.

This happens because the different programs undertaken for SMEs are normally in the same direction, so that mean, the value is only accepted by SMEs without any reciprocity for institutions or parties that perform various empowerment programs. Thus, these programs are charity, although research conducted by Mensah & Benedict, 2010, shows that direct assistance and charity programs have proven to have no impact on poverty alleviation, however, this way is most often done.

Research conducted by Nakwa, 2013 also shows that instead of government-funded organizations, profit-based organizations better than in ensure the sustainability and efficiency of programs to support SMEs development.

Government, universities and financial institutions strive to do various things to develop SMEs, but there is no positive value they receive, in other words, if the government, universities, and financial institutions do charity or CSR programs for SMEs, ultimately SMEs will not develop, because it only relies on outside support in its development and does not get a chance to learn how to improve itself.

Based on this, support for SME development should be done based on the synergy of various parties related to SMEs, carried out continuously, not charity, even should produce value for all parties involved.

This refers to the view that the value created for the other does not mean reducing a value for oneself, but instead it can give more value to oneself. The value created, both for yourself and for partners will certainly strengthen every involved party to maximize his efforts in value creation.

Table 1 below shows why the various parties which have been providing support for SMEs development should work together. Each party involved in SME value creation has obstacles that can be solved with support of others, and actually by working with others it will be able to create value for itself.

Table 1
Reason why partnership model is needed

<i>Why collaboration with various parties to support SMEs value creation is needed?</i>	
Government	<ul style="list-style-type: none"> • Government plays an important role and concerned with SMEs development. However, this study found that government programs are poorly run, many of SME are unaware, because the empowerment program is not formulated based on a full understanding of SMEs problems. • Challenges in SMEs development are more complex, so that government have to dare to change the empowerment paradigm. • Too many SMEs have to be reach, limited funds, personnel and especially the seriousness of the government apparatus is the main obstacle for the government to support SMEs.
University	<ul style="list-style-type: none"> • As Carayannis & Campbell suggests, knowledge has entered a period in which discussion should be emphasized on “How knowledge can contribute to life in general.” • Working with SMEs provides an opportunity to implement knowledge and test, whether what has been learned can be applied and understood by the students involved in training. • Work with SMEs give the opportunity for university to develop their research.
Financial Institution	<ul style="list-style-type: none"> • This study indicates that most of SMEs in this industrial center are hesitant to utilize credit from banks despite facing capital problems. Even though banks have to comply with government regulations that require them to distribute soft loan for SMEs up to 20% from total credit at the end of 2018. • Most of SMEs are not bankable, limitations of knowledge become major obstacle, as they consider the administrative process when opening credit as a very troublesome thing, in addition they are afraid of wrongly utilizing loan. Level of credit risk also high because of the absence of a financial record and separation between personal and business finances. Work together with university and supporting company can help financial institution to solve their problems.
SMEs	<ul style="list-style-type: none"> • Lack of managerial knowledge such as financial management and marketing becomes the main obstacle. • Limitations in making financial records, do not allow them to get funding from banks that interest rates are relatively lower than what they are using. • Limitation knowledge of marketing. Most of SMEs entrepreneurs could not build a brand, all they do is sell the product at low prices, and let the others attach their brand and sell again with the much higher margin than what they get. SMEs need support from other actors.

This study learns which parties should be involved in cooperation to support the development of SMEs based on information collected when collecting data and based on input from literature described in the previous section.

The following is various actors who are considered to form a synergistic partnership to support the development of SMEs:

Government

Government plays an important role and concerned with SMEs development, as its growth will improve national economic development and part of poverty alleviation. Although Nakwa in his research stated that support for SMEs is better done through profit-oriented organizations than by government, but government has the flexibility to make arrangements through the policies for SMEs development.

Same with several previous studies which have shown that government programs are poorly run, this study found that many of SME are unaware of government programs. This is happened because the empowerment program is not formulated based on a full understanding of problems faced by SMEs. This study also found that is lacked of government officials in handling SMEs problem, programs are less clear. Consequently, the effectiveness of government programs hard to evaluate.

Challenges in SMEs development are more complex, so that government have to dare to change the empowerment paradigm. The assumption that SMEs is a small-scale business, need charity empowerment programs, and consider the budget spent to allocate as social funds without an effort to improve the independence of business actors should be changed. Therefore, it would be very hard if the government had to work on its own, too many SMEs have to be reach, limited funds, personnel and especially the seriousness of the government apparatus is the main obstacle for the government to support SMEs.

Collaboration with various parties to support SMEs value creation is needed. Cooperation with the university for example, can help government to get information about what happened with SMEs, what is needed and what is the obstacles that hinder its growth. The university will get the information because there is a program which must be followed by final semester students to make some researchs. Training on simple bookkeeping can also be done by students from economic faculty.

Cooperation with financial institutions can be done so that lending can meet the target. Training provided by the university and government can facilitate the bank when it will disburses credit. All this time credit disbursement is hampered because many SMEs are not bankable.

Working with SMEs associations will make easier for governments to reach SMEs broadly, learn what programs really needed and how they should be done. During this time, when conducting training, government officials have difficulties in gathering people who want to participate. For that reason, the apparatus will contact local figure, who will then collect the community to join training with a promise of transport money, pocket money, cusumption, and uniform. Thus training is given to people who do not really need, but only to those who close to the community leader, have free time and need pocket money.

Formally, training is provided, but benefits are less perceived. This is not only a waste of a fund, but the important thing is target development becomes biased, as if already done; it is expected there is improvement, but actually the targeted SMEs do not feel the benefits of anything. In fact, the changes to SMEs occur only based on the ability and initiative of SMEs themselves who move without a clear direction.

University

University plays an important role in innovation, knowledge and technology development that can be used by business actors, to bridge SMEs limitations. However, the role of universities for SMEs development is not only a form of university dedication, as it will benefit the university itself.

In collaboration with SMEs, universities have the opportunity to apply knowledge and test, whether what has been learned can be applied and understood by the students involved in training. Universities also have the opportunity to develop their research.

Management and technology change, expanding markets, developing products, and other science-based things can be done with student initiatives and mentoring. Research institutions and universities can educate skilled workers, and conduct research to generate new ideas and knowledge to accelerate the achievement of SMEs development goals and targets. As Carayannis & Campbell suggests, knowledge has entered a period in which discussion should be emphasized on how knowledge can contribute to life in general.

Previous section has been explained how university can support government in its effort to develop SMEs, on the other hand, government can support university through policies issued.

Cooperation with financial institutions, can be done by providing financial reporting training, because financial report is needed by the bank when SMEs apply for fund. During this time, banks have to train and control SMEs who take credit to make systematic records continually.

Financial Institution

This study indicates that most of SMEs in this industrial center are hesitant to utilize credit from banks despite facing capital problems. To overcome the capital needs SMEs rely on third parties other than banks even though the interest rate much higher. Even though banks have to comply with government regulations that require them to distribute soft loan for SMEs up to 20% from total credit at the end of 2018.

Most of SMEs are not bankable, limitations of knowledge become major obstacle, as they consider the administrative process when opening credit as a very troublesome thing, in addition they are afraid of wrongly utilizing loan.

Level of credit risk also high because of the absence of a financial record and separation between personal and business finances. Credit that should be taken for productive purposes even used for consumptive purposes. Unclear cash flow causes the use of loan do not optimal, as a result it is so hard for SMEs to pay monthly installments.

To overcome the problems' bank can cooperate with the university. Universities can assist by providing training and mentoring to SMEs so that they can make recording systematically. In such a scheme, the collaboration will provide good benefits for financial institutions, government, universities and of course SMEs.

SMEs Association

What is meant by SMEs association is a club of SMEs business actors in the same field with the aim of sharing information and creating unity opinion in implementing various policies in the field of employment,

industrial relations and in relation with the government. Through this association, members can share inspiration for improving socio-economic welfare of members and workers who join.

There is no association of embroidery entrepreneurs in this embroidery center now. If any during this time SMEs entrepreneur association which aims to share information and inspiration for improving the socio-economic welfare of members and workers who joined does not work well, and its presence is less felt.

Each entrepreneur runs his or her own business, even undertaking unhealthy competition. The establishment of the association will encourage entrepreneurs to remain in touch with each other and get the benefits as presented in various studies in a cluster system, which essentially seeks to group core industries and support industries, support services and economic infrastructure, training, education, resource utilization and institutions to encourage economic development activities.

Interview revealed that SMEs entrepreneur can be empowered, active SMEs Association expected to support the development of industrial centers by encouraging cooperation among SMEs so that they can share information, take advantage of the knowledge of other SMEs and reduce the cost of technology development so that SMEs can compete by improving the quality and not just drop the price while facing competition.

Associations can also increase the bargaining power of SMEs when they negotiate with external parties, e.g., government, financial institutions, suppliers, customer and other related parties.

SMEs associations are not only good for SMEs itself, but also can facilitate cooperation with government, university and financial institution.

Customer

Various inputs from customers with respect to design and quality are perceived to increase customer value that will ultimately increase business value too. However, the inputs from customers have also been poorly addressed due to SMEs' unwillingness to make changes and to take a risk due to limited funds.

Customers need to be involved in cooperation to support SMEs development because the role played by customers today has changed. If in earlier times, customers did not have many options to meet their needs, the choice now is wide. Customers will choose products and services that match what is expected and deem appropriate for what they pay.

Value and value creation process shift from view of product and enterprise centric to customer's personal experience of a product or service. The success of SMEs meet customer expected value to be the answer why SMEs can excel compared with other SMEs.

Cooperation with customers can be done through the willingness to listen to customer's wishes and complaints and then make improvements approaching what is expected because customers will buy goods/services if the value proposition in accordance with the price or even better.

The ability of product to approximate customer expected value can be developed by increasing brand loyalty, superior customer service, technology utilization, wide network or unique product design. In other words, SMEs can develop cost leadership or differentiation depending on how to manage its value chain network.

This is in accordance with theory presented by Porter, that in addition to cost reduction, SMEs can also do differentiation strategy, that is by creating a product or service that is unique or have significantly different attributes with competitor products and valuable for the customer.

SMEs will have performance above the average company in the industry if it succeeded in setting the selling price of a product or service beyond the additional cost that must be issued to obtain the uniqueness. In addition to selling at a higher price, through differentiation, the product will also be more easily remembered by consumers, and will be able to overcome the problem of market saturation.

Excellence because of efficiency that ultimately affects the price of products offered, certainly not to blame, but it became clear that consumers are often willing to pay more for similar products that have more value.

Competitive advantage will be achieved if SMEs can provide higher customer value than competitors for the same price or provide the same customer value with a lower price.

Customers as users of goods and services or economic output are considered to have an effect on SMEs development. Dynamically changing behavior will encourage business actors to creatively create something new to meet customer expectations. Customers have a big role and can become a communication media.

Based on this it becomes clear that SMEs can no longer decide on their own product design, development of production processes, or how to market their products or services. Customer desire must be considered and involved in various stages of value creation process. So doing value creation by paying attention to customer value expected and not neglecting value creation for SMEs itself is a must.

Supporting Company

The terms of supporting company may never have been found in previous literature, as the idea of a supporting company arose when conducting research in this embroidery industry center.

When doing research it was realized that without support of various parties, it is impossible for SMEs to survive in the midst of a rapidly changing market. However, although many things have been done by various parties to support SMEs, expected results are not achieved because the various programs overlap and lack of coordination.

Actor who is able to solve an institutional coordination problems is needed. The actor is also expected to be capable to monitor government funds in supporting SMEs, ensure the funds are used in accordance with what should be, arranging training or mentoring for SMEs, determine the strategy to be pursued in facing competition by creating uniqueness in industrial centers and working with SME entrepreneurs to find markets both at home and abroad.

As revealed by Nakwa in his research, profit-based organizations will better ensure the sustainability and efficiency of various programs to support the development of SMEs, hence this actor should also gain profit in running its business. Not only create profits or values for itself, this actor is primarily aimed at helping the value creation of SMEs, must also ensure that the value is also accepted by all actors involved in it.

Value creation for all parties involved will be the basis of this cooperation, therefore, a program not only temporary but sustainable. What is meant by value is certainly not only calculated on the basis of money received, because each actor has a different concept of value in accordance with their mission.

In this paper, we call this actor as supporting company. Therefore, supporting company is a company formed for the purpose of coordinating support from government, universities, financial institutions, input from the SMEs association both tangible and intangible, and input from customers, also SMEs itself so that the various development programs do not overlap. The establishment of a supporting company initiation can be done by the government, university and private parties, but working with all parties involved in value creation.

In cooperation with government that has funds to hold an industrial exhibition, supporting company can represent SMEs to follow it, so that the new market will open. Nowadays, the marketing of embroidery products is still done traditionally. They rarely follow industry exhibition and only a few who do online sales, whereas the opportunity for it is wide open. This is due to the limited ability of SMEs to take advantage of technological developments. Lack of ability to offer products and negotiate with customers as well as difficulties to manage its stocks. Utilization of funds from government can also be channeled and monitored so that it more targeted and successful.

Collaboration with banks that are usually difficult to channel credit can also be done, since SMEs credit distribution as required by government should be done not only based on turnover (which amounts are not well recorded), but mainly related to the character of the borrower who has not been known. In many cases, compliance with a loan is not related with the ability to pay but in good faith to repay the loan, and it is a matter of character. Supporting company which daily work together with SMEs entrepreneur surely more familiar and can give referral to bank.

Supporting companies can also work with universities by facilitating the university when they are conducting research, and then using the results of the research for SME development. Supporting company can as well coordinate the training to be provided by the university.

Cooperation with SMEs can be done first by encouraging the formation of SMEs associations that have not existed. The existence of SMEs associations as described in the previous section is very important for encourage cooperation between

SMEs so that can gain a stronger position when dealing with third parties. Various things that need to be done by SMEs to reach that position until now can not be done because of various limitations. SMEs weaknesses in reading environmental changes and market desired can be covered with involvement of Supporting company.

SMEs

SMEs are the main actors in value creation. Government, university, financial institution, SMEs association, supporting company and customer are supporting actors so that the whole process of value creation works well.

If value creation work well, the expected role of SMEs, both as a source of fulfillment household primary and secondary needs, job creation, distribution of income, poverty alleviation even maintains balance of payment will certainly work.

Research indicates the obstacle of SMEs development is much influenced by character of the perpetrators of SMEs who surrendered quickly and complacency in addition, there is limited managerial ability. However, other problems such as those related to capital needs in developing a business can be solved if there is good cooperation with financial institutions. The limitations of SMEs in making the necessary financial report when opening the credit can be completed with the support of universities that can provide training and mentoring for SMEs.

Another problem for example, in the field of marketing can be assisted by a supporting company that can act as an agent that seeks new markets and even opens the market abroad. Supporting company can also help SMEs when they negotiate with consumers and suppliers, so that SMEs do not always lose in bargaining position.

Support from government that has been less perceived by SMEs, then can be made more focused, and more targeted so that government targets to increase economic growth by utilizing SMEs can be achieved.

Cooperation among SMEs that is expected to be well established with the establishment of association of entrepreneurs will also strengthen the position of SMEs when dealing with other parties.

Other Actors in Partnership Model

In the previous research, it has been suggested that some researchers have done research on how the Triple Helix model works and provides insight into the actors who need to be added so this model can work properly.

Carayannis & Campbell for example, they include civil society as the fourth element and named the model as Quadruple Helix. In the model presented in this study, civil society was not included as one actors of the partnership model because it refers to what Ledesdorff said, civil society is the medium in which this synergistic partnership model works, so it is not a component of the partnership model.

So it is with Media. Although we recognize that the media have a big role in building image, but in this study media was not included as one of the actors because the partnership model presented here is expected to be more applicable and close to the context. The importance of utilizing the media will be the task of supporting companies interested in raising the sale of SMEs.

In this study, suppliers are also not included as one of the actors in a synergistic partnership model, because in this business supplier is not so instrumental. What is offered so far has no great effect on the resulting product.

Research conducted in Thailand states that professionals and advisors show an important role in supporting the development of SMEs, but this is not applicable in Indonesia, especially in this industrial center because the role of professionals and advisors have not been known by SMEs, the consultants and research staff mentioned play an important role in supporting the development of SMEs in Australia.

The loan guarantee institution that has been declared to play an important role in solving the financial problems of SMEs in China is also not included in this synergistic partnership model because the loan

guarantee institution has not been known and the financial institution in this case the bank has more roles in supporting SMEs value creation. Based on what is described above, there are seven actors involved in the synergistic partnership model of SMEs value creation. Referring to the naming done by previous researchers, this partnership model will be called the “Synergistic Partnership Model Septuple Helix.”

Septuple Helix Partnership Model for Value Creation

Below is a picture of “Septuple Helix Partnership Model.” The positioning of one on the other in the picture does not indicate a certain level of closeness or interest because basically all parties are expected to work together to create value that can be felt by all parties involved although the main purpose is to support value creation for SMEs.

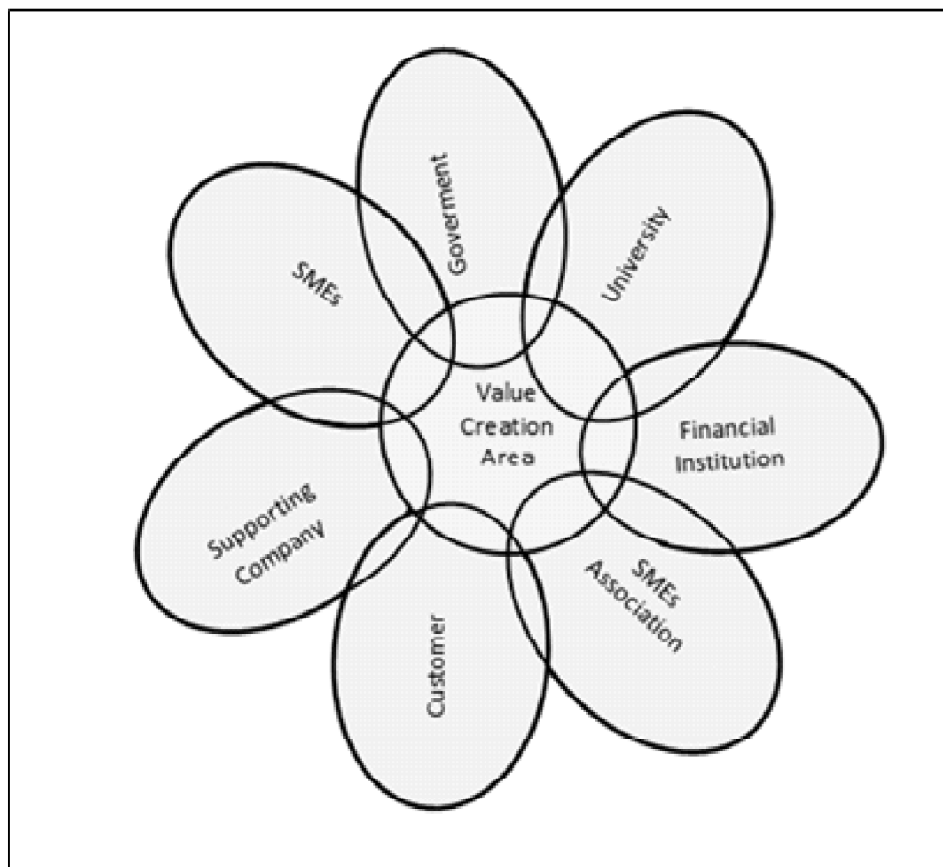


Figure 1: Septuple Helix Partnership Model for Value Creation

As stated above, in this partnership model, all actors are seen to be in a causal relationship that has a common goal to support SMEs value creation but a value not only has to be perceived by SMEs, but by all actors involved. Example of causal relationship between actors can be seen in Table 2, but it should be noted that this relationship is certainly not standard, this table can be shortened or extended, since all depend on the needs of the actors involved and context.

Table 2
Causal Relation of Value Creation

<i>Causal Relation of Value Creation</i>	
Government -University	<ul style="list-style-type: none"> • Cooperation with the university can help government to get information about what happened with SMEs, what is needed and what is the obstacles that hinder its growth. University can get information about SMEs because there is a program which must be followed by final semester students to make some researches.
Government-Financial Institution	<ul style="list-style-type: none"> • Government can support university through fund for research and policies issued. • Government have to work together with financial institution to support SMEs capital need. • Various financial institution programs can run well if there are policy support and business certainty from the government.
Government-SMEs Association	<ul style="list-style-type: none"> • Working with SMEs associations will make easier for governments to reach SMEs broadly, learn what programs really needed and how they should be done. During this time training often to be done to people who do not really need, but only to those who close to a community leader, have free time and need pocket money. • SMEs association can facilitate cooperation with government, university and financial institution. In his research Vega, 2012 said that employers' associations were said have a potential role in increasing the participation of SMEs in public programs for innovation and knowledge-supported policies.
Government – Supporting Company	<ul style="list-style-type: none"> • In cooperation with government that has funds to hold an industrial exhibition, supporting company can represent SMEs to follow it, so that the new market will open.
University-SMEs	<ul style="list-style-type: none"> • University plays an important role in innovation, knowledge and technology development that can be used by business actors, to bridge SMEs limitations. The role of universities for SMEs development is not only a form of university dedication, as it will benefit the university itself. • SMEs become a field laboratory. Research institutions and universities can educate skilled workers, and conduct research to generate new ideas and knowledge to accelerate the achievement of SMEs development goals and targets.
University-Financial Institution	<ul style="list-style-type: none"> • Cooperation with financial institutions, can be done by providing financial reporting training for SMEs, because financial report is needed by the bank when SMEs apply for fund. This training provided can facilitate the bank when it disburses credit. All this time credit disbursement is hampered because many SMEs are not bankable.
University-SMEs Association	<ul style="list-style-type: none"> • The existence of SMEs association will facilitate the university when it will perform data collection while doing research. • SMEs association can schedule training programs that need assistance from a university member.
Financial Institution-SMEs Association	<ul style="list-style-type: none"> • Collaboration with banks that are usually difficult to channel credit can be done, since SMEs credit distribution as required by government should be done not only based on turnover (which amounts are not well recorded), but mainly related in the character of the borrower who has not been known. SMEs association can provide referral.

contd. table 2

- | | |
|--|---|
| Supporting Company – Government | • Supporting company can supervise the channeling of funds from the government and encourage SMEs participation in various industry fairs. |
| Supporting Company – Financial Institution | • Supporting company which daily work together with SMEs entrepreneur surely more familiar and can give referral to bank. |
| Supporting Company - SMEs | • SMEs weaknesses in reading environmental changes and market desired can be covered with involvement of Supporting company. |
| Supporting Company - Customer | • SMEs weakness in capturing consumer aspirations, can be overcome when working with supporting company. With better managerial capabilities, supporting companies have an ability to address the “deafness” of SMEs. |
| Customer- SMEs | • Cooperation with customers can be done through the willingness to listen to customer’s wishes and complaints and then make improvements approaching what is expected because customers will buy goods/services if the value proposition in accordance with the price or even better.
• Delivering messages from consumers to SMEs is beneficial to the fulfillment of the consumer’s need in a better way. |
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VII. SUMMARY

As stated in previous research, SMEs play an important role in national economic development and social environment in which it is located, but SMEs’ inherent limitations hinder its development. Triple helix gives their views on how governments, universities and businesses can work together to perform value creation. However, in practice this model is considered necessary expanded by involving other stakeholders include: governments, universities, financial institutions, SMEs association, supporting company, customers and SMEs themselves.

Cooperation should be developed in such a way, coordinated by supporting company, so it can provide value not only for SMEs but also for all those involved in it.

This study conducted in one industry center and has not been applied. Therefore, further research is needed to see if this synergistic partnership model can work and be applied in general.

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