

## BUSINESS PERFORMANCE OF MUSLIM SMES: PERCEPTIONS OF TRAINING, MENTORING AND COACHING FOR ASPIKMAS MEMBERS

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### Abstract

*This study aims to analyze Business Performance of Muslim SMEs: Perceptions of training, mentoring and coaching for Aspiikmas members. This research is a case study at the Association of Micro, Small and Medium Enterprises (Aspiikmas), especially Muslim SMEs in Purwokerto. Respondent data was obtained by using an open questionnaire filled out by 65 person Muslim SMEs. This study used data analysis techniques namely PLS (Partial Least Square) analysis using Smart PLS 3.0. The results showed that training on business performance is not supported. The result showed that mentoring on business performance is supported. The result also showed that coaching on business performance is supported. The effect of training, mentoring and coaching on the business performance of Muslim SMEs in Purwokerto show that the  $R^2$  value of 0.614 indicates that 61.4% of the variability in the construction of business performance is influenced by these three factors.*

**Keyword:** Business performance, Perceptions of training, mentoring and coaching.

### 1. Introduction

Entrepreneurship is not a profession, but a mindset, namely a mindset consisting of work, an optimistic, innovative and creative life attitude. (Rompas, 2022) Sandiaga Uno, the Minister of Tourism and Creative Economy, who is also a young entrepreneur, conveyed this. If it is related to the context of the Covid 19 pandemic, the mindset related to entrepreneurship is relevant to what is experienced by MSME actors. They have to work hard to be creative in order to survive in the midst of the crisis caused by the pandemic. The crisis due to the COVID-19 pandemic has severely hit the MSME sector, where this sector contributes 56-59% of gross domestic product (GDP) and 99% of total employment (Kominfo.go.id, 2022).

The Banyumas Regency Micro, Small and Medium Entrepreneurs Association (Aspiikmas) was formed on July 28, 2020 and this formation was motivated because there was no forum for MSME actors so that Aspiikmas played a role as a partner of the relevant agency in providing support to small businesses so that they could be maximized. Aspiikmas has 3 (three) departments as the organization's main work, namely increasing business capacity and human resources, planning, business facilities and financing, as well as promotion and marketing. These three areas are realized in the form of training, mentoring and coaching programs for MSMEs who are members of Aspiikmas in improving business or business performance.

If the training is well organized and the process is complex, the result is to increase employee qualifications, acquire new skills and expand employee knowledge (Kochmajyska, 2016). Changes that occur in the economic market should raise the awareness of SMEs to realize the importance of training. The right training system provides the possibility of maximizing the potential of employees to achieve organizational goals, but it also has a great impact on the employee motivation system (Bagis et al., 2020).

Properly prepared training has a significant impact on both the employee and the organization (Łukasik, 2017). Part of the training activity is mentoring and coaching (Pocztowski, 2007). Mentoring is promoting,

supporting, measuring performance, providing advice and identifying ways to improve. (Berjowski, 2008), states that this method can provide an opportunity to seek advice from people who are experienced in both current issues and long-term plans. Coaching can be used to support operational management, and assist in reducing errors. (Dixon et al., 1994) coaching is a learning oriented to the formation, improvement of skills. Coaching is assisting in directing the development of one's skills and competencies in a particular field that is carried out individually by a trainer.

Small and Medium Enterprises are businesses with a certain number of people. SMEs have the responsibility to encourage innovation in the midst of competition in various economic sectors. Creating an entrepreneurial spirit, innovating the creative economy and assisting the licensing and financing process are part of the AspiKmas role. On the basis of the problems and theories as well as several studies that have been carried out by (Handayani & Yondri, 2015) (Ajuna, 2018) (Łukasik, 2017) relating to training, mentoring and coaching for SMEs, researchers are interested in examining the role of AspiKmas in training, mentoring and coaching activities on business performance. SMEs in Purwokerto.

The hypotheses in this study are:

H1 : Training has an effect on improving SME business performance

H2: Mentoring has an influence on improving SME business performance

H3: Coaching has an influence on improving SME business performance

## **2. Method**

The Entrepreneurship (Shane, 2013) states that the ability to identify and take advantage of opportunities in the external business environment to improve business depends on the individual's ability to access information and the willingness to act on that information. The ability of SMEs to identify and take advantage of opportunities differs from one entrepreneur to another, depending on their ability to manage this information, (Lyngsie & Foss, 2017). Each individual attribute influences the discovery of entrepreneurial opportunities, which consists of psychological and demographic factors. These factors include attitudes towards risk, motives, education and training, career experience and social status. Links to theory in this research by offering insight into coaching and mentoring. The theory of entrepreneurship consists of finding opportunities, evaluating opportunities and making decisions about opportunities to take advantage of opportunities whose values are derived from appropriate training, coaching and mentoring.

(Becker & Gerhart, 2006) relates to the theory of human capital which emphasizes the dominant perspective with regard to training. This theory views training as an investment, increasing productivity as expected even though it has to incur costs. If the training is managed properly according to food needs, it will improve skills and expand knowledge so that it can support the achievement of SME business performance. (Armstrong, 2007) stated that a well-done training allows increasing employee engagement by encouraging them to identify capabilities in achieving the organization's vision and mission. Training can also increase the efficiency of employees, the entire team and the company which in turn will increase quality, speed and productivity. AspiKmas Banyumas Regency carries out its role, namely by compiling a training program according to the needs of Muslim SMEs in Banyumas Regency and then implementing it by providing training through the coordinator of each sub-district.

A well-executed mentoring process consists of four units: guardian, ward, line manager and employee training department. The result of their collaboration is to develop optimal directions and methods of employee development training subjects (Atkinson & Choisi, 2009). (Salim, 2014), interprets mentoring as a mentoring activity from someone who has mastered certain things and shares his knowledge with people who need it. Mentoring is an effective means of empowerment in assisting a person or institution/organization in realizing their goals. Mentoring is a collaboration between two parties (companion and client) based on mutual trust and respect. (Djohani, 2018) Assistance is provided by AspiKmas in Banyumas district in line with the implementation of training for Muslim SMEs.

(Thoha, 1988), states that coaching is an action, process, result or statement for the better, in this case it shows progress, improvement and growth, evolution of various possibilities, developing or improving something. The purpose of coaching is to develop skills, knowledge and develop attitudes (Edy, 2011). Guidance and development is one of Aspiemas' efforts to improve guidance and support for Muslim SMEs to become strong and independent small businesses and develop and strengthen their ability to grow into medium-sized businesses. Coaching is carried out individually and collectively and is carried out in a directed and integrated and sustainable manner to improve the business performance of Muslim SMEs in Purwokerto.

This research was conducted on members of the Association of Micro, Small and Medium Enterprises (Aspiemas), especially Muslim SMEs in Purwokerto. Respondent data was obtained by using an open questionnaire filled out by 65 person Muslim SMEs, then the data was processed using Partial Least Square (PLS) analysis. In addition to collecting data in this study, apart from using an open questionnaire, the researchers also visited Muslim SMEs directly. This is because there are some SME actors who are still limited in their ability to fill out online questionnaires. So the research team filled out the questionnaire as well as conducted interviews with the respondents.

### 3. Research and Discussion

Descriptions of respondents in this study are as follows:

Tabel 1. Descriptive analysis of the type of business

Type of Business	Frequency	Percent
Culinary	34	52.31 %
Fashion	14	21.54 %
Craft	17	26.15 %
Total	65	100 %

Respondent data from Table 1., shows that the majority of respondents in this study are engaged in the culinary field (52.3%), while the rest are from the fashion and craft industry. This is in accordance with data from Aspiemas that most members have culinary businesses. Meanwhile, based on the region (Table.2), Muslim SMEs who became the most respondents came from Baturaden (65% ) and then from North Purwokerto by 18.46 % and other respondent came from East Purwokerto and South Purwokerto.

Tabel 2. Descriptive analysis based on demographics

Demographics	Frequency	Percent
Baturaden	39	65.00 %
North of Purwokerto	12	18.46 %
West of Purwokerto	8	12.31 %
South of Purwokerto	6	9.23 %
Total	65	100 %

#### 3.1 Hypothesis Testing.

Data processing is carried out in one round because the data has a good construct, so there is no need to do repeated rounds. The first round of the convergent validity assessment with the loading factory fulfilled the stage of the measurement scale development crew so that the model was declared valid. The composite reliability value also shows that it has met the reliability requirements and it is concluded that all the variables studied meet the criteria.

The results of the PLS analysis regarding the effect of training, mentoring and coaching on the business performance of Muslim SMEs in Purwokerto show that the  $R^2$  value of 0.614 indicates that 61.4% of the variability in the construction of business performance is influenced by these three factors.

Table 3. Parameter Coefficient and Statistical Value

	Original Sample	Sample Mean	Standar Deviation	T Statistics	P Value
Training => Business Performance	(0.174)	(0.160)	0.141	1.231	<b>(0.219)</b>
Mentoring => Business Performance	0.429	0.458	0.175	2.447	0.015
Coaching => Business Performance	0.556	0.531	0.197	2.830	0.005

Table 3 shows whether the hypothesis is supported or not in this study. The analysis shows that the first hypothesis which states that training has an effect on business performance is not supported. While the second hypothesis which states that mentoring has an effect on business performance is supported. The results of the analysis also show the acceptance of the third hypothesis which states that coaching has an effect on business performance.

Convergence flow states that individual development is actually determined by these two forces. Both basic/innate factors and environmental/educational factors (training, coaching and mentoring) will convergently determine/realize the development of an individual. The role of AspiKmas in improving MSME business performance in Banyumas Regency is in its main program, namely increasing business capacity through training programs. Capacity building is a key driver for creating change. All activities that aim to improve skills, knowledge, and increase relationships between individuals are part of capacity building both in terms of business and individuals. Increasing the capacity of human resources is an effort to improve individual abilities so that they can take advantage of all the potential and skills that exist within them. Efforts to increase individual capacity include efforts to learn both from the realm of knowledge, perception, and skills.

The results of this study indicate that training does not affect the business performance of Muslim SMEs in Banyumas Regency. The results of this study are not in line with research conducted by (Łukasik, 2017) (Ajuna, 2018).

The research shows that mentoring programs affect the business performance of Muslim SMEs in Banyumas Regency, in line with research conducted by (Sartika, 2019) (Rahma, 2018) (Hakim, 2015) that mentoring helps entrepreneurs to grow and develop by providing input for improving business performance. The assistance provided by AspiKmas has proven to be effective in helping SMEs to improve their business. Forms of assistance are provided such as licensing arrangements and helping maximize the potential of Muslim SMEs.

This study seeks to find out to what extent coaching affects the business performance of Muslim SMEs who are members of AspiKmas. The results of the study show that coaching affects business performance, which means that coaching has a large enough impact in setting SME goals. Coaching can increase the productivity of SMEs, the sustainability of SMEs and encourage the performance of SMEs to increase further. This research is in line with the research conducted by (Baru, 1998).

#### 4. Conclusion

It is evident from the research results that the role of training, mentoring and coaching carried out by AspiKmas affects the business performance of Muslim SMEs. With the field of work owned, all programs are organized and implemented for members. Although in this study the results obtained that training had no significant effect on the business performance of SMEs, it did not mean that the results were generalized to all SMEs. This research was conducted openly and the respondents in this study were limited. Different results are likely to be obtained if the respondents who have a larger share and from various other sectors as well.

Mentoring and coaching are proven to have a significant effect on business performance. AspiKmas has proven its role so far in following up on training by providing assistance and guidance to its members so that the optimization of business performance achievement is felt by Muslim SMEs who are members of AspiKmas. Future research needs to be carried out again by raising different themes, such as the entrepreneurial character possessed by Muslim SMEs and how their reaction skills are to all kinds of conditions that may occur in their business activities.

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