

Developing the Human Resources Talent of Small Medium Enterprises (SME) in Bandung City of Indonesia

Dedi Rianto Rahadi¹, Jamaludin Iskak², Wijonarko³, Mochamad Muslih⁴

¹Universitas Presiden, Cikarang, Indonesia

²Universitas Tarumanagara, Indonesia

³UIN Raden Fatah, Palembang, Indonesia

⁴STIE Tri Bhakti, Bekasi, Indonesia

Email dedi1968@president.ac.id

Abstract

Managing the talent of an organization's workforce effectively and efficiently, including developing and planning succession and employee self-development as much as possible, is the goal of talent management. One of the problems in the SME sector is that the utilization of talent has not been carried out optimally. The purpose of the study was to analyze the development of human resources (HR) in the SME sector in the city of Bandung. The research method used is descriptive qualitative and data collection through interviews and library studies. The study results show that talent management has become a basic need for SMEs so that they can and continue to grow in adapting to changes in the business environment. The utilization of information technology can be one of the talents that must be developed to operate competitively.

Keywords: Talent Management, SMEs, Information Technology.



A. INTRODUCTION

All business sectors experienced a downturn and eventually went bankrupt during the covid-19 pandemic and it didn't only happen in Indonesia but the world. Before the pandemic, they were one of the supporters of the Indonesian economy, and now, many have gone bankrupt. During the two years 2020-2022, SMEs did not operate optimally due to government policies related to the Covid-19 condition, and on the other hand, people's purchasing power was decreasing. The decline in sales impacts the difficulty of paying employee salaries, and one option is to terminate the employment relationship. Currently, the SME sector is starting to rise along with the decline in the number of Covid-19 spreads, although it is not yet optimal. The current condition must change the SMEs' business process to remain operational. One of the elements that must be improved is human resources (HR). Human resource development must adapt to current conditions, one of which is internet-based information technology. Several research results have been conducted by researchers, showing that the SME sector in Indonesia can survive and increase activity through the use of digital information technology and social media (Bakhri & Futiah, 2020; Sumarni et al., 2020).

Today's problem is how to improve the quality and competence of human resources to manage SMEs to continue to operate during competition. The challenges

in the new standard era are balanced with the development of the quality and competence of human resources. Conditions that occur today, there are still many who have not been able to adapt to the challenges in the new standard era, so many business sectors lose competitiveness because their human resources are still not adaptive and competent enough. Strengthening human resources towards superior human beings is closely correlated with increased productivity. The role of the government is crucial, especially in paying intensive attention to the development and growth of the SMEs business (Chaerani, 2020).

Good quality human resources must support SMEs with good performance incompetence, knowledge, skills, and personality characteristics (Suindari & Juniariani, 2018). The workforce is an essential resource for companies to gain a competitive advantage. It is not easy for SMEs to find human resources willing to work in the small business sector by having competencies following the company's needs (Cakranegara & Rahadi, 2020). There are several reasons why managing HR in the SME sector has obstacles, including the first reason (1), not optimal education and training that prepares a worker to be ready to work following the competencies required. The second reason is (2) some HR does not have formal certification to support their competence. Third (3), the talent possessed by HR is obtained by self-taught and experience from previous workplaces.

The city of Bandung, the capital of West Java province, has considerable potential to realise a city with a business in the SME sector. The number of medium-sized business sectors is 1,433 business units with a total workforce of 82,073 people. The small business sector is 2,561 business units with a total workforce of 21,398 people (see Figure 1).

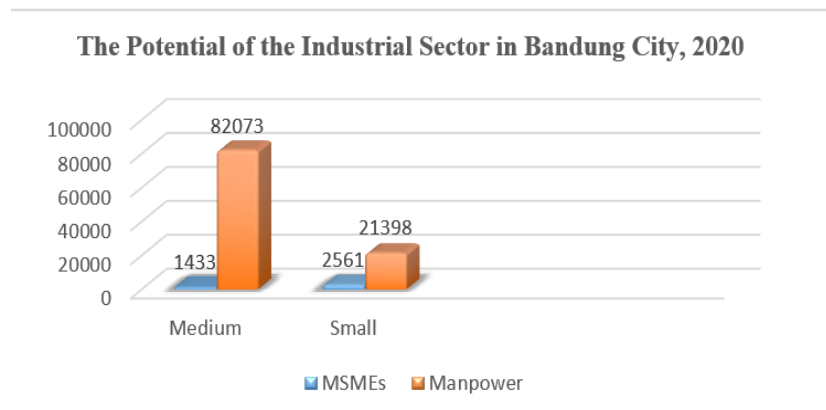


Figure 1. Potential of the Industrial Sector in Bandung City, 2020

Source: Bandung City Department of Industry and Trade

The potential of SMEs contributes a lot to local revenue, absorption of labour and reducing poverty. Encouraging the existence of SMEs to keep running and be productive requires the ability of individuals who manage them. The ability to manage cannot be separated from the talents/talents of the individual so that they can carry out company activities following the needs of SMEs. Every company will undoubtedly have different problems ranging from minor to big problems. Talent development is a solution to dealing with problems experienced by the SME sector.

Internal factors and even the problems experienced after the pandemic will also significantly affect the obstacles to the development of each company. Talent Development in Human Resources needs to be considered by the management, which regulates by conducting research and even training so that there is talent development to solve problems. The company will quickly develop if every HR has the talents needed by the company.

From the description above, the problem can be formulated, namely how to develop Human Resources (HR) talents according to the needs of the SMEs sector in the city of Bandung. The purpose of the study was to analyze and determine the development of Human Resources (HR) talent in the SME sector in the city of Bandung.

B. LITERATURE REVIEW

1. Talent Management

Human resources can be seen from two perspectives: human resources who have "talent and skills" in an organization and the motivation needed to do work effectively (Ratnasari, 2019). Natural talent can be possessed by every individual, they have skills and knowledge through formal and informal training and education (Piangsoongnern & Pacapol, 2010). Activities that are in accordance with the needs of the organization can be done through a combination of performance indicators and performance potential of employees. Professional companies can identify the talent needed, then respond through human resource management functions. Its activities are initiated through the process of recruiting prospective employees, selecting prospective employees, developing employees and retaining them so that they can survive in the company, so that there will be a lot of talent needed to support the organization's operations. The results of research conducted by Tansley et al. (2006), an employee's talent is considered as a combination of skills and expertise as well as cognitive aspects, and their potential. The implication is to optimize human resource talent with the help of a human resource management function integrated into business strategy through policies and organizational culture, namely talent management.

The opinion of Hanif, Masood, Tariq & Azhar (2012), received support, where the application of talent can be carried out through the human resource management function, which is a source of sustainable competitive advantage that is beneficial for the company. It can be concluded that talent management is an integrated process in the corporate culture by identifying strategic positions and potential employees who become human resource capital following company goals. Duttagupta (2006) stated that talent management is an important vision and mission to demonstrate that the quality and quantity of employees are needed for the company's operations. The operation of a business activity can be a series of integrated activities to ensure a more attractive organization for survival, motivating and developing people. Armstrong (2006) states that talent management is not much different from the conventional

human resource management function, only that the main activity begins with the "talent pool".

The existence of competency development can motivate employees so that their performance is more optimal as desired by the company (Ahmad, Abdelhadi, Al-Tarawneh, 2010). This statement supports research conducted by Ramadhan (2012), where competitive advantage can have a positive and significant effect when implementing talent management.

2. Talent Management Process

The aim of talent management is to become the main strategy through identification to fill skill gaps through the recruitment of highly qualified employees according to the company's needs. To retain employees who have high skills in order to survive can be done through talent management. According to Fitzgerald (2014), the talent management process can be explained as follows:

- a. The stages of preparatory requirements must be understood: the preparatory stage plays an essential role in the success of the overall process. Its main activity is to develop and evaluate job descriptions and job specifications to be carried out.
- b. Talent Resources: Activities to get people who match the primary needs of the organization.
- c. Attracting Talent: Getting talented people to work to support the primary objective through the talent management process by recruiting the best-skilled people from the industry.
- d. Recruiting Talent: The recruitment process is done by offering talented people to join the company.
- e. Selecting Talent: This activity involves many people who have different or the same qualifications according to the job description. Candidates who meet the requirements will be invited to join the company.
- f. Training and Development: Furthermore, the talented person will be trained and developed to obtain the desired qualifications of the organization.
- g. Retention: this activity is influenced by various factors such as salary, job specifications, challenges in work, appointments, employee personal development, recognition from the company, organizational culture and the match between work and talents possessed.
- h. Competency Mapping: The company continuously assesses employees' development, abilities, skills, and competencies. Furthermore, the company can assess behaviour, attitudes, and knowledge and carry out development and improvement for good in the future.
- i. Performance Assessment: Periodically conduct employee performance appraisals to identify potential employees.
- j. Career Planning: Management needs to provide brief career planning for all employees who have good performance. It is expected that employees will have increased responsibility and feel valued.

- k. Succession Planning: Management needs to plan when and how succession will occur for employees who have held certain positions for a long time.
- l. Completion: When an employee has met the requirements for retirement, the management can act following company regulations, and then they are no longer part of the company.

The Talent Management process is not easy, but it needs special attention. The talent management process aims to get the right people at the right time and in the correct positions according to their expertise and company needs. So that the company's goals can be achieved because it is managed by people who have Talent.

C. METHOD

The research method uses a descriptive qualitative approach. The data were taken utilizing observation and interviews and reviewing some literature. According to Basrowi & Suwandi (2008), the interview is about giving questions to the resource person. Then, the resource person answers the question. Norman & Denzin (2009) stated that observations were carried out by recording all visible symptoms with the help of pre-determined instruments for scientific purposes and other purposes. In their research, Saunders et al. (2009) stated that researchers conducting semi-structured interviews must prepare a list of themes and questions to be asked to respondents. The concept of talent management can be done through the identification and development of talent, and career planning, can be used as a guide in recruiting and retaining employees.

D. RESULTS AND DISCUSSION

Interviews were conducted with 30 SME sectors. Interviews were conducted with SME managers and employees related to employee talent development. The first question asked, "What sector is your business engaged in? The results can be shown in Figure 2.

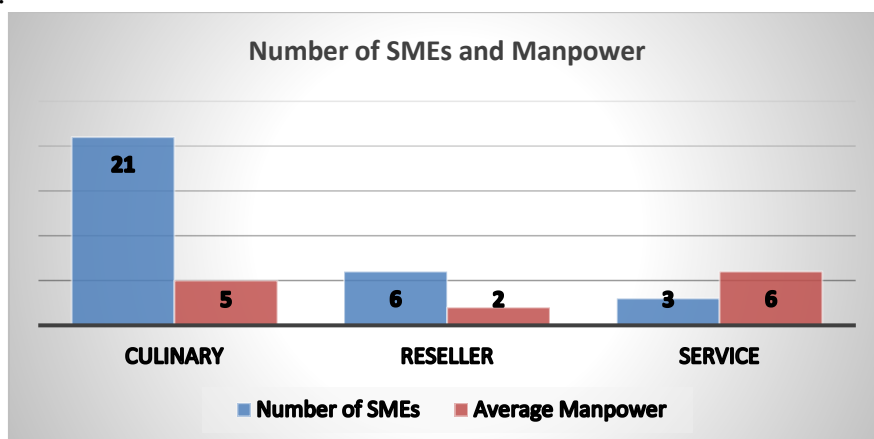


Figure 2. SMEs Business Unit & Manpower

The number of interviewed SMEs was as follows: 21 SMEs engaged in the culinary sector with an average workforce of 5 people, 6 SMEs engaged in resellers with an average workforce of 2 people and three working in the service sector with a total workforce of an average of 6 people. The large or small number of workers

depends on the size of the SMEs' operations. From the observations, it is shown that the SME sector has a relatively small operational scope with its business reach around West Java, so it does not require much labour.

The second question asked, "How do you get employees who have talent? The results can be shown in Figure 3.



Figure 3. How to Get Talented SMEs?

From the interviews, the following information was obtained: for the culinary sector to obtain talented employees, they relied more on the expertise of 21 SMEs. They created job vacancies according to the needs of 18 SMEs. Employees who have experience are also an indicator in obtaining talent (15 SMEs), and references given by others (5 SMEs) are also an option. Educational background is not a priority in acquiring talent (2 SMEs). For the reseller and service sector, getting talented employees, in general, uses almost the same method—for example, creating job vacancies, practice skills, educational background, references, and work experience. The third question, “how to develop employee talent management? the results can be shown in Figure 4.



Figure 4. How to Develop Talent

From the interviews, the following information was obtained: almost the same information was obtained, including through formal and informal education, providing training, holding courses and others. Formal education is not important in the culinary sector, but informal education is needed to support the skills needed.

Furthermore, providing training and courses becomes the method used to develop talents. The reseller sector and formal education services are essential for developing talent because they are needed to manage or coordinate work and another workforce.



Figure 5. Talent Needed

The respondents' answers show the talent needed by employees following their respective SMEs sectors. For example, for the culinary sector, the desired talent is to use internet technology as many as 21 people and become a reliable chef as many as 18 people, and various other talents in customer marketing administration services. The reseller sector and services using internet technology, administration, image design, customer service, and marketing are the choices for the desired talent.

The results showed that many respondents chose their expertise in information technology. During COVID-19, SMEs interact more with consumers through information technology, for example, social media. Information technology such as artificial intelligence (AI), applications on social media in various forms, website applications or other global networks is often used by companies and managed by employees who have unique talents to operate them. (Joerres, 2016). Information technology ranging from robots to internet-based applications, has helped a lot in company operations and is widely used by all levels of management in organizations (Hinssen, 2017). It should be noted that information technology is only a tool and not an essential component but is part of its operations.

The question posed to SMEs is, "What kind of information technology-based talent do you want?"

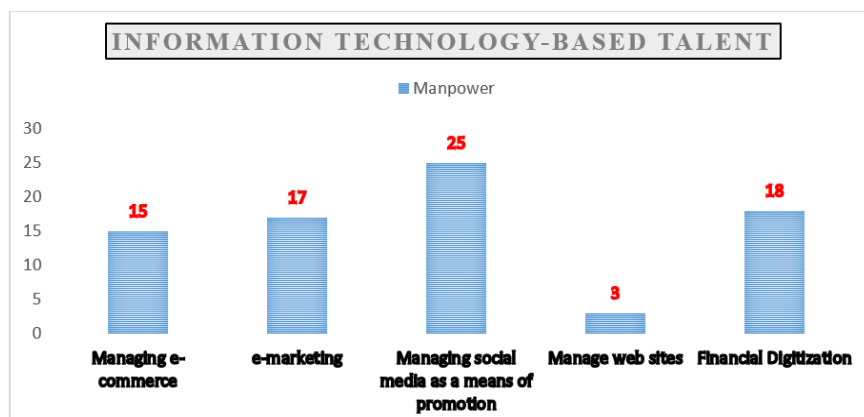


Figure 6. Talents Based on Information Technology

The interview results show that the need for information technology-based talent is dominated by expertise in managing social media as a means of promotion and digitalization of financial management as well as managing e-marketing. The results show that the desired talent is more oriented to business operations. This condition shows that SMEs have started to enter the digital economy in the future. In the context of the formation of the digital economy and the introduction of continuous innovation, and the permanent reduction of organizational costs for management by automating various business processes, the automation of HR management becomes very relevant because the organization's personnel are its principal capital.

The observations and interviews with SME managers show that human resources in organizations and various business sectors are required to master the rapid development of technology and digital disruption. Muslih (2020) concludes from his research that audit committee members with experienced financial expertise in accounting, auditing, and finance will reduce the possibility of internal control weaknesses, reduce the possibility of financial reporting problems, and reduce the possibility of suspicious auditor replacements. So, the role of skilfull and talented human resources at various levels in the organization is very large. The interview shows the need to be disciplined and comply with the application of strict health protocols and life in the new normal. HR in an organization is essentially a vital resource for the organization's survival. HR is the determinant of the sustainability and success of the organization. Talent Management is a phenomenon that does not stand alone but interacts with other activities. Talent Management is designed and implemented in organizational activities and becomes part of the broader community/operational context. The statement about Talent Management is in line with the contextual-based HR model (e.g. Paauwe & Farndale, 2017). The research results state that internal and external factors can affect the SHRM system and performance. Strategic HRM externally is heavily influenced by various conditions of competitive market mechanisms (i.e. market forces; market demands ranging from a combination of relevant products and efficient and effective technology, flexibility, service quality, innovation, and organizational speed in dealing with change). Another factor is the institutional mechanism, namely pressure from social and cultural aspects, law and politics, as well as government regulations and policies in which the company operates. Making a connection between talent management and how to develop talent needs understanding the setting in which the organization operates in order to find out the most effective approach. Talent management is highly dependent on the context of the talent needed. According to Baldassari & Roux (2017), several things must be considered by managers when developing talents, including:

1. Understand the strategic objectives of talent management.

Each SME would be better off having its own unique goals related to high performance or profit, and goals should be clearly defined and follow the needs of SMEs.

2. Determine ways or tools to measure the success of SMEs.

Determine the benchmark for the success of the talent possessed by the employee. This is done to determine whether the existing talent needs to be developed or sufficient.

3. Maintain communication with employees

So that the talent management program does not have a boomerang effect, SMEs also pay attention to other employees. Provide opportunities to develop or pursue a career within the company and find out the prospects of employees in the future so that the company can increasingly provide better plans.

Research conducted by Kotze & Dunn (2008) states that talent consists of two components, namely ability and potential ability. Talent possessed by employees, not only knowledge and skills or certain mental and physical characteristics. These talents can make a difference or reduce difficulties and complexities in the future (Kamil et al. 2012; Mucha, 2004). Companies need to acquire and develop talented employees to be loyal to the company. The existence of talent management can contribute to good human resources, provide high motivation and support commitment to the company. With the implementation of good talent management and HRM functions, in the end, optimal performance can be realized, and the process becomes a capability for the company. Talented human resource management can provide excellence, both in the company's routine operational activities, providing innovation capabilities and increasing reputation. This management will be difficult for competitors to imitate, because it is a continuous combination carried out by individuals, groups and companies and is not an instant or extraordinary program but is planned (Lewis & Heckamn, 2006; Areiqat; Abdelhadi; Al-Taraweh, 2010; Mucha, 2004). In other words, talent management is able to create companies that have unique characteristics that are difficult for competitors to imitate in the near future, both in terms of activities and activities. or human resources, it is this combination that makes talent management strategies a distinctive capability and a source of competitive advantage (Man & Wafa, 2013; Ramadan, 2012).

The strategy will adjust what talent is needed. From the interview results, it is shown that information technology is an option that needs to be considered for the SME sector. The digitalization of SME management will be a competitive advantage. Internet-based digitalization and computerization are related to the phenomenon of globalization, speed, and renewability are a necessity to survive. The potential of digital technology to enhance value creation (Saksson & Wennberg, 2016). Digitization that occurs in society has also influenced talent management by the company "not leaving the HR department untouched because it radically changes the types of services offered by HR and the way they are delivered" (DiRomualdo et al., 2018). In the current digitalization era, human resource management (HR) has become a digital-based electronic-HRM where all activities are systemically integrated and up-to-date can be operated anywhere and anytime.

The implementation of digitization began optimally when the COVID-19 pandemic hit the world. Previously, the SME sector still used a little information technology. The current condition was "forced" to use it. The research conducted

(Barley et al., 2017; Collings & Isichei, 2018), states that this condition will have an impact on talent development. These results are also supported by Collings & Isichei (2018), stating that these trends include (1) talent collaboration can be connected anytime and anywhere and can be used as a platform for talent development (Morgan, 2014); (2) talent identification can be done through analytical and systematic analysis (Wiblen et al., 2012) and problem solving (Collings and Isichei 2018) and (3) project-based work can be used as an indicator of job mobility growth (Barley et al., 2017). Talent development can be tested through changes in digitalization transportation. (Hysall et al. 2019). The application of digitalization to support company activities can be done through classical talent development methods, for example by searching for ready-made talent from other companies (Whysall et al., 2019).

E. CONCLUSION

SMEs were one of the sectors that slumped during the COVID-19 pandemic. After Covid, it is necessary to adjust to all activities and business processes carried out in the future. Empowerment of human resources through identifying talent needs to support business processes needs to be done. Talent management provides added value for SMEs to compete competitively and support operations as needed. It takes a talent development strategy tailored to the needs, people and the right time when implementing it. Digitization of talent is one solution to increase human resource talent in the future. The strength of this study, researchers can identify and identify human resources in the SME sector. Where SMEs are always creative to rise again with all their limitations. The weakness of the researcher is that the number of objects studied is small, so it is not optimal to describe the condition of employee talent in the SME sector.

Suggestion, because many SMEs are engaged in the informal sector, the government's involvement is needed to assist in improving the quality of human resources (HR) through sustainable training and education policies by adjusting to the development of the situation. The selection of information technology as one of the talents needs to be done to compete with competitors.

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