KPA International Symposium in Indonesia 2014

Startup, Technology & Productivity in Korea and Indonesia

Venue : Conver	ence Hall in Ministry of Cooperatives and SMEs,
Jakarta	a / Indonesia
Date & Time :	August 20 ~ 24, 2014
Co-hosted by :	Korea Productivity Association
	Indonesia Cooperative Management Institute (IKOPIN)
	SKKU graduate school of global entrepreneurship
Sponsored by :	Korea Productivity Center
	Korean Innobiz Association
	Suwon Business Incubation Center, Korea
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	Indonesian Ministry of Cooperatives and SMEs
	Indonesia Institute of Cooperative Management (IKOPIN)
	PT. Markinah, Indonesia
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Korea Productivity Association

Magister Management Post Graduate Program Indonesia Institute of Cooperative Management (IKOPIN)

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INDONESIA INSTITUTE OF COOPERATIVE MANAGEMENT

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Dilarang keras, menerjemahkan, memperbanyak sebagian atau sejumlah isi buku ini tanpa izin tertulis dari penerbit

President's Greeting

Prof. Kim, Kyong Hwan (President of KPA/Sungkyunkwan Uni)



Welcome all of you to the international conference with a theme "Startup, technology & productivity in Korea and Indonesia "held in Jakarta, Indonesia by the Korea Productivity Association during August 20th through 24th, 2014.

This conference will be held at the international conference room of the ministry of small and medium size enterprises of Indonesia under the support of Indonesia government.

As all of you may know, Indonesia rises as one of the biggest consumer market in Asia right behind China and India, Moreover, many Korean companies are rushing into the Indonesia

market riding a wave so-called "Hanryu", Korean cultural boom, so I think that this is the right time for the conference to deal with the issues of common interest for both countries.

This conference will present 15 papers on Startup, Productivity and Innovation submitted by worldwide scholars participating from America, Japan, Australia, etc. besides Korea and Indonesia. From Indonesia, Mr. Meliadi, vice minister of the ministry of small and medium size enterprises as well as President and graduate students of Ikopin University which is co hosting this conference will join this conference. From Korea, about 30 professors, entrepreneurs, members of related associations and institutions will take part in the conference.

I strongly believe that this conference sill serve as a valuable place for the exchange of ideas and information to promote understanding and cooperation among the academic circles, industries, and government for both countries. Thank you.

Congratulatory Speech

Mr. Meliadi Sembiring (Deputy Minister, Ministry of Cooperative and SMEs)



An-nyeong-ha-se-yo. Yeo-reo-bun. Jo-eun A-chim-ip-ni-da.

Greeting everyone and welcome to today's KPA-IKOPIN 2014 International Symposium, I'm Meliadi Sembiring. A Deputy Minister of Ministry of Small and Medium Enterprises, Republic of Indonesia.

To have the opportunity to say a few words at the opening of what promises to be a really interesting seminar, where prominent scholars from both countries can present their own vies about productivity to enhance SMEs' performance which are the backbone of economy,

in their own voice. Therefore, I am looking forward to hearing what they have to say.

And I am particularly pleased to be able to welcome today's seminar co-host, Prof. Kim, Kyung-hwan who is the chairman of Korea Productivity Association, and Professor Sugiyanto who is the director of advanced studies in Ikopin along with many other guests an participants here.

As all of us may know, productivity in business in one of the most significant factors regarding the survival and success of every single enterprise. However, it is found to be not an easy task to achieve. Only a few very successful companies proved themselves to have enough productivity to survive the fierce competition in market. And if it comes for SMEs, it is more challenging task to improve the productivity not because they are not smart enough, but because their resources and environment are vey limited comparing to bigger enterprises.

In my work as the Deputy Minister of SME, I've been seen many SMEs are suffering from the difficulties as previously mentioned to produce their service and product with efficiency although they are trying very hard. Therefore, I wish today's seminar can derive a new direction to help SMEs improve their productivity. Thank you.

Welcoming Remarks

Dr. Sugiyanto (Director of Post Graduate Program of Cooperative Institut of Indonesia)



Assalamu'alaikum Wr Wb, Distinguished panel members, participants, ladies and gentlemen, good morning.

His Excellency, Deputy of Research Of Ministry of Cooperative and SME, The President of Korea Productivity Association (KPA), Sungkyunkwan University, Korea, Prof. Kim, Kyong Hwan, All of the Professor from several Korea University, our visiting experts; the participants of this seminar from Indonesia, Korea and Timor Leste. I welcome all the participants, especially

our foreign guests from Korea and Timor Leste, to our country.

My dear participants, this one-day seminar: about Productivity Innovation in Small Medium Enterprises (SME's) on behalf of the Ministry of Cooperative and SME, and cooperation between KPA and Ikopin,

The goal of this seminar, is to discuss about the Productivity Innovation in Small Medium Enterprises (SME's)", this topic will be interesting because the presenter is Professors, who come from several university in South Korea, they have a lot of experience about productivity and innovation in SME's in their country. We can learn from their experience to improve the performance of SME in our country.

We know about the current condition of Indonesia SME, Productivity through innovation in SME Business, is important issue in Indonesia, strengthening SME's in Indonesia is not as easy as turning the palm of the hand, but need power, fighting spirit, creativity and innovation, in order to create added value and comparative advantage for the SME products.

Other purpose, in 2015 we have to deal with Asean Economic Community (EAC) agreement, ASEAN as a single market and international production based, Indonesian products should at least be able to compete with products that produced by other manufacturers in ASEAN countries. According to Ministry of Industry, now only about 31.26% or 1,250 tariff lines from 3,998 product tariff lines that have competitiveness in ASEAN market.

"The most important keywords are improving productivity and innovation" I hope this seminar can answer this issues In concluding, I would like to extend a warm welcome to our distinguished panel members and participants. With their good guidance, I am very confidence that this session will produce productive and insightful discussions and be an important building block towards developing and implementing an integrated Productivity through innovation in SME Business, especially in Indonesia.

I would like to say thank you very much for Ministry of Cooperative and SME, our sponsors, KPA, AMOTI Korea, all presenters, Discussants, participant and event organizer.

Thank you. Wabillahi taufiq wal hidayah, Wasallamuallikum Wr Wb

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Productivity Improvement Through Innovation Coop Small and Medium Enterprises

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Abstract

Pattern and direction of development and anticipation corrected through the improvement of the changes that occur, including globalization accommodate, reconstruct development with climate change, and to revolutionize the green revolution. The fundamental problems of cooperatives and SMEs in the global climate is proactive action, not wait, or not only depend on the hospitality of government or relying on state finances charity alone. How much more in the era of global climate change at this time, cooperatives and SMEs are faced with the challenge of globalization that can drain people's economy, although there are also opportunities for cooperatives and SMEs to achieve success in the global natural gait.

We can learn from the experience of other countries. Why is that? Let us try to understand the role of cooperatives in other countries and their work to the economy of each country as well as globalization. Cooperatives and SMEs are able to convince the world of business, government, and society that the existence of cooperatives and SMEs capable of independent development and benefit, indicating the ability of the business though and if the cooperative organization as a modern organization, and characterizes a positive identity and solidarity behavior in the interact internally and externally.

The issue of increasing and improving productivity of cooperative and SMEs need in order to achieve a mediated settlement functions within the organization and effective business and anticipative to changes and challenges of globalization. The success of a local initiative is determined by the joint efforts communities, government, business, and academia in developing innovative solutions. Involvement, commitment, and motivation are element of cooperation as well as a condition of university would played role in improving productivity through innovation for Coop and SME's.

Keyword : coop, helix, innovation, productivity, SME's.

I. Introduction

The goal of development is provide value and benefits to the community on a variety of interests. Can not be denied that in line with the development of various shapes and patterns, it also leaves environmental problems, whether physical, social, economic, and social-cultural. Management of natural resources in addition to economic benefits for the development of income and life expectancy of society, but not least the environmental issues that arise as a result of the development.

Indonesia's economic growth over the last decade to reach significant numbers. Economic growth was also boosted income and Social Welfare. In addition, as a tropical island nation in the world, Indonesia is blessed with natural and abundant biodiversity, consisting of various shades of various tribes with unique culture, has a very strong potential to be developed into tourist destinations of international standard. Resource potential wind, waves, and natural gas also has the potential to be utilized optimally for community. This sector, if managed professionally to provide added value (added value) both economically, socially (services) and environmental (resource) as well as other strategic value.

Historically, the green revolution and infrastructure investments in a relatively long period since 1968 in Indonesia until now has not shown that the effect of creating a substantial progress for rural areas, even in some areas cause externalities. It is closely linked to the impact of the green revolution that leaves less environmentally and climate change, ecologically or business. Pattern and direction of development and anticipation corrected through the

improvement of the changes that occur, including globalization accommodate, reconstruct development with climate change, and to revolutionize the green revolution.

The fundamental problems of cooperatives and SMEs in the global climate is proactive action, not wait, or not only depend on the hospitality of government or relying on state finances charity alone. How much more in the era of global climate change at this time, cooperatives and SMEs are faced with the challenge of globalization that can drain people's economy, although there are also opportunities for cooperatives and SMEs to achieve success in the global natural gait. The question is how much opportunity is open and can be achieved cooperatives and SMEs, as well as how much the ability of cooperatives and SMEs to be able to reach that opportunity. How did the cooperative efforts and SMEs can improve its capacity to anticipate the challenges of rapid change and heavy from the globalization.

Having regard to the above conditions and challenges, it becomes very critical for development planning and development approaches that behavior conducted by submerging them took part in the cooperative movement or gelding of SMEs, if the revival of cooperatives and SMEs launched only a mere lip and discourse only. In contrast, the role of constructive development planners would be able to generate cooperative and SME into an institution that can help him, grabbing the global opportunities, provide benefits to the community and improve the welfare of member cooperatives and SMEs, not a utopian reality.

II. Learning Cooperative Productivity Today

Co-operative values and principles embedded continuously through systematic education cooperative will open the eyes of the public and the younger generation to understand cooperative appropriately and correctly, including the phenomenon of globalization. We can learn from the experience of other countries. Why is that? Let us try to understand the role of cooperatives in other countries and their work to the economy of each country as well as globalization.

Cooperative active role in the global climate by ICA recorded in the Global 300 which contains hundreds of names cooperative world exemplary level. In the global economic association, recorded some economic players of the cooperative movement, including Rabobank (Netherlands), Credit Agricole Group and Groupe Caisse d'Epargne (France), Mondragon Corporacion Cooperativa (MCC), Community Credit Cooperative (Korea), the National Trade Union Congress Singapore. Publication on cooperative development is relatively less well known, such as Rabobank history of Credit Unions transformed into one of the most successful banks in the Netherlands; Mondragon Corporacion Cooperativa in Spain turned into a giant industry which was originally just a small cooperative established a minister Jose Maria Arizmendiarrieta. MCC has a turnover of 14.155 billion dollars, and America turns MCC currently has three universities with thousands of students who are educated become co-operators tough. Similarly, the success of NTUC (National Trade Union Congress) became king dominate the retail sector in the country of Singapore. Cooperatives contribute significantly to the economy and the country was able to raise the degree of social and economic welfare of its members.

We can draw lessons from the development of agricultural cooperatives in America are able to achieve success and provide added value to members and the agricultural community, of course this is very different from the current state of the KUD. Cooperative movement in the United States is firm in its agricultural economic development, considering they realize that the competition is brutal domination economic system will take a lot of casualties. To avoid victims of brutality and economic systems, the farmers and ranchers founded and has cooperative. Cooperatives in the United States moves to anticipate the state, especially in agriculture and animal husbandry.

In some writings mention that Benjamin Franklin had already set up a kind of cooperative insurance in anticipation of frequent fires in New Jersey, even though at that time the word co-operative though not yet widely known, before the Rochdale Cooperative (UK). Recorded several large cooperative in the United States, including the National Grape Cooperative Association, Dairy Farmers of America, Ag First Farm Credit Bank, California Dairies Inc., the National Cable Television Cooperative, Inc., Sunkist Growers, the American Crystal Sugar Co., Wakefern Food Corp., Growmark Inc., Associated Wholesale Grocers, Basin Electric Power Cooperative, East Kentucky Power Cooperative Inc. (EKPC), Great River Energy, Associated Grocers, Inc., and rural cooperative Ace Hardware (ruler of woodworking tools).

Furthermore, the country experiences Sakura, Japan shows the development and role of cooperatives is very large and overwhelming to the country's economy. Zen Noh Cooperative as food and agricultural cooperative is the largest cooperative in Japan and in the world, reaching 53,898 in 2007 turnover of billions of dollars, or Zenkyoren as cooperative insurance world with a turnover of 46,680 billion dollars America. Environmentally friendly based economy developed by Zen Noh Cooperative through technology development, fertilization based intelligent information technology, quality assurance of products, thus growing a culture of innovation and passion for the environment is maintained despite the greatness of the cooperative economy clearly has clearly can be obtained. Agricultural cooperatives in Japan also get protection from the government, but the members and the cooperative enterprise proactive and anticipatory useful for cooperatives, members, or territory.

Cooperatives in the UK recorded in the Global 300, which are The Co-operative Group, First Milk, the Midlands Co-operative Society, Chelsea Building Society, Wesleyan Assurance Society, Mid counties Co-operative, Dairy Farmers of Britain. As a consumer cooperative consisting of about four million people, co-operatives, The Co-operative Group is able to generate a turnover of close to 10 billion euro (2008). This cooperative engaged in multi sectors ranging from travel agencies, retail, banking, service to the bodies. Cooperative oriented economic sustainability is implementing a distribution system that benefits all parties in a fair, sponsored a motion generating electrical energy derived from renewable resources, as well as initiate the marketing of products based on ethics ...

Through "Developing 300", the ICA set index to the level of the world's most cooperative role in the economies of developing countries. In this index to measure the importance of the role of cooperatives in poverty reduction, economic development, promotion of members, and employment, while financial measures is not the primary measure. Several publications noted some superior cooperatives, including Salud Coop Colombia, Cooperative accomplices Petronas, University Book Kedua Cooperative Cooperation and the People's Bank (Malaysia), Community Cooperative for Rural Development (Cambodia), Saigon Co-op (Vietnam), Chulalongkorn University Savings Coop (Thailand), Co-operative Bank of Kenya, cooperative Paraguay, Mexico, Honduras, Argentina, Panama, Bolivia, Costa Rica, Ecuador, Chile, Madagascar, Cameroon, Nigeria, Togo, Tanzania, Uganda, Ethiopia, Thailand, Philippines, Sri Lanka. Indonesian cooperatives not one recorded entry in Developing Global 300 or 300.

III. Productivity Challenge Cooperatives and SMEs in Indonesia

Since the reformation to the present, Indonesia's economy has grown relatively improved, over the past decade, although there is also accompanied by changes in the environment and poverty is still gaping. The data also show the state that the rate of economic growth experienced significant growth, which is in line with the challenge of creation. Although there are indications that the severity of poverty index and poverty gap index over the last five years has decreased, but also predicted that the poverty line will be higher than the previous year's figure.

This condition indicates that the foundation of the Indonesian economy experienced challenges in the long term, whereas the potential of its resources relatively quite large. On the other hand, development in Indonesia is still faced with the disparity between regions. It can not be denied that in certain parts of the territory of Indonesia is still a gap between the Indonesian western, central and eastern, between rural and urban, and between the construction sector.

In addition, the macro economy, the entry of inputs and products of urban to rural areas aggravated the situation in rural areas led to the economic leakage in rural areas. Development of rural areas through the development of transport infrastructure for example be a paradox happens because of the emergence of leakage in rural development itself or drained economic potential in rural to urban areas or even to another country.

Availability and ownership of the resource potential of COOP AND SME'S often not followed by the ability to manage and use, so that leakage takes place increasingly heavy economy as well as the lack of creativity, innovation, and adaptation of the COOP AND SME'S manage resources. This phenomenon appears in the sector, including agriculture, tourism, mining, and energy. Similarly, transportation infrastructure investments that facilitate the accessibility of the area, improve market access and marketing, but in fact actually reduces the function of the local market in economic transactions and social interactions in a community that has been running over a long time. The process of globalization and the free market approach requires effort and attitude in the face of opportunities and challenges.

Productivity Improvement Through Innovation Coop Small and Medium Enterprises

Moreover, with the inclusion of more and more input and product results which indicate the occurrence of leakage global economy is getting stronger. This fact happens paradox, when efforts to increase productivity through the provision of schemes COOP AND SME'S costs and access to capital, causing leakage economy but for development itself The basic question of this case is how the operational effort KUMK implementable for both rural and urban, so KUMK not be a "victim" leakages economy.

Cooperative efforts of SMEs as a container and building constructed on the basis of partnership, solidarity, democratic collectivity. In a growth perspective, the Cooperative and SMEs is an organization / expertise and a collection of technologies that enable the necessary competence (Necessary) and superior competence (advantage). For the strengthening of cooperatives and SMEs can be approximated by the value of collectivity based synchronous bridge (contextual-present-the same time) and diachronic (past-between time), so strung ideological power cooperative steady, dynamic cooperative efforts and strong so that puts SMEs cooperatives and SMEs parallel to the interaction of the local market, national, and international. Cooperative will have a competitive edge and ensure the development of business when followed by a strong commitment is realized through cooperative behavior and practices of cooperatives, in addition to policies support the development of cooperatives.

Strengthen the presence of cooperatives and SMEs comes down to thinking, regulation, and practice will bring cooperative steadfast in principle, help yourself (self-help), as well as a sense of solidarity and collectivity. Similarly, SMEs which have high power entrepreneurship, competitiveness, and durability in business at local, regional and even international. This condition created by the character of cooperation in organizational and joint venture of cooperatives and SMEs, human resources has a high spirit, professional, innovative, and able to grab opportunities and face the global challenges.

Enlarging the role of cooperatives and SMEs in the domestic and global markets in strategic sectors will increasingly bring benefits to cooperative members and the community that will simultaneously boost the competitiveness of cooperatives in the domestic market face the challenge of commodities / products are sourced from global markets. In line with the paradigm of local economic development, cooperatives and SMEs should be able to play and contribute a positive impact on the strategic sectors of the operational area of the local and national level.

In 2014, Indonesia entered the National Medium Term Development Plan for the second phase (2015-2019), so that the current transition phase requires a concrete plan development strategy that puts the position of the cooperative formulation of strategies, policies, and programs for strengthening Coop and SME's, but taking into account the implementation program significantly to avoid leakage or pitfalls to Coop and SME's program itself Cooperatives on the one hand be a political vehicle in the government, but the program is remedial, end connect, is not sustainable.

It can not be denied that to date, cooperatives and SMEs yet to contribute significantly to the economy (cooperative and cooperative economic share is still small size), but cooperatives and SMEs will make a significant contribution to the economy if there is independence of the cooperative movement, the independence of the cooperative movement, and cooperatives and SMEs were given a more open space (not co-opted or marginalized). This means that cooperatives and SMEs are given the space and have the freedom to develop themselves to grow and develop. Development of cooperatives and SMEs, is not only limited means to give recognition to the existence of cooperatives and SMEs. but gives the independent space to the cooperative movement and SMEs to grow its business in order to play an active role as wheels and an engine of economic populist tough, is not also a business entity co-opted or marginalized. Cooperatives and SMEs on the dark side, can be used as a cash cow of a short-term development programs or put in a trap construction as the target of 1obal economic hegemony.

IV. Creation and Innovation for Cooperatives and SMEs

Strengthening cooperatives and SMEs in Indonesia is not as easy as turning the palm of the hand, but the required power, fighting spirit, creativity and =ovation and cooperative efforts to place as the cornerstone of the economy. Qualified cooperative is cooperative have an identity that is true to the principle of co-operative and co-operative values and show a concrete role in economic development at the local, regional, national, and even international. With these -efforts. the cooperative gives the value of economic benefits directly and directly to all the

members in addition to the well-being of society as well. This is of course only be utopian and cooperative sheer romance, when the cooperative movement could not get out of dependency or stuck in a camouflage deg elopment program that is false and remedial.

Cooperatives and SMEs are able to convince the world of business, government, and society that the existence of cooperatives and SMEs capable of independent development and benefit, indicating the ability of the business though and if the cooperative organization as a modern organization, and characterizes a positive .identity and solidarity behavior in the interact internally and externally. Vitalization and revitalization of cooperatives and SMEs productivity and reproduction significantly strengthen cooperatives and SMEs. Cooperatives and SMEs capable vitalization himself and showed his strength as a formidable populist economic movement.

There are at least five important things in improving the productivity of Cooperatives and SMEs, namely the formulation of the strategic map (strategic map) development of cooperatives and SMEs comprehensive, the positive performance of the business and organization of cooperatives and SMEs, active and co-operative imaging and positive SMEs, research and development of the business and organization of cooperatives and SMEs, active and SMEs, active and co-operative imaging and positive SMEs, research and development of the business and organization of cooperatives and SMEs, active and co-operative imaging and positive SMEs, research and development of measurable, and human resource capacity building. The fifth case is a bastion for cooperatives and SMEs are strong, independent, and resilient. that support the recreation of cooperatives and SMEs to be creative, innovative and adaptive to climate change ecologically, economically, and business.

V. Operational Productivity Improvement Cooperative and SIVIEs

Cooperatives and SMEs are community assets and the government, thus strengthening cooperatives and SMEs in the institutional aspects, business, and economics, as well as the problems it faces require serious attention of the cooperative movement, business associations, academia, and government. The issue of increasing and improving productivity of cooperative and SMEs need in A-der to achieve a mediated settlement functions within the organization and effective business and anticipative to changes and challenges of globalization. Revitalize operations and existing service units in cooperatives and SMEs to effectively and efficiently is an urgent need to demonstrate the ability of the existence of cooperatives and SMEs in the distribution and production activities.

The function and role of cooperatives and SMEs will be more productive, creative, and strong if it had FACE. Face is meaning of the display shows the mean something, or visual of a form or a form of visualization. Thus cooperatives and SMEs face will show these things, if not necessarily an ugly face ugly in behavior but sweet face could be a trick of the beholder. But normally, the radiant face showed pleasure and pleasing others who view it.

In this paper, FACE means :

- Future views to progress, to meet the needs of cooperatives and SMEs oriented and sustainable future for his business existence is recognized by all members, SMEs, and the business world, has the ability to develop a healthy cooperative organization and behavior of SMEs is of mutual understanding, mutual understanding, mutual benefit.
- Accountable, means to have accountability for all activities and business organization based on principles, values
 of cooperative, entrepreneurship and firmly in order to help themselves (self-help) for the presence and
 functioning of cooperatives as an economic driving wheels and assets.
- Confirm, means to have durability issues and problems face all internal and external competitiveness, attractiveness for members and take part in various types / business units are undertaken, the driving force for the business performance of Cooperatives and SMEs.
- Efforts, meaning doing business and operational tactical step in its efforts to facilitate and move the wheels of the
 organization and effectiveness of business (logistic, production, processing, marketing, distribution, and
 consumption).

VI. Helix of Innovation for Coop and SME's

University is an important element in regional innovation system and planning to solve global economic challenges, so that effect and mechanism of strength local agencies is important to know how process of regional

innovation strategy. One key point of the concept of innovation is Triple Helix (Etzkowitz, 1997) suggests a reciprocal relationship government agencies, industry, and universities at different levels within the space of knowledge, consensus space, and space innovation.

Knowledge space is defined as a focus of regional innovation environment in which the different actors to improve environmental conditions. Reciprocal relationship among institutions (academic, public, private) that generate ideas and strategies in the "triple helix" is called the space of consensus; further efforts to realize the goals of space knowledge and consensus with the strengthening of private and public relations (a combination of capital, technical knowledge and business) is called the innovation space. Several studies link the concept of university relations and space, industrial, and government (Etzkowitz, 2000, 2001; Lester, 2001; Witten, 2003; Florida, 1999; Niosi and Bas, 2001) describes the provision of basic knowledge and innovation, the drive for knowledge can be used, adopted and developed. This concept is adaptive, generative and development with economic-oriented knowledge based. Some of the instruments used in the application is resources mobilization, collaboration companies, the capitalization of knowledge, incubation, new business, science and technology parks and research centers.

Synergies asset utilization for local development (Mabin, 1995; Bausman, 2002; Brook, 1989; Rip, 2002; Gatrell and Neil, 2001; Gupta, M Das, et al, 2004; Mathie et al, 2003; Trani, 2002 ;) explained the need synergy actors, regions, activities, and policy synergies from outside to inside (the outside in) and asset-based strategies that can make connections from inside to outside (the inside out). Some of the instruments used in the application is resource mobilization, networking areas, clusters, formal and informal associations. This concept is oriented towards community-driven. So, coop and SME's can be improved by actors (triple or quadruple or quintplehelix) to enhance productivity of business activity to access global and anticipated global climate change.

The success of a local initiative is determined by the joint efforts communities, government, business, and academia in developing innovative solutions. The initiatives to develop local economy makes interpersonal relationships among the actors that interact in Local Economic Development (LED). It is regarding involvement of interpersonal relationships, communication process, ability to relate, establish mutual expectations, understanding, trust and empathy. Interpersonal relationships among actors LED will also affect the care of the actors involved in the efforts of conflict resolution, facilitation, group dynamics, participation in problem solving and decision making, establishing working coups, and appreciation of each stage and the results of activities carried out. Thus, technology transfer for Coop and SME's also give impact point and create the local capacity development (LCD) in the form of labor force, increase income, enhance productivity, and pull outside investment. Involvement, commitment, and motivation are element of cooperation as well as a condition of University would played role in improving productivity through innovation for Coop and SME's.

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