

# ENTREPRENEURSHIP COMPETENCE IMPROVEMENT PROGRAM STRATEGIES FOR MICRO ENTERPRISES AND SMALL IN BOGOR DISTRICT

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## ABSTRACT

*Educated human resources who gain knowledge and work experience are expected to increase their dexterity, skills and abilities in working so that they are able to produce extraordinary performance which ultimately brings higher economic value. For the Bogor Regency government, educated and trained human resources can reduce the unemployment rate and can also increase the number of labor force participation which has a direct impact on increasing worker wages and labor productivity which in turn has an impact on a positive trend of economic growth. The increase in labor productivity in addition to making a positive contribution can also affect income inequality. The Bogor Regency Government has an obligation to create job opportunities for educated and trained Human Resources as well as Human Resources who are not educated and trained. The increasing number of unemployed occurs due to the increase in the number of job seekers while there are insufficient job opportunities. Human Resource Development is closely related to the development of Micro, Small and Medium Enterprises. Micro, Small and Medium Enterprises make up the majority of businesses worldwide and are important contributors to job creation and global economic development. The number of unemployed is currently more dominated by graduates of Senior High School/Vocational and Higher Education (educated workforce). Human Resource Development is closely related to the development of Micro, Small and Medium Enterprises. Micro, Small and Medium Enterprises make up the majority of businesses worldwide and are important contributors to job creation and global economic development.*

**Keywords:** Human Resources, labor productivity, Micro, Small and Medium Enterprises and SWOT.

## 1. INTRODUCTION

Human resources have a very important role, especially in the running of systems and organizations in an effort to achieve the goals that have been set. Human resources are very important organizational assets so that their roles and functions cannot be replaced by other resources. Human resources as an investment activity in the field of human resources or human capital is an investment activity that aims to increase work productivity so that it will have an impact on improving individual and organizational performance

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to increase their dexterity, skills and abilities in work so that they are able to produce extraordinary performance which ultimately brings higher economic value. For the Bogor Regency government, educated and trained human resources can reduce the unemployment rate and can also increase the number of labor force participation which has a direct impact on increasing worker wages and labor productivity which in turn has an impact on a positive trend of economic growth. In addition, MSMEs are able to become a solution to poverty alleviation in Indonesia. Poverty alleviation by developing MSMEs has good potential, because the MSME sector has a major contribution to employment.

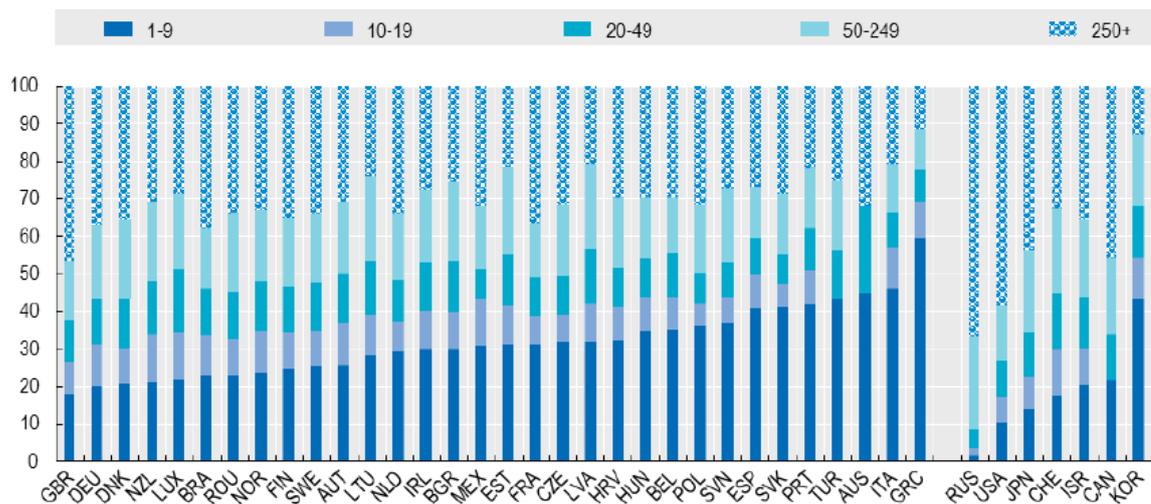
The increase in labor productivity in addition to making a positive contribution can also affect income inequality. An increase in labor productivity in certain areas that is not followed by an increase in labor productivity in other areas will lead to higher production in one area compared to other areas. If left unchecked, this will widen income inequality.

The obstacle in managing human resources in Bogor Regency is how the government can provide good education and training for the community. The provision of education and training for the community depends on how large and effective the local government's APBD allocation is for the implementation of education for the community. Effectiveness in the management of education funds often fails to be achieved by local governments in the implementation of education.

The Bogor Regency Government has an obligation to create job opportunities for educated and trained human resources as well as trained and uneducated human resources. The increasing number of unemployed occurs due to the increase in the number of job seekers while there are insufficient job opportunities. The number of unemployed is currently more dominated by high school/vocational and university graduates (educated workforce). Educated

and trained human resources that should be put to good use for economic growth are counterproductive for economic growth.

HR development is crucial in the midst of various threats, obstacles and negative impacts that can arise when HR development fails. Human resource development is a process of investing human resources effectively in economic development. Human resource development is closely related to the development of Micro, Small and Medium Enterprises. Micro, Small and Medium Enterprises (MSMEs) play a major role in most economies, especially in developing countries. MSMEs make up the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent about 90% of businesses and more than 50% of jobs worldwide. Formal MSMEs contribute up to 40% of national income (GDP) in developing countries. These figures are significantly higher than those of informal MSMEs. There are approximately 600 million jobs that will be needed by 2030 to absorb the growing global workforce, making SME development a top priority for many governments around the world. In emerging markets, most formal jobs are generated by SMEs, which create 7 out of 10 jobs.



**Figure 1.** The main source of employment in all business sectors

The participation of SMEs in the transition to more sustainable patterns of production and consumption is essential for green economy development. While the individual environmental footprint of small businesses may be low, their aggregate impact can, in some sectors, exceed that of large companies. Reducing the environmental impact of SMEs by achieving and exceeding environmental compliance with existing rules and regulations in both manufacturing and services, is a key success factor in green transformation. This is particularly urgent for SMEs in the manufacturing sector, which accounts for a large proportion of the world's resource consumption, air and water pollution, and waste.

In the context of the Indonesian state, MSMEs are the largest contributor to Indonesia's GDP. This is quoted from data from the Ministry of Cooperatives, Small and Medium Enterprises (KUKM) in 2018. MSME actors are 64.2 million or 99.99% of the total number of business actors in Indonesia. The MSME workforce is 117 million workers or

97% of the labor absorption capacity of the business world. The contribution of MSMEs to the national economy (GDP) was 61.1%, and the remaining 38.9% was contributed by large business actors, which amounted to only 5,550 or 0.01% of the total number of business actors.

The development of micro, small and medium enterprises is an important part of national economic development. This is due to the fact that in conditions of economic crisis, MSMEs were able to withstand the shocks of the crisis. In addition, the emergence of small and medium enterprises is able to reduce the problem of inequality between income groups and between business actors or poverty alleviation and employment. The ability to absorb a large workforce will be able to reduce the number of unemployed in Indonesia. Moreover, its development is able to expand the economic base and contribute to the improvement of the regional economy and national resilience.

## **2. MATERIALS AND METHODS**

### **2.1. Human Resources**

Human resources (HR) are one that is very important and cannot even be separated from an organization, both institutions and companies. HR is also the key that determines the development of the company. In essence, human resources are humans who are employed in an organization as movers, thinkers and planners to achieve the organization's goals.

HR in an organization or company, which can be seen in terms of Micro can be divided into 2 categories. The first is Operational Employees and Managerial Employees. Each of them has a role in the organization or company. The HR will manage the course of business processes in an organization or company. So that optimal performance is needed from all existing human resources involved in an organization or company.

### **2.2. Labor Productivity**

**Understanding Labor Productivity**  
One of the main problems in employment in Indonesia is low labor productivity. At this time where the times are constantly changing, so are the economic conditions that are always increasing, where the market economy system is more dominant which results in increasingly fierce competition between similar companies. The company is expected to continue to grow and achieve satisfactory profits as set by the company. Companies must be able to follow economic developments in order to survive in the

competition, companies must think about quality aspects and continuously improve the productivity of their workforce.

In the development of the company is influenced by 2 factors, namely internal factors and external factors. External factors include, among others, the number of competing companies, consumer interest in the product, and the geographical location of the company. Meanwhile, the internal factors include the level of output produced, production costs, sales volume, product quality, and others. In dealing with internal business problems, the company must do is to increase the productivity of its human resources.

Many factors influence and determine productivity, these factors are industrial lifestyle, position and status of workers, wage system, bonus system, satisfaction and limited initiatives as well as incompatible social relations, creating a situation that is not conducive to the growth of competitive spirit among people. workers, which affects the emergence of a complacent attitude towards work results, a skeptical and static attitude among workers.

### **2.3. Micro small and Medium Enterprises**

MSME is a productive business owned by individuals or by business entity that have met the criteria as a micro-enterprise entity. In addition, based on its development, SMEs in Indonesia can be divided into 4 criteria, including:

a. **Livelihood Activities**, namely SMEs that are used as job opportunities to earn a

living, which is more commonly known as the informal sector. An example is a street vendor.

b. **Micro Enterprise**, namely SMEs that have the nature of craftsmen but do not yet have entrepreneurial characteristics.

c. **Small Dynamic Enterprise**, namely SMEs that already have an entrepreneurial spirit and are able to accept subcontract and export work

d. **Fast Moving Enterprise**, namely SMEs that have an entrepreneurial spirit and will transform into a Big Business (UB).

#### **2.4. SWOT Method**

SWOT analysis can be applied by analyzing and sorting out the various factors that affect the four factors of strength, weakness, opportunity, and threat, then applying them in the SWOT matrix image. In the positioning of an organization there are the following provisions:

Quadrant I : It is a very favorable situation because it is in a position of equal strength and opportunity. The strategy that should be applied to this condition is to support aggressive growth policies.

Quadrant II : Despite facing various threats, this position still has internal strength. The strategy that must be implemented is to use force to minimize long-term threats with a diversification strategy.

Quadrant III : Is a condition has a very large chance, but on the other hand face internal constraints / weaknesses.

Quadrant IV : This condition is an unfortunate situation because it has various internal weaknesses and faces various threats.

SWOT analysis is the most common technique that can be used to analyze strategic cases (Hill, 1997). SWOT is a tool that is often used to analyze the internal and external environment to achieve a systematic approach and support for decision situations (Wheelen, 2012). SWOT is an acronym for strength (S), weakness (W), opportunity (O) and threat (T). The first two factors (strengths and weaknesses) are related to internal organizational factors, while opportunities and threats cover the broader context or environment in which the entity operates (Collins-Kreiner, 2007).

MatrixSWOT can clearly describe how the external opportunities and threats faced by the company can be adjusted according to its strengths and weaknesses. The SWOT matrix is a matching tool that develops four types of strategies, namely SO, WO, ST and WT.

### **3. RESULT AND DISCUSSION**

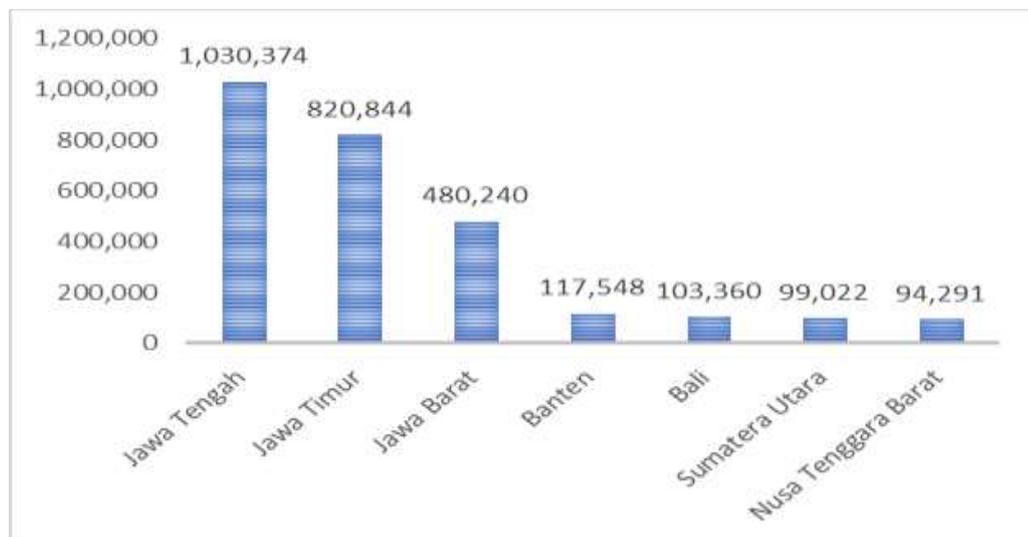
#### **3.1 Development of Micro, Small and Medium Enterprises in Indonesia**

As an illustration, MSMEs have a big role, including as a buffer for the regional economy in creating growth and employment opportunities. However, the importance of this sector has not been matched by its contribution to the value of Gross Domestic Product (GDP) and the export value which is still relatively low when compared to the 99.9% MSME population.

The development of micro, small and medium enterprises is an important part of national economic development. This is due to the fact that in conditions of economic crisis, MSMEs were able to withstand the shocks of the crisis. In addition, the

emergence of small and medium enterprises is able to reduce the problem of inequality between income groups and between business actors or poverty alleviation and employment. The ability to absorb a large workforce will be able to reduce the number of unemployed in Indonesia. Moreover, its development is able to expand the economic base and contribute to the improvement of the regional economy and national resilience.

Based on BPS that in 2015 the largest number of MSMEs in Indonesia was in Central Java, followed by East Java and West Java. These three provinces with the 3 largest number of MSMEs in Indonesia have homework to be able to encourage and mobilize MSMEs to be able to advance to class, so that programs must be synergized with the central government in this case the Ministry of Cooperatives and MSMEs of the Republic of Indonesia.



**Figure 2.** Province with the largest number of MSMEs in Indonesia

Bogor Regency as part of West Java Province which is the province with the third largest number of MSMEs in Indonesia also has a program in order to improve the MSMEs of Bogor Regency. Implementation of development includes (a) data collection, identification of potentials, and problems encountered; (b) preparation of coaching and development programs according to the potential and problems encountered; (c) implementation of coaching and development programs; and (d) monitoring and controlling program implementation.

Referring to Government Regulation (PP) No. 17 of 2013, Bogor Regency in empowering MSMEs is very concerned about optimizing the empowerment of MSMEs in its area. Judging from the development of the number of MSEs in Bogor Regency, which is the largest in West Java Province. The number of MSEs in Bogor Regency reached 368,740 units or about 8.09% of the total number of MSEs in West Java. The number of workers absorbed reached 704,197 people or 9.06% of the total workforce absorbed by MSEs in West Java Province (BPS West

Java 2016). This number plays an important role in efforts to reduce the number of unemployed in Bogor Regency.

### **3.2 Identification of SWOT Factors.**

Identification of internal factors and external factors of the program to increase the entrepreneurial competence of micro and small business actors at the Office of Small and Medium Enterprises Cooperatives, Bogor Regency, based on the results of interviews as follows:

a. Internal factors consist of the following strengths

- 1) Regional Regulation Number 12 of 2016 concerning the Establishment of Regional Offices;
- 2) Availability of a budget for development activities in the micro-enterprise sector provided by the Regional Head;
- 3) Existence Regulation Legislation which apply dala m scopeempowerment of micro enterprises;
- 4) There is a high level of motivation and commitment to personnel resources.

b. Internal factors consist of the following weaknesses

- 1) Weak capacity of apparatus resources in empowering micro-enterprises;
- 2) Lack of socialization regulation legislation on micro, small and medium enterprises (MSMEs) to the apparatus;
- 3) Weak data management due to the limited competence of the apparatus and the available infrastructure;
- 4) Dispersed and the potential for

cooperatives/SMEs has not been identified, making its development difficult;

- 5) Lack of office support facilities;
- 6) A very wide area that makes it difficult to build evenly
- 7) Lack of Apparatus Resources according to the type of education.

c. External factors consist of the following opportunities

- 1) The amount of potential resources owned by MSMEs that can be developed into economic strength;
- 2) There is a high demand for superior products;
- 3) There are central government regulations that provide convenience (incentives) for entrepreneurs.
- 4) There is access to banking facilities for micro business actors
- 5) The existence of supporting institutions in the development of micro, small and medium enterprises
- 6) There is a wide variety of micro business products;

d. External factors consist of the following opportunities:

- 1) Weak coordination with cross-regional apparatus, vertical agencies and other stakeholders such as NGOs, Universities, Research Institutes, Community Organizations, and others;
- 2) The existence of a global market, which makes competition more intense;
- 3) The human resources of business actors are not yet ready to face the global market;
- 4) The low quality of MSME production or product quality standards are still very unstable;

5) High dependence on imported raw materials and low use of domestic raw materials;

Based on the results of the formulation of the indicators of internal and external factors, the assumptions from the analysis are then used to determine the critical success factors and the threat factors for failure. The factors of Strengths, Weaknesses, Opportunities, and Threats of the Office of Cooperatives, Small and Medium Enterprises, Bogor Regency are as follows.

1. SO strategy, namely

- a) Utilizing laws and regulations that provide easy incentives and access to banking;
- b) Maintain and increase the commitment and motivation of the apparatus to be able to provide the best service to micro and small business actors
- c) Utilize the development budget for the MSME sector, optimally.

2. WO strategy, namely

- a) Strive to increase the capacity of apparatus resources to empower micro and small businesses in Bogor Regency;
- b) Strive to increase participation in the socialization of legislation to the apparatus;
- c) Improve data management and identify the potential of MSMEs;
- d) Strive for the completeness of facilities and infrastructure supporting the apparatus in supporting services to micro and small business actors;
- e) Optimizing available Apparatus Resources.

3. ST strategy, namely

a) Optimizing the potential in the field of micro-enterprise empowerment to capture market opportunities, especially domestically;

b) Increase the productivity of micro business actors;

c) Socializing to all social strata of society that the informal and formal business sectors can be a great economic power, thereby attracting investors to invest in this sector.

d) Increasing the facilitation of access to capital for MSME actors;

e) Increase cooperation with supporting institutions in developing MSMEs;

f) Increase the capacity/competence of MSME actors in supporting product diversity;

g) Increase Cooperation with Industry/business big in developing MSMEs.

4. WT Strategy

a) Improve Coordination across Regional Apparatuses, vertical agencies and other stakeholders such as NGOs, Universities, Research Institutes, Community Organizations, and others;

b) Improving the quality of SME products so that they are able to compete in the global market era;

c) Developing the potential of MSMEs by preparing reliable human resources to face the global market;

d) Improving Marketing Techniques for MSME actors;

e) Motivate SMEs to improve their quality and production by using imported raw material substitution.

Based on the results of the SWOT analysis, the Office of Cooperatives for Small and Medium Enterprises in Bogor Regency

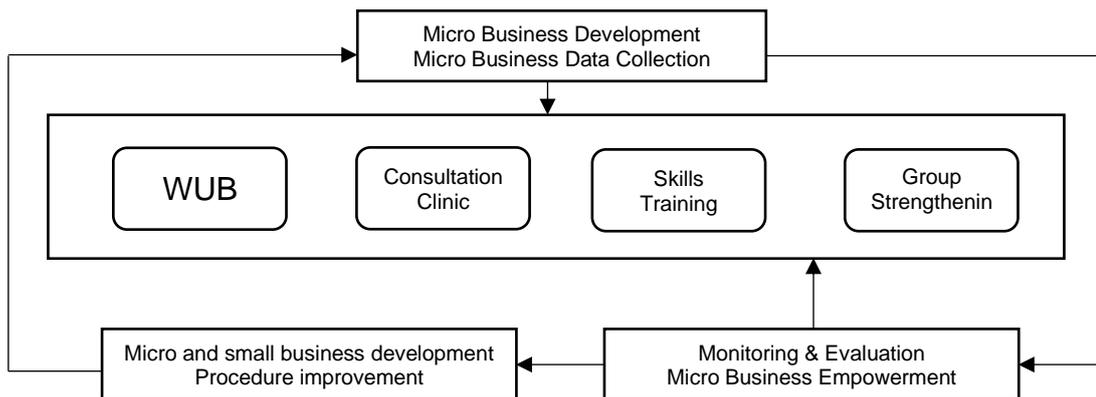
can choose from four possible alternative strategies for increasing the entrepreneurial competence of micro and small business actors.

### 3.3 Model for increasing the Entrepreneurship Competence of Micro and Small Business Actors in Bogor Regency

This micro-enterprise development is inseparable from the data collection conducted by the Office of Small and Medium Enterprises Cooperatives in Bogor Regency. Data collection is a system of collecting, processing, storing and publishing data on the development of micro-enterprises which is

carried out continuously by utilizing information and communication technology either directly from micro-enterprises or indirectly through Regional Apparatus officers in charge of micro-enterprises.

Improving the entrepreneurial competence of micro and small business actors is carried out through training and mentoring activities. The training begins with the growth of new entrepreneurs, then post-training mentoring is carried out. In the assistance, technical competency trainings and institutional strengthening of micro and small businesses are carried out. This program will not be successful if monitoring and evaluation are not carried out



**Figure 3.** Entrepreneurial Competency Improvement Model for Micro and Small Business Actors in Bogor Regency

#### 4. CONCLUSION

Based on the results of the analysis and discussion in this study, it can be concluded as follows:

- a. The program to improve the entrepreneurial competence of UMK actors has been well carried out by the Office of Small and Medium Enterprises Cooperatives in Bogor Regency.
- b. The evaluation of the entrepreneurial competency improvement program for UMK actors in Bogor Regency was carried out

based on the CIPP (Context, Input, Process, and Product) model showing that in the context dimension the new entrepreneurial training program was classified as successful because it was supported by strong legal policies, program objectives that matched the needs, and positive program benefits, as well as the right program goals.

- c. The strategy of the program to increase the entrepreneurial competence of MSE actors carried out at the Office of Micro and Medium Enterprises Cooperatives in

Bogor Regency with a SWOT analysis approach obtained the following strategic priorities:

- 1) Increase the commitment and motivation of the apparatus to be able to provide the best service to micro and small business actors.
- 2) Strive to increase the capacity of apparatus resources to empower micro and small businesses in Bogor Regency
- 3) Improve data management and identify the potential of MSMEs
- 4) Increase the productivity of micro-enterprises
- 5) Improve Coordination across Regional Apparatuses, vertical agencies and other stakeholders such as NGOs, Universities, Research Institutes, Community Organizations, and others

#### **FUTURE WORK**

- a. The role of the Office of Small and Medium Enterprises Cooperatives in Bogor Regency is very strategic in the growth of new entrepreneurs and increasing regional income. Micro and small business actors who are assisted by the Small and Medium Business Cooperative Office have benefited from increasing business productivity.
- b. The New Entrepreneurial Training (WUB) Bogor Regency has resulted in positive changes in terms of knowledge, attitudes, skills and performance of micro and small businesses participating in the program.

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