



Leveled Managerial Training of Central Java Cooperative and Micro, Small and Medium Enterprises (MSMEs) Training Center: Key to Success of Central Java MSMEs Upgrading

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ABSTRACT

In recent decades, the role of Micro, Small, and Medium Enterprises (MSMEs) in supporting the national economy has been increasingly recognized. The purpose of this study is to evaluate the impact of the tiered managerial training program of the Central Java Cooperative & MSMEs Training Center on the managerial capabilities of MSMEs and how this program contributes to increasing the scale of their businesses. In addition, this study also aims to provide recommendations for strategies to improve the effectiveness of similar training in the future in order to optimally encourage MSMEs towards a larger and more competitive business scale. The research method used in this study is descriptive qualitative, the data used in this study were collected through various techniques, including observation, in-depth interviews, and document analysis. The results of the study showed a positive impact of the training. an increase in the average turnover of participants, which reached 224%, an increase in participant assets by 168%, an increase in the number of workers recruited by training participants reaching 209%. Through strategies that include strengthening the global market-oriented curriculum, more sustainable mentoring, integration of digital technology, strengthening alumni networks, focusing on product innovation, cooperation with financing institutions, and data-based evaluation, the effectiveness of this training can be further improved.

Keywords: *Managerial, Msmes, Upgrading*

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INTRODUCTION

In several developing countries, Micro, Small, and Medium Enterprises (MSMEs) have proven to be the driving force of the country's economy. Their important role as the backbone of the country's economy makes MSMEs a business unit that needs special attention from the government (Lubis & Salsabila, 2024). MSMEs have proven to be able to provide jobs for the community, as well as being able to contribute to the country's per capita income (Sarfiyah et al., 2019). When compared to companies with a larger scale,

MSMEs are business units that are strong against changes in the business climate that occur (Gunartin, 2017). Like now, the condition where the country is experiencing a recession due to the Covid-19 pandemic, however, this is different from MSMEs which are able to survive despite experiencing many obstacles (Afifah, 2023).

Central Java is a province located in the middle of Java Island. Judging from its economic potential, Central Java Province is a transit route between West Java Province, East Java Province, and DIY so that the economy in Central Java is advancing (Jatengprov.go.id, 2023). The economic drivers in Central Java Province are dominated by MSMEs. The number of MSMEs fostered by the Central Java Provincial Government in 2019 was 147,233 units. However, this number continues to decline. According to data obtained from the Central Java Provincial Cooperatives and MSMEs Office, the number of MSMEs has decreased from 15.49% in 2017 to 2.43% in 2019. This decrease in the number of units was also followed by a decrease in the amount of turnover and assets owned (Kemenkopukm, 2020).

Strong business competition requires MSMEs to be ready to compete (Adam et al., 2022). The ability of MSMEs to explore potential by creating innovation and creativity in business so that they are able to meet market needs. Exploring potential can also increase the income of other business managers. In addition, the ability to manage a business effectively is also needed (Yuliaty et al., 2020). Barus explained that to improve the performance of MSMEs, it is necessary to expand the reach and specifications with digital technology and e-Commerce (Yunus et al., 2021).

In recent decades, the role of Micro, Small, and Medium Enterprises (MSMEs) in supporting the national economy has been increasingly recognized (Kaswinata & Syahputra, 2023). MSMEs are a strategic sector that absorbs a large number of workers and makes a significant contribution to Indonesia's Gross Domestic Product (GDP). However, behind this great potential, MSMEs still face various challenges, especially in terms of adequate managerial capacity. This condition is the reason why increasing managerial competence among MSMEs actors is very important in encouraging the transformation of MSMEs towards a larger business scale.

Cooperatives and MSMEs in Central Java are a vital part of the regional economy (Aliyah, 2022). However, many MSMEs actors in this region are still trapped in traditional managerial patterns that prevent them from developing optimally. Various training and mentoring programs have been organized by the government and non-governmental organizations, but the results are often not sustainable (Yusuf & Christianingrum, 2022). One of the prominent initiatives in an effort to empower MSMEs in Central Java is the Multilevel Managerial Training program organized by the Central Java Cooperative & MSMEs Training Center.

The Multilevel Managerial Training conducted by the Central Java Cooperative and Micro, Small and Medium Enterprises (MSMEs) Training Center has a comprehensive approach. This program is designed to provide the management skills needed by MSME actors, starting from financial aspects, marketing, to human resource management. Unlike similar training that only lasts for a short period, the Cooperative and Micro, Small and

Medium Enterprises Training Center program offers a multilevel approach that combines theory and practice in stages, allowing participants to truly apply the knowledge they gain in managing their businesses.

This program is also intended to increase the competitiveness of MSMEs in facing the era of increasingly tight global competition. With the development of information and communication technology, MSME actors must be able to adapt and develop innovative business strategies. In this case, the training facilitated by Balatkop provides a solution to overcome the limitations of managerial capabilities that are still the main obstacle for many MSMEs.

One interesting aspect of this program is the involvement of various stakeholders, including local governments, academics, and larger business actors. This cross-sector collaboration aims to create an ecosystem that supports the sustainable growth of MSMEs. Participants are not only trained in technical skills, but are also equipped with networks that allow them to interact with other economic actors, opening up opportunities for partnerships and accessing wider resources.

Furthermore, this program does not only focus on managerial training, but also plays a role in building a strong entrepreneurial mentality. In many cases, MSME actors often face challenges that test their resilience, both financially and operationally. Therefore, this program is designed to improve skills in strategic decision-making, managing risks, and designing long-term business growth.

This study offers a new perspective on the effectiveness of tiered managerial training conducted by the Central Java Cooperative and Micro, Small and Medium Enterprises Training Center. Unlike previous studies that focused more on short-term training and instant effects on improving participants' technical skills, this study examines how a tiered approach can produce a more sustainable impact. This study also considers external factors such as support from the business ecosystem and government policies in ensuring the success of this training in bringing MSMEs up a class.

The tiered managerial training program at the Central Java Cooperative and Micro, Small and Medium Enterprises Training Center also provides an opportunity to measure the level of readiness of MSMEs in facing challenges in the digitalization era. With increasing digitalization in every aspect of business life, this training offers a new approach that emphasizes the importance of technology adaptation as part of modern management. Therefore, this study will analyze how managerial skills acquired through this training can improve the competitiveness of MSMEs in facing these changes.

The purpose of this study is to evaluate the impact of the tiered managerial training program at the Central Java Cooperative and Micro, Small and Medium Enterprises Training Center on the managerial capabilities of MSMEs and how this program contributes to increasing the scale of their businesses. In addition, this study also aims to provide recommendations for strategies to improve the effectiveness of similar training in the future so that it can optimally encourage MSMEs towards a larger and more competitive business scale.

RESEARCH METHODOLOGY

The research method used in this study is descriptive qualitative, with the aim of understanding in depth the implementation and impact of tiered managerial training organized by the Central Java Cooperative and Micro, Small and Medium Enterprises Training Center. This study uses a case study approach, where the training program is used as the main subject for analysis. This method was chosen because it can provide a comprehensive picture of the effectiveness of the program and the factors that influence the success of participants in developing their businesses. The data used in this study were collected through various techniques, including observation, in-depth interviews, and document analysis.

Observations were carried out directly during the implementation of training in several batches, to see how the training process was running, the interaction between participants, and the teaching methods applied by the facilitator. In-depth interviews were conducted with training participants, facilitators, and organizers, in order to gain a more complete perspective on the challenges, benefits, and impacts felt after participating in the training. In addition, document analysis was used to collect quantitative data related to the results achieved by participants, such as increased turnover, assets, and workforce. The combination of these data collection techniques allows researchers to gain a holistic and in-depth understanding of the impact of tiered training on MSMEs.

RESULT AND DISCUSSION

The implementation of tiered managerial training organized by the Central Java Cooperative and Micro, Small and Medium Enterprises Training Center has shown a significant impact in improving the business performance of MSMEs participants. This program is divided into three levels, which are held for one year with a three-month break between each level for mentoring. This training includes modules on business management, finance, operations, marketing, and other business skills, and the results are clearly visible in the aspect of participants' business growth.

One of the biggest impacts of this program is the increase in the average turnover of participants, which reached 224%. This figure reflects the effectiveness of the training modules designed to improve participants' abilities in managing finances and formulating marketing strategies. These skills help MSMEs actors expand their markets and increase their competitiveness, as evidenced by the significant growth in business turnover.

In addition, the increase in participants' assets by 168% indicates that this training not only increases income, but also allows participants to invest their business results in the form of additional assets, such as new equipment, facility expansion, or investment in technology. This is very important to ensure sustainable business growth.

On the other hand, the increase in the number of workers recruited by training participants reached 209%. This is clear evidence that this tiered training not only has an impact on the individual level of participants, but also creates wider employment opportunities, which also contributes to the economic welfare of the region. With the

increasing need for workers, these MSMEs actors play an important role in helping to reduce unemployment in Central Java.

The success of this program has attracted the attention of the Indonesian Ministry of Cooperatives and SMEs, which has made it a model for the division of authority for tiered training at the provincial and district/city levels. The concept of tiered training implemented by the Cooperative and MSMEs Training Center, with real and sustainable results, is an example that is expected to be implemented more widely to support MSMEs in various regions.

In 2021, this training attracted great attention from the public, with the number of online registrations reaching 2,078 people. However, with a quota of only 375 participants, strict selection was carried out to ensure the quality of the participants who passed. This has encouraged the Cooperative and MSMEs Training Center to expand the number of batches and types of training in the following years, in order to meet the growing needs of MSMEs players in Central Java.

2022 will be a turning point for this training with the implementation of stricter selection rules. Participants who pass the selection must meet requirements such as a maximum age of 45 years, a minimum turnover of 10 million per month, a minimum business period of two years, have a NIB, and be able to operate a computer. With these stricter rules, the selected participants are more filtered, so the quality of training and its impact are expected to be higher.

With 1,529 participants taking part in the training in 2022, Balatkop has succeeded in expanding the impact of this program compared to the previous year. The awareness of MSME actors regarding the importance of managerial training has also increased, along with the availability of broader and more structured programs.

The types of training offered are very comprehensive, covering business and financial management, operational and HR management, marketing management, branding strategies, as well as public speaking and business negotiation skills. All training modules are designed to provide practical skills that can be directly applied by MSME actors in daily business management.

The increase in managerial skills felt by the participants is clearly visible. After attending the training, participants are able to better plan, organize, and control their business resources, which ultimately contributes to increased operational efficiency and effectiveness. This creates a strong foundation for long-term growth.

Compared to other trainings that are usually short-term, the tiered approach implemented by the Cooperative and MSME Training Center has proven to be more sustainable. Mentoring during the breaks between levels allows participants to apply the knowledge gained while receiving guidance in dealing with challenges they may face in the field. This strengthens the impact of the training, which is not only temporary but long-term.

In addition, this training also expands the business networks of the participants. With the interaction between participants from various sectors and experienced facilitators, MSMEs can build partnerships and networks that can help them develop their

businesses further. This accelerates business growth and provides access to more opportunities.

Overall, the results of this tiered training show that increasing managerial capacity can be the key for MSMEs to move up a class. With the support of structured training and consistent mentoring, MSMEs are able to develop into more competitive, efficient, and competitive businesses in the local and national markets.

Strategies to improve the effectiveness of similar training in the future

The following are recommended strategies to improve the effectiveness of similar training in the future, in order to encourage MSMEs to be able to develop into larger and more competitive businesses:

1. Improving the Quality of Global Market-Oriented Curriculum

Although the current training is quite comprehensive, the curriculum must be continuously updated to adapt to dynamic global market trends. The addition of materials that discuss business digitalization, e-commerce, and export strategies can help MSMEs expand their markets not only locally and nationally, but also internationally. In addition, an emphasis on new technologies, such as the use of digital platforms, data analytics, and artificial intelligence in business management, will equip MSMEs to face increasingly fierce competition (Yuliaty et al., 2020).

2. Improving Continuous Post-Training Mentoring

One of the keys to the success of tiered training is inter-level mentoring. This strategy needs to be strengthened by extending the post-training mentoring period to provide sufficient time for participants to apply the knowledge and skills they have acquired. Mentoring can be done through experienced mentors or business consultants who help participants identify the problems they face and provide practical solutions. This system can be combined with periodic evaluations to measure progress and real impact on participants' businesses (Ria & Digdowiseiso, 2023).

3. Use of Digital Technology for Scale and Efficiency

Integrating technology into the training process is an important step to increase scale and efficiency. With a digital platform, Balatkop UMKM can expand the reach of training to all corners of Central Java without being constrained by location. E-learning or interactive online classes can be an effective alternative, allowing more participants to take part in training at a lower cost and with easier access. Technology can also be used to monitor participant progress, provide business dashboards, and provide learning materials that can be accessed at any time (Astuti & Wulandari, 2023).

4. Formation of an Alumni Community for Collaboration and Networking

One of the advantages of tiered training is the formation of a network between participants from various business sectors. To increase the effectiveness of the program in the future, it is necessary to form a training alumni community that can be a forum for sharing experiences, knowledge, and business opportunities. This community can also serve as a support network where participants can help each other and collaborate in

business development, as well as create strategic partnerships to expand their market reach.

5. Addition of Training Programs Focusing on Product Innovation and R&D

To help MSMEs move up a class and become more competitive, training should include aspects of product innovation and research and development (R&D). MSMEs need to be encouraged to develop new products or improve the quality of existing products through innovation. Balatkop can partner with research institutions and universities to provide more in-depth training on product development, packaging, and production technology. Continuous innovation is one effective way for MSMEs to differentiate themselves in a crowded market.

6. Cooperation with Financing Institutions and Investors

Although training provides strong managerial skills, the main challenge for MSMEs is access to adequate financing to develop their businesses. Balatkop needs to partner with financial institutions, such as banks and investors, to provide easier access to training participants. Through this collaboration, participants who have completed the training and demonstrated good business performance can get funding opportunities, either through business loans, grants, or direct investment, to help them expand their business scale.

7. Evaluation and Improvement Based on Feedback and Performance Data

To ensure that the training continues to be relevant and effective, it is important to conduct regular evaluations based on participant performance data and their feedback. Balatkop needs to collect data related to increased turnover, business expansion, employment absorption, and participant satisfaction with training materials and mentoring processes. From the results of this evaluation, improvements can be made to the curriculum, teaching methods, and participant selection system in the future. This data-driven approach allows the training program to be more adaptive to the needs of participants and the challenges they face in the field.

CONCLUSION

Overall, the tiered managerial training organized by the Central Java Cooperative and MSMEs Training Center has succeeded in providing a significant impact on improving the performance and growth of MSMEs in the region. By dividing the training into three levels with structured mentoring breaks, participants were not only able to drastically increase their turnover, assets, and workforce, but also improve their managerial skills in facing business challenges. This program has become a nationally recognized model, with the Indonesian Ministry of Cooperatives and MSMEs using it as inspiration to design tiered training programs at the provincial and district/city levels. The increase in strict selection since 2022 has ensured that selected participants are more filtered, so that the quality of the impact produced is higher.

Although the results achieved have been extraordinary, there is still room for improvement in the future. Through strategies that include strengthening the global market-oriented curriculum, more sustainable mentoring, integration of digital technology, strengthening alumni networks, focusing on product innovation, cooperation with

financing institutions, and data-based evaluation, the effectiveness of this training can be further improved. By continuously adapting and developing, tiered managerial training can drive MSMEs towards a larger, more competitive and sustainable business scale, thereby contributing significantly to regional and national economic growth.

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