

# STUDY OF CAPACITY DEVELOPMENT IN HUMAN RESOURCES MANAGEMENT ON HOUSEHOLD FOOD INDUSTRIES IN THE DISTRICT OF BONE

Siti Haerani<sup>1</sup>, Amiruddin<sup>1</sup>, Dian A.S.Parawansa<sup>1</sup>, Indrianti Sudirman, Wardhani Hakim<sup>1</sup>, Rahmatia Yunus<sup>2</sup>, Erlina Pakki<sup>1</sup>, Haerah Hakim<sup>1</sup>

<sup>1</sup>Department of Management, Faculty of Economics and Business, Hasanuddin University, Box. 90245. Makassar. Indonesia

<sup>2</sup>Department of Economics, Faculty of Economics and Business, Hasanuddin University, Box. 90245. Makassar. Indonesia

\*For correspondence; Tel:(+62411)587218; Fax:(+62411)587218; E-mail: haeranisiti68@yahoo.co.id

**ABSTRACT:** Household food industry (HFI) is one of the most popular businesses that absorb considerable workforce and a highly potential source of household income for people in Bone Regency, South Sulawesi Province of Indonesia. The industry has not been well developed because it employs simple and traditional management. Modern business management has not been applied in terms of aspects of production, utilization of human resources, and marketing and financial management. This study aimed to determine the capacity of human resources (management or business owners) in managing HFI in Bone Regency, as well as development efforts that can be done to improve their capacity. The results showed that the main products produced by HFI in Bone Regency were ranging from traditional foods (traditional cakes) to modern foods (nuggets, meatballs, milkfish presto etc.). The capacity of human resources in managing HFI is limited in several important aspects. Financial management was not designed well; for example, production costs were not calculated in a careful, complete, thorough, and precise manner; so that the benefit was not known or could not be predicted with certainty. Marketing management was weak in providing a good product identity name, brand, and expiration date. In terms of production management, production plan was not designed well, so sometimes the excessive stocks spoiled before being sold, and sometimes they ran out of supplies, meaning they could not meet consumers' demands. The over and under-productions affected the overall benefit generated from the business operation. Human resources were managed in a simple manner because the businesses employed small numbers of workers

**Keywords:** Development, capacity, human resources

## 1. INTRODUCTION

Sulawesi, located in the eastern part of Indonesia, has a poverty rate of 12.2% in 2011. This figure is bigger than the poverty rate in the Islands of Java (12.19%) and Kalimantan (6.92%). The poverty rate in a community is closely related to the quality of its human resources. Hence, in order to reduce the poverty rate, the knowledge and skills of the community members must be improved through training and empowerment (capacity development) programs (TNP2K, 2015). Skilled workers have stronger self-confidence and enthusiasm in running their businesses so that they become more profitable. As the matter of fact, the village community has the potentials to be developed so that they can live well and achieve physical and mental well being. It is very important to identify the obstacles they face with in running their household industry businesses; so that a plan can be designed to cope with those problems. Therefore the purposes of the current study were to: 1) describe the types of household food industries run by small enterprises in Bone Regency; 2) identify the obstacle business owners are faced with running their enterprises; and 3) provide a solution to the problems.

## 2. RESEARCH METHODS

This research was conducted through observations and interviews with respondents of 38 owners or managers of HFI businesses in Bone Regency. The respondents were selected intentionally (purposive sampling) by choosing entrepreneurs who are under supervision and guidance of the Department of Cooperatives and Small-Medium Enterprises (SCSME) of Bone Regency. These entrepreneurs received financial assistance from the government in running their businesses. Some staffs of the department were also interviewed as informants. The data were analyzed descriptively and qualitatively, using frequency tables.

## 3. RESULTS AND DISCUSSION

Household food industry respondents were mostly female (39 individuals), while male respondents were just 4 people. This is understandable because the food industry is traditionally mostly run by women in that region (Haerani & Nurleni,; Suratiah, Haerani & Nurleni, [1,2]). Men who are involved in the business operation are usually considered as supporting staffs. The selected HFI entrepreneurs were from 10 sub-Regency, encompassing 23 Villages in the Regency of Bone.

### 3.1 Types of Household Food Industries:

The details of the types of HFI managed by respondents can be seen in Table 1. There were 24 types of food produced by the HFI entrepreneurs who were selected as respondents in this study. In other words, HFI in the Bone Regency is now producing a variety of food products ranging from traditional food products (Bolu Brown Sugar, Putu, chips, cooking oil, etc) to modern foods (nuggets, milkfish Presto, meatballs, Shiomay, powdered ginger/Wedang Ginger, etc.) in order to meet the needs of the community and be a source of family income. In terms of the number of business types, there was a significant increase from only three major products (vegetable oil, smoked fish, and brown sugar) three years ago.

**Table 1: Types of products produced by respondents**

No	Household Food Industry Type	No	Household Food Industry Type
1	Cooking oil	13	Arabic bread
2	Corn marning	14	Brown sugar cake
3	Seaweed crackers	15	Crab ( <i>Portunus pelagicus</i> )
4	Food industries	16	Boneless milk fish
5	Traditional cookies (putu)	17	Coconut oil "Fina"
6	Instant ginger	18	Abon daging

7	Banana chips	19	Seaweed cake
8	Milk fish	20	Rumput tambah
9	Cookies	21	Fish meat floss
10	Fish meat ball	22	Bolu cake
11	Seaweed	23	Empek-empek
12	Putu kacang	24	Siomay

Source: Registration Office of THE Department of Cooperatives and SMEs in Bone Regency

**3.2 Problems Faced by Household Food Industry Entrepreneurs in Bone Regency:**

The main problem faced by HFI in the Bone Regency is the quality of human resources, especially the business owners lacked of the ability to manage their business properly so that the business development both in terms of assets, growth in sales and profits were still limited. The problems occurred in all aspects the business management, including production management, human resource management, financial management, and marketing management.



**Figure 1: Capacity development workshop on Household Food Industry businesses**

From the production aspects, there were a variety of foods produced by household food industries and by observing samples of products as well as interviews with respondents, it was obvious that this industry had experienced growth in terms of the variety of products produced. From the marketing standpoint, there were already some products with brand names, such as a vegetable oil with a brand name called "Fina" and "Brown Sugar" cakes. However, most of the others have not been given brand names; thus, they are difficult to be recognized by consumers when they want the same product at a later date. Label material composition and expiration date were not clearly written on the package. Even, the business owners do not understand the differences in meaning and usage of the terms "Best before" and the "Expiration date". The lack of variation in taste is another problem. Most of the products are made in one flavor (only one flavor, "original" for one product), whereas corn marning, banana chips, and seaweed crackers, for examples, can be made in a variety of flavors that can satisfy the taste desired by consumers. The other drawback is the product's

packaging is still very simple (plastic) or a thin breakable bottle. The marketing area has been extended to other districts in South Sulawesi although still limited to neighboring regions (Brown Sugar Cakes are only sold in Palopo).



**Figure 2: Examples of household food industry Products**

From the aspect of human resource management, there were respondents who engage or employ other people (non-family members) as employees with a specific salary. From the financial aspect, the results of interviews with respondents showed that were several components from the production costs that are not taken into account such as labor and overhead costs (the costs of supporting materials), so that the sale price has not been precisely defined. This has an impact on the industry's profits and the ability of employers to pay employees' salaries. For example, one participant said that the Brown Sugar Cakes were in demands. However, he could not meet the demands because he had difficulty in obtaining and keeping employees in his company. The analysis results suggested that the employees' unwillingness to stay longer in

job was due to low salary paid by the company. The low ability to pay salaries was stemmed from the company's benefits were small due to the sale price is too low (Rp. 15,000,- per box containing 40 seeds). Therefore, respondents are expected to have better skills in identifying and taking into account all costs.

**Table 2: Respondents Evaluation Expectations for Household Food Industry Capacity Management**

No	Aspects Rated	Answer options (% of 38)					Total
		SD	D	N	A	SA	
1	The materials meet the needs of Household Food Industry	0	0	6.89	34.48	58.63	100
2	Materials are useful for the development of enterprises	0	0	0	38.23	61.77	100
3	Material presentation is easily understandable	0	0	3.44	48.27	48.39	100
4	Teaching methods are interesting	0	0	3.40	34.48	62.12	100
5	Presention time is sufficient	0	3.45	10.34	48.28	37.93	100
6	Participants expect additional training	0	0	0	10.71	89.29	100
7	The material obtained will be practiced in running business	0	0	0	24.14	75.86	100

Sources: Primary data (Questionnaire), processed in 2015

SD= Participant strongly disagree with the statement

D = Participants disagree with the statement

N = Participant slightly agrees and disagrees with the statement

A = Participants agree with the statement

SA= Participant strongly agree with the statement

### 3.3 Solutions:

The capacity of household food industry entrepreneurs in Bone Regency should be improved in managing their businesses so that they can be a source of family income that is sufficient to sustain the household subsistence and their welfare. The capacity development for the entrepreneurs can be done through the provision of training on how to effectively and efficiently manage the business by implementing all aspects of Business Management, namely

Production and Operational Management, Human Resource Management, Financial Management, and Marketing Management. The four aspects of business management are urgently needed by the entrepreneurs as identified through the interviews with the entrepreneurs and the staffs of the Department of Cooperatives and Small-Medium Enterprises of Bone Regency. The identification results translated into materials that are considered highly relevant or important notes to be applied in the context of small-scale enterprises (Household Food Industry) are as follows:

1. For the Production Management aspect, the training materials needed are Product Design, Quality Control, and Inventory Management.
2. For the Human Resource Management aspect, the training materials needed are primarily in a way to motivate and retain employees through a system with a fair and reasonable award.
3. For the Financial Management aspect, the training materials needed are on how to manage cash, calculate the total cost of production or price of goods sold, as well as the statement of cash flows (cook keeping), balance sheet and profit and loss calculations.
4. For the Marketing Management aspect, the training materials required relate to techniques of pricing, brand name, labeling, packaging, promotional techniques, product importance, differentiation strategy of products (product diversification and product differentiation), the distribution channels as well as effective marketing techniques.

The results of questionnaire analysis indicated that the respondents expected several capacity development activities as shown in table 2 below.

All 38 respondents expected more training with materials that are more relevant to the needs of the Household Food Industry which will benefit for the business development. Two main materials were considered highly relevant to their needs, financial and marketing management. The delivery of content in an interesting and easily understandable way was agreed by 96.66% respondents. The delivery with more practice or work training on the problems as well as games were better than the theory presented in the tutorial, in terms of acquiring skills that can actually be practiced in their own businesses. Presentation time should be longer in duration of at least 2 days (86.21%) or longer (13.79%), so they can understand the materials better through training and practice, especially with the accounting materials (financial management).

In order to fulfill the respondents' demands or expectations for the same training with the same material or different materials in the future, all parties concerned are expected to play active roles in the following aspects:

The central and local governments are expected to facilitate the implementation of community service activities through additional funding and support for all parties who wish to participate and devote knowledge and skills they have to the people who need them through training.

For caregivers who are interested in providing training are expected to assess the needs of the training materials for the

Household Food Industries, then design training with a duration of at least 2 days, employing learning methods that are practical and include games so that the presentation of the material is interesting and easily digested and applied in running a Household Food Industry.

For Household Food Industry entrepreneurs are expected to be more open and willing to accept change towards a more professional business management. They are also expected to constantly hone their knowledge and skills through various training and development activities, accompanied by a strong commitment to applying the knowledge and skills gained in managing its business.

#### 4. CONCLUSION

Based on the results of the study, it can be concluded that:

1. Household Food Industry in Bone Regency has been progressing much better, compared with its state in 1992 [1], in terms of capital, production, utilization of human resources, and marketing, variations of the products, involving outside employees (not family members). However, in terms of business management, they have not adequately implemented the principles of modern business management. Business management is still simple and tends to be un-innovative because the products are designed to follow the patterns of the same design as the existing products. Over the years, not all products have a brand name and labeling, thus the customers are not well informed about the products such as ingredients, nutrient content, net weight, expiration date. In addition, the packaging is still very simple and pricing has not been precisely calculated based on the cost and the desired level of profit.

2. Solutions that can be offered to the entrepreneurs to help develop their businesses is to provide intensive trainings that are relevant to their business needs. The training should have longer duration, enough time to cover all training materials in business management (Production Management, Human Resources Management, Finance Management, and Marketing Management), with an emphasis on marketing and financial management aspects (preparation for the cash flows statement and financial reports/statements of income). Expectations of respondents showed that they need interesting training presentations, accompanied by practice so that they can truly learn business management skills and then implement them in the management of their own businesses.

#### 5. ACKNOWLEDGEMENTS

We wish to thank the Rector of Hasanuddin University and Chairman of the Institute for Research and Community Service for the financial support for of this study. We also thank Bone' district government, in this case, the Head of Department of Cooperatives and SMEs together with staff who have facilitated the licensing and data on SMEs, as well as industrial entrepreneurs in Household Food Industries for information they provided. Gratitude is also presented to the team members for their cooperation in the implementation of this study.

#### 6. REFERENCES

- [1] Haerani, Siti & Nurleni, 1992. *Wanita Pekerja Pada Industri Rumah Tangga Pangan di Sulawesi Selatan*, Center of Population Studies UGM and Ford Foundation, Unpublication.
- [2] Suratiah, Ken, Siti Haerani & Nurleni, 1994. *Marginalisasi Pekerja Wanita di Pedesaan: Studi Kasus pada Industri Rumah Tangga Pangan di Sulawesi Selatan*. Center of Population Studies UGM and Ford Foundation
- [3] Tim Pemberdayaan Nasional Percepatan Pengentasan Kemiskinan (TNP2K), 2015. *Pemberdayaan Masyarakat*, access at 24 March 2015.