International Journal of Economics, Business, and Accounting Research (IJEBAR)
Peer Reviewed – International Journal
Vol-5, Issue-1, 2021 (IJEBAR)
E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

DEVELOPING CAPACITY BUILDING SMEs IN WEST JAVA

Dadang Suhardi
Universitas Kuningan, Indonesia
Email: dadanguniku321@gmail.com

Abstract: Small and Medium Enterprises (SMEs) are the business groups that are most able to survive in the event of an economic crisis. The development of the number of small and medium business units that continues to increase, this will certainly open up large employment opportunities so that the number of unemployed people decreases. The presence of SMEs in terms of managerial level and ability is still low, there are still a few of our SME entrepreneurs with Bachelor degrees. The fact shows that the quality of SMEs resources is still low, especially in the fields of management, organization, mastery of technology and marketing. The low level of education of small and medium entrepreneurs was apparently not matched by capacity building efforts through training, education and programmatic comparative studies. HR has an important role in achieving success, because sophisticated and complete facilities are not yet a guarantee of the success of an organization without being balanced by the quality of human resources who will utilize the facility. This study seeks to examine strategies that can be used by SMEs in an effort to improve HR capacity by covering the determination of samples using purposive sampling method, which then data is analyzed using multiple linear regression analysis.

Keywords : **Capacity Building, Human Resources, and SMEs**

1. Introduction

The era of technological and information advancement which is full of challenges and competition demands professionalism in all aspects of the economy. Advances in technology and information have given rise to new phenomena that were born as a result of the progress of the times. This condition requires economic actors to continue to innovate in order to anticipate fierce competition. SMEs as one of the economic actors are required to have a competitive advantage in terms of product quality, services, costs, and human resources.The existence of SMEs in terms of management education level and ability is still low, there are still few of our UKM entrepreneurs who have Bachelor degrees. The facts show that the quality of SME resources is still low, especially in the fields of management, organization, mastery of technology and marketing. The low level of education of these small and medium entrepreneurs is not matched by efforts to increase their capacity (capacity building) either through training, education or programmatic comparative studies. In general, small and medium entrepreneurs in running their business are based on experience. Efforts to increase capacity are still not a priority.

The obstacles that are generally faced by SMEs in Indonesia are the low quality of Human Resources (HR), weaknesses in the capital structure, weaknesses in accessing capital, including in working capital management (Jan, 2008). This is also explained by Dharma (2010) regarding the problems often faced by SMEs, namely product marketing, technology, financial management, quality of human resources, and capital. One of the SMEs that are expected to face the challenges of global competition are those in the Tugu district, which are required to be able to increase performance through capacity building. In general, capacity building is the process or activity of improving the ability of a person, group, organization or system to achieve better goals or performance (Brown et. Al, 2001).

Formulation of the problem

From the background description, the problem formulations from the description above are: (1) Is capacity development an important element in the process of empowering human resources in SMEs in Central Java? (2) What is the strategy carried out by SMEs in West Java. in increasing human resources through increased capacity building?

Research Limits

The limitations of the problem in this study are: (1) The form of finance in SMEs in West Java. Research objectives

This study aims to: (1) To determine whether capacity development is an important element in the process of empowering human resources in SMEs in West Java.. (2) To find out how the strategies implemented by SMEs in West Java. in increasing human resources through increased capacity building.

2. Literature Review

2.1 Small and medium enterprises

In the Indonesian economy, SMEs are the business groups that have the largest number and are proven to be resistant to various kinds of shocks to the economic crisis. The business criteria included in SMEs have been regulated under the legal umbrella Based on Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (SMEs) there are several criteria used to define the definition and criteria of Micro, Small and Medium Enterprises.

William R. Tracey (in Haryanto, 2014), through his work entitled the human glossary, says human resources are the people that staff and operate an organization or people who become employees and operate an organization. Human resources (HR) is also a function of an organization that deals with people and issues related to people such as compensation, recruitment, performance management, and training in an organization effectively, HR functions are managed systematically by using standard and well-established procedures by dedicated employees who are trained in HR management.

2.2 Human Resource Development

Human resources are a central factor in organizations regardless of their form and purpose, organizations are created based on various visions for the benefit of humans and in carrying out their missions are managed and managed by humans. Regarding the understanding of human

resource capacity, Grindle (1997) states that "initiatives to develop human resource generally seek the capacity of individuals to carry out their professional and technical responsibilities" (initiatives to develop human resources in general seek to increase the capacity of individuals to carry out their responsibilities. professionally and improve their technical capabilities).

Capacity Building

Milen (2006) defines capacity as the ability of an individual, organization or system to function as it should be effectively, efficiently and continuously. Whereas Morgan (Milen, 2006) formulates the notion of capacity as abilities, skills, understanding, attitudes, values, relationships, behavior, motivation, resources, and conditions that enable each individual, organization, network / sector, and system. to carry out their functions and achieve the development goals that have been set from time to time.

Capacity building is said to be capacity building, namely the process experienced by individuals, groups and organizations to improve their ability to carry out their functions and achieve the desired results (Morgan in Harris, 2005). From this understanding it can emphasize two important things: 1) capacity development is largely a process of internal growth and development, and 2) capacity building efforts must be results oriented.

From this understanding it can be interpreted that capacity development is a process that can increase the ability of a person, organization or system to achieve the goals to be achieved. In line with Yap (Eichler, 2002) that Capacity Development is a process to improve individuals, groups, organizations, communities and communities to achieve goals that have been implemented.

Previous Research

The basic theories or findings of various previous studies that are relevant to the research to be carried out are indispensable and can be used as a support.

3. Research methods

3.1 Types and Sources of Data

The type of data used is subject data, namely the type of research data in the form of opinions, attitudes, experiences or characteristics of a person or group of people who are the research subjects. In this case the data used is from the results of the respondents' answers to the questions asked in the interview, both orally and in writing.

The data source that the writer uses in this research is primary data. Primary data used in this research is data collected through distributing questionnaires that have been made and arranged in the form of a series of statements in accordance with the variable data to be studied.

3.2 Research variable

Dependent Variable

The dependent variable (dependent) is a variable that is influenced or becomes the result of the independent variable. The dependent variable has a characteristic that is influenced by changes in other variables. For this reason, this variable is also called the "dependent variable". In a study the dependent variable is observed and measured to determine the effect of the independent variable. The dependent variable in this study is Human Resource Improvement.

Independent Variable

The independent variable is the variable that affects the change in the dependent variable (dependent), the independent variable is also called the independent variable. The independent variable is the variable that affects or causes the change or the emergence of the dependent variable. According to its function, this variable affects other variables, hence it is often called the influence variable. Also named as the independent variable because it is free to influence other variables. The independent variable in this study is the strategy faced by SMEs in developing human resources, which is proxied through education, skills and abilities.

3.3 Population and Sample

The population of this study were Micro, Small and Medium Enterprises (UKM) in Tugu District. While the sample was taken by purposive sampling method, namely the sampling technique with certain considerations (Sugiyono, 2015). The reason for using this method is due to the limited number of managers who can be used as respondents. Because the researchers did not know from the number of samples sent how many would return, the purposive sampling method was used by using the entire population of 214 SMEs and the data returned were data to be processed.

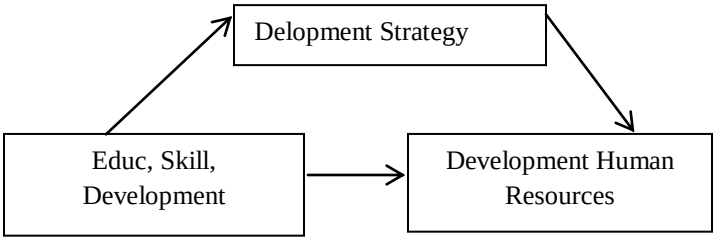
3.4 Method of collecting data

The data collection method used in this study is a questionnaire. This questionnaire is used to obtain data on whether capacity development is an important element in improving human resources and to determine the strategies used by SMEs in an effort to increase HR capacity. In this study the answers given by the respondents were then scored by referring to the Likert scale.

3.5 Theoretical Framework

Based on the analysis in the theoretical basis that wants to see capacity building as a strategy in improving the quality of human resources in SMEs in the city of Central Java, a flowchart framework is

Picture 3.1
SME Development Strategy Model



Source: Developed from previous journals, 2019

3.6 Research Hypothesis

A hypothesis is defined as a logically estimated relationship between two or more variables which is expressed in the form of a testable statement (Uma Sekaran, 2007). Based on the model used above, the hypotheses proposed in this study are:

H1: Capacity building is an important element in the process of improving human resources in UKM Central Java
H2: SME strategy in increasing human resources through increased capacity building

3.7 Method of Analysis

The method of data collection was carried out by interviewing techniques equipped with a questionnaire. The questionnaire was used as a guide so that the interview was more structured and standardized. The interview technique is used as a complement to obtain data that cannot be collected through a questionnaire as well as a cross-check of the data collected.

3.8 Instrument Test

This test is used so that data quality can be evaluated through data consistency testing (reliability test) and validity testing (validity) of the instruments used in the study. The instrument test was carried out to determine the accuracy and consistency of the data that had been collected. Steps to measure the quality of the data carried out in this study were:

Internal Consistency Test (Reliability)

Reliability test is used to determine whether the instrument is reliable enough to be used as a data collection tool because the instrument is good (Arikunto, 2013). A reliable instrument is an instrument that, when used several times to measure the same object, will produce the same data. The method used in this reliability test is the Cronbach's alpha method in which a questionnaire is considered reliable if Cronbach Alpha> 0.60 (Ghozali, 2015).

Validity test

Arikunto, (2013) states that validity is a measure that indicates the level or validity of an instrument. A valid instrument means the measuring instrument used to obtain the data is valid and can be used to measure what should be measured.

The validity test was carried out by using the point biserial correlation technique. Based on the calculation with the biserial point correlation, the r count is then compared with the r table. By looking at the table of critical product moment values with a significance level of 5% and N = 100, the r table value is 0.1966. Furthermore, if the value of rcount> rtable is obtained, the items of the instrument being tested are valid.

Classic assumption test

The Classical Assumption Test is used in order to determine and test the feasibility of the regression model used in this study. Another objective is to ensure that the regression model used has data that is normally distributed, free of autocorrelation, multicollinearity, and heteroscedasticity.

Normality test

This test is conducted to find out whether in a regression model, the residual value has a normal distribution or not. The normality test in regression can use several methods, including the non-parametric Kolmogorov-Smirnov Z method. The decision-making method for data normality testing is if the significance (Asymp.sig)> 0.05 then the residual data is normally distributed and if it is significant (Asymp. .sig) <0.05, the residual data is not normally distributed.

Multicollinearity Test

The multicollinearity test aims to test whether in a regression model there is a correlation between independent (independent) variables. A good regression model should not have a correlation between the independent variables. To detect the presence or absence of multicollinearity, generally by looking at the Tolerance and VIF values in the linear regression results. The decision making method is if the Tolerance is more than 0.10 and the VIF is less than 10 then there is no multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to the constant observation, it is called homoskesdasticity and if it is different it is called heteroscedasticity or heteroscedasticity occurs. How to analyze the heteroscedasticity assumption, among others, by using the Glejser test. This method proposes to regress the absolute value of the residuals on the independent variables. The basis for making decisions on the Heteroscedasticity Test, namely: (1) If the significance value is greater than 0.05, the conclusion is that heteroscedasticity does not occur. (2) If the significance value is smaller than 0.05, the conclusion is heteroscedasticity occurs.

Autocorrelation Test

Autocorrelation is a condition where there is a correlation from the residuals to other observations arranged according to a time series. A good regression model requires no autocorrelation problems. To detect the presence or absence of autocorrelation, the Durbin-Watson test (DW test) is used.

Regression Analysis

Regression is a method in statistics that can be used to see the presence or absence of a relationship (causal or causal) and is presented in the form of a systematic model or equation. Regression can be used to predict or develop a model that is manifested in the form of a regression equation. Multiple linear regression analysis is a linear relationship between two or more independent variables (X1, X2,… Xn) and the variable (Y). This analysis is used to determine the direction of the relationship between the independent variable and the dependent variable, whether each independent variable has a positive or negative relationship and to predict the value of the dependent variable if the value of the independent variable has increased or decreased.

Model Feasibility Test

Partial Parameters Significance Test (t test)

The t test is used to test the influencing variables between the independent variables and the dependent variable individually (individually). The basis for making decisions is:

1. If the t value <t table value or the significance probability value is greater than 0.05 (confidence level α = 5%), then H0 is accepted and Ha is rejected.
2. If the t value> t table value or the significance probability value is smaller than 0.05 (confidence level α = 5%), then H0 is rejected and Ha is accepted.

The formula for t table = number of respondents minus the number of variables or written with the formula: T table = 214 - 4 = 200, found the value of t table 1.65251
Simultaneous Parameter Significance Test (Test F)
The F test is used to test the effect of the independent variables together on the dependent variable. Decision making is as follows:
• Significance> 0.05, so H0 is accepted and Ha is rejected
• Significance <0.05, so H0 is rejected and Ha is accepted
• F count <F table so H0 is accepted and Ha is rejected
• F count> F table so H0 is rejected and Ha is accepted
The formula for F table is (k-1; n-k) where k is the number of independent variables (free) and n is the number of respondents or research samples. The data above shows that k = 4 and n = 214. Then enter it into the formula, then it produces numbers (4-1; 214-4) = (3; 200). The get F table is 2.70.

Coefficient of Determination (R Square)

Analysis of R^2 (R Square) or the coefficient of determination is basically used to measure how far the model's ability to explain variations in the dependent variable or the dependent variable.

4. Research result

Validity Test

Based on the calculation with the biserial point correlation, the product moment critical values are obtained with a significance level of 5% and N = 100, the r table value is 0.1166. Furthermore, if the value of rcount> rtable is obtained, the items of the instrument being tested are valid.

Reliability Test

In this study, the reliability test used was the Cronbach's Alpha formula. Reliability results are said to be good if the resulting Cronbach's Alpha value is at least 0.6. Based on the reliability test using Cronbach's Alpha, the following instrument reliability test results were obtained:

Table
Result Reliability Test

Variable	***Cronbach's Alpha***	**Ket**
Educational (X1)	0.758	Reliabel
Skill (X2)	0.776	Reliabel
Capability (X3)	0.864	Reliabel
Development HR (Y)	0.783	Reliabel

Source: Developed from Reliability Test, 2019

From the results of the reliability calculation, it shows that all instruments have a reliability coefficient value above 0.600.

Regression Analysis

Regression is a method in statistics that can be used to see the presence or absence of a relationship (causal or causal) and is presented in the form of a systematic model or equation.

The multiple regression equation can be explained as follows: Educational variables (X1), skills (X2), and abilities (X3) have a positive regression coefficient, this means that the five research variables have a positive effect on HR development, so that if there is an increase in education (X1), skills (X2), and abilities (X3) will increase HR development.

a. The constant (α) is = 1.682

Analysis:

If education, skills, and abilities are equal to 0 or eliminated, then human resource development will increase by 1.682 percent.

b. The value of b1 = 0.614

Analysis:

Educational variables have a positive influence on improving human resource development. If there is an increase of 1 percent in the education variable, then human resource development will increase by 61.4 percent, assuming the variable skills and abilities are constant.

c. The value of b2 = 0.082

Analysis:

The skill variable has a positive influence on improving HR development. If there is an increase of 1 percent in the skill variable, then the development of human resources will increase by 8.2 percent, assuming the variables of education and ability are constant.

d. The value of b3 = 0.170

Analysis:

The ability variable has a positive influence on increasing human resource development. If there is a 1 percent increase in the ability variable, then human resource development will increase by 17 percent, assuming the education and skill variables are constant.

e. Then the regression equation can be written as follows:

$Y = 1.682 + 0.614X1 + 0.082X2 + 0.170X3 + e$

Model Feasibility Test

Partial Parameters Significance Test (t test)

The t test is used to test the influencing variables between the independent variables and the dependent variable individually (individually).

Based on the results of the regression analysis, the results obtained:

1. The education variable has a value of t count of 11.396 with a significance level of 0.000, because the t value of 11.396> t table 1.65251 and a significance value (Sig.) Of 0.000 <0.05 and is positive, it can be concluded that education (X1) partially affect HR development (Y).
2. The skill variable has a t value of 1.568 with a significance level of 0.018, because the t value is 1.568> t table 1.65251 and a significance value (Sig.) 0.018 <0.05 and is positive, it can be concluded that skill (X2) partially affect HR development (Y).

3. The ability variable has a t value of 2.976 with a significance level of 0.003, because the t value is 2.976> t table 1.65251 and a significance value (Sig.) 0.003 <0.05 and is positive, it can be concluded that the ability (X3) partially affect HR development (Y).

Simultaneous Parameter Significance Test (Test F)

The F test is used to test the effect of the independent variables together on the dependent variable.

It can be seen that F arithmetic 197.388> F table (2.70) with a significance of 0.000 less than 0.05, so it can be concluded that education, skills, and abilities together have a significant effect on HR development.

Coefficient of Determination (R Square)

Analysis of R^2 (R Square) or the coefficient of determination is basically used to measure how far the model's ability to explain variations in the dependent variable or the dependent variable.

The results of the analysis of the coefficient of determination on multiple linear regression with the value of R^2 (Adjusted R Square) of 0.754, which means that the influence of education, skill, and ability variables on employee performance variables is 75.4% while the rest is influenced by other factors not examined.

5. Conclusions and Suggestions

Conclusion

The conclusions that can be drawn from the results of research on SMEs in Central Java are as follows:

1. The education variable has a value of t count of 11.396 with a significance level of 0.000, because the t value of 11.396> t table 1.65251 and a significance value (Sig.) Of 0.000 <0.05 and is positive, it can be concluded that education (X1) partially affect HR development (Y).
2. The skill variable has a t value of 1.568 with a significance level of 0.018, because the t value is 1.568> t table 1.65251 and a significance value (Sig.) Of 0.018 <0.05 and is positive, it can be concluded that skill (X2) partially affect HR development (Y).
3. The ability variable has a t value of 2.976 with a significance level of 0.003, because the t value is 2.976> t table 1.65251 and a significance value (Sig.) 0.003 <0.05 and is positive, it can be concluded that ability (X2) partially affect HR development (Y).
4. The variables of education, skills, and abilities have a calculated F value of 197.388> F table (2.70) with a significance of 0.000 less than 0.05, so it can be concluded that education, skills, and abilities together have a significant effect on HR development. .

Suggestion

There are many ways to develop the quality of human resources, including by increasing education, skills and abilities. Human resource development makes SMEs stronger in the competition in the local and global business world. Capacity development requires superior resources, which can be done through coaching, training and guidance programs.

Each UKM certainly has its own uniqueness and needs, so that the capacity building program should be adjusted to the needs and conditions of each SMEs

References

Aaram dan Shakespear. 2015. "*Youth Capacity Building in Indigenisation and Economic Empowerment in Zimbabwe: Making a Case for Business Incubation*". International Journal of Research in Humanities and Social Studies, Volume 2, Issue 6, PP 1-9

Ardianan I, Brahmayanti I, Subaedi. 2010. "*Kompetensi SDM UKM dan Pengaruhnya Terhadap Kinerja UKM di Surabaya*". Jurnal Manajemen dan Kewirausahaan.12 (1).

Brown, Lisanne, Anne LaFond, and Kate Macintyre. 2001. "*Measuring Capacity Building, Carolina".*

Campobasso, L and D Davis, 2001."*Reflection on Capacity Building, the California Wellness Foundation*".Journal, Volume 2 no. 2.California : Wellness FoundationPopulation Center, Chapel Hill : University of North Carolina.

Dharma S. 2010."*Manajemen Kinerja*". Yogyakarta (ID): Pustaka Pelajar.

Fadhil, at all. 2017. " *Model Strategi Pengembangan Sumber Daya Manusia Agroindustri Kopi Gayo Dalam Menghadapai Masyarakat Ekonomi ASEAN*". Jurnal Manajemen Teknologi.

Gandara Rida, 2008."*Capacity Building Dosen pada Jurusan di Perguruan Tinggi Badan Hukum Miliki Negara*". Fakultas Ilmu Pendidikan UPI. Bandung.

Ghozali, 2015."*Aplikasi Analisis Multivariate dengan Program SPSS".* Semarang: Universitas Diponegoro

Grindle, M.S., (editor), 1997."*Getting Good Government : Capacity Building in the Public Sector of Developing Countries, Boston, MA.Harvard Institute for International Development.*

Handoko, Hani. 2011. "*Manajemen Personalia dan Sumber Daya Manusia*".Yogyakarta: BPFE.

Haryanto, 2014."*Pengembangan Kapasitas Kelembagaan (Institutional Capacity Development) (Teori dan Aplikasi)*". Jakarta: AP21 Nasional.

Jan H. 2008. "*Corporate Social Responsibilty & Sustainability Reporting*". Bandung (ID): IAI.

Matutina. 2001. "*Manajemen Sumber Daya Manusia*". Jakarta (ID): Gramedia Widia Sarana Indonesia.

Milen, Anelli, 2004. "*Pegangan Dasar Pengembangan Kapasitas*". Diterjemahkan secara bebas.Yogyakarta : Pondok Pustaka Jogja.

Milen, Anni, 2006."*What Do We Know About Capacity Building ?, An Overview of Existing Knowledge and Good Practice, World Health Organization*". Departement of Health Service Provision, Geneva

Rahmana, Arief. 2009. "*Usaha Kecil dan Menengah (UKM), Informasi Terdepan tentang Usaha Kecil Menengah",* (online), (http://infoukm.wordpress.com, diakses 9 Januari 2019)

Ratnasasi, J.R, Makmur, M, Ribawanto, H. 2014. "*Pengembangan Kapasitas (Capacity Building) Kelembagaan Pada Badan Kepegawaian Daerah Kabupaten Jombang*". JUrnal Administrasi Publik (JAP), Vol. 1, No.3

Ruhana I. 2012.*'Pengembangan Kualitas Sumber Daya Manusia VS Daya Saing Global*".J Profit. 6(1):50-56.

Saydam G. 2000. *Sumber Daya Manusia dan Kinerja (Human Resources Management)*.Jakarta (ID): PT. Gunung Agung.

Soeprapto Riyadi, 2006. "*Pengembangan Kapasitas Pemerintah Daerah Menuju Good Governance*", Jurnal Ilmiah Administrasi Publik, Volume IV (1), FIA UNIBRAW, Malang.

Sugiyono.2015."*Metode penelitian Kualitatif dan Kuantitatif*".Bandung: PT. Alfabeta.

Tarance Morrison, 2001.*Actionable Learning – A Handbook for Capacity Building Through Case Based Learning*. ADB Institute.

UURI, Kepala Biro Peraturan Perundang-undangan Bidang Perekonomian dan Perindustrian. 2008. Undang-undang Republik Indonesia Nomor 20 Tahun 2008 tentang Usaha Mikro, Kecil dan Menengah. Jakarta (ID): Kepala Biro Peraturan Perundang-undangan Bidang Perekonomian dan Perindustrian

Yeremias. T. Keban. 2000. "*Good Governance" dan "Capacity Building" sebagai Indikator Utama dan Fokus Penilaian*, Jurnal Perencanaan Pembangunan, Jakarta.