

## **Education and Training Implementation in Order to Sme's Empowerment in Lumajang Regency**

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**Abstract:** *This research aims to know (1) the description of MSME condition in Lumajang Regency, (2) the efforts by regional government of Lumajang Regency for the MSME empowerment, (3) education and training contribution to improve MSME performance in Lumajang Regency, and (4) supporting and inhibiting factors in the Education and Training Implementation in Order to MSME empowerment in Lumajang Regency. This research uses qualitative research design by descriptive approach. The key informants are functional officers of Industry and Trade Office, Head of Cooperative Office SME and SME, owner of UD. Burno Sari, owner of UD. Dwi Tunggal and owner of UD. Nikmat Rasa in Lumajang Regency. The data collection is by observation, interview and documentation. The research results show that the efforts by regional government of Lumajang Regency in order to MSME empowerment are by; (a) Financing, (b) facility and infrastructure facility, (c) Business Information, (d) business licensing, (e) business opportunity, (f) trade promotion and institutional support. The Education and Training Contribution conducted by the Industry and Trade Office and SME Cooperative Office to improve MSME performance in Lumajang Regency have been succeeded in developing the MSME starting the business from the micro scale until reaching the small and medium scale reviewed from the increase of sales earnings.*

**Keywords:** *Education, Training, Empowerment, MSME*

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### **I. Introduction**

MSME (Medium Small and Micro Enterprise) is the business actor which still dominated and being the strong foundation supporting Indonesian economic. When there were many collapse big businesses because of crisis in 1998, MSME are still able to resist. This is because MSME depends on the fund circulating and by relatively small capital. This creates its flexibility in making any new creation and motivation in business. It leads to the ability of MSME to damp any crisis impacts.

The empowerment of Medium Small and Micro Enterprise (MSME) is expected to be able to contribute any impacts on the improvement of MSME quality. In the future, it is expected that the micro businesses in Lumajang Regency are able to improve to be small businesses, meanwhile, the small ones can be improve to be medium businesses. One of the efforts of regional government to empower MSME in facing free trade market (globalization) is by motivating MSME by productivity improvements. These are done by increasing the market access, quality standard, design, production continuity and others. In developing the MSME, it is certainly necessary for support and strength in order to realize the acceleration for MSME improvement as mandated by the Act no 17 of 2005 concerning RPJP and Act no. 20 of 2008 concerning MSME.

There are many MSMEs distributed in various parts of Lumajang Regency. To develop them, it is certainly necessary for the government support and role in Lumajang regency. So that the MSMEs can grow and develop in a positive way, the government role both in central and regional levels can be applied in various aspects or activities, among others; (a). Financing; (b). Facility and infrastructure facilities, (c). Business information; (d). partnership; (e). Business licensing; (f). Business opportunities; (g). Trade promotion and institutional support. MSMEs are actually the business activity having the ability to expand and create any opportunities as well as employment and provide economic services to the community broadly. Also, by the MSME improvement, it is allowed to the realization of public income equalization and improvement, stimulate the economic growth and contribute to the public welfare in Lumajang.

The empowerment of cooperatives and Micro, Small and Medium Enterprises (SMEs) is an important part because it is also an effort to realize the powerful nation-competitiveness, and create the equitable and fair development. In this case, it is necessary for the cooperatives and MSMEs to be directed to act as motivators in the economic growth, creators on new employment and competitiveness grower. This provision has been presented expressly in the document of 2005- 2025 RPJPN. Furthermore, the elaboration of the medium-term plan should be prepared with thinking base showing that the empowerment of cooperatives and SMEs is a sustainable strategic effort in national and regional level.

The medium-term program as will be described in 2010-2014 RPJMN should reflect the strategy of empowering cooperatives and MSMEs in the scope of macro, meso, and micro. At the macro level, the 2010-2014 RPJMN must accommodate the policy on business environmental improvement. This is necessary for increasing the cooperatives and MSME competitiveness. This should cover any challenges for the next five years including the increasing tough competition, higher transaction costs, and the more expensive resources required by cooperatives and MSMEs. At the meso level, the medium-term plan documents must present any efforts of access improvement for the cooperatives and MSMEs so that both can be easily obtain productive resources in order to improve the health and expansion of their businesses. The focus is certainly related to the issue of institutional development and capacity improvement to support the expansion on business and marketing network. It is also about the access improvement to capital and advocacy, the improvement of technology application intensity based on the cooperative and MSME demands. While, at the micro level, the RPJMN document must present a clear goal on the effort to overcome any problems related to entrepreneur characteristics and behavior. The medium-term draft should be focused on the inability of cooperatives and MSMEs business operators to run the business as usual. They are certainly required to be assisted to grow the entrepreneurship, work culture, and develop conducive environment for businesses with high competitiveness.

Smith and Hayton [1] argued that the results of such training depend on the affecting factors on the training limits and nature, including: organization, industry sector, structure, industrial relations, work climate, government training policies and senior management commitment for the training. In the qualitative research approach, the symptoms are holistic (overall, inseparable), so the qualitative researchers will not assign their research only based on the research variables, but on the overall situation social studied including aspects of place, actors and activity with synergistic interaction [2]. This research has too broad problems, so the researchers will limit the research in one or more variables. The limitation issue in the qualitative research is called as focus, containing the subject matter based on the problem importance, urgency and feasibility to be solved. While, this research focus is the government efforts in the form of education and training as a form of MSME empowerment including several things as follows :

1. The description on MSME condition in Lumajang Regency
2. The efforts by regional government of Lumajang regency for MSME empowerment.
3. The education and training contribution to improve MSME performance in Lumajang regency
4. The supporting and inhibiting factors for the Education and Training Implementation for MSME empowerment in Lumajang Regency

## **II. Research Methods**

This study is using a qualitative descriptive approach. It is a type of research aiming to gather information about the status of an existing symptoms, the symptoms according to the circumstances at the time of study [3]. In qualitative research, the researcher presence acts as the instrument and data collection. The researcher presence is absolutely necessary, because the researcher is also as the data collector. It is one of the qualitative research characteristics which the data collection is conducted by researcher.

The subject determining in this research is using purposive area method by determining and applying the subject. The research subject in the study is Industry and Trade Office, cooperative and MSME Office, 3 owners of banana chip MSMEs in Lumajang Regency. The researchers select the three MSME owners because they pioneer, build and develop their MSME starting from micro businesses with minimal turnover as part of development for cooperative and MSME office, then they are managed to improve the business scale to be small and medium businesses. There are 3 MSME selected, namely UD. Burno Sari located in Burno village as a representative of MSMEs in Senduro District, UD. Dwi Tunggal located in Banjarwaru village Jl.Raya Senduro as a representative of Padang District in suburb area, and UD. Nikmat Rasa located in Jl.Sultan Agung-Lumajang as a representative of MSMEs in urban areas. The location determination is done intentionally (purposive) in Lumajang, East Java.

The primary data sources obtained directly from the research object are by observation and in-depth interviews with parties related directly to the education and training implementation. In this study, the primary data is obtained from: (1) the head of Industry and Trade Office in Lumajang City, (2) the head of Cooperatives and MSME Office in Lumajang City, and (3) the owners of banana chip MSMEs in Lumajang. The secondary data is also obtained based on the supporting data from documents, records, reports and archives related to the research focus contained the data from the Head of Industry and Trade Office and the cooperatives and MSME Office as well as MSMEs as the empowerment implementation in the form of education and training.

Data collection techniques in this study are (1) interview, (2) observation, and (3) documentation. The analysis technique used in this study is a qualitative analysis, namely a method using observer perspective as the main analytical tool. The data analysis is the way to find and organize systematically the result record of observations, interviews and others to improve the researchers' understanding on the cases studied and then present them as the findings for others. Then, further analysis is necessary to improve the understanding by

finding the meaning of various aspects found. This is done by reviewing opinions, thoughts, perceptions and interpretations from any parties considered competent to study the problem. The data analysis is by inductively (bottom up), and the transmission is based on verbal data (words). The data validity testing is by documentation as the supporting to prove the data found by the researchers. This data is the interview results to be supported by the supporting documents.

### **III. Results**

One of the production centers of banana chips in Lumajang is Burno Sari. This home industry is in Burno village, Senduro District. It is undoubtedly that Burno produces banana chips because the area is the banana producer base, both *Agung* banana (typical of Lumajang) and banana fruit. The Burno banana chip characteristic is its pure crisp since it is by twice frying process. Because of its crisp, many people like this product so it is one of favourite souvenirs. The marketing is not only in Lumajang but it has already been in some areas in East Java. The industry established since 1996 has been in rapid development, one of its innovation is banana *sale*. This SME is able to fry 200-250 bunches of banana per day. A small businessman can export 1 ton banana chips per week to Singapore and Hong Kong.

In the chip processing, UD.Burno Sari sets up the processing procedures consisting of banana processing from raw materials, peeling process, soaking, slicing, until frying and packaging processes. This production process still uses traditional manner such as the peeling process is by hands, and the frying process is also still using wooden stoves. Similarly, the packaging is also manually by using labours from surrounding villagers. As for the banana *sale* products, its production process is using a machine with fabrication technology starting from producing until packaging.

The SME products managed by Tengger tribe has monthly production of 165 tons of raw materials for chips and *sale*. Then, 165 tons of processed products as chips and *sale* produced and packaged with brand of SME Burnosari is marketed to various cities in East Java and outside the province including Jakarta. The UD.Burno Sari products have also entered into Supermarket, even they have been exported to Hong Kong and Singapore. Reported from *detikFinance*. mass media, Mrs. Ani as the owner claims that UD.Burno Sari reached the turnover of 22 billion per month. The explanation is expressed by Mrs. Ani when UD.Burno Sari got the visit from the former President of Susilo Bambang Yudhoyono as follows. "Our products have also entered into modern market, namely Supermarket, Mr. President. In addition, we also export this Burnosari SME products to Hong Kong and Singapore. Every month, we obtain the turnover reaching of USD 22 billion." said Ani.

One of the production centers of banana chips in Lumajang is UD. DWI TUNGGAL, the industry is located in Srebet village. It is also undoubtedly to produce banana chips because the area is close to Senduro district as the basis of banana producers, both *Agung* banana (typical Lumajang) and banana fruit. The UD. DWI TUNGGAL banana chip characteristic is its pure crisp since it is by twice frying process. Because of its crisp, many people like this product so it is one of favourite souvenirs.

The Dwi Tunggal company was founded in 1990, located in Banjarwaru village Lumajang. All activities in the production process are supervised directly by Mr. Anwar as the owner of UD. Dwi Tunggal who is 46 years old. Mr. Anwar as only a junior high graduation has operated the business for 19 years. Certainly, now his business develops so that it is able to employ 16 people.

There are four times banana chip production process at UD. Dwi Tunggal in a week. The raw materials required in once production process reaches 25 bunches of Agung banana, 50 bunches of bananas fruit, 30 kg sugar, 0.5 kg of synthetic sugar, 40 kg of frying oil, 1 oz of food coloring, 3 of firewood, and 375 sheets of plastic. The division of labor is 4 people in peeling process, 5 people in slicing process, 3 people in frying process and 4 people in packaging / packing process. While the tools used in the production process in UD.Dwi Tunggal are a permanent furnace, 5 units of large containers, 4 units of skimmer, 3 units of frying pans, 5 units of chopper tool, 8 units of peeling tool, 1 unit of pressing tool for packing and 2 units of scale. "Actually, there are a lot of orders from abroad, such as Malaysia. It was starting from tourists visiting Lumajang, then trying the banana chips and having intension to order in large quantities," explained Abah, the owner of UD. Dwi Tunggal. But because of the material difficulty and added by prolonged drought, then the order cannot be fulfilled, he said.

UD. Nikmat Rasa is one of the industries producing Agung banana chips. UD. Nikmat Rasa is addressed in Jogoyudon village Jl. Sultan Agung No. 43 Lumajang. UD. Nikmat Rasa produces *Agung* banana chips with two varieties of flavors namely the sweet and salty. It has the branded packaging of 'NIKMAT RASA'. The owner of UD. Nikmat Rasa, Mrs. Maslah, originally marketed the *Agung* banana chips just around Lumajang. However, along with the increasing number of consumers having interest to the *Agung* banana chips, then the owner took the initiative to market the banana chips outside Lumajang, namely, Surabaya and Bali. In its marketing, the banana chips are packed in a variety of sizes, namely in small, medium and large packages. The sales data of this great banana chips obtained based on the initial interview conducted by researchers with the owner of UD. Scrumptious Taste Lumajang: "The number of *Agung* banana chips sold in a

given day is usually 40 kg in small and medium sizes. For monthly sales in Jember, it is 30 kg-75 kg for small packing and 90 kg-150 kg for medium packaging. Meanwhile, the sales in large stores are 18kg, and in small stores is 4.5kg”.

The purpose of Industry and Trade Office as described by Head of Sub - Division of Personnel, Dra. Suhartini, M.Si is to improve the local economy based on local potential and improve the competitiveness. One of the functions of Trade and Industry Office in Lumajang Regency is to develop the sub-sector industry supporting the manufacturing industry as the priority. In this case, the Industry and Trade Office focuses on education and training in two cases as presented by Mr Ari Setiawan as a functional official as follows: “About the training, yes, there is certainly training. We conduct frequent training for packing and marketing materials. Because of our review, our MSMEs still have shortage in these both things. So, we often held the training so that our MSMEs have competitiveness.”

This can be the special issue for developing MSMEs in Lumajang, while the efforts by Disperindag in detail are described in the development program. The development program of Small and Medium Industries is conducted by giving facilities for MSMEs on the resource utilization. It is expected to create good skill provision possessed by Disperindag MSMEs targets in making the industrial product quality. There is also partnership cooperation facilitation with private sector for Micro, Small and Medium Enterprises. This will ultimately enhance the beneficial partnerships giving mutual advantages in technical and marketing areas. Based on data collected from the Cooperatives and MSMEs Office in Lumajang, it shows the availability of economic institutions in various areas of Lumajang Regency from district area in villages / sub district level. According to records in Lumajang, there are several types of economic institutions related to small and medium enterprises, namely; (a). The national enterprise development in the form of cooperatives, traders beyond sellers and employment; (b). Financial institutions, and (c). Non-banking institutions. The increasing number of qualified cooperative institutions is an indicator showing many cooperatives formed based on the existing classification.

The Cooperatives and MSME Office in Lumajang regency has many programs in improving MSMEs, one of which it provides facility for development of promotion mean of production results. This is as a means to promote the network development for Cooperatives and MSMEs. It is also necessary to improve the human resource capacity and entrepreneurship skills by Cooperative and MSME Office. This can be done by organizing any entrepreneurship training. Because the researchers focus on chip MSMEs including processed food, then the Department provides training in food and beverages production in order to realize the increasing skills of human resources for trainees. It is also given vocational training as a provision in developing business. The MSME in Lumajang is also facilitated by a grant from the local government. But the agency is not just giving it away. As an ongoing program, the Cooperative and MSME Office also conducts the monitoring on public fund management for MSMEs. It is also conducted the socialization on information support of capital provision to gain any support for MSME capital provision.

In the implementation of MSME development program, it is certainly facing constraints by the Cooperative and MSME Office as the training organizers. It has been described by Mr. Sulaiman Yudhi that the inhibiting factors in the empowerment of MSME in Lumajang are in terms of culture, dependence on nature / environment, as well as lack of competitiveness. Mr. Sulaiman Yudhi expressed that basically the form of government support required is the capital. In this case the government includes the cooperative and MSME in Lumajang ranging from the institution until business management at its top level. As the targets, all Lumajang people having MSMEs are entitled to join the training in order to empower by none condition. As the products, they are not necessarily their own products. Referring to MSME (small and medium micro enterprises), definition the micro-enterprises are productive enterprise owned or managed by individuals and entities according to the criteria of law. The criteria are having assets or property up to 50 million, excluding land and buildings, then having turnover of 300 million / year. While, the small and medium or large enterprises are productive economic enterprises owned or managed by individuals or entity according to the criteria of law. Based on its grade, the difference is that one has a word of ‘economy’ and one does not.

UD. Burno Sari explained that their MSME has also been given assistance / facilities such as oven by Disperindag. By this facility, at least it can increase the production volume produced by UD. Burno Sari. This is believed to be a form of support related to the empowerment so that SMEs have competitiveness and are able to develop rapidly. As one target of the Cooperative and MSME Office in Lumajang, UD. Dwi Tunggal can send a wide variety of chips twice in 1 week to NTB. In NTB, the chips are packaged in small size, for child consumption. The promotion done by the owner UD. Nikmat Rasa Lumajang is only limited in joining the exhibition in Anniversary of Lumajang and giving discount for sales. Related to the training applied by relevant agencies, the informants claimed to have attended the training by the cooperative and SME Office.

The supporting factors in the education and training implementation known by the through interviews and documentation, are: (1) the fund availability for education and training to the MSME empowerment in Lumajang held by the regional government, (2) the available facilities, equipment and infrastructure from the

regional government for the empowerment, (3) there is facility to introduce products through exhibitions both inside and outside the region so that the products can be known by other communities, (4) the clinical facilities of business consultancy for the MSME having to consult on any issues faced such as capital, network marketing, production, and materials, and (5) the existence of business loan without collateral and interest.

The inhibiting factors in the education and training implementation known by the researchers through interviews and documentation, are: (1) There is ingrained culture. Lumajang is famous as the strong Javanese culture (*kejawen*) adherents. If there are relatives having events, who are death, or at Thursday kliwon, the majority do not sell / there is no production, (2) The majority of production depends on the natural products. If nature does not provide any raw materials, the production is stopped. The lack of friction leads to less motivation to increase the competition, (3) The lack of competitiveness and society awareness on the importance of business development leads to less interest on training invitation organized by related agencies, (4) the lack of awareness on *business oriented*. The majority of entrepreneurs only think on their attempt to survive. It is in contrast to those business oriented large-scale entrepreneurs, and (5) low educational background. The majority competence of SME managers is elementary through high school graduations.

#### **IV. Discussion**

Small and Medium Enterprises (SME) plays a strategic role in national economic development, thus the role is not only in economic growth and employment, but also in distribution of development results. When our country had an economic crisis few years ago, there were many large business scale having stagnancy or stopping the activity. But, the SMEs are proven to be stronger in facing the crisis. Matlay [4] commented that SMEs have been known to have healthy economy and it is still important to the development of small company ability for economic prosperity. The training on SME formal tends to be an activity targeted to give more significant contribution on performance and not as the informal training [5].

##### **The Efforts By Regional Government Of Lumajang Regency On MSMEs**

There is a good implementation of entrepreneurship training in order to empower MSMEs in Lumajang regency conducted by the Industry and Trade Office, and the Cooperatives and MSME office. This can be seen from the maximal efforts taken including the use of budget for training costs is effectively utilized; the training is utilized effectively; there are professional instructors in training; all facilities provided by Disperindag and Cooperative and SME Office are very adequate; there are sufficient props and media training; the participants are also given complete materials and hand-out; the participants are given adequate consumption; in terms of quantity and quality, in the training, the participants are trained to handle some cases that might arise in the practice of entrepreneurship; the participants are given motivation for business development; the instructors' suggestion to participants are adapted to the field of business they are running. The Cooperative and SME office provides financial assistance by no interest. Disperindag also provides grants in the form of equipment for business function to the MSME target. The Cooperative and SME office conducts the monitoring and evaluation on their MSME targets. The efforts are in line with the findings by Rosianti, etc [6] describing the efforts taken by the Cooperative and MSME office. There are analysis on training needs, cost-effectiveness, using professional instructors, providing training facilities, providing equipment aids in media training, providing training materials and handouts, providing exercises case study practises, maximizing motivation, providing guidance based on the talent and desire, as well as monitoring and evaluating the training results. This type of education and training refers to the motivation process for the participants, in order to increase the participants' knowledge, skills and attitudes. So that after this training, it is expected to be such motivation in their business development.

The government is very helpful for the SME development in Lumajang in case of capital sector. This has been revealed by Mr. Sulaiman as the key informant stating that micro businesses have been facilitated by 5 million loan for their development by no interest and collateral. In addition to loans granted by the city government, the government should extend the special credit schemes with not burdensome terms for SMEs to help increase their capital. This efforts are proven to increase the sales turnover for micro business community in Lumajang Regency. So that they are developing to be the small and medium enterprises as UD. Burno Sari, UD. Dwi Tunggal and UD. Nikmat Rasa. There are also similar efforts taken by Cooperative, Industry, Trade and Tourism Office in Madiun regency in more complete scope. It includes the increase of financial capacity, marketing development, human resource development, regulation and control strategy as launched in the research results [7].

But many of MSMEs in Lumajang regency consider the empowerment by relevant agencies through training is as a mere formality. It can be seen from the researchers' direct observation. It shows that many MSMEs run their business just to survive, not as *business oriented*. It is seen from their lack of competitiveness so that business is not developing. This is due to the ingrained cultural factor in Lumajang regency and it is also by their dependence on natural products. For specific types of businesses, especially the traditional ones as

economically weak groups, it should get protection from the government, either by legislation or government regulations. This can lead to selling win-win solution. Based on the data obtained, the type of training conducted by SME is described by the researchers as training, workshops, and socialization.

However, there are certain conditions in which SMEs are in the participatory phase, in terms of the empowerment process, it is from the government and the community, by the government and community, and for the community. In this phase, the community has been actively involved in the development activities leading to independence. It is supported by Mr. Sulaiman saying that the SME targets have high motivation, this can be seen from the participation in training activities as well as monitoring and evaluation by the Cooperatives and SME Office which ultimately leads to expectations in the increasing of sales turnover. The government giving more attention to the training and development of SMEs will be more successful in the long term [8]. The organization change, production technology, and products can also develop the MSMEs [9]

### **Contribution of education and training to improve the MSME performance in Lumajang**

Seeing from its process, the education and training implementation taken can improve the MSME performance. This is seen from of the specific characteristics of training materials on the type of business running. So, they can acquire knowledge, skills and entrepreneurial attitude significantly affecting on their performance. This is also evidenced by the alumni of the Cooperative and SME office joining the training that by sustainable monitoring, they show their ability to increase the performance by the turnover increase. This contribution is supported by the statement of Mr. Sulaiman as an informant saying that one the successful MSMEs is UD. Burno Sari. When the researchers conducted a cross check to UD. Burno Sari, it was confirmed that that UD. Burno Sari participated in training and was being the Cooperatives and SME target since they pioneered the business in micro scale and until now, when it has been on a medium scale business, then it becomes the authority of the Provincial Government. It is also supported by UD. Dwi Tunggal and UD. Nikmat Rasa saying that they have increased their performance in terms of, for example: packing, packaging labels, production systems, etc. These are obtained through the participation in regularly attending training organized by the Cooperatives and MSME office which even now it is still running. Mullin[10] stated that the training leads to SME motivation in production and marketing. Maurer [11] stated that the SME improvement through training can be recognized as an important tool to secure the competitive advantage.

### **The Supporting and Inhibiting Factors in the Education and Training Implementation for MSME Empowerment in Lumajang Regency**

The supporting and inhibiting factors in the education and training implementation taken by the Cooperatives and SME Office and Disperindag have been predicted and anticipated by the organizer team. It means that before this training, the Offices have analyzed on the risks. Therefore, it can minimized any shortcomings in this training implementation so that the implementation is effective, creative and profitable for trainees. The use of the budget cost for the empowerment is utilized effectively through training until giving grants. These factors are in line with the research results by Rohmah, etc [12] stating that the supporting factors in empowerment is financial support from the government and business consulting clinics, while the inhibiting factor is the seasonal raw materials and lack of human resources.

The Cooperative and SME Office conducts the monitoring and evaluation on the SME targets. The small business generally as family business unit, has a very limited business network and low ability of market penetration, because the resulting product is very limited and has less competitive quality. It is different to the large business as a solid one and also supported by technology so that it can reach international market and good promotions.

One of the obvious reasons for the increasing number of smaller companies globally is the acceleration caused by the technology transition in the global market [13]. There is resisted technological factor though bigger company can obtain more profits [14]. Moreover, the globalization on communication technology leads to the SME networking, strategic partnerships or alliances between the SME stakeholders, the introduction on new organizational forms, as an SME network, it can be single larger company in the market, so as to achieve market penetration through synchronized business competence [15].

Most of small businesses are traditionally grown and as family businesses. The small businesses have limited human resources both in terms of formal education and knowledge and skills. This greatly affects on the business management, so that businesses will face difficulty to develop optimally. Not only having limited human resources, the business unit is relatively difficult to adopt new technological developments to enhance the product competitiveness.

## **V. Conclusions**

The condition of majority MSMEs in Lumajang is to produce snacks. The empowerment efforts taken by the Government of Lumajang regency are by; (a) Financing, (b) Facility infrastructure, (c) Information

business, (d) Business Licensing, (e) Business opportunities, (f) Trade promotion and institutional support. These are able to affect on the improvement SME quality so that it has the competitiveness in facing the free trade market (globalization) as indicated by the achievement of business scale improvement into small to medium scale enterprises. While the programs taken to increase the SME performance are facility for promotion mean development of production results, organizing entrepreneurship training, SME training craft, training on producing food and beverages products, monitoring on public funds management for SMEs, socialization on support for capital provision information, monitoring on government fund management for small and medium micro enterprises.

The education and training contributions to improve the MSME performance in Lumajang is perceived by some MSMEs. They are able to improve their performance in the form of turnover increase, among others; (a) UD. Burno sari as the Industry and Trade and Cooperatives and MSME office target is now successful in pioneering its business from the micro scale. By the education and training, monitoring, and business equipment provision given by relevant agencies, it is recognized by UD. Burno Sari to bring great changes, namely it has now become a medium-scale enterprises and has moved the authority under the Provincial Government. (b) UD. Dwi Tunggal participated the routine training conducted by the related Department, then it can feel the benefits in terms of improving the quality of packing, production, and sales. Although it is still on a micro scale, UD. Dwi Tunggal can be seen its business development in terms of the sales turnover increase so that it now has a souvenir shop selling typical Lumajang production outputs which formerly the products are only distributed in small stalls. (c) UD. Nikmat Rasa also feels this training contribution. Through the related department, it often conducts marketing through events, fairs, exhibitions, etc. It is also gets the turnover increase.

The supporting factors are (a) the fund availability for education and training to the SME empowerment in Lumajang provided by the local government. (b) existence of facilities, equipment and infrastructure from the local government for the empowerment purposes. (c) the facility in introducing products through exhibitions both inside and outside the region in order to introduce the SME products to other society. (d) the facility for business consulting clinic for the SMEs who are willing to consult on any issues faced such as capital, network marketing, production, and materials. (e) The loan business without collateral and interest.

While the inhibiting factors, are (a) the ingrained culture. Lumajang is famous as strong Javanese culture (*kejawan*) adherents. (b) The majority of production depends on natural products. If the nature does not provide the raw materials, then there is no production. The lack of friction leading to the lack of motivation to increase competition. (c) The lack of competitiveness and society awareness on the importance of business development, so it is less interested at the training invitation organized by related agencies. (d) the lack of *business oriented* awareness. The majority of entrepreneurs only think on their attempt to survive. It is in contrast to those business oriented large-scale enterprises. (e) there is low educational background. Many SME managers have competence as only elementary through high school graduations.

The Regional Government in this case the Cooperatives and SME Office and Industry and Trade Office can equalizing the entrepreneur perception previously as a first step before starting the training and monitoring implementation. This can results in the sustainable training implementation with one same goal. The Regional Government also seems to conduct the socialization on the importance of training taken so that people can understand on the government efforts to reach better prospects in the future. It is not merely to provide theory and practice during the training by the materials given during the training, but sometimes, there are some people who are required to be led, guided, and directed in every step they will take in their business activities. It is also necessary to motivate SMEs by giving description on any SMEs which have been successful as The Office targets and the success process is also described transparently so that they will also interested to follow in the SME successful footsteps and not merely to survive.

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