

Mentoring MSME as a Pivotal Role to Achieve Comprehensive Results; A Case Study in Depok

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Abstract: The Circular Economy in Micro, Small, and Medium Enterprises (MSMEs) is developing in Depok. This study aims to analyse the effectiveness and results of mentoring using detailed research methods from journal and manuscript sources, both printed and online books. The author continues with the interview model to strengthen the discovery of the data from valid sources, the time range from 2010 to 2019. The findings show that Assistance to MSMEs in Depok does not make a comprehensive contribution to MSME actors. It is 90% disagree with mentoring. The findings of this study provide a strong foundation for exploring the relevance of the readiness of the private sector and the government to design effective programs to empower MSMEs in Depok, West Java.

Keywords: MSME, Depok City, Economy, Assistance, Mentoring

I. THEORY AND DEFINITION OF PROPOSITION STUDY

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

The definition of assistance, according to the Directorate of Social Assistance, is a process of aiding clients in identifying needs and solving problems and encouraging the growth of initiatives in decision-making.

Assistance is a strategy that greatly determines the success of a community empowerment program, in accordance with the principles that help the community.

Assistance in the concept of mentoring MSME which is more specific is defined as follows; Assistance is a process of developing community groups that are carried out continuously through transformation, participatory, systematic, and sustainable manner through organizing and capacity building to empower the community in order to face their own problems within the framework of changing conditions and reasonable oppression. The general achievement of mentoring is the emergence of independent community groups as a gathering place for people to improve the economy (Elfindri, 2008: 273).

Assistance from a sociological review is an assistance that is coaching in nature and more broadly, the understanding of MSME is aimed at increasing the business actors.

A pivotal role, point, or figure in something is one that is very important and affects the success of that thing.

II. MSME ZONE IN DEPOK AND DISCUSSION

Our research is limited to the MSME field.

The definition of MSMEs is regulated in the Law of the Republic of Indonesia no. 20 of 2008 concerning MSMEs. Article 1 of the law states that micro-enterprises are productive businesses owned by individuals and/or individual business entities that have the criteria as stipulated in the law.

Article 2 of the Law states that Small Enterprises are productive economic enterprises that stand-alone, which are carried out by individuals/business entities that are not subsidiaries/non-subsidiaries that are owned/ controlled/ become a part, either directly or indirectly, of medium-sized business or small business.

MSME criteria:

1. A micro business is a business unit that has assets of up to 50 million, excluding land and buildings with a maximum annual sale of 300 million.
2. Small businesses are those with an asset value of more than 50 million and a maximum of 500 million excluding land and buildings where the business is located, with annual sales of a maximum of 300 million to a maximum of 2.5 billion.
3. Meanwhile, medium businesses have a net worth of more than 500 million to 100 billion with annual sales of over 2.5 billion to a maximum of 50 billion.

Micro, Small, and Medium Enterprises (MSMEs) have a significant contribution to economic progress. A contribution generated is that it can contribute to increasing the results of the Gross Domestic Product (GDP). This role is not only for developed countries but also in developing countries, where MSMEs can support the growth of the economy” (Mukti, 2016).

In 2017, the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia reported that MSMEs had a market share of around 99.99% that, if used as units, amounted to 62.9 million units of the total business actors in Indonesia. Meanwhile, only 5,400 large businesses operate in Indonesia, or around 0.01%. MSMEs can absorb more than half of the workforce than large companies (Haryanti & Hidayah 2018).

The role of the community in economic development is through Micro, Small, and Medium Enterprises (MSMEs). The MSME business sector plays a strategic role in national economic development. When the global crisis hit the world, MSMEs in the wheels of the economy were still able to stand upright. MSMEs could become the real sector driving locomotive to boost the national economy.

Depok is a strategic city in terms of commerce because it is directly adjacent to the Indonesian capital, DKI Jakarta. In fact, there are still many Micro, Small and Medium entrepreneurs in Depok City.

Background to the Problem Micro, Small, and Medium Enterprises is a type of business that plays a significant role in increasing employment and as a driving force for the Indonesian economy. This condition indicates a shift in perspective that MSMEs play an important role that can be seen from their contribution to increasing employment opportunities and reducing poverty. Therefore, the government is trying to advance the Indonesian economy with the growth of MSME management, which is expected by the community to reduce poverty and the unemployment rate.

Table 1. number of MSMEs in Depok City by Region. No District Number of UMKM (2010/ 2019)

1	Beji	269
2	Bojongsari	125
3	Cilodong	337
4	Cimanggis	274
5	Cinere	54
6	Cipayung	187
7	Limo	140
8	Pancoran Mas	441
9	Sawangan	166
10	Sukmajaya	455
11	Tapos	298

The number of Depok's MSMEs are 2746

In West Java, especially in Depok City, MSMEs have a sizeable contribution to economic growth. Considering that the largest contributor to the Gross Regional Product (GRDP) in the city of Depok is MSMEs, namely as much as 65 percent, while 35 percent comes from various other businesses.

III. RESEARCH METHODS

This article was created based on the observations of the surrounding phenomena business environment. Writing this article combines two methods namely, the method of literature and the interpretation of data obtained from observation.

As Pope and Mays put it, "The goal of qualitative research is the development of concepts which help us to understand social phenomena in natural (rather than experimental) settings, giving due emphasis to the meanings, experiences, and views of the participants" (Pope & Mays, 1995: 43).

The literature method finds good reference sources to develop the theory used in this article. These writings come from articles, journals, and books, as well as official one's internet pages such as government websites and educational web pages, both nationally and internationally.

With the library method, the writer can find sources relevant to the material to be discussed.

Researchers obtain data through reading materials and analysis, critical studies related to the issues raised. Article writing also uses interpretive observation data. The interpreted data were obtained from qualitative and quantitative data research. The qualitative data in this article came from interviews with informants who have the same experience as the main discussion in this article. Quantitative data were obtained from the object of calculation and from the respondents involved in this lesson.

This article discusses the role of assistants 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 advantages, namely testing the validity of data from library data and providing library data that is incomplete, as well as developing empirical data in the field concerned.

Researchers used a subjective approach to review existing data and materials, through focus group discussions to obtain feedback on the design of this research report.

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 issues raised. Additionally, critical reflection in this article is used as a mode of problem interpretation.

This survey is designed to provide statistically robust evidence of recent use and non-usage of external business support, focusing on the last 3 years, or since establishment in new business cases). During the interview, the owner-managers were asked about the recent challenges and problems their businesses had faced and whether they had been successful in solving them. They were asked whether they had used external assistance essential to their business operations from a public or private sector organization during the previous three years and whether this took the form of the following: (i) information to support today's business operations; or (ii) more strategic suggestions to help introduce change measures to grow the business, become more profitable or hire more people. They were asked who provided the assistance, in what form, and for their assessment of its impact on business performance. Non-users of external support were asked about their reasons for not seeking external assistance and whether, given their concerns, they now feel they could benefit from such assistance.

Starting from a random stratified sample from Experian's national database, quota sampling captures a fair number of companies across major categories (which are not mutually exclusive). The initial business sample is 5 times the required survey target with a sample of companies from five MSME size groups.

Research Questions;

1. Do SME Business Entities need to get assistance?

Service SME support refers to everything from help finance or non-financial to SMEs provided by the environment, individuals others, companies, institutions, and countries.

SMEs need facility adequate infrastructure like electricity, water, transportation, etc. to reduce the cost of production and service as well as increase profit margins in a manner whole for maintaining business and compete in a manner profitable with business existing foreigners.

What kind of help is only given to government areas to industry small and medium?

Industry small accept various benefits from the government such as land, electricity, water, taxes Sales, Octroi, Raw Materials, Finance, Industrial Area, and Tax Holiday.

Type help supports external SME owner-managers that take various forms and are delivered by various providers operating in different and interacting market environments with clients in various ways (Ramsden and Bennett, 2005).

The difference is between informal assistance (i.e. free advice provided in more atmosphere _ relaxed as provided by friends, family, and colleagues business) through advice networks (Heyden et al., 2013; McDonald and Westphal, 2003; Visa and Chacar, 2009) and formal assistance (ie submitted by the consultant sector private sector and organizations professional, usually for payments, or supporting bodies sponsored business government).

The second difference is among knowledge commonly codified (e.g. information about regulation government and taxation companies) and context-dependent tacit knowledge (e.g., persistent strategic advice). with tracks development alternative) (Chrisman and McMullan, 2004).

Difference related is that among helps transactional, that is information to support the operation of business daily and support transformational, i.e., strategic advice to help reach step change in growth and development business (Alexeev et al., 2010; McDonald and Westphal, 2003; North et al., 2011), more beneficial again, other authors refer to series service with service operationally ' objective ' and independent from connections Among clients and providers service in one side and service strategies that are ' subjective ' and depend on the relationship Among clients and providers services on the other hand (Hjalmar son and Johansson, 2003). The idea shows that supporting business externally in practice involves various levels of service operational and strategic. Temporary contact begins among owner-manager business and advisers they possibly transfer knowledge generally and codified, and it can evolve to become more symmetrical relationship involving tacit and contextual knowledge along with increasing levels of trust and confidence (Mole et al., 2014).

Why do they look for help external?

Perspectives theory-based sources of power emphasize benefits competitive that will be obtained from seeking and receiving help from business external. Bennett and Robson (2003) cite various writers leading about growing business and power competitiveness (Penrose, 1959; Teece, 1986; Teece et al., 1997)

Help external can overcome gaps of information and knowledge (Chrisman and McMullan, 2004) particularly in business smallest and youngest because deficiencies sources powers and skills them, though assumptions this sometimes debated (Johnson et al., 2007).

It has been debated that increasing global market turbulence and the pace of change in technology push owner-manager to skills specialists provided by the consultant to change transformational and leverage new market opportunities (Fincham, 1999).

Basically, the results of this research show MSMEs in the Depok area are accuser business agreed to accept accompaniment is 90% and do not agree is 10%.

Agree	10%
Disagree	90%

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

Weak market access 29%, Finance 19%, Technical Information, and Training 19.2%, Control quality, management, equipment Production 9.6 Percent each and other issues 4 %

Weaknesses of SMEs include;

1. Difficulties effort 72, 47%
2. The remaining 27.53%

The difficulties that arose are Capital 51.09%, Marketing 34, 72%Ingredient standard 8.5%, Employment 1.09%, Distribution transportation 0, 22%, and others 3, 93%.

The hope from results Accompaniment for treating MSME problems in Depok is;

1. Capital
2. marketing
3. Ingredient raw
4. strength work
5. Distribution transportation
6. And others.

Studies show that MSME actors in Depok, it turns out that 90 percent do not need it is accompaniment because their business is still too simple.

3. If the SME disagrees with assistance, is the constraint implied and expressed so that is a problem for accompaniment to SME?

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The difficulties that arose are; Capital 51.09%, Marketing 34, 72%, Ingredient standard 8.5%, Employment 1.09%, Distribution transportation 0, 22%, and others 3, 93%.

A survey in Depok conducted by researchers shows that the majority (more than 90%) of businesses utilize help external. The survey decides for their self-room in the scope of external advice for enclosing help anything inside reach destination business them.

Various explanations have been put forward as to why owner-managers of SMEs do not seek help external. First, they possibly use service consultation in a manner suboptimal because they do not have enough information to make choices based on information.

Bennett (2008) argues that because of small and limited market power, owner-managers suffer imperfect information, limiting awareness they will provide help externally.

They have a good awareness of supply, entrepreneur possibly has doubt about its value and reliability because advice is a good experience (Spence, 1973). this possible include worries about the cost for get advice expert, doubt about is that give scores best for money, and worries about the time required to apply completely and get benefits from advice

This can also include discouraged adviser live (Scott and Irwin, 2009), which is possible that have been put off by experience they alone previously or by friends /colleagues' business.

Third, perhaps there are various problem relationships because taking advice always involves interactions personally among owner business and adviser external as well as interactions tasks (Ramsden and Bennett, 2005). this can relate to the possibility imbalance of strengths and differences in the ' world view' between advisors and entrepreneurs (Dyer and Ross, 2007).

Many owner-manager may be not sure with the abilities they for deal with a ' smart and sophisticated consultant ' with equivalent conditions.

Fourth, there is a moral hazard dilemma, like is trusted adviser _ for give impartial advice that will beneficial for business (Hjalmarsson and Johansson, 2003). MSME owners maybe worry that adviser not completely understand needs business them. For example, when they recommend action alternatives, advisers in a manner instinctive communicate based suggestions preferences risk they alone than preferences clients (Hadar and Fisher, 2008).

Reasons were given by SME owners in the market failure group for not using external business support.

	definite reasons	
	No.	%
Business does no need of external assistance	1	90
A business has sufficient internal resources and expertise	2	90
Concerns about accessing information and advice	3	90
It is difficult to find appropriate assistance	4	90
Right assistance does not exist	5	90
Doubts about the benefits and value of external assistance	6	90
Elements of assistance value and benefits	7	90
Assistance is too expensive	8	90
Difficult to find time to use assistance	9	90
Relationship failures	10	90
Difficult to trust external advisors	11	90
Advisors do not understand the business	12	90
Do not feel confident to contact anyone	13	90
Deterred by previous experience	14	90

3 If UKM does not agree with help, problem what happened in accompaniment campus toward MSMEs hope many government and other solutions

Stakeholders' interests must consider whether they intend for developing SMEs to increase superiority competitive in the global market.

MSME respondents agreed that the government should relate with the enhancement of standards security when goods are sent from the company to market because Indonesian crime is a threat serious to MSME.

Government must guard MSME sustainability with make many programs scattered all over the area, and civil servants must go to the MSME market and see how MSME conditions are created and Effective programs for solving problems in MSME development.

One solution is providing institutions that are functioning separately special for building MSME potential. The program can be represented with establish institutions specifically in each regional in Indonesia as platform for MSMEs to consult and search solution for problem. The manner periodically sends their people check conditions for MSMEs reduce obstacles encountered MSMEs. Besides it, they must regulate an evaluate program for measuring performance and effectiveness

MSME assistance program in Indonesia face finance problem, so they need more many loans soft with simple MSMEs loans requirements application scheme.

Government must protect price primary goods, e.g., that also affects price ingredients other. MSMEs agree that government must abolish cost permissions for open a new one business

because many from they consider that quite expensive for operate business for first time. License it is expensive for MSMEs, and respondents consider factor this US another threat for reach destination them. Government must revision this policy and create supportive resolve for preventing SMEs from take profit from business them. For delete finance, obstacles, government Required keep the rupiah currency and serious maintain price energy like, electricity, materials fuel, and costs energy more affordable.

Studies show that MSME actors in Depok, it turns out that 90% percent do not need accompaniment with the reason that their business is still too simple.

IV. CONCLUSION

The paper refers with adopted approach contingencies, our study differentiates among various type influences are SMEs looking for help external or no assistance.

The influences of external is like condition finance and recession during the study period influences request support externally, especially by struggling businesses for endure live. Based on whether non- user help can handle problem or not, we concluded that internal market failure support business keeps going happens, which affects almost all in SMEs. We are now considering several implications for policy support emerging business from our findings.

If the goal of policy support business is to connect advice with the growing business, this implies a possible approach to the growing company for connecting with sources advice sector this private become an approach used by Business Link during the period survey.

Temporarily our research shows;

1. Growth-oriented MSMEs use advice from formal external sources private and government.
2. Other SMEs are trying to grow but experience problems in do not seek advice externally. This show that approaches Business Link intercession does not cover all MSMEs that can get benefits from external help.

We suggest that with size this business becomes more complex, and requires more considerable expertise and skills management, however still too small to justify employing staff with the knowledge and expertise required internally.

We need future research to understand triggers in a manner more effective.

However, evidence from demographics business shows that 70–80% of companies surviving rookies for 10 years never exceeding 10 employees (Anya Dike, Danes et al., 2011); Hence, the threshold limit is not only is an indication of success but also a sign of new challenge, the companies below threshold limit are not recommended for taking external advice must become the attention of the maker's policy.

Our analysis of the reason for market failure shows that cost help together with uncertainty hindering benefits part big company small faces problem yet resolved. Owner-manager without experience helping formal external tend to belittle benefits and reluctance to pay the market rate, this not simply makes MSME owners know the source's personal information and advice (e.g., via an online knowledge bank), but also convince them that the provider's private can make difference positive and offer value for money.

Biodata

Dr. Hasanuddin P. is the chief of this research.

He was the head of the School of Economics SWADAYA from 2010 to 2021.

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