

# SME Mentoring as a Vital Role for Empowerment: A Case Study in DKI Jakarta

Sabar Napitupulu<sup>1</sup>, S Saiful<sup>2</sup>

<sup>1</sup>Senior Lecturer of STIE SWADAYA, DKI Jakarta, Indonesia

<sup>2</sup>Lecturer and Researcher of University in Indonesia

**Abstract:** The current paper provides an overview of the situation of SMEs in DKI Jakarta. The hope is to improve the economy of SMEs in DKI Jakarta. The method that the author applies is qualitative, searching academic literature and other related materials, focus group discussions to obtain feedback on the design of research reports, and a subjective approach to reviewing existing data and materials. The findings show that almost all SMEs in Indonesia should receive capital assistance from the government. For future research, the authors recommend continuing research by examining in depth the government program for SMEs in DKI Jakarta.

**Keywords;** Mentoring, SMEs, DKI Jakarta, economy

## I. INTRODUCTION

*Background Behind Problem:*

During the pandemic, the production and marketing of small and medium units in Indonesia experienced very significant reduction. SMEs in DKI Jakarta, Indonesia, are experiencing drastic turnover. Its usual production and marketing reach turnover millions of Rupiah per day, now down becomes hundred thousand Rupiah. Factor the cause is because ingredient greatly reduced standard and things this influence part production until marketing. Weak business market penetration is small in general because a business unit family has a network with very limited effort and low market penetration; because the amount of innovation the resulting product is very limited and of poor quality competitive. Aspect capital and aspect marketing becomes factor decisive priority continuity SME prospects.

*Theoretical SME Assistance and Proposition Study*

## II. MENTORING

According to the Oxford dictionary, mentoring is a practice of helping and advising to less experienced people over a period, especially as part of an official program in a company, university, etc.

Definition accompaniment according to Directorate Social Assistance is a process of giving facilities provided \_ companion to client in identifying needs and solving problems as well as pushing growing initiative in the decision. Independence could be realized. Accompaniment is a very decisive strategy for the success of an empowerment program society, according to principles that help people. In context this time, it is assigned as a companion no breaker problem.

Accompaniment in the more concept of special like SME assistance is interpreted as follows; Accompaniment is a development process group of people who are continuously conducted by transformation, participatory, systematic and continuous through organizing and improving the ability to power society so that they are capable of state problems herself alone in skeleton change conditions and oppression that they are—\_natural. Achievement general from accompaniment is awakening group independent society and as \_ the place gets together Public in increase economy (Elfindri, 2008: 273).

Accompaniment from a sociological review is assistance in nature guidance and, larger again, the definition of SME assistance aimed at increasing business perpetrator effort.

*SME Theory*

Small business is important for study because they play an important role in the growth economy at the national and regional scales. Mostly 90% of the total business in the world is contributed by SMEs (Lin, 1998).

Small and medium enterprises (SMEs) play an important role in the growth economy and industry of a country (Husband and Purnendu, 1999; Mahemba, 2003; Tambunan, 2005).

1. Micro Enterprise Max. 50 Million Max. 300 Million
2. Small Business > 50 million 500 million > 300 million –2.5 billion
3. 3b Medium Enterprises > 500 million >10 billion > 2.5 billion >50 billion

(Source: Ministry of Finance) Cooperatives and Small and Medium Enterprises, 2012)

SMEs contribute to absorption power work (Tambunan, 2005).

The contribution of SMEs to absorption power work, both in developed countries and—\_developing countries, including Indonesia has a significant role in resolving problem unemployment.

DKI Jakarta, SMEs indeed dominate business as much as almost 93.46% of businesses in DKI Jakarta (Nis, 2017). From the data on the number of MSMEs assisted by the DKI Jakarta MSME Service, there are approximately 14000 assisted and temporary MSME actors spread across several areas of DKI Jakarta.

Based on the data above DKI Jakarta is a city whose economy is dominated by MSMEs. However, there are no definite data that show the number of MSMEs that have utilized e-commerce

in DKI Jakarta. However, data from Deloitte Access Economics show that more than one third or 36% of MSMEs in Indonesia still offline and a third other or 37% only have very basic online skills such as computer or broadband access. However, not enough from tenth or 9%, which is an advanced online business takes advantage of e-commerce.

Based on Regulation Governor Number 2 of 2020 Article 7, conditions join the Jakpreneur program, namely, the people who live domiciled DKI Jakarta Provincial Government, which is proven to exit to DKI Jakarta ID card ownership, good individual or group. For New participant \_beginning work hard \_or entrepreneurs move up in rank and people who do not have a DKI Jakarta ID card, but domiciled in DKI can register as participant Jakpreneur with method as following:

1. Domiciled and active in Jakarta at least permanently domicile for two years proven with letter description from village head; and
2. Obtain facility partnered activities or collaborate with the Institution or party other. As for what is meant with Businessman Beginner is individual or new group\_ glorify activity effort which:
  1. Have a DKI Jakarta ID card; and
  2. Create and fill out a statement letter will plan open activity business that can in the form of statement online via application Jakpreneur.

In Indonesia, SMEs have a strategic role in development, as shown in The National Long-Term Development Plan (RPJPN) 2005-2025, which states that to strengthen a power competitive nation, one policy development period long is to strengthen power competitively domestically, economy based on the advantages of each region going to superiority competitive. One method for realizing Instruction President Number 6 of 2007 concerning Sector Development Acceleration Real and Micro, Small, and Medium Enterprises (MSMEs), shows a stronger position of SMEs in national policy development. Problem fundamental from Thing this is how implementation policy This is so that SMEs in Indonesia truly could Become perpetrator economy that has contribution big in strengthening economy domestic. Based on research conducted by The Hong Kong and Shanghai Banking Corporation (HSBC) in 2007, SMEs in Indonesia are very optimistic for Keep going developed because approximately 64%.

### III. RESEARCH METHODS

This article was created based on the observations of the phenomena surrounding the business environment. The writing of this article combines two methods, namely, the library method and the interpretation of data obtained from observation. The literature method finds a good reference source for developing the theory used in this paper. The writings come from articles, journals, and books, as well as official internet pages such as government websites and education web pages, both nationally and internationally.

With the library method, the author can search for sources relevant to the material to be discussed.

Researchers obtain data through reading and analytical materials, critical studies related to the issues raised. The article writing also uses observational data interpretation. The interpreted data comes from qualitative and quantitative research data, the qualitative data in this article comes from interviews with resource persons who have the same experience as the main discussion in this article. Quantitative data were obtained from the object of calculation and from respondents involved in this study.

This article discusses the role of mentors in developing MSMEs, quantitative data comes from several sources. Data obtained from observations and research results will be combined with data obtained from literature studies. Researchers provide double advantage, namely, testing the validity of data from library data and providing incomplete library data, as well as developing empirical data in a field that is constantly changing.

Researchers used a subjective approach to review existing data and materials, in a focus group discussion to get feedback on the design of this research report.

This writing uses qualitative methods. This study is secondary data analysis literature on undergraduate assistance from SME campuses in Indonesia, including academic literature and other relevant published sources and related documents. This article was prepared using a qualitative method using in-depth literacy or literature study to gain understanding. To support the achievement of understanding, this article is also prepared with a comprehensive analysis method, including critical reflection on the problems posed. Additionally, critical reflection in this article is used as a mode of interpretation of the problem and the theory used.

#### *Formulas Problem*

##### *1. Do SME Business Entities need to get assistance?*

Micro, small, and medium enterprises (MSMEs) in the Province Java DKI Jakarta need accompaniment from mentor so that the perpetrator effort more innovative and creative.

With accompaniment from scholars then MSMEs in the area is expected to be more aware of technology and be more effort innovative.

With to an accompaniment to MSMEs, our hope is among academic the more understand how the conditions of our MSMEs and what is needed to improve them. Assessed MSMEs as a sector important as a mover economy in DKI Jakarta, so that help and involvement of many parties are needed.

The researcher interviewed several SMEs in Jakarta, and the result is that 90 percent in general, SMEs in DKI Jakarta, accept accompaniment as goes out to increase the mastery ethics business.

Interviews are conducted to strengthen the results by searching data or information from several journals and manuscripts.

2. *If SMEs agree to accept assistance, what type of assistance is needed?*

In general, capacity building is a process or activity repair ability person, group, organization or system for reaching destination or more performance \_ good (Brown et al, 2001).

Capacity building involves development skills and abilities, such as leadership, management, finance and fundraising, programs, and evaluation, so that development organization are effective and sustainable. This is the process of helping individuals or groups identify and find problems and add insight, knowledge and experience required to solve problems and do change. (Campobaso and Davis, 2001) Facilitated capacity building through determination activity help techniques include education and training, assistance (specific technical assistance) and network strengthening.

The necessary principle applied is to build an empowerment economy people –through development capacity (capacity building), including following:

- 1) institutional
- 2) Funding
- 3) service.

Internal problems that must be faced are problem efficiency limited human resources and technology (Krisnamurthi, 2002)

Researcher conclude that 90 percent of SMEs in DKI Jakarta expect accompaniment with the hope of obtaining access for funding, such as the use of venture capital.

3. *If SMEs do not agree with Assistance, is it constraint implied and expressed so that problem for accompaniment to SMEs?*

According to The Global Competitiveness Report, in 2011, Indonesia’s competitiveness dropped to 46 compared to 2010, which is in the 44th position. This -demands the need to conduct policy programs and activities developed during this process. Ministries and institutions in charge of each pillar and indicator experiencing drop ratings need to work more from normal to raise the ranking on each of the indicators and power pillars of DKI Jakarta SMEs reject accompaniment caused by things as follows:

Table 1. Inhibitory Factors of Power Competition in Percentage (%)

1 Corruption	15.4
2 Bureaucracy inefficient government	14.3
3 Inadequate infrastructure	9.5
4 Political instabilities	7.4
5 Access to financing	7.2
6 Labor _ adequately educated	6.3
7 Poor etiquette	6.2
8 Government instability	6.1
9 Inflation	6.1
10 Tax regulations	6.0
11 Tax rate	4.2
12 Rules labor limiting	3.6
13 Crime and theft	2.7
14 Health bad general	2.5
15 Rules foreign currency	2.3

(Source: World Economic Forum (WEF), 2010)

SMEs think too convoluted and process long in their implementation.

IV. CONCLUSION

Assistance results were obtained from the premise of the SME fostered program in DKI Jakarta, to empower the SME economy in Indonesia. Empowerment of the produce the following points:

1. 1.Change their mind becomes Progressive businessman.
2. Boost knowledge and procedures in ethics business
3. Advance their marketing
4. Increase production.

Limitations innovation and level adaptation sufficiently high. The sector featured is industry processing creative because the level replication is very low. The limitations of SMEs in facing superiority competition are market expansion, accessibility of finance to banking, and capacity source power that are low for humans. Labor decrease to maintain production output, and there is much unemployment. Assistance for MSMEs is much needed for return income and energy work them. Help it can be done in form providing capital, building system strong institutional, adaptable with technology, and diversification product for absorbed by the market. From the data results, most SMEs want to help more capital many compared to help others. Competition and access finance becomes constraint key for MSMEs to increase productivity. Things that can help capital, help develop new products, give education in the form of free seminars or workshops for add actors’ insights to SMEs, and help offline and online marketing.

REFERENCES

- [1] A Rahmana - Seminar Nasional Aplikasi Teknologi Informasi (SNATI), 2009
- [2] [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/263226/demand\\_for\\_mentoring\\_a\\_mong\\_SMEs.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/263226/demand_for_mentoring_a_mong_SMEs.pdf)
- [3] Abdullah, S. S., & Sari, H. I. (2018). Hukum Bisnis: Penerapan Hukum Asuransi Kerugian terhadap perlindungan Resiko E-Commerce Berbasis Portal (Indonesian Edition). PT. Mandiri Nirizindo Utama CO.,
- [4] Academic-English-Teaching-English-in-Academic-Context-Kindle-edition-by-Sultan-Saiful-Natalia-Grace--Reference-Kindle-eBooks-Amazon.com.pdf
- [5] Hastuti Indra Sari, Sabar Napitupulu, Saiful S “Assisting SMEs in Indonesia through Universities in Indonesia as A Way Out of Empowering SMEs to Achieve Maximum Results” International Journal of Research and Innovation in Social Science (IJRISS) volume-6-issue-8, pp.563-568 August 2022 DOI: <https://dx.doi.org/10.47772/IJRISS.2022.6826>
- [6] Hill, H. (2001). Small and medium enterprises in Indonesia: Old policy challenges for a new administration. Asian survey, 41(2), 248-270.
- [7] Irjayanti, M., & Azis, A. M. (2012). Barrier factors and potential solutions for Indonesian SMEs. Procedia economics and finance, 4, 3-12
- [8] Kusumawardhani, D., Rahayu, A. Y., & Maksun, I. R. (2015). The role of government in MSMEs: The empowerment of MSMEs during the free trade era in Indonesia. Australasian Accounting, Business and Finance Journal
- [9] Rekart, E., & Doktoralina, C. M. (2017). Improving business performance: A proposed model for SMEs.

- [10] Sedyastuti, K. (2018). Analisis Pemberdayaan UMKM Dan Peningkatan Daya Saing Dalam Kancan Pasar Global. INOBIS: Jurnal Inovasi Bisnis Dan Manajemen Indonesia, 2(1), 117 - 127. <https://doi.org/10.31842/jurnal-inobis.v2i1.65>
- [11] Sugeng, Adi Nur Rohman, Widya Romasindah, Saiful S "Regulatory and Policy Arrangement of The Textile Industry and National Textile Products for Clothing Resilience" International Journal of Research and Innovation in Social Science (IJRISS) volume-6-issue-9, pp.05-15 September 2022 DOI: <https://dx.doi.org/10.47772/IJRISS.2022.6901>
- [12] Sarwoko, E., & Frisdiantara, C. (2016). Growth determinants of small medium enterprises (SMEs). Universal Journal of Management, 4(1), 36-41.
- [13] O'Dwyer, M., Gilmore, A. and Carson, D. (2009), "Innovative marketing in SMEs", European Journal of Marketing, Vol. 43 No. 1/2, <https://doi.org/10.1108/03090560910923238>
- [14] Panjaitan, J. M., Timur, R. P., & Sumiyana, S. (2020). How does the Government of Indonesia empower SMEs? An analysis of the social cognition found in newspapers. Journal of Entrepreneurship in Emerging Economies.
- [15] Peel, D. (2004). Coaching and mentoring in small to medium sized enterprises in the UK: Factors that affect success and a possible solution. International Journal of Evidence Based Coaching and Mentoring, 2(1), 46-56.
- [16] Sarwoko, E., & Frisdiantara, C. (2016). Growth determinants of small medium enterprises (SMEs). Universal Journal of Management, 4(1), 36-41.
- [17] Machmud, A., & Hidayat, Y. M. (2020). Characteristics of Islamic entrepreneurship and the business success of SMEs in Indonesia. Journal of Entrepreneurship Education, 23(2), 1-16.
- [18] Peel, D. (2004). Coaching and mentoring in small to medium sized enterprises in the UK: Factors that affect success and a possible solution. International Journal of Evidence Based Coaching and Mentoring, 2(1), 46-56.
- [19] [https://www.researchgate.net/publication/355150998\\_Revisiting\\_the\\_Challenges\\_Affecting\\_SMEs\\_Through\\_Behavioral\\_Approach/citation/download](https://www.researchgate.net/publication/355150998_Revisiting_the_Challenges_Affecting_SMEs_Through_Behavioral_Approach/citation/download)
- [20] Yanto, H., Yulianto, A., Sebayang, L. K. B., & Mulyaga, F. (2017). Improving the compliance with accounting standards without public accountability (SAK ETAP) by developing organizational culture: A case of Indonesian SMEs. Journal of Applied Business Research (JABR), 33
- [21] Yoshino, N. and F. Taghizadeh-Hesary. 2016. Major Challenges Facing Small and Medium sized Enterprises in Asia and Solutions for Mitigating Them. ADBI Working Paper 564. Tokyo: Asian Development Bank Institute. Available: <http://www.adb.org/publications/majorchallenges-facing-small-and-medium-sized-enterprises-asia-and-solutions>
- [22] Yin Jh, Song Hy, Zeng Kx (2022) Does a smart business environment promote corporate investment? a case study of Hangzhou. PLOS ONE 17(7): e0269089. <https://doi.org/10.1371/journal.pone.0269089>
- [23] <https://www.waldenu.edu/programs/business/resource/top-five-challenges-small-business-owners-face>
- [24] Wibisono, N. B., & Napitupulu, S. S. The Moderating Role of Timespan since Parental Divorce on the Relationship between Self-Compassion and Anxiety
- [25] <https://uns.ac.id/en/the-opportunity-and-challenges-for-indonesian-msmes-to-recover-amid-the-pandemic/>