

## **Analysis Of The Characteristics And Problems Of Business Management In Msmes In Banyumas**

**Tohir<sup>1</sup>, Adi Indrayanto<sup>2</sup>, Dadang Iskandar<sup>3</sup>, Aldila Krisnaresanti<sup>4</sup>**

<sup>1</sup>\*Universitas Jenderal Soedirman, tohir@unsoed.ac.id, Indonesia

<sup>2</sup> Universitas Jenderal Soedirman, adi.indrayanto@unsoed.ac.id, Indonesia

<sup>3</sup> Universitas Jenderal Soedirman, dadang.iskandar@unsoed.ac.id, Indonesia

<sup>4</sup> Universitas Jenderal Soedirman, aldila.krisnaresanti@unsoed.ac.id, Indonesia

\*Tohir

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### **ABSTRACT**

The problem of business management in MSMEs is an important problem that must be solved, but the training model for MSMEs regarding management that has been carried out so far has not been considered effective in improving the quality of MSME management. This study aims to analyze the characteristics of MSMEs in Banyumas and analyze what MSME management problems are faced by MSMEs in Banyumas. Based on the results of the research carried out, the characteristics of MSMEs were analyzed based on aspects of human resources, financial management conditions, production aspects, and marketing aspects.

**Keywords:** Business Management; MSME's; Problems Identification

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### **1. Introduction**

Micro, Small and Medium Enterprises (MSMEs) in Banyumas have a strategic role in the community's economic system considering that the actors in this sector involve various strata of people's lives, from the bottom to the top. This sector is able to absorb a large enough workforce (Sudaryanto, 2011). However, this sizable contribution has not been matched by adequate and optimal business management due to the unique characteristics of the actors. This certainly cannot be allowed to continue; therefore, a comprehensive stakeholder role is needed in order to play a role in efforts to develop management and MSME businesses to be more independent, modern and open so that MSMEs can become a new economic force in the midst of increasingly real and transparent competition in the Asean economic community. is expected to be more developed and have good performance and will be more competitive in today's global competition arena.

One of the steps that can be taken to improve the quality of MSME management is to improve the managerial quality of business owners and managers. Unfortunately, there are still many business owners who do not have the managerial and business management skills that are qualified. The main roles that must be played by a manager include the role of interpersonal relationships (Interpersonal Role), roles related to information (Informational Role), and the role of decision makers (Decissional Role) (Mintzberg, 2007).

The current condition that occurs in the field is that many trainings on management are carried out but are not in accordance with the characteristics and needs of MSMEs. Various efforts have been made by various parties to improve MSME management capabilities in Banyumas, such as training from the Department of Industry, Trade, Cooperatives and MSMEs, PLUT Central Java Province, service activities from Lecturers and from activists who care about MSMEs. However, these efforts have not yielded results in accordance with the expectations of the implementers of the activity. After the activity ended, there were still many MSMEs that did not apply the results of the training and returned to the old management. Based on this background, it is necessary to analyze the characteristics and problems of business management in MSMEs in Banyumas Regency.

## **2. Literature Review**

### *2.1 Micro, Small and Medium Enterprises (MSMEs)*

According to the Ministry of Cooperatives and MSMEs, small businesses, including micro businesses, are productive businesses that have a net worth of at most Rp. 200,000,000.00 excluding land and buildings for business premises and having annual sales of at most Rp. 1,000,000,000.00. Meanwhile, medium-sized businesses are productive businesses owned by Indonesian citizens with a net worth of more than Rp. 200,000,000.00 up to Rp. 10,000,000.00 excluding land and buildings.

Meanwhile, according to Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises it is explained that MSMEs are small, micro and medium enterprises managed by individuals or business entities in accordance with the criteria established by the Act. The differences between micro, small and medium enterprises are as follows: 1) Micro enterprises are productive enterprises owned by individuals or business entities that have micro-enterprise criteria; and 2) Small business is a productive business that stands alone and is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled and become part directly or indirectly of medium or large businesses that meet the criteria of small businesses. Medium-sized business is a productive business that stands alone and is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled and become part directly or indirectly of small or large businesses with total assets and annual sales as stipulated in Constitution.

### *2.2 Management Training*

Management comes from the word "to manage" which means to regulate. The management elements consisting of 6M are man, money, method, machine, materials, and market. Management is a way of managing something for someone else to do. To achieve certain goals effectively and efficiently that are massive, complex and of high value, management is certainly very much needed. Human resources are the most important wealth owned by the organization, while effective management is the key to the success of the organization

Human resources in the company need to be managed professionally in order to realize a balance between the needs of employees and the demands and capabilities of the company's organization. This balance is the main key for the company to be able to develop productively. The development of the company's business and organization is very dependent on the performance of employees in

the company. One of the functions of human resource management is training and development, meaning that to get a skilled workforce, training and development is needed. This is done with the aim of improving skills through the necessary training to be able to do a good job.

Training is an important means of developing good human resources. Development in the field of training is an effort to increase the knowledge and skills of an employee to implement certain work activities. Personnel management is a science and art to carry out, among others, planning, organizing and controlling so that the effectiveness and efficiency of personnel can be achieved be improved as much as possible (Nuraini, 2016).

Training consists of programs that are arranged in a planned manner to improve performance at the individual, group, organizational level. Improve the performance of which changes can be measured through the knowledge, skills, attitudes and social behavior of the employee (Cascio, 2003). Training is an activity designed to improve our performance in doing work, both physical work and work related to others, especially in the development of each individual (Gomes, 2003).

- Objectives and benefits of training programs implemented by organizations have a number of objectives and benefits. The training objectives are (Priansa, 2018):
- Productivity. With training will be able to increase the ability, knowledge, skills, and changes in behavior. This is expected to increase organizational productivity.
- Quality. The implementation of training can not only improve the quality of employees but is expected to minimize the possibility of errors at work. Thus, the quality of the resulting output will be maintained and even increased.
- Human Resource Planning. Training will make it easier for employees to fill vacancies in an organization, so that employee planning can be carried out as well as possible. In human resource planning, one of them is regarding the quality and quantity of the planned employees, to obtain employees with the appropriate quality as directed.
- Morale. It is hoped that the training will be able to improve the work performance of employees so that it will increase employee wages. This will increase employee morale to be more responsible for their duties.
- Indirect Compensation Providing opportunities for employees to attend training can be interpreted as providing remuneration for achievements that have been achieved in the past, where by participating in the training program the employee concerned has the opportunity to further develop themselves.
- Health and Safety is the best step in preventing or reducing the occurrence of work accidents in an organization so that it will create a calm, safe working atmosphere and stability in their mental attitude.
- Obsolescence Prevention Training will encourage employee initiative and creativity, this step is expected to prevent employees from being expired. This means that the abilities possessed by employees can adapt to technological developments.
- Personal Growth Provide opportunities for employees to improve their knowledge and abilities, including enhancing their personal development.

The training principles that need to be a reference in the training program (A. A. Anwar Prabu Mangkunegara, 2006) include:

- Individual differences, namely the ability to understand well the individual differences that exist and arise from within employees. The training provided must be able to adopt the

educational background, experience and desires of employees so that the results achieved from the training program can be more optimal.

- Linkage to job analysis. Job specifications usually describe the education that prospective employees must have to be able to carry out their duties so that the results are more optimal. Therefore, the material taught in education must relate to what is stated in the job specifications set by the organization.
- Motivation Employees will work seriously and have motivation. Adequate compensation and the opportunity to get a promotion after participating in the training are usually motivators for employees to take part in the training properly.
- Active participation. Trainees must be able to be actively involved and be an important part of the training process. Therefore, training must be skilled in encouraging trainees so that trainees are able to be actively involved in the training process.
- Selection of participants. Selection of prospective employees who are entitled to attend training needs to be carried out so that training is more targeted and avoids vacancies when training is given. For this reason, organizations need to prepare selections for training participants well in advance.
- Selection of coaches. Not everyone can be a good coach. Coaches require special qualifications that are different from other positions. Therefore, organizations need to provide special trainers whose job it is to provide training.
- Training for trainers. The trainer who provides the training materials should be a trainer who already has a special certification in the field of training or a trainer who has indeed attended a training course so that he will be able to provide optimal training.
- Training Methods. The training method must be in accordance with the training provided as well as the trainees themselves. Training for operational employees is more dominantly done through technical training, while managerial training is more about conceptual training.
- The principle of learning. People will more easily grasp the lesson if it is supported by guidelines on how to learn in an effective way for employees, are relevant and provide feedback on the progress of the trainees.

### **3. Research Methodology**

This study used descriptive qualitative method. Data was collected using observation methods, in-depth interviews, and Focus Group Discussions (FGD) with the Berkah Rindang Kinasih Cooperative (BRK) and MSMEs who are members of the BRK Cooperative. Focus Group Discussion (FGD) was conducted to find out what problems were faced by MSMEs in Banyumas related to MSME management, as well as to analyze MSME training models that were in accordance with the characteristics and problems of MSMEs. The results of data collection using the method of observation, in-depth interviews, and Focus Group Discussion (FGD). Qualitative data processing techniques using triangulation. according to Sugiyono (2011) triangulation is defined as a technique that combines various data collection techniques and existing data sources.

### **4. Results**

Research data were collected by observation, in-depth interviews, and Focus Group Discussions (FGD), with the management of the Berkah Rindang Kinasih Cooperative (BRK) and MSMEs who are members of the Rindang Kinasih Berkah Cooperative. The FGD was attended by 21

MSMEs and the management of the BRK Cooperative. Management problems faced by MSMEs include Human Resources management, Marketing Management, Financial Management, and Production Management.

#### *4.1 Human Resource Management Issues*

Human resources in MSMEs in Banyumas Regency, among others, most of them do not have permanent workers who always help in the ongoing production process because their business is a home industry so they still choose to use labor from their own families, lack of concern in the team, work ethic and low level of work discipline, limited skills (skills) possessed by each member, discrepancy between the expected salary or wages with the actual salary or wages, limited professional personnel involved in the production process.

Constraints faced in the Human resources aspect of MSMEs in Banyumas Regency include the lack of useful training for improving skills, lack of creative and innovative thinking power to develop business products, shortage of labor, lack of understanding of digital marketing aspects, low awareness and discipline of members, the long distance between members' homes to the place of production, low accuracy when working, limited working hours, lack of literacy on existing technological developments, difficulty finding reliable workers, less able to adapt to existing jobs, no regulations / Standard Operational Procedures in clear work, high level of miscommunication between one person and other members, and inability to build business communication.

#### *4.2 Marketing Management Problems*

The condition of the marketing aspect of the business being carried out is that all MSMEs who are respondents in our research are still selling offline and are quite dependent on the joint business group. In addition, there are still some MSME owners who admit that there is a lack of knowledge and understanding of online marketing, limited product marketing areas, sales still have not met the target, limited target market, and limited to certain social media. Constraints faced in the marketing aspect include lack of understanding and knowledge about digital marketing, lack of promotion, many competitors or competitors with similar goods, limited human resources, limited scope of product sales, limited budget for product marketing, lack of attention from the relevant government towards marketing of MSME products, lack of knowledge about good product standardization, less attractiveness in terms of product packaging, and lack of ability to map local and regional market conditions.

#### *4.3 Production Management Problems*

The conditions of the production aspect of the business being run include not being able to produce in large quantities, not yet stable/not able to carry out continuous or routine production, constrained by weather, limited stock of raw materials, different capacities of each tailor. so that it has an impact on the period of fulfillment of product orders, still using traditional production equipment, constrained by the instability of raw material prices, and the absence of quality control on the product. Constraints faced in the production aspect include the lack of creativity in making batik patterns; limited production materials, tools, and labor; the space used for the production process is too narrow, not optimal in carrying out production, constrained by the instability of raw material prices, not being able to carry out routine production, very dependent on the weather, and not being able to produce good quality products.

#### *4.4 Financial Management Issues*

The condition of business financial management is almost entirely done alone and the financial management has not been carried out properly and optimally because business finances are still mixed with personal finances, management is still done manually, all financial activities have not been recorded neatly and properly, and limited understanding of bookkeeping. to the business activities carried out. Meanwhile, the financial aspect constraints faced by MSME owners include the limited capital they have due to the inability of MSME owners to provide clear information about their business financial management to the Bank to apply for a business capital loan. In addition, they also find it difficult to expand production because they do not have sufficient reserve funds which are also caused by the irregularities of business owners in carrying out their duties.

## **5. Discussion**

All respondents who are owners of MSMEs in Banyumas Regency really need training in Human Resources aspects which include business communication, negotiation techniques, building networking, making SOPs, and evaluating Human Resources; finance which includes access to capital, administration and bookkeeping, preparation of financial reports, financing management, and digital finance; production planning which includes production planning, product quality control, product design and innovation, and product finishing (product packaging), and aspects that spearhead a business, namely marketing aspects which include promotional strategies, competitive strategies, pricing strategies, reading business opportunities, selling techniques, and digital marketing. To fix the problems or obstacles above, small and medium business owners want training conducted on the four aspects above with a time span of 3-14 days using the offline training method.

## **6. Conclusion**

Management problems in MSMEs include human resource management, marketing management, production management, and financial management. Problems in the field of human resource management are work ethic and low level of work discipline, limited skills (skills) possessed by each member, discrepancy between the expected salary or wages with the actual salary or wages, limited professional personnel involved in the production process. The main problem in the aspect of marketing management is the lack of digital marketing knowledge for SMEs. In the aspect of production management, MSMEs still have a limited stock of raw materials due to limited working capital and still using traditional production equipment. And finally, the financial management aspect, business finances are still mixed with personal finances, management is still done manually, all financial activities have not been recorded neatly and properly. One way that can be done to solve problems is by providing training. Training can improve the ability of SMEs in solving problems. The training needed by MSMEs is offline training with a duration of 3-14 days.

## **Acknowledgements (Optional)**

We thank LPPM UNSOED for the support given to researchers through the UNSOED Basic Research Program in the form of in-cash and in-kind so that the research carried out can run well.

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