

Analysis the Effect of Education on UMKM Performance

Aldila Dinanti¹, Dwi Niti Wuriasih², Ririn Anggraini³, Lina Rifda Naufalin⁴,
Ginanjar Adi Nugraha⁵

^{1,2,3,4} Faculty of Economics and Business, Jenderal Soedirman University

⁵ Faculty of Economics and Business, Wijayakusuma University

E-mail: aldiladinanti88@gmail.com

ABSTRACT

Education and UMKM are two things that cannot be separated. Learning outcomes gained from education can be beneficial to UMKM sustainability in business management such as communications, finance, and marketing. UMKM as a business that has many contributions in the Indonesian economy but still keep the problems that cause UMKM to be unsuccessful. Problems of business management such as marketing aspect and making of financial report which still simple and ability of Human Resources which still low because of still low level of education also become one of the cause. Education with UMKM becomes unavoidable. Education is a learning process that prints qualified Human Resources with the capabilities and experience required in UMKM operational activities. Education teaches the knowledge that has been a problem in the failure of UMKM such as making financial reports, marketing techniques and emotional. This study was conducted at UD KURNIA which aims to analyze the influence of education on the performance of UMKM. Does it have a great influence on the performance of UMKM in the management of her business. Performance appraisal indicators in this method are assessed in terms of financial reporting, business marketing and employee productivity. The method of analysis used is descriptive qualitative nature provides a detailed description of the background, characteristics and characteristics that are typical of the subject of research. The results and conclusions of this study is that education influences the performance of UD KURNIA with the provision of financial statements that are still very simple, the marketing has not been effective on the employees because it is hampered by their communication skills and employee performance that has not been maximized because the control system is still low.

Keywords: Education Level, UMKM, Performance, Business Management

ABSTRAK

Pendidikan dan UMKM merupakan dua hal yang tidak dapat dipisahkan. Hasil pembelajaran yang di dapatkan dari pendidikan dapat bermanfaat bagi keberlangsungan UMKM dalam pengelolaan usaha seperti komunikasi, keuangan, dan pemasaran. UMKM sebagai usaha yang memiliki banyak kontribusi dalam perekonomian Indonesia namun masih menyimpan permasalahan yang menyebabkan UMKM tidak berhasil. Permasalahan pengelolaan usaha seperti aspek pemasaran dan pembuatan laporan keuangan yang masih sederhana serta kemampuan Sumber Daya Manusia yang masih rendah karena tingkat pendidikan yang masih rendah pula menjadi salah satu penyebabnya. Pendidikan dengan UMKM menjadi hal yang tidak bisa dihindarkan. Pendidikan merupakan proses pembelajaran yang mencetak Sumber Daya Manusia berkualitas dengan kemampuan dan pengalaman yang dibutuhkan dalam kegiatan operasional UMKM. Pendidikan mengajarkan pengetahuan yang selama ini menjadi permasalahan dalam kegagalan UMKM seperti

Corresponding Author

E-mail: aldiladinanti88@gmail.com

pembuatan laporan keuangan, teknik pemasaran dan emosional. Penelitian ini dilakukan pada UD KURNIA yang bertujuan untuk menganalisis pengaruh pendidikan terhadap kinerja UMKM. Apakah mempunyai pengaruh yang besar atau tidak terhadap kinerja UMKM dalam pengelolaan usahanya. Indikator penilaian kinerja dalam metode ini dinilai dari segi pembuatan laporan keuangan, pemasaran usaha dan produktivitas karyawan. Metode analisis yang digunakan adalah deskriptif kualitatif sifatnya memberikan gambaran yang mendetail tentang latar belakang, sifat-sifat serta karakteristik yang khas dari subjek penelitian. Hasil dan kesimpulan dari penelitian ini adalah pendidikan berpengaruh terhadap kinerja UD KURNIA dengan penyediaan laporan keuangan yang masih sangat sederhana, pemasaran yang belum efektif pada karyawan karena terhambat oleh kemampuan komunikasi yang dimilikinya serta kinerja karyawan yang belum maksimal karena sistem pengendalian yang masih rendah.

Kata Kunci: Tingkat Pendidikan, UMKM, Kinerja, Manajemen Usaha

INTRODUCTION

UMKM have a very important role in the effort of the realization of a just and independent national economy. In harmony with the purpose of the existence of UMKM in Indonesia is to realize a balanced national economic structure, developing, and justice (Law No. 20 Know 2008 About UMKM). UMKM present become the backbone of the Indonesian economy with employment absorption to reduce unemployment around and eradicate the gap between the rich and the poor. Small and medium-sized businesses have the ability to create jobs at minimum cost, they are pioneers in the world of innovation and have high flexibility that enables businesses to meet customer needs (Brock and Evans, 1986; ACS and Audretsch, 1990). UMKM also help the economic growth of Indonesia (Hafsah, 2004). Independence that became the principle of UMKM itself proved to bring UMKM as an effort that has an important role. Year 1997-1998, namely the economic crisis, UMKM as the only business that is able to survive than large firms that exist and be penopang Indonesian economy during the crisis. The crisis period is not a problem for UMKM at that time, after the crisis did not diminish the spirit of UMKM to continue to grow, proving the business trend continues to increase. The number of entrepreneurs in Indonesia as much 56.53956 million units, dari this amount, UMKM sebanyak 56,534,592 units or 99.99%, while the remaining 0.01% or 4968 units is a huge undertaking. UMKM is able to absorb 85 million to 107 million workforce until 2012 (Central Bureau of Statistics, 2012).

Behind the large contribution of UMKM, there are still many obstacles faced by UMKM causing the failure of UMKM itself. Weak marketing, the creation of unconstitutional financial statements, limited access to capital, the ability to develop business, and the low quality of Human Resources (HR) became the phenomenon of failure of UMKM. UMKM, still weak in business management capability, limited human resource quality, and weak access to financial institutions, especially banks (Adiningsih, 2001). Another study said that the failure of UMKM is limited ability of UMKM in accessing information to promote products UMKM (Sharif, 2008). In research conducted by Ariawati (2005) classify weaknesses owned by UMKM that is from education, skills & expertise, market penetration ability, capital, industrial technology, business network, business climate and facilities & infrastructure. Based

on its causal factors, the failure of UMKM can be classified into two namely internal factors and external factors (Ariawati, 2005, Hafsah, 2004, Rosid, 1998).

Problems that occur in UMKM is not independent of the role of education. Education is recognized as a basic need that must be owned because it is used in daily life, especially in business activities. Business management can not be separated from the existence of Human Resources (HR) that has the quality of ability and good personality. Among many organizational components, the Man (SDM) component becomes the most important component. Because Human Resources (HR) can be regarded as an investment of a company in the sustainability of its business. With the existence of Human Resources (HR) quality is expected to improve business performance. P Education in accordance with its own objectives established to improve human intelligence that hopes to provide benefits for himself and for the country indirectly as education are closely related to the country's development as well. People who are educated before entering into the field of business have been equipped with the skills needed when work later, so the problems that exist in UMKM can be minimized.

Thus the researcher wants to do research that aims to analyze the influence of education on the performance of UMKM that is on UD KURNIA measured in terms of making financial reports, marketing and employee performance.

LITERATURE REVIEW

Education Level

It is important and requires education in every country. Section 1 subsection 1 of the Law of the Indonesian National Education System (SISDIKNAS) No. 20 of 2003 conveyed that education as an effort that can equip every skilled person he or she needs, society, nation and state. Investments in education have a direct influence on individual productivity and income (Baum, 1988: 178). The level of education with the level of income has a positive relationship where Human Resources (HR) is able to improve the quality of life through education, training and development processes that impact on work productivity is increasing, so that in the end education can be a provision to obtain sufficient income and welfare of life also increased (Sagir, 1989: 60). This condition means that the higher the businessman's education the higher the income earned.

In South Africa, education has a positive effect on business productivity. The lower education since 2006 to 2011 has impacted the lower activity in South Africa (GEM 2011). Research is also conducted in 2012 in Mdatsane area of South Africa with the object of research in the share of the Age of business owners, level of education and duration of business. Sample data of 36 respondents who is the owner of the business. It was found that work experience, educational level and length of business together had a significant impact on the business income (Chiliya, N, 2012).

To gain the ability not only found in formal sector education, but other educational institutions can be done. As mentioned in Law No. 20 of 2003 on Education System of Indonesia article 1 (10) Education unit is education service group that conducts education on formal, nonformal and informal path at every level and type of education.

UMKM

A company classified as a UMKM is a small company owned and managed by a person or owned by a small group of people with a certain amount of wealth and income (Law No. 20 Year 2008 About UMKM). According to the World Bank, UMKM can be grouped into three types, namely: 1. Micro Business (number of employees 10 people); 2. Small Business (number of employees 30 people); and 3. Medium Enterprises (number of employees up to 300 people). According to Bank Indonesia In the business perspective, UMKM are classified into four groups, namely: (a) UMKM of the informal sector, for example street vendors. (b) Micro UMKM are UMKM with the ability of the craftUMKMn but have less entrepreneurial spirit to develop their business.(c) Dynamic Small Business is a group of UMKM capable of entrepreneurship by establishing cooperation (receiving sub contract work) and export. (d)Fast Moving Enterprise is a UMKM that has capable entrepreneurship and is ready to transform into a big business. The important role of UMKM is not only for growth in big cities but also for the economic growth in rural areas which geographically spread all over the country, in all sectors, Providing basic services needed by society, high multiplier effect is an instrument equitable distribution of income and reducing inequalities in the welfare of the people; Container for the creation of new entrepreneurs (Bank Indonesia, 2015).

Factors Affecting UMKM Success

Behind the big role of the Indonesian economy, UMKM are still faced with problems that come from internal UMKM and external UMKM. The following are internal factors and external factors that become constraints for UMKM (Bank Indonesia, 2015):

Internal

1. Capital About 60-70% UMKM has not got access or bank financing. Among the causes, geographical barriers. Not many banks are able to reach up to remote and remote areas. Then administrative constraints, UMKM business management is still managed manually and traditionally, especially financial management. Managers have not been able to separate money for household and business operations.
2. Human Resources (HR) Lack of knowledge about the latest production technology and how to run quality control of the product. The ability to read the market needs is still not sharp, so it has not been able to capture carefully the needs of the market. Product marketing still relies on simple mouth to mouth marketing. Has not made social media or internet network as a marketing tool. In terms of quantity, it cannot involve more manpower due to limited paying ability. Because the owners of UMKM are still often involved in technical issues, so less thinking about the goals or strategic plans long-term business.
3. Law in general, UMKM business actors are still incorporated into individual laws.
4. Accountability Do not have a good financial and management administration system.

External

1. The business climate is still not conducive Coordination among stakeholders of UMKM is still not integrated. Government agencies, educational institutions, financial institutions, and business associations run more frequently. The non-completion of handling the legality aspects of the business entity and the smoothness of licensing procedures, the arrangement of business locations, the

high transaction / business costs, the infrastructure, and the policy in funding aspects for UMKM.

2. Infrastructure Limited facilities and business infrastructure mainly related to technological tools. Most UMKM use technology that is still simple.
3. Access Limitations of access to raw materials, so that UMKM often get low quality raw materials. Access to technology, especially when the market is controlled by certain companies' / business groups. Not yet able to compensate the rapidly changing consumer tastes, especially for UMKM who have been able to penetrate the export market, so often terlibas with companies with larger capital.

UMKM performance

Performance or performance is the work that can be achieved by a person or group of people within the organization, in accordance with their respective powers and responsibilities in order to achieve organizational goals (Suyudi, 1999). According to Levbinson (1979) Performance or performance is the achievement or achievement of a person with regard to the tasks assigned to him. Company performance is the result of many individual decisions made continuously by management (Helfert, 1996). To measure the performance of the firm, Kotler (1991) suggested that it is based on ROI rather than on profit margins. While Soetjipto (1997) mentioned that to measure business performance, can be done with "balanced score card" (BSC). Performance in performing its function does not stand alone, but relates to job satisfaction and reward levels, influenced by the skills, abilities and individual traits. Therefore, according to the partner-lawyer model (Donnelly, Gibson and Invancevich: 1994), individual performance is essentially influenced by factors; (a) expectations regarding rewards; (b) encouragement; (c) ability; needs and traits; (d) perception of duty; (e) internal and external rewards; (f) perceptions of the level of rewards and job satisfaction. Thus, performance is essentially determined by three things, namely: (1) ability, (2) desire and (3) environment. Therefore, in order to have a good performance, a person must have a high desire to work and know his work.

RESEARCH METHODS

The method used in this research is descriptive qualitative method is the method that its character describes, describes, comparing a data and state and explain a situation in such a way before drawn a conclusion (Sugiono, 2014). Penelitian is decrypted to analyze the influence of education on the performance of UMKM in UD Kurnia case study in terms of financial reporting, marketing and employee performance. The data used is by using primary data and secondary data on UD PURPOSE in the form of data in the form of general description of the organization include business strategy, division of labor, employee recruitment, financial reporting and employee development. Techniques used in data collection that is with interview techniques to employees and also business owners on questions that support problem solving, as well as with literature study, that is by searching for information needed through documents, books, and sources other written either in the form of theory, research reports or previous findings (findings) related to the problems discussed in this study. The research was conducted at UD KURNIA having address at Purwosari Indah Housing Jl. Mount Slame VIII No. 79 Purwokerto, den gan drinking water production businesses and distribut ga lon gas or LPG 5 kg, 12 kg and 50 kg.

RESEARCH RESULT

UD profile. KURNIA

Addressed on Jl. Mount Slamet VIII No. 79 Purwosari Indah Real Estate, Purwokerto stands for the production of gallon drinking water with the usual gallon type and gallon faucet of "SPIRIT" and "GRACE" brand, distributor of 'Aqua' gallon and mineral water with various brands from the bottle to the glass. Various drinks rasapun be variant of this product sold UD KURNIA. UD KURNIA also known as LPG Gas distributor starting size 5,5 kg, 12 kg and 50 kg . Product marketing area to reach the area of cilacap and purbalingga. Some Houses Sakit in Purwokerto like RS. Elis abet h , RS.Wijayakusuma and others have become consumers UD KURNIA, not only hospitals alone, now UD KURNIA consumers touched some Showroom cars and motorcycles; Restaurant; Food Court Rita Super Mall and several offices in Purwokerto. Along with the development of business the number of employees now amounts to 10 people, of which 5 employees are new employees with an average elementary school education background . UD KURNIA's operational activities are flexible . The division of jobdesk from superiors is flexible, so it will be done job rotation hope that all employees master all the work and not cause dependency if there is not work. The owner divides the route schedule of departure each day with the help of 3 pieces of car fleet. There is no shift remains for employees making employees work with a number of hours different, the system while making employees work on his own, when it can be started earlier, it can be possible to finish sooner, but for the time of leaving work each waiting for the other employees who unfinished work. Especially for the administrative position and financial statements held directly oleh business owners.

Financial Reporting

Lack of employee experience in financial reporting leads to the taking of the job by the business owner. Experience as a holder of financial administration and cashier on retail business that has been obtained before establishing this business has not been quite effective in making financial reports that can provide a comprehensive picture of UD KURNIA's operational performance. The financial statements used are quite simple , which consists of daily sales recap of employees but has not done the bookkeeping in the financial statements at any given period . This resulted in the business owner not knowing the progress of his business in any given period of time .

In addition, the owners also do pengendalian on products that come out. Lian pengenda is done by writing the number of each product that comes out every day in a small note. The form he used was still simple yet systematically fixed, so formatnyapun not always the same every day and not yet able to inform in detail the product to be sold . The recording of his receivables is still simple and has not been validated with sales reports every day . Pembukuan periodically also an obstacle because the owner who works alone in the making, and has been working from morning to night.

Marketing

Communication ability becomes the biggest obstacle in doing marketing by employees, there is still shame and not good in offering product to consumer become obstacle in marketing of UD KURNIA. The problem causes the owner himself who must go directly to the field to do marketing. The marketing system is still very simple, relying only on the strategy of offering product letters to new prospective

customers as well as mobile phone contacts and business card making . Utilization of digital media is still less so not efficient. Centralizing a marketer in one person causes market share is still limited and tend to remain fixed. The absence of a promo strategy to attract more prospective customers, Standard Operating Procedure (SOP) for new ordering of products by consumers is also unclear, thus inhibiting the process of recording by the owner. Business identity in the form of nameplate in front of business location is also not seen, while this will be very useful as a promotional media UD KURNIA.

Employee performance

Motivation is a source of excitement in work. The division of time into r ja from business owners who do not go on causing employees to leave according to their own will and not the same, so the time off work they too erratic. It also reduces the productivity of the owners in recording the sales of employees late into the night and has an impact on making very simple financial reports. The absence of straightforward sanctions and strict reprimands if there are employees who make mistakes, so that employees know what their shortcomings and can be repaired. No need to wait for a big mistake newly sanctioned. Behavior that indicates dishonesty such as an unreported order recording, is not directly acted upon by the owner even if only limited to a reprimand, sanctions are given when recurring errors occur from employees and are greater. Giving rewards to employees who have good achievement has not been seen in UD KURNIA so employees work normally, there is no incentive to improve its performance.

The results of this study indicate that the problems that occur in UD KURNIA disebabkan because the quality of Human Resources a (SDM) is still kurang, such as communication and the ability to perform financial administration. This is because the level of education of employees and business owners as a determinant of policies and strategies and business management such as financial aspects, business marketing, dishonesty is still low as well.among the problems faced by UMKM in business development include weak financial aspects; poor management skills; unlawful business attitudes such as cheating, corruption; lack of infrastructure, poor bookkeeping, weak networks, low market access capability, and less supportive business climate (Hafsah, 2004). Similar findings are also reported by Tushabomwe-Kazooba (2006) that poor bookkeeping and lack of skills in basic management skills are the factors behind the failure of UMKM in Africa . Other studies mentioned that the level of education affects the company's performance in achieving corporate mission (Yuniarti, 2014).

CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

The results of this study indicate that education has an effect on the performance of UMKM. Effect of education seen in the quality of Human Resources (HR) is in the form of the ability to make financial reports, marketing and employee performance. Low educational effect on the financial statements k terhadap penyusunan urang can be utilized effectively and efficiently by the employee. In addition, the aspects of marketing strategy that is done is still simple and less effective and employee performance is still low due to lack of good business management for employees such as lack of strict sanctions and no rewards as a form of employee development and the absence of special training to employees from the owner.

Therefore, business owners are advised to improve their business management capability as an investment effort against long-term business performance. Problems of making financial reports can be done by following training or mentoring, need the role of government in assisting UMKM through workshops or seminars. Universitas pun need to help in the form of training and community service to UMKM. Improved marketing strategy by streamlining employees in improving services, giving promos to attract new prospective customers and maintain existing consumer loyalty and utilization of social media to intensify product marketing. Increased employee performance can be done by giving sanctions and also rewards for the development of employees positively and negatively as well as employee training to improve employee's ability to increase employee productivity. Training also needs to be developed to improve the quality of employees by the owner. It is necessary to note from various parties for UD KURNIA in particular and UMKM in general can compete globally with other companies.

This research cannot be generalized because only done to one UMKM make limitations in this research.

REFERENCE

- Acs, Z. and Audretsch, D., 1990, *The Economics of Firms: A European Challenge*, Kluwer Academic Publishers, Norwall, MA.
- Adiningsih, S., (2001), Regulation in the Revitalization of Small and Medium Enterprises in Indonesia, <http://jurnal.unikom.ac.id/vol4/art7.html> , accessed on 3 July 2018
- Ariawati, 2005, Small Business and Work Opportunities, <http://jurnal.unikom.ac.id/vol4/art7.html> , accessed on 3 July 2018
- Bank Indonesia, 2015, Profile of Small and Medium Enterprises. Jakarta
- Baum, WC, Tolbert, SM, 1998. Investment in Development. Translation Bassilius BengoTeku, Jakarta, University of Indonesia
- Brock, W. and Evans, D., 1986, *The Economics of Security Business: Their Roles and Regulations in US Economy*, Holmes & Meier Publishers, Teaneck, NJ
- Chiliya, N., 2012. Impact of the Level of Education and Experience on the Profitability of Small Grocery Shops in South Africa. *Journal of Management Economic*, p.462-470.
- Global Entrepreneurship Monitor (GEM), 2011. Report on Higher Expectation Entrepreneurship. Online: www.gemconsortium.org (accessed on July 3, 2018)
- Hafsah, MJ, 2004, Small and Medium Enterprises Development Efforts (UKM), Infokop No 25 TahunXX, pp 40-44
- Rosid, M, (1998), Management of Small and Medium Enterprises and Cooperatives, Center for Teaching Materials -UMB, can be accessed at www.pkms.mercubuana.ac.id/new/.../files.../31013-3-478126269633.doc
- Sagir, HS, 1989. *Building Human Works-Labor Issues and Human Resource Development*. Jakarta: Pustaka Sinar harapan.
- Sugiyono, 2007. *Statistics For Research*. Bandung: Alfabeta

Thompson, P. Winter 1986. Characteristics of the small business entrepreneur in Canada. *Journal of Business and Entrepreneurship*: 5-11
UU no. 20 of 2008 on Micro, *Small and Medium Enterprises*, Jakarta.
Yuniarti, Dwi and Suprianto, Elin. 2014. Influence of Leadership Style and Education Level to Employee Performance Directorate of Operations. *INDEPT*, Vol. 4, No. February 1, 2014