

## **BUSINESS TRAINING IMPLEMENTATION OF MANAGEMENT SYSTEMS IN UMKM IN SOUTH MERUYA VILLAGE, WEST JAKARTA**

**Sri HARTONO\***

*Universitas Mercu Buana, Indonesia*

*\*agustinus.hariadi@mercubuana.ac.id*

### **ABSTRACT**

Micro Small Medium Enterprises (MSME) are sustainable when each enterprise runs their business consistently by means of management system. The business shall continuously seek for a consistent process in developing products or services, low operating costs, on time product or service delivery, meeting its customer's expectations and avoiding environmental pollution. The MSME owners shall improve their knowledge on applicable models and management standards in order to have robust business structure and framework achieving business sustainability. Implementation of management system improve any business resilience responding to market dynamics due to the MSME process businesses are capable of following their customers' needs and expectations. This is possible from the PDCA cycles enabling MSME to have: planned operation (Plan) leading to quick and accurate application (Do) in which any non-conformances are monitored and immediately corrected or even prevented (Check and Act). This includes a capability to carry out operation changes pursuit for matching market dynamic and unavoidable competitions. In summary, the implementation of management system is beneficial to increase MSME's internal adaptability in providing consistent quality of product or service, lower operating costs, timely delivery as well as flexibility to match external turbulence. MSME sustainability in Indonesia, at the end, increasing national economic robustness.

**Keywords:** sustainability, management system, msme, business, quality

### **INTRODUCTION**

#### **Situation Analysis**

In facing increasingly open and competitive market mechanisms, MSMEs in Indonesia must increase their competitiveness for their sustainability by creating efficient and effective operations. Such operations will reduce operating costs, reduce environmental impacts and meet market needs, thereby increasing sales. Purwanto et. al (2022) mentions several weaknesses of MSMEs, namely working capital, entrepreneurship, product innovation, distribution products, marketing, coaching, transaction recording, non-branding, and consumer loyalty. In addition, the development of MSMEs in Indonesia is still faced with various challenges that reduce their business capabilities. Based on research and analysis by experts, MSMEs in Indonesia are apparently less able to compete, for example in relation to consistency in quality, product delivery and cost savings (Manurung and Nugroho, 2018). These three things cause a decrease in income because the business is abandoned by customers and/or the inability to produce again.

Purwanto et. al (2022) stated that national SMEs, in their development, face several problems and challenges. The problems faced include: accessibility (capital, information, technology, markets and other production factors; low quality of human resources, low productivity and low competitiveness.

Companies must establish and implement the concept of continuous improvement. This improvement is dynamic following external changes such as market changes, customer demand, competition from competitors that are responded to internally in its operational management. One of the management processes that can be used to enable this improvement is a PDCA (plan-do-check-act) based management system.

The quality management system allows companies to make continuous changes through improving discipline to achieve better, including operating standards. This method is a daily activity based on process and result orientation, systematic thinking throughout the process and learning from mistakes. The ultimate goal of the management system includes: quality, cost and distribution abbreviated as QCDC (quality, cost, delivery, competitiveness). The company will not be able to compete if the quality of the product/service is inadequate provided by the operating process that

meets the standards from the time of obtaining raw materials to the delivery of products/services to customers such as timeliness (delivery) (Manurung and Nugroho, 2018).

ISO 9001:2015 (2015) describes a management system that begins with strategic risk analysis through the identification of stakeholders and risks to be managed. The choice of strategy is then followed up with the PDCA management wheel. Planning is a necessity for every business that based on the management system can contain the determination of leadership policies, identification and analysis of risks and the determination of company and operational targets. Implementation is a further stage to actualize the contents and changes in the plan.

The components of implementation include procurement, production, maintenance, quality control, design, human resource management to marketing. Ensuring the suitability of planning and implementation is done through inspection in the form of monitoring, investigation of non-conformities and corrective actions and internal audits. One with this, Act (Action) directly or over a longer period of time returns deviations to the plan flow and its modifications.

The development of MSMEs is also related to the members (entrepreneurs who own MSMEs). Some related improvement points include: an entrepreneur does need to learn and practice a lot and learn from the experiences of entrepreneurs from starting a business based on management systems and environmental protection to achieving success; the operation of the management system is a proven method that has provided success to global companies, but what is more important is that entrepreneurs really implement the management system in full; an entrepreneur has an awareness of business sustainability, has creative ideas and can come up with innovative ideas including ideas based on environmental conservation.

### **Partner Issues**

Based on the description above, the existing problems can be identified as follows:

Lack of understanding of UMKM managers about the concept of management systems even though unknowingly the entrepreneur applies the essence of the management system such as understanding the business context, listening to customer needs and expectations to delivering products to customers. However, entrepreneurs should start learning the essence of the activities (processes) they are undergoing so that they are open to insights into standard methods.

MSME managers have never and do not know the application of management systems because in the early stages of a business, owners generally use their resources to survive. Actually, through intuition as entrepreneurs, business owners recognize and strive for consistency in their business processes, and find continuous improvements. Knowledge of the management system framework is therefore important for entrepreneurs to complement and provide direction for the implementation of a management system-based business.

The demands that emerge from the market on all businesses today are for companies to make a profit and contribute to environmental preservation through pollution prevention. According to its scale, MSMEs may not pose such a threat but business growth ultimately increases the type and amount of waste. MSME entrepreneurs have not seen that waste can be interpreted as inefficiency in the management of its operations, which is detrimental both economically and environmentally.

### **Activity Objectives**

- Provide an understanding of the importance of the concept of a management system to improve the consistency of product/service quality (quality);
- Provides an understanding of the importance of the concept of management systems to reduce operating costs (costs)
- Provides an understanding of the importance of the concept of a management system to ensure timely delivery of products/services.
- Reducing waste such as garbage and waste of natural resources (water, electricity) from its operations, thereby reducing the negative impact on the environment.
- Enable business to be sustainable with successful achievement of QCDE (quality, cost, delivery and environment).

### **METHOD**

Training/counseling activities are carried out using direct delivery methods in the classroom. There is direct interaction between the presenter and the training participants, both before, during and after the presentation of the material. The agenda is as follows: a) Opening: explaining the importance of training; b) Presentation of material: elaborating the material including efforts and the existence and needs of the management system to support its sustainability; c) Questions and answers: explaining further according to the questions of the participants; d) Closing: summary of the main points of the presentation.

This training is a form of community service managed by universities in partnership with sub-district institutions and UMKM business partners. The stages of community service activities are:

- Preparation and planning of activities: Researchers in technical groups meet with village partners and MSME entrepreneurs to obtain problems and solution options. This coordination leads to the need for management training for these MSME entrepreneurs and PKK members in the village.
- Implementation of activities: Presentation of materials and discussions during direct interaction in a room provided by the village including the opening from the head of the lecturer team and the host. Video recordings were also made to complete the documentation.
- Reporting: reporting of this activity is in the form of publications in online mass media, scientific publications in ISSN journals and final reports to Mercu Buana University and the community as a manifestation of the Tri Dharma of Higher Education.

## RESULTS AND DISCUSSION

### Results

- The presentation activity of the material "Implementation of management systems in improving business and environmental performance in MSMEs in Meruya Selatan Village in West Jakarta" is part of the theme of the service of MSME Management Development in Meruya Selatan Village for Business Sustainability and Environmental Sustainability Reviewed from Various Management Perspectives. The presentation in class was carried out on March 6, 2024, attended by a team of partners from MSME entrepreneurs and located in Meruya Selatan, Kembangan District, West Jakarta.
- The activity was successful, where the material was provided from part 1 to part 2.5 and the partner team followed enthusiastically, interspersed with several questions and jokes.
- After the material was given, the activity continued with a question and answer session including a friendly gathering after the presentation to continue the discussion and further coordination.
- After attending the training, the partner team received a certificate and practical knowledge about implementing the management system.

### Discussion

#### Training Materials

Training materials include, among others:

- An introduction explaining the phenomenon: in essence the processes in global companies also originate from small-scale businesses with examples of global business figures who started their own businesses.
- Main components of business: eight (8) items found in businesses on an MSME and large scale.
- Quality management system model: taken from the model published by ISO 9001: 2015 and SNI 9001: 2016.
- ISO 9001:2015 structure: details of the management processes of the quality management system model.
- PDCA diagram: shows the PDCA cycle and continuous improvement.

#### Training Material Explanation

The explanation of the training material follows the systematic method mentioned above and contains the following elaborations:

##### Part 1: The Phenomenon That Occurred.

- MSMEs typically implement simple (straight forward) management practices according to their operational needs.
- All great companies also come from simple but effective business practices but consistently implement continuous improvement over time. The core process (simplicity) remains part of the business process of companies that have become great.
- Aware of this phenomenon, MSME entrepreneurs should be open and concerned with the need for simple

business practices, to become better as part of the sustainability of their growing business;

- The names of global and national entrepreneurs such as Bill Gates, Jeff Bezos; and Bob Sadino are examples of their massive companies originating from small entrepreneurs as do all MSME entrepreneurs. This proves that every business, regardless of its size, is open to becoming big as long as it has the characteristics of continuous improvement.

### **Part 2: Key Components of a Business**

The international standard ISO 9001: 2015 on quality management systems mentions the main components of a business that can be used as a guide for MSME entrepreneurs to refer to and apply in their businesses. The eight (8) main components of the business are:

- **Customer focus:** the organization places customer needs, expectations, and satisfaction as a top priority in all aspects of operations and decision making. By having a strong focus on customers, organizations can increase customer satisfaction, strengthen business relationships, improve competitiveness, and achieve long-term success (Mahendra, Ayu, Yustina, 2021);
- **Leadership:** the process by which a person or group of people influences, directs and motivates others to achieve specific goals. Leadership involves more than simply giving instructions or commands; it involves the ability to inspire, guide and influence others to work effectively towards a shared vision. Effective leadership can bring about positive change, create an inclusive and collaborative work culture and help achieve set goals (ISO 9001:2015);
- **Employee engagement:** the level of commitment, motivation, and attachment that employees have to their work, the company, and the overall goals of the organization. It includes a sense of ownership, identification, and active involvement in achieving the company's goals and success. Employee engagement has significant positive impacts on the company, including increased productivity, service quality, customer satisfaction, and employee retention. It also helps create a positive, collaborative, and innovative work culture. Therefore, companies often strive to build a work environment that supports employee engagement through effective policies, management practices, and communication (Manurung and Nugroho, 2018);
- **Process improvement:** a concept in operations management that involves continuous efforts to improve the efficiency, effectiveness, and quality of a business process. It involves identifying, evaluating, and implementing changes aimed at reducing the time, cost, or resources required to complete a task or achieve a result. By implementing continuous process improvement, organizations can increase their competitiveness, improve customer satisfaction, and achieve their business goals more effectively and efficiently (Gemina and Harini, 2021);
- **Management:** the process of planning, organizing, directing, coordinating, and controlling an organization's resources to achieve stated objectives. It involves managing various aspects of an organization, including people, finances, technology, and other resources, with the aim of achieving desired results. Management is a key function in any organization, whether business, government, or non-profit. The role of managers is to manage the organization's resources effectively, facilitate cooperation among team members, and create a work environment that enables the organization's goals to be achieved successfully (ISO 9001:2015);
- **Continuous improvement:** a concept in management that emphasizes the importance of continually seeking ways to improve an organization's performance, processes, products, or services. It involves an ongoing attitude and practice of identifying and implementing changes aimed at increasing efficiency, effectiveness, and quality. By implementing continuous improvement, organizations can improve operational efficiency, reduce costs, increase customer satisfaction, and create an adaptive and innovative work culture. It helps organizations to remain relevant and sustainable in a rapidly changing business environment (ISO 9001:2015);
- **Factual approach to decision making:** decision making that is based on objectively measurable facts, evidence and empirical data. This contrasts with an approach that is based on assumptions, opinions or intuition alone. The factual approach is important in the context of management, science and critical decision making. It helps reduce bias and errors in judgment and enables organizations to take more effective and efficient steps in achieving their objectives (ISO 9001:2015);
- **Mutually beneficial relationships with suppliers:** suppliers are collaborations between a company and its suppliers with the aim of creating added value for both parties. In this relationship, there is an ongoing agreement and partnership that allows both parties to support each other and achieve common goals. Mutually beneficial relationships with suppliers are an important strategy in effective supply chain management. By building strong and sustainable relationships with suppliers, companies can increase flexibility, be responsive to market changes, and create added value for their customers;

### **Part 3&4: Quality Management System Models and Frameworks**

The quality management system model as shown in the image below is a framework based on generic application

worldwide. In reality, there are so many business frameworks that businesses need to have one framework that represents all the differences to become a reference standard. Therefore, this ISO model is relevant to be used as a reference by MSME entrepreneurs.

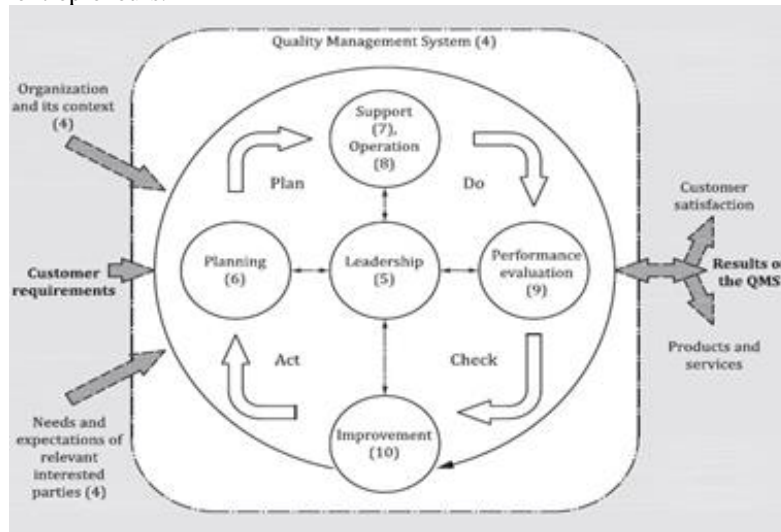


Figure 1. Quality Management System (ISO 9001: 2015)

On the left side of the reader, there are three management processes, namely Organization and Context; Customer requirements and Needs & Expectations of related parties. MSME owners interact directly with their customers listening to their needs including the type of product/service, delivery time, method of delivery of the product/service. One important thing is to ask their expectations in the interaction. For example, the suitability of the taste of the food consumed by customers, the tidiness of the waiting room before receiving the product/service. Entrepreneurs gradually close the gap/difference between expectations and the reality of current products/services. At the same time, entrepreneurs observe the surrounding business environment (context) so that they can respond by making changes. For example, the potential to sell products through applications tends to be a current market need. Finally, customers also ask about certain certifications, such as halal certification for food products so that entrepreneurs need to get according to the company's current capabilities, including getting assistance from the government.

The right side of the diagram shows the output of the MSME business process, namely customer satisfaction, products and services and the results of quality management. Customer satisfaction is achieved when the customer's expectations (not needs) are met. For example, in addition to the snacks being delicious, customers are also happy to receive the friendliness of the MSME entrepreneur. Products and services are available in accordance with the MSME's business including quantity and quality. While the results of the quality management system include: continuity of supply/service, consistency of quality, continuous improvement.

The middle part of the diagram shows the company's business processes to process inputs (organizational context, customer requirements, needs and expectations of stakeholders) into outputs (customer satisfaction, products/displays and quality management system results).

#### Part 5: PDCA

The classic image of PDCA is a wheel on a slope with a quality management system as a block. In reality, SMEs must rotate like a wheel, namely the business process itself. Starting from business planning, implementation of purchasing-production-sales, process and result inspection; and improvements to be better or prevention of errors. In order for SMEs to survive, the only direction/target is higher magnitudes (depicted as a slope).

#### Implementation of Activities

The success of this training will only be achieved if participants have the sincerity to understand and want to learn, especially in using the management system framework in the implementation of each participant's MSME business. For that, the training includes:

- Knowledge aspect: as described above;

- Mentoring aspect: dissemination of practical knowledge is carried out continuously through discussions via telephone, WhatsApp, or other media.
- The following are photos of the community service activities carried out:



Figure 2. Implementation of Management System

## CONCLUSION

### Conclusion

The entire series of events have been completed with the aim of helping South Meruya UMKM actors in introducing and encouraging the implementation of the quality management system framework. It is hoped that after participating in this training, these UMKM actors can utilize the framework to improve their business performance.

### Suggestion

- Management system implementation training activities can be carried out more systematically in each RT/RW in the South Meruya area.
- Management system training activities can be accompanied by socialization and training related to operations management;
- It is necessary to involve elements from the government in making plans related to implementation activities and training of management systems such as creative economic bodies, cooperatives, and so on so that programs can be planned in an integrated manner.



Figure 3. The participants of the training

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