



## **Building a Sales Network for Small Businesses in East Java Province, Indonesia**

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**Abstract:** Local and global economic activities which are increasingly supported by the development of increasingly advanced information technology will certainly have a good impact on the development of a local economy that is with the livelihood and development of micro and small business activities in a region or country. Such conditions must be well anticipated by all small businesses to take advantage of these technological advancements for future business development. There are many critical factors for the success of a business actor in carrying out his business mission, but with technological advancements, the gap to utilize technology properly is the key to success in itself, bearing in mind that the world is now in an all-digital communication order. Increasingly being able to adopt advanced technology, will certainly bring its own success for business people. This research was conducted on a group of small businesses in Indonesia who began to pioneer their businesses by utilizing information technology in cooperating with business partners and customers in order to enter the global market.

**Keywords:** small business, sales network, market opportunities.

### **INTRODUCTION**

Local governments in an effort to improve the competitiveness of MSMEs in the free market, have made various concrete efforts such as those carried out by Bali, East Java and Yogyakarta. By launching the Economic Strategy and Service Center program application to support the development of MSMEs. In the Presidential Decree of the Republic of Indonesia Number 61 / TK / 2017 regarding the Awarding for the Development Badge, it is stated that Denpasar, Surabaya and Yogyakarta have a high commitment in alleviating poverty, unemployment, and consistency in facilitating capital, exhibition, and BDS assistance (Business Development Service) with the MSMEs innovation clinic, partnerships, and equipment grants, internships and technical guidance provided as stimulants or drivers of increasing MSMEs turnover. Until now there are around 4800 MSMEs in the three cities, to realize a healthy and competitive MSME in the global market (MEA), one of the paths taken is that MSMEs must be members of cooperatives, and to date there are around 950 cooperatives are still active as a forum for the development of MSMEs activities. The MSMEs development program has an important role in introducing and promoting MSMEs products to be able to enter the global market.

The program is considered effective because the three cities benefit from its position in the golden triangle area that has considerable economic and investment potential, this is a distinct advantage for the district in developing MSMEs going forward. Unlike the case with other districts such as Mojokerto, Jember, Malang and Banyuwangi until April 2018 there are around 155,354 MSMEs, the classic problem faced by MSMEs in Mojokerto for example is access to marketing and capital which is still relatively weak. While these two factors still hamper the strength and ability of MSMEs in several cities in East Java and Bali including Jogjakarta in facing global market competition. To revive the activities and competitive advantages of MSMEs in the city, the focus of government attention is more focused on fostering MSMEs through CSR programs from SOEs and the private sector. Whereas for other cities such as Gresik district, up to now there are 186,000 MSMEs actors, of which almost 70% of MSMEs in Gresik have been able to enter the international market. However, the weaknesses that are still faced by other districts in developing the strengths



and competitiveness of MSMEs are product standardization, intellectual property rights and the support of the use of information technology.

Discussing the competitive strength of MSMEs in Bali, East Java and Yogyakarta is something that cannot be ignored because every year MSMEs are evident in providing insubstantial contribution to the growth of gross domestic product. With the start of the era of global competition and the adoption of more open market mechanisms between countries such as AFTA and MEA, creating competitive advantage for MSMEs can no longer be ignored. MSMEs in Indonesia must have balanced competitiveness with foreign MSMEs that have begun to market their products to Indonesia. With a minimum competitive advantage, Indonesia's MSMEs can exist in the international market.

## **LITERATURE REVIEW**

As explained by Agbim (2018) one method that has been applied in building a network in sales is through information technology. Google gives a commission of 60% of its ad sense ad revenue to its publishers. And this makes Google's income from this ad so great, and become one source of funding to grow the business. With such a large commission, many people are interested in becoming the publisher of the Google Ads. Not only from the amateur and professional blogger community, even news portals had become the publisher of the Google AdSense ad. Google has such a large advertising publisher network, and this is the power of Google AdSense advertising. One line of business that provides the greatest income. That is one example of the form of a sales network. With such a large sales network, of course the turnover from sales has increased dramatically.

Echadar (2013) in his writings, describes the sales network a form of communication with others, and a form of collaboration with others, or a commitment with others to carry out and advance a sales activity for a product or several types of products or services in a manner truly. People who are invited to communicate and commit may be far apart or very far from where we live, and what is important is: the sales business that we do is able to bring economic benefits to the owner or business actor and be able to benefit others who are invited to the collaboration. Then there are the main requirements that must be met in forming a sales network: Gathering and interacting people who are reliable, honest, friendly, willing to work hard, highly committed, dedicated and have the ability or skills to sell. This type of business actor must be invited to cooperate in selling products and / or services. Nearly 67% of entrepreneurs in Indonesia are small businesses who are actually resistant to economic recession, they will have the opportunity to enter the global market in the long run. The main focus is, in the area where the product sells to and there are consumers who are willing to buy. Products available at a place or location there are buyers who are willing and willing to market and use the product means that there is an open market gap, then maintain the market well, with full commitment and hard work and ready to serve all the time. The product being marketed is not an ordinary product, the product must have high features or be difficult to match its quality or benefits or efficacy or greatness, so that the market is relatively without competitors, even though there are competitors, competing products cannot compete with marketed products, products that can have high features eg Cosmetics, Herbs, Health Products, Inter-island Freight forwarding Services, Culinary Products for Health. If you have a special product then this is the main capital to achieve success, but if possible a mediocre product, it tends to encounter failure because the product requires not sell. Through attractive products, consumers or customers will be satisfied, happy, believe and believe that the products they buy are indeed good and customers or customers will definitely be happy to buy or use in a longer time period, consumers or customers will announce, look for these products to buyers who need to become a new consumer, this is called the sales network.

Maintaining good distribution (stock of goods and shipping process) over time so that the product does not become scarce, if this happens then the consumer or customer will switch to a competing product, of course communication and commitment are investments whose value cannot be valued in money. The two keys above are the main capital for success.

According to Essien (2016) an entrepreneurial network is identical to understanding, that is inviting, informing the strengths of a product, introducing a product, testing a product to others, this is the initial process in building. without this process, a sales network will be very difficult to be formed and the product has the potential to fail in the market. If you succeed in convincing someone, then there is a good chance that person will convince others to do the same. If you are not able to convince others then your product is likely to fail. Therefore build Communication, Relationships, and



Cooperation as well as possible, meaning that all feel benefited, not only you who feel fortunate but other people do not feel anything in terms of sharing profits, sharing benefits, sharing success. Individuals who are bound in a collaboration must have a high sense of understanding between time, so that the network that has been formed can run and work well all the time. Meanwhile, according to Beata, (2019) entrepreneurship can be interpreted as the accumulation of actions of business actors based on the strength of the network to build desire, willingness and courage in running a focused business to expand markets. Entrepreneurship can be interpreted as the ability to stand alone to pursue opportunities that require the ability to manage and experience to stimulate creativity. the entrepreneur is an inspiration in the form of creative, innovative, willing, and spirit of leadership, however, it is not a necessity. However, high will can be used as only one capital for entrepreneurship.

Free market is a form of market where all forms of policy, whether prices or others, do not have a benchmark or coercion from other parties or the government. As the name implies is active and free, so all parties have freedom in their activities and determine a policy and others. You need to know that the price in the free market is determined by the demand and supply that occurs between buyers and sellers. In general, a free market is an economic concept that refers to a sale of products carried out between countries without taxation on exports and imports or other trade barriers (Grabowski, 2017). Next we will discuss the weaknesses and strengths of the free market. These strengths and weaknesses are caused by prioritized freedom in the free market. Individual rights are recognized and all parties have the right to own wealth and production resources. With this concept all non-governmental parties feel recognized and respected for their existence. This makes the people of a country more aware and productive in carrying out all its activities, especially in the economic field. In addition, with this acknowledgment, the community will fully support the economic progress of a country. Community creativity and innovation can be developed. With the freedom given, the community will bring up various kinds of creativity and innovation in the economic world. They will get freedom of thought, opinion and so on so that creativity and innovation will arise which will help the country's economic progress. High motivation to compete in the effort to get quality products. Free competition becomes daily food in the free market. This can make a positive thing for the economic journey. With the fierce competition that will arise high motivation from each individual to create a quality and good product. this must be done if you do not want to lose competitiveness with other parties. All forms of action are directed at economic principles so that they are effective and efficient. Although free in a free market, there is also a rule that all forms of activity are based on economic principles. That way the freedom that occurs will produce maximum results because it is in accordance with economic principles. In addition to having advantages, selling in networks in the free market also has weaknesses in the form of exploitation by the authorities towards weak economic societies. There are several negative impacts of the existence of free markets, one of which is the exploitation by the authorities to weak communities, where the free rulers act as they wish and those who are inferior must obey it. This can happen because the weak need it to fulfill their needs so they are willing to accept whatever the authorities want. Another factor that causes this to happen is because there are no regulations or policies from the government so that the weak parties do not get protection.

The occurrence of monopoly which leads to losses, Monopoly will occur in the free market, because indeed freedom is given to the broadest extent to all parties. This monopoly will enrich those who have power and make the weaker poorer. The emergence of economic inequality, In a free market economic disparities also easily arise, where the upper and lower parties cannot synergize. But between these two parties think of themselves so that those who have power will certainly be in power and the weak will become weaker. Many problems occur in the market, the free market makes the economy of a country tend to be unstable because in this market there are often problems because many parties are competing so they scramble to get the best (Yusuf, 2017).

## **METHOD**

### **Population And Sample**

The observation, interview and data survey activities were carried out in three main places in Surabaya at the Royal Plaza Surabaya handicraft center, there were 30 SMEs from various types of handicraft products. Is the largest workshop for the SMEs product category. This handicraft center was established in 2013, several superior products appear here, that is various handicrafts and knick



knacks typical of the city of Surabaya. For the city of Denpasar, handicraft centers are centered in three places that is Krisna, a typical Balinese souvenir center with a variety of products, the second is in the Erlangga shop, this place is no different from Krisna and almost the same, which presents various types of hadycraft items. And the last is in the Kumbasari market, just like the other two places, the Kumbasari market is also a large handicraft or handicraft center in Denpasar. With a dish of souvenir products and other Balinese-style items. In this location there were 24 business actors that were successfully met. There are two major handicraft center locations in the city of Yogyakarta, that is since 1758, the Beringharjo market has been used as a trading place. Now, almost every tourist who comes to the city of Jogja must visit the Beringharjo market, because it is a favorite souvenir hunting place, especially various batik materials. Its location is also very easy to reach because it is on the Malioboro street. For you lovers of batik and antiques, the Beringharjo market is the best market for buying souvenirs of batik. The collection is complete and the price is affordable and the second is the big city which has long been known for its silver crafts for jewelry models. There were 22 successful business people interviewed at this location.

**Data Source**

From the three locations, the number of business operators sampled was 76 business operators, most of whose products were handicraft, with a small portion of the market being ASEAN markets (Brunei, Malaysia, Vietnam, Thailand and Taiwan). The sampling determination model uses a probability sampling method that is random sampling (Santoso, 2015).

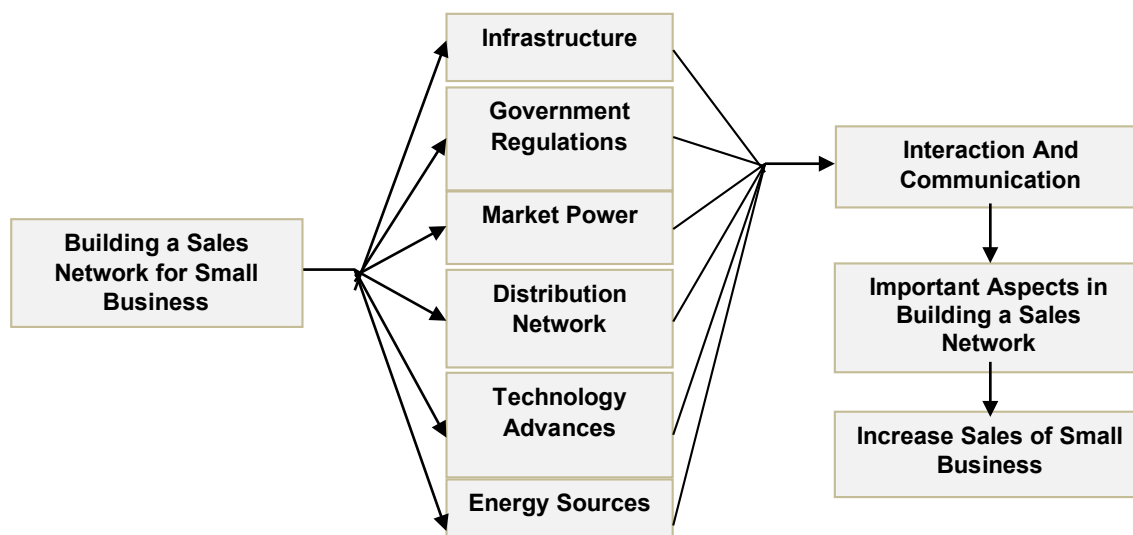
**Data Analysis Technique**

In the decision making process of the problem of this study, (Gudono, 2011) one of the analysis methods used is the estimation process through a statistical analysis approach that is estimation using the results of multiple linear regression analysis with the use of independent and non-independent variables. Through this analysis, it can be predicted that the development of small-scale business actors will be based on several aspects or variables that have an adequate level of relevance to support the long-term activities of small-scale businesses in Indonesia.

**Table 1.** Variables That Contribute In Building Sales Networks For Small Business In Facing The Global Market

| <b>Variables</b>       | <b>Applied</b>  |
|------------------------|---|
| Small Business Network | Good cooperation among business actors to create mutual fortune in expanding market opportunities   |
| Infrastructure         | All objects and facilities related to small business actors in the process of forming a sales network                                       |
| Government Regulations | Peraturan dalam bentuk apapun yang dibuat pemerintah daerah dalam memberi segala kemudahan bagi pelaku usaha kecil                          |
| Market Power           | Regulations in any form made by the local government in providing all facilities for small businesses                                       |
| Distribution Network   | Kerjasama yang memudahkan perpindahan barang ke pasar yang dituju sebagai syarat dalam penguatan pasar                                      |
| Technology Advances    | Using modern methods based on information technology in the communication process when building distribution networks                       |
| Energy Sources         | Provision of better energy resources in an effort to maintain a smooth production process and business continuity and sales in the long run |

To be able to create an entrepreneurial network for small business actors, several supporting factors are needed to create an interrelation between the small business actors, according to Echadar (2013), the application of forming an entrepreneurial network can be seen in the figure below, In this figure, six important aspects in building a network for business actors, especially small businesses, are the main drivers for the continuous running of the process. It's good that this aspect is a complementary unit and cannot be separated from one another. Of these seven important aspects will be analyzed using regression to determine which aspects are the main driving force in increasing small business activities when business actors build sales networks among other business actors. Without a good sales network, fellow business actors will compete unfairly.



**Figure 1.** The Applied of The Stimulus Factor In Establishing Entrepreneurial Network of Small Business In the East Java, Indonesia

## RESULTS AND DISCUSSION

### Estimation Results of Regression Equations

Based on the results of multiple linear regression analysis of data collected from interviews and measurement of perceptions of business operators in three city locations that is Denpasar, Surabaya and Yogyakarta, the output of the analysis of Adjusted R Square value of 0.856 means that the emergence of networks or the creation of entrepreneurial networks 85.6% influenced by the availability of infrastructure, supporting government regulations, market power for small business products, distribution networks, technological advances adopted, and the availability of sufficient energy sources. While the remaining 14.4% is caused by other factors / forces that are not in the model. Simultaneous test results (Anova) shows the number 75,607 with an error rate of 0,000, meaning that the six factors above have a real effect on the entrepreneurial network, with the contribution of the six factors above, business actors can easily form an entrepreneurial network to strengthen their markets in the free market.

The results of the partial test analysis show that the six factors above all have the power of influence on the formation of an entrepreneurial network for small businesses, because all six factors have an error rate of under 5%. (Sig column). The regression results graph shows the normal curve because the entire data used in the analysis is linear to the entrepreneurial network, which is characterized by the movement of data from lower left to upper right. Observing the results of the analysis discussed above, creating an entrepreneurial network for businesses does require strength that is able to stimulate an interaction between small businesses to move together in creating a common interest in the market so that they can have a joint power in fighting over consumers. The most prominent factor from the analysis is the infrastructure and market power, because it has the greatest coefficient, the meaning of triggering the conflict / creation of a network of cooperation between entrepreneurs is the diversity of infrastructure and product strengthening in the market. While other factors (government regulations, distribution networks, advanced technology, and energy resources) can be considered as supporting factors for establishment for entrepreneurs in sales network networks, marketing networks, communication networks and transaction networks.



**Table 2.** ANOVA Test Results From Estimated Equations That Have Been Formed  
**ANOVA<sup>b</sup>**

| Model |            | Sum of Squares | df | Mean Square | F      | Sig.              |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1     | Regression | 31,339         | 6  | 5,223       | 75,607 | ,000 <sup>a</sup> |
|       | Residual   | 4,767          | 69 | ,069        |        |                   |
|       | Total      | 36,105         | 75 |             |        |                   |

a. Predictors: (Constant), Availability of Energy Sources, distribution network, government regulation, market power, infrastructure, technology advances

b. Dependent Variable: entrepreneurial network

**Source:** The processed primary data

From the table 2 above, the ANOVA test can be explained that if seen from the level of test error (column Sig), the figure is below 5%, meaning that there is at least one independent variable that has no real contribution in building entrepreneurial networks in the free market, or there is one or two variables that have no real contribution. So we need a solution or real action to improve its application.

**Table 3.** Final Findings From Estimation Results Against Formation of Entrepreneurial Networks, Through Estimated Equations Formed  
**Coefficients<sup>a</sup>**

| Model |                                | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|--------------------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                                | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)                     | ,285                        | ,474       |                           | ,601   | ,010 |
|       | infrastructure                 | 1,013                       | ,057       | ,946                      | 17,753 | ,000 |
|       | government regulation          | ,045                        | ,044       | ,049                      | 1,046  | ,015 |
|       | market power                   | ,152                        | ,063       | ,110                      | 2,393  | ,019 |
|       | distribution network           | ,026                        | ,063       | ,023                      | ,406   | ,686 |
|       | technology advances            | ,081                        | ,058       | ,077                      | ,397   | ,167 |
|       | Availability of Energy Sources | ,026                        | ,036       | ,033                      | ,716   | ,476 |

a. Dependent Variable: entrepreneurial network

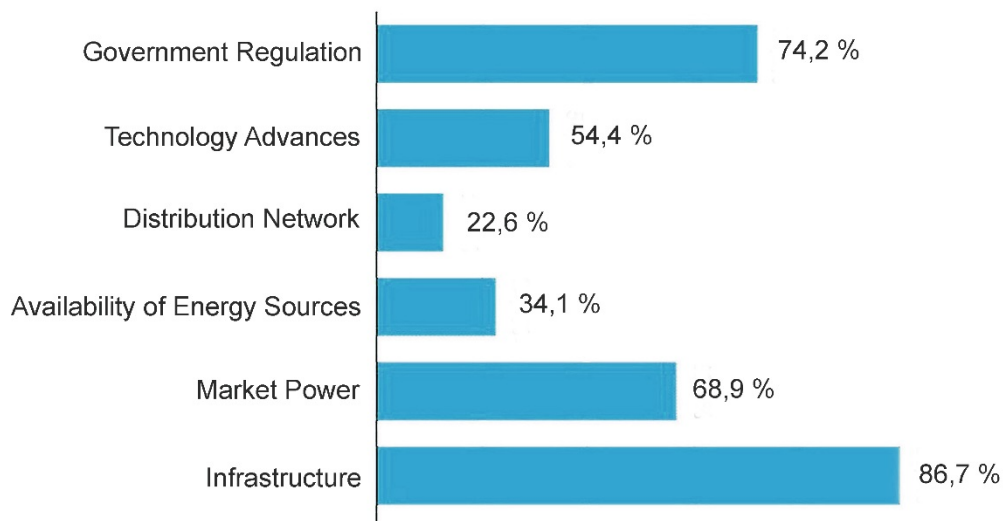
**Source:** The processed primary data

Of the six aspects or variables examined in the table 3 above, the results or findings are obtained that there are three aspects or variables that require solutions so that the entrepreneurial network and sales for entrepreneurs entering the free market can be realized properly and able to achieve the goals. There are three aspects or variables that need to be handled or improved so that the process of entering the free market for entrepreneurs can run smoothly including distribution networks, adoption of advanced technology for ease of communication, transactions and smooth delivery, and the last is the provision of energy resources directly related to the field business and production process of business actors. The three aspects or variables are by analysis the error rate is above 5%, meaning the three aspects are the main focus for the government to fix it so that the entrepreneurial network when entering the free market can run according to its objectives.

Countries in the ASEAN region are always trying to seize export opportunities, to expand their free market in trading various forms of commodities they have. The expansion of the free market to open up export opportunities is a means to further enhance the capabilities of businesses so that their products are more well known in foreign markets, in the long run this action will open up at the same time opportunities for cooperation between business actors, which until now are being intensively grown by every government in every country. The exchange of commodities between countries actually makes the free market position between countries even stronger.

### Strenght in Sales Network

Building and having a business network is very useful especially to help expand the market and support sales in a wider market as technology in this field continues to develop. If these technological advancements are not put to good use then the businesses we run will be more easily left behind than others who do the same business. more and more small entrepreneurs are aware of their shortcomings, that to advance business, one solution is to adopt technology that is in accordance with the changing times and consumer behavior.

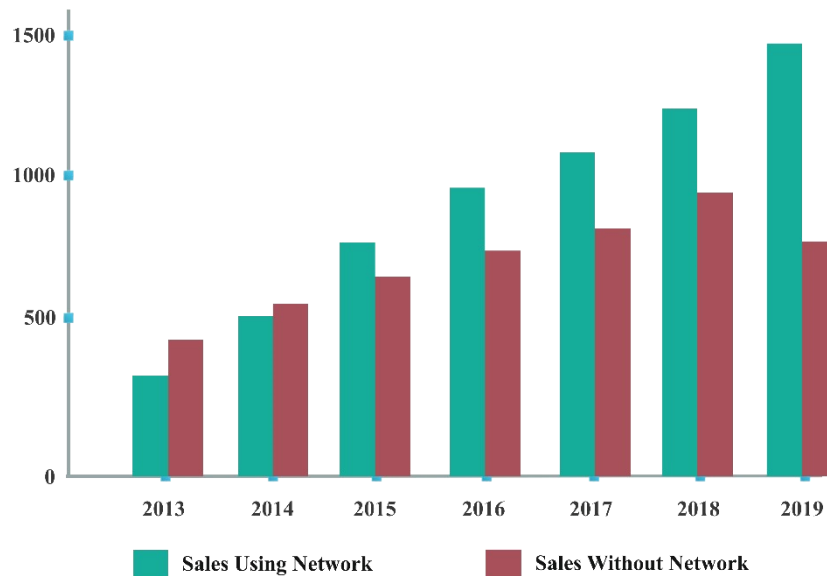


**Figure 2.** An Increase In Supporting Factors In The Effort To Create Export Market Opportunities In Indonesia

**Source:** The processed primary data

In figure 2 above, the main focus of government attention is to meet and improve three main factors that are still low in value, that is: distribution network, availability of energy sources, and technology advances. because of these three factors, their contribution is needed in an effort to support the activities of business actors in an effort to increase export market opportunities for their products. This process must be carried out to increase the fulfillment of the resources of small businesses so that they are able to compete with other countries. Another important factor that has always been the focus of attention is the ability of businesses to adopt technology in the field of communication, supply of raw materials, production activities, and product packaging in the long run. the export market always wants the creation of reliable and guaranteed quality and efficient products, because the products being exported are products that are in demand by the market. The more efficient the business environment, especially those related to the production process will make business conditions more competitive in market competition. This condition must be maintained and available at all times, so that long-term business activities of each business actor can survive.

As a country that has come out of the predicate of developing countries, and as a country that has a wealth of natural resources, it is expected that this is a great capital for Indonesia to be able to advance the lives of MSMEs. Why is that? because all aspects of economic life can be more easily fulfilled, especially Indonesia is currently trying to advance the life of human resources from all factors. Especially increasing technological developments in all fields so that economic activities and the life of MSMEs can develop more advanced in forming a wider network in developing their markets. This condition is a potential capital in creating competitive advantage.

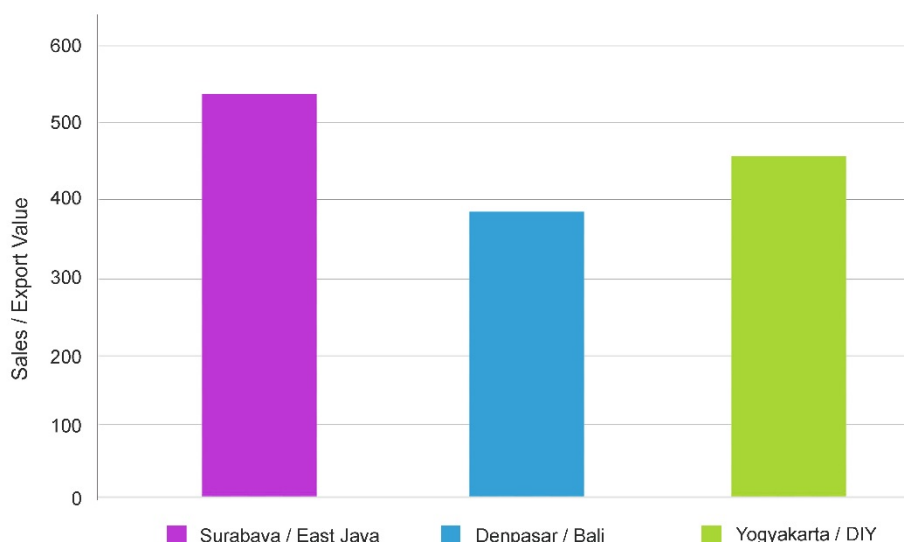


**Figure 3.** Comparison of MSMEs Growth in Indonesia From 2013 to The End of 2019  
**Source:** The Departement of Cooperatives and MSMEs, 2019

The figure 3 above can be explained briefly as follows: The activities of SMEs through the sales network have begun to show results since 2015 (green graph) and actually continue to show positive developments in increasing their sales, while the SMEs who still continue to sell without using the network continue to lag behind even their markets are getting sluggish towards the end of 2019. The above conditions certainly show that selling through the network is superior and promising compared to selling in the normal way. Why MSMEs that do not use sales networks are difficult to develop (brown graph), this is certainly because the ability of adaptation and mastery of supporting technology is still weak. They are also weak in terms of distribution network activity. This condition is hampering the growth and development of MSMEs that are still carrying out their activities traditionally without the support of adequate technology. MSMEs groups that still survive the old ways in marketing and sales activities need to get attention, training and assistance so that in the future they are able to run their businesses better, especially now that technology has developed better and is supported by technological developments in the field of information and communication, of course everything feels easier to do. Actually the concentration of marketing and sales for SMEs is easy to do, because the medium is available and not difficult to adopt. Electronic media that can be used to form a sales network are various forms of social media, web applications that can connect fellow sellers and buyers without being limited by time and place. Sales network activity can also be supported by using sophisticated messaging applications to expand and expedite the flow of communication and information exchange and are easily adapted using mobile devices. In the long run can save time and energy and costs because all activities are carried out through the network. Currently the electronic media is increasingly showing its dominance in supporting the sale of MSME products. MSMEs that still survive traditionally in marketing and sales activities are certainly more difficult to develop in the long run, even their activities become inefficient. If this is not corrected then the traditional SMEs are not able to explore, expand and master better market opportunities. The combination of the sales network supported by adequate electronic media will have more tangible benefits, compared to using print media and traditional activities. The impact is sellers and buyers, although different countries will become closer and products are known more quickly. More easily enter more potential market opportunities. through the sales network, business people can control the scarcity of goods properly, control the price of commodities or goods without mutual harm, arrange joint distribution for distribution of goods to the intended market, strengthen the unity of traders, and avoid injustice among fellow traders. This condition can easily be created if the various types of commodities traded have the same variations and the quality of the goods is not much different. Even fellow business people can exchange commodities to serve different customer segments in remote places, it can be applied because it is driven through networks, which makes the process of exchanging information faster. Without using a network that is supported by technology, of course the



above conditions are difficult to be formed or built. The creation of a sales network will certainly have a positive impact to trigger the cooperation of fellow traders in a wider scope to take advantage of market opportunities in the ASEAN common market.



**Figure 4.** The Level of Entrepreneurial Export Sales Orientation in Three Cities in Indonesia  
Source: BPS, (Central Bureau of Statistics), 2019

As shown in figure 4 above, the orientation of sales through exports is quite good in the three cities that is Surabaya, Denpasar and Yogyakarta. The three cities represent three provinces, that is East Java, Bali and Yogyakarta Special Region. The destination markets through their exports, are still around ASEAN countries. Besides focusing on export-oriented sales, their products are also focused on sales for the tourism industry that serves tourists who come to their cities. Until 2019 in September, Surabaya dominated and had the highest level of sales compared to the other two cities. This condition is caused because the city of Surabaya or East Java province has the most business, so that the variation of export-oriented products is greater. However, the other two cities, Denpasar and Yogyakarta, do not mean losing, but they have a variety of small business products that have their own markets in their export activities. The products of each city have their own characteristics and cannot be compared with each other. The three cities have different destination markets for export sales, according to the market segments they are aiming for, and according to specifications for overseas consumer demand. Despite having different varieties and product characteristics, and the advantages of different natural resources, they are involved in a sales network that is good enough to meet foreign market demand, even among small entrepreneurs focused on exchanging information and commodities to strengthen their target market segments. The sales network that they build to maintain the stability of the sales level in meeting overseas demand. Denpasar and Yogyakarta have a high level of sales for carving products, developed from local carvings, this is a superior product that is very reliable, for Surabaya, products made from environmentally friendly materials are superior products consisting of various household handicraft products. why it is necessary to display these three cities, because these three cities are barometers of sales growth for export-oriented products, most of which are small businesses that are quite advanced.

The main factor that is able to make the product as a superior product for SMEs is quality assurance that is always increasing so that it can meet the expectations of consumers in the destination market. there are six types of superior products of Indonesian MSMEs that have gained confidence and excel in the export market because of the quality improvement that is always maintained. the type of product is food and drink, carved handicraft, herbal beverage products, woven embroidery, household appliances, dan natural commodity. Success in forming a sales network among SMEs because each other is complementary in the process of production activities to perfect raw materials into quality products. For example, SMEs from the province of Bali, many bought raw materials from the city of Jember, East Java, then processed and packaged in such a way in Bali



according to the quality standards requested before the products were exported. Conversely, natural products from Bali are in great demand by SMEs from East Java, then processed and packaged according to the requests and quality specifications of the destination country. This activity can run well if the supporting aspects of small business activities such as the availability of energy sources with the application of special tariffs can be realized, the distribution network of material and goods transfers supported by facilities and infrastructure can be improved, and the development of more adequate technology related to the production process for all small businesses. This is the key to success in being able to grow the sales network of small businesses in Indonesia so that its products are still able to compete well in foreign markets.

One contributing factor is the creation of a sales network and cooperation among small businesses in finding opportunities and opening up potential market expansion for their products. The increase in the number of small business actors is also caused by other factors, that is the increased potential demand for goods produced by MSMEs in Indonesia, with a network of fellow small businesses when they open export opportunities for their products, the process of exchanging information becomes faster and easier. The sales network will become stronger if the output of one business actor will be an input for other business actors, for example a dragon fruit farmer will supply his agricultural products to other businesses that produce canned fruit products. Another example, Etawa goat breeders will supply their milk products for a mixture of herbal beverage products. On the other hand, fellow small business actors exchange information about certain commodities that have market potential abroad to other business actors, ultimately this action creates a togetherness and courage to penetrate the export market. Other supporting factors are the six important aspects that have been shown in table 1 on the front page, and have made a major contribution to the process of developing and improving small businesses in the effort to create superior products. Some of the conditions above are very instrumental and able to provide impetus for the growth of the number of small businesses in Indonesia until the end of 2020.

## **CONCLUSION**

To be able to build a network of entrepreneurs, fellow entrepreneurs must be willing to work together, entrepreneurs who are in the country or those who are abroad. This cooperation aims to establish communication with fellow entrepreneurs so that an important exchange of information about markets can be created to export certain products or commodities between countries. Impact and benefits are the cooperating entrepreneurs will know each other about where their products or commodities should be sold, so that their products or commodities can sell in the export market. Cooperation between countries requires the role of the governments of each country to provide easy regulations so that the process of exchanging products and commodities can run smoothly. Another goal of building this entrepreneurial network is to create fair business competition among collaborating entrepreneurs. Another goal of building this entrepreneurial network is to create fair business competition among collaborating entrepreneurs. Another goal of building this entrepreneurial network is to create fair business competition among collaborating entrepreneurs.

From the results of the analysis and discussion, the main conclusion can be drawn that is: Establishing a network for entrepreneurs is important in opening a market gap and maintaining it, amid fierce competition in business and trade in the free market. The availability of strength and resources for a business will spur the creation of a new opportunity to enter the open market. Without having to compete with other entrepreneurs, but on the contrary competitors can become relationships that will make it easier for entrepreneurs to establish themselves in the destination market. The main force of success for entrepreneurs in forming a network in the free market can be created if a good interaction is created with the six main forces: the availability of infrastructure, government regulations that favor entrepreneurs, a strong product brand in the market, a distribution network between business actors, adequate technological advances and strength of energy resources in each country. The six factors can be used as the main capital for businesses to be used as a tool or strength in interacting so that they have togetherness in maintaining their markets. Entrepreneurial networks in each country are certainly different, due to the different business climate and culture, therefore in order to be able to support interaction or cooperation between them, then in the future every business actor from various countries wishing to expand their markets between countries needs to exchange commodities in accordance the specific needs of the country of destination. So that commodities traded between countries can be absorbed by each market, the current exchange of commodities has begun to be intensive because it can save means of payment in



transaction activities. Government regulations of each country must be able to accommodate all types of barriers in trade between business actors, the aim is that no country feels disadvantaged by the presence of cooperation in the form of entrepreneurial networks that move or enter the free market. This symptom is often followed up by collaborative activities and exchanging important commodities between countries as well as to support business and economic growth among countries that carry out such cooperation.

After examining the discussion above, it can finally be explained that to help small businesses succeed in entering the broader free market in an effort to improve their entrepreneurial abilities, the three main aspects that have been reviewed above must be applied in the form of efforts to focus in a holistic and comprehensive manner. Changes in the business world environment between countries in market expansion really require the tangible contribution of the aspects mentioned above that is: improvement of distribution networks, because businesses really need an efficient path in trying to organize various forms of products to the hands of buyers or consumers. The distribution network here means the availability of facilities that support the speed of movement of goods from producers to buyers in a short time. For this to happen, facilities and infrastructure in the form of physical facilities and supporting facilities in the form of a communication network can be relied upon and utilized by entrepreneurs. One effort in Indonesia to support this condition is the construction of infrastructure in the form of sea tolls that facilitate the process of moving goods more efficiently in all respects. The second thing to get noticed is the technology in the field of online communication, this will facilitate the flow of communication and exchange of information between suppliers and buyers. The era of increasingly advanced communication, requires entrepreneurs to be increasingly able to adopt digital technology with the aim of facilitating the process of exchanging information and transaction activities. Many entrepreneurs are still lagging behind using online communication technology, a real example is the use of a marketplace that is now increasingly becoming a trend among small business actors, of course, it requires an approach and learning to master it better, this will make a positive contribution to partners in the process of selling their products. Through improved communication means all forms of information relating to products become more quickly known by potential buyers, no longer obstructed by time and space. And the last aspect that is far more important internally to get improvements from the government is the availability of adequate energy resources for the activities and processes of production of goods, energy resources for consumption of small businesses should be imposed special tariffs that are more affordable so that prices of final products can be more competitive on the free market. Energy resources which are the main focus of attention are the availability of gas resources as the cheapest alternative energy source compared to electrical energy sources. Gas resources are actually able to support all types of businesses because the role of these resources is very large in reviving the activities of the production process of entrepreneurs, where almost 70% of their activities depend on energy resources which is an important factor in supporting long-term production activities. With the improvement of these three aspects or variables, in the future small business network business activities will be increasingly helped in their efforts to remain consistent in the free market and be able to continue to operate competitively.

Several small business products in Bali, Surabaya and Yogyakarta Indonesia have export opportunities abroad. Products that have export opportunities, are recruited by central entrepreneurs of souvenirs to be introduced directly to foreign tourists visiting Indonesia. This activity increases opportunities for the potential of the small business products to enter the free market or foreign markets because these products are also marketed online. In Indonesia, this model is known as fostering system, the aim is that small business products are more quickly recognized in the international market, in the long run will trigger demand and potentially increase export opportunities.

The creation of an inter-city network in Indonesia is very necessary, because several cities in Indonesia that already have overseas markets can help small businesses from other regions in Indonesia to be able to develop their export-oriented markets through cooperation networks and sales networks. thus, superior products that could be introduced in foreign markets would be able to trigger opportunities for overseas consumer demand.

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