

The Role Government Websites for Promoting the Growth and Development of SMEs: The Potray of Indonesian Local Government.

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ABSTRACT

Small and Medium-sized Enterprises (SMEs) are the engines of economic development especially in the Developing Countries. Collectively, The SMEs are able to absorb a lot of manpower and improve the overall economy. Economic conditions are getting turbulence with the presence of trade liberalization. It creates opportunities and threats for SMEs. Therefore, the role of local governments is needed to support the development of SMEs. One of the vehicles to support the development of SMEs is through government websites. For that reason, this study will observe government websites capacity to introduce and advertise products SMEs in each region. This study explores the local government website content from several counties or cities that have population with the 20 largest number of productive ages. Thus, the results of this study represent the image of local government in supporting the development of SMEs in Indonesia.

Introduction

Free trade leads to a more economically rational market structure. Gains from liberalization also result from scale economies and economies of scope that arise in wider markets (Dornbusch, 1992). The liberalization policies adoption have burden the domestic firms in the developing countries due to removing of subsidies and government support to these firms specifically small and medium agricultural one (Mahdi, 2009). Potential opportunities for poor producers to benefit from a more open trading regime have been lost because critical infrastructure was either absent or had deteriorated. In the same way, many of the benefits of relaxed retailing regulations and the availability of new and/or cheaper goods have been confined to urban and peri-urban areas. Furthermore, trade liberalization may have adverse consequences for some – including some poor – that should be avoided or ameliorated to the greatest extent possible (Winter, 2002). Consequently, provision of social support for poor communities, the unemployed and vulnerable groups raises critical issues of public policy in the market liberalization era (Ghai, 1997).

As the economic backbone of most developing countries, SMEs should also play a major role in the free market. SMEs must be able to respond quickly and efficiently to international market signals to take advantage of trade and investment opportunities and reap the benefits of the international trading system. This means they need to be competitive and productive. Effective business support systems are needed to enhance competitiveness and productivity of SMEs. (OECD, 2004.p.6). However, given in fact that the most SMEs in Indonesia are not ready yet to compete due to their weaknesses in many areas including technology, human resource, capital, marketing knowledge, global networks, etc. (Tambunnan, 2007).

The above obstacles may overcome with the implementation of e-business. E-business application for SME will be expected to facilitate SMEs to become a strong fundamental of national economic growth (Susatijo and Asmoro, 2003). However, the barriers facing SMEs in participating in online transactions mainly consist of difficulties in accessing the Internet and problems applying it to their businesses are smaller firms budget constraints pose a major barrier to introducing the Internet; a lack of Internet knowledge, capability, confidence and interest; and a lack of need (UEKi, 2005).

Literature review

E-Government

Internet application had reached a remarkable growth, along with the many facilities offered by the internet provider. The development of Internet applications also spread into governmental agency. There are numerous reasons which prompted the government to implementing e-government. The numerous advantages associated with use of the Internet as a communication channel have not gone unnoticed by politicians and public managers, who have discovered a new medium for communicating with citizens (Rodríguez-Domínguez_ Sánchez_ Álvarez, 2011). Perhaps because of those reasons make most of the local governments in Indonesia have websites that accessible by citizens.

Many governments have come to realize the existence of technological information and technology to improve the delivery of information and services to their stakeholders. (Abanumy, and Mayhew, 2005).