

MANAGING SMALL BUSINESS ENTERPRISE: SOCIAL CAPITAL AND FINANCIAL APPROACH AT REGENCY PROBOLINGGO

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Abstract: *This study attempted to analyze management model of small business enterprise in Probolinggo regency. Conceptual framework was based on social capital and financial approach. Terms of finance would be analyzed with financial audit, and social capital consisting of individual behavior, organization behavior in groups, relationship with others and government institution which followed local social norms enhancing goals congruence. Research design integrated both exploratory and confirmatory research. The unit of analysis was small business enterprise, members of community organization Urban Poverty Project-2 in Probolinggo regency. The finding of research indicated four dimensions representing the management model of small business enterprise. They were: 1) financial factor; 2) skill; 3) disciplines for quality; and 4) relationship factor. The next analysis was adjusted with demography cluster. Based on cluster and factors analysis it could be described that, groups in first cluster were 19% concerning in financial and relational factors. The second cluster was just 5% concerning to skill and discipline for quality. The third cluster consisted of 26% concerning to relational, and the forth cluster was as the majority members, 50% of the population, concerning in financial and skill factors, and having significantly correlation between educations and income. This result was appropriate to financial and institution audit.*

Key words: *financial and institution audit, social capital, small business enterprise*

Managing small business processes need management in focusing to customer, emphasize to quality and unique product than economic of scale. Therefore, managing small business enterprise is different from large scale that concern to economic of scale. Usually, for large scale enterprise management model is emphasizing economic of scale and tend to monopolistic market

share, with mass production and low cost strategy will be getting competitive advantage. Although in advanced management model is all so tend to customer focus. But, unfortunately, the most of Indonesian company still tend to economic of scale.

Based on the finding this research, for managing small business enterprise needed four factors, they are skill factor; finance; discipline for

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quality, and relationship factors. To synergize all of these factors will be better management model. Skill factor is described of human resources aspect in working in the firm. When, the firm have high skill to process of products and can fully the needs of customer, that is indicate any synchronized between skill and customer need. And then, the skill factor must be properly with others factors, i.e.: financial; disciplines for quality, and relationship factors.

If they are reviewed from discipline for quality factors, so the meaning that, quality is reflected for specification of product development. In which, described of business processes until get the excellence product from the others. The quality of products must be following by high skill of labors to concern with quality and production process, beginning material handling quality, labors, and factory overhead resources quality, to support products so relevant with market share.

The next is relationship factors; it is describe the customer's side relationship with marketing strategy of the firm. In order to obtain the characteristics customers clearly that, need identified customer's wont or customer's need, supported by well prepared questions base on sophisticated marketing theory i.e.: marketing mix concept; market orientation; customer focus; and the latest is balanced scorecard concept. And the final is financial factors, after we have already evaluation and synergized of the first–three factors, for the next stapes is score with financial aspect and balanced each factor to others so that can be obtain balanced management model among all of the factors. The management model with synchronized among customer focus, internal business process, learning and growth perspective, and financial perspective is named the balanced scorecard (Kaplan 1990). Therefore, in the performance evaluation for small business enterprise is similarly with balanced scorecard, and the others hand, dealing with behavior aspects of entrepreneurs will be analysis base on social capital concept.

Social capital can be defined as networks and associated shared norms that facilitate co-operative behavior within and between social groups. Values and shared understandings that are widely seen to affect the quality and quantity of social interaction include trust, honesty, meeting obligations, helping those in need and tolerance.

Three main types of social capital have been identified: bonding social capital (connecting similar types of people and groups); bridging social capital (connecting people across social divisions, e.g. age, ethnicity, occupation, locality); and linking social capital (connecting individuals to people in positions of influence in formal institutions e.g. police, schools, banks). A balance between bonding, bridging and linking social capital is necessary to promote social support and wider social connectedness. Dealing with small business enterprise, social capital is relevant in to integrated management model to support the synergizing of overall management perspective

MANAGING BUSINESS PROCESSES

How does a Small Business Enterprises Manage Business Processes? This issue of the Business Process Trends newsletter focuses on how managers manage ongoing processes. The term Business Process Management (BPM) has become popular, recently, and it suggests rather different things to different groups of practitioners. Harmono (2003), identified at least five different common uses of the term: (1) Strategic Management of Business Processes. Executives decide what business processes are required to achieve the strategic goals of the organization. They define strategy, broadly, manage the business process architecture, and rely on business process measures to determine if processes are making an adequate contribution to organizational success. At this level, the concern is whether processes should be added to the company's portfolio, modified, or dropped. (2)

Management of Large-Scale Business Processes. At the next level down, line managers, process managers, or management teams are responsible for the overall success of large-scale business processes. They are concerned with assuring that the sub processes are coordinated and that they work smoothly to achieve the strategic goals of the specific business process. At the other hand, for small business processes management need focusing to customer, emphasize to quality and unique product than economic of scale. Therefore, managing small business enterprise is rather different from large-scale. Based on the finding this research, for managing small business enterprise needed four factors, there are customer's focus, care to quality, skill, and financial factors. (3) Management Activities. At the next level, we have managers who are concerned with the day-to-day operation of a specific process or activity. Many studies have suggested that the easiest way to rapidly improve a given business process is to improve the way it's managed on a day-to-day basis; order to every non value added activity can be eliminated. (4) The Management of Process Redesign or Improvement Projects for small business enterprise. This type of management focuses on a specific project with a specific goal: the redesign or improvement of a process. Day-to-day managers may be involved in the project redesign or improvement effort, but the management of a change project is essentially different than the ongoing management of a process or activity. The planning of redesign must be integrated with within and between organizations function to achieve optimizes performance. (5) The Design and Use of Automated Systems to Manage a Process. Recently, theorists have begun to talk about using software languages to model and control the execution of automated processes. This approach, with its focus on IT modeling, systems techniques and Internet techniques like XML, emphasizes the use of software tools to control and modify automated

processes. Whole books have been written about each of these different types of process management. In this issue of managing small business enterprise depend on unique of product and external demand. If the market need expected the product have IT modeling that SBE must adapt to market competitions characteristic. But in the most weaknesses for small business enterprises that, less capital, don't have any skill, and marketing. Therefore need, training for labor, and have synergies with government polices and donors.

IMPLEMENTATION OF MANAGING SBE

Some of procedure in managing and job functions for Small Business Enterprise can be illustrated at figure 1:

- Define the Overall Process. Determine its goals, its boundaries, how it interfaces with other processes, what facilities are needed, and what work will be accomplished.
- Plan, Schedule and Budget. Determine how to create the needed facilities, how to hire the employees needed, and how to establish the relationships necessary to interact with other processes. You will need a schedule to determine what will happen in what order, and a budget to establish what it will cost. You will also need to create a budget to pay for the on going activities involved in the process, including salaries and the acquisition of supplies.
- Define the Specific Sub processes and Steps of the Process. Besides determining the overall boundaries of the process and its inputs and outputs, you will need to determine exactly who will do what, when. You will then need to prepare job descriptions for employees to define each employee's tasks.

- Define Measures, Policies and Business Rules. You will need to define an external goal that you can use to determine if the process output meets the goal of the process. You will also need to define internal goals, as needed, for employees and subprocesses or activities that can be used to measure outputs of subprocesses and activities. And you will need to define policies and business rules to assure that the performance of the process will conform with company policies, safety and legal requirements, an appropriate practices necessary for the success of the process.
- Create and Provision Process. When everything is planned, budgeted and approved, you will need to rent the space and hire the people. You will need to provide any training needed to prepare the employees. If software is required, you will need to acquire it. Then you will need to begin accepting inputs and generating outputs to test and improve the workflow until output measures can be met.
- Monitor Ongoing Process. Once the process is functioning properly, establish specific measures of performance and a schedule on which to monitor the process to assure that the process continues to meet its output goals.
- Control the Process by Diagnosing and Correcting Problems. The people performing the process will need feedback. If they are performing correctly or exceptionally well, they need to be told. Appropriate rewards need to be given. These may include citations, bonuses, raises or promotions. If the process begins to turn out defective outputs, you will need to be able to diagnosis the problem. Faults must be identified and minimized or eliminated. In some cases, procedures must be altered, the workspace redesigned, software altered, or suppliers

notified that inputs are inadequate. As necessary, people must be told they are performing inadequately, given additional training, docked, or fired. Figure 1 provides an overview that suggests how a manager interacts with an ongoing process.[1] It also suggests the various tasks we considered when we discussed creating a new process into two broad activities: Planning and Organizing, and Monitoring and Controlling, and shows, in a very general way, how they relate to a process that is being executed. This is an arbitrary way of grouping the functions, but we find it useful. Managers at all levels have these same general concerns. At the strategic level, the executive focuses on organization.

SOCIAL CAPITAL

Although social capital stifle developing theory, it is relevance and have any relationship with the others concept (i.e. economy; sociology, anthropology, and also psychology) even though in practice among them can't be separate only one aspect. Therefore, in this case adopt social capital and combined with economy, and the others to construct of model and variables in order to get information completely for managing small business enterprise.

Studies on social capital have been mostly empirical and they have been based on a variety of definitions and operationalizations of the concept. According to Bourdieu (1986) social capital is a measure of individuals' social networks. Putnam (1993) defines social capital as networks, norms and trust that help people to act together. He also claims that social capital has an individual as well as a collective, or group-based, face. Although the definitions of social capital show a discrepancy, there are certain elements that reappear in them, especially the concepts of trust,

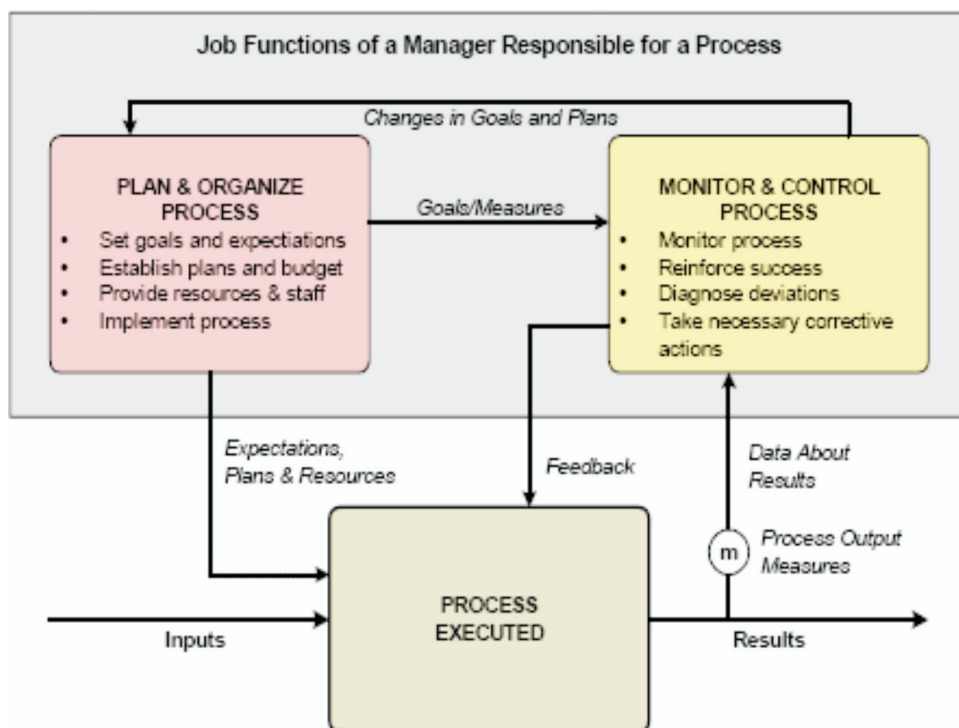


Figure 1. An overview of the tasks of a manager. (After Rummler)

networks and cooperation. A central aim of this project is to explore the relationship between these elements and, consequently, to provide a more profound understanding of the concept of social capital and relationship with economy for managing small business enterprise. It should be pointed out that in this research plan we do not restrict ourselves to any particular definition of social capital. Moreover, social capital is treated either as an independent or as a dependent variable in empirical studies. The causal direction depends on the research question to be answered, and is clarified within each subproject.

This project studies social capital and its elements from three different perspectives. First, we will follow those economists and rational choice theorists who have analysed the patterns of reciprocal cooperation that may emerge in repeated interactions. In this approach, cooperation is explained primarily by actors' mutual benefit gained by strategies of conditional

cooperation. As a result of successful experiences of cooperation, norms of cooperation are expected to emerge, as well as trust in others' willingness to cooperate. Hence, trust is understood as a result of previous cooperative solutions to collective action problems, but the mutually reinforcing relationship between trust and cooperation is also emphasized.

The second approach typical in sociological models, considers shared norms and values as well as factors like familiarity and friendship as the basis of trust and cooperation. In this approach, trust is considered the precondition or at least a facilitator of cooperation rather than its outcome. (Gambetta 2000.) Partly similar to the sociological approach, in political science structure is often treated as an explanation of human behaviour. The structural method considers macro variables, such as the political system or social class, and even physical variables, such as geographical location or demographic size, as independent variables.

Actors' behaviour is analysed in relation to the system(s) they interact in (Giddens 1981, Jervis 1997). Correspondingly, a structural model might state that, for example, a certain type of democratic system nourishes trust and promotes cooperation.

The third approach of our project is based on democratic theory, following the contributions of such authors as Rousseau, Mill and de Tocqueville and, later, theorists of participatory and deliberative democracy. These theories focus on how people adopt and act according to the norms, values and obligations that define democratic citizenship. Following this approach, it can be argued that certain democratic values and norms, such as the sense of civic duty, mutual respect, impartiality and commitment to rational discussion may facilitate trust among individuals. We examine whether democratic institutions and norms increase certain aspects of social capital.

A more traditional assumption in the political science literature (e.g. Putnam 1993) is that social capital sustains democracy. It has been argued that social capital among citizens enhances trust in democratic institutions and practices. This argument raises several questions. For example, what does it mean that people trust in democratic institutions? Do they expect the institutions to benefit them personally or to treat all claims and opinions neutrally or impartially? (Cf. Barry 1995.) When discussing the relationship between social capital and trust in public institutions, one should also consider the "dark sides" of social capital (Putnam 2000, Field 2003). In public decision-making and administration, certain types of networks of trust and reciprocity may be considered signs of weak public morality and corruption. In this respect, it is relevant to make the distinction between inward-looking networks pursuing the benefit of the members only and outward-looking networks dedicated to the pursuit of the public good. Another widely used distinction is between bonding social capital, i.e. exclusive connections between like-minded people, and bridging social

capital, i.e. inclusive connections between social cleavages. Our purpose is to give these concepts a more solid theoretical foundation by relating them to such concepts as reciprocity and impartiality.

The previous activities of the scholars involved in this project support the goals of the project. Dag Anckar has specialized in the problem of democratisation (Anckar 2002). Kimmo has specialized in comparative research on electoral behaviour (e.g. Grönlund 2003) and Kaisa Herne in decision making experiments (e.g. Herne 1999). Maija Setälä has specialized in democratic theory (e.g. Setälä 1999).

FINANCIAL AUDIT

Based on job description clearly so, operational of SBE will be hence cost effectiveness and helping auditing processes for improving task control. When every activity can be responsible and has audited that, SBE will be getting value added activity and any have good competitive advantage. Therefore, for getting good managing SBE can be sport by describe of financial audit in bellow:

Risk assessment to direct audit efforts to the needs of the small business enterprise and to carry out our responsibilities, the Auditing Division has formulated a Risk Analysis Model from which the Internal Audit Section annual Audit Plan is prepared. The Auditing Division evaluates every SBE budget unit based on the following criteria: the financial exposure of the unit, the number of employees, and the time elapsed since last audit, the extent to which the area is a source or use of cash, and the assets controlled by the unit. The Revenue Audit Section conducts monthly Audit Selection Committee meetings in order to prioritize the audit list, review the State of SBE reports and audits, and analyze statistical reports produced by the Information Services and plan out-of-SBE audits.

Based on financial audit reporting, management can be analyzing of every activity and organization line, and than to make decision for better operation organization. By cross checking between activity and financial condition, the management will get usefulness for correct and improving task sustainability.

Some factors for Prior Research Harmono (2002) Nirwanto and Harmono (2006), and Harmono (2007) describe that any tree factors for empowerment of community development (e.g. productivity; accessibility; and competitiveness). And than combine with characteristic cluster have formatted consist of tree clusters. The first cluster have 13% members from 98 respondents perceive less on poverty reduction program, does not

perceive positively the significant factors invented. On average have secondary and high school level of education, the lower income if compare with two others clusters. Second, 26% form respondent concern to third factor, they perceive to become success must competitiveness; excellence product; and have any saving for sustainability strategy. And the finally, is cluster tree have 63% of members attaint to hold of factors they are productivity; accessibility; and competitiveness. If small business enterprise concern in that factors and supported by financial factor that mention is balances scorecard management model. In generally when management applied this model can get the balanced management and improving accurately for competitiveness and sustainability. Illustrated for detail prepared in Figure 2.

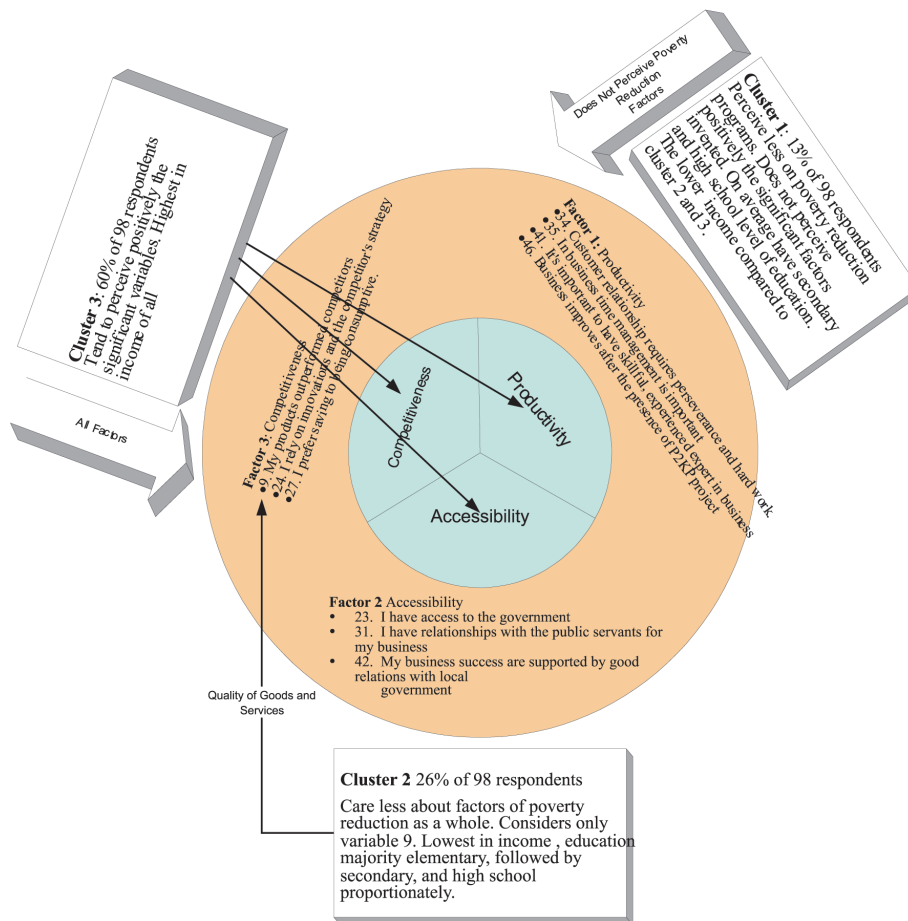


Figure 2: Factor and Cluster Analysis of Sample Area Sengguruh (Nirwanto and Harmono, 2006)

RESEARCH METHOD

This study is a combination of exploratory and descriptive research as a Small Business Enterprise management model. The unit of analysis is the members of community organization of Urban Poverty Project-2 (UPP-2) project in Probolinggo City. Those members belong to self-sustain groups in tree villages, Pakistaji, Kebonsari Kulon, and Wiroborang. The area is characterized by education level and small industries management model.

As an exploratory research its objective is to discover ideas and insights based on sufficient

concept and prior research and empirical logic. Factor analysis rely on the four dimensions of skill, discipline for quality, relationship, and financial perspective. Economic, and environment as the basis of empowerment. The target group is classified into clusters that represent each behavior as they perceive against empowerment underlined.

Based on the cluster and the respective demography a model prototype is designed in order to come up with appropriate instrument—in this case training modules—in poverty reduction as the goal to be accomplished. The variables estimated are described in Table 1.

Table 1. A Summary of Variables Estimated

Variable	Dimensions	Indicator	Scale
Empowerment	Economic (financial)	1. Economical	Ordinal (Interval)
		2. Payback due	Ordinal (Interval)
		3. Productive	Ordinal (Interval)
		4. Technology based	Ordinal (Interval)
		5. Funding	Ordinal (Interval)
		6. Efficiency	Ordinal (Interval)
		7. Entrepreneurship	Ordinal (Interval)
		8. Consumerism	Ordinal (Interval)
		9. Income	Ordinal (Interval)
		10. Saving	Ordinal (Interval)
		11. competitiveness	Ordinal (Interval)
	Social	1. Access to institutions	Ordinal (Interval)
		2. Organizing	Ordinal (Interval)
		3. Work ethic	Ordinal (Interval)
		4. Independent	Ordinal (Interval)
		5. Timely	Ordinal (Interval)
		6. Access to information	Ordinal (Interval)
		7. Networking	Ordinal (Interval)
		8. Human resource	Ordinal (Interval)
		9. Integrating	Ordinal (Interval)
		10. Perceived poverty	Ordinal (Interval)
	Environment	1. Sanitation	Ordinal (Interval)
		2. Hygiene	Ordinal (Interval)
		3. Physical environment	Ordinal (Interval)
		4. Security	Ordinal (Interval)
		5. Esthetics	Ordinal (Interval)
Demography	Group identity	1. Name	Nominal
		2. Origin	Nominal
		3. Ethnic group	Nominal
		4. Religion	Nominal
		5. Education	Ordinal (Interval)
		6. Type of business	Nominal
		7. Occupation	Nominal
		8. Age	Ordinal
		9. Sex	Nominal
		10. Income	Ratio

Purposive sampling is the technique to acquire respondents among the members of Community Group (CG) UPP-2 program, i.e. Pakistaji, Kebonsari Kulon, and Wiroborang 300 CG each CG consists of 3-4 members, all of them in Probolinggo regency.

The data analysis technique are descriptive with factor and cluster analysis with following model:

$$X_i = A_{i1}F_1 + A_{i2}F_2 + A_{i3}F_3 + \dots + A_{im}F_m + V_{iU_i}$$

Where:

- X_i = i-th standard variable
- A_{ij} = regression coefficient of i-th variable against common factor j
- F = common factor
- V_i = regression coefficient of standard variable i against unique factor i
- U_i = unique factor for i-th variable
- m = number of factor

Unique factors are corelated one another with common factors. Common factor is a linear combination of several observed variables, and illustrated below:

$$F_i = W_{i1}X_1 + W_{i2}X_2 + W_{i3}X_3 + \dots + W_{ik}X_k$$

Where:

- F_i = estimated i-th factor
- W_i = weight or coefficient of factor score
- k = number of variable

The assumption is that the variables estimated are standardized and the sample size is at least 4-5 times as many observations as there are variables. Conducting factor analysis the following procedure are taken: a) formulate the problem; b) construct the correlation matrix; c) determine the number of factors; d) rotate factors (ortogonal, varimax, and diagonal); e) interpret factors invented; f) calculate factor scores and select surrogate variables; and finally g) determine the best model fit.

Cluster analysis is chosen as a technique to classify objects into relatively homogenous groups or clusters. The steps involved in cluster analysis are as follows: a) formulate the problem; b) select a distance measure; c) select a clustering procedure; d) decide on the number of clusters; e) interpret and profile clusters formed; and f) assess the validity of clustering.

This is nonhierarchical or agglomerative type and the number of cluster matches the number of factors invented. Variables are clustered based on the distance of similarity of each member characterized by its culture, and demography. This technique uses k-means clustering method and the steps are taken to acquire sequential threshold, parallel threshold, and optimizing partitioning or optimizing procedure assisted by quick cluster program from SPSS.

Nonhierarchical clustering starts with cluster center then group all objects into the threshold. Parallel threshold method determine cluster centers all at once. Reliability and validity are done by: 1) clustering the same data of different distance; 2) compare the results of several experiments to stabilize; 3) do different clustering and compare results; 4) test with split technique and compare; and 5) delete variables at random, clustering and compare.

Data are standardized by transformation to

$$Z\text{-score: } \sqrt{\sum \frac{X - \bar{X}}{\sigma}}$$

(is mean and σ is standard deviation).

RESEARCH FINDINGS

The subject of research are the members of small business enterprise in UPP-2 Program at Pakistaji, Kebonsari Kulon, and Wiroborang at regency Probolinggo City of East Java Indonesia. Analysis presented factors that constitute the

behavior against the empowerment of SBE based on the dimensions under study. The summary of the results are illustrated on Figure 3. It obviously said that the longer they are in business and perceive positively to empowerment against poor performance of SBE, including skill, discipline for quality, relationship, and financial. And the other hand, from demography indicating level of education have any correlation with income, the meaning of this condition is reflected that a higher education level will be more income. Describing of this result in detail can be follow to Figure 3.

At the others aspects for supporting to construct small business management model can be illustrated by cluster of demography. Based on cluster analysis have four clusters will be synchronize with that factors for getting criteria of management model namely; first cluster have 28 or 19% members is concern to factor 1 and 4 with

demography characteristic: Un educated 11%; elementary school 36%; Junior high school 29%; senior high school 29%; and strata I 4%.

The second cluster consist of 5% members of cluster concern to factor 2 and 3, with demography characteristic: UN educated 33%; elementary school 50%; and Junior high school 17%. The third cluster have 26% members of cluster concern just to factor 4 with demography characteristic: elementary school 22%; and Junior high school 17%; senior high school 56%; and strata I 8%. The final cluster 50% from population about 72 people attend to factors 1 and 2; with demography characteristic: un educated 13%; elementary school 32%; and Junior high school 27%, and strata I 1%. With integrated preparation of out-put data analysis can be illustrated to following Figure 3.

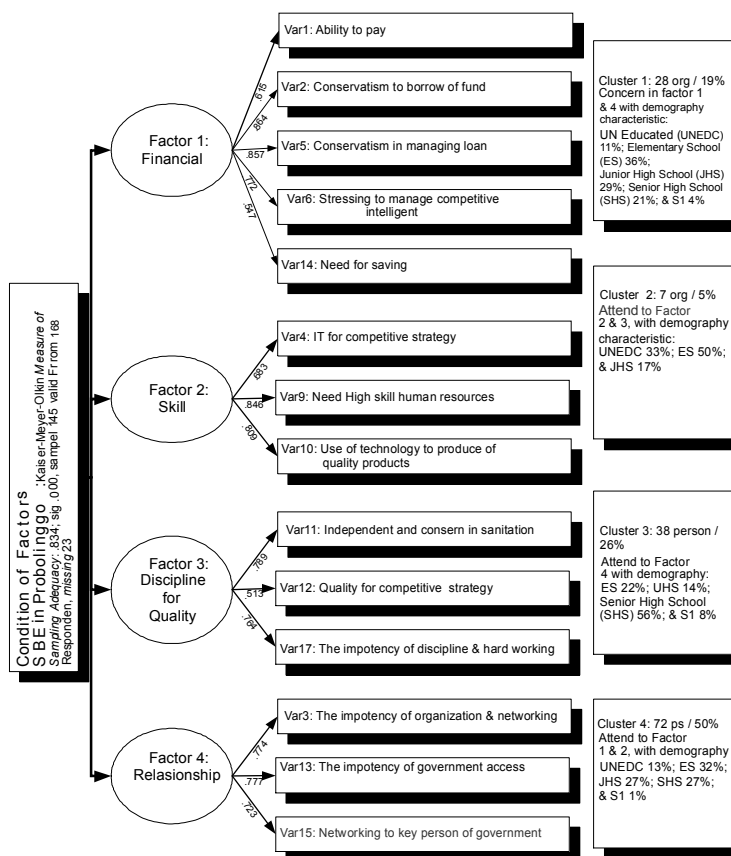


Figure 3. The Finding of This Research of Some Factors and Clusters for Small Business Enterprises Management Model (Harmono 2008)

DISCUSSION

Based on data analysis, obtained four factors and four clusters, basically both of factors and cluster can be synergized to build of creative management model for SBE and supporting by demography characteristic. The first is financial factor, they are consist of five element i.e. ability to pay, conservatism to borrow of fund, conservatism in managing loan, stressing to manage competitive intelligent, and need for saving. It is reflected of financial management of SBE. Look at the financial factors carefully, and synergizes to others factors will be empowerment to manage of SBE.

The second is skill factor, this ones are consist of three element i.e. information technology for competitive strategy, need high skill human resources, and use of technology to produce of quality product. Third factor is discipline for quality, element of this factors consist of independent and concern in sanitation, quality for competitive strategy, and the impotency of discipline and hard working. And the final factor is relationship, these is dealing with some element i.e. the impotency of organization and networking, impotency of government access, and networking with key person of government.

Based on a forth factors, we can analysis and synchronize among all factors will be getting SBE management model, integrated and synergized with clusters and demography factors. Experts mention of this model are management based balanced scorecard (Kaplan, 1990, Harmono, 2007). Clearly, explanation of this model can be illustrated at the Figure.

Here after, we have discussed about factors analysis, if joint with cluster analysis will be getting integrated management model of SBE. Based on cluster analysis with use of level education for cluster criteria can be indicated four cluster. The members of cluster one are 28 people or 19% from the sample. They are tend to factor 1 and factor 4,

in this case can be identified that the peoples in to cluster one have unique criteria, they are include the good people because of them have skill and conservatism in funding for their business

The members of cluster two are just 7 people or 5%. They have characteristic tend to factor one and factor two. In this case can indicating carefully in financial and emphasizing to skill of labor. The people in this cluster can be categorized in conservatism group. Where its can be indicating of Probolinggo reGENCY people in Small Business Management Model.

The next cluster is cluster 3 (three), where here just tend to relationship aspect less to focus to thee-others factor i.e. financial, skill, and concern to quality. Therefore, base on this case, this cluster can be classified as just wont to get advantage from the donor or government, and unfairness just only to become dependent people. If we connecting to managing of SBE, if management just concern to one aspect namely relationship not to combine with skill of labor, financial aspect and good quality, so that the firm will not in good position. With the finding the characteristic this cluster, we suggesting to combine with three-others factors.

The final cluster is cluster 4 (four), this cluster concern to factor one and factor two. Here for factor one represented of financial management and factor two is skill of labor. The most members in to this cluster there are 50% or 72 people from 98 respondents. Therefore can be getting conclusion that the most people concern for managing SBE tend to financial factor and skill. Actually, if the people attain to financial management and skill indirect they are concert to quality and marketing. Proper with this finding research can be generalized that if we won't to get excellent in managing of SBE, we need mixing some factors they are financial factor, skill, quality, and marketing. Cohesiveness of four these factor we call managing SBE based on balanced scorecard. Beside of these factors we also need to

attainment of demography characteristic i.e. good education, high income, experience, age in productive, and on going business period about 3 or 4 years ago.

Indirect effect when the small business enterprise has good financial performance, reflected by financial audit. So that, some factors and cluster will be proper with financial strategy. Therefore, in rebuild management model beside attend to management factors and demography characteristic is better if considering financial performance, for getting SBE.

CONCLUSION AND SUGGESTION

Conclusion

Factors that constitute the behavior of the members of Small Business at P2KP project from the dimensions of social, economic, and environment at level of Local Government consist of Pakistaji, Kebonsari Kulon, and Wiroborang. The area is characterized by education level and small industries are consecutively, a. Financial aspect; b. Skill of labor; c. Discipline for quality and d. Concern to relationship for competitiveness.

Based on some factors in this research finding, we also found clusters can synchronized to these factors for to get Small Business Management Model. The management model in which comparing some aspect in here marketing, product, human perspective, and financial aspect namely is managing base balanced scorecard.

Clusters with positive attitude including productive, independent, have high accessibility, disciplinary and timely proved to have high competitiveness and successful in managing the credit loan for running and expanding the business. Those clusters possess above perception are also proved to have positive attitude towards

hygiene, sanitation, esthetics, and neat environment regardless of the subsidy and external aid.

Based on findings and significant then appropriate actions should be taken; training and education seem the right ones. Various methods can be developed to fulfill the needs as awareness is they key to fight poverty in developing countries and improving managing SBE. Practical training on entrepreneurship and all aspects pertaining to business as a self help remedy. Practical, efficient and effective, as well as fun methods should be developed and implemented.

Suggestion

Suggesting for future policies to rebuild the management model of small business enterprise need to synergize of some factors there are 1) financial factor; 2) skill; 3) disciplines for quality; and 4) relationship factor. And than four this factors as good as adjusted with demography characteristic and financial strategic. So that will be gotten small business enterprise management model.

And the others hand, for construct of management model must supported by financial audit for financial strategies.

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