

Areas in MSMEs' Business Processes that Require New Ideas on a Regular Basis

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Abstract

MSMEs are required to continue to develop their business in order to survive in the competition. There needs to be innovation in terms of products, services and business processes that are carried out. In the process of assisting ideas generation, MSMEs facilitators need to understand the patterns that occur in the field. The purpose of this study is to find out what areas in the business processes of MSMEs require multiple and routine ideas. This study involved 87 MSMEs in Bandung City, Indonesia. The data is collected from an online survey, using open-ended questions. The results of the study indicate that there are several areas that are focused on by MSMEs and require regular idea generation in the area of R&D and marketing. They need a lot of help in these two areas in terms of new solutions that can meet market needs. This research is useful for MSMEs assistants to understand the pattern of business processes undertaken by business owners, so that they can help the idea generation process in areas where they really need it. Scientifically for MSMEs, this research is useful to provide an overview of business processes and their relation to ideas generation. The limitation of this research is that the research object is only from one city, and only a few business categories.

Keywords

MSMEs, ideas generation, innovation, business process, idea management

1. Introduction

MSMEs are one of the sources of economic drivers, besides that they also create many job opportunities (Menon and Varadarajan, 1992; Holt, 2020). MSMEs need to digitize their business to increase competitiveness in the market. The potential of industry 4.0 is a good step for MSMEs to develop in that direction (Tortora et al. 2021). Industry 4.0 demands continuous improvement in increasing business capacity with innovation. The concept of open innovation has become a trend in recent years. This allows companies to involve external parties in the innovation process and benefit from the programs being implemented (Helman, 2020).

Covid-19 has had a major impact on economic development. An innovative approach is needed to face the challenges ahead. Collaboration between stakeholders is needed in order to give birth to a good ecosystem (Popov, 2021). Innovation is the answer to the changing business landscape and changing market trends. Innovation is an important part for companies to survive (Olsson et al. 2010).

Entrepreneurship education has a positive impact on the growth of innovation and the birth of new businesses (Novela et al. 2021). In addition to technology, human resources and financial facilities, business incubators help tenants to understand the need for organizational management for business development (Somsuk and Laosirihongtong, 2014). The need for innovations that address community problems is one of the foundations of the entrepreneurial ecosystem (Moore, 1993). The process of exploring ideas, processing ideas and evaluating ideas is one of the most important things in the formation of entrepreneurs. Refinement of existing ideas is the basis of business formation and development (Ahmad et al. 2022).

This study aims to examine areas in MSMEs that often require ideas for innovation. During a pandemic, innovation is a must for companies to survive and grow. In this case, a business incubator that accommodates MSMEs can help for the innovation process. However, it is necessary to know the business processes undertaken by the tenants, so that the facilitators can assist MSMEs to carry out the innovation process optimally and can assist in the stage of finding and managing their ideas.

2. Literature Review

Being able to see opportunities is important in the entrepreneurial journey (Tang and Khan, 2007). One of the skills needed by entrepreneurs is creativity in making ideas and seeing business opportunities (Fillis and Rentschler, 2011). There needs to be effort and passion in making new, solutive ideas (Kuratko, 2014). Having a business idea, choosing the right idea, and being able to realize the idea for business development is one of the important things in entrepreneurship (Gabrielsson and Politis, 2012).

The ability to innovate is a skill needed to develop and maintain companies in the industry (Zastempowski, 2022) where the MSMEs life cycle is one of the factors that will affect business performance (Rajamani et al. 2022). This innovation capability can be done by using external information or different industries, then encouraging the team to generate ideas, evaluate the best ideas for products, and adapt to changes that occur. This innovation capability is about how to make something better, effective, and successfully enter the market (Zhang, 2020).

In developing a business to a better stage, managing information and maximizing R&D becomes an important thing (Chesbrough, 2003). In the innovation process that is carried out, there is a business process that is carried out. There is a process-oriented culture and process-oriented structures that need to be implemented by business owners so that the management process can run well (Handayani and Er, 2019). The development of new ideas to understand the market is very necessary to assess the feasibility of a business. Field testing is crucial to explore new possibilities for business growth (Elia et al. 2021). By focusing on the creative side, experiments can provide more diverse results (Kohn, 2005).

3. Methodology

This study uses a qualitative approach. Data collection was carried out using an online survey with an open-ended question technique for MSMEs respondents. The selection of respondents used purposive sampling from various business categories to provide diverse data. Stages of analysis are carried out using coding and cross-case analysis. Mixed method is also performed on coding data and variable data using qualitative data analysis software.

4. Data Collection

Data were obtained from 87 MSMEs through an online survey in the form of an open-ended question. There are 6 business categories involved in this research, agriculture, craft, F&B, fashion, IT/application, and photography/videography. MSMEs who joined in this study were also divided into the duration of doing business and the stages of the business. The main question to the respondents is which areas require an idea generation process for business innovation.

5. Results and Discussion

Table 1. Gender

Areas in MSMEs' Business Processes	Gender	
	Female	Male
Product	46,3%	53,8%
Marketing	49,3%	38,5%
Business Strategy	4,5%	7,7%
SUM	100,00	100,00
N = Documents	52	35

Based on the results of the research and the two stages of coding, from Table 1 it is clear that there are 3 areas that often require new ideas. In product-focused ideas, they attach importance to product value and excellence. As stated by respondents in the F&B category, "in terms of adding appearance and flavor variants, because that is the value for my business going forward". In the marketing area, respondents said, "to determine marketing in social media. make

the audience more interested in the product and add a professional impression to each content”. While in the business strategy area, one of the respondents expressed the need for ideas in strategic decisions that can develop the business. MSMEs see the need to explore new potentials in these three areas in order to have business competitiveness. The data shows that, in terms of gender, both male and female see products and marketing as areas that desperately need new ideas. In the male gender, the selection of marketing areas is lower than female, because there is a larger portion that appears in the business strategy.

Table 2. Length of Business

Length of business	Areas in MSMEs' Business Processes			SUM
	Product	Marketing	Business Strategy	
3 months	100,0%	0	0	100,00
4 months	100,0%	0	0	100,00
5 months	50,0%	50,0%	0	100,00
6 months	16,7%	66,7%	16,7%	100,00
7 months	33,3%	66,7%	0	100,00
8 months	50,0%	50,0%	0	100,00
9 months	75,0%	25,0%	0	100,00
10 months	27,3%	72,7%	0	100,00
12 months	48,1%	51,9%	0	100,00
14 months	0	50,0%	50,0%	100,00
15 months	100,0%	0	0	100,00
18 months	60,0%	40,0%	0	100,00
24 months	62,5%	18,8%	18,8%	100,00
28 months	100,0%	0	0	100,00
36 months	47,4%	47,4%	5,3%	100,00

In Table 2, the three areas that require these ideas are analyzed by looking at the total duration aspect of doing business. As shown in the table, the duration ranged from 3 months to 36 months. From the data, it can be seen that for the product area the percentage is evenly distributed in each type of business, except for the duration of 14 months. At 5 to 14 months, and 18 to 36 months, MSMEs need marketing ideas for business development. For the business strategy area, it can be seen that there is a need for new ideas in the 6, 14, 24, and 36 months.

Tabel 3. Business Categories

Business Categories	Areas in MSMEs' Business Processes			SUM	N = Documents
	Product	Marketing	Business Strategy		
Agriculture	50,0%	50,0%	0	100,00	2
Craft	50,0%	50,0%	0	100,00	3
F&B	49,3%	43,3%	7,5%	100,00	55
Fashion	50,0%	46,7%	3,3%	100,00	24
Game/Application	100,0%	0	0	100,00	1
IT/Tech Service	0	100,0%	0	100,00	1
Photography/videography	0	100,0%	0	100,00	1

Table 3 shows a cross-case analysis of the business categories and the 3 areas that MSMEs focus on to get new ideas for business development. The data shows that the IT/Tech service category and the photography/videography

category require ideas only in the marketing area. As for the game/application category, it requires a lot of product ideas. In the agriculture and craft business categories, the data shows the need for ideas on products and marketing only. Meanwhile, in the F&B and Fashion categories, there is a need for ideas in these 3 areas. However, a large portion of the need for ideas is in the product and marketing areas.

Tabel 4. Business Stages

Business Stage	Areas in MSMEs' Business Processes			SUM	N = Documents
	Product	Marketing	Business Plan		
Ideation	100,0%	0	0	100,00	1
Prototyping	100,0%	0	0	100,00	1
Launching	60,0%	40,0%	0	100,00	5
Developing	45,9%	40,5%	13,5%	100,00	30
Expanding	49,2%	49,2%	1,6%	100,00	49
Scaling Up	0	100,0%	0	100,00	1
Total	49,1%	45,3%	5,7%	100,00	348

In the cross-case analysis in Table 4 between the business stage and the 3 areas of MSMEs that require ideas, the data shows that there are 6 business stages being undertaken by MSME respondents. Ideation is a new stage in the idea process stage, then prototyping when you already have a sample product. Launching and developing are the initial business stages, while expanding and scaling up are stages of a business that is stable and wants to be developed further. The data shows that in the early stages of a business, the ideas needed are product development ideas. Then, as the business stages develop, the need for these 3 areas also becomes important. At the scaling up stage, the most important idea needs is in the marketing area to develop the business even more. To sum up, this research confirmed that in developing a business, optimizing R&D processes is an important thing (Chesbrough, 2003).

6. Conclusion

The results of the study show that there are 3 areas that require ideas generation in terms of developing their business, namely product, marketing and business strategy. Where the product and marketing areas become very dominant areas in the idea's generation process. From the cross-case analysis data, there are special characteristics for MSMEs at each stage of their business, be it length of business, business categories, and business stages. This research can be useful for Institutions guiding MSMEs to understand the process of developing their business ideas in several areas of focus. The right assistance will provide optimal results in the ideas generation process. In addition, this research is useful for providing tools to help the ideas generation process. The limitation of this research is that it only obtains information from one city and several business categories. Further research can develop research methods and research objects to develop data acquisition.

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Biography

Puji Prabowo is a creativepreneur lecturer, and also a sociopreneur who has been working for 10 years. He is also a coach for business incubator at Binus University. He is enthusiastic about the entrepreneurial ecosystem, entrepreneurial skills, innovation, creative ideas, and business development.