

# Small and Medium Enterprises in Pekanbaru: Implementing an Integrated Work Program

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**Abstract:** This research used descriptive qualitative approach exploring primary and secondary data aimed at investigating the effect of performance improvement towards small and medium Microenterprises in Pekanbaru by implementing integrated work program. The research instrument was an interview. Population and sample were 10 students participating in the integrated program held by University of Lancang Kuning in 2016 including 5 from small and medium microenterprises and the lecturers as a mentor. It was found that the effect of the integrated work program was very positive. This program increased sales and governance of the enterprises, and for University of Lancang Kuning, it was proved to help motivate academic lives. In short, there is positive impact among students, lecturers, and small and medium micro enterprises in Pekanbaru.

**Keywords:** Performance, Cooperation, Motivation, Integrated Work Program

## 1. Introduction

The development of UMKM standing for Micro Small and Medium Enterprises in Indonesia is expected to contribute much for Indonesia. Its development will reduce the number of work force which has not been employed yet. Each unit of investment in the sector of UMKM can create more employment opportunities when compared to the same investment in a great business. Apart from a lot of labor absorption, UMKM is an industry resistant to global economic crisis. This was proved in the wake of monetary crisis in 1998, yet UMKM could survive. Due to the fact that UMKM can be a solution to national economics resilience, government needs to seriously pay attention to this sector. Such this issue is closely related to resilience of UMKM in facing the Asean Economic Community or 'MEA'.

The current condition indicates that university or college that produces graduates ready to compete especially in Indonesia are not offset by job opportunities or employment where the Government issue a moratorium to become an employee in a government institution, whereas colleges continue to graduate scholars coming up as labor force each year. Those who pass the college will face difficult in looking for job. By this condition, the number of highly educated people will increase each year. The above condition contradicts social assumption because societies consider higher education as an institution that produces workforce fitted for work. Moreover, some assume that the college graduates will become elite workers. Consequently, the resulting degree is a Bachelor's degree who are ready to work instead of academics who are able to create jobs. The above assumption also makes entrepreneurial activity among students relatively low. Whereas, in order to reduce the number of jobless there should be ventures that are able to create jobs.

Students of Lancang Kuning University has a narrower notion regarding world of work. Most of the students assume there will be job posting in government institutions or private companies after their graduation. It is advisable broaden students' perception of prospective opportunities besides working at government institution or working for private companies. The graduates are also likely to seize opportunities that might come about, such as entrepreneurship in various sector. The emergence of self-employment is exposed to directly impact on the world of entrepreneurship, and indirectly on social change.



In the competition to increase income for businessmen in Pekanbaru in particularly in the sector of micro small and medium enterprises, on the program of Co-Operative Academic Education (co-op) or Integrated Work Study Program (PBBT) and also for creating jobs by students who participated in the program, the cooperation of various parties is expected to function so that any potential can be in synergy to encourage the improvement of the quality of higher education institutions, not only in academic fields but also in social and economic fields.

The condition of UMKM in the province of Riau, particularly in Pekanbaru is quite good with the existence of a network called Riau Small Medium Enterprises (RUN) consisting of more than 200 members. Yet, the community is still stuck to the problem of capital, management, marketing, and production process that are still subject to the old method.

In the context of the above opinion, University of Lancang Kuning as the institution in Riau Province is also trying to build the soul of entrepreneurship and entrepreneurial activity of students. University of Lancang Kuning tries to actively engage in the efforts of developing interest, talent, penchant and entrepreneurship development. In this context, Lancang Kuning University is committed to becoming an institution that is capable for entrepreneurship affairs in accordance with high academic and professional areas respectively.

Small business is the people's economic activities that are small-scale that meets the criteria of wealth or annual profit as well as the ownership as set forth in the law: (1). Has a wealth of most Rp. 200 million (two hundred million Rupiah) excluding land and building for business, (2). Have results of annual sales at most Rp. 1 billion (one billion rupiah), (3). Citizen of Indonesia, (4). Stand for its own, not a subsidiary or branch of the company owned. Supervised or is affiliated directly or indirectly with a medium or large business ventures, (5). Individual endeavor, either legally or illegally entity including cooperative (Act No. 9; 1995; 5).

Mulyadi (2009; 38) states the power of small business as follows: (1). Develop new business creativity, (2). Innovative (3). Dependence of large businesses against small businesses, (4). Durability of post-crisis in 1999.

The weaknesses of the small business (Mulyadi; 2009; 40): (1). Weak on management skills (2). The rate of failure and its causes, (3). Limited resources.

There are quite a lot of opportunities for independent entrepreneurship currently, reliance but immediate realization, whether in the form of a written plan or a smart attitude in facing the economic problems by taking a decision to be independent entrepreneurship rather than having to continually work for people.

Entrepreneurship is the discipline that studies about the value, capabilities, from the behaviour of a person in the challenges of life to gain opportunities with a wide range of risks that may be encountered. (Sudayono; Asep Saefullah; 2011; 9).

Some of the benefits of entrepreneurship are: (1). give the opportunity and the freedom to control life of their own (2). give opportunities to make changes, (3). give opportunities to achieve fully self-potential, (4). have a chance to grab the advantage as optimal as possible, (5). have the opportunity to play an active role in the community and got recognition for the efforts, (6). Have the opportunity to do something for a sense of delight in working on it.

The entrepreneurial spirit that needs to be cultivated among others are: (1). A strong willingness to work (primarily in the field of Economics) with the spirit of self-esteem, (2). Able to make the right decision and dare to take the risk, (3). Creative and innovative, (4). Diligent, thorough, and productive, (5). Work with the spirit of togetherness and a healthy business ethics.

Entrepreneur is a person who creates new business by taking risks and uncertainties for the sake of achieving profitability and growth by way of identifying a variety of important opportunities

by combining the resources needed for optimization of the resource (Thomas w. Zimmerer, interpreted by Cory Arnoa Kwary; 2008). The followings are personality traits of successful entrepreneur: (1). Have a sense of responsibility, (2). Preferred medium risk, (3). Optimistic, (4). Willing and ready to get feedback, (5). High energy levels, (6). Future Orientation drive, (7). Managing skills, (8). Assess achievement more than money.

Entrepreneur is a person who organizes, operates and considers the risks of business profit. A businessman is supposed to have organized its own resources in space and limited dimensions and tries to run business activities in order to seize profit. In organizing and operating the business, a number of risks are to encounter and resolve. (Mulyadi Nitisusastro; 2009; 27)

The has a number of talents that are capable for supporting independence and success. As for a number of talents that are customarily owned by an entrepreneur, such as eagerness, strong power, self-confidence, and dare to take risks, work hard, focus on target, take responsibility, and create innovation.

University, together with the world of industry (DUDI), is a national asset that very much determines the development of a nation especially if supported by symbiosis-mutualism (mutual cooperation) or partnerships. However, a university provided with a variety of means and infrastructures can help develop worl of business, and vice versa, world of industry indirectly sustains the progress of a university. In consequence, professionalism of a university like expertise, responsibility and cooperatives might remain.

The type of this research uses descriptive qualitative approach. The research is aimed at gaining a comprehensive summary about various investigations of a phenomenon in Integrated Work Study Program at UMKM, Pekanbaru. Data analyzing technique in this current study was descriptive qualitative where the population and sample taken were 15, 10 students from Lancang Kuning University and 5 samples from micro small and medium enterprises as partners.

As for the implementation, this integrated work study program was conducted in the year of 2016 followed by 10 students from four courses, that is, Management, 4 students; Accounting, 3 students; 1 from Agro-technology, the other two was from Informatics System. The selection was though some stages, namely, recruitment, stage of work, evaluation and reversion and briefing.

In an attempt to realize the regional development especially of Pekanbaru, considered excellent, the challenge is becoming heavier. An open economic system leads to competition not only from the domestic sector but also from the foreign sector. Therefore, various components need to work together to get maximum results. One of the strategies is to enhance partnerships. This will, of course, works providing that there is a sense of mutual needs, mutual strengthening, and mutual benefit. This program tends to be dominated by the participants from the Faculty of Economics, as proposed.

Integrated work study program in UMKM is an activity of work conducted in the framework of students for the sake of the development of UMKM, and improvement of work performance at UMKM. Students are expected to play a role in giving advice and especially conducting a performance improvement for small medium enterprises innovation. By seriously following integrated work study program students will have entrepreneurship capability that lives up to his or her academic competence.

Students plan the activities that will be performed in 3 months together with mentors. Each activity is recorded in log book signed by representatives of UMKM and not to exclude mentor. In the practice students are required to always get in touch with the mentor appointed. In the middle of the program it had been found that there was an increase of work performance.

To evaluate the success of the integrated work study program issued by Higher Education Directorate, students were asked to rate UMKM where they are posted to. There were (4) aspects, among others: aspects of marketing, production, finance and HRD in which every aspect has

assessment score ranging from 1 to 10. It was intended for the use of statistical answer so that it can be measured.

Based on the scores, it shows that the score of the assessment of the results of the evaluation of 5 UMKM and 10 Students was 81.75. this means very good, conversed with the score range of 0 less or equal to 40 which is categorized bad, and 40 to less than or equal to 55 is fair; 55 to less than equal to 70, enough; 70 to less than or equal to 80 is good; and 80 up to 100 is very good. The results of these measurements showed an increase in the performance of UMKM. The results of the evaluation from UMKM partnership accumulated with mentor's score reached 79.95 categorized good.

Integrated Work Study Program initiated by Minister of Higher Education Directorate was proved helpful. Students gain work experience and feel free to look for a job or to run business after graduation. UMKM itself can recruit the graduates who have accomplished with this program. As a lecturer, mentor can apply the knowledge and experience found during the completion of the program and is knowledgeable at problem solutions of the same case. University has partners that might be helpfull to upgrade accreditation level, eitherer in the scope of faculty or university.

Work performance thru integrated work study program granted to Lancang Kuning University has positive and significant influences, either towards the students as the participants or lecturer as mentor, the institution as well as UMKM partners. This program can enhance soft skill, expertise, sense of responsibility and cooperatives for whole parties concerned. Such this program indirectly helps the advancement of the university because the nature of world of industry is committed to profit. Other findings that can serve as a step of evaluation activities include: 1. The constraint of UMKM is not yet provided by accounting skills, and not maximal in marketing utilizing information technology. 2. Lack of conformity with the conditions of UMKM, lack of knowledge and experience in the field so that there was still trouble facing with the reality of the problems faced by UMKM partners. 3. Inadequate performance of UMKM partner that assumed students are just doing an internship, and as a result, welcoming acceptance and sense of openness seemed to be restricted.

## 2. References

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