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## Improving Human Resource Capacity at the Cooperatives and Micro Enterprises Service of Nganjuk Regency through Training and Development of MSME Competencies

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### Article Information

### Abstract

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**Research purposes :** This study evaluates the effectiveness of training programs in improving the capacity and skills of Micro, Small, and Medium Enterprises (MSMEs). Qualitative data in the form of business income before and after training will be collected from participants from various institutions (government and non-profit) to identify the impact of training on the knowledge and skills of MSME actors.

**Design/Method/Approach :** This study uses a qualitative approach to investigate in depth how training programs improve human resource capacity in MSMEs.

**Research Findings:** The training program has significantly increased participants' insight and motivation. Partnerships with the Ministry of Communication and local banks have increased the effectiveness of the training by providing better access to resources and information.

**Theoretical contribution/Originality:** The uniqueness of this research lies in its qualitative approach, which explores participants' experiences and the effectiveness of the program in improving skills and competitiveness among MSMEs.

**Practical/Policy Implications:** Training programs for Micro, Small, and Medium Enterprises (MSMEs) have broad and significant implications for regional and national economic development. This training can increase the capacity and competitiveness of MSMEs, thereby contributing to regional economic growth and national economic stability. In addition, this program supports

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*financial inclusion and market access for MSMEs, which are critical to the sustainability of their businesses.*

**Research Limitations:** *This study is limited to qualitative data, which may not cover all relevant aspects in the analysis of MSMEs. In addition, a long-term analysis has not been conducted, so the impact of the training program on MSMEs may not be fully visible.*

**Keywords :** *Training, MSMEs, Human Resources, Institutional Collaboration.*

## 1. Introduction

Increasing the capacity of human resources (HR) of Micro, Small, and Medium Enterprises (MSMEs) is a key strategy in driving sustainable economic growth and facing increasingly complex global challenges. In the era of globalization and intense competition, MSMEs play an important role as the main drivers of the economy, job providers, and improving people's welfare. However, in order to function optimally, MSMEs need skilled and competent human resources (HR). Therefore, investment in human resource development (HR) is very important.

Increasing the capacity of human resources (HR) in Micro, Small, and Medium Enterprises (MSMEs) is a key strategy to drive sustainable economic growth and address increasingly complex global challenges. In the era of globalization and intense competition, MSMEs play an important role as the main driving force of the economy, providing employment, and improving community welfare. However, in order to function optimally, MSMEs need skilled and competent human resources. Therefore, investment in HR development is very important.

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the economies of developing countries. According to the World Bank, MSMEs comprise 90% of all businesses, absorb 50% of global employment, and contribute 40% to Gross Domestic Product (GDP) [1]. In addition, MSMEs also encourage innovation and create jobs [2]. The Indonesian government is committed to developing MSMEs, especially by increasing access to finance, as stated in the National Medium-Term Development Plan (RPJMN). The 2020-

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2024 RPJMN focuses on five main priorities: human resource (HR) development, financial access, increasing the value of MSME products, partnerships, and improving regulations [3]. With this focus point, it is expected that MSMEs can increase their competitiveness, so that they can grow and develop sustainably.

In addition, digital technology plays an increasingly important role in the development of MSMEs. By utilizing e-commerce platforms and social media, MSMEs can reach a wider consumer base and increase the visibility of their products. This digital transformation not only helps MSMEs in terms of marketing, but also in terms of operational management and financial management, which in turn can increase efficiency and competitiveness [4]. However, there are still several challenges, such as limited access to capital, lack of business management knowledge, and regulatory uncertainty. Therefore, ongoing efforts are needed to provide training, mentoring, and access to resources that can help MSMEs overcome these obstacles [11].

Training programs organized by the government, educational institutions, and related organizations focus on various important aspects such as entrepreneurship development, cooperative development, human resource development, and digital marketing. These training programs aim to provide practical skills needed by MSMEs to adapt to rapid market and technological changes. In this context, training is not just a transfer of knowledge, but also an opportunity for participants to apply this knowledge in real-world practice.

However, despite their great potential, many MSMEs still face various challenges. Constraints in management, marketing, and access to technology often hinder their growth. One of the main obstacles is the limited knowledge and skills of human resources. Therefore, training and competency development are very important. Through structured and sustainable training programs, it is hoped that human resources' skills in managing businesses effectively will increase, thereby increasing the competitiveness of MSMEs at the local and national levels.

The Nganjuk Regency Cooperatives and Micro Enterprises Office has designed a series of comprehensive and integrated training programs. These programs not only focus on

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improving technical skills, but also cover managerial, marketing, and product innovation aspects. With a holistic approach, it is hoped that MSMEs will be able to develop their businesses sustainably and adapt to a dynamic and ever-changing market. Needs-based training will be conducted by identifying specific challenges faced by MSMEs through surveys and focus group discussions. Interactive learning methods, such as case studies and workshops, will be used to improve understanding and application of the material.

In addition, collaboration with various parties, both academics, industry practitioners, and financial institutions, will be an integral part of this program. By involving various stakeholders, it is hoped that MSMEs will gain a broader perspective and more varied resources. Through increasing human resource capacity, it is hoped that MSMEs in Nganjuk will not only be able to survive, but also grow and compete in a wider market.

In facing the challenges of globalization and rapid technological developments, innovation is the key to sustainability for MSMEs. The training will include an introduction to digital technology, online marketing, and product development that is in line with market trends. By utilizing technology, MSMEs can expand their market reach and improve operational efficiency, allowing them to compete better with other business players.

Building networks between MSMEs is also important. Through collaboration, MSMEs can share experiences, resources, and information that can strengthen their position in the market. The Nganjuk Cooperative and Micro Business Service will facilitate forums and regular meetings to encourage this collaboration, so that a mutually supportive MSME community is created.

Effective training can help MSMEs improve their managerial and technical skills. For example, the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) has organized training programs covering financial management, marketing strategies, and product and service innovation. These programs are designed to provide a strong foundation for micro-business owners to grow and develop independently. In training sessions in various regions, such as Semarang and East Java, emphasis was placed on the importance of having a clear strategy to improve MSME competitiveness in the global market.

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Strategic collaboration with various institutions, such as the Ministry of Communication and Informatics (Kominfo), the College of Economics (STIE), local banks, and non-profit institutions, strengthens the implementation of this training. This collaboration not only expands the reach of the training program, but also ensures that the material taught is relevant to current market needs. For example, the East Java Provincial Cooperatives and SMEs Office has held training covering business planning, business ethics, and socialization of welfare credit programs.

To achieve these goals, the Nganjuk Regency Cooperatives and Micro Enterprises Office has designed a series of comprehensive and integrated training programs. These programs not only focus on improving technical skills, but also managerial, marketing, and product innovation aspects. With a holistic approach, it is hoped that MSMEs can develop their businesses sustainably and adapt to changing market dynamics.

Through this collaboration, participants not only gain theoretical knowledge but also access to best practices from the industry. For example, local banks can provide insights into financial products that can support business development. In addition, collaboration with educational institutions ensures that the training curriculum is continuously updated in line with the latest trends in the business world. This is important considering the ever-evolving market dynamics and the need to continuously innovate to stay relevant.

The results of various training programs show an increase in participants' insight, motivation, and skills. With better skills, participants are able to increase their business competitiveness in the global market. These programs also provide opportunities for participants to build networks with other business people, which is very important in today's business world. These networks not only provide social support but also open up opportunities for business collaborations that can benefit all parties.

This skill improvement is evident from the participants' ability to implement more innovative business strategies. Participants who attended entrepreneurship training reported that they felt more confident in making business decisions and were more open to new ideas. This creates a conducive environment for innovation among MSMEs. Innovation is not

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limited to products, but also includes more effective operational processes and marketing methods.

However, there are still several challenges that need to be addressed to improve the effectiveness of the training. These challenges include the lack of commitment of participants to the training program, limited technology available to MSMEs, and lack of resources to support the implementation of training results. Many participants have to divide their time between attending training sessions and running their daily businesses. This often results in a lack of focus during training sessions.

Limited access to technology is also an obstacle for some participants in applying the knowledge gained during the training. Many MSMEs in remote areas do not have adequate technological infrastructure, making it difficult for them to access the information and tools needed to develop their businesses. For example, some participants reported difficulty attending online training sessions due to unstable internet connections or inadequate hardware.

In addition, there are also challenges related to understanding training materials. Some participants find it difficult to understand new concepts, especially if they are not supported by previous practical experience. Therefore, it is important for training providers to provide materials in a way that is easier to understand and relevant to the business context of participants.

In the context of globalization and rapid technological progress, MSMEs in Nganjuk also face new challenges, such as competition with foreign products and increasingly dynamic consumer behavior. Therefore, it is important for MSME actors to not only improve basic skills but also develop adaptive and innovative abilities.

To address these challenges, continuous evaluation and improvement are needed to enhance the quality of training programs and maximize their impact on MSME development. This includes conducting feedback surveys from participants after each training session to understand what worked and what needs to be improved. Organizers also need to conduct in-

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depth analysis of the specific needs of each MSME group to ensure that the program is tailored to actual conditions on the ground.

## 1.1. Problem Statement

Relevant and effective training for MSMEs includes business management, digital marketing, finance, and product innovation to improve skills and competitiveness. The Cooperatives and Micro Enterprises Office defines human resource development as an effort to improve competence, productivity, and competitiveness through training and mentoring. The main challenges in its implementation include limited access, low awareness of MSME actors, and limited budget and resources. Therefore, collaboration with various stakeholders is needed to ensure the sustainability of the program.

## 1.2 Research Objectives

The purpose of this study is to identify the types of training that are relevant for Micro, Small, and Medium Enterprises (MSMEs), the challenges faced during their implementation, and strategies to improve training effectiveness. Improving the capacity of human resources (HR) in the MSME sector is essential to support sustainable economic growth and increase competitiveness in the global market. Identifying the types of relevant training is an important first step. Appropriate training should be tailored to the specific needs of MSMEs, including technical and managerial skills. Relevant types of training may include entrepreneurship, digital marketing, financial management, and the use of information technology. These training programs aim to provide MSMEs with the practical skills needed to adapt to market and technological changes.

This study will also examine the challenges faced in implementing training programs. Common challenges include lack of commitment from participants to participate in the program, limited access to technology, and lack of resources to support the implementation of training outcomes. These challenges need to be understood so that organizers can formulate effective solutions. By understanding the types of training needed, the challenges that exist, and strategies to increase effectiveness, this study is expected to provide a positive contribution to the development of human resource capacity in MSMEs. This in turn will

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help MSMEs be better prepared to face global challenges and make a significant contribution to national economic growth.

Overall, this study aims to provide an in-depth understanding of how training programs can be designed and implemented more effectively to meet the needs of MSMEs. With the right approach, it is expected that MSMEs can improve their skills and knowledge so that they can compete more effectively in local and international markets. This study will also provide recommendations for relevant stakeholders in formulating policies and programs that support the sustainable development of MSMEs.

## **2. Method**

This study uses a qualitative approach to understand the dynamics of human resource (HR) capacity development in Micro, Small, and Medium Enterprises (MSMEs) through training programs. This approach allows researchers to explore the experiences, views, and perceptions of various stakeholders involved, including MSME actors, training organizers, and partner institutions. Data collection was conducted through in-depth interviews with MSME actors who had participated in training programs, training organizers, and representatives of partner institutions. The interviews aimed to collect detailed information related to the benefits of training, challenges faced, and the application of skills acquired. In addition, field observations were conducted to directly observe the implementation of the training program, interactions between participants and instructors, and dynamics in the classroom.

In this study, there are also characteristics of the three informants in this study.

**Table 1 informant characteristics**

No.	Name	Age	Position/Job	Address	Date of birth	Last education	Start a Business

1	Mr. Widiyanto, SH,MM	59	Head of Cooperatives and UM Nganjuk Service	Bulu Hamlet, Puteran Village, District. Sukomoro, Kab. Nganjuk	May 7, 1966	Masters (S2)	
2	Anik Setyowati, SE, MM	55	Employees of the cooperative and UMKM service	East Bagor, Sukomoro District	23 Nov 1969	Masters (S2)	
3	Mrs. Rinings	63	MSME Owners	Jl. Hariyono No. 16, Ploso			2016

### 3. Results and Discussion / Results and Discussion

The results showed that the training participants experienced significant improvements in their knowledge and skills. Many participants reported gaining new insights into business management, digital marketing, and financial management. For example, after attending the digital marketing training, participants were able to use social media more effectively to promote their products. They began using platforms such as Instagram and Facebook to reach a wider audience and applied data-driven marketing techniques to understand consumer behavior. This is in line with previous findings that showed the use of digital technology can increase the competitiveness of MSMEs [5].

This improvement in skills is also reflected in the participants' ability to implement more innovative business strategies. Those who participated in entrepreneurship training reported that they felt more confident in making business decisions and were more open to new ideas. They began to explore new business models and were willing to experiment with different approaches in their business operations. This creates an environment conducive to innovation among MSMEs, where participants are not only focused on business continuity but also on developing better products and services.

Research conducted by Cuk Widiyanto, SH, MM., analyzes the capacity building of Micro, Small, and Medium Enterprises (MSMEs) through entrepreneurship training. This research is divided into two main parts. The first part defines MSME capacity comprehensively, not only limited to physical aspects, but also emphasizes the importance of developing skills and competencies among MSME actors. This development is achieved through structured training programs implemented at the regional and national levels.

The following is a table of interviews with Mr. Cuk Widiyanto

**Table 2 questions with sources**

No.	Question	Discussion
1	Definition of increasing the capacity of MSME human resources at the Cooperatives and Micro Enterprises Service	Skill development through training from regional to central level.
2	Training and potential development programs implemented	Entrepreneurship, special training for cooperatives and MSMEs, capacity building.
3	How to prioritize MSMEs	Not explained in detail, registration is

	that receive training	via Google Form.
4	Parties involved in organizing training	Internal and external instructors (except digital training).
5	The most popular types of training	Entrepreneurship and entrepreneurial motivation.
6	Use of digital technology in MSME training programs	Online training has been discussed, but there are challenges for the older generation to adapt to the online marketplace.
7	Training programs that have been implemented to improve HR competency	Entrepreneurship, special training for cooperatives and MSMEs, capacity building.
8	The process of identifying competency needs for MSME actors	Based on annual needs, the data collection system for potential employees for training is still not well structured.
9	The main challenges in implementing training programs	Low participant motivation, the need to prioritize entrepreneurial insight, adjustment of materials, and duration of training (half-day training is less effective).
10	Collaboration of the Cooperatives Service with other institutions in developing MSME	Collaborate with stakeholders such as STIE, polytechnics, and banks for training and access to capital.

competencies		
11	Evaluation methods to measure the effectiveness of training programs	Focused on the real impact of training on participants' businesses, details of success indicators have not been fully explained.

The study further identifies different types of entrepreneurship training programs implemented in diverse contexts, including cooperatives, individual training, and integrated capacity building programs. The role of the secretariat in the MSME ecosystem is also examined. The study highlights the importance of aligning training programs with the interests and capacities of participants, and emphasizes the need to select experienced and specialized instructors. The digital era is also a focus of the study, analyzing the implementation of online training and strategies to adapt it to a generation that is less familiar with technology. The use of Google Forms as a registration platform is interpreted as representing a modern approach to data management and participant outreach. Furthermore, the study recognizes the dynamic nature of MSME skill requirements, which are evolving every year, indicating the need for curriculum adaptation and possible different approaches between urban and rural areas. Aspects of training involving handicrafts are also considered.

Pak Cuk also explained that in this study, the partnership mentioned refers to the collaboration between the Cooperative and UMKM Office of Nganjuk Regency with various stakeholders, such as universities (STIE, polytechnics), private training institutions, and banks. However, to provide concrete evidence regarding the real contribution of this partnership in improving training, here are some points that can be explained:

1. Provision of Instructors and Training Materials: Partnerships with universities and private training institutions allow the Cooperatives and SMEs Office to access instructors who are experienced and have expertise in certain fields. For example, if STIE provides lecturers who are experts in business management, then the training provided will be of higher quality and relevant to the needs of the participants.

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Concrete evidence can be in the form of a list of instructors involved and training materials that are jointly prepared.

2. Access to Resources and Facilities: Collaboration with other institutions can provide the Cooperatives and SMEs Office with access to better training facilities, such as classrooms, equipment, and technology. For example, if the polytechnic provides laboratory space for technical skills training, this can improve the quality of training. Concrete evidence can be in the form of documentation of the use of these facilities during training.
3. Funding and Financial Support: Partnerships with banks can provide MSMEs with access to loans or financial assistance needed to grow their businesses after training. For example, if a bank provides a special credit program for training participants, this can help them apply the knowledge they have gained. Concrete evidence can be data on the number of participants who received loans and the impact on their businesses.
4. Evaluation and Feedback: In partnerships, there is often an evaluation mechanism that involves all parties. For example, after training, participants may be asked to provide feedback on the quality of the training and its impact on their business. Concrete evidence can include participant satisfaction surveys and collaborative training impact analyses.
5. Customized Training Programs: Partnerships enable the Cooperatives and SMEs Office to design training programs that are more in line with market needs and participant characteristics. For example, if the results of the market analysis indicate a need for digital skills, then the training can be focused on digital marketing. Concrete evidence can be in the form of a needs analysis report conducted before designing the training program.

The following is another statement from Mrs. Anik, always from the head of the department

**Table 3 questions with sources**

No.	Question	Discussion
1	How do you define increasing human resource capacity for MSMEs in the cooperative and micro business service?	Increasing the capacity of MSME HR is a systematic effort to improve the abilities and skills of MSME actors, including increasing business knowledge, technical skills, and management capabilities to increase productivity, efficiency, and competitiveness. This includes training, mentoring, consulting, and access to the latest information/technology.
2	Then what training and potential development programs are implemented by this service, sir?	The training program covers business management (finance, marketing, operations), technical skills (production, product innovation), digital marketing and e-commerce, and entrepreneurship development (innovation, business strategy, leadership). Business mentoring and consulting are also available.
3	How do you prioritize MSMEs that receive training, sir?	Priority is determined based on business scale, growth potential, type of business (leading sector), geographic location (reaching remote areas), and participation in government programs. Selection involves evaluating training proposals and their suitability to available programs. Online registration via Google Forms is also used.
4	Who are the parties involved in organizing this training?	The Cooperative and UMKM Service as coordinator and facilitator. Instructors from internal experts, academics, business practitioners, and external consultants. Collaboration with training institutions is

		also carried out.
5	What types of training are in high demand in MSMEs?	Marketing and sales training (conventional and digital), financial management and business management, product innovation and business development.
6	To what extent is digital technology used in MSME training programs?	Digital technology is intensively integrated through e-learning, webinars, virtual workshops, and digital marketing and e-commerce training materials. Efforts to improve digital literacy are also being made.
7	What training programs have been implemented by the Cooperatives and SMEs Service to improve HR competency?	Training in business management, technical skills, digital marketing and e-commerce, entrepreneurship (business planning, innovation, business strategy), and business regulation/licensing.
8	How is the process of identifying competency needs for MSME actors carried out?	Identification through surveys, interviews, FGDs, and analysis of market data and secondary data from BPS and related agencies. The results of the analysis are used to design relevant training programs.
9	What are the main challenges faced in implementing this training program?	Budget and human resource limitations, low participant motivation, digital divide, difficulty in adapting training materials, and evaluation of training impacts that need to be improved.

10	<p>How does the Cooperatives Service collaborate with other institutions in supporting the development of MSME competencies?</p>	<p>Partnership with universities (STIE, Polytechnic), private training institutions, banks, and NGOs. Collaboration includes providing instructors, training materials, funding, and access to resources.</p>
11	<p>What evaluation methods are used to measure the effectiveness of training programs?</p>	<p>Evaluation through pre-test and post-test, participant satisfaction survey, and case studies to measure the impact of training on business performance. Quantitative and qualitative data are collected and analyzed for a comprehensive evaluation report.</p>

The second part of the study identified challenges in implementing entrepreneurship training. A key finding was the difficulty in selecting participants with strong motivation and a clear entrepreneurial vision. Many participants lacked commitment, highlighting the need for strategies to increase motivation and participation. Other challenges included providing comprehensive insights into the entrepreneurial landscape and developing effective promotional strategies to attract suitable participants. The study emphasized the importance of a rigorous selection process, including interviews, to ensure that only ready and committed participants attend the training. Overall, this study makes a significant contribution to understanding entrepreneurship training for MSMEs, covering aspects of implementation, challenges, and the importance of adapting to evolving socio-economic contexts.

### **The Most Relevant and Effective Types of Training to Improve HR Capacity in MSMEs**

Employee training in SMEs does not always guarantee increased effectiveness. Lack of management support and minimal employee enthusiasm can hinder its success. Therefore,

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before implementing a training program, SMEs must ensure the availability of adequate resources and full support from management and employees.

MSMEs are the backbone of the Indonesian economy, showing resilience in the face of economic crises and absorbing a lot of labor. Strengthening MSMEs regulated by law is very important. Training, as defined by Berber et al. [6] as a structured and short-term educational process aimed at improving technical skills, is very important to improve the competitiveness of MSME products in the international market. Business development, which includes the establishment, growth, maintenance, and improvement of businesses [7], also plays an important role in transforming MSMEs into larger companies. Both approaches are expected to increase work productivity and individual development.

Training and capacity development aims to improve the technical and managerial competencies of MSME actors, encourage product and service innovation, facilitate digital transformation for efficiency and market expansion, and build MSME business resilience to face economic changes and competition.

This training program aims to improve employee skills in five key areas: Marketing, Production, Employee Roles & Responsibilities, Leadership, and Digital Media.

- 1. Marketing:** This training focuses on developing marketing strategies that utilize technology and information to boost MSME revenues. This program emphasizes the importance of competent human resources and adequate supporting devices.
- 2. Production:** Addressing the decline in human resources in the MSME sector, especially in the food and beverage industry, which has an impact on the production process. This training aims to increase profitability through corporate strategies and improve employee capabilities.
- 3. Employee Roles & Responsibilities:** This training aims to change employee behavior by improving knowledge, skills, and attitudes. The goal is for employees to acquire new knowledge, apply old knowledge in new ways, and develop a stronger interest in applying what they have learned. The focus is on developing employees for future tasks and solving organizational problems.

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4. **Leadership:** In facing the dynamics of Industry 4.0, this training equips MSME leaders with agility in managing organizations. The ability to make decisions quickly and accurately is key to achieving the company's vision.
5. **Digital Media** This training emphasizes the importance of digital marketing to improve performance and enhance employee sales skills. Empirical evidence shows the positive impact of digital marketing on MSME revenues [9] [10], with significant revenue growth for most MSMEs.

The study found that collaboration with strategic partners, such as the Ministry of Communication and Information (Kominfo) and local banks, played a significant role in increasing the effectiveness of the training program. Support from Kominfo provided participants with access to digital platforms and online marketing tools. For example, they received training on the use of Google Ads and SEO (Search Engine Optimization) which helped them increase their product visibility on search engines. Meanwhile, collaboration with local banks helped participants access information on appropriate financial products to support their business development. Local banks also offered more flexible financing programs for MSMEs, so they could access capital without facing overly stringent requirements.

**The Department of Cooperatives and Micro Enterprises has a specific definition regarding increasing human resource (HR) capacity for Micro, Small and Medium Enterprises (MSMEs).**

In general, MSMEs in various regions in Indonesia face various challenges, such as access to capital, marketing/promotion, infrastructure and technology, regulation and bureaucracy, and limited skills and knowledge. Therefore, synergy and the role of various related parties are needed to strengthen the MSME sector as one of the driving forces of Indonesia's economic growth. Based on Article 97 of the Job Creation Law, the Central Government and Regional Governments are required to allocate at least 40% of products/services from Micro and Small Enterprises, as well as Cooperatives, in the procurement of goods/services by the Central and Regional Governments, in accordance with the provisions of applicable laws and regulations.

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“Brown (in Triana, 2013) defines capacity development simply as increasing the ability of individuals, organizations, and systems to achieve organizational goals. Milen (2004) defines capacity as the ability of individuals, organizations, or systems to carry out their functions effectively, efficiently, and sustainably. More specifically, according to UNDP and CIDA (in Milen), capacity development is the process of increasing the ability of individuals, groups, organizations, institutions, and communities to: a) carry out their core tasks and functions, solve problems, and achieve goals; and b) meet the needs of sustainable development”

This collaboration not only broadens the reach of the training program but also ensures that the material taught is relevant to current market needs. As a result, participants feel better prepared to face the challenges of the business world. They feel equipped with the tools and knowledge needed to compete in an increasingly competitive market. For example, with the help of Kominfo, participants can learn how to optimize their websites to improve their rankings in search engines, thereby increasing organic traffic to their sites.

While training programs have many benefits, the study also identified several challenges faced in their implementation. One of the biggest challenges is ensuring that training is delivered to participants who are serious and capable of implementing the material taught. Some participants showed a lack of commitment during the training process, which could potentially reduce the effectiveness of the program. This lack of seriousness is often caused by external factors, such as busy business operational schedules or a lack of motivation to invest in personal development.

For example, some participants may be facing pressing issues in their business, such as supply chain disruptions or pressing financial issues. This can make it difficult for them to focus on the training and apply the knowledge gained effectively. Therefore, it is important for training providers to understand each participant’s unique situation and tailor the training program to meet their specific needs.

The main challenges faced in implementing training programs for MSMEs are as follows:

Here are the challenges faced.

## 1. Limited Access to Capital

MSMEs often face difficulties in obtaining loans or lines of credit from financial institutions, especially during economic downturns. Unlike larger businesses, MSMEs may not have the collateral, financial records, or creditworthiness necessary to obtain favorable financing terms. This limited access to capital can limit their working capital management options.

## 2. Seasonal Fluctuations

Many SMEs operate in industries with seasonal fluctuations in demand. For example, a retail business may see a surge in sales during the holiday season but slow down in other months. Such variations make it difficult to maintain consistent working capital levels throughout the year.

## 3. Uneven Cash Flow

SMEs are vulnerable to irregular cash flow, especially due to delayed customer payments or unexpected expenses. Such fluctuating cash flow can disrupt working capital management and lead to cash shortages when bills come due.

## 4. Supplier Relations

Maintaining strong relationships with suppliers is crucial for SMEs, but it can be a double-edged sword. On the one hand, SMEs can negotiate favorable credit terms with suppliers to extend payment deadlines. On the other hand, strained supplier relationships can lead to tighter payment terms, which impacts cash flow.

## 5. Inventory Management

SMEs often struggle with inventory management. Excessive stock ties up capital, while insufficient stock can lead to missed sales opportunities. Striking the right balance requires effective inventory forecasting and control, which can be challenging for smaller businesses.

## 6. Inefficient Receivables

Delays in customer payments can have a significant impact on an MSME's working capital. Many MSMEs struggle to manage receivables efficiently, resulting in long payment cycles and reduced cash flow.

## 7. Lack of Financial Expertise

MSMEs may not have a dedicated finance department or access to financial

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expertise. This lack of financial expertise can hinder their ability to implement effective working capital management strategies.

Now that we have identified these unique challenges, let's explore actionable solutions that MSMEs can implement to address them and improve their working capital management.

MSMEs in rural areas still face various challenges and obstacles that have a negative impact on their business performance. One of the main obstacles is the lack of access to capital. This condition limits the ability of MSMEs to develop their businesses, make new investments, and increase production scale.

In addition, the lack of understanding about marketing is a challenge for rural MSMEs. They have difficulty reaching a wider market and marketing their products or services effectively. As a result, market penetration of rural MSMEs is limited, which has an impact on their low income. Lack of access to technology is also an obstacle for rural MSMEs. They are less able to adopt modern technology that can improve business operational efficiency, automate processes, and expand market reach. This results in the competitiveness of rural MSMEs decreasing compared to businesses in urban areas.

This is in line with what was said by Mrs. Rinings

**Table 4 questions with source**

1	Is it permissible for MSMEs like Mrs. Rinings to sell their products online without special permission from the department?
2.	Are there any prohibitions on using certain raw materials in food products such as onion chips?
3	Are MSMEs such as Ibu Rinings Onion Chips required to have a PIRT or BPOM certificate to be marketed widely?
4	Are business actors allowed to change packaging and labels without reporting to the Cooperatives Service?

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5.	What are the procedures or permits required if Mrs. Rinings wants to participate in an MSME product exhibition outside the region?
6.	Are there any selling price limits or quality standards that must be met by the MSMEs fostered by the Cooperatives Service?
7.	What are the rules regarding the inclusion of halal labels or ingredient composition on products such as onion chips?
8	What are the consequences if business actors like Mrs. Rinings do not follow the regulations set by the Cooperatives Service?

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As a solution to these challenges, a mentoring and training program is needed that is specifically designed to meet the needs of village MSMEs. This program is expected to provide a comprehensive solution in terms of access to capital, marketing training, and utilization of technology. Thus, village MSMEs can optimize their potential, improve business performance, and contribute to village economic growth.

This highlights the need to address technological infrastructure in remote areas to improve accessibility of training for MSMEs. The government and related institutions can play a role in improving technological infrastructure in these areas, for example by building public Wi-Fi hotspots or providing refurbished laptops for use by MSMEs.

Based on the above information, it can also be seen that the performance of employees of the Cooperatives and UMKM Service of Nganjuk Regency can be assessed from the following aspects:

**Services and Support:** Employees in this department play a role in providing services and support to MSMEs, including in terms of training, mentoring, and access to relevant information.

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- 1) Innovation and Adaptation: Employee performance can be seen from their ability to adapt to change, such as the application of digital technology in marketing and financial management, especially during the pandemic.
- 2) Improving Report Quality: If employees are able to help MSMEs improve the quality of financial reports, this shows good performance in providing guidance and training.
- 3) Monitoring and Evaluation: Employee performance can also be measured by their effectiveness in monitoring and evaluating the programs being run, as well as their impact on the growth of MSMEs.
- 4) Collaboration and Networking: Employee performance in building networks and collaboration with other parties, such as financial institutions, can increase MSMEs' access to capital and other resources.

Overall, the performance of employees of the Cooperatives and UMKM Service of Nganjuk Regency can be considered good if they are able to fulfill these functions effectively and efficiently, and provide a positive impact on the development of UMKM in the area.

## 4. Conclusion

Improving human resources (HR) of Micro, Small, and Medium Enterprises (MSMEs) is a crucial strategic step to encourage sustainable economic growth in Indonesia. Training programs organized by the government, educational institutions, and related organizations have proven effective in improving the knowledge, skills, and motivation of MSME actors. Through these training programs, participants gain new knowledge in business management, digital marketing, and product innovation, so that they are able to adapt to market and technological changes.

Collaboration between various institutions, such as the Ministry of Cooperatives and SMEs (Kemenkop UKM), the Ministry of Communication and Informatics (Kominfo), local banks, and educational institutions, has strengthened the implementation of the training program. This collaboration ensures that the material taught is relevant to current market needs and helps participants build important business networks.

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Although this training program has many benefits, there are still challenges, including lack of commitment from participants, limited access to technology, and potential difficulties in understanding some of the materials. Therefore, continuous evaluation and improvement of the training program is needed to increase its effectiveness. A blended learning approach can also be considered to reach more participants in a more flexible way.

Overall, increasing the capacity of MSME human resources through training programs will not only increase the competitiveness of individuals and their businesses, but also make a significant contribution to the national economy. With the right government policies and the active participation of all related parties, MSMEs in Indonesia will be better prepared to face global challenges and contribute significantly to sustainable economic growth.

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