THE STATE DEFENSE EFFORT TO DRIVE THE NATIONAL SMALL INDUSTRIES IN THE CONTEMPORARY GLOBAL LANDSCAPE

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Abstract - The basic points in the state defense is reflected by loving our country land, recognize to be one nation and state, believe on Pancasila as the ideology for our country, want to sacrifice for the nation and state and also has an ability to State Defense which’s corellated with the effort to drive the national small industries in this international trade. The key success for a country is come from the human resources which’s ready to face the change, so that increasing the quality of human resources for small local industries is a main key to struggle in this contemporary global landscape.

Keywords: Defence The Country, Small Industries, International Trade, Human Resource, Economy.

Introduction

State Defense according to Law No.3 of 2002 Article 9 Paragraph 1 is the attitude and behavior of citizens who are imbued with their love for the Unitary State of the Indonesian Republic base on Pancasila and the 1945 Constitution in ensuring the survival of the Nation. State Defense is a concept which is drawn up by a state’s legislative and senior authorities on patriotism of a person, a group or all component so a state in the interest of maintaining the existence of that State. The foundation of the State Defense Law stipulates in the Ideal Platform (Pancasila), Constitutional Foundation (Amandment of 1945 Constitution) and Operational Basis (Law No. 3 of 2002). Currently, the country is faced with various types of challenges, obstacles and various threats thus the efforts of State Defense are not only limited to taking up arms against colonialism because the imperialism has undergone various expansive metamorphoses. Modernization can be a new form of imprealism if a country has a very high degree of dependence on other countries.

Robert Jackson and Georg Sorensen state that modernization will
increase the degree and scope of interdependence among countries.¹ In a complex interdependence will shift high political concentration (high politics), namely; national security towards the low level politics (low politics), namely; economic welfare.² The role of the State began to thin out with the act of Non State actors increasingly competing to pursue their economic interests.³ Natural liberalism in the constellation of the world becomes a lighter for the establishment of globalization in all section including the globalization of the economy and international trade. According to adherents of classical liberalism, international trade is a rational choice to choose because it can provide maximum benefits with increasing the standard of living of the world community.

According to Tulus Tambunan, this process of economic globalization has increased the degree of economic interdependence and also sharpened the competition between countries, not only in international trade but also in investment, finance and production.⁴

The goal of international trade is to improve the living standards of the world community by increasing the volume of world trade that will stimulate the increase in production and investment that specifically implies the expansion of employment and the level of state income. But that goal is not entirely true in all countries involved in international trade transactions. Indonesia as one of the developing countries can not avoid the influx of economic globalization including international trade is also affected. International trade has a direct impact on the fate of domestic industries, especially small industries.

National Small Industry Criteria according to Law No.9 of 1995 Article 5 is as follows;

2. Has annual sales of at most Rp. 1 Billion.

² Ibid.
³ Ibid.
4. Stand alone, not a subsidiary or branch of a company owned, controlled or affiliated directly or indirectly with medium or large business.
5. In the form of individual businesses, non-legal entities or legal entities including corporations.

State Defense of National Small Industries

Implication of International trade has already established a market expansion with a high level of competition. Market expansion is supposed to approach a level of sustainability from said product, however in reality is far from the expectation. For example; International trade transaction is not always willing to increase the sustainability of the fishermen livelihood from their fish products which traded globally. Which means that there is a failure in the achievement of international trade which is to improve the livelihood of the global citizen.

In a sharpen observation, sustainability does not materialize as a result of an overly transparent market expansion resulting in an inter-state economic competition, Samuelson and Nordhaus suggest that there are four principles (4) economic driving forces, namely (1) human resources, (2) resources natural, (3) capital formation, and (4) technology. And the failure of sustainability in developing countries including Indonesia lies in the weakness of capital that becomes one of the absolute power to win the competition in the global platform, in addition to the low quality of human resources. With these conditions, small domestic industries can be just extras in the international trade platform because it is certain that the winners of the competition are big industries, even multinational ones.

Recent international trade transactions often cause losses to local products, especially those from small industries due to their very limited

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production scale. This excess also spreads even in areas essential to a country, such as: An agrarian country like Indonesia with farmers as producers can only rely on equipment that is still conservative to yield agricultural products. Often we found in the fields, such as; the use of hoes, plows are very simple, there are even some who use the power of animals (cattle or buffalo) to pull the plows, when developed countries are using tractors and other super advanced equipment.

In addition, human resource capacity with minimalist equipment also produces a very limited production scale. The products of our country will loose in global competition when it must be exposed with products from developed countries that in fact already use the advanced technology of agriculture that is capable of producing better quantity and quality of the product. This may indicate that competitive advantage will always be an absolute winner in the free trade arena.

Such conditions bring forth national awareness that should reflect a quality of readiness and preparedness that must be possessed by the Indonesia to be able to detect, anticipate early and take action to prevent various forms and nature of potential threats to NKRI. National Awareness is an attitude in relation to nationalism developed in a sense of responsibility of the citizen to the survival of their national life - the life of society, nation from threats.

The growth of a hampered small-scale national industry is an element that should be a special attention in national awareness especially based on the experience of monetary crisis that occurred in 1997, the existence of small national industry is very significant in driving the wheel of economy. According to Jiho Jang in the Economic crisis and its consequences that the economic crisis has caused the unemployment rate to increase, the uneven distribution of income and the
increasing number of poverty.\textsuperscript{6} In fact, the national small industry is precisely immune to the monetary crisis that plagues where the middle and large industries that rely heavily on bank loans one by one fall prey to the impact of the crisis and eventually collapses. Therefore, the fate of a small national industry in the era of free trade should be a major concern for the nation and the country so that a series of strategies to combine potential economic output should be prepared so that the industry can continue to grow. The strategy is coherent with the goal of State Defense who wants to advance the country, increase the dignity of the nation in the eyes of the international community, to keep the country from being colonized again, and to respect and appreciate the heroes who have fought for independence.

The State Defense Efforts for Small Industries also have a correlation with the characteristics of those industries that have low bargaining position because they tend to work individually without working with any party, the cooperation is not only about financing aspect but also the coordination between industries that are in 1 clusters were rarely done. Apparently, the small industry actors are still not aware of the importance of the association in collecting the power of mutual business which is mutual assistance and mutual help one with another so it needs to be realized awareness of the importance of partnership in a joint effort.

With the existence of the association, the existence of small industries incorporated in it becomes more powerful due to increased capital accumulation and the amount of production, each industry is also not competing for each other to gain market, precisely these industries will coordinate in order to be ready in the face of various competition of a vast market. Unfortunately, the benefits in partnership are generally still less realized by the small industry actors who tend to be self-employed, because the individualist nature is also

ultimately lead to competition between small industries are destructive and even deadly among one another. Therefore, this bad habit must be immediately removed so that small industries can grow and develop nationally.

The classic problem faced by small national industries is capital, the limited capital also limits the scale of production, and the small scale of production makes the income so low that the industry has difficulties to raise its status to middle and large scale industry. The small profit rate makes the business turnover rate so slow that small industries often fail to get capital loans from banks that provide high requirements because of these constraints. The fact that the access of small industries to the capital source hampers the realization of national industry independence. Small industries in order to survive must continue to be injected by government aid, unfortunately the number of numerous number and diverse industries makes not all industries will receives help. This degree of dependence is of course on the one hand is an attempt to move the real sector to continue to breathe life to the industry, but on the other hand it can hinder the realization of independence. Moreover, the independence of the national small industry is still a crucial homework for the government because the small industry is in dire need of partnership with other industries, especially in marketing.

**National Small Scale Industry in the Global Modern Landscape**

Economic globalization seems to release the barriers of the territory of a country that seems increasingly borderless and has created an increasingly global world order as a result of dissemination of the globalization magnet so that countries in the world, especially those who embrace the open economy system can not avoid the phenomenon of international trade.

The needs of the people of a country will not be met from within the country alone so that significantly in its essence of international trade is needed by any country. According to David Ricardo as the father of
international trade architecture in Deliarnov (2005: p.54) states that a Comparative Advantage theory which states that every community or country group should specialize in producing more efficient products. Furthermore, the excess production on demand can be traded. The results can be used to purchase other goods by means of imports from other countries. Products traded internationally should be products that have achieved optimum cost savings because product efficiency is one of the key to winning competition in the contemporary global landscape.

In addition, product quality and price variables are still a critical success in today's global competition. One of the toughest constraints cultivated by a small national industry lies in the quality of products that are often inferior to the quality of foreign industries.

The disparity to the quality of this product is also caused by the weakness of the provision and mastery of technology so that many national small industry lags behind. The use of low technology can of course affect productivity performance. The resulting low technology output is the quality of domestic products that become less adequate, but inversely proportional to the selling price of its expensive products. If it is compared with an outsourced industry that produces efficiently and effectively with advanced technology, its production costs can be reduced so that the selling price of the product can be relatively lower, even with products traded by small national industries because its production is bulk.

Meanwhile, Indonesian consumers with such diverse purchasing power have a tendency to like products that are much cheaper without paying attention to the products origin. Increasing the level of technology in the national small industry also experienced a dilemma where as a developing country, Indonesia is still faced with classical problems such as; poverty and low levels of education, so that it can hinder the adoption of higher technology.

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8 Ibid.  
9 Ibid.
Moreover, the development has not been conducted holistically which became one of the causes of poverty. Samuelson and Nordhaus mention that many obstacles to mutually reinforcing development. It can be reflected in the Figure 1. Samuelson and Nordhaus say that low income levels inhibit saving, slow capital growth, hinder productivity growth and bring back low income. As long as these chains can be broken, then the development will be able to encourage the improvement of technology that can ultimately improve the quality of production for small industries so that productivity and quality is no longer easily crushed by various competition in the market.

**Figure 1. The Poverty Cycle.**


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11 Ibid.
However, the reality is that development in various sectors still needs to be encouraged again to combine potential strategies and mixes to create high economic growth that can be an indicator of economic progress. Under these circumstances, the national small industries still have a chance to survive by generating the kinds of products whose production processes without economic scale and using simple technology with certain skills.

The uniqueness of this small industry specification can provide an advantage gap compared to other industries because market segmentation becomes very limited due to the uniqueness. For example; certain consumers who buy batik tulis of good quality and high price, rather than cheap printed batik. For items that seem to be of the same kind, society certainly has different preferences, perhaps about colors, shapes, packaging, prices due to differences in tastes and consumption behavior. This opportunity must be utilized by the small industry as best as they can in order to survive in the challenging market competition.

If the national small industry players cannot take advantage of these opportunities, especially in maintaining the quality of products it would be very harmful. Inadequate product quality will automatically create obstacles in marketing. In addition, the limited scale of production makes industry often restrict themselves to trade locally or domestically, thus shut down the opportunity to trade their products to the wider export market with promising substantial profits. Unfortunately, many industries are not able to take advantage of that market opportunity. This is also caused by a very weak marketing network because of the interconnectivity of the industry (network) to form the product marketing chain is still very crucial, as mentioned above one of the obstacles is that the national small industry is still moving individually.

Implementation of Fundamental Values of State Defense to Inspire National SME

Fundamental values of State Defense are reflected in the form of love to the homeland, the awareness to nation, believing in Pancasila as the state ideology, willingness to sacrifice for the nation and have the initial ability to State Defense.

Fundamental value of love to the homeland can be realized in contributing to the progress of the nation. When
correlated with the problems in the small industries mentioned above, young people should be able to give a concern to the national small industries so that they can play a significant role in driving the national economy through increasing production, export and employment of skilled workers. For example; scholars want to move directly to the field by providing various counseling and coaching to small industries, especially regarding the various weaknesses of its characteristics so that the awareness to join the business association or the scholars are willing to do didactic ways to improve the quality of human resources with a target oriented on improving technical skills and knowledge, especially management of small industry actors so that it will improve competitiveness, improve product quality and open up wider market opportunities.

Reflecting from the 4 (four) elements of development mentioned by Samuelson and Nordhaus, the limited quality of human resources that became the driving force for the improvement of domestic industries has led to the development target is still very far from perfect. With the composition of male-dominated labor force, the role of women should be enhanced because the role is fundamental. Women are the core of family defense as it is expected to be the driving force of Indonesia's holistic economic development so it really needs women's empowerment to stretch the national small industry. This form of love to the homeland can be realized, for example; the active involvement of women especially those who have succeeded in business so as to stimulate other women to follow in their footsteps, the patronage is important enough to be replicated, here the sincerity to share knowledge, insight, experience and skills without expecting reward is an attitude of altruism that should be sustainable to be developed in this earth.

Fundamental values of the nation awareness that are instilled in an early, continuous and sustainable manner by giving understanding of the values of life in society and the rules that apply. In the context of this problem, it can be reflected in the unshakable value of the sense of destiny, experience and will, which can be applied by national small industry actors not to work independently, but gotong royong (cooperation) and mutual assistance in partnership to create business independence and seize opportunities market expansion that can generate benefits for the joint venture.
The lack of awareness of the small national industry sees the potential of the partnership so many who operates independently make their development stagnant because they have not yet wanted to join any association.

These challenges must be answered especially with the state's defense efforts on the fundamental values of nation awareness, for example; young people who take the initiative to enter the business world, through academic provision of college plus the entrepreneurship or entrepreneurial spirit, young people are expected to develop their business independently, also with the awareness of the nation should make young people who have been successful in the business can gather strength with other businessmen on a national scale, realizing that other businessmen are not as competitors, but comrades in business. The attitude of nationalism here is very necessary to be developed, not just anti jingoistic sentiment towards all external products, but now it is needed in the face of the onslaught of imported goods that have flooded the market.

Fundamental values of national awareness can also mean love to the national culture and domestic production. Almost the same with the above subject that young people as the successor of the nation should be able to love the domestic products thus being proud to buy and use them. But not only from the consumer side that are also needs to be fostered, from the producer side must pay attention to business practices, not to get more profit, local producers cheating when operating their business, for example; mixtures, counterfeit goods, etc. It is not really in accordance with the culture of the nation that upholds the value of the probity. Moreover, such actions will also harm producers in the long term, although the benefits can be achieved, but only temporary.

Coupled with the entry of imported goods that have begun to invade into areas that are very basic, such as; raw materials so as to rapidly affect the national small industry. The obstacle lies in the uncompetitive market structure, the small national industry only makes purchases on raw materials in small quantities while the marketing chain of such raw materials is so long that access to the availability of raw materials is hampered. Especially with the dependence of raw materials with limited production techniques in the season so that influences its supply. The presence of
raw material imports also helped shape the market structure of uncompetitive raw materials due to the form of monopoly or oligopoly so that the national producers dependence rate becomes very high. Again, raising awareness of the small national industry to join the association in order to afford large quantities of raw materials is urgently needed as one of the solutions. Again, to the fundamental of national awareness that must be truly implemented.

Fundamental value of believing Pancasila as the state ideology, namely; understanding the values in the principles of Pancasila, trust in Pancasila as the philosophy and ideology of the state, making Pancasila as the unifying nation and implement and practice the values of Pancasila in everyday life.

The first principle in the points is mentioned; trust and piety to God Almighty according to their respective religions and beliefs on the basis of a just and civilized humanity. And respect and cooperate between religious adherents and believers of different religion so as to build harmonious life. This can be implemented to reduce or even eliminate the individualistic egocentrism that still affects the characteristics of small industry. By eliminating barriers of difference and upholding the values of tolerance, then partnerships can be established.

In the second principle it is mentioned; develop a tolerant attitude, namely; an attitude of life in speech, deeds, and behavior that reflects respect and appreciation for others. We should be able to interact with anyone, anywhere, anytime. With this principle, industry actors can maintain a partnership and will be built so that in the future the association that is formed is strong in business and solid in the relationships among members within the organization.

In the third principle are mentioned; Placing unity, brotherhood, interest and safety of the nation above personal or group interests, willingness to sacrifices for the benefit of the nation and Love of the Homeland and the Nation. These attitudes and behaviors can be embodied that successful business actors are willing to share their knowledge in doing business in order to become role models for other industry actors, especially to be practiced in small national industries. Sharing the science and business secrets is still difficult to do, but this is where the need for willingness to achieve the nation's progress. Moreover, to help solving a series of classic problems faced by small
national industry, for example; about the ability of production and management techniques that are still limited so as to make a small national industry easy to move on to the global platform because the competition comes from a well-established industry in production and management system. Again, the quality of human resources through the improvement of the level of education and expertise accompanied by intangible capital, such as: work ethic and entrepreneurship are key to sharpening the skill of the workforce in the management.

Meanwhile, to apply one form of love to homeland and nation, business actors who have high entrepreneurial spirit should prepare a series of strategies to keep trying to win the competition. This persistence is one of the requirements of an entrepreneurial spirit that is indispensable for facing global challenges. Therefore, successful business actors should be able to train the entrepreneurship spirit of national small industry actors to be resilient in facing any situation and not necessarily discourage their efforts in the event of failure, but even motivate further to penetrate the international market with a strategy - mature trading strategies and product quality that is constantly improved over time so that the expectations of the products produced will be targeted by consumers around the world. With all these capitals will boost the capability of the workforce to advance the industry. Again, there is a need for a successful industrialist's willingness to become a patron in order to be imitated by a small national industry.

In the fourth principals it is mentioned; giving priority to the interests of the state and society. With this attitude, it is expected that industry players can be broadly motivated to improve education and train their workers to improve productivity within the framework of the state and nation. Through skill improvement, workers can be more productive because they can also capitalize more effectively, workers with sufficient knowledge will be able to adopt new technologies and learn from mistakes when encountering business failures in the past. To promote the nation, the need for the state to send the best people abroad to gain knowledge and learn new technologies from advanced countries in their business practices. This is where the attitude is given priority to the interests of the nation so that the perpetrators who are given opportunities to go abroad in
the future do not become diaspora by tempting seductions, such as; higher wage rates and the convenience of facilities in work that is certainly much different than the existing conditions in the country.

In the fifth principal mentions; develop noble deeds that reflect the attitude and atmosphere of kinship and mutual cooperation and fairness. The mutual assistance attitude mentioned above is the key to maintaining the integrity of partnerships woven between small national industries. Justice can also be reflected in the development of justice. So far, there is still a considerable disparity in urban and rural development so that if the fifth principle can be applied, equity in infrastructure development could support the progress of small national industries. Justice can also be reflected in the development of justice. So far, there is still a considerable disparity in urban and rural development so that if the fifth principle can be applied, equity in infrastructure development could support the progress of small national industries.

Fundamental value of the willingness to sacrifice for the nation by inculcating the values of voluntary sacrifice for the progress of the nation, such as; prioritizing public interests rather than personal, participating in the development of society and nation so that to promote the small industry is absolutely necessary.

Fundamental value possessing the ability to State Defense. In the context of this problem the small national industry should have a high competitiveness to be a winner in global competition. It takes the government's important role to raise the level of national industrial competitiveness in the international platform. The government's role should be encouraged in increasing the export of small-scale industries by providing detailed and routine information on overseas market potential, encouraging local producers to participate in exhibitions both at home and abroad and introducing them with potential importers to open up more market potential overseas which is supported by export and deregulation policies and training as well as job counseling, especially for national small industries.

The role of the government should also be enhanced in order to raise the competitiveness of national products abroad. The government should be able to assist local industries in improving the quality of the product, even if the government can provide product quality test with international quality standardization, the government should also be active in conducting seminars on export, product quality and training activities for the workforce in a local industry that will benefit the domestic industry traders. The role of the government needs to be intensified on
policies to increase exports, through; reduction in export taxes, simplification of export procedures, subsidization, marketing assistance to exhibitions that will spur the interest of local industries, especially for small industries to scale up their businesses and participate in increasing their trade exports.

In the effort to defend the state to move a small national industry is indeed still have a chance to survive the various strikes in the era of free trade, but it still requires a very hard effort and certainly not as easy as turning the palm of the hand so it needs support from all parties, especially the government as a maker of regulation and driving advancement for the industry.

The location of the success of a country is derived from its human resources are always swift in the face of change. Therefore, the Government should be able to encourage economic progress so that Indonesia must immediately catch up in order to win an increasingly global competition with various challenges that increasingly crucial in the midst of a free trade era like today.

Conclusion

The existence of international trade has led to a market expansion that should be able to inspire sustainability level of the product, but in reality it does not always happen.

Recent international trade transactions often cause losses to local products, especially those from small industries due to their very limited production scale. In addition, individualistic characteristics of small national industries are inhibiting joint progress.

Small industry actors are still not aware of the importance of the association in gathering the power of mutual business which is gotong royong (cooperation) and mutual assistance with one another so it needs to be realized the awareness of the importance of partnership in a joint effort.

Moreover, the classic problem faced by small national industries is capital, the limited capital will also limit the scale of production, the small scale of production makes for a low income thus the industry has a difficult time in raising its status to a middle and high class industry.

Quality issues are also a crucial problematic for small national industries. The disparity to the quality of this product is also caused by the weakness of the provision and mastery of technology so that many national small industry lags
behind. The use of low technology can of course affect productivity performance. Under these circumstances, the national small industries still have a chance to survive by generating the types of products whose production processes lack economic scale and using simple technology with certain expertise. The uniqueness of this small industry specification can provide a gap of excellence compared to other industries because market segmentation becomes very limited due to the uniqueness.

The peculiarities of the characteristics of a small national industry become very essential to solve a number of problems that engages the national industry. The presence of this industry with creative and innovative characteristics as well as flexible in the production process is needed to fill the market demand with increasingly diverse segmentation and specification so that it is not enough just met by large scale industry only. This can be one of the keys to success that should be exploited by the national small industry traders and the hope that the development of national industry can improve over time so as to encourage the economic progress of the nation.

Efforts to defend the state applied in various values, such as; fundamental values of the love to homeland, fundamental values of national awareness, fundamental values of the nation and fundamental values believing in the Pancasila as the state ideology, fundamental values of willingness to sacrifice for the nation and fundamental values possessing the initial ability in State Defense.

The basic value of love of the homeland can be realized in contributing to the progress of the nation. When correlated with the problems that are being wrapped around the small industries mentioned above, young people should be able to give a concern to the national small industry so that it can play a significant role in driving the national economy through increasing production, exports and employment for skilled workers.

Fundamental values of the nation awareness that are instilled in an early, continuous and sustainable manner by giving understanding of the values of life in society and the rules that apply. In the context of this problem, it can be reflected in the unshakable value of the sense of destiny, experience and will, which can be applied by national small industry traders
not working independently, but gotong royong (cooperation) and mutual assistance in partnership to create business independence and seize opportunities in market expansion that can generate benefits for the joint venture.

Fundamental values of awareness of nation can also mean love to national culture and domestic production. Almost similar with the subject above that young people as the successor of the nation should be able to love domestic products, proud of purchasing and using them.

Fundamental value in believing Pancasila as the state ideology, namely; understanding the values of the principles of Pancasila, trust in the truth of Pancasila as the philosophy and ideology of the state, making Pancasila as the unifier of the nation as well as implementing and practicing the values of Pancasila in everyday life.

Fundamental value of willingness to sacrifice for the nation by inculcating the values of voluntary sacrifice for the progress of the nation, such as; prioritizing public interests rather than personal interest, participating in the development of society so that to promote the small industry is absolutely necessary.

Fundamental value of possessing the initial ability to defend the state. In the context of this problem the small national industry should have a high competitiveness to be a winner in global competition.

These fundamental values should continue to be developed to drive a small national industry in a contemporary global landscape, national small industries not to die and keep growing despite the diverse challenges ahead. The reality is that international trade has made many difficulties in the national small industry movement and even deaden its potency which is very important, therefore the effort to defend the country in reviving the national small industries is absolutely necessary and must be implemented in real life.

References


