

FEASIBILITY ANALYSIS OF MANAGEMENT AND HUMAN RESOURCE ASPECTS IN THE DEVELOPMENT OF LOCAL-BASED UMKM BUSINESSES (CASE STUDY AT THE CENTRAL MARKET OF MEDAN KOTA SUB-DISTRICT)

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Abstract: This study analyzed the feasibility of management and human resources (HR) aspects in the development of local micro, small and medium enterprises (MSMEs) in Pasar Central, Kota Sub-district, Medan. This research uses a descriptive qualitative approach with data collection methods through interviews, observation and literature study. The results show that good planning and organization as well as continuous HR training play an important role in improving the operational efficiency of MSMEs. However, challenges such as limited training budgets and low adoption of digital technology hinder the growth of the company. The study concludes that effective management and human resource capacity building are key to the success of MSMEs. Local needs-based training and digital technology adoption are recommended to support sustainable business development.

Keywords: Feasibility, Management, Human Resources, MSMEs.

Introduction

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% to Indonesia's Gross Domestic Product (GDP) and create jobs for around 97% of the national workforce. (Junaidi, 2022). With a total of 64 million business units by 2022, MSMEs are the main foundation of economic growth, especially in the informal sector. MSMEs also play a significant role in strengthening the regional economy through empowering local communities and utilizing available resources. However, despite the huge contribution of MSMEs to the economy, many of these businesses still face various challenges in their business development. (Qadisyyah et al., 2023). One of the main challenges is the lack of planned and professional management, especially in the aspects of management and human resources (HR).

Suboptimal management often leads to operational inefficiencies, while inadequate human resource management hampers business productivity and innovation. (Sudiantini et al., 2023). Data from the Central Bureau of Statistics (BPS) shows that 80% of MSMEs in Indonesia still rely on traditional management without a clear business strategy, making them vulnerable to market changes and competition. In the context of management, MSMEs often face obstacles in strategic planning, organizing, implementing, and controlling operations. For example, the lack of market analysis skills causes many MSME players to fail in determining the right position and strategy to face competition.

On the other hand, the HR aspect is also a significant issue. Most MSME players do not have effective employee training programs or workforce retention strategies, resulting in suboptimal service and production quality. (Irwansyah et al., 2024). Pasar Central, Medan Kota sub-district, is one of the centers of trading activities where various locally-based MSMEs operate. As one of the main trading areas in Medan City, Pasar Central has great potential in supporting the development of MSMEs. The diverse types of businesses and local products offered in this market reflect the strong dynamics of the regional economy. However, behind this potential, many MSMEs in this area face various obstacles that hinder business growth.

Intense competition, limited capital, lack of HR training, and lack of adoption of digital technology are some of the main issues faced. In terms of HR management, a survey from the Cooperative and SME Agency of Medan City in 2024 showed that only 20% of MSMEs in the Pasar Central area have employee training programs. Most businesses also do not have a workforce retention strategy, leading to high employee turnover and low productivity. In addition, the adoption of digital technology as a management and marketing support tool is still very limited. In fact, the use of technology can help MSMEs improve operational efficiency and expand market reach. Therefore, an in-depth study is needed to analyze the feasibility of management and HR aspects in the business development of locally-based MSMEs in Pasar Central, Medan Kota Sub-district.

This study aims to identify management strategies that are effective and relevant to local needs, so as to provide solutions to the challenges faced by MSMEs in the Pasar Central area of Medan Kota sub-district. The study is expected to provide strategic recommendations to support the sustainability and competitiveness of MSMEs in the long term.

Literature Review

This literature review discusses key concepts that support research on the feasibility of management and human resources (HR) aspects in the development of locally-based MSME businesses. The focus of this literature includes theories, previous research findings, and relevance to the context of MSMEs in Indonesia.

1. Micro, Small and Medium Enterprises (MSMEs)

MSMEs are a significant economic sector in Indonesia, recognized as a key driver of the national and regional economy. According to the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% to the national Gross Domestic Product (GDP) and absorb around 97% of the labor force. However, MSMEs face various challenges, such as lack of professional management, limited resources, and low competitiveness in an increasingly competitive market. (Lisnawati, 2023). A study by (Mahirdini, 2023) The study on Pasar Minggon Jatinan shows that the success of MSMEs does not only depend on the product, but also on effective management. Good management includes marketing strategies, operational efficiency, and strengthening human resource capacity.

2. Management Aspects of MSME Development

Management is a core element in business success, encompassing the functions of planning, organizing, implementing, and evaluating (Saprida et al., 2024). In the context of MSMEs, planned management can help improve the efficiency and effectiveness of business operations. Study by (Kaunang et al., 2024) emphasizes the importance of strategic location, inventory management, and operational management in ensuring business sustainability. In the context of locally-based MSMEs, management must also consider local market dynamics. Research by (Zed et al., 2024) The study on Hotmie Jababeka shows that the

success of MSME management is influenced by a deep understanding of local consumer preferences, marketing mix strategy (4P), and operational efficiency.

3. Human Resources (HR) aspect

HR is a key asset in businesses, including MSMEs, which requires effective management to increase productivity. HR management strategies include employee recruitment, training, motivation and retention. (Sono & Limpo, 2024). Continuous training and performance-based compensation systems are proven to improve operational efficiency and customer satisfaction. However, research also shows that many MSMEs have not prioritized HR training. For example, a survey by the Cooperative and SME Agency of Medan City found that only 20% of MSMEs in Pasar Central have formal training programs. Lack of attention to HR management can hinder business competitiveness and growth.

4. Local-based MSME Management

Locally-based MSMEs have unique characteristics as they are highly dependent on the social, cultural and economic dynamics of the local community. Research by (Sono & Limpo, 2024) mentioned at Pasar Minggu Jatikan shows that local-based management requires adaptive approaches, such as local community empowerment and local wisdom-based promotion. Pasar Central in Medan Kota sub-district has great potential as a center for locally-based MSMEs. However, intense competition and limited resources require MSME players to adopt innovative management and HR approaches to maintain business sustainability.

Method

1. Research Approach

This research used a descriptive qualitative approach to explore the feasibility of management and human resources (HR) aspects in the development of locally-based MSME businesses in Pasar Central, Medan Kota Sub-district. This approach allows researchers to understand phenomena in depth through analysis of non-numerical data, such as interviews, observations, and relevant documents.

2. Research Design

This research adopts a case study design, which aims to explore in detail the problems and potentials of MSME management in the specific context of Pasar Central. Case studies were chosen because they are relevant for analyzing complex, location-bound phenomena, such as management and HR dynamics in local business communities.

3. Location and Subject of Research

This research was conducted at Pasar Central, Medan Kota Sub-district, which is a center of local economic activity with various types of MSMEs. The research subjects include:

- 1) MSME owners: To gain insight into management strategies and HR management.
- 2) MSME employees: To understand experiences and challenges in daily operations.
- 3) Market Managers: To gain information on policies and support for MSMEs.

4. Data Collection Techniques

Data was collected through the following methods: In-depth Interviews Conducted with MSME owners, employees, and market managers. The interview guide included questions on operational management, HR strategies, and challenges faced. (Usman & Akbar, 2020). Field Observations Researchers directly observe the operational activities of MSMEs, interactions between managers and employees, and market dynamics. These observations help identify

best practices and potential improvements. Documentation Using secondary data such as MSME operational reports, market visitor data, and market management policy documents.

Result and Discussion

1. Research Results

a. Feasibility of Management Aspects

This study found that the management of MSMEs in Pasar Central, Medan Kota Subdistrict, varies in its effectiveness. Most MSME owners have carried out basic management functions such as planning and organizing, but there are still shortcomings in implementation and control. Some of the key findings include:

- 1) Planning: Most MSMEs do not have long-term business plans. Planning is more of a daily operational nature and relies on the personal experience of the owner.
- 2) Organizing: The organizational structure of MSMEs is simple with not always clear division of tasks. This leads to overlapping work and lack of efficiency.
- 3) Implementation and Control: Implementation is often not supported by clear performance indicators, resulting in suboptimal operational control.

b. Feasibility of Human Resource Aspects

Human resource management in Pasar Central MSMEs faces major challenges. Some of the key findings are:

- 1) Recruitment and Selection: The majority of MSMEs recruit labor informally without clear selection procedures, so the capabilities of employees often do not match the needs of the business.
- 2) Training and Development: Only 25% of MSMEs provide training to employees. Training is usually internal and focuses on basic technical skills.
- 3) Motivation and Retention: Labor turnover is high due to lack of incentives such as bonuses or clear career paths.

c. Challenges and Development Potential

The major challenges faced by MSMEs in Pasar Central include:

- 1) Lack of access to management and HR training.
- 2) Limited budget for HR development and technology adoption.
- 3) Lack of policy support focused on capacity building of MSMEs at the local level.

However, there is great potential for development through optimization of digital technology and collaboration with local communities.

2. Discussion
- a. The Role of Management in the Success of MSMEs

The results of this study are consistent with the findings of Ningrum et al. (2024), which show that planned operational management plays an important role in improving business efficiency. MSMEs in Pasar Central need to improve strategic planning by setting a long-term vision and measurable performance indicators.
- b. HR Management

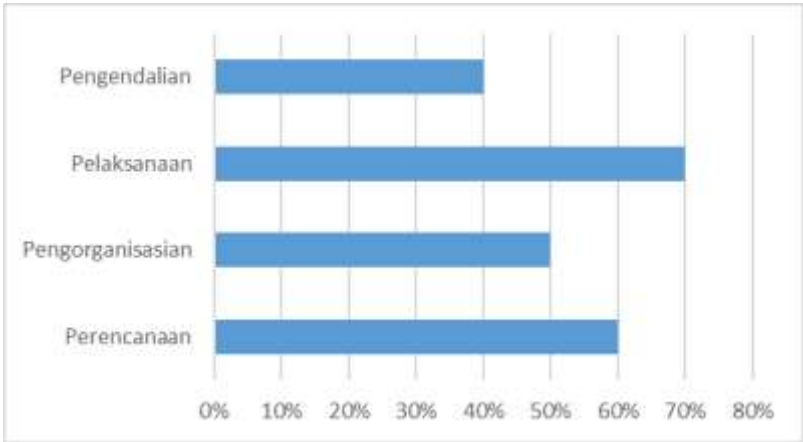
HR Management as Key to Competitiveness Effective HR management is key to the sustainability of MSMEs. This study is in line with research by Putra et al. (2024), which emphasizes the importance of employee training and motivation in creating operational efficiency. MSMEs in Pasar Central need to expand access to local needs-based training and create incentive schemes to improve labor retention.
- c. Practical and Policy Implications

This study shows that collaboration between MSME actors and local governments can support more planned business development. Support in the form of management training, access to technology, and incentive policies for MSMEs will have a significant impact on business sustainability.

Tabel 1. Challenges and Potential for MSME Development

No.	Aspect	Tantangan Utama	Potensi Pengembangan
1	Management	Lack of strategic planning	Local needs-based management training
2	Human Resourch Management	Lack of training and incentives	Strengthening HR training and retention programs
3	Technology	Low adoption of digital technology	Utilization of marketing and financial applications
4	Policy	Government support that has not been maximized	Improved incentives and coaching programs

Gambar 1. Graph of Management Functions in MSMEs in Central Market



Conclusion

This study aims to analyze the feasibility of management and human resources (HR) aspects in the development of locally-based MSME businesses in Pasar Central, Medan Kota Sub-district. Based on the analysis, it can be concluded that the management aspects of MSME businesses in Pasar Central have mostly implemented the basic principles of management, although there are still some weaknesses, especially in terms of business planning, financial management, and effective marketing. Therefore, improvements in long-term planning and the application of more modern marketing strategies, such as the utilization of digital marketing, are needed to improve the competitiveness of MSMEs. On the other hand, although MSME players in Pasar Central have sufficient skills in running a business, the lack of training and human resource development is one of the main obstacles in their business development.

Improving competencies through skills training and managerial knowledge will greatly support the growth of MSMEs in the future. Overall, the potential to develop locally-based MSME businesses in Pasar Central is considerable, but more maximum support is needed from various parties, such as the government, educational institutions, and the private sector. Efforts to improve managerial capacity and human resource quality are expected to strengthen the sustainability and competitiveness of MSMEs, as well as make a significant contribution to the local economy. Therefore, this study recommends the need for more attention in terms of developing managerial and human resource aspects so that MSMEs in Pasar Central can grow and develop sustainably, and become the driving force of the economy at the local level.

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