

# Development of the marketing training model for MSMEs

Yati Rohayati

Department of Industrial Engineering  
Telkom University  
Bandung, Indonesia  
yatirohayati@telkomuniversity

Sari Wulandari

Department of Industrial Engineering  
Telkom University  
Bandung, Indonesia  
sariwulandariit@telkomuniversity.ac.id

**Abstract**—Most of the MSMEs that are members of Agricultural Products Cultivation Association are having problem in the field of marketing. These problems are possessed both by the SMEs who have been running their business for less than five years, and even more than ten years, as they do not possess competency in the field of marketing. They hope that the fulfillment of these competencies can be met through training. Based on interviews and observations of 81 MSMEs, information was obtained that the previously attained training is often unsuitable with requirement, so that MSMEs considered that such training provides no benefits. The training that has been received was done without considering the business state of the participants, although business conditions of MSMEs, as trainees, are heterogeneous, especially in the business maturity. Based on the aforementioned, this paper will formulate marketing training model which can be applied to MSMEs, in order to meet their needs, and implemented considering their business maturity. Study results recommend that a tiered model of training would be more appropriate to be applied to MSMEs. With a tiered training model, it will determine a more precise method of training to be given, and the kind of material that will be presented during the training. Training methods can be in the form of giving lectures, or lectures accompanied by mentoring. The level of training can be divided into three categories, namely Beginners, Mover or Flyers. Each level of training will be carried out taking into account the business maturity of MSMEs, and will determine the kind of training materials to be provided, which can be technical, strategic, or a combination of both, by providing different proportions at every level. By applying the training model, the marketing training of MSMEs is expected to offer greater benefit, as it is relevant to their needs.

**Keywords**—MSMEs, Training Model, Marketing, Indonesia.

## I. INTRODUCTION

The success of Micro, Small and Medium Enterprises (MSME) businesses is not as expected. The quantity of MSMEs noticed is still very few, even though the numbers are dominating, reaching 99.9%. Various attempts were made to encourage the success of MSMEs, one of which is to provide increased competence, through the provision of training [5]. One of the training needed is competency in the field of Marketing. The need for mastery in the field of Marketing is recognized by almost every MSME, both by one just starting a business, as well as the long operating MSMEs, both the micro as well as the medium enterprises.

Most of MSMEs who is a member of Agricultural Products Cultivation Association have issues in practicing Marketing in their businesses, as they do not have competence in the field of study. This caused the product excellence to not be communicated properly to the market, the product distribution has yet been well-managed and therefore yet to be right on target, not having the ability in product development in following the market dynamics, causing the MSME to experience a slow growth. This problem is possessed by MSMEs, those who have run the business in less than 5 years time, even over 10 years. They have been hoping that fulfillment of the competency can be met through training.

Thus far, the need for training has been given by the government throughout related instances. However, when the effectiveness is inspected, it is revealed that MSMEs judge that 1). Training becomes ineffective when the participating MSMEs have diversity in their business maturity (business age and level of success) 2). MSME with diverse business maturity has different competency requirement. 3). MSMEs competency requirement is extremely comprehensive, can be observed from various angles, such as subject types, the nature of subject and training methods.

To overcome the issues, this research aims to: 1). Group MSMEs according to their business maturity, observed from business age, 2). Outlining the competency requirement according to previously formed MSME group necessity. 3). Formulate a training model that is able to accommodate the difference in business maturity and competency requirement.

## II. TRAINING EFFECTIVENESS

According to previous studies, it was shown that training effectiveness correlates with the training method used, characteristic of skills given, and training evaluation criteria implied [1]. Therefore, it is crucial to explore the training models to encourage training effectiveness. According to previous studies [2], it was shown that demography variables such as age, education and experience in attending previous training affects training effectiveness. To anticipate the occurrence of ineffective training, a training model will be prepared for this training comprising the components as follows:

### A. MSME's Business Maturity

MSME is a business often started by individuals, which foundation is to fulfill the need for livelihood to support everyday lives. In their development, businesses run by means of self-taught often having short life-cycle, eventually switching to different business type. But there are businesses that thrive in the end, starting micro-sized, developing into small and finally medium businesses. It is expected that, the micro-sized business will keep growing until eventually becoming medium-sized. The growth of MSME business is parallel with the business age, meaning that longer business age has possibilities of having a more mature business. In this study, business maturity is defined by observing the business age, monthly production continuity, by observing turnover and profit generated monthly and yearly. As business life gets longer, the problems faced will be different than MSMEs just starting the business. Thus the focus in competency fulfillment needed will differ. In other words, MSME with different business age and maturity will possess different competency requirement.

### B. Knowledge and Skills in Training

The training given to MSMEs often targeted for owners who also run the business. The given knowledge focused in this study is material related to Marketing, so that the material given will be greatly comprehensive and varied, starting from generating product planning up to market selling.

With reason that the owner act as business doers as well, they also have to possess skill in management practice properly. Management of the ability is referred to as Managerial Skills. The skill enables them to carry out efficiency in performing their tasks. MSME owners are required to possess the skill in managing people and technology with the goals of fulfilling effectiveness and efficiency of their assignments. Katz [3] has classified three types of skill required of management process, which are technical, conceptual, and human relation skills.

- **Technical Skills** – Technical skills must be possessed by MSME owners to carry out their prime assignments, producing goods. Technical skills will aid the user in tools and machine utilization. This also helps in using various procedures and technique. Technical skill is the ability to perform anything involving methods, special technique and certain tools. Technical skill also involved specific knowledge, logical ability, and adept use of tools and technique to solve business problems [4].
- **Conceptual Skills** – Conceptual skills or the understanding of abstract thinking is the skill to judge a situation globally and identify various conditions, as well as to predict business in the future. Conceptual skills exploit human abilities to formulate concepts, enable creative thinking; formulate abstracts, analyze complex situation, as well as problem solving. Other than that, enhancing skills to enable understanding the primary cause of the problem, and differentiate by symptoms. This ability is useful for problem solving and increasing organization productivity, as well as assisting in determining organization goals and setting plans for every situation. Katz described this skill as needed by management to run their business successfully. The ability enables MSME owners to make the right decision [3].
- **Human Relation Skills** – MSME owners often act as doers, for when they have employed other people, then interpersonal skill is needed, that is the ability to work with individuals within their responsibility. The ability to work and communicate with other people is also needed. The ability will aid in helping, encouraging, and developing team strength, as well as creating optimal interaction.

The Three Approaches above will be applied in marketing training plan towards MSME, with proper adjustments. The ability that can be imparted to MSME users through training is simplified and grouped in two types, which are:

- Technical: comprised of materials to increase technical ability
- Strategic: comprised of materials to increase ability in conceptual and build inter-human relations.

### C. Training and Accompaniment

Since a few decades ago, the government, through related departments, has developed various training programs to increase managerial skills and technical ability of MSME entrepreneurs. However, according to observations and evaluation results from various training programs, the result is deemed yet to fulfill the expectation. Various shortcomings and failures of MSME training programs in the past has encouraged the birth of accompaniment program as an alternative approach which deemed better and right on target. The MSME accompaniment program is deemed as a feasible solution to be carried out and developed. Even if the training pattern is still carried out, it would serve as prior activity of the continuous accompaniment program.

The MSME accompaniment program is a development model stressing on institutional system improvement effort (capacity building) and managerial aspects, which to be carried out intensively and continuously, by involving professional consultants actively. Consultants are in charge of giving advice and consultations, specifically related to day-to-day operational activity . [6].

Consultants work scope involves, *firstly*: planning, which is to aid MSME entrepreneurs in compiling action plan and future business target measurably, targeted, and within reason. *Secondly*: implementation: this is to accompany entrepreneurs in carrying out the previously compiled plan, assisting in finding solutions when entrepreneurs encounter obstacles and problems. *Thirdly*: Evaluation, which is also giving judgment on performance achieved by the enterprise, and assisting entrepreneurs in finding the cause of alteration from previously composed target. *Fourthly*: Development, which also assists entrepreneurs in compiling development plan from achieved target thus far.

The accompaniment program form MSME is viewed as fairly successful, that is for having 3 advantages compared to other methods, which are: 1). **Proactive and intensive in nature**, consultants actively, day to day, involved in the field assisting entrepreneurs, 2). **Practical and applicative approach**, consultants strategy are tested instantly on a practical level, so that the ideas effectiveness or proposed problem solving can be measured, not just in concept or proposition. 3). **Stressing on the success of personal approach**, an individual approach is needed, to influence participants so that they are willing to go along with recommendation and input from the consultant, without seeming lecturing.

### III. RESEARCH METHODOLOGY

In this research, the result data on in depth interview towards 81 MSMEs are used. The collection of qualitative data is guided by semi-structured questions, to discover: 1). MSME Characteristics, among which: business type, age, turnover, profit, 2). The training required, 3). Training experience previously attended, 4). Judgment of training aid previously received (whether it benefits or not, applied or not).The MSME profiles collected are categorized based on similarities of characteristics and grouped in order, based on the maturity of business. According to data received, in this research the maturity of business in carried out based on how long the business has been operating. The MSMEs grouped data will lead to study material provision and proper training method for each MSME groups.

### IV. RESULT AND DISCUSSION

The analysis in this initial study is based on the qualitative data collected from 81 firms, which are summarized as follows:

TABLE I. DATA ANALYSIS

Business Age	Training Experience		Need		Implementation	Accompaniment
	Technical	Strategic	Technical	Strategic		
< 5 years	√√	√√	√√√	√	√	√
5-9 years	√√√	√√	√√	√√	√	√
> 10 years	√√	√	√	√√√	√	-

Note:

√√√: more than √√

√√ : more than √

Based on training implementation experience directed to every member, without distinguishing business characteristics from each MSME entrepreneurs, causing provision of training material judged ineffective, and impractical, then MSME will be grouped based on the maturity of business. Assumption used in this study is that business maturity is parallel to business age and or turnover owned every month/year. Based on obtained data, then MSMEs which are members of Agricultural Products Cultivation Association can be grouped based on business age, into 3 categories as follows:

- **Beginners**: Less than 5 years, consisting of novice groups, with low business experience, ability and performance.
- **Movers**: 5-10 years, consisting of middle groups, having previous business experience, ability and performance which are starting to look developed and flourishing.

- Flyers: More than 10 years, consisting of primary groups, having a great deal of business experience, ability and increase in performance continuously, and having significant growth.

Based on Katz theory [3], the content of training material can be divided into 2 types, Technically and Strategically. In which the materials given to each MSME categories are as follows:

- Beginners: The nature of material composition: Technical: High, Strategic Low
- Movers: The nature of material composition: Technical: Medium, Strategic: Medium
- Flyers: The nature of material composition: Technical: Low, Strategic: High

The proper training methods to provide are:

- Beginners: The material component presented in Lectures/Class: High, Accompaniment: High
- Movers: The material component presented in Lectures/Class: Medium, Accompaniment: Medium
- Flyers: The material component presented in Lectures /Class: Medium, Accompaniment: Low

Therefore the training model for marketing field aimed for Agricultural Products Cultivation Association can be carried out by keeping to the pattern as follows:

TABLE II. TRAINING MODEL FOR MSMEs

Training Material	Beginners		Movers		Flyers	
	Class	Accompaniment	Class	Accompaniment	Class	Accompaniment
<b>Technical</b>	High		Medium		Low	
.....	High	High	Medium	Medium	Low	Low
.....						
.....						
<b>Strategic</b>	Low		Medium		High	
.....	Low	Low	Medium	Medium	Medium	Low
.....						
.....						

This training model is just the initial version requiring further development, such as the grouping criteria of MSME recently carried out is based on business maturity, simply observed from business age. It would be more refined if the business maturity criteria is included by observing revenue and profit, monthly or yearly. In actuality business age can be irrelevant if the MSME has fast growth, thus revenue and profit will be more suitable to implement. The components included in the training model of this study just covers material and method of training implementation, and has yet including the evaluation method, thus the training model is able to be developed in the next study.

## V. CONCLUSION

The training effectiveness for MSME requires further evaluation, so that the existence of MSME can be utilized optimally. With the dominating numbers of MSME, if MSME can be conveyed to success, then MSMEs existence will contribute to the national income significantly, and finally strengthening national economy.

Applying training method controlling the material, and training methods based on grouping result of MSME, will result in firmer selection of training participant; therefore the nurturing and handling of MSME will be better targeted, according to requirement. The implementation of this model will benefit if carried out continuously, not discontinued in the middle. If the model is implemented correctly, then the training model provides opportunity to carry out MSME starting originally as micro-sized up to becoming medium-sized MSME.

## REFERENCES

[1] W. Arthur, W. Bennet, P. S. Edens, S. T. Bell, "Effectiveness of training in organizations: A Meta-analysis of design and evaluation features," Journal of Applied Psychology, Vol.88, No. 2, pp. 234-245, 2003.

- [2] D. Devins, S. Johnson, J. Sutherland, Employer characteristics and employee training outcomes in UK SMEs: a multivariate analysis," Journal of Small Business and Enterprise Development, Vol. 11, pp.449-457, 2010.
- [3] R. Katz,, "Skills of an effective administrator", The Harvard Bussiness Review, 1991
- [4] D. A. Samson, R. L Daft, Management, Southbank, Vic. Thomson, 2003
- [5] M. Simpson, N. Tuck, S. Bellamy, Small business success factors: the role of education and training, Education + Training, Vo. 46, No. 8/9, pp.481-491, 2004.
- [6] I. Wahyudi, Integrated Accompaniment Program: Alternative Solutions of Non capital constraint for SMEs , Analisa newspaper, Desember 2008

#### BIOGRAPHY

**Yati Rohayati** is currently Senior Lecurer in Industrial Engineering Department at Telkom University, Bandung, Indonesia. She earned Bachelor and Master Degree from Bandung Institute of Technology, PhD in Marketing from University of Indonesia, Depok. She has taught courses in Marketing Management, Quality Management, Marketing Reearch, Integrated Marketing and Communication, and Customer Relationship Management. Her research interests include service quality, product development, marketing, and MSMEs. She is a member IIE and Mastel.

**Sari Wulandari** is currently a fulltime lecturer in Industrial Engineering at Telkom University. Ms.Wulandari holds a Bachelor of Engineering degree in Industrial Engineering from Telkom University and a Master of Engineering degree in Engineering and Industrial Management from Bandung Institute of Technology. She has taught courses in marketing management system, engineering economics, and marketing research for engineers. Her research interests include branding strategy, service quality, product development, marketing management, and feasibility study.