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Training needs analysis for MSMEs: how to improve training effectiveness

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Abstract. The study aims to analyze training needs for MSMEs in the area of Kabupaten Bandung by selecting the case of MSMEs joined in Association for Agricultural Product Process, focusing on marketing as the main topic of the training. The needs analysis was required to improve training participation and effectiveness. Both aspects are important to notice since making MSMEs participate in training is not an easy task. Similarly, the needs analysis was carried out to anticipate participants' thoughts that the training does not give any benefits for them or is ineffective because it does not meet their needs although it was actually to help MSMEs improve their marketing knowledge expected to lead to their success. This research involved 100 MSMEs with business ages starting from less than five years to more than 15 years. Those involved MSMEs were dominated by MSMEs targeting local marketing areas. The data were collected by survey and judgmental sampling technique. By conducting a descriptive analysis, it can be concluded that the needs of SMEs on marketing training materials should focus on improving marketing skills such as product development, sales, and use of marketing media as well as discussing legal aspects such as the need for certification and product brand. The results of the study also concluded that there is a need for training that is supplemented by making visits to more successful SMEs as well as practices with on the job training methods.
Keywords: MSMEs, marketing, training need, Kabupaten Bandung

1. Introduction

To strengthen and advance MSMEs business, MSMEs actors who have similar business get together to form an association. In Kabupaten Bandung, one of the associations for MSMEs is known as Agricultural Product Process which is also the main subject of the research. This organization consists of micro and small business actors and is initiated by society running businesses in the sector of agricultural process. In 2014, this association was successful to gather 160 MSMEs both individual and small group of MSMEs business actors, made up of 400 people as a whole. This association has also been acknowledged by the local government of Kabupaten Bandung through Agriculture Department. The target of the association itself is to carry out business within the group, especially in the sectors of fostering and marketing. This association is open for others to cooperate, particularly with those supporting the aim of the association formation, intended for fostering and marketing.

MSMEs started their businesses with limited finance and knowledge whereas in a dynamic business area, an association was demanded to survive and grow to face the increasing competition from time to time [1]. MSMEs business actors often experience ups and downs in building and running their businesses because of the lack of investments including finance, accesses for support to market and government, accesses for cooperation, and other factors contributing to business success. To anticipate challenges and limitations in the running of the business, Association for Agricultural Product Process facilitated its members with training and market information. Based on the initial analysis by performing an interview with some members and staff of Association for Agricultural Product Process, it shows that

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the biggest problems were that their businesses did not get any development and advances due to limited knowledge, particularly in marketing sector [2]. Staffs of Association for Agricultural Product Process planned to create a fostering program regarding marketing both generally and specifically, depending on the needs of its members. The program was initiated by the exsistence of the fostering programs given by the local government, or other parties which provided material that was deemed unnecessary or not a major need so that it resulted ineffectiveness. In spite of this, so far the association has never conducted problems identification such as what aspects relate to marketing expected to solve first that become the most need by its members. Therefore, this research was conducted to analyze needs of training for MSMEs actors in Association for Agricultural Product Process. In this research, the need analysis of training focused on the need for marketing training to fill in the gap of previous studies.

Many researchers have performed the training need analysis. However, the majority of the research focused on training requirements to develop ability and competence of human resources, particularly in those MSMEs with workforces management as the main problem. Some research related to the topics above were implemented by [1], [3], [4], and [5]. In their research, [3] used human resource management approach to identify a type of training suited for MSMEs. Furthermore, [4] utilized MSMEs' perspective and Human Resource (HR) to develop sustainability organizational model for MSMEs.

2. Research Methods

2.1. Problem Formulation

Based on the purpose of this research, hence an analysis of the requirement of training according to the problem faced by UMKM was performed. To be able to capture the factors that influence the effectiveness of the training was done by identifying the problems that they encountered in marketing. The identification was conducted by interviewing the trainees who have participated in the previous marketing training. By the identification results, then the data extraction of needs was performed by distributing questionnaires to 100 UMKM. The data obtained was then analyzed with descriptive data analysis approach. MSME conditions considered in determining the training according to the needs are:

a. Problem area faced by MSMEs
b. Priority or level of needs to solve problems faced by MSMEs
c. MSMEs' experience – training topic which they have learned within the last three years as well as their opinions regarding the needs level of training that they have participated previously.
d. MSMEs' experience – regarding the benefits of the training topics that have been previously joined

In addition to paying attention to the training materials in accordance with the needs, the information about the important factors related to the implementation of training which can improve the UMKM participation to the training was also extracted, namely:

a. Time adjustment,
b. Training duration time,
c. Training location,
d. Certificate provision,
e. Early on information regarding the training,
f. Fee (whether it is paid or free),
g. Motivation level of the training participants,
h. Times allowed in the implementation of training,
i. Suitable training method.

2.2. Data Collection and Processing

To find out the needs of the training, the data were collected by using questionnaire and by using judgmental sampling technique in which the sample criteria used were 100 MSMEs in Kabupaten Bandung, running businesses in the sector of agricultural product. After the data were collected, the data were analyzed quantitatively by using descriptive statistic analysis, describing whatever the data reveals. The results of the analysis are outlined below.

3. Result and Discussion

3.1. Analysis of Descriptive- Quantitative

In following the marketing training, based on the data, it is shown that the ineffectiveness of the training was caused by one of the materials that were not by the needs. SME needs of marketing training are expected to help provide answers to the problems they have.

3.1.1. Problem area of MSMEs and Needs Level of Problem Solving

Problem area faced by MSMEs with the need level of problem-solving can be seen in Figure 1. Description for each coding of problem area in Figure 1 is as follows.

- AP.1 – the change in the use of Marketing Media
- AP.2 – Product innovation (from product variation to new product)
- AP.3 – Service improvement
- AP.4 – Change of the market needs
- AP.5 –The decrease of Market demands
- AP.6 – The increase of production cost
- AP.7 – ineffective marketing activities
- AP.8 – Difficulties in Marketing enlargement
- AP.9 – Product quality improvement
- AP.10 – the decrease of customer satisfaction
- AP.11 – the difficulties of government standard fulfillment
- AP.12 – the increase of competition
- AP.13 – the difficulties to get qualified raw materials.

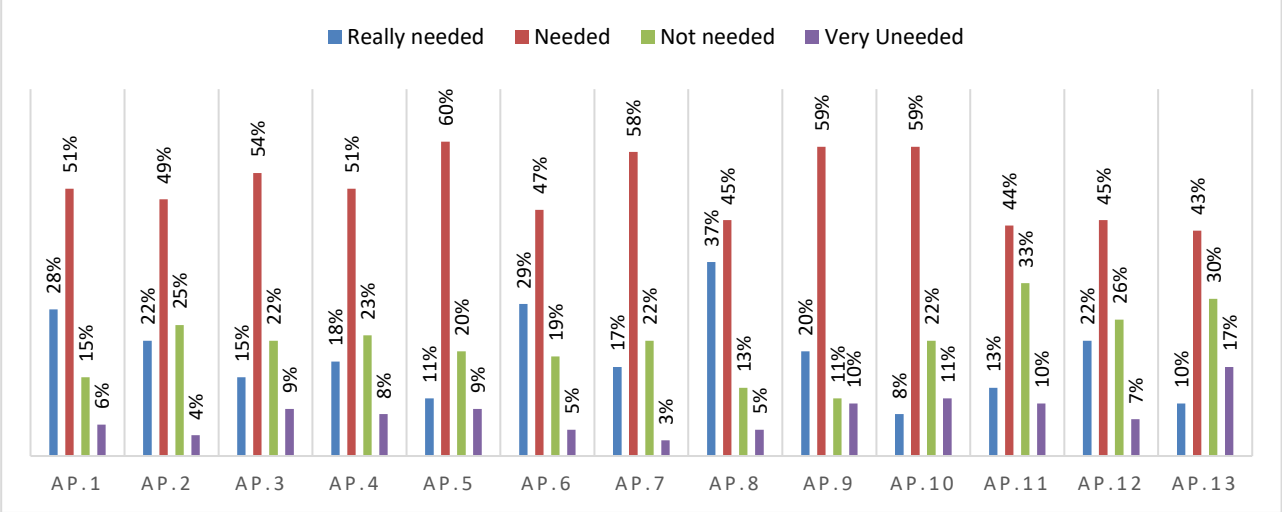


Figure 1. Problem area of MSMEs and needs level of problem-solving

Data in Figure 1 demonstrates that there are five areas of problems faced by MSMEs with high needs level of problem-solving. Those problems were in the categories of 'needed' and 'really needed.' The problems include AP 8 (Difficulties to enlarge market) with the percentage of 82%, AP 1 (change in the use of marketing media) and AP 9 (Product quality improvement) with the percentage each of 79%, AP 6 (the increase in production cost) at 24% and AP 7 (ineffective marketing activities) at 75%.

Besides, the data also reveals the problems that are in the least needed and in the least to solve. The needs –that are not needed involved three problem areas with the highest percentage respectively of 33 %, 30 %, and 26 % in the areas of AP. 11 (difficulties to fulfill government standard), AP.13 (difficulties to get qualified raw materials) and AP.12 (the increase of competition). Further, the needs level-category 'not needed at ll' went to AP.13 (difficulties to get qualified raw materials) with the percentage of 17%.

Thus it can be concluded that all this time, the development of MSME was constrained by not having knowledge about how to develop the market. This condition was supported by their ignorance in using appropriate media for marketing so that marketing activity has been considered ineffective.

Furthermore, UMKM business development was constrained by ignorance of the importance of making efficient product quality improvements, so it has resulted in substantial cost increases.

3.1.2. Training Areas that Have Been Participated and The level Benefits gained by MSMEs
The results that show the experience of MSMEs in the participation of training in the last three years can be seen in Figure 2 and Figure 3. In this case, respondents were asked to provide information regarding the experience of training by using 18 topics of training as outlined in Table 1 below.

Table 1. Topics of MSMEs training

Training topics 1-9		Training topics 10-18	
TP.1	Market trends	TP.10	Product patents
TP.2	General marketing	TP.11	Specifies STP
TP.3	Government policy	TP.12	Methods of Brand Making
TP.4	Marketing & sales using the internet	TP.13	Selling Strategies
TP.5	Packaging	TP.14	Methods of customer management
TP.6	Requirements for IPRT Certificates	TP.15	Management of quality & standard
TP.7	Requirements for **halal* Certificates	TP.16	Preparation of business plan
TP.8	Product development	TP.17	Identification of product life cycle
TP.9	Product quality improvement	TP.18	Product pricing

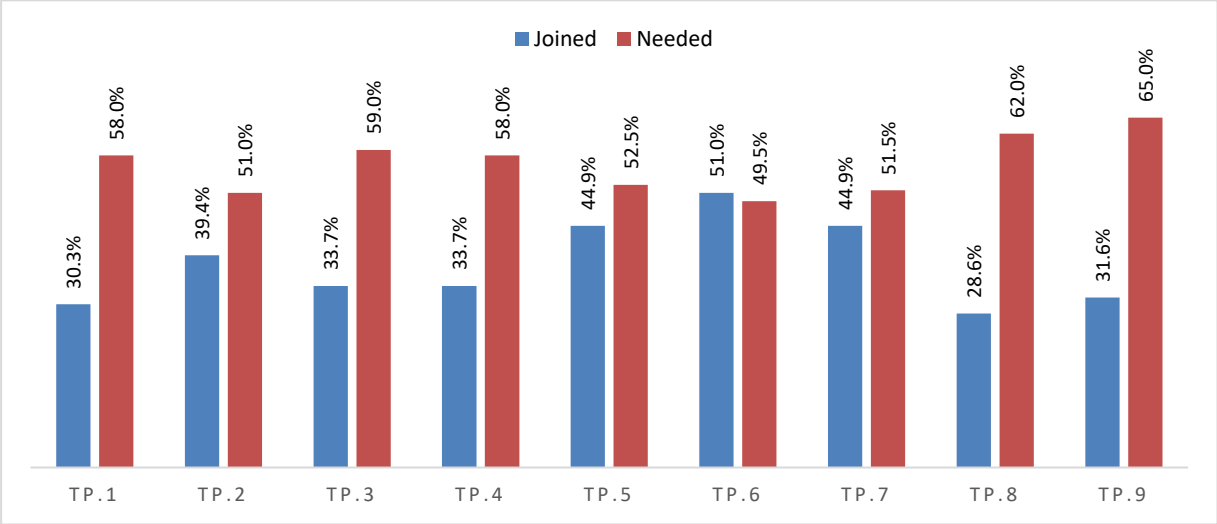


Figure 2. Training that has been joined and that is needed by MSMEs-Training topics 1-9 (in the last three years)

Figure 2 illustrates that there were four training topics that had been participated by respondents in the last three years, and all of them were the highest percentage. Those included TP.6 (requirements for PIRT certificates) at 51%; TP.7 (requirements for **halal* Certificates), and TP.5 (package) each of 44.9%. Furthermore, TP.2 (general marketing) at 39.4% was the fourth highest percentage regarding training that has been joined by respondents. Those four topics had the 'low needs value' whereas those that had 'high value' in the level of needs for training topics lied on TP.8 (product development) and TP.9 (product quality improvement).

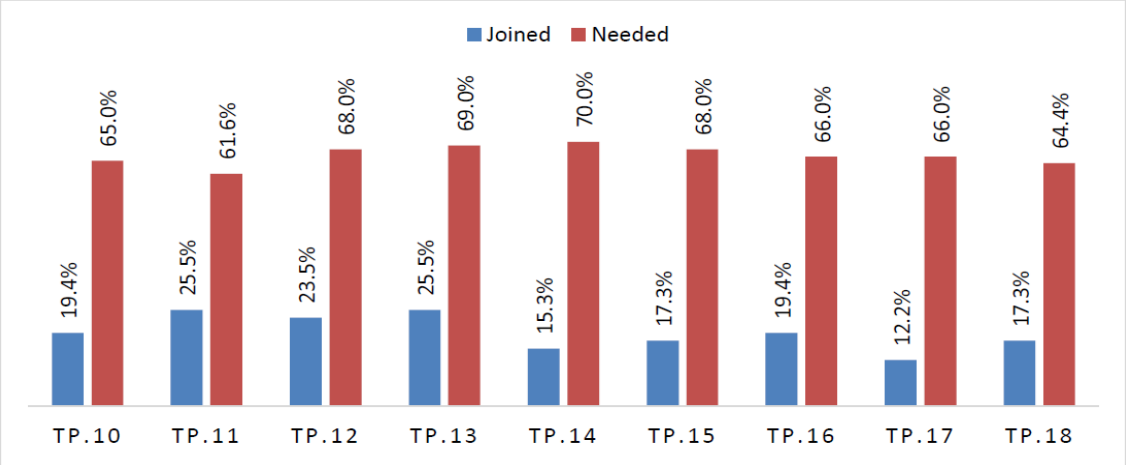


Figure 3. Training that has been joined and that is needed by MSMEs'Training topics 10-18 (in the last three years)

Furthermore, the data in Figure 3 shows MSMEs' experience for training topic 10 to 18. The data describes that MSMEs' experiences about topic 10 to 18 were categorized to be low, which was under 30% in average. However, there were three highest percentage values of needs level about the training topic including TP.14 (methods of customer management) with the needs level of 70%, TP.13 (Selling Strategies) with the needs level of 69%, and TP. 12 (Methods of Brand Making) and TP. 15 (management of quality and standard) respectively at 68%. Furthermore, the data also indicates other topics for training. Those are outlined below.

1. Training on technology
2. Consultation on business and investment
3. Training on simple administration
4. Seminar on Agriculture Safety and entrepreneurship spirit, production of Household Industrial Agriculture
5. Training on Production tools
6. Training on Mushroom Cultivation
7. Training on Production Management
8. Accounting for Enterprise Management, Franchise
9. Export

Apart from giving information on the training topic experiences, respondents were also asked to provide information on the benefit level gained from every training topic, as can be seen in Figure 4 and Figure 5. Data in Figure 4 reveals that the respondents averagely thought that the training which they had participated in were 'useful' and 'very useful' in a category. In this case, the highest percentage for 'useful' value was at 59.6 % in TP2 while TP1 and TP3 were at 57.4% and 53.2% respectively. Furthermore, the highest percentage of 'very useful' value was TP.7 of 59.6%, TP.6 of 59.3%, and TP.5 of 53.8%.

Data in Figure 5 indicates that the respondents averagely thought that the training which they had participated in were 'useful' and 'very useful' in category. In this case, the highest 'useful' value was in TP14 of 56.7%, TP.15 of 53.1%, and TP.16 of 50% while the highest percentage of 'very useful' value was in TP13 of 65%, TP.11 of 50%, and TP.18 of 48.5%. On the other hand, the highest values of topics for training in the category of 'not useful' are as follows: TP.12 as much as 13.2% and TP.10 as much as 10.5%. Both were above the percentage of 10 %.

Thus, the benefit factor of the training materials is a factor influencing the effectiveness of the training. This benefit factor is a reinforcement of their needs. The material is said to be useful if it can provide knowledge to overcome the problems experienced.

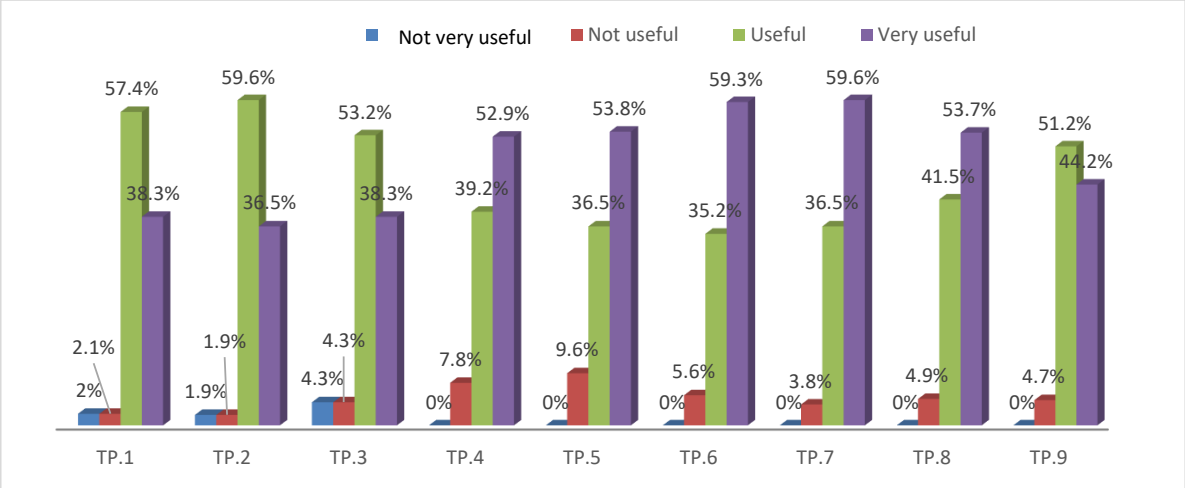


Figure 4. Percentage of Training Benefits Level (Training Topics 1-9)

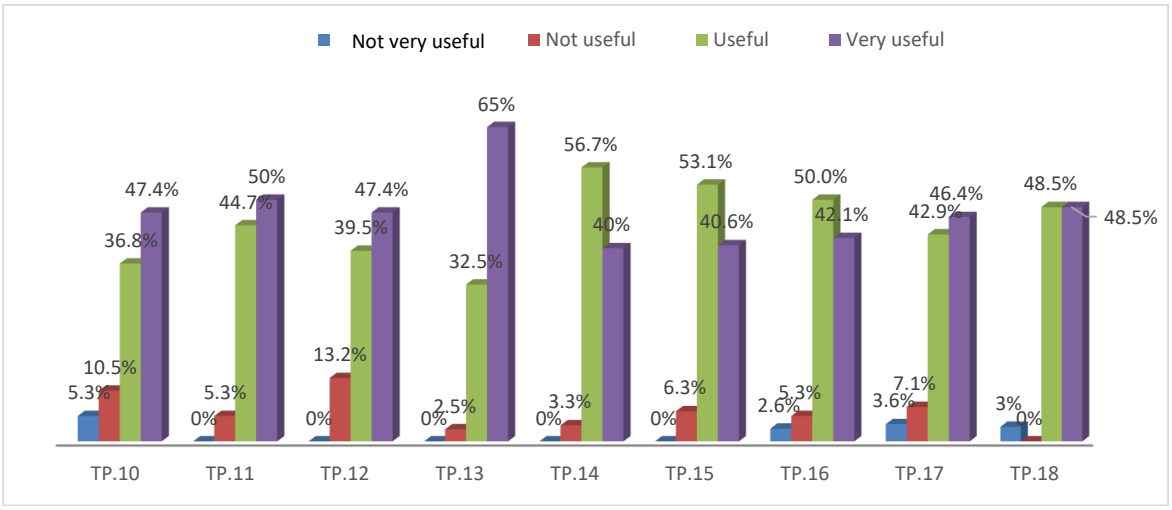


Figure 5. Percentage of Training Benefits Level (Training Topics 10-18)

The important factors in the the training implementation can be seen in Figure 6. The data in the figure shows that there were three factors categorized as ‘very important,' namely; certificate provision, early on information regarding the training, and fee. These three factors gained the highest value of ‘very important' category as much as 51%, 53%, and 43% respectively. Furthermore, the other factors categorized as ‘very important' and high in value were: the training source person (48%), and location (31%).

Two factors that were categorized as ‘important.' Those were the participant's motivation with the percentage of 77 % and training time with the percentage of 65%. On the other hand, a factor categorized as ‘unimportant' which had the highest percentage of the other ‘unimportant' factor was an adjustment with the percentage of 17%. Thus, the other thing to be considered in supporting the effectiveness of the training is their level of importance to the training that is held formally, as indicated by the certifier. In addition, the provision of information about the training needs to be socialized beforehand to provide an initial idea of whether or not to participate in the training, and the effectiveness of the training is also strongly influenced by the participants’ motivation in the training.

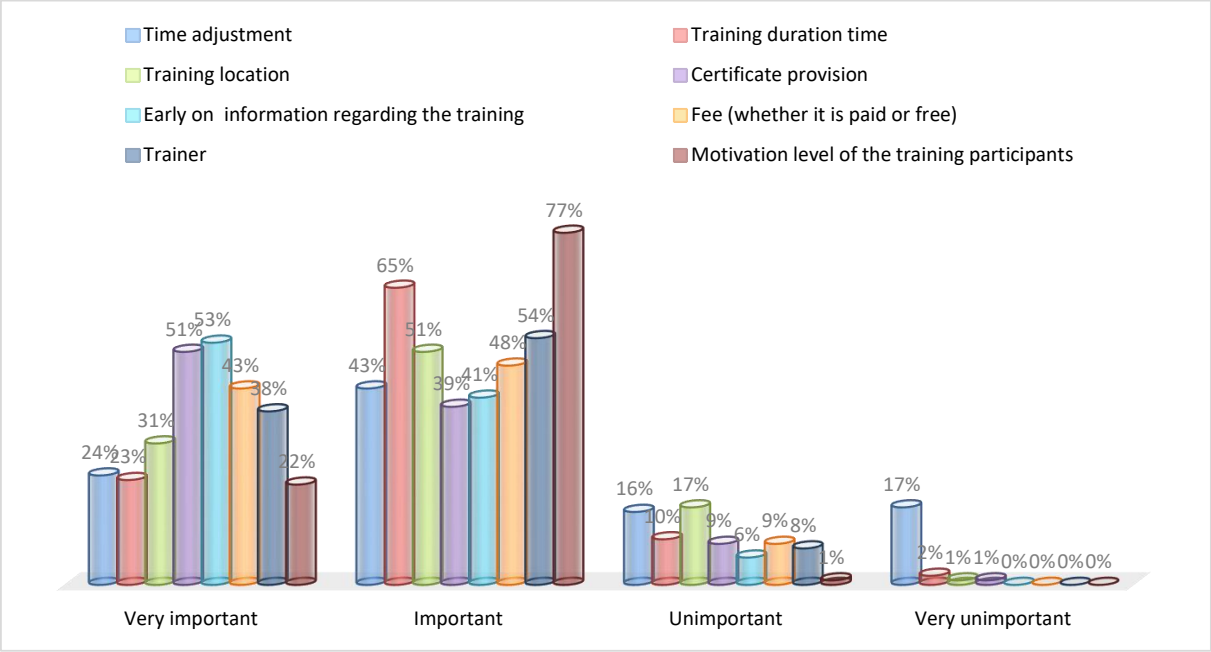


Figure 6. Percentage of Importance level of Training Implementation Factor

3.1.3. Training Methods for MSMEs

The method mostly wanted by MSMEs based on figure 7 was study tour- a visit to successful MSMEs. It is indicated by the percentage of those who 'really agree' as much as 37% and 'agree' as much as 54% and the total of 91 %. Another method mostly chosen by respondents was the practice on the job training with the percentage of those who 'really agree' of 32% and 'agree' as much as 58%, 90 % in total. The other method wanted by the participants was the simulation with the percentage of those who 'really agree' of 31% and 'agree' of 54%, becoming 85 % in total. Further, another alternative method with the smallest percentage of all alternative methods was a combination of teaching and interactive approaches wiht the total precentage of 78%.

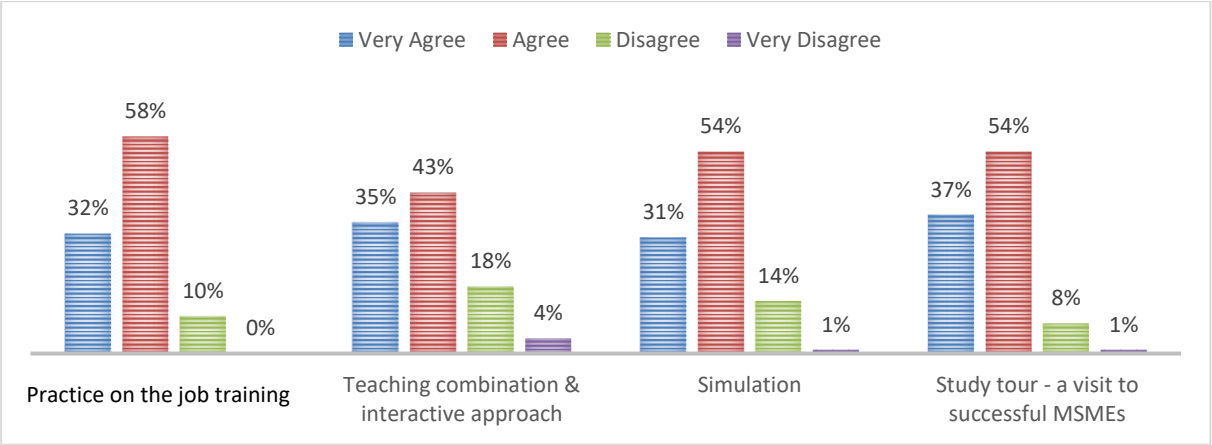


Figure 7. Percentage of Teaching Method for MSMEs Training

4. Conclusion

This research was conducted to fill the research gap in identifying the training needs based on the problems faced by MSMEs whereas the previous research has focused more on identifying training

needs based on the level of competence of human resources of MSMEs, with the ultimate goal of developing human resource capability as the study which has been done by [3], [4], [1] and [5]. The facts indicate that the problem of MSMEs about the training needs is influenced by experience and the level of importance in problem solving. Therefore, this study is different from others because it does not consider the competence of human resources.

Thus, the focus of this research is to determine the effectiveness of training that can be seen from two sides, that are from the materials and the training methods which are adjusted to the problems faced by MSMEs. Training material provision as needed and acceptable training methods are the factors that can be considered to carry out the training for MSMEs. Based on the results of research, it is shown that the problems of MSME which required priority in problem solving were difficulties for market expansion, change of way of using marketing media, improvement of product quality and production cost, and ineffective marketing activity. This indicates that MSMEs are still having difficulty in acquiring customers and doing basic marketing activities such as selling and developing products (product quality and cost).

Based on the necessary materials of training besides marketing training, MSMEs actors also need a type of training that can support legal aspects such as the use and the set on brand and product certificates while from the training implementation aspect, it is found that motivation is the most important factors in the participation of training. Another factor to consider when performing a training is the initial announcement given about the training and the trainer. The most expected training methods to obtain SMEs are to make a visit to SMEs that have succeeded in their business and to get a training with on the job training and simulation.

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