Development of hard skills and soft skills towards BUMDES performance professionalism in Bintan District

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ABSTRACT

This study aims to determine the partial, simultaneous influence, and the direct and indirect effects of the development of hard skills and soft skills on the professionalism of BUMDes performance in Bintan. This research is categorized as quantitative research because it uses a questionnaire as a research instrument, which is primary data in this study. The population in this study is all BUMDes managers in Bintan Anculai. The sampling technique used is non-probability sampling, and a saturated sample is used to determine the sample.

Keywords: Hard Skills, Soft Skills, Performance Professionalism

1. INTRODUCTION

Performance professionalism involves the grouping and division of tasks based on specialization, supported by proficient and adequately skilled professionals. Performance represents the level of achievement of results for specific tasks. Employee performance is defined as the quality and quantity of work accomplished in alignment with assigned responsibilities Ratnasari et al., in (Widjaja, 2018). Whitmore dalam (Fadjar, 2018) states that performance stems from the word 'work,' referring to activities performed by individuals or organizations, executing their assigned tasks. To enhance BUMDes work in Bintan, both hard and soft skills are essential. Hard skills are closely related to technical skills inherent or needed for specific professions. According to Diknas in (Rasid, 2018) hard skills involve the mastery of knowledge, technology, and technical skills related to their field. Hard skills also denote the mastery of technical skills learned in a specific field Binsaeed et al., in (Widjaja, 2018), stated that hard skills as the ability which can be specifically defined and can be measured and studied. Can also be referred to as core skills or technical skills, which are easily recognized by the employer or recruiter as they are mentioned on resume or curriculum vitae.

In addition to hard skills, BUMDes requires soft skills for professionalism in Bintan. Soft skills complement technical requirements for a job. Binsaeed et al., in (Widjaja, 2018), defined the soft skills as a person's characteristic or ability that could empower anyone to interact effectively and harmoniously with others. Quality human resources are crucial for the performance professionalism of BUMDes in Bintan. The Village Law No. 6 of 2014 defines a village as a legal community with territorial boundaries authorized to manage government affairs based on community initiatives, ancestral rights, and traditional rights recognized and respected in the Indonesian Unitary State Government system. Given the rural settlement trend in Indonesia, villages play a significant role in national development, influencing national stability efforts.

1.1 Problem Formulation

Based on the above background, the problem formulation in this study is as follows:
1. Does the development of Hard skills affect the Performance Professionalism of BUMDES in Bintan?
2. Does the development of Soft skills affect the Performance Professionalism of BUMDES in Bintan?
3. Does the development of both Hard Skills and Soft Skills affect the Performance Professionalism of BUMDES in Bintan?

1.2 Research Objectives

1. Identify the competencies of local potential-based MSME actors that have competitiveness when developed.
2. Analyze the current issues faced by local potential-based MSMEs in Tanjungpinang City, both opportunities and threats in facing globalization.
3. Develop optimal policy recommendations and strategic directions for the development of local potential-based MSME actors in Tanjungpinang City.

1.3 Expected Results
The expected results from the optimization study of local potential-based industry development are:
1. Identification of competencies for the development of local potential-based industries in Tanjungpinang City.
2. Availability of strategies for actors in the local potential-based industry in Tanjungpinang.
3. Formulation of optimization policies for the development of local potential-based industries in Tanjungpinang City.

1.4 Research Benefits
The beneficiaries of this study report are primarily industry players and investors interested in investing, followed by the Local Government of Tanjungpinang as policy-makers, and the general public as well as academicians.

2. LITERATURE REVIEW

Local Economic Development (LED)
In the current era of regional autonomy, local governments are highly interested in creating conditions within the concept of LED, emphasizing the strength to mobilize resources, capacities, and skills owned by the local area for the achievement of quality and sustainable regional economic development (Ahmed et al., 2023; Fahlevi et al., 2023). The Application Reference Book for Local Economic Development published by the Directorate General of Spatial Planning, Ministry of Public Works in 2012 defines LED as:

"The collective collaboration between the Government, the business world, non-governmental sectors, and the community to identify and optimally utilize the resources owned in an effort to stimulate and create a strong, independent, and sustainable local economy."

According to the World Bank (2011), LED is: "The ability of a region to build its economy to improve economic quality and quality of life in the future."

Industry
The macro definition of industry includes all sectors that can generate added value and can be broadly divided into two parts: industries that produce goods and industries that provide services (Habiburrahman et al., 2022; Marhaeni et al., 2023). The micro definition of industry is interpreted as a collection of companies that can produce homogenous goods or can easily replace each other (Hasibuan, 1994).

a. Classification of Industry Types
Based on the Decree of the Minister of Industry and Trade of the Republic of Indonesia Number 257/MPP/Kep/7/1997, industries are classified according to the amount of investment, as follows:

• Small and medium-sized industries, which are industries with investments up to Rp. 5,000,000,000.00.
• Large industries, which are industries with investments exceeding Rp. 5,000,000,000.00. The investment value does not include the value of land and buildings for business premises.

Optimization
Optimization is often also defined as a measure by which all needs can be met from the activities carried out. According to Winardi (1996:363), optimization is a measure that causes the achievement of goals. In general, optimization is the search for the best value available from several given functions in a context (Fahlevi, Moeljadi, et al., 2022; Fahlevi, Vional, et al., 2022; Yusuf et al., 2023). According to Singiresu S Rao, John Wiley and Sons (2009), optimization can also be defined as the process of obtaining a condition that gives the maximum or minimum value of a function. The explanation above indicates that optimization can only be realized when implemented effectively and efficiently. The goal is always directed towards achieving results effectively and efficiently for optimization.

Optimization Process
The Optimization Process starts from a policy or program. The implementation stage as a process to achieve policy goals is often called a crucial stage. It is called crucial because this stage is a "bridge" between the world of concepts and reality. (Purwanto & Sulityastuti, 2012). The optimization process is illustrated in the figure below:

Figure 2.1 Proses Optimalisasi (Purwanto & Sulityastuti, 2012)

4. Factors Influencing Optimization Performance
The implementation process is influenced by various complex variables, both individual and organizational. Each variable mutually influences and interacts with one another. According to George C Edward III (1980), there are four variables that influence policy implementation, namely: 1. Communication, 2. Resources, 3. Disposition (attitude), 4. Bureaucratic structure. These four variables are interrelated, as depicted in Figure 2.2 below:

Figure 2.2 Model Optimalisasi (Edward III, George C.,1980)
1. Strategy
According to David (2011), strategy is a joint means with long-term goals to be achieved. Business strategy includes geographic expansion, diversification, acquisitions, product development, market penetration, tightening, divestment, liquidation, and joint ventures or joint ventures. Strategy is a potential action that requires top management decisions and significant company resources. So, strategy is an action or activity undertaken by an individual or company to achieve predetermined goals.

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a. Strategy for Small and Medium Industry Development
Strategies to be applied in efforts to develop Small and Medium Industries, according to Hetifah Sjaifudin in Fanany (2008), are as follows:
• Financial capability strategy, the development of several financial strengthening models for small and medium entrepreneurs recently has shown an increasing government commitment. The government's efforts are realized by assisting the development of small and medium enterprises through temporary capital participation.
• Marketing development, in the era of a free market where the world becomes borderless, there is a unification of the domestic market with the international market. This is an opportunity, as well as a challenge, for small and medium enterprises. There are three marketing strategies: increasing access to the market, market protection, and shifting the monopoly market structure to competition.
• Human Resources Development, is expected to occur through improvements in the formal education system (Shah, Al-Ghazali, et al., 2023; Shah, Fahlevi, et al., 2023), increasing the link between the education sector and the labor market through an apprenticeship system (link and match), and providing initiatives for the growth of research and development centers to develop human resources and technology.

3. RESEARCH METHODOLOGY

The approach used in this research is the survey technique, attempting to collect data as it is, without any specific treatment to the research objects through the provided instrument. After the data is collected, it will be analyzed, described, and interpreted to provide a factual picture of the research object and subject. The population of this survey is all actors of Small and Medium Industries in Tanjungpinang City as the observed area in this research. Also included are several government agencies/departments related to the development of SMEs in Tanjungpinang City, which is the research location.

Types of Data
1. Primary data, which is qualitative and quantitative data obtained directly from the source, namely industry players in Tanjungpinang City and stakeholders related to industrial development (for more details, see sub-points 3.8). The data used in this study are taken by arranging a list of statements in the form of a list of open-structured questions in the questionnaire, to respondents by distributing the designated questionnaire by visiting the respondents directly.

2. Secondary Data is data obtained indirectly from the subjects studied to answer research objectives. Qualitative and quantitative data obtained from research results or publications from relevant agencies or departments related to the research objectives. Data collected is related to the research objectives in Tanjungpinang City.

Data Collection Techniques
Data Collection Techniques:
1. Observation
Observation is an activity involving the use of senses such as sight, smell, and hearing to gather information needed to address research problems. The data observed can provide insights into attitudes, behavior, actions, and overall interactions among people. Observational data can also encompass interactions within an organization or the experiences of members in organizing. In this study, the observation process will focus on observing social media, websites, and electronic media related to web-based transportation. The observational technique employed will include:
• Participatory Observation, the researcher strives to be as close as possible to the informants. This means the researcher must be accepted and interact naturally for an extended period (Manzilati, 2017). To overcome language, cultural, or interpretation issues arising from cultural and language differences with the informants, the research may involve trained local assistants.
• Mystery Client Technique, the mystery client technique involves the observer acting incognito to avoid disturbing the natural setting of the studied community (Manzilati, 2017).

2. Questionnaire
A questionnaire is a method in which researchers compile a list of written questions and distribute it to respondents to gather data related to the research activities. The instrument used to collect data in this study is a questionnaire, consisting of a list of written statements. Respondents are asked to answer or provide information related to their personal details (gender, age, education, income, duration of involvement in the industry in Tanjungpinang, and their perceptions of the challenges faced). The data collected includes both primary and secondary data.

3. In-Depth Interviews
In-depth interviews involve a comprehensive exploration of a subject through open-ended questions and a semi-structured format. The technique employed in this study is in-depth interviewing, characterized by specific features outlined by Sarantakos, as cited in Manzilati (2017). These characteristics include:
1. Using open-ended questions.
2. Conducting interviews individually, meaning interviewing one person at a time.
3. The structure of questions is not fixed or rigid, allowing for the addition or reduction of questions as needed.
4. Enables the researcher to inquire in diverse ways and expressions, with the principle that the necessary objectives are achieved.
5. Interviews include closed-ended Linkert scale questions to obtain quantitative data.

Population
The population in this study consists of small and medium-sized enterprises (IKM) totaling 174, distributed as follows: 191 IKM in the Bukit Bestari sub-district, 307 IKM in the Tanjungpinang Timur sub-district, 109 IKM in the Tanjungpinang Kota sub-district, and 150 IKM in the Tanjungpinang Barat sub-district.

Sample
Sampling based on this Slovin formula is commonly used in survey research, where the sample size is typically very large. Therefore, a formula is needed to obtain a smaller sample that can represent the entire population, as outlined in the Slovin formula below:

\[
n = \frac{N}{1 + Ne^2}
\]

Where:
- \(n\) = Sample Size
- \(N\) = Total Population
- \(e\) = Margin of Error

For several populations, a sample of 20 IKM along with 7 OPD throughout the city of Tanjungpinang can be taken.

4. RESULT AND DISCUSSION

SWOT Analysis
SWOT is an acronym for strengths, weaknesses, opportunities, and threats within a company's internal and external environment. SWOT analysis serves as a matching tool to assist managers in developing effective strategies to maximize strengths and opportunities while minimizing weaknesses and threats (Rangkuti, 2009). Based on field survey data, the values for the indicators of strengths, weaknesses, opportunities, and threats in the locally-based industries in Tanjungpinang City are presented in Table 6.1 below.

<table>
<thead>
<tr>
<th>No</th>
<th>STRENGTH</th>
<th>Weight</th>
<th>Value</th>
<th>Weight x Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Availability of raw materials</td>
<td>0.07</td>
<td>80</td>
<td>5.6</td>
</tr>
<tr>
<td>2</td>
<td>Strategic business location</td>
<td>0.06</td>
<td>60</td>
<td>3.6</td>
</tr>
<tr>
<td>3</td>
<td>Accessibility via main/provincial roads</td>
<td>0.05</td>
<td>60</td>
<td>3.0</td>
</tr>
<tr>
<td>4</td>
<td>Skilled workforce availability</td>
<td>0.07</td>
<td>80</td>
<td>5.6</td>
</tr>
<tr>
<td>5</td>
<td>Neat and high-quality production results</td>
<td>0.06</td>
<td>50</td>
<td>3.0</td>
</tr>
<tr>
<td>6</td>
<td>Technological support</td>
<td>0.06</td>
<td>50</td>
<td>3.0</td>
</tr>
<tr>
<td>7</td>
<td>Packaging innovation</td>
<td>0.06</td>
<td>50</td>
<td>3.0</td>
</tr>
<tr>
<td>8</td>
<td>Product innovation</td>
<td>0.07</td>
<td>50</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Total Value</strong></td>
<td><strong>0.5</strong></td>
<td><strong>0.3</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To determine the priorities and the relationship between strategies based on the SWOT weighting, a combination of internal-external strategy interactions is carried out. The formulation of these strategies is organized based on internal factors, strengths and weaknesses, as well as external factors, opportunities, and threats, into the IFAS and EFAS SWOT interaction matrix.

Table 2 IFAS and EFAS Matrix of Locally-based SMEs in Tanjungpinang

<table>
<thead>
<tr>
<th>IFAS</th>
<th>(Strength - S)</th>
<th>(Weakness - W)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPPORTUNITY - O</strong></td>
<td>Strategy S-O</td>
<td>Strategy W-O</td>
</tr>
<tr>
<td>30,3 + 28,7</td>
<td>59</td>
<td>26 + 30,7</td>
</tr>
<tr>
<td><strong>THREAT - T</strong></td>
<td>Strategy S-T</td>
<td>Strategy W-T</td>
</tr>
<tr>
<td>30 + 26,2</td>
<td>56,5</td>
<td>26 + 26,2</td>
</tr>
</tbody>
</table>

Based on the calculations in Table 2, the result of the opportunity and threat scores (O/T) is 2.5, which is on the Y-axis (2.5 > 0). The strength and weakness scores (S/W) are 2.3, which is on the X-axis (2.3 > 0). Therefore, it can be concluded that the position of the development of...
locally-based SMEs in Tanjungpinang City is in Quadrant I. This position is highly advantageous, where locally-based SMEs have opportunities and strengths, allowing them to maximize existing opportunities. In this quadrant, locally-based SMEs in Tanjungpinang City, supported by the government and stakeholders, should implement strategies that support aggressive growth policies. These strategies are designed to achieve growth (Rangkuti, 2001:43).

Subsequently, based on the values of the IFAS and EFAS matrices, the S-O strategy has the highest score. The S-O strategy aims to drive growth (Rapid Growth Strategy) formulated on the consideration that locally-based SMEs in Tanjungpinang, leveraging their local advantages, will use their strengths to capitalize on existing business opportunities. This involves accelerating organizational growth at a faster pace and improving quality, which serves as a strength to maximize the utilization of all opportunities. The S-O strategy can be translated as a strategy that utilizes strengths to capitalize on existing opportunities. This condition is advantageous for the development of locally-based SMEs in Tanjungpinang, as its internal strengths outweigh weaknesses, and external opportunities far exceed threats. Therefore, the strategy applied in this situation is to support an aggressive/rapid growth policy (Rapid Growth Strategy).

Throughout the observation of culinary and craft industries based on local potential in Tanjungpinang City, and studying existing documents, the role of the Tanjungpinang City government is actually on the right track in supporting and developing culinary and craft products in Tanjungpinang. There are several initiatives undertaken by the Tanjungpinang City government, such as:

1. Promotion, Involving all culinary and craft products with local potential in local and national art exhibitions or festivals. These events are organized considering the months with high foreign tourist visits, as indicated by BPS data, typically at the end and middle of the year. Additionally, the Tanjungpinang City government can align local events with those in other districts or cities, such as the Tour de Bintan in Bintan Regency, which is an annual international cycling event involving world-class cyclists. This platform is utilized to showcase locally-based culinary and craft industries in Tanjungpinang.

2. Training and Human Resource Development, the city government, through relevant departments, can conduct training and development for existing industry players and prospective entrants. This training should be structured, with different levels and utilizing standardized curricula. It should cover both management skills and product innovation. Regular training is expected to boost the business turnover of existing industry players and increase the number of individuals entering the culinary and craft industries based on local potential.

3. Encouraging the Use of Local Products, the Tanjungpinang City government can encourage Civil Servants and institutions under the local government (both educational and non-educational) to use products from small and medium-sized industries with local potential at specific events. This initiative aims to motivate industry players to increase production, leading to continuous and sustainable business growth.

4. Online Promotion, introducing locally-based Tanjungpinang products through online media, such as the official website of the Tanjungpinang City government. Collaborating with social media influencers who have a significant following can further enhance the reach and visibility of these products.

5. CONCLUSION AND RECOMMENDATION

Conclusion
Based on the input from departmental FGDs and relevant stakeholders, accompanied by data and previous studies, the locally-potential industries to be developed are the culinary industry, specifically seafood-based cuisine, and the handicraft industry with artistic, unique, and regional characteristics in Tanjungpinang City. This potential can be seen in the abundant natural resources, especially marine resources, in the surrounding area of Tanjungpinang. Additionally, tourism is also highly potential for development around Bintan Island, especially in Tanjungpinang City.

From a descriptive analysis explaining the competencies of local industry players in Tanjungpinang, they are in a moderate or average position but possess high motivation and confidence to develop their businesses. This is attributed to the perceived insufficiency and suboptimal nature of technical training. The current competencies heavily rely on work experience, often correlated with trial and error. Competencies should be supported by clear technical skills, obtainable through training activities. In terms of capital, the average funding is self-generated with no government assistance. Bank loans are also obtained independently, mainly because some Tanjungpinang SME players do not yet have a legal business entity, and their bookkeeping is very basic, not adhering to accounting standards.

Based on the SWOT analysis, it can be concluded that locally-based potential industries in Tanjungpinang are in Quadrant I. This position is highly advantageous, where locally-based SMEs have opportunities and strengths to maximize existing opportunities. In this quadrant, locally-based SMEs in Tanjungpinang, supported by the government and stakeholders, should implement aggressive growth strategies.

To optimize the role of locally-based industries in Tanjungpinang, the formation of clusters and the development action plan for clusters in locally-based industries are recommended. This is to facilitate coordination, both in the form of training and financial support. The implementation of a cluster approach program for the development of locally-based SMEs in Tanjungpinang aims to enhance competitiveness and bargaining positions in global business competition.

Recommendation
The potential for the development of locally-based industries is very high, thus attention is needed to enhance and improve the quality of SMEs, entrepreneurs, workforce, competencies, business structures, modernization, intellectual capital
behavior, and relative company performance that is currently suboptimal. To overcome various obstacles, there is a need for strategic measures to address barriers and promote locally-based industries in general. These measures include improving financial resources, intellectual training, and facilitating various training programs to enhance value addition. Since the central point of success for locally-based industries is Human Resources (entrepreneurs), continuous and sustainable mentoring is highly essential, starting from input processes to sales to consumers. Additionally, there is a need for the improvement of quality in locally-based SME products in accordance with appropriate technology. The construction of a central showroom and workshop as a marketing hub for products in strategically located and busy areas, both within the city and in districts/cities with high prospects, is crucial.

Therefore, further research is required related to the formation of clusters for locally-based industries, involving both upstream and downstream sectors within the structure of locally-based industries..

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