Education and Training as a Means of Developing MSME Expertise

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Abstract. The important role of MSMEs in the economy cannot be ignored, as they create jobs and contribute to economic growth significantly. However, in the midst of increasingly fierce competition in the era of globalisation and information technology, MSMEs face various challenges to maintain and develop their businesses. This study aims to examine the role of education and training as a means of developing the skills of MSMEs. This research is a literature review using a qualitative approach, which implies that data will be analysed and interpreted with reference to information and texts obtained from various sources. The results of this study show that education and training play a very important role in developing the skills and competitiveness of Micro, Small and Medium Enterprises (MSMEs). MSMEs play a strategic role in a country's economy, but they often face constraints such as limited knowledge, skills, capital and market access. Education and training provide key benefits in improving the competencies, skills, and knowledge needed by MSMEs to run their businesses more efficiently, optimise operations, and make smarter decisions. In addition, education and training also help MSMEs to innovate, adapt to market and technological changes, and understand regulatory aspects of business.

Keywords: Education and Training, MSME Expertise, Qualitative

1. Introduction

The background to this study contains a number of factors that form an important basis for a deeper understanding of the role of MSMEs in the current economic context. One of the main factors that require attention is the vital role of MSMEs in the global economic structure. MSMEs are a key pillar in creating employment and make a very significant contribution in supporting sustainable economic growth [1]. However, it cannot be ignored that in the era of globalisation and the rapid development of information technology, MSMEs are faced with increasingly stringent challenges. Increasing competition and changes in consumer behaviour force MSMEs to innovate and pursue progress in order to maintain their competitiveness and business continuity [2].

Within the context outlined, it is important to recognise that education and training is emerging as a very potential and strategic alternative for MSMEs. Through education and training endeavours, MSMEs have the opportunity to enhance their knowledge and skills that are indispensable for managing their businesses more effectively and sustainably [3]. Within this education and training space, MSMEs can develop an in-depth understanding of modern management principles, competitive marketing strategies, prudent financial aspects, and the application of technology to suit their business needs and development. In many developing countries, MSMEs often face significant shortcomings in terms of these expertise and skills, which can hinder the growth and competitiveness of their businesses in the ever-changing marketplace [4]. Therefore, efforts to facilitate MSMEs' access to relevant education and training are urgent. This will enable MSMEs to acquire better intellectual capital, improve their managerial capacity and better adopt innovations. Education and training that focuses on the specific needs of MSMEs can act as a catalyst in enabling them to compete in an increasingly tight and dynamic global marketplace. As such, investments in MSME education and training are not only...
individually beneficial to business owners, but also have the potential to contribute significantly to broader economic growth.

To strengthen and better integrate the support provided to Micro, Small and Medium Enterprises (MSMEs), the government, along with non-governmental organisations (NGOs), has made consistent efforts to launch a wide array of education and training programmes designed exclusively to improve and promote the growth of the MSME sector. While these innovative measures have been successfully implemented, it is important to continuously analyse and evaluate the effectiveness of such programmes and gauge the significant impact they can have on the advancement of MSMEs [5]. Therefore, as a further step towards realising this, more in-depth research is required with the aim of understanding in detail how education and training has the pivotal capacity to provide substantial benefits to the development and success of MSMEs. This in-depth research will serve as a foundation for optimising the collaborative efforts of government and NGOs in supporting MSMEs on an ongoing basis.

Therefore, the research on “Education and Training as a Means of Skill Development for MSMEs” can make an important contribution in helping MSMEs overcome their challenges, increase their role in the economy, and provide better insights to the government, NGOs, and other stakeholders in designing more effective education and training programmes to support the growth of MSMEs.

1.1 Education and Training

Education and training in the context of this research refer to two interrelated concepts. Education pertains to the formal and informal processes involving the transfer of knowledge, skills, and conceptual understanding to individuals or groups [6]. This educational process occurs at various levels, ranging from formal schooling in schools and universities to more practical training focused on specific skills. On the other hand, training is a critical component within education that focuses on the development of practical skills and competencies [7]. Training often has a more specific and direct connection to the work or businesses undertaken by individuals or groups [8]. This can encompass training in business management, marketing, finance, technology, or other aspects of expertise relevant to Micro, Small, and Medium Enterprises (MSMEs). In the context of this research, education and training refer to efforts aimed at helping MSME owners or those involved in MSMEs enhance their knowledge, skills, and understanding across various aspects related to managing their businesses. This can include training in financial management, marketing strategies, the use of technology, business planning, and other relevant aspects aimed at improving the competitiveness and success of MSMEs. The purpose of this education and training is to provide the tools and knowledge necessary for MSMEs to grow and compete more effectively in an increasingly complex market.

1.2 MSME Expertise

MSME expertise refers to the combination of skills, knowledge, and abilities possessed by the owners or managers of Micro, Small, and Medium Enterprises (MSMEs) that enable them to succeed in running and expanding their businesses [9]. MSME expertise encompasses various aspects relevant to business operations, including, but not limited to, management knowledge, marketing skills, financial understanding, decision-making abilities, and adaptability to technological advancements and market changes [10]. MSME expertise also includes the ability to identify business opportunities, develop effective strategies, and efficiently manage resources [11]. It involves the capacity to understand market behaviors, tailor products or services to customer needs, and effectively carry out day-to-day operations. In the context of this research, the development of MSME expertise involves efforts to enhance their competence and capacity in areas such as management, innovation, marketing, and other aspects beneficial to their businesses. The aim is to assist MSMEs in improving their competitiveness, addressing the ever-changing challenges in the business world, and making a more significant contribution to the overall economy.

2. Method

This study is a qualitative literature review, indicating its reliance on information and texts from a diverse range of sources for data analysis and interpretation. The primary focus of this qualitative literature review is centered on the collection, assessment, and consolidation of existing knowledge related to the subject of interest, specifically, the enhancement of expertise in Micro, Small, and Medium Enterprises (MSMEs) through education and training. Throughout this investigation, data will be gathered from various relevant sources, including academic journals, books, research papers, and a variety of articles. The temporal scope for data
collection spans from 2006 to 2023, allowing the researcher to observe transformations, trends, and developments occurring during this period.

The qualitative methodology applied in this literature review empowers researchers to delve deeper into complex and multifaceted subjects [12]. Additionally, this approach enables the inclusion of multiple information sources and diverse perspectives, thereby enhancing the analysis and reinforcing the credibility of the findings. The data collection process will encompass a meticulous examination of textual content, the search for pertinent information, and the categorization of data relevant to the research subject. Consequently, the author will structure this information systematically, compare and integrate findings from various sources, and identify patterns, themes, and emerging trends within the collected data.

One of the notable advantages of utilizing a qualitative literature review lies in its adaptability to comprehend and elucidate complex phenomena, free from numerical or statistical constraints [13]. Moreover, this methodology allows for profound insights into the evolution of the subject matter throughout the specified period and the shifting concepts and perceptions related to the subject over the years. In the context of this research, it is crucial to scrutinize the credibility and reliability of the sources used, critically analyze the gathered information, and maintain objectivity and reflexivity when presenting findings. This approach necessitates providing clear and precise interpretations while acknowledging inherent limitations in the methods and data employed [14]. Ultimately, the conclusion drawn from this research endeavor aims to offer a comprehensive overview of the evolution of the subject matter under consideration during the period from 2006 to 2023, potentially providing recommendations for future research endeavors aimed at enhancing the understanding of issues related to the subject matter.

3. Result and Discussion

Education and training play a very significant role in supporting the development of skills and competitiveness of Micro, Small and Medium Enterprises (MSMEs), which are important pillars in a country’s economy [15]. Moreover, MSMEs not only contribute immensely in creating much-needed employment opportunities, but also play a role in driving sustainable economic growth and improving the overall quality of life of the community [16]. Despite this strategic role, MSMEs often face a number of complex challenges, such as limited knowledge, skills, capital and access to adequate markets. Education and training are therefore a tool that is not only crucial, but also fundamental in the effort to strengthen the expertise and competitiveness of MSMEs, by providing them with the support they need to thrive and contribute more effectively to the national economy.

One of the main benefits gained by Micro, Small and Medium Enterprises (MSMEs) through education and training is the improvement of competencies and skills that are needed in running their business ventures. Through structured and focussed education and training, MSMEs are able to explore various essential aspects of managing their businesses, including but not limited to business management, marketing, finance, and other important elements relevant to their business operations [17]. Through a deeper understanding of these various aspects, they are better able to manage their business with a higher level of efficiency, optimise operational processes, and make wiser decisions that contribute significantly to the growth and sustainability of their business. In addition, education and training for MSMEs also opens up opportunities for the development of innovation and adaptation capabilities. With enhanced knowledge, MSME players are able to identify opportunities and challenges that may arise in a changing business environment [18]. They can design more effective strategies to deal with competition and dynamic market changes. In this sense, education and training not only gives MSMEs a competitive advantage, but also helps them to remain relevant and sustainable in a business era that is full of changes and dynamics.

In addition to the benefits already mentioned, education and training can also be an important catalyst in helping Micro, Small and Medium Enterprises (MSMEs) to stimulate innovation and adjust to dynamic changes in the market and technology environment. In the digital age and globalisation, MSMEs need to stay at the forefront of technology and market trends to maintain their competitiveness [19]. By engaging in customised education and training, MSMEs can deepen their understanding of the latest technologies, respond to market changes, and create more innovative products or services. Such training provides MSMEs with the necessary insights to adopt new technologies, capitalise on market opportunities through online platforms, and spur their creativity in developing more effective business solutions. Furthermore, focused education and training can also assist MSMEs in building useful networks and collaborations. Through supportive education programmes, MSME players have the opportunity to interact with fellow business people, mentors, and industry experts who can provide valuable insights, support, and collaboration opportunities [20]. This gives MSMEs the opportunity...
to learn from the experiences of others, expand their networks, and capitalise on potential partnerships for their business growth. Thus, education and training not only help MSMEscope with technological and market changes, but also enables them to harness the power of collaboration and connections to optimise their business success in an increasingly complex business ecosystem.

Education and training are important tools in helping Micro, Small and Medium Enterprises (MSMEs) to gain a deeper understanding of the regulatory and policy aspects that apply to their business scope. A better understanding of regulations and taxation is crucial for MSMEs as it can help them avoid legal issues that may arise and ensure that their business operations run legally and sustainably [21]. Through targeted education and training, MSMEs can gain the necessary insights on various business regulations, taxation procedures, as well as other legal obligations relevant to the type of business they run. Moreover, education and training that focuses on regulatory aspects also helps MSMEs to understand the various opportunities and incentives that may be available through government programmes or regulatory bodies. This can help them optimise the benefits of the existing legal framework, including possibly tapping into potential tax breaks or financial support offered. As such, education and training that covers regulatory aspects not only keeps MSMEs legally compliant, but also assists them in planning smarter business strategies, by capitalising on the opportunities provided by the applicable regulatory framework [22]. In this case, education and training not only acts as a deterrent to legal issues, but also as a tool to create greater opportunities and support for MSME business growth.

Not only does education and training provide significant benefits to Micro, Small and Medium Enterprise (MSME) actors, it also has a significant positive impact on the economy as a whole. Improving the competence and productivity of MSMEs has the potential to increase the contribution of the MSME sector to the country's Gross Domestic Product (GDP), which in turn has a positive impact on overall economic growth [23]. MSMEs that are more competent and efficient in their business operations can act as drivers of economic growth, generate higher incomes, and improve competitiveness in national and international markets. Thus, improving the productivity of MSMEs through education and training can be a key driver for sustainable economic growth. Moreover, investment in MSME education and training also brings invaluable social benefits. With the increased competitiveness of MSMEs and the growth of the MSME sector, new employment opportunities are likely to arise, which in turn reduces the unemployment rate [24]. This has a positive impact on improving people's living standards, by providing more opportunities for individuals to find decent jobs and earn better incomes. In addition, the development of MSMEs can also play a role in reducing economic disparities and enhancing social inclusion, along with contributing to the equitable distribution of income and general welfare throughout society. Thus, education and training for MSMEs has a broader impact, not only on economic growth, but also on greater social betterment and wider economic inclusion.

Collaboration between the government, educational institutions and non-governmental organisations opens up a wide range of opportunities to provide comprehensive and affordable education and training for Micro, Small and Medium Enterprises (MSMEs). With solid cooperation, programmes such as workshops, seminars, online training, and access to mentors and other resources can be effectively designed and implemented. Such programmes are important instruments in providing support to MSMEs in developing their skills and enhancing their competencies. Workshops and seminars can provide a platform for MSME players to expand their knowledge on various aspects of business, while online training allows them to learn more flexibly [25]. In addition, access to mentors and support resources can be a foundation for MSMEs to better run their businesses and reach their full potential. Through strong partnerships between the government, educational institutions, and non-governmental organisations, education and training for MSMEs can be more carefully designed, considering their specific needs. This collaboration can also help in identifying resources and financial support that can be directed towards these education and training programmes, making them more affordable for MSMEs. Thus, education and training provided through collaboration between various stakeholders not only enables MSMEs to grow and thrive, but also positively impacts the national business ecosystem, strengthens the economy as a whole, and promotes social inclusion and broader well-being.

In the context of an increasingly connected global economy, Micro, Small and Medium Enterprises (MSMEs) with solid and relevant expertise will play a pivotal role in competing in international markets [26]. Strong expertise allows MSMEs to deliver more competitive and high-quality products and services, which in turn will open the door to wider export opportunities. In the era of globalisation, exports of local products can contribute significantly to the country's foreign exchange earnings, which are indispensable for maintaining economic stability and financing diverse national development projects [27]. Therefore, education and training designed to strengthen the skills of MSMEs has very positive and strategic implications for a country's economy. In addition to the significant economic impact, education and training that supports MSME skill development also has a major social impact. As MSMEs improve their competencies, they have the potential to create new jobs, which in turn will help reduce the country's unemployment rate. Moreover, by improving the
quality of their products and services, MSMEs can better fulfil the needs of local and international consumers, which will increase the welfare of the community and create broader improvements in the living standards of the country's population. As such, education and training that supports the skill development of MSMEs has a significant positive impact not only on the national economy, but also on the social development and overall well-being of the community.

In a comprehensive conclusion, there is no denying that education and training plays a very important role in driving the skill development of Micro, Small and Medium Enterprises (MSMEs). By enhancing the competencies, skills, and knowledge possessed by individuals engaged in the MSME sector, we create a solid foundation to strengthen and increase the contribution of the MSME sector in the national economy. Not only that, these improvements also pave the way for more job creation, which is much needed to reduce the unemployment rate and make a positive contribution to sustainable economic growth. Along with that, close collaboration between the government, educational institutions, and other organisations is key in creating an ecosystem that supports the sustainable development of MSME expertise. Working together, we can design and implement effective and relevant education and training programmes that meet the specific needs of MSMEs, expand their access to resources, and help them succeed in an increasingly complex business world. With this approach, we can ensure that education and training is not only a key factor in the development of MSMEs, but also in building the foundation of a stronger and more inclusive economy.

4. Conclusion

Education and training play a crucial role in supporting the skills development and competitiveness of Micro, Small and Medium Enterprises (MSMEs), which play a strategic role in a country's economy. Despite their huge potential, MSMEs are often faced with a variety of barriers, including limited knowledge, skills, capital and access to markets. Education and training is key in providing solutions to these constraints by delivering the key benefits of increased competence, mastery of essential skills and knowledge for MSMEs to manage their businesses more efficiently, optimise operations and make smarter decisions. In addition, through education and training, MSMEs are also given the opportunity to develop innovations and adapt quickly to changes in the dynamic market and technology environment, as well as understand and comply with applicable aspects of business regulations and policies. Thus, education and training form a strong foundation for strengthening MSMEs, which in turn can contribute significantly to economic growth, job creation, and overall improvement of people's lives in a country.

Suggestions that can be made to support the important role of education and training in developing the skills and competitiveness of MSMEs are as follows: 1) The government should actively support education and training initiatives for MSMEs by providing subsidy programmes, tax incentives, and easier access to educational resources. At the same time, educational institutions and non-governmental organisations should play a role in providing education and training programmes that meet the needs of MSMEs, such as online training, workshops, seminars and mentoring. 2) Close collaboration between the government, educational institutions and the private sector needs to be enhanced to create an ecosystem that supports the sustainable skill development of MSMEs. MSMEs should also actively seek relevant training and take the initiative to continuously improve their capabilities. 3) In the global context, the government should facilitate MSMEs' access to international markets and provide support in improving their competitiveness at the international level. With these measures, education and training can be a key driver in strengthening the MSME sector, supporting economic growth, creating jobs and contributing to a country's social progress.

References


