

Cross Border SMEs: Malaysia & Indonesia

Edited By: MOHA ASRI ABDULLAH, RIZAL YAYA, DZULJASTRI ABDUL RAZAK

CROSS BORDER SMES: MALAYSIA & INDONESIA

Elsewhere in these two nations, SMEs are much regarded as “unsung heroes” as they play significant economic and social roles by offering new job opportunities, lowering unemployment rate, increasing competition and productivity, and providing substantial benefits to the economy of the two countries, Malaysia and Indonesia alike. The SMEs in both the neighboring nations are considered to be the backbone of the modern-day economy. Thus, it is far from being a surely not a “fish bone” anymore. The importance of this segment is undisputed. For instance, a total of 98.5 percent of the Malaysian business establishments are SMEs. In 2017, these businesses were responsible for 37.1 percent of the country’s GDP, 66 percent the total employment of the country, and 17.3 percent of the total Malaysian export. The annual growth of these SMEs’ contributions towards the GDP, employment and export are 7.2 percent, 3.4 percent and 7.9 percent respectively.

A more or less similar example can be illustrated for the Indonesian counterpart. The importance of MSMEs in the Indonesian national economy has been well noted. There are more than 56.8 million MSMEs establishments and they consist of approximately 99.9 percent of the total number of enterprises. It can be further emphasized that within MSMEs, microenterprises seem to be more dominant compared to small and medium enterprises. It covers about 98.7 percent, while small and medium enterprises represent only about 1.13 percent and 0.09 percent respectively.



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Preface

Much have been written in various forms with respect to Micro, Small and Medium Enterprises (MSMEs). In spite of this, a compilation of works on “cross border SMEs”, especially between Malaysia and Indonesia, has still not been made available to the public. Prior to addressing the issue at hand, let us look at what we mean by MSMEs for Malaysia and Indonesia? Micro, Small and Medium Enterprises (MSMEs) have been defined differently in both countries. So far, there has not been a unified definition that is accepted by all. In Malaysia, SME Corp, a coordinating body on SMEs, refers to micro size SMEs as companies with sales turnover of less than RM300,000 and employees less than five. However, for small size SMEs in the manufacturing sector, it refers to companies that have sales turnover between RM300,000 and RM15 million and employees between 5 and 75 people, while in the services sector it is described as companies that have sales turnover between RM300,000 and RM3 million, and employees between 5 and 30 people. As for medium size SMEs, in the manufacturing sector, it includes companies with sales turnover between RM15 million and 50 million, and

employees between 75 and 200 people. However, in the services sector, companies that have sales turnover between 15 million and RM 20 million and employees between 30 and 75 people are already considered as medium size SMEs. In Indonesia, MSMEs are defined as those enterprises which have full time employment of less than 100 employees with a substantial proportion of them consisting of micro enterprises with not more than five full-time employees.

Elsewhere in these two nations, SMEs are much regarded as “unsung heroes” as they play significant economic and social roles by offering new job opportunities, lowering unemployment rate, increasing competition and productivity, and providing substantial benefits to the economy of the two countries, Malaysia and Indonesia alike. The SMEs in both the neighboring nations are considered to be the backbone of the modern-day economy. Thus, it is far from being a surely not a “fish bone” anymore. The importance of this segment is undisputed. For instance, a total of 98.5 percent of the Malaysian business establishments are SMEs. In 2017, these businesses were responsible for 37.1 percent of the country’s GDP, 66 percent the total employment of the country, and 17.3 percent of the total Malaysian export. The annual growth of these SMEs’ contributions towards the GDP, employment and export are 7.2 percent, 3.4 percent and 7.9 percent respectively. A more or less similar example can be illustrated for the Indonesian counterpart. The importance of MSMEs in the Indonesian national economy has been well noted. There are more than 56.8 million MSMEs establishments and they consist of approximately 99.9 percent of the total number of enterprises. It can be further emphasized that within MSMEs, microenterprises seem to be more dominant compared to small and medium enterprises. It covers about 98.7 percent, while small and medium enterprises represent only about 1.13 percent and 0.09 percent respectively.

Having those figures are insufficient as there is a yawning gap between the needs, demands and policy responses in SMEs that often dampen their prospects. The recent economic turbulence has only added to SMEs' problems. In this regard, SMEs in both nations have also been struggling for the improvement in the cost reducing industries by providing relatively lower prices which bring transformation to the industrial structure and development of new markets along with large and multinational corporations (MNCs). SMEs directly and indirectly assist and facilitate growth, multiply and replicate into sufficient mass across industries and sectors. Starting in the late 70s and early 80s, SMEs have started to become more innovative and flexible in terms of reducing cost, technology adoption and diversification of products. Hence, it becomes imperative for us to ensure that SMEs, which are facing one of the toughest times in the industrial history, are strongly supported by the relevant stakeholders; governments, financial agencies, institutions and associations.

Realizing the need to leverage further on the development of small and medium enterprises (SMEs) in these two brotherly countries, Malaysia and Indonesia, a small group of scholars/researchers from IIUM, UMY, UNIDA Gontor and UNISSULA have collaboratively embarked on a little-known project known as the Research Matching Grant Schemes (RMGS), International Islamic University Malaysia (IIUM), Project ID: RMGS 17-001-0027. After a successful Malaysia-Indonesia Workshop on SMEs in 2019, that was conducted to present all the RMGS findings, a subsequent effort is to compile the selected-relevant papers in the form of a book to enable the knowledge and the latest findings to be shared with the public at large. Thus, the book, "Cross Border SMEs: Malaysia and Indonesia", is put forward as an extension of a compilation of works designed to foster the status, growth, progress and development of SMEs, espe-

cially in Malaysia and Indonesia. Such an effort has not been made elsewhere.

In view of this, we would like to extend our appreciation to the Research Management Center (RMC) of the International Islamic University Malaysia (IIUM), the research centers of *Universitas Muhammadiyah Yogyakarta (UMY)*, Universitas Darussalam (UNIDA) Gontor, and Universitas Islam Sultan Agung (*UNISSULA*) for undoubtedly giving us the opportunity by providing research grants under RMGS. The grants from our respective institutions enabled us to generate and integrate these research papers into an edited book. Therefore, special thanks and the flagship's appreciation to those who have contributed their papers and their efforts and unquestionable support which have eventually led to this edited book.

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A GAP ANALYSIS OF SMEs' TRAINING NEEDS AND KNOWLEDGE OF CHALLENGES TO ENTER THE GLOBAL MARKET"

*Olivia Fachrunnisa, Ardian Adhiatma
Rizal Yaya, Rahma Yudi, and
Norhayati Mohd Alwi*

ABSTRACT

This chapter aims to assess the perceptions of SME on their own training needs by measuring whether gaps exist between the perceived state of training (the current situation) and the perceived future situation. Additionally, this chapter also identifies the knowledge needed to enter the global market. Data were collected from 374 SMEs by using questionnaire and analysed by using descriptive statistics. The overall findings of the study suggest that training providers should focus more on the specific situations of the enterprise while designing the programs such as Financial Management, ICT Facilities and usages, market-oriented and product quality development. The 'one-size-fits-all' theory will not be a suitable philosophy for SME training. The findings of the positive relationship between enterprise characteristics and perception of training need becomes of special relevance for designing context-specific programs for SMEs, especially with regard to knowledge of challenges to enter the global market. In fact, this is a field that calls for a lot of creativity and innovation on the part of the designers of training programs for SMEs.

KEYWORDS: *training need analysis, SMEs, context-specific program of training*

1. INTRODUCTION

The availability of SMEs in developing countries has been argued as the main pillar for their economic growth. With the increased attention from governments, efforts to encourage SMEs in running their businesses have become a key to improving the living standards of a nation such as Indonesia. This is because the SMEs have supported jobs availability and income source for the community (Manimala & Kumar, 2012). Through the empowerment of SMEs, poverty and unemployment can be reduced because each UKM absorbs 3-4 workers. But there are still some weaknesses in these small companies and one of these weaknesses is that they have not been able to compete in the global market (Moeuf, Tamayo, Lamouri, Pellerin, & Lelievre, 2016). The competitiveness is caused by SMEs that still have limited knowledge access in order to increase capacity and access to global markets. For example, it is difficult to obtain raw materials at competitive prices with good quality, limited access to marketing, and limited financial access. Therefore, to strengthen the competitiveness of SMEs in order to survive in the long run, a strategy that is unique in terms of training design is needed. One of the keys to succeed in the training design is the availability of Training Needs Analysis (TNA).

This chapter will contribute to efforts to maintain the sustainability of SMEs by conducting training needs analysis. Training needs analysis is an analysis to identify the current and future skills, knowledge, and abilities (SKA) (Onkelinx, Manolova, & Edelman, 2016). In this chapter, the training needs analysis is oriented towards SKA that is needed to scale up the business. Research by Badini, Hajjar, & Kozak (2018), Ezzahra, Mohamed, Omar, & Mohamed (2014), Fraser (2013) and Holladay & Quinones (2008) explain that some skills that must be possessed by SMEs consist of: skills in managing products or services, pricing strategies, selection of place or target market, promotion skills,

and managing people (managerial skills). Through product and service innovation, SMEs would be able to meet quality equivalent to global market standards. Pricing skills as a strategy for determining selling prices becomes an important thing to compete in the global market. A place strategy skills for selecting market locations is needed to determine target markets. Promotion skills are needed to compete in the global market through promotions (online & offline) while managerial skills (managing people) such as the selection of human resources who have the competence to manage competent/superior products and services are also needed. Then, it is supported by the right financial management skills (planning, budgeting, control, manage, audit/inspection, access to capital disbursement and financial storage). Performers of SMEs are required to have the skills in order to increase the innovation and creativity to compete in the global market, increase the competency and technology of HR, and also market contribute to expansion. In addition, in order to improve global market accessibility, SMEs must identify what kind of knowledge is needed.

Research (Dominguez & Mayrhofer, 2017) shows that SMEs have difficulties to access the global market due to lack of knowledge about product and service innovation, improving financial management, and access to capital, HRM training and development (lack of management skills and training), ITC application (application of appropriate technology), and also market expansion (how to access international markets). Therefore, this chapter also conducts assessments on the extent to which SMEs have knowledge about the challenges of entering the global market. This research becomes urgent because the results of TNA on SKA to increase business capacity and knowledge about the challenges of entering the global market is expected to help the government or stakeholders in designing training programs in the

future. Moreover, research on TNA in SMEs mostly focused on trainer requirements, timing and duration and the increase of knowledge of employees (Alvarez, Zamanillo, & Cilleruelo, 2016; Ezzahra et al., 2014; Holladay & Quinones, 2008; Kalinic & Forza, 2012), whereas in this chapter, we focus on the development of TNA to analyse which course content gaps exist and why they exist.

Hence, the research questions are as follows: (1) Which gaps exist between the current needs and the future needs of training? (2) What kind of knowledge is needed to enter the global market? The constructs under investigation include the content of training, which refer to accounting, achievement needs, business plan, financial, human resources, ICT usage, leadership, marketing, manufacture, research, and career development. The research constructs also include the existing educational qualifications, gender, organizational tenure, and family ownership. The rest of the paper is organized as follows. Section 2 reviews the literature regarding training needs analysis and the challenges to access global market. Section 3 explains the research method. Section 4 presents and discusses the findings while conclusion and recommendation are provided in section 5.

2. LITERATURE REVIEW

2.1 Training for SMEs

Training refers to a series of formal and informal learning processes or transfer practice and knowledge related to skills needed by prospective workers, and new and old workers, to improve their performance in completing work tasks (Fraser, 2013; Koh, Gunasekaran, & Cooper, 2009). For SMEs, they need special training such as forming business models that are in line with global market dynamics, mastery and application of technology, increasing the competency of SMEs performers and workers, access and financial management, so

that they can simultaneously improve performance and competitive advantage in the global market. Research (Kato & Charoenrat, 2018; Pati, Nandakumar, & Ghobadian, 2017) proves that training for SMEs helps improve the performance of SMEs and makes them creative and innovative, better prepared and able to compete in the global market, able to implement business knowledge continuously through sharing knowledge and learning by doing.

The study by Li, Wang, Jaarsveld, Lee, & Ma (2018) describe human resource management practice through training in the form of high involvement work systems to generate innovation by involving participants to interact collectively in exchanging experiences and sharing knowledge. Research results by Johnson (2016) shows that various training conducted on SMEs such as training on market orientation, networking or collaboration, risk-taking or risk management, problem-solving skills, learning organizations have a positive effect on improving the innovation ability of SMEs in order to improve their competitiveness in global markets. Rakićević, Omerbegović-Bijelović, & Lečić-Cvetković (2015) explained that the supply chain management training for SMEs had an impact on the readiness and capacity of applying technology, and subsequently helped increase market share. Training on SMEs' performers had an effect on the growth of market share, expanding business partners, relations and prospects towards prospective customers through the SMEs community (Oparaocha, 2015). Garcia-Perez-de-Lema, Madrid-Guijarro, & Martin (2017) in their study related to university training on SMEs through collaboration found that the training was able to shape technological knowledge transfer, encourage innovation and performance, and motivate SMEs to engage more actively in finding solutions to various problems faced in business competition. So, with these various combinations of training materials, this will lead SMEs to be ca-

pable in facing environmental dynamics.

2.2 Training needs analysis

Training needs analysis refers to the initial stage carried out before training is implemented, and it is a form of an integrated training framework with the purpose of knowing the overall illustration of materials, the purpose of delivery or allocation, the time of delivery of each material, and learning strategy which can then be applied in training, so that the training provides benefits to all training participants. Gebert, Buengeler, & Heinitz (2017) also explain that training needs analysis becomes a constructive method used in the analysis that is useful for identifying various efforts made to improve performance or strategies needed for utilizing appropriate technology.

Training needs analysis has several objectives, such as to collect information about skills, knowledge and comfort feeling for participants in always wanting to improve innovation, and face the changing dynamics of the global market. Stouten, Rousseau, & Cremer (2018) compiled information related to the performance standards that will be needed and the performance of real standards that exist today and these variety of information is transformed into operational details, such as knowledge acquisition and application of technology. Alkhoraif & McLaughlin (2018) encouraged the involvement and support from stakeholders (Raki 'cevi'c et al., 2015) and helped provide data needed for planning the training activities.

Research conducted by Buckley (2016) showed that training in SMEs has a positive effect on increasing creativity, development, and sustainability of SMEs. Meanwhile, Raffie & Coff (2016) showed that training needs analysis contributes to the growth of entrepreneurial skills by increasing the competitive advantage in the international market. Meanwhile, Putra & Cho (2018) in their research on several

small businesses (small restaurants and small hospitality businesses) found that the existence of training needs analysis had an impact on leaders and employees' perspective, in the form of unique operational strategies, such as communication, delegation of tasks, and sharing experiences more effectively. Furthermore, the research findings of Giotopoulou, Kontolaimou, Korra, & Tsakanikas (2017) proved that training needs analysis in SMEs helps to identify any ICT needs that are relevant to be adopted and applied as a strategy to enter the international market. Research on personal training initiatives by Frese, Hass, & Friedrich (2016) also found that training needs analysis in SMEs will contribute to the identification of profiles, the training that is needed, skills training methods that are in line with the competency fields of SMEs, especially readiness in facing global markets, rapid change of business environment, taking risk, and the importance of fostering a spirit for teamwork, and forming proactive behavior (in innovation activities, planning, time management and goal-setting).

The training needs analysis helps the SMEs to improve the basic skills needed in order to apply knowledge and technology, and also produce product and service innovations that have more value in the global competitive market (Al-Awlagi, Aamer, & Habtoor, 2018). Through the introduction of training needs, SMEs performers are aware of the importance of knowledge to accelerate the growth of competitiveness. SMEs owners can always innovate through continuous improvement, increase the sharing knowledge and experience, and also skills (e.g. reducing waste time and training costs) so as to be able to penetrate the global market expansion.

2.3 Knowledge about Global Market

Various challenges of SMEs in dealing with global markets include the need to develop creativity and innovation of products and

services, training and development in HRM and ICT, and market expansion. As a result of the increase in the competitiveness of SMEs in Indonesia they face various problems including infrastructure and government access to business licenses, and bureaucracy that have not supported SMEs. Although SMEs are considered capable of surviving in the face of the global crisis, the actual conditions faced are more severe. Other problems faced by SMEs include the existence of trade liberalization, AFTA, MEA, and the ASEAN Community. without prior consideration of the readiness of SMEs to have competitive advantage in these conditions.

To sustain in the global market, the performers of SMEs are required to have several abilities. The SMEs' capability needed to enter the global market is creative and innovative skills, and to produce export-oriented products and services. Performers of SMEs must be skilled at making direct marketing strategies abroad, and establishing networking or collaborations among suppliers, SMEs, and exporters. Furthermore, SMEs must also have the skills to establish networking with international quality product or service designers. In addition, it also requires unique packaging and branding skills, fostering global quality of human resources and, of course, knowledge management to adopt appropriate ICT for SMEs (to improve the quality of products and services/e-commerce for market expansion).

Knowledge of cognitive skills and business people skills, especially in SMEs, are needed to be ready to compete in the global market. Knowledge becomes important to support communication and establish relationships with business partners, prospective buyers, and customers, and providers of goods and services (Giuri, Torrisi, & Zinovyeva, 2008). The importance of knowledge about international marketing is needed by SMEs as a tool that allows SMEs to engage and interact in teamwork (Alvarez et al., 2016). Moreover, the ability

for knowledge sharing and the use of ICT are needed so that they are able to manage their business and increase their market share in the dynamics of the global business environment. It can be said that knowledge is a strategic point that supports SMEs to achieve competitive advantage through creating value through innovation (Kmieciak, Michna, & Meczynska, 2012). Therefore, it is very necessary to have a match between the material in the training session and the knowledge needs of the SMEs.

The content of training course and knowledge acquisition, in the form of training provided in work assignments, both interactive and non-interactive, can help employees to improve performance. Through knowledge acquisition, expertise will shape the readiness for changes in work assignment completion (Tamm, 2018). The study conducted by Grant & Baden-Fuller (2018) described the training course from the strategic aspect, which focuses on developing competencies through the implementation of knowledge needed such as managerial planning, financial, leadership, research and career development. Lahneman (2013) states that training courses emphasize more on the motivation of applying management standards to improve business reputation towards stakeholders and increase market share. In his study of lean manufacturing, Manei, Salonitis, & Xu (2017) focuses on Lean, which is related to knowledge acquisition in ICT usage such as socio-technical system, to achieve output desired with the input used (less time, less space, less human effort, less machinery, less material, and less cost). This is in line with the research of Kumar & Kumar (2014) that explained training with more emphasis on applications from lean manufacturing through several levels, namely, managerial, resource, knowledge, problems, employment/workers, financial management and best experience. Hence, SMEs that are able to map training needs to enter the global market will have the knowl-

edge needed to enter the global market. They will tend to be able to do training needs analysis, understand the shortcomings and potential that allows them to enter the global market.

2.4 Enterprise demography and perceived training needs

ORGANIZATIONAL TENURE / ENTERPRISE TENURE AND PERCEIVED TRAINING NEEDS

Research on enterprises demographic on perceived training needs, (Gerpott, Lehmann-Willenbrock, & Voelpel, 2017) concludes that age of enterprises determines the level of experience, skills, experts, practical, and knowledge exchange to sustain their competitive advantages. So that intergenerational learning is needed by specific knowledge content, adapt to the training method. Studies (Mubarik, Chandran, & Dvadason, 2018; Panagiotakopoulos, 2011; Raffie & Coff, 2016) have described the longer tenure of SMEs which affect the increase of awareness of training needs for its members. Examples of the increase in awareness are relevance of work experience, tools to create innovation, ideal competence, employee commitment and satisfaction, growth in professional skills, problem-solving skills, and employees' work engagement. It can be said that the longer the SMEs stand, the more they will affect their understanding of mapping the training needed in the face of global market competition.

GENDER OF ENTERPRISE OWNERS AND PERCEIVED TRAINING NEEDS

Gender of enterprise owners determines the organizational success through leadership style, and male and female leadership style skills, to achieve higher performance (Dwivedi, Joshi, & Misangyi, 2018). Various views of the frequent failure of female CEOs make them more aware of the need for training to meet the expectations of being more effective leaders. Male entrepreneur owners' leadership

is more oriented to competitiveness, freedom, and power (Javalgi & Todd, 2011) whereas female owners' leadership is oriented towards enterprise-based collaboration, compassion, thoughtfulness, and warmth (Orser, Riding, & Weeks, 2018; Williams & Gurtoo, 2011). Formal and non-formal training are needed to survive in their business, and also to access institutional credit and business communities' support.

FAMILY-OWNED OF ENTERPRISE AND PERCEIVED TRAINING NEEDS

Research by Saxena (2013) shows that family enterprises in India understand the need to improve their skills, education, and survival training in business to face the rapid change in global markets. Therefore, the family-owned enterprises realise the training needs related to special knowledge and skills (knowledge acquisition, knowledge transfer, competitive advantage, tacit to explicit knowledge, etc). Studies on several family businesses in Canada (Konopaski, Jack, & Hamilton, 2014) show that the owners of family business learn about sustainability in their business to survive in the global market challenges, and training forms are needed to deal with the past, present, and future challenges and opportunities. Training needs assessment, such as creating and developing future goods and services, operation process effectiveness, managerial capability for enhancing human capital, financial capital, and network relationships strongly affect the capability for entering the international business ecosystem (Padachi & Bhiwajee, 2016; Sciascia, Mazzola, Astrachan, & Pieper, 2012).

EDUCATION QUALIFICATIONS AND PERCEIVED TRAINING NEEDS

Research on the SMEs in the agricultural sector (Sandhu, Hussain, & Matlay, 2012) found that the educational background of SMEs performers is a determining factor for entrepreneurship education

and training needs. The educational levels of the SMEs performers influence their motivation to develop theories that they understand related to design, setting goals, adapting to the application of knowledge and ICT, how to do something better in practical work systems (transforming knowledge becomes easier to apply; learning by doing; focus on practical actions in completing tasks) through action-based training (Gielnik et al., 2015). Coaching or training course forms are the determining factors in building a business ecosystem with increased knowledge creation needed in the global market competition. The educational qualifications possessed by SMEs, for example, in business management, shows that they are increasingly able to understand the importance of the course and development of business skills, finance, management skills, business strategies and HRM skills (Basu, 2014). Research on business management education conducted by SMEs performers (Duh & Belak, 2008; Mellish, 2016) influences the perceptions of SMEs on the importance of training needs for its members.

3. METHODOLOGY

3.1. Measurement

The main research instrument used in collecting primary data for this study was survey questionnaire. Most SMEs operating in Central Java, Indonesia has much family-owned businesses. The authors with the help of research assistants mostly made use of personal contacts to approach owner managers who became the main participants in the study. It can thus be said that convenience sampling was used for this study whereby those who were willing to give information were invited to fill in the questionnaire.

Samples from 374 SMEs owners were selected using accidental sampling and 510 questionnaires were distributed directly to respon-

dents who were selected by officers who had been trained first. 425 answers were received or had a response rate of around 83.33%. On the evaluation of the validity of the data, it was found that 374 were valid and reliable and were used as the basis of analysis (around 73.33 percent). This might be considered a good response rate given the sensitive nature of the topic, the nature of the problem under study, and the barriers the management might have regarding the survey. The main construction of the marketing challenge for this study was measured by a Likert type scale with 5 point scales ranging from very low (score 1) to very high (score 5).

Section A dealt with the general background of the business concern and consisted mostly of multiple choice questions where owner managers as respondents were called upon to choose the alternative which best described the characteristics of the business concern such as gender, educational level, organizational tenure, and number of staff. The information mostly pertained to training needs, type of training that they have attended, current needs of training, and future needs of training.

Section B attempted to gauge the perception that owner managers had with respect to the knowledge needed to enter the global market together with an in-depth investigation of the barriers that they face with respect to being global. The parameters investigated were in line with the existing literature as previously discussed. Except two open-ended questions, the sections gauged the knowledge on the challenges to enter the global market through a five-point Likert scale rating (very low-very high).

As Panagiotakopoulos (2011) attributed the different needs of training in SMEs to bare ignorance among owner managers of such businesses, the first heading had to do with assessing the current needs of training and future needs of training. The second heading thus gauged

the extent to which SMEs found that entering the global market need adequate knowledge which they may not have from such training they attended. Third, SMEs are known to evolve in difficult environments where they struggle to keep pace with the fast changing market conditions (Kerr and McDougall, 1998; Saru, 2007). The last part of this section thus assessed the presence of any formal training analysis among SMEs.

3.1 Data analysis techniques

Given the nature of the survey data, this chapter used exclusively non-parametric tests to analyze the main needs of training content among the Indonesian SMEs. The perceptions to training are generally viewed as positive where the workforce will become more productive and also produce quality products and services. First, the analysis section attempted to analyse the current needs of training and future needs of training among the Indonesian SMEs by using descriptive statistics. To facilitate the descriptive analysis, respondents' answers were categorized in the "no" category (accommodation from "no" and "definitely no"), not sure, and "yes" category (accommodation from "yes" and "definitely yes").

4. FINDINGS AND DISCUSSION

4.1. Nature of business, workforce and legal entity

From the 374 respondents, 20 percent were from the manufacturing sector, while the service sector represented 80 percent of the sample. This overrepresentation of the service sector is in line with the national statistics and SMEs tended to concentrate on the traditional markets. Forty-one (41) percent of the respondents were owners of SMEs and would thus benefit if they also ensured that they attended training to improve their skills.

Overall, 87.1 percent of the sample of SMEs was organized as family-owned business, while 8.6 and 4.3 percent were established as partnerships and companies, respectively. As expected, family-owned business tended to employ fewer employees, and as employment is a proxy for size, it may be concluded that this form of business entity tended to remain small. All of the samples engaged less than 25 employees. Previous studies have shown that they are the ones that neglect the best business practices and training becomes part of them (xx). Summary of the results is presented in Table 1

TABLE 8. 1 TABLE 1 DEMOGRAPHIC OF RESPONDENTS

| | | | | | | | |
|-----------------------|------------|-----------------|-------------|------------|--------------|-------------|-------|
| Gender | Male | Female | | | | | Total |
| | 212 | 162 | | | | | 374 |
| % | 56.7 | 43.3 | | | | | 100 |
| Education | Non-formal | Primary | Secondary | Diploma | First Degree | Post Degree | 0 |
| | 2 | 28 | 201 | 35 | 98 | 10 | 374 |
| % | 0.5 | 7.5 | 53.7 | 9.4 | 26.2 | 2.7 | 100 |
| Organizational Tenure | 0-5 | 6-10 years | 11-20 years | > 20 years | | | 0 |
| | 183 | 125 | 12 | 78 | | | 374 |
| % | 48.9 | 33.4 | 3.2 | 20.9 | | | 150 |
| Status | Owner | Owner & Manager | Manager | Other | | | 0 |
| | 155 | 171 | 32 | 16 | | | 374 |
| % | 41.4 | 45.7 | 8.6 | 4.3 | | | 100 |

TABLE 8. 2 TYPE OF SECTOR

| TYPE OF SECTOR | Number | Percentage | Manufacture | Service | Total |
|-------------------|--------|------------|-------------|---------|-------|
| Consumer | 97 | 25.94 | | | |
| Constructions | 2 | 0.535 | | | |
| Hotel and Tourism | 3 | 0.802 | | 102 | |
| Industrial | 64 | 17.11 | | | |
| Mining | 0 | 0 | | | |
| Plantation | 10 | 2.674 | 74 | | |
| Properties | 7 | 1.872 | | | |
| Technology | 3 | 0.802 | | | |
| Trading/Services | 177 | 47.33 | | | |
| Transportation | 11 | 2.941 | | | |
| | 0 | 0 | | 198 | |
| TOTAL | 374 | 100 | 74 | 300 | 374 |
| Manufacture (%) | | | 19.79 | | |
| Service (%) | | | | 80.21 | |

4.2 Attended training

The survey result shows that all of the respondents have attended certain type of training; 15 percent on vocational, 62 percent on the job training, and 23 percent on training college. Hence, during their tenure, the owners of SMEs had attended such training through various methods.

TABLE 8. 3 TYPE OF ATTENDED TRAINING

| Course Content | Number | | | Percentage |
|-----------------------|--------|-----|-----|------------|
| 1 Vocational | 57 | 1&2 | | 15 |
| 2 On the job Training | 233 | | 2&3 | 62 |
| 3 Training College | 84 | | | 23 |
| 4 Others | 0 | | | |
| 5 Not give response | | | | |
| TOTAL | 374 | 1 | 1 | 100 |
| | | | | |

4.3 Training Needs Analysis

Training needs analysis is an attempt to get information about what content or topic they need currently and in the future. As reported in table 4, it is interesting to note that more than 79 percent of the respondents need training on finance. An attempt is made to establish whether there is a positive relationship among those who attended training, the current needs of training, and the future needs of training.

TABLE 8. 4 COMPARISON BETWEEN CURRENT NEEDS AND FUTURE NEEDS OF TRAINING

| Course of Content | Category No (%) | | Not Sure (%) | | Category Yes (%) | |
|--------------------------|-----------------|------|--------------|------|------------------|-------|
| | CN | FN | CN | FN | CN | FN |
| Needs | | | | | | |
| Finance | 10.2 | 8.56 | 12.83 | 12.3 | 77.01 | 79.14 |
| Human Resource | 12 | 9.63 | 16.04 | 14.4 | 71.93 | 75.94 |
| Information Technology | 11 | 9.36 | 14.97 | 12.6 | 74.06 | 78.07 |
| Marketing | 14.4 | 13.6 | 23.26 | 17.1 | 62.3 | 69.25 |
| Product Development | 11.8 | 11 | 15.24 | 13.6 | 72.99 | 75.4 |
| Operational Management | 12 | 11.5 | 18.45 | 15 | 69.52 | 73.53 |
| Quality Development | 9.63 | 9.89 | 14.17 | 12.3 | 76.2 | 77.81 |
| Research and Development | 10.7 | 11.5 | 18.98 | 15 | 70.32 | 73.53 |
| Sustainability | 11.5 | 14.2 | 23.8 | 18.7 | 64.71 | 67.11 |

¹⁾ CN: Current Needs

²⁾ FN: Future Needs

From all of the respondents' answers, it can be said that the course content, according to most of the SMEs performers, is current needs training about finance (77.01 percent), followed by quality development, information technology, product development, and human resource management. While for future needs respondent, the content of training about finance is also the highest needed for future training needs, namely 79.14 percent, it is then followed by information technology and quality development.

4.4 Knowledge about entering global market

Based on the 374 responses, 33.42 percent argued that they need knowledge about competition and working capital to be confident in entering the global market. To support this strategy, it is an undeniable fact that training about competition and working capital is a prerequisite for SMEs to go global.

TABLE 8. 5 KNOWLEDGE ON CHALLENGE TO ENTER GLOBAL MARKET

| Knowledge | Lowest (1) | 2 | 3 | 4 | Highest (5) | TOTAL |
|------------------------|------------|----|-----|----|-------------|-------|
| Opportunity | 58 | 46 | 130 | 82 | 58 | 374 |
| Competition | 71 | 39 | 119 | 83 | 62 | 374 |
| Marketing Channel | 42 | 63 | 136 | 79 | 54 | 374 |
| Market Research | 55 | 60 | 123 | 78 | 58 | 374 |
| Working Capital | 58 | 52 | 121 | 80 | 63 | 374 |
| Management Commitment | 54 | 51 | 125 | 86 | 58 | 374 |
| Meeting Importers | 54 | 53 | 139 | 69 | 59 | 374 |
| Adapt Products | 54 | 48 | 137 | 80 | 55 | 374 |
| Market System | 37 | 51 | 149 | 93 | 44 | 374 |
| Culture & Language | 55 | 40 | 141 | 84 | 54 | 374 |
| Export Procedure | 57 | 41 | 133 | 91 | 52 | 374 |
| Promotion & Assistance | 41 | 47 | 156 | 79 | 51 | 374 |
| Knowledge of ICT | 27 | 50 | 166 | 87 | 44 | 374 |
| ICT Facilities | 28 | 44 | 155 | 93 | 54 | 374 |

TABLE 8. 6 RANK OF KNOWLEDGE NEEDED TO ENTER GLOBAL MARKET

| Knowledge | % | Rank |
|------------------------|-------|------|
| ICT Facilities | 39.30 | 1 |
| Promotion & Assistance | 38.77 | 2 |
| Market Research | 38.50 | 3 |
| Adapt Products | 38.24 | 4 |
| Export Procedure | 38.24 | 5 |
| Meeting Importers | 37.43 | 6 |
| Working Capital | 36.90 | 7 |
| Opportunity | 36.63 | 8 |
| Marketing Channel | 36.36 | 9 |
| Culture & Language | 36.10 | 10 |
| Knowledge of ICT | 35.56 | 11 |
| Competition | 35.03 | 12 |
| Management Commitment | 34.76 | 13 |
| Market System | 34.22 | 14 |

Table 6 shows some levels of knowledge needed by respondents to enter the global market. If we combine scales 4 and 5 (which we categorized as highest), the categories of knowledge needed by respondents to enter the global market are ICT facilities, promotion, assistance, market research, adapting products and meeting importers. So, if it is further compiled, then SMEs want to get training in finance, marketing, and ICT in order to be able to enter the global market.

TABLE 8. 7 TABLE 6 SUMMARY OF FINDINGS

| Course of Content | | | Knowledge to enter global market | |
|-------------------|---------------------------|---------------------------|----------------------------------|--------------------------|
| | CN | FN | | |
| 1 | Finance | Finance | 1 | ICT Facilities |
| 2 | Quality Dev | Information Technology | 2 | Promotion and assistance |
| 3 | Information Technology | Quality Development | 3 | Market Research |
| 4 | Product Development | Human Resource Management | 4 | Adapt Products |
| 5 | Human Resource Management | Product Development | 4 | Export Procedure |
| 6 | Research and Development | Research and Development | 4 | Meeting Importers |
| 6 | Operational Management | Operational Management | 5 | Working Capital |
| 7 | Sustainability | Marketing | 6 | Opportunity |
| 8 | Marketing | Sustainability | 6 | Marketing Channel |

Based on table 6 above, it can be concluded that at present or in the next five years, the need for current training content is on Financial Management while to be confident to enter the global market, SMEs need knowledge of ICT and marketing management. There is no significant gap in the types of training material needs in the present and future. The five major topics that are needed by SMEs are Finance, ICT Usages, Marketing Management (including market research, meeting importers, promotion and assistance) and product quality development.

FIGURE 8. 1 KNOWLEDGE AND TRAINING NEEDS TO ENTER GLOBAL MARKET



5. CONCLUSION

Most of the SMEs in Central Java Indonesia perceive that the training needs of Financial Management are urgent both now and in the future. This becomes a reason why SMEs usually simply carry out financial activities. Moreover, limitations on the ability to conduct financial management well and neatly become one of the reasons why the level of access to finance is low. The next training materials that become a necessity for SMEs are ICT and Product Quality improvement. This is certainly in line with the increasing pressure of

globalization and the information era that requires that SMEs have ICT capabilities and improve product quality to compete in the global market. In order to support their intention to enter the global market, SMEs need to strengthen knowledge in the fields of ICT facilities, marketing management, and product development. Hence, this result has an impact on the managerial aspects for the government and parties who are concerned with improving the quality of SMEs, namely, designing the training with financial management content, ICT, and marketing.

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