

# The 2015 AEC Business Competition, Business Intelligent and Implications for Small Medium Enterprises Competitiveness

From Indonesia's Perfective

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**Abstract-** ASEAN Economic Community 2015 will be contributing to the high competition in Indonesia. The agreement which has been settled to bring the single market in ASEAN, with free flow of investment, services and even human resources in the region, should be considered by every enterprise both national and entity who does business in regional area. Intelligence Business is a right step to gather relevant information in order to manage into knowledge. Managing knowledge can be catalyzed as a Knowledge Management; aims to encourage every enterprise doing a value creation through new and unique knowledge as a form of innovation that can deliver a competitive advantage for the enterprise. Therefore, innovation is the competitiveness that deserves to be developed in order to bring the enterprise continuing to stand strong amid the competition itself.

**Keywords—**ASEAN, Business Intelligent, Competitiveness Advantage, Knowledge Management

## I. INTRODUCTION

Bank Indonesia (2013) states that the global economy has not recovered yet since the financial crisis hit in 2008. As a result of the financial crisis, every country in the world is getting aware that to keep the global economy; it is not enough to rely on large countries even super power country.

In global economic system which is getting more correlated, either sector or agent, instability will give domino effect toward the whole system, above all the banking sector. The facts we can learn from what happened in monetary crisis in 2008, can be used as main reference how fragile the banking system is when a space of regulation precisely causes derivative product which is not the same as the main basic concept (Bank Indonesia: 2013). The derivative products which is meant are the products which are "staying with" based on the "opportunist" motive on banking system by making Asset Property as guarantee.

The issue of liquidity, however, remains a challenge, so there is tendency that business entity is trying to establish proven strategies in the management of liquidity exactly and precisely. There is possibility there will be some scenarios in order to prepare for the possibility which would happen; based on relative rational assumptions, although it is still on behalf of uncertainty

However, once again, it has been proven that World Economy which always depends on a large country and superpower like the United States and the major industrial countries of the G-8 (UK, U.S., France, Russia, Japan, Italy, Germany and the United Europe), which do not guarantee stability of the economy as a whole, in accordance with the principles of law of economic itself. Global awareness is getting stronger to involve developing countries when drafting the implementation of the rules, especially in the financial sector including in banking.

Developing country economies such as Indonesia, Brazil, India, China and South Korea should actually be involved in the above system configuration on Global economy surveillance. The argument is that when the financial crisis occurred in 2008, exactly these countries especially Indonesia, is able to show steady economic growth. April 2009 in London G-20 was organized and it is the manifestation for the successful emerging market countries "steal" the attention of developed countries even superpower, where last G-20 meeting, has risen the establishment of *the Financial Stability Board (FSB)* replacing *the Financial Stability Forum (FSF)*, with extended membership of developing countries. Timothy Geithner, U.S. Finance Minister said that FSB is the fourth pillar of the world economy, after; IMF, World Bank and World Trade Organization (WTO).

## II. GLOBALIZATION ECONOMY

The development of the world economy has increased levels of interdependent relationships and sharpened competition which contributes to the more complicated development strategies relying on export in one hand, where it is a challenge and obstacle which actually limit the space of initiative steps, but on the other hand it is a reasonable opportunity to be benefitted in achieving successful implementation of national development.

Symptoms of economic globalization today have been clearly seen in the aspects of financial activity, production, investment and trade and then Halwani (2005) emphasizes that they directly affect economic relations among nations. The logical consequence is that the boundaries among countries in a variety of business practices are considered to be irrelevant

in economic activity, even in the context of small-and medium-sized businesses.

This is caused by several factors: 1) communication and increasingly sophisticated transportation engineering, 2) increasingly free traffic exchange, 3) state economy which is more wide open, 4) use of full comparative advantage and competitive advantage of every state, 5) method of production and assembly of the organization which are more efficient, and 6) The rapid growth of multinational companies in almost all over the world (Halwani: 2005).

These six factors above raise the negative impact, that is, the decrease of primary commodity prices over the tendency of separation of the primary economic activity in industrial economy, in other words, the less use of materials in the industry. Then, the decrease of terms of trade from agricultural sector, in line with the increasingly continuous production due to the implementation of new technology. It certainly has implications for employment creation as the impact of robotization and it weakens economic linkages of the banking monetary with real economy (production and trade sector).

To be able to avoid economic instability over six (6) factors above, countries in the world carry out adjustment by establishing trade rules which tend to be protectionist. The manifestation of the protectionist is trade alliances which exactly violate the provisions of the General Agreement on Tariffs and Trade (GATT) World Trade Organization. In theory, the position of Western countries is very strictly against protectionism, especially after witnessing the impact of terrifying *Economic Depression* as a form of the Smooth-Hawley Tariff Act of June 17, 1930 (Halwani: 2005; Mahubani: 2011). However, in practice precisely the western countries are often as the position of protectionists.

Mahubani (2011) reveals that the Western countries are proved being very contrary to the commitment and taking the examples of protectionist referred to in his writings that on June 13, 2007, four US-Senator Max Baucus, Charles Grassley, Charles Schumer and Lindsey Graham-proposed a new trade bill to sue the Department of Finance to identify funding streams that are not well targeted in terms of the criteria of the International Monetary Fund.

It means, simplified by Mahubani, would allow U.S. companies to encourage the practice of antidumping legislation over China's commodity items based on the value of the Yuan that has been distorted. One of concrete examples of a quite concern of U.S. protectionism is in agricultural sector, where millions of poor cotton farmers in West Africa suffer from because 25,000 rich American cotton farmers receive billions of dollars in subsidies (Mahubani: 2011).

Similarly, as protectionism which has been done in the European Union, they do not realize that protectionism which is designed to keep the sovereignty of their economy would lead to problems for other countries, particularly developing countries, and of course for themselves. Even Norberg (2005), quoting from the statement of *The United Nations Conference on Trade and Development*, the European Union will remove revenue opportunities of developing countries export nearly

U.S. \$ 700 million per year. This amount is almost equal to 14 times from the acceptance of foreign aid for poor countries. In his argument, Norberg concluded that if the EU protectionism program is run, it will be an ongoing tragedy that actually causes hunger and disease and kills European people themselves.

When Western countries for the first time urge the importance of free trade in Asian countries, the proposal was accepted skeptically. Successful economies of Japan and other four Asian tiger states finally convince Asian countries in the region that they have to follow and duplicate the trading methods and concepts. Starting from the first trade round in Geneva in 1947, accompanied by the following rounds until Uruguay Round in April 1994, Western countries still adhere to their principles and finally let the global trade remain widely open.

As a result, in this 21st century, the world has the most open trading system ever seen. Global trade increased from 7% of world GDP in 1940, to 30% in 2005. Total global exports inflated from U.S. \$ 58 billion in 1948 to U.S. \$ 9 trillion in 2004. Rational assumptions which have been used by the United States which when nations are progressively opening themselves for world trade, the goods and services will surely be produced according to the comparative advantage of the countries, which then would result in a higher level of prosperity.

The last 60 years, this rational assumption is so right; total global trade in 2000 was recorded 50-folds compared to 1950 (World Bank: 2007). Further in the prediction of the study of the World Bank (2007) it was stated that the global economic output was expected to rise from U.S. \$ 35 trillion in 2005 to U.S. \$ 72 trillion in 2030: an annual growth of about 3% for high-income countries and 4, 2% for developing countries.

Asia's economic awakening has become the main attraction for many people. In the amid of the slowdown of economic growth in some developed countries such as the European Union and the United States, Asia stands steadily with high economic growth. It has increased the confidence of the whole countries in the world that Asia, including Southeast Asia will be the center for the future economy. Not only that, obviously that developed countries very aggressively make Asia as a '*shelter*' and it becomes their main reference in order to get out from the crisis which is still being felt until now.

Asian markets are considered to be able to provide the promise of heaven over the recovery of the world economic crisis which is based on the high number of population in Asia, particularly the productive-age population, to ensure the availability of a productive workforce which then has an impact on the huge potential of market demand. This is the mindset which always becomes the navigators of each developed country to redesign development strategy and business development which is being done.

After a closely look at brief conditions of the Global Economy through the explanations which have been elaborated before, it is logical that motivates most countries

around Asia, especially ASEAN Region to be more synergy and reposition themselves in the area of open global trade.

### III. ASEAN ECONOMY COMMUNITY 2015

ASEAN economic cooperation was begun with the passage of the Bangkok Declaration in 1967, with the primary goal is to accelerate economic growth, social progress and cultural development. In the dynamics of its development, ASEAN economic cooperation is directed in such a way in the formation of the ASEAN Economic Community (*ASEAN Economic Community*) in which the implementation tends to be faster than the cooperation in other sectors; political-security and socio-cultural cooperations. Initiated by the 2nd ASEAN Summit on December 15, 1997 in Kuala Lumpur, Malaysia, with the approval of the ASEAN Vision 2020, the heads of state of ASEAN reiterated that ASEAN will: (i) create the stable ASEAN Economic Zones, prosperous and highly competitive characterized by the free flow of goods, services and investment, more freely flow capital traffic, equitable economic development and reduce poverty and socio-economic disparities, (ii) accelerate the liberalization of trade in services, and (iii) increase the movement of professionals and other services freely in the region. In 2003 in Bali, the ASEAN Heads of State through the 9th ASEAN Summit, agreed to establish an ASEAN Community in the field of Political Security (*ASEAN Political-Security Community*) Social and Cultural (*ASEAN Socio-Culture Community*); known as Bali Concord II.

While the establishment of the *ASEAN Economic Community* is agreed to be carried out in 2015 with its realization directed in regional economic integration which is implemented referring to the *ASEAN Economic Community Blueprint* (Directorate General of International Trade Cooperation, Ministry of Trade Republic of Indonesia: 2012).

ASEAN Economic Community Blueprint (or which will be abbreviated as *AEC*) is a guideline for the ASEAN member states in realizing the AEC in 2015, includes four main pillars, namely: 1) ASEAN as a single market and single production-based which is supported by elements of the free flow of goods, services, investment, skilled labor and freer flow of capital, (2) ASEAN as a region with high economic competitiveness, with elements of competition rules, consumer protection, intellectual property rights, infrastructure development, taxation and e-commerce, (3) ASEAN as a region with equitable economic development with elements of small and medium businesses development, and initiatives for the integration of ASEAN countries Cambodia, Myanmar, Laos and Vietnam, (4) ASEAN as a fully integrated region into the global economy with elements of a coherent approach to economic relations outside the region and increase participation in global production networks.

AEC is concluded as a form of very potentially economic integration in the region and the world. Goods, services, capital and investment will move freely in the region. Regional economic integration is a must in a global era. This implies that the competition aspect not only presents opportunities, but also challenges for all members of ASEAN countries. In this article the emphasis will be on aspects of

employment, in the 2015 AEC scheme, which has been proven to be one of the results of the agreement to enforce the liberalization of top professional labors, such as doctors, engineers, accountants, managerial profession with its subordinates such as financial management, operational management and other professionals.

With the liberalization of services and particularly in the area of employment, it can be ensured that the intensity of competition between domestic professional with graduates from the ASEAN region will be higher, and it is possible that national firms will tend to absorb graduates of the region for the reasons of established competitiveness advantages.

At least there are three parameters<sup>1</sup> that can be used as an opportunity and a threat to see the position of Indonesia in the 2015 AEC.

- **The first parameter** is that the share of Indonesian exports to the Intra ASEAN with major countries (Malaysia, Singapore, Thailand, Philippines), in which fiscal year 2010 was U.S. \$ 24.6 Billion, or 21.1% of total exports. Although large enough in Intra-ASEAN export records, but in the same year it was recorded that intra-ASEAN imports amounted to U.S. \$ 27.7 Billion, or 28.7% of total imports. Meaning that, Indonesia is undergoing a deficit of U.S. \$ 4.1 Billion in trade of goods with Intra-ASEAN. Although, in one side, the withdrawal of foreign direct investment, Indonesia is successful enough in ASEAN. The evidence shows the success of foreign direct investment net inflow is U.S. \$ 5.9 billion in August 2010, or 44.4% from the the total of net inflow to Indonesia or 48.8% from the total of Intra-ASEAN net foreign direct investment into Indonesia (Adiningsih: 2012).
- **The second parameter** is the competitiveness of Indonesia is much lower than Singapore, Malaysia and Thailand based on the assessment of international institutions. One of them is the World Economic Forum in its report entitled *The Global Competitiveness Index 2012-2013*, which stated that Indonesia's competitiveness dropped four levels with a score of 4.4 from the 46th position in the previous year, to position 50 (Schwab et al: 2012). Therefore, the position of Indonesia's competitiveness is increasingly falling behind compared with Thailand which has managed to occupy the 38th position and Malaysia in 25th position.
- **The third parameter** is the wealth of Indonesian natural resources which are the only one local advantage in the region even in the World, is a strong attraction besides the largest population in

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<sup>1</sup> These three parameters are identified by the author as a problem that ought to be formulated as a reference methodology in presenting research conclusions.

the region, and is an opportunity which is worth fighting for optimal and excellent achievement.

#### IV. BUSINESS COMPETITION TO AEC 2015

The conditions revealed by three parameters above, are actually getting worse when they are associated with the position of Indonesian Trade Balance (NPI), which continuously to be recorded deficit. Recent data released by the Central Statistics Agency (BPS) recorded that the balance of payments deficit was U.S. \$ 590.4 million, in which the value of imports was as much as U.S. \$ 16.66 billion and export value was about U.S. \$ 16.07 billion in last May 2013 (Ministry of Finance Republic of Indonesia: 2013).

When comparing the number of imports in the same period of last 2012, there was decline approximately 2.19%. But the declines in export figures were much more with approximately 4.49%. In the span of January to May 2013, the total balance of payments recorded a deficit of U.S. \$ 2.53 billion

Therefore, Indonesia need to anticipate as early as possible, as a largest population in the region is not only to be a potential market and a main target of the marketing strategy of companies in the region in order to capitalizing the AEC 2015.

Firdausy in 2010 examined the positive and negative impacts that would arise over the implementation of the AEC in 2015. As already stated on December 15 in *Republika*, 2010, which has been cited by *Majalah Ristek Online* (Research and Technology Magazine Online), expressed his concern to the existence of micro, small and medium enterprises (SMEs). The reason is SMEs in Indonesia does not have enough competitiveness over similar goods or services, especially from competitors in the four countries of ASEAN (Singapore, Malaysia, Thailand and the Philippines). On one hand, the number of SME which is more than 90% of the total national effort will surely give effect to the structure of this Republic of Indonesia economy, if powerlessness by factors of competitiveness shakes down the ability to compete in the arena of the 2015 AEC.

#### V. RESEARCH METHODOLOGY

Competition is going to happen when the ongoing AEC 2015, of course, can be managed well, especially over the aspects related to the threats and uncertainties that would arise from the competition itself. However, it should be noted that any decision to be taken should be based on empirical facts and can be justified scientifically.

Gathering information over the pattern and dynamics of the business should be conducted and information collected from different backgrounds should be tested their validity first. Therefore, it is possible if we have background disciplines of Economics, also have the potential to borrow theories from other disciplines in order to strengthen the analysis and present a comprehensive conclusion to make an accurate business decision.

Based on the author's observation, although cross-theory of various disciplines would put him in conditions and

corridor of identified problems. When formulating the established issues, it should be fit or appropriate in the framework of a *grand strategy* (Witt & Meyer: 2004) which will be arranged, even though scientific truth-searching process is quantitatively or qualitatively. One of the references that can be considered as a beginning step to use the theory of cross-science approach is the philosophy of science itself, which is known as three aspects of approach; Ontology, and Axiology Epistemology (Hair, et al: 2006; Garna: 2007; Jogiyanto: 2008; Jogiyanto: 2005; Yin: 1996).

Related to The identification of problems of business competition, especially in conditions of AEC 2015, the author uses literatures of Business Intelligent, Strategic Management and Innovation Management as a theoretical foundation in order to prepare for a business competition, which is certainly expected to have positive implications on the establishment of the company's competitiveness. The theoretical foundations are elaborated as follows.

#### VI. BUSINESS INTELLIGENT

When we hear the word "*intelligent / intelligence*", then our minds will be brought to the domain of militarism, security, order, threats, harassment and spying. According to the dictionary of Indonesian language, it is said that intelligence is related to the person who is in charge of searching for information and observing someone. Psychological science explains that 'intelligence' is the ability of human beings in benefitting his experiences in the past, which is useful to address a new situation, which is in progress and which will be encountered (Hendropriyono: 2013).

In Hendropriyono (2013), said that it should have a philosophical intelligent which can be actualized. Furthermore, it is recommended that we should stop thinking about intelligence perspective which is too high and cannot actually be practiced in the field. Nature of threats faced by the Indonesian people has actually widened from the scope of military, to the domains of culture, economy, politic and even philosophy. One of the triggers is the globalization of proliferation threat which not only threatens the existence of the state, but also has penetrated to the domains of culture and institution

Intelligent itself has a very wide scope, not only a domain which refers to the process by militarism, combat activities, police entities which is often called criminal intelligence, but also enters top of the dimensions of other spectrums, such as economic and trade intelligent, marketing intelligence, narcotics intelligent, intelligent, customs and excise intelligent, prosecutor intelligent, political intelligent-ideology-doctrine and education intelligents (which is usually found in communist countries or left wing socialist), diplomatic intelligent, and technology intelligent known as a virtual or cyber technology intelligent. Intelligent is formed because it has three main functions, namely: a) investigation (detection), b) safety (security) and c) raising (conditioning).

The three functions exactly explain that the intelligent process is closely related to many fields and are conducted

continuously, continually from time to time. Thus it can be understood that late intelligent is stale intelligent, the same as dead bodies which have no meaning and no soul as what has been elaborated by Hendropriyono (2013).

Kertopati (2013) in his dissertation explains that intelligent in a country can be defined by its appearance; 1) appearance as an organization; 2) appearance as seen from its activities; 3) appearance of being viewed as knowledge.

Kertopati also quoted from Caparini (2002) who explains that the most important intelligent activity is collecting data and analyzing information in order to knit a policy. Thus the procedure of intelligent work very much depends on the availability of accurate and relevant information so that they can be widely formulated and implemented in a policy for the national interest

The expression is in harmony with the opinion of Ronezkowski (2004) who says that intelligent cannot be separated from information, because that's what's going to expand the work of intelligent, information is needed as much as possible, because without information no intelligent activities. If we want to explore more deeply why information is important in the world of intelligent, we should see what has been expressed by Ladislav Farago (1954) in Kertopati (2013); "*Intelligent is information that is communicated, in other words, only the information that is no longer there in the mind of a person, but it has been submitted by someone else. In agencies that specialize in this activity, intelligent is defined as information that has been evaluated, information credibility, its meaning, and the degree of importance has been assessed and determined*".

The scope of collecting intelligent information has a limitless tendency to territorial, space-time and individual. The optimum freedom should be properly done by keeping the values of philosophy, norms and even ethics. For example, Hendropriyono (2013) asserts that the intelligent activities of the Republic of Indonesia must refer to the philosophy of our country, that is, Pancasila. Pancasila which is the *local genius* of the Indonesian nation has been able to give birth to *core philosophies* for all aspects of our lives in the nation and the motherland.

The statement is in line with Prof. Adiwisstra<sup>2</sup> expression, who stresses that the philosophy of Pancasila State has indeed proved to be able to build a system which can regulate the cycle of behavior management in Indonesian government, which incidentally has very different characteristics from other countries in the world. Although democracy life is a final destination of a civilization, but the philosophy is based on Pancasila, hence the regularity of the aspects of life in Indonesia can be more orderly and better.

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<sup>2</sup> Prof. Dr. Jossy Adwisstra is Professor of Public Administration at the University of Padjadjaran, Bandung. He provides guidance and empirical experience related to Government Management, one of which is the philosophy of Pancasila State of Indonesia is also a great system that is formed in each individual and institutions regulating the behavior to collaborate.

Also through the philosophy of Pancasila, the intelligent activities and events can be run in accordance with expectations, without having to cause suspicions and practices for the misuse of illegal intelligent that will actually cause the not conducive atmosphere.

Explanation of some intelligent experts above can be articulated that intelligent is not merely activity monopolized by the entity of police, military and other law agencies, but because its characteristics is collections of information from various sources and different viewpoints (read: intelligent activities), it has an explicit equation, namely, to gain a knowledge to be used for supporting a decision by *velox et exactus* elements (act quickly to act properly, see Hendropriyono: 2013)

In collecting information as much as possible to be processed into knowledge, it should certainly be tied to the value of norms, ethics and practices and make efforts to keep away from illegal intelligent which is practically it does not know the basic philosophy of social point view and science. Therefore, the intelligent which is carried out for the needs of State policy and even for corporate entity or organization, must heed good values and intellectual norms.

Related to today's competitive business conditions, it is obligation of each organization to regularly monitor the existing condition and situation, in which the theory of strategic management has helped to simplify the object of observation as an environment which is divided into four parts:

- 1). Macro environment (far environment),
- 2). Industrial environment,
- 3). External organization competition environment, and
- 4). Internal organization.

The needs of observation of all four (4) environments when they are associated with business competition, they can be a guideline for the organization itself in making adjustments, in amid existing competition.

Competition can be surpassed by presenting a *novelty* (knowledge, procedures or new systems) which can be offered to the potential market. A subject which is classified as a *novelty* subject can be formulated from a new knowledge. Where the knowledge can be formulated from accurate information and it has a high relevance through reliable data processing and adequate accountability.

Liebowitz (2006) was interested in investigating intelligent, because he thinks that when the modern business tends to be increasingly sophisticated these days, so there are many new forms of intelligence such as artificial intelligent, business intelligent and competitive intelligent. In his study, he tries to consolidate and synthesize various types of intelligent into the meaningful framework especially aiming to answering the needs of the business competition itself

Kruger (2010) in his dissertation says that the consensus on the definition of '*Intelligent Business*' really has not been achieved in the literature. But we can cite statements from some of previous researchers about the meaning of Business

Intelligent. Like Haag et al (2007) states that Business Intelligent is, "a knowledge about your customers, your competitors, your business partners, your competitive environment, and your own internal operations that give you the ability to make-effective, important, and strategic Often business decisions".

While Turban et al (2007) define that Business Intelligent is; "an umbrella term that combines architecture, tools, databases, analytical tools, applications, and methodologies" that "give business managers and analysts the ability to conduct analysis" on historical and current business data.

Haag et al (2007) have also succeeded in identifying that Business Intelligent is the integrations of: a) collection, b) management, c) report of the results of data-oriented decisions, d) Analysis Techniques e) Computational Approaches generated through the data processing.

Through the above description of the various experts, it can be seen that Business Intelligent involves computer technology and information systems as a means which helps to process data, so that it may be valid intelligent information to support "actual" strategic business decisions

"Actual" here can be defined as *outcomes* for the actions of information engineering with the output in the form of knowledge that can be used appropriately, in appropriate circumstances and conditions, by the right person, and the right time (Manullang: 2006: 2013).

Hubeis<sup>3</sup> explained that Business Intelligent is relatively old concept which is integrated to its roots, namely Management Information Systems (MIS) since 1970s. In 1980, the Executive Information System (EIS) appeared and its performance extended because of the support of computer technology development, thus directly increased the strategic management patterns in encouraging organization to be stronger to achieve the objective targets

Features offered by EIS are a dynamic multi-dimensional reporting, forecasting and prediction, trend analysis, drill-down and critical success factors. Continued in the 1990s, commercial products appeared with the same features and then developed into a Business Intelligent system up to present day.

Through the above explanation we can understand that intelligent activity in modern time actually tends to be easier for us to do in order to prepare themselves and certainly for the enterprises, in facing increasingly tight competition.

Borrowing the concept of Hendropriyono (2013), a business intelligent product actually should have an element of *Velox et exactus*, so that it can present *counter-*

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<sup>3</sup> Prof. Dr. Ir. H. Musa Hubeis, M.S, Dipl. Ing., DEA is Professor of Industrial Management at Bogor Agricultural University. An explanation of the management information system which is the root of Business Intelligent performed through small discussion with the author on March 28, 2013 at 14:05 in IPB Campus, Baranangsiang, Bogor.

*intelligent* steps which are innovated format; either product, system and mechanism, cost accounting based on efficiency and effectiveness, method till the concept of struggle for market share of the main competitors.

Business competition which will affect the company's existence can only be avoided by means of the company to bring something unique (read: *novelty*), with the same level of production costs with competitors, but has a greater value benefits than competitors, nor create value benefits the same as the competitors, but with lower production costs than competitors (Fontana: 2009).

Referring to the choice of the best defense strategy for the company in encountering the tight competition is by "attacking", and this strategic step is the most appropriate, effective and efficient. Policy to attack in the context of defensive for the existence of the company is to offer products, services and novelty services, which had been created by the company and are able to bring sustainable economic values.

Surely not by sporadic and with closed eyes, but should be based on the qualified intelligent products; has element of *Velox et exactus* which is generated through a series of intelligent, and processed in the frame of research methodologies which can be accounted for, both managerially and academically.

## V. KNOWLEDGE MANAGEMENT; OUTCOMES OF THE BUSINESS INTELLIGENT PROCESS

Until now, many industries are confused to distinguish between Knowledge Management and Business Intelligent, as has been stated by Herschel and Jones (2004). They also cite the results of a survey conducted by OTR Consultants, which states that 60% of the consultants do not understand the difference between two of them.

Then a consulting named Gartner (in Herschel and Jones, 2004) clarified by explaining that Business Intelligent is a series of technologies which is used for collecting and analyzing data related to the value of the business and economic data in order to improve decision-making improvisation.

While Knowledge Management is a systematic process in finding, selecting, organizing, distilling and presenting information with the purpose on improving the comprehensive performance of employees in a more specific area over the experiences which have been had. Judging from the activity, we can identify that Knowledge Management aims to help organizations focus in receiving, storing and using knowledge as an utility problem solving, dynamic learning, and strategic planning up to decision making. In great concept, Knowledge Management is different from Business Intelligent, but at the same time, both are integrated and have a strong bond with one another. Knowledge Management is a product of Business Intelligent which is well administrated and summarized, so Knowledge Management not only gathers *explicit* knowledge but also *tacit* knowledge that is; knowledge

gained from experiences (Nanoka & Takeuchi: 2004; Harchel& Jones: 2006 ).

The integration of these two types of knowledge is very important to be able to bring an innovation (*novelty*), as described by Fontana (2009), which proved to be able to support Knowledge Management efforts and the power of innovation for the company. Not only that, Knowledge Management has also contributed to the innovation value chain activities of companies that will have positive implications of superior practices (*best practices*) in organization and are able to create competitiveness through revitalization, grow and develop creativity of the organization in order to create value for the company.

Organizational Creativity, Knowledge Management and Innovation can be seen in an endless circle-end; are key words which have their own role in contributing to enhancing efforts creation of corporate values, especially in the amid of tirelessly growing competition

These three keywords will be able to run properly if it is started from Business Intelligent process, that is, to collect any sufficient and valid reliability information. Validity is important, so that the information can be defined as variables which are needed in designing comprehensively and integratedly business strategies.

Data processing to be a piece of information should heed the orders and scientific principles which are appropriate to reflect the philosophy of science itself. So, once again, after the formation of knowledge, it can be accounted for managerially and academically.

## VI. CONCLUSION

We can conclude that Business Intelligent process is an initial process of environment analysis that can identify Strengths, Weaknesses, Opportunities and Threats within a great framework of management strategies for the company.

The process should be done with the foundation of company philosophy and heed good business norms and ethics, and use the principles of science philosophy, so the final product in the form of knowledge is able to be accounted for both managerially and academically. The established knowledge can be optimized to support the creativity of the organization so as to present a creation of company's innovation value.

Therefore, Knowledge Management is needed, with the point of being able to record, collect; administer any experiences of organizations and individuals within the organization to be well arranged, in encouraging the creation of unique knowledge which can bring strategic added value. As long as the company's innovation value creation is true, then at the same time the creation of the real company's competitiveness has also been realized.

ASEAN Economic Community 2015 competition which will arise can be responded by innovation value creation which can present a novelty work, which is either attached to the products, services, mechanisms or systems. Do not be

pessimistic but always be optimistic, so that it can lead us to arrange measures to develop established competitiveness, especially in regions.

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