

# Optimization

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# OPTIMIZATION OF THE MANAGEMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES IN SURABAYA TO INCREASE SALES VOLUME BASED ON MANAGER SKILLS

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## ABSTRACT

This study aims to determine how to optimize the management of micro, small and medium enterprises in Surabaya based on managerial skills in increasing sales volume, and to determine whether managerial skills are required in managing these businesses. Using a qualitative approach, the data collection techniques used were observation, in-depth interviews, and documentation of 33 micro, small and medium enterprises in Surabaya. From the field notes data reduction was carried out, then the display of the new data was verified to make conclusions. The results of the study found that in managing a business there were two groups, 51.5% of the group wanted to apply managerial skills or use managers in managing their business. The second group is the rest who say that business management does not need to be left to other people, in this case the manager, because fortune is already in control. Management of micro, small and medium enterprises in Surabaya is still not optimal, sales volume still far from the target, the benefits cannot be felt, and business sustainability is also very worrying.

**Key words:** Optimizing the management of micro, small and medium enterprises, increasing sales volume, based on managerial skills.

## BACKGROUND

The contribution of Micro, Small and Medium Enterprises to gross domestic product has increased from 57.84% to 60.34% in the last five years (Ministry of Industry). Referring to the percentage of GDP, it means that there has been an increase in the performance of MSMEs, meaning that there are many opportunities for MSME businessmen in Indonesia to develop their businesses with market choices at home and abroad. However, with a large

population in developing countries, in this case Indonesia, at the same time there is a large market or potential market for micro enterprises in increasing their market share in the country. In everyday language, it is known that any term that is sold in Indonesia can sell.

In the era of globalization where the level of business competition is very high, to win this business competition, creativity and innovation are needed continuously and continuously, besides that there are other

strategies that are no less important, namely strategies in managing business. It takes the right strategy in managing the business so that the company can achieve its goals or at least survive. What is the meaning of large capital, abundant assets and a large market. If a business is not managed properly, it is impossible for the company to achieve its goals. Irfan Nasution, et al (2017) identified the limited knowledge of MSMEs in Medan Denai in professional business management, including: financial management, administration, making offer letters. Prihatminingtyas (2016) Until now, food and beverage entrepreneurs are still facing a complex situation consisting of internal factors, including simple financial resource management, human resources used are still familial, do not have an organizational structure, and external factors. . For this reason, the researcher takes the title optimizing the management of micro, small and medium enterprises to increase sales volume based on manager skills.

## **TEORETICAL REVIEW**

### **Optimalization**

Understanding the concept of optimization according to Siringoringo (2005) says that optimization is the process of finding the best solution, not always the highest profit that can be achieved if the goal

of optimization is to maximize profits; or not always the smallest cost that can be reduced if the goal of optimization is to minimize costs. In terms of village-owned enterprises (BUMDEs) management, optimization is certainly based on maximizing the benefits that can be achieved. There are several elements that need to be identified as optimization problems, namely objectives, alternative decisions and limiting resources. Siringoringo (2005) provides an explanation regarding these three elements as follows.

#### 1. Purpose

Goals can be in the form of maximization or minimization. The maximization form is used when the objective of the optimization is related to profit, revenue, and the like.

#### Shape

minimization will be selected if the optimization objectives relate to cost, time, distance and the like

#### 2. Alternative Decisions

Decisions must be made as to the alternative decisions provided.

The decision maker is faced with several options provided <sup>5</sup> to achieve the goals set.

The available decision alternatives are of course alternatives

use the limited resources of the decision maker. Alternative decisions are activities or activities carried out to achieve goals.

#### 3. Limiting Resources

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Resources are sacrifices that must be made to achieve the goals set. The availability of these resources is limited. This limited resource causes the need for an optimization process. Resources can be in the form of raw materials, production facilities for human working hours (labor), capital, market share, government regulations, and others. Afifa Rachmanda Filya (2018), in his research entitled Village-Owned Enterprises (BUMDes) in increasing Village income (PADes) in Bojonegoro sub-district, it is necessary to optimize village-owned enterprises management in increasing village income, so that goals can be achieved. The results showed that the management of village-owned enterprises has been running well but is still not optimal, because several indicators have not been met, namely labor, capital, market share, accountability and increased profit / loss.

#### Business management

**Business Management Functions** The company has a management system, where in the management system there are four functions, namely according to Robbins & Coulter (2016), the management function consists of: Planning, which is the process of determining the goals, strategies, and policies needed to achieve goals, Organizing, namely the process of dividing tasks, powers and resources among

organizational members to achieve certain goals,

**Actuating**, namely the process of motivating, guiding, and directing employees in order to achieve goals, **Controlling**, which is a management function that deals with procedures for measuring performance results against company goals.

In addition, good management is also seen from several factors identified in the company's internal environment (David, 2009), among others

1. **Human Resources**, which is a process for obtaining, training, assessing, and providing compensation to employees, as well as paying attention to work relations with employees.

2. **Finance**, namely investment decisions and financing decisions,

3. **Production and Operations**, namely all activities that convert inputs into goods and services,

4. **Marketing**, namely the process of defining, anticipating, creating, and fulfilling the needs and desires of consumers for products and services. Indriastuti (2009), Entrepreneurs who are able to maintain and develop their business are entrepreneurs who are able to manage their business well. Good business management is a skill and skill in handling and organizing activities neatly including planning, organizing,

implementing and controlling. Setiaji, Jonathan Paramasatya (2013) results of his research on the management and development of a bread processing business at PT XYZ in Depok found that the company had good business management. And has strength in the quality of its products. However, the weakness lies in the management of its workforce. The opportunity the company has is the existence of a very wide market share and the threats it has are the existence of substitute goods and the company's business competitors. Eko Suyono. (2018). MSME owners in Banyumas have a high awareness of the importance of implementing strategic planning, decision making, and evaluation and control to manage their business. However, there are some disadvantages that MSMEs face in doing so such as a low understanding of these issues due to the low education level of MSME owners and limited resources. Meanwhile, Ay Ling (2013), in her research, describes business management, analyzes the internal and external environment, and plans business development at the Palem Asri Restaurant, found that internal environmental management is already running well in terms of human resources, financial aspects, and aspects. production and operations, while in the analysis of the external environment it

shows that Palem Asri Restaurant has a weak competitive position because it does not have product differentiation.

### **Sales Volume**

According to Kotler & Keller (2012): 68), sales volume is an item that is sold in the form of money for a certain period of time and has a good service strategy. According to Swastha and Irawan (2008), there are indicators in sales volume, namely:

1. Achieving sales volume A company must have a good marketing strategy to be able to market its products to the public, a good and mature strategy is useful for achieving sales targets. The company's ability to sell its products determines the success and level of sales achieved by the company.
2. To get a certain profit, the company must have the ability to get a large profit so that investors can invest. Investments made by investors are useful for expanding the company's business. This must be done by the company to be able to achieve the profit target so that the company gets a significant profit.
3. Supporting company growth, the company has the ability to sell products that can increase sales volume.

This is useful for companies in support

1. company growth. So that the sustainability of the company can survive in

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the midst of competition between companies.

#### Factors Affecting Sales Volume

The factors that affect sales volume according to Swastha and Irawan (2008) are as follows:

1. The conditions and abilities of the seller, the conditions and abilities consist of understanding several important issues related to the product being sold, the number and nature of the salesperson are:

a. Types and characteristics of the goods or services offered

b. The price of a product or service

c. Terms of sale, such as: payment, delivery

2. Market Conditions The market affects activities in sales transactions either as a group of buyers or sellers. Market conditions are influenced by several factors, namely: the type of market, group of buyers, purchasing power, frequency of purchase and their wants and needs.

3. Capital A company must be able to introduce its company's products so that it can be recognized by the public. Introducing a product requires means and efforts, such as: a means of transportation, a place of association both inside and outside.

1. Company, promotional efforts and so on. All of this can only be done if the seller has sufficient capital.

2. Organizational conditions The company, in large companies, usually this sales problem is handled by a separate section, namely the sales department which is held by people who are experts in the field of sales.

3. Other factors, such as advertising, demonstrations, campaigns, and gifts often affect sales because it is hoped that by these factors the buyer will return to buy the same goods again.

#### Manager Skills

According to Robbins & Coulter (2016), a manager is someone who coordinates and supervises the work of others so that organizational goals can be achieved. The manager's job is to try to help others complete their tasks well. Can take the form of coordination of the work of a group of certain departments within the company, it can also be in the form of supervising the work of certain individuals. Managerial action can involve the activities of groups of people from different departments within the company or even people from outside the organization. A manager can be under 18 years old to over 80 years old

In a business, managers are needed, the reason why managers are important according to Robbins & Coulter (2016), is: Organizations need their managerial skills and abilities more than ever before at

uncertain, complex, and chaotic times. Managers play an important role in completing work so that a manager must have skills. Every manager needs three basic skills, namely:

a. Technical skills are knowledge and techniques related to a specific job required to be able to carry out and complete the job properly.

b. Human relations skills, namely the ability to work well with others, both individually and in groups.

c. Conceptual skills are to think and understand things that are absurd and complex

#### Micro small and Medium Enterprises

The definition of MSMEs according to Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises is:

a. Micro Business is a productive business owned by an individual or individual business entity which has a net worth of not more than IDR 50,000,000, excluding land and buildings for business premises, or has annual sales proceeds of a maximum of IDR 300,000,000.00.

b. Small Business is a productive economic business that stands alone, which is carried out by an individual or a business entity that is not a subsidiary or branch of a company that is owned, controlled, or is a part, either directly or indirectly, of a medium or large

business having net assets. more than Rp.50,000,000.00 - Rp.500,000,000.00 excluding land and buildings for business premises; or have annual sales of more than IDR 300,000,000.00 - IDR 2,500,000,000.00

c. Medium Business is a productive economic business that stands alone, which is carried out by an individual or a business entity that is not a subsidiary or branch of a company that is owned, controlled, or directly part of or indirectly with small businesses or large businesses with total net assets of more than Rp. 500,000,000.00 - Rp. 10,000,000,000.00, excluding land and buildings for business premises; or have annual sales revenue of more than IDR 2,500,000,000.00 - IDR 50,000,000,000.00.

## RESEARCH METHODS

This research is a descriptive qualitative research, the data collection techniques used are observation, in-depth interviews, and documentation of 33 micro, small and medium enterprises in Surabaya.

The data collected by researchers will be analyzed using qualitative data analysis techniques. The information obtained from the informants will be processed by examining all data from various sources,

then reducing the data, the next step is to understand what happened, a data display is carried out, then verification of the data to make conclusions in the form of findings.

## ANALYSIS and CONCLUSION

Tabel 1  
Depth Interview Results

No	Name of MSME	Amount of Workers	Amount of Branch	Managed by Managers	Self Managed
1	Pomade	<10	0	Yes	
2	Bakpao	>10	>10	Yes	
3	Takoyaki	<10	0		Yes
4	Kedai	<10	0	Yes	
5	Lapak jajanan	<10	0		Yes
6	Air isi ulang	<10	0	Yes	
7	Inokam	<10	0	Yes	
8	UD	25	0		Yes
9	Bakery	11	0		Yes
10	Sepatu	<10	0	Yes	
12	Mr Juice	<10	0	Yes	
13	Rambak	<10	0	Yes	
14	Fish Design	<10	0	Yes	
15	UD lumbung	<10	10	Yes	
16	UD Laju	10	0		Yes
17	UD Family	<10	0		Yes
18	Keripik	<10	4	Yes	
19	Istana roti	<10	0		Yes
20	CV bakso	>10	4	Yes	
21	Sandal jepit	17	4	Yes	
22	Bakso tusuk	<10	0	Yes	

23	Warkop	<10	0	Yes	
24	laundry	<10	0	Yes	
25	Cuci sepatu	<10	0		Yes
26	Pia	<10	0		Yes
27	UD Konveksi	40	0		Yes
28	Cookies	25	0		Yes
28	Camilan	<10	0		Yes
29	Border	<10	0		Yes
30	Hijab	<10	0		Yes
31	Frozen food	<10	0		Yes
32	Warkop mbok	15	0	Ya	
33	Collection	<10	0		Ya

Source : Interview

Table 1 is the results of in-depth interviews conducted on 33 MSMEs in the city of Surabaya, related to the optimization of business management by a manager.

From the interview results obtained information from 33 MSMEs in Surabaya 51.5% of MSMEs want to apply managerial skills in business management, meaning that from 33 MSMEs, 17 of them want to manage their business under the management of a manager when their business develops later, the reasons are:

First, they do not fully understand how to manage a growing business so they prefer to leave it to managers to manage their business.

The second reason is that managers are considered to understand their work so that they can manage their business optimally which in turn can increase their sales



volume, which according to Swastha and Irawan (2008) can be seen from achieving sales volume, getting certain profits, and supporting company growth. In other words, the success or failure of a business depends on the manager, namely the manager, because managers work using the skills they have. <sup>1</sup> This is in line with the results of research by Afifa Rachmanda Filya (2018), that in increasing village income in Bojonegoro sub-district, it is necessary to optimize village-owned enterprises management in increasing village income so that goals can be achieved. In line with Eko Suyono. (2018). <sup>7</sup> strategic planning, decision making, and evaluation and control are very important for managing MSME businesses. Ay Ling (2013), describes business management by analyzing the internal environment and the external environment. Paramasatya (2013) states that the management and development of the bread processing business at PT XYZ has good business management. The third reason that was obtained from the results of the interview was that a manager had high education, certainly had many relationships, and also mastered the latest technology so that it would be successful if the company was managed by a manager. The fourth reason is that business owners do not need to

be tired in thinking about the progress of their business.

<sup>1</sup> From the results of the interview it can also be seen that the management of micro and small businesses can be said to be not optimal, that is, the sales volume is still far from the target, being able to go home is good even though sometimes you can also make a profit, and the business can survive until now is happy This refers to the results of research by Swastha and Irawan (2008) which <sup>5</sup> can be seen from the achievement of sales volume, obtaining certain profits, and supporting company growth.

On the other hand, 48.5% of MSME or 16 MSMEs will manage their own business even if the company grows bigger, it will be managed based on their own <sup>1</sup> knowledge. From the results of the interview They give reasons that if the business is handed over to others as managers or managed by using managerial <sup>19</sup> skills, namely technical skills, human relations skills, and conceptual skills, Robbins & Coulter (2016), they prefer to manage in moderation by themselves. If the business is handed over by someone else, namely the manager, they are worried that they will be cheated from within, there have been many instances that the company's destruction is caused by dishonesty in managing the business by the manager himself, for example, his money is

taken away, theft of finances or merchandise, theft of customer data, so it's not being successful instead of reaping failure. They also want to have the freedom to control their own business, and have the belief that fortune is already in control, so they don't need to work hard.

## 5 CONCLUSION and SUGGESTION

The conclusions in this study are:

1. There are two opinions regarding the Management of Micro and Small Enterprises in Surabaya, the first is the opinion that wants to apply manager skills or use managers in managing their business if the business develops later. Second, the opinion that says that business management does not need to be left to others, in this case is the manager, even though the business becomes large, it will still be managed independently because fortune is already regulated. The management of micro and small businesses in Surabaya is still not optimal, which can be seen from the sales volume cannot be felt, profits are still far from the target, and business sustainability is also very worrying.
2. 51.5% Small and medium enterprises want their business to be managed by a manager who has managerial skills such as technical skills, human relations skills, and conceptual skills.

Suggestion

Education and training are needed regarding proper business management for micro and small entrepreneurs in Surabaya so that they can manage their business optimally

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