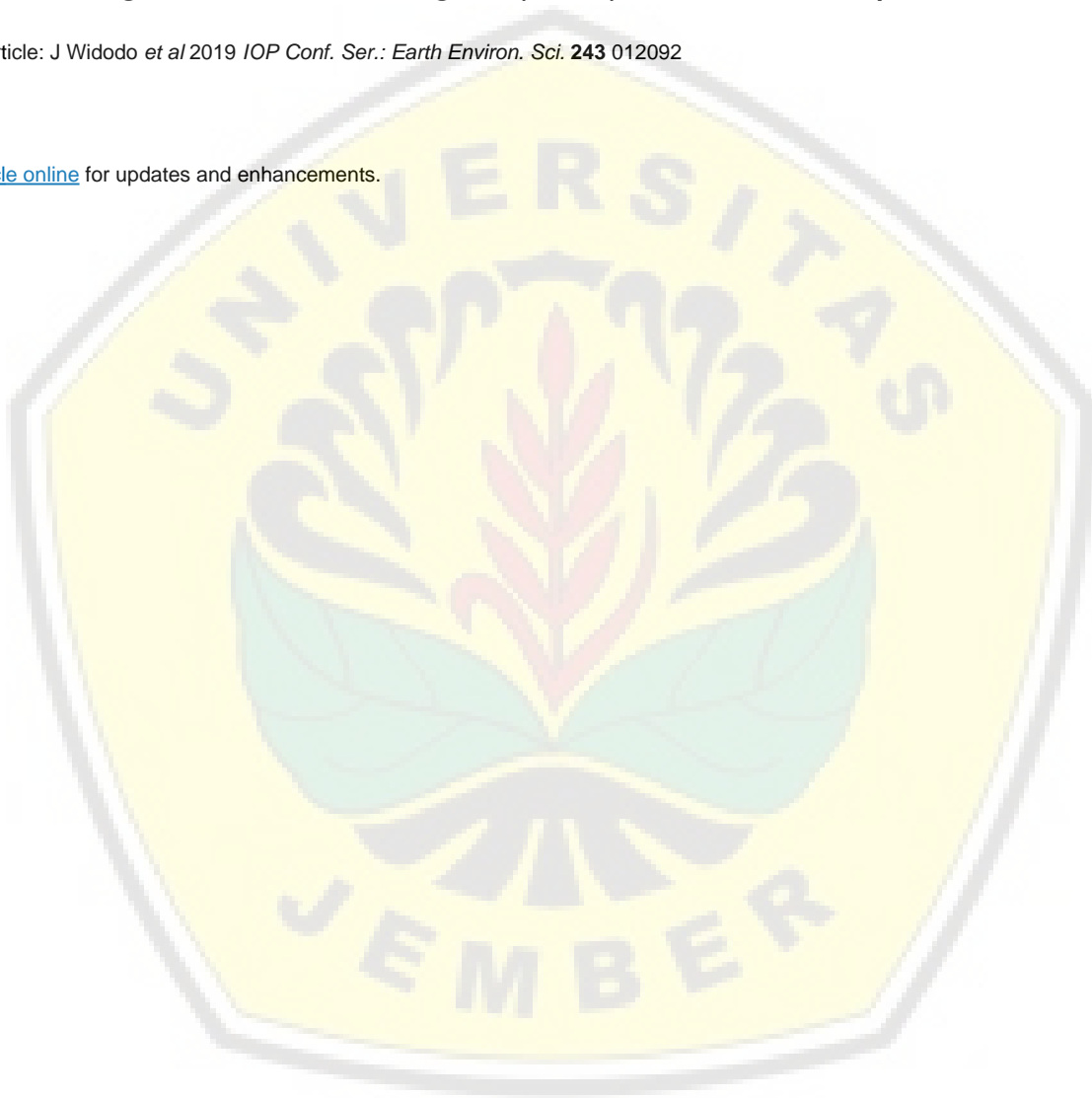


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# The Analysis of Micro, Small, and Medium Enterprises (MSMEs) development through external facilitation and internal potential on former workers of Sigaret Kretek Tangan (SKT) PT. HM Sampoerna Jember

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**Abstract:** The Micro, Small, and Medium Enterprises (MSMEs) have a strategic role in promoting economic growth and reducing unemployment in a country. This very strategic structure of this informal sector makes MSMEs as one of alternatives for moral responsibility in restructuring the *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember, which was officially closed in 2014. To encourage the development of its business, the facilities from external factors and internal potential have a very important role. The purpose of this study is to find out how the development of MSMEs through the facilitation of the external parties and the internal potential of the *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember; knowing the facilitation of external parties and the internal potential of the former workers of the *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember in running MSMEs; find out how the constraints faced by MSMEs former workers of the *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember in carrying out its business. The type of research used in this study is descriptive research with a qualitative approach. The data analysis in this study was carried out in four stages, which consisted of data collection, data reduction, data presentation, and conclusion drawing. The results of the study showed that the internal developments of MSMEs of the former workers are: the efforts to innovate production, the efforts to procure capital, the expansion of network marketing efforts, procure production facilities and infrastructure. While external development is carried out with the help of both related agencies such as Jember: Industry and Trade Service (Disperindag) and Cooperatives Small and Medium Enterprises Service (Dinkop UMKM) an extension of the government or from the Association of MSMEs in the Jember regency or at the provincial level, such as granting access to MSMEs to capital resources, providing guidance and training, increasing product promotion, expanding product marketing, providing facilities and infrastructure. On the other hand, in the development of MSMEs, the former workers of The *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember also faces obstacles, including unstable raw material prices, limited quality of human resources, limited capital and lack of facilities and infrastructure.

## 1. Introduction

Micro, Small and Medium Enterprises (MSMEs) are small-scale business categories which are believed to be able to contribute the Indonesian economy, especially during the economic crisis that occurred in the period 1998 to the 2000s. MSMEs are considered capable of surviving a crisis where dozens of large companies experience bankruptcy [1].

Therefore, the existence of MSMEs cannot be eliminated or avoided from the current nation's society because its existence is very useful regarding distributing people's income. Also, it is also able to create creativity that is in line with efforts to maintain and develop the elements of tradition and culture of the local community. On the other hand, MSMEs can absorb labor on a large scale gave the large population of Indonesia so that this can reduce the unemployment rate [2]. From this, it can be seen that the existence of labor-intensive MSMEs, using simple and easy-to-understand technology can become a forum for the community to work (www.smeccda.com). The program for developing Micro, Small and Medium Enterprises (MSMEs) as one of the instruments to increase people's



purchasing power will ultimately become a safety valve from a monetary crisis. The development of MSMEs is very strategic in driving the national economy, considering that its business activities cover almost all business fields so that the contribution of MSMEs becomes very large for increasing income [3].

When the global crisis in 2008, MSMEs were able to survive again. [4] stated that SMEs proved to be resistant to the crisis and were able to survive because they did not have foreign debt, not much debt to banks because they were considered *unbankable*, using local input, and export-oriented. According [5] the causes of MSMEs can survive and tend to increase in number during times of crisis, namely because: first, most MSMEs use their capital and do not get capital from banks. The implications of the crisis in the banking sector and rising interest rates did not affect MSMEs. Secondly, with the prolonged economic crisis causing the formal sector to lay off many workers, so the unemployed enter the informal sector by conducting small-scale business activities. As a result, the number of MSMEs increases. Thus, the contribution of MSMEs in national economic development is to participate in increasing state revenues [5].

There are at least four main aspects which are the reasons why MSMEs have a strategic role, namely: a) managerial aspects, which include: increasing productivity / turnover / utilization level / occupancy rate, improving marketing capabilities and human resource development ; b) capital aspects, which include: capital assistance (1-5% allowance for BUMN profits and the obligation to distribute loans to small businesses at a minimum of 20%) from the bank's loan portfolio and ease of credit; c) development of partnership programs with large businesses through the system. It is like the *Bapak-Anak Angkat*, PIR, forward linkage, backward linkage, venture capital, or subcontracting; d) development of a system of small industrial centers in an area whether in the form of PIK (Small Industrial Settlement), LIK (Small Industry Environment), SUIK (Facility for Small Industrial Businesses) supported by UPT (Technical Service Unit) and TPI (Industrial Extension Workers); e) coaching for certain business fields and regions through KUB (Joint Business Group), Kopinkra (Small Industry and Craft Cooperatives) [6].

Also, to have an important role in absorbing labor, micro and small businesses, micro and small businesses also mediate the process of industrialization of a country. Anderson [7] built a typology for the stages of industrialization of a country. The link between UMK and its big efforts supports the theory of *Flexible Specialization* that developed in the 1980s. This theory opposes Anderson's theory which is pessimistic in predicting that micro and small businesses are increasingly disappearing as economic development progresses. However, according to the theory of Flexible Specialization, it is assumed that micro and small businesses are increasingly important in the process of increasingly advanced economic development [8].

The development of micro and small businesses in Indonesia could not be separated from various kinds of problems. The level of intensity and nature of these problems cannot differ not only according to the type of product or market served, but also varies between regions or locations, among centers, among sectors or subsectors or types of activities, and business units in activities or sectors that same. Besides that, the problems that are often faced by micro and small businesses include: 1) marketing difficulties, 2) financial limitations, 3) limitations of Human Resources, 4) raw material problems, and 5) technological limitations [9].

Further, to meet these capital requirements, MSMEs at least face four problems, namely: a) the low or limited access of MSEs to various information, services, financial facilities provided by formal finance, both banks and non-banks such as BUMN, venture funds; b) banking procedures and requirements that are too complicated so that the loans obtained do not meet the needs in terms of quantity or time, most banks still place material collateral as one of the requirements and tend to override business feasibility; c) the interest rate charged is felt to be still high; d) lack of guidance, especially in financial management, such as financial planning, preparation of proposals and so on [3]. Other problems faced by MSMEs can be internal or external. Internally the constraints of micro and small businesses are capital, technology, market access, limited management, and limited human resources and information. While external factors are government policies that do not support micro and small businesses such as monopolistic practices and protection of several large industries. So that, in addition to internal factors, external factors are also important supporting factors in efforts to develop MSMEs.



The very strategic structure of this informal sector makes UMKM an alternative form of moral responsibility from the restructuring of The *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember which was officially closed on May 31, 2014. PT. HM Sampoerna, supported by several parties, provided entrepreneurship training to 4,900 affected employees in Jember and Lumajang (Kompas.com 05/16/2014, 22:51 WIB)<sup>2</sup>. This was done in the hope that former affected employees would gain new expertise in finding other sources of income. In his statement, the Corporate Secretary of PT. HM Sampoerna Maharani Subandhi in Surabaya, Friday (05/16/2014)05/16/2014 (Kompas.com, 22:51 WIB) explained that for affected employees a training program consisting of sessions were provided, motivation, financial management, and vocational training.

Based on our initial interviews with former workers of PT HM Sampoerna, in addition to the support of PT HM Sampoerna Jember, there were also many supports and assistance from various parties that continued on an ongoing basis even today, including from the regional government and related agencies, such as the *Dinas Perindustrian dan Perdagangan Kabupaten Jember*, *Dinas Koperasi Usaha Kecil dan Menengah*, and so on.

In Chapter I of Article 1 of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), what is meant by Micro, Small and Medium Enterprises is: a) Micro-businesses are productive businesses owned by individuals and/or business entities individuals who meet the criteria of Micro Enterprises as stipulated in this Law; b) Small-scale business is a stand-alone productive economic enterprise, carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part of either directly or indirectly from Medium or Large Businesses that fulfill criteria for Small Businesses as referred to in this Law. c) Medium Business is a productive economic enterprise that is independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with Small Businesses or Large Businesses with total wealth net or annual sales proceeds as stipulated in this Act.

Based on the definition above, in essence, Micro, Small and Medium Enterprises is a form of productive economic business carried out by individuals or individual business entities that meet the criteria of Micro, Small and Medium Enterprises. While the development of Micro, Small and Medium Enterprises (MSMEs) HR As Article 19 of Law No. 20 of 2008 concerning MSMEs, development in the field of human resources as referred to in Article 16 paragraph (1) letter c is carried out by a. socialize and empower entrepreneurship; b. Improve technical and managerial skills; and c. Establish and develop educational and training institutions to conduct education, training, counseling, motivation and business creativity, and the creation of new entrepreneurs. Of the three aspects, it means that human resources are the most important subjects in the development of Micro, Small and Medium Enterprises to create independent entrepreneurs from the community. Therefore, the community needs to be empowered to improve the quality of human resources so that it can affect the quality of products produced to improve the economy of the community for the welfare of society.

The MSMEs themselves as internal parties developed, should indeed be able to swing steps together with the Government because the potential they have can create business creativity by utilizing the facilities provided by the government. This also serves as a solution for MSMEs who in the course of their business will certainly face several obstacles. The most basic problems faced by MSME actors include, human resources that lack knowledge and skills in developing their businesses have capital problems, lack of facilities and infrastructure, and lack of access to product marketing. These are some of the problems that need help from external parties. With facilities from external parties will be able to encourage MSMEs to be able to walk.

This is the background of our research, which is to find out the development of Micro, Small and Medium Enterprises (MSMEs) through, Facilitation of External and Internal Potentials at former *Sigaret Kretek Tangan* (SKT) workers of PT. HM Sampoerna Jember with the specific purpose of knowing how the development of Micro, Small and Medium Enterprises (MSMEs) through the facilitation of external parties and the internal potential of the former *Sigaret Kretek Tangan* (SKT) of PT. HM Sampoerna Jember; knowing the facilitation of external parties and the internal potential of the former *Sigaret Kretek Tangan* (SKT) worker of PT. HM Sampoerna Jember in running Micro, Small and Medium Enterprises (MSMEs); find out how the constraints faced by Micro, Small and Medium Enterprises (MSMEs) former *Sigaret Kretek Tangan* (SKT) workers of PT. HM Sampoerna Jember in carrying out its business.

## 2. Methods

The type of research used in this study is descriptive research with a qualitative approach. Whereas the focus of this study is:

1. Development of Micro, Small and Medium Enterprises (MSMEs) through the facilitation of external parties and internal potential of former *Sigaret Kretek Tangan* (SKT) workers of PT. HM Sampoerna Jember.
2. Development of Micro, Small and Medium Enterprises (MSMEs) through the facilitation of external parties and internal parties in the former *Sigaret Kretek Tangan* (SKT) workers of PT. Sampoerna Jember HM which includes:
  - a. Internal development of business groups, including 1) Procurement of capital. 2) Production innovation 3) Expansion of marketing networks 4) Procurement of production facilities and infrastructure.
  - b. Development externally with assistance from related parties, including 1) Providing access to MSMEs to capital sources 2) Procurement of training and training 3) Increasing product promotion 4) Expanding product marketing 5) Provision of facilities and infrastructure
3. Constraints faced by Micro, Small and Medium Enterprises (MSMEs) former *Sigaret Kretek Tangan* (SKT) workers of PT. HM Sampoerna Jember in carrying out its business, which includes:
  - a. Limited human resources; b. Having capital problems; c. Lack of facilities and infrastructure; and d. Lack of access to product marketing.

While the data analysis in this study was carried out in four stages, this was by the opinions of Miles and Huberman [8]:

1. Data collection is the process of collecting data used to support research results.
2. Data reduction is the selection process, focusing on simplification, rough data transformation that emerges from field notes.
3. Presentation of data is the act of presenting a set of information in the form of narrative texts that are assisted by metrics, graphs, networks, tables, and charts that aim to sharpen the understanding of the researcher towards the information obtained.
4. Withdrawal of conclusions is to look for meanings, patterns, explanations, possible configurations, paths of cause and effect, and propositions. Drawing conclusions are done carefully by verifying in the form of a review of field notes so that the existing data is validated.

## 3. Results and Discussion

### 3.1 Development of Micro, Small and Medium Enterprises (MSMEs) Ex-*Sigaret Kretek Tangan* (SKT) Workers PT. Sampoerna Jember HM

On May 31, 2014, *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember which was officially closed. As a result of factory restructuring, PT. HM Sampoerna, thousands of employees were forced to be affected by layoffs. According to the information from the informant, there was no prior notification from the company, at the beginning of May 2014 the company suddenly gave holidays to all employees for three days. When actively working again, the employees found that the factory was empty and all the equipment was gone. The company explained that there was a decline in the marketing of *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna. These conditions have an impact on the stability of the company, so the company is declared bankrupt.

Before the restructuring, *Sigaret Kretek Tangan* (SKT) of PT. HM Sampoerna Jember has been operating for one year four months. In the first year, the salary for employees was Rp. 35,000 / day paid once a week. So, the average income of employees per month is around Rp. 1,000,000. In the 12th month, employee salaries rose to Rp. 1,350,000, (UMK Jember). In the event of a layoff, the company is fully responsible for providing severance pay of Rp. 9,000,000, - for employees (both those that have been fixed or those that are still training) and more than Rp. 10,000,000 for leader. In addition to severance pay, as a form of responsibility the company also seeks to prepare its employees to be more independent and still be able to earn income after not working at PT. HM Sampoerna Jember again. The effort was made by cooperating with the Department of Industry and Trade Jember and Jember State Polytechnic to provide training in product manufacturing to all former employees. The hope of the company is for the ex-employees to get new expertise in finding other sources of income, one of which is by opening MSMEs.

The training program carried out there are two stages in each stage with a duration of 3 days, which consists of motivational sessions, financial management, and vocational training. The training program was phase 1 attended by around 4,000 ex-employees. In phase 1 training, all employees received assistance in the form of a multipurpose blender and pan. Whereas in the training program phase 2 was followed by 97 group leaders with the help of 97 tools with prices per tool ranging from Rp. 20,000,000, - Rp. 42,000,000 and capital per group of Rp. 700,000. In phase 2 training there were seven fields of products being trained, including 1) tofu field, 2) fruit juice field, 3) meatball field, 4) dodol field, 5) bakery field, 6) banana chip field, 7) chip field fruit (with processing using a vacuum).

At the beginning after the training ended, out of 97, these groups tried to apply the results of the training by opening a business by producing according to the course. But after four years running, in 2018 not all of the 97 groups survived to become entrepreneurs. Only about 20% survive. There are many obstacles and challenges that occur in most groups choosing not to continue to become MSMEs. They prefer to work in other places or prefer to become housewives without entrepreneurial activities. For groups that do not continue their business, the tools obtained by the average group are kept.

Ex-employee of *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna, which has survived its entrepreneurial movement by opening UMKM to date, is inseparable from the support of external parties and internal potential. They also make maximum efforts for self-potential self-development, one of which is by joining several MSME Communities / Associations in Jember Regency. The Association data, which was followed by MSMEs, former employees of PT. HM Sampoerna Jember includes:

- a. KSM: *Komunitas Sejahtera Mandiri*
- b. BEDO: Business dan Export Development Organization
- c. JAK: *Jember Aku Mandiri Kreatif*
- d. JEKA: *Jember Ekonomi Kreatif*
- e. Asosiasi UMKM Jatim

Through the association forum, it is easier for MSMEs former employees of PT. HM Sampoerna Jember to encourage internal potential as well as communicate with related agencies as a driver of external factors including the Office of Industry and Trade Jember and from the Cooperative and UMKM Office of Jember Regency.

### *3.2 Development of Micro, Small and Medium Enterprises (MSMEs) Through Facilitation of External and Internal Potentials in Micro, Small and Medium Enterprises (MSMEs) Ex-Sigaret Kretek Tangan (SKT) workers PT. HM Sampoerna Jember*

Micro, Small and Medium Enterprises (MSME) Ex-Sigaret Kretek Tangan (SKT) workers PT. HM Sampoerna Jember UMKM is a potential business, besides the absorption of unemployed people in the Jember area also has a positive value for the development of economics in Indonesia, especially for Jember Regency. So, in its implementation, it needs to be optimized and re-explored the existing potentials to increase the economic development of the community. This development will, of course, be better developed with the support of the government in providing facilities needed to support the implementation and progress of the business carried out to produce good quality products so that it can compete with the international market.

### *3.3 Internal Development*

The potential and development carried out by Micro, Small, and Medium Enterprises (MSMEs) Ex-Sigaret Kretek Tangan (SKT) workers PT. HM Sampoerna Jember, consisting of:

- a. Production Results Innovation Efforts

To attract the interest of MSMEs, former *Sigaret Kretek Tangan* (SKT) workers PT. HM Sampoerna Jember innovates its products by diversifying its products and by exploring the potential of superior products in Jember Regency. This is so that MSMEs can expand market share and can increase interest from consumers to buy their products.



b. The Capital Procurement Efforts

Majority of MSMEs Existing *Sigaret Kretek Tangan* (SKT) workers PT. HM Sampoerna Jember besides using the initial assistance capital from PT. HM Sampoerna Jember, they also started their business by using capital with their savings.

c. Marketing Network Expansion Efforts

As an effort to expand the marketing network, MSMEs Ex-*Sigaret Kretek Tangan* (SKT) workers PT. HM Sampoerna Jember has used the internet as a means of marketing its products with training provided by the Department of Industry and Trade, Jember and from the Cooperative and UMKM Office of Jember Regency. Also, they are trying to establish cooperation with several Jember souvenir centers and shops in the Jember area. From there the marketing network expanded to other cities.

d. Procurement of Production Facilities and Infrastructure

At the beginning of opening a UMKM business etc. *Sigaret Kretek Tangan* (SKT) Workers PT. HM Sampoerna Jember the tools used as a production process are obtained apart from the assistance of PT. HM Sampoerna Jember, entrepreneurs also procured their production facilities and infrastructure.

### 3.4 External Development

Development is carried out with the help of both related agencies such as the Office of Industry and Trade Jember and from the Department of Cooperatives and MSMEs of Jember Regency as an extension of the government or from the Association of MSMEs in the Regency. Jember or at the Provincial level. The role of external parties in developing Micro, Small and Medium Enterprises (MSMEs) is indeed very necessary. Because MSMEs are one of the potential businesses to improve the economy and improve people's welfare. So it is necessary to empower both regarding human resources to the procurement of facilities and infrastructure [10].

Also, there are many benefits from the presence of MSMEs, which can absorb a lot of labor and reduce unemployment. During the past four years, external parties have existed in encouraging and trying to help overcome the problems that occur in the development of MSME Ex-*Sigaret Kretek Tangan* (SKT) workers PT. HM Sampoerna Jember is good regarding capital, production and processing, marketing, human resources, and design and technology.

The following is an explanation of the support from external parties on the development of MSMEs that are carried out continuously.

a. Giving access to MSMEs to Capital Resources

Micro, Small and Medium Enterprises generally rely on their capital in carrying out their business, and sometimes they are trapped with the attachment of moneylenders given the low accessibility of formal financing sources. Regarding granting access to UMKM funding sources, former *Sigaret Kretek Tangan* (SKT) workers PT. HM Sampoerna Jember, received initial capital support from PT. HM Sampoerna Jember. While for the next development stage, support is obtained from the JAK Association: Jember I am Mandiri Kreatif. With terms that are relatively easier, unsecured loans up to Rp. 25,000,000, - with a relatively small interest of 0.1%. With the availability of facilities to support the capital, MSMEs of former *Sigaret Kretek Tangan* (SKT) workers from PT. HM Sampoerna Jember is more empowered in its business development efforts.

b. Procurement of Guidance and Training

Guidance and training are mostly carried out by the Office of Industry and Trade Jember and from the Cooperative and UMKM Office of Jember Regency. This is done as a form of empowerment as a motivation or encouragement for the community to hone their skills and can make provision of knowledge and skills for people who want to open their own business, for MSMEs in developing their business, and provide an overview of solutions to problems faced by MSMEs. The training is carried out starting from the production and processing, marketing, human resources, design and technology, ways of managing PIRT, SIUP, MUI Halal Certification, and others related to business development of MSMEs. In the MSME training forum, it can be consulted about constraints in the development of its business or regarding plans or development of the business it is running. Procurement of training and training from external parties is very important because it is useful to provide knowledge and skills in developing the business it runs and as a provision for MSMEs to deal with the many obstacles

and obstacles experienced. Thus, there is a significant increase in the provision of knowledge and skills to manage.

c. Increased Product Promotion

To increase the Association's MSME products supported by the Department of Industry and Trade Jember and from the Department of Cooperatives and MSMEs in Jember Regency have a support program. In this case, the promotion of product promotion carried out by the relevant offices is in the form of activities such as bazaars or exhibitions of products from MSMEs held in several public places and on the special agendas of the Regional Government and agencies in its ranks. Also, this activity is usually held outside the city such as in Surabaya. This activity also collaborates with the East Java provincial government to facilitate a region in cooperating with other provinces. Office of Industry and Trade Jember and from the Department of Cooperatives and MSMEs of Jember Regency, in this case, carry out routine product promotion activities every year with different locations. With the diversity of locations and participants of MSMEs from all corners of Indonesia, it is useful to expand the marketing network of MSMEs to the international level.

d. Expansion of Product Marketing

Efforts to expand the marketing of MSME products in Jember is carried out in several ways, including the efforts made by the Association supported by the Department of Industry and Trade Jember and from the Cooperative and UMKM Service of Jember Regency by maximizing both offline and online marketing. The associations and related agencies provide facilities in product marketing, namely by holding product promotion activities — expansion of online marketing by making WA groups specifically selling member products. Thus, each MSME can complement each other's needs. Also, various special bazaars for MSME products were held as well as efforts to become mediators between MSMEs and modern retailers by associations supported by related agencies. With the development of information technology, provision of provisions about *e-commerce* is also carried out by this external party. This is expected to encourage MSMEs to improve and expand the marketing management of their products.

e. Provision of Facilities and Infrastructure

Office of Industry and Trade Jember as well as from the Cooperative and UMKM Office of Jember Regency through its routine program providing facilities and infrastructure by providing free space for various training for MSMEs. Also, in marketing programs, such as bazaar or exhibition activities for the results of MSME products, facilities and infrastructure are also provided by the relevant Office.

*3.5 Constraints in the development of Micro, Small, and Medium Enterprises (MSMEs) Ex-Sigaret Kretek Tangan (SKT) workers PT. HM Sampoerna Jember Unstable Prices of Raw Materials Raw*

The raw materials are staples used in processing a type of material into products that can be produced with creativity and innovation as much as possible. This increase in raw material prices certainly affects the sales price. Moreover the raw materials are obtained from the suppliers, so they need more cost than if they get raw materials from their gardens. This becomes obstacle because they will only supply raw materials in accordance based on their budget. Automatically the product will be limited even though the market demand is quite a lot. These limitations become the constraints for MSMEs to reach maximum economic scale so that most MSMEs are outnumbered with factory products that can do mass production.

a. Limited Quality of Human Resources

Human resources are the most important aspect of doing business. Based on the result of the study, there were constraints in business development related to human resources as the staffs. A culture of work discipline that was not owned by employees became the owners of MSMEs' constraints. Low level of work spirit owned by the employees made the MSMEs owner experience difficulties, both in the production process or in the marketing process. This results in frequent employees changes. Besides, in term of their creativities, they were also unable to develop their abilities.



**b. Limited Capital**

Capital is the most important factor in starting business. Because MSMEs' owned by former *Sigaret Kretek Tangan* (SKT) workers PT. HM Sampoerna Jember is the home-based business that relies on their capital. Hence capital becomes one of the constraints faced. Therefore, external facilities are very important in encouraging these MSMEs to develop their business.

**c. Lack of Facilities and Infrastructures**

Facilities and Infrastructures are important in supporting MSMEs development of former workers of *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember. Therefore, facilities and infrastructure in conducting business must support it. Such as facilities in marketing product or in producing product. The majority MSMEs of former workers of *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember already has place for marketing the product by working together with shops or souvenir shops in Jember. However, in producing process, the entrepreneurs claim that they have less land for the production process. The majority of them only rely on the place, namely their private homes for production place. The limited place for production. This becomes one of the constraints so that the amount of production is not optimal.

**4. Conclusion**

Based on result and discussion it can be concluded that the internal development from the MSMEs of former workers of *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember, among others: efforts to innovate production, capital procurement efforts, efforts to expand network marketing, and procurement of facilities and infrastructure. While external development is carried out with the help of relevant agencies such as Department of Industry and Trade of Jember Regency, as well as from the offices of Cooperatives and MSMEs in Jember Regency as an extension of the government or from MSMEs association in Jember Regency or at the Provincial level, such as: granting access to MSMEs to capital sources, providing tutorial and training, increasing product promotion, expanding product marketing, and providing facilities infrastructures. Beside that in the development of Micro, Small and Medium Enterprises (MSMEs) former workers of *Sigaret Kretek Tangan* (SKT) PT. HM Sampoerna Jember also faces the constraints, such as the unstable price of raw materials, limited quality of human resources, limited capital, and lack of facilities and infrastructures.

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