

Implementation of the business incubation program as an effort to accelerate the improvement of the quality of human resources in small and medium industries

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Article Info

Article history:

Submission: **2023-02-13**

Accepted: **2023-06-15**

Published: **2023-07-02**



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ABSTRACT

This research was conducted with the aim of improving and strengthening the quality of existing Human Resources in developing Small and Medium Industries (IKM), namely in the batik industry in Jatipelem Village, Diwek District, Jombang Regency. This research uses a qualitative approach with a case study method. The main problems found in this study are the absence of special design characteristics for Jatipelem batik, a lack of understanding of the concept of organizational management, a lack of capital for SMEs, the role of batik associations is not optimal, and digital sales are not optimal. The results of the study show that training and mentoring programs are needed in order to improve the quality of existing human resources, which include batik product design training, organizational management training, Business Model Canvas (BMC) training, IKM financial training, and digital marketing training.

Keywords:

human resources; business incubation; small and medium industry

Please cite this article in APA style as:

Riza, M. F., Putra, I. K., Arif, A. B., & Ngindana, R. (2023). Implementation of the Business Incubation Program as an Effort to Accelerate the Improvement of the Quality of Human Resources in Small and Medium Industries. *Jurnal Inovasi Ilmu Sosial dan Politik (JISoP)*, 5(1), 39–46. <https://doi.org/10.33474/jisop.v5i1.19290>

INTRODUCTION

Poverty reduction is an urgent challenge for many countries developed and has attracted the attention of international organizations (Haugh, 2020; Karnani, 2007; Nasution, 2014). That matter is followed by increasingly fierce business competition demanding high competitive ability by economic actors or entrepreneurs, most of whom are

more than 99%. Micro, Small, and Medium Entrepreneurs. Utilizing Human Resources capacity (HR) can be a source of competitive advantage for organizations (Ogunyomi & Bruning, 2016). Therefore, it is necessary to make various efforts to improve the quality of human resources exist to grow and develop entrepreneurship among entrepreneurs reliable as a locomotive for increasing competitiveness, especially through the Business Incubator. This is driven by several factors, including limited employment opportunities, the opening of entrepreneurial opportunities, and the ease of obtaining knowledge about entrepreneurship. Business Incubator is done by collecting potential resources including potential businesses (clients) from the community in business incubator facilities and then provide clients with a variety of business assistance services (Bruneel et al., 2012; Rice & Matthews, 1995). In many things, a strong desire for self-employment is still not supported by quality human resources and management capabilities possessed by prospective new entrepreneurs. Knowledge entrepreneurship acquired while studying in college is still in need many adaptations or adjustments when faced with the real world of business.

Increasing pressure on SMEs can trigger them to implement innovations to remain competitive, especially when the economy is experiencing a downturn (Harris et al., 2016; Muhammad et al., 2010). to solve HR problems that are generally faced by the If you are a new entrepreneur, then business assistance is needed. Accompaniment in general services that can be provided by universities through institutions and Business Incubators that have or provide entrepreneurial assistance functions to train existing human resources for a certain period. One alternative to developing these reliable entrepreneurs is through incubation in general developed by Universities through the Business Incubator Institution. Business Incubation is the process of fostering and training human resources for small businesses or developing new products carried out by business incubators in the provision of business facilities and infrastructure, business development and management, and technology support. Business incubation is an important strategy to encourage entrepreneurship and innovation (Lilai, 2009; Soba et al., 2018; Voisey et al., 2006). At the moment, business incubators are expected to provide a wider range of services and support to business actors to be able to gain access to the financial sector and get relationships with certain institutions and authorities (Redondo-Carretero & Camarero-Izquierdo, 2017). In the era of the new economy, that is an era The economy consists of many interacting and deeply related phenomena realizing the goal, one form of business incubation is SOHO (Small Office Home Office). SOHO is a contemporary business concept that was born because of this development in the fields of technology, telecommunications, and digitization, which can provide convenience for decision-makers from anywhere.

Business Incubation is a demand from the new global economy, which occurs because of rapid and significant changes in technology, telecommunications, and digitization. Research by Redondo-Carretero & Camarero-Izquierdo (2017) reveals that business incubation highlights aspects such as complementary resources shared awareness and values, frequent contact, and psychological commitment, as well as certain specific aspects of relationships that emerge in that context. This change has forced a change in every actor starting from the scale of the country, companies/organizations, and individuals. Apart from that, the presence and existence of a business incubator in the new economy can help create a market mechanism that is persuasive and conducive, because doing business goes through a process of incubation which in turn makes competition an absolute. Pattern creation of new entrepreneurs and fostering small, medium, and cooperative businesses through business incubation is carried out by coaching under one roof (in-wall) and on an ongoing basis coaching outside the roof (out-wall) to support the strengthening of existing human resources. Furthermore, the two patterns are referred to as the model of creation and

incubation business. The first model is classical, namely training activities, and apprenticeships until productive business pioneering is carried out in one building unit. Business incubators too provide training and education services as a way to expand capacity and industry capabilities to support the long-term sustainability of the industry (Lilai, 2009). Onyeje, et al (2022) in their research also found that dimensions of National company policies have a significant effect on the sustainability of SMEs.

In a discussion forum, it was revealed that the development of business incubators in Indonesia is still far behind when compared to neighboring countries such as Malaysia, China, and Vietnam. Most incubators in Indonesia are under management by universities, government, private, and state-owned research institutions. Weaknesses of the incubator in Indonesia lie in inadequate facilities and capacity and competence the managers still need to continue to improve their qualifications through a series of development and strengthening of human resources. Research Sentana et al. (2017) explained that incubators business is not always profitable, especially in the economic aspect due to assistance finance seeking to position new companies in particular innovative location below market value so that they can start their business activities. Besides that, another obstacle that is still felt to be an obstacle is environmental factors that have not been resolved conducive to the growth and development of the incubator, so it still needs an arranged environmental infrastructure that can support the growth of new "babies" just got out of the incubator to stay strong and healthy.

A business incubator is very suitable because it aims to allocate resources human financial resources appropriately to strengthen programs in new industries and can increase competitiveness in the market (Silva et al., 2018). Industry inside the country needs to continue to be supported so that it can grow optimally, especially during the COVID-19 pandemic recently. One industry that needs encouragement is the batik industry Batik is one of the creations of the Indonesian nation which is much admired in various countries country in the world. Batik is also an Indonesian cultural heritage that also moves it community economy. Based on data from the Ministry of Industry, the export value of Batik in the first half of this year reached USD 21.54 million, or the equivalent of Rp. 321 billion and become one of the country's foreign exchange earnings. As per the UNESCO statement on 02 October 2009 that Batik is Indonesia's Original Cultural Heritage, therefore, as citizens Indonesia is obliged to preserve, maintain and make Batik a National Identity. Jombang Regency is one of the batik-producing areas in Indonesia, to be precise in the village Jatipalem, Diwek District has significant potential to become a region that is included in the ranks of the national batik center. This can provide an opportunity enough for industrial business actors in Jombang Regency. Specifically, contributions Incubators for newly created companies should not be seen as an expense but as an investment that will eventually generate returns, due to the allocation of funds public for a well-managed project is bound to generate moderate income and length (Sentana et al., 2017).

In line with the policies of the Central Government, the Jombang Regency Government in Jombang Regency RPJMD 2018-2023, that Jombang Regency has a vision: "Together Creating Jombang with Character and Competitiveness", where one its mission is to Increase Community-Based Regional Economic Competitiveness, Local and Industrial superior potential, so that the roles and functions of the Department of Trade and Jombang Regency Industry as formulator and implementer of policies in the sector Industry and Trade in public services and business development facilitators. Greater support from government policies allows the incubator to have greater resources available to undertake activities to support the incubator (Lin et al., 2012). Therefore, industrial data management must be accommodated properly, so that accurate data can be used as a basis for policy formulation.

The main goal of a business incubator is to support the next generation of companies' innovative and high-quality HR drivers, which can diversify the business structure locally so that it becomes the main tool in local development (Sentana et al., 2017). Practice Effective HR training can impact business performance by creating HR Excellence (Ogunyomi & Bruning, 2016). The facts in the field are that there are still various problems related to existing human resources, which include the absence of special design characteristics for Jatipalem batik, lack of understanding of the concept of organizational management, lack of capital for IKM, lack of maximum role of batik associations, and not optimal sales digital. Therefore, training and mentoring programs are needed in order to improve the quality of existing human resources. This research will investigate the role of business incubators in creating new entrepreneurs who are strong and able to improve the quality of human resources by carrying out various programs in order to support economic growth and entrepreneur competitiveness.

METHOD

This research is a qualitative research with a case study method. The research location used in this research is the Batik Small and Medium Industry (IKM) which is located in Jatipalem Village, Diwek District, Jombang Regency. This study uses data collection methods by interviews and Focus Group Discussion (FGD). Before the research is carried out, the sources will be determined as sources of information. The sources in this study have been determined beforehand, so that the data obtained is directed data. Some of the speakers who will be involved are academics, local governments, business actors, and related private institutions. This focus group discussion (FGD) aims to collect deeper information about concepts, perceptions, and ideas for improving the quality of human resources in supporting the development of competitive local commodities with 10-15 participants from several stakeholders consisting of academia, local government, business actors, and related private institutions. The implementation of this FGD is a process that is expected to reveal real facts after the flood disaster and is further expected to be developed to emphasize aspects of socio-economic recovery, especially the development of competitive local commodities.

RESULT AND DISCUSSION

Data collection was carried out by conducting interviews and Focus Group Discussion (FGD). Several important points have been obtained in the two FGDs which have been held simultaneously. FGDs were conducted directly in each village. The results of the FGD show that programs are needed to improve the quality of human resources. The first is organizational management training which aims to provide an understanding of the batik association about the importance of organizational governance. The second is the Business Model Canvas (BMC) training which aims to enable business actors to understand business processes in developing a batik business, starting from planning, implementing, to evaluating, and understanding the components of BMC. The third is training related to IKM finance which aims to understand business actors in the process of financial management. Fourth is training related to digital marketing which aims to enable businesses to market their products, not only offline or relying on their galleries, but can expand their market share by marketing their products online. The fifth is training on batik product design which aims to enable businesses to produce batik designs that will be used as batik icons for Jatipalem, Jombang.

In order to determine the superior local commodity products, several aspects are needed which form the basis for the analysis of the determination of the commodity and development areas for the superior local commodities. In addition, that all key prerequisites

must be studied for their existence and their interrelationships between each of these prerequisites, because they contain the criteria for determining superior local commodity products for community commodities. Based on the results of the FGDs and the results of the analysis that has been carried out, the criteria for determining these local commodities consist of several criteria, namely the first is resilience to disaster risk. This criterion is intended to determine local commodities that will prevent and reduce disaster risks that may occur in the future. Local commodities not only provide economic benefits but are more important as the main support for disaster risk reduction efforts. The second criterion is based on the potential of local resources. This criterion is related to the total volume/quantity of raw materials to the total raw materials to produce the product.

The greater the portion of local raw materials available, indicating increasing superiority. Local source of raw materials is the main reference. Local wisdom is the power to awaken all the potential of society. The third criterion is having a high opportunity to access the market. Leading business fields must have a clear market today and have bright prospects in the future. Besides that, for the purpose of establishing a development strategy, the existence of a clear market for a local commodity will move the affected community and entrepreneurs to cultivate the commodity commercially. In addition, a market that is clearly linked will be able to direct a certain area (affected by the disaster) to specialize, so that trade between regions will emerge which will eventually become one of the drivers of the economy of the disaster-affected area and the surrounding area. The greater the number of local commodities that will be marketed in an area will show the ability to compete with local commodities affected by the disaster in the market, because the market share of this business sector is getting higher. In connection with the determination of local commodity development strategies, this indicator is very important, whether for promotion, substitution, or maybe just to meet the needs of the affected community at first.

The fourth criterion is to generate high added value. This criterion is calculated based on the annual average growth of affected local commodities in one period. The higher the average local commodity growth, the better the commodity. The fifth criterion is supported by technology and Human Resources (HR) who are ready to bounce back. Technological support and strengthening the quality of human resources who are ready to bounce back in affected areas also determine the superiority of a local commodity. These supporting factors can provide a stimulus for business people to continue to improve their results. Besides that, actors will also become more dynamic in trying, processing results, trading or other activities. The sixth criterion is environmentally friendly, by applying friendly and clean technology to the environment. In the process of producing superior local commodities that are environmentally sound, it will be able to reduce losses or damage to the environment. In areas of production centers that do not cause pollution and environmental damage, it means that negative impact indicators are getting smaller. The seventh criterion is implementing the principles of cooperation with a business orientation. This criterion reflects the importance of cooperation with other parties if we want to develop this field of economic business so that we will not experience difficulties. The eighth criterion is administratively and economically feasible for business development. This criterion is very important, because every pre-eminent local commodity that is determined must be financially and economically feasible so that entrepreneurs or investors and the public are interested in cultivating these superior local commodities. If the selected local commodity has a low feasibility level even though it is a strategic local commodity, then the government must cultivate it. For the country's economy and finances this is not efficient.

Business incubator is an area created to help companies find their footing and designed to promote the initiative entrepreneurship (Redondo-Carretero & Camarero-Izquierdo,

2017). A business incubator can be understood as an organization that supports the development of new companies, especially innovative ones, through consultation, evaluation, and other activities that stimulate the entrepreneurial spirit (Silva et al, 2019). The development of superior IKM local products owned by each area is one of the efforts to increase the self-sufficiency of the community through improving the quality of existing human resources to increase revenue for every household in the area. This is consistent with the purpose of the establishment business incubator proposed by (Panggabean, 2005), namely can developing new businesses and small businesses that have the potential to become independent businesses, to be successful in facing local and international competition. Commodity-superior local products are expected to be a driving force for the community to restart its economic activities and rise from adversity during the COVID-19 that hit this country. To be able to recover the economy during this pandemic, the government is expected to go directly to boost the IKM economy. Especially in during the COVID-19 pandemic, many business actors experienced shocks. Therefore, in realizing superior product commodities must be oriented toward toughness IKM which was designed with the main support from the academic side and the government side for acceleration.

Adaptation in the midst of a pandemic requires assistance and more efficient policies, such as improving the quality of human resources through business incubation programs for batik IKM actors and their supporters. IKM creativity and innovation need to be encouraged through existing HR training. For example by conducting product packaging improvement training, to managing a control data base. Expanding market access through affirmative policies in procurement of goods. The government must prioritize IKM products, as well as provide marketing facilities for business actors. Strengthening the use of digital technology which is currently still weak. This is because SMEs with digital access are only 13-14%. The government must provide education and assistance in the use of electronic commerce (*e-commerce*).

Assistance for local commodity business incubation in the regions must be aligned with central government policies and strategies through the Ministry of Industry and Trade and local government through the support of all relevant stakeholders, especially the Department of Trade and Industry of Jombang Regency. According to Lin et al. (2012) support in market and product development is a key factor in helping incubation. The purpose of this is to help move and consolidating an industry that has so far been relatively weak (Sentana et al., 2017). Local economic development policy through the determination of local commodities This gave rise to new policies that are in line with regional policies and spatial planning. The characteristics of mentoring must appear as an identity that is different from determination of superior local commodities from other institutions. Featured Commodity Products in regions must also be oriented towards increasing the productivity of the surrounding community. Second, its economic activities are oriented towards sustainability, so the community gains added value and are resilient to various challenges.

The existence of resources is a key variable for building relationships between entrepreneurs in business incubators (Redondo-Carretero & Camarero-Izquierdo, 2017). The incubator's ability to develop new services depends on the support of internal and external resource networks (Lin et al, 2012). This criterion will provide the best local commodity mapping according to trusted sources, both from experts, the community, and other relevant stakeholders. One of the criteria for determining regional superior local commodity products is resilience to disaster risk and based on specific local resources. In addition, the number and type will consist of several commodities, so that a screening process for leading business sectors is needed. This process is very useful for early selecting which business fields have superior potential in the activity area. Local Commodities

analyzed are based on the existing potential in the activity area. Apart from regarding the types of local commodity products, the interviews also captured the reasons put forward by relevant officials regarding the selection of local commodity products as the leading local commodities in an area.

The quality of human resources in small and medium industries is a very important thing to pay attention to in running a business. Based on the problems found, several business incubation programs are needed to support the acceleration of improving the quality of human resources, such as organizational management training, business model canvas training, business finance training, digital marketing training, to product design training so that it has its own characteristics. These training programs are carried out in order to improve the quality of existing human resources and improve industrial competitiveness.

CONCLUSION

Based on the research that has been done and the data analysis that has been done, it can be concluded that the human resource strengthening carried out for the Batik Small and Medium Industries (IKM) in Jatipelem Village is by conducting training and strengthening human resources through a business incubation program that has been running optimally with the support academics and government. This can be seen by the output generated from this research activity and can be implemented by business actors. In addition, the optimization of educated Human Resources (HR) is carried out by conducting training and mentoring on aspects related to product development, namely the preparation of promotional content, product design, product philosophy, and business processes in order to support business continuity and effective product development. existed. The development of Jatipelem Batik IKM can also be carried out by strengthening the quality of existing human resources and digitizing the economy while taking into account current and future market needs so that Jatipelem Batik IKM can run in a sustainable manne.

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