



Effectiveness Change Management Improving MSMEs Performance Kediri, Labuhan Batu, Kampar Mine Rope

Anita Sumelvia Dewi^{1*}, Imam Mukhlis²
Universitas Negeri Malang
Corresponding author: Anita Sumelvia Dewi
anita.dewi.2304139@students.um.ac.id

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ABSTRACT

The level of success of MSMEs in carrying out tasks to achieve goals within a certain period of time is called MSME performance. By using a change management management program adopted based on existing knowledge, Kediri, Labuhan Batu, and Kampar rope mining MSMEs can improve the performance of employees and MSMEs to achieve MSME goals. In this way, Kediri, Labuhan Batu, and Kampar rope mining MSMEs can gain an increase in income of 20% in 2023. With proper change management, the performance of all employees can be improved so that MSMEs can achieve their goals. Because of the reciprocal relationship between MSMEs and society, MSMEs must also develop along with society. Change management in Kediri, Labuhan Batu, and Kampar rope mining MSMEs requires appropriate policies to achieve service goals, profit receipt and MSME performance. This policy includes establishing a change agent, establishing a performance manager, managing risk management, and activities to monitor and assess the implementation of change management. This is done to improve employee performance so that they can achieve common goals.

INTRODUCTION

According to Law number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), "micro businesses" are defined as "productive businesses owned by individuals and/or business entities" that meet the criteria for micro businesses; Productive economic enterprises, which are called independent small businesses, are carried out by business entities or individuals that are not subsidiaries or business branches that are owned, controlled, or become a direct or indirect part of the company. Medium enterprises are also defined as productive economic enterprises carried out by individuals or independent business entities. Medium-sized businesses do not include subsidiaries or branches of companies that are owned, controlled, or are part of large or small companies with net assets or annual sales proceeds directly or indirectly in accordance with regulations.

Small and medium businesses (MSMEs) are groups of people who work together to achieve mutually agreed goals. MSMEs and society are related to each other, so that in the end, all changes that occur in society will also require MSMEs to make changes too. Change is a shift in conditions from old conditions to new conditions, modification of conditions or addition of certain conditions. This change in MSMEs has two sides, namely the changes in MSMEs that are said to be successful changes in MSMEs and unsuccessful changes. This successful change will make MSMEs more productive (Schermerhorn, Jr. 2010). According to Tambunan (2012:2-5), MSMEs have several characteristics. They are numerous and spread out, have high levels of employment, work in various levels of society, and use technology in proportion to production factors and conditions. They also have the ability to survive during economic crises. The owner also has additional sources of capital that the business owner still has. Performance (performance), according to Rue and Byars (1981) in Keban (1995), is the level of achievement of a result or "level of achievement". In other words, MSME performance can also be interpreted as the level of achievement of MSME goals. MSME performance is the level of success of MSMEs in carrying out tasks or achieving goals during a certain period. Sobirin (2005:2) believes that there are two factors that drive changes in MSME management: external factors (changes in technology and international economic integration) and internal factors (changes in the performance of MSME hardware and software). This change will affect the performance of MSMEs directly and indirectly. Currently, Kediri, Labuhan Batu, and Kampar rope SMEs use change management to carry out structural (strategy, structure and systems) and cultural changes (MSME culture, changes in MSME human behavior and HR policies). One of the structural changes is the use of television, comfortable waiting rooms, queuing machines with advanced technology, and various applications and websites that facilitate services to stakeholders. Kediri, Labuhan Batu, and Kampar mining rope MSMEs have also formed special change agents and administrators to handle MSME performance at production sites. This is a cultural change. In order for the service objectives, profit receipt and performance of MSMEs to be achieved, change management in Kediri, Labuhan Batu, and Kampar rope mining

MSMEs requires appropriate management. Therefore, researchers are interested and want to know more about the performance of MSMEs with change management.

Based on the description that the author conveyed previously, the author will formulate several problems in this scientific work, including:

- a. What are the steps taken by Kediri, Labuhan Batu, and Kampar mining companies to implement change management in order to improve the performance of MSMEs?
- b. What is the effectiveness of change management to improve the performance of Kediri, Labuhan Batu, and Kampar rope mining MSMEs?

Based on the description of the problem formulation above that has been put forward, the author can make the aim of writing this scientific work as follows:

- a. To find out what steps are taken by Kediri, Labuhan Batu, and Kampar mine rope MSMEs to implement change management in order to improve the performance of MSMEs.
- b. To find out how effective change management is to improve the performance of Kediri, Labuhan Batu, and Kampar rope mining MSMEs.

THEORETICAL REVIEW

1. Change management

a. Change

Change means changing the current condition of an MSME to the expected condition in the future. Structure, process, people and culture are factors that influence this change (Wibowo, 2016:105). Change doesn't always end well. Therefore, efforts are needed to ensure that changes will lead to better conditions than before.

b. Change management

Furthermore, change management is a systematic process of applying the knowledge, resources and means necessary to influence the changes that occur to those affected (Potts and LaMarsh in Wibowo, 2016: 241). Basically, change management is a process that applies the POAC (plan, organize, mobilize and control) approach. Leaders in the POAC approach must plan the change route after evaluating the conditions of the business environment; they must convince employees to commit to implementing the change; they must form a group of people committed to implementing change; and they should monitor any situations that arise because of the change itself, such as if there is resistance to change.

In his article, the definition of change management refers to aspects of Jabbour's (2010) work, and Simpson, Taylor, and Barker (2004) by defining it as: Managing the process of change in technology and practices that affects the organization and in which consideration of environmental factors in business decisions (such as process, product, service, and stakeholder development activities) plays a role most of the participating MSMEs use a gradual approach to change that involves a step-by-step movement toward

organizational ideals in which management refines current operations to achieve future goals (Walker, Armenakis, & Bernerth, 2007).

2. MSME performance

a. Performance

Performance can be defined as the level of achievement of implementing programs, activities or policies in realizing the goals, objectives, vision and mission of the organization, which are outlined in the organization's strategic planning (Moeheriono, 2014: 95). If MSMEs set certain standards or success criteria, the performance of individuals or groups of employees can be known and measured. This can be done for MSMEs as a whole or individually. Academic literature relates to this research from the perspective of influence on performance, namely: change management is still underdeveloped and still in its infancy despite the fact that it has been identified as an innovative and potentially transformational force that produces new products and processes that may challenge existing business practices (Blum - Kusterer & Hussain, 2001; Bos-Brouwers, 2010). The changes can be radical (Rycroft & Kash, 2000) or gradual (Chadee, Wiesner, & Roxas, 2011). In addition, the changes that occur are different from changes in other MSMEs because they usually (but not always) involve elements of economic, social and environmental change as an integral part of the overall change process.

For other knowledge, research comes from India, related to change management, namely: studying the growing literature on the circular economy (CE) and using a theoretical lens of change management, we conducted interviews with senior leaders and owners of Indian MSMEs, CE intermediaries, and two large companies. The aim of these interviews was to determine the types of barriers and important drivers in the adoption of CE practices (Malik et al., 2022).

a. MSME performance

MSMEs and organizations (Wijaya, 2016) are structured social systems consisting of groups and individuals working together to achieve several agreed targets. Meanwhile, MSME performance is the level of success of MSMEs during a certain period in carrying out tasks compared to standard work results, targets, targets or criteria that have been determined in advance and mutually agreed upon. The performance of MSMEs in the MSME environment can be measured by the MSME Performance Values obtained during the last year which is a collection of the success values of the Main Performance Indicators. The dominant environmental change management approach used by MSME participants is consistent with change management literature which suggests that MSMEs should ideally involve employees at all levels in the change process, and strategic thinking at various levels of MSMEs is proposed as important in creating and sustaining change (Wiesner et al. al., 2018).

The flow used is a recording after the first source interview, then a transcript, coding the same answers on several questions, then categorized,

themes, memos, then theory and eventually formed local theory. Based on interview, the interview transcript/ triangulation column as follows and manual coding (MDAP):

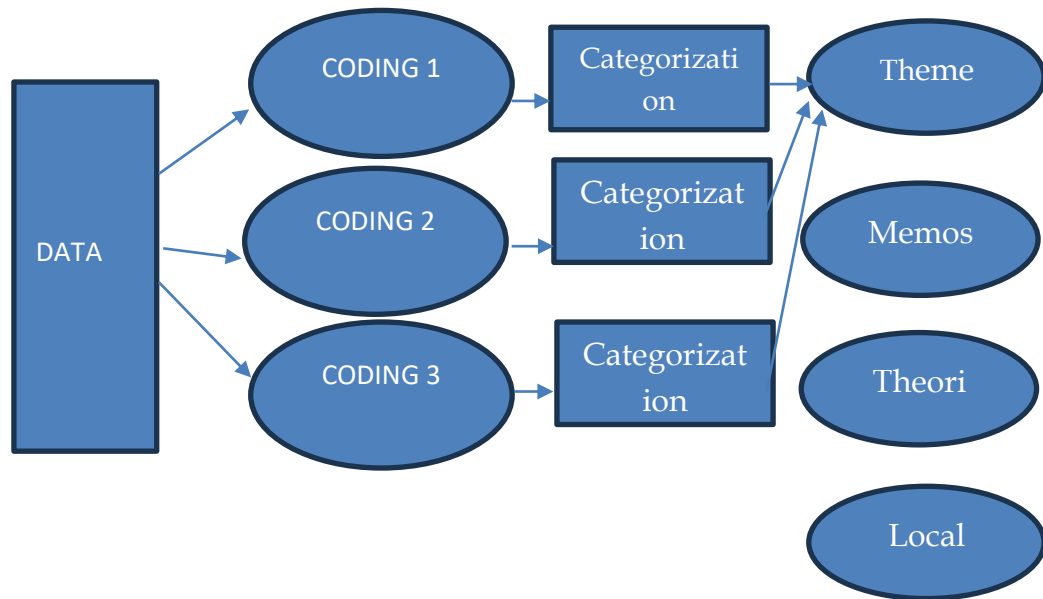


Figure 1. The interview transcript/ triangulation column

METHODOLOGY

All forms of activity in qualitative data analysis will be carried out interactively and continue continuously until they are finished and completed, so that saturated data will be obtained (Miles and Huberman, 1984). In the qualitative research methodology book, Prof. Bubu states that NVivo can only be used to analyze the first data set using the expressions of the data. For example, in the wawancara of expressions that are used to represent the data at sad with cry, followed by the expression of kecewa wajah sayu, but the data that is examined are only those that are first sedih ada tangis, indicating that the data is not very accurate. Koding handbook. The measure of data saturation is characterized by no more new data or information being obtained. In order to better understand the presentation of the data, the data analysis procedures that will be used in this research are: *Analysis Interactive Model* from Miles and Huberman which is explained as follows:

1. Data Collection

In the first procedure, data will be collected from observations, interviews and review of various documents based on categorization according to the research problem. Next, data sharpening will be developed through subsequent data searches. The researcher uses data collection techniques with unstructured observations, which means that the categorization that will be made by the researcher is based on various answers from respondents in the field with the following population and samples:

a. Population

The population taken in this research were all employees of Kediri, Labuhan Batu, and Kampar rope mining MSMEs with a total of 18 employees.

b. Sample

In this case the author took a saturated sample, namely all employees of the Kediri, Labuhan Batu, and Kampar rope mining MSMEs. Researchers will make observations on everything related to the problem being studied. In addition, researchers will conduct interviews with all employees (managers and workers) regarding change management.

2. Data reduction

According to Miles and Huberman (2007:16), data reduction is a form of analysis that sharpens, categorizes, directs, removes unnecessary data or organizes data in such a way that final conclusions can be drawn and verified. Researchers will conduct an analysis of change management by collecting data and information from employees. The data collected is in the form of effectiveness documents with change management policies, the implementation of change management management, and the results of the 2023 MSME performance assessment. In addition, researchers will also conduct library research by studying laws and regulations and other sources of information related to the title this scientific work.

3. Data Presentation (*Data Display*)

Data presentation is a series of organizing information that allows research conclusions to be drawn. The aim of presenting the data is to find a meaningful pattern and provide the possibility of drawing conclusions and providing action (Miles and Huberman, 2007: 84).

4. Pulling the Knot (*Conclusion Drawing/Verification*)

Drawing conclusions is part of a complete configuration activity (Miles and Huberman, 2007:18). These conclusions were verified during the research, which was based on data obtained by researchers while conducting research on Kediri, Labuhan Batu, and Kampar rope workers.

RESULTS AND DISCUSSION

Steps for MSMEs in Kediri, Labuhan Batu, and Kampar to implement change management in order to improve the performance of MSMEs Kediri, Labuhan Batu, and Kampar mine rope MSMEs are implementing change management that is adapted to conditions in the midst of the Covid-19 pandemic outbreak and demands for achieving MSME performance, one of which is to meet income for operations, survival and existence in 2023, Kediri, Labuhan Batu, and Kampar rope rope MSMEs are preparing change management so they can improve MSME performance by designing various programs, namely:

a. Forming Change Agents (*Change Agent*)

Change agent (*change agent*) is a person who acts as *role model*, creating readiness for change, overcoming resistance to change, and being able to build the commitment of MSME members. In addition, a change agent must be able

to convey clear information about the goals of change and targets to be achieved, and help build a culture that supports the learning process and the ability of MSME members to experiment with new things that have never been done before.

Kediri, Labuhan Batu, and Kampar rope mining MSMEs formed a change agent in 2023. The change agent consists of 18 employees at MSMEs to become *role model* during 2023 and carries the policy of "one agent, one change" with the following work plan:

- 1) **Socialization of change agent work plans** In order to improve performance, this is carried out with the aim of making employees understand more about the effectiveness in creating a positive atmosphere in carrying out activities at Kediri, Labuhan Batu, and Kampar rope mining MSMEs;
- 2) **End of year activities** which is commemorated every December 20 by the Kediri, Labuhan Batu, and Kampar mining MSMEs. This warning aims to increase cooperation, kinship and togetherness of all employees.
- 3) **In House Training (IHT) Wise in the Use of Social Media** which aims to increase awareness of all employees in using social media wisely and in accordance with regulations, promoting products, interacting. Knowledge of technology is important in increasing MSME profits and public trust in these MSMEs.
- 4) **Socialization of complaints procedures.** In this case, it is a procedure that employees need to pay attention to when conveying any discomfort in order to ensure the sustainability of MSMEs.
- 5) **Narrative of Morning and Evening Prayers** which is read every day in the hope of increasing employee faith, maintaining integrity and supporting work implementation. This activity is integrated with the Kediri, Labuhan Batu, and Kampar rope mining MSME management system;
- 6) **Increased employee interest in learning** through completing independent learning with existing technology with the most access, encouraging other employees to also access it so that many employees gain knowledge and become accustomed to using technology.

b. Define Performance Manager

Kediri, Labuhan Batu, and Kampar rope mining MSMEs have established a Performance Management Team in accordance with the direction of the owner and accompanied by competent experts, to manage the entire performance assessment process for employees who are classified as MSME Performance Managers.

With the existence of a performance manager, it is hoped that the performance of employees at Kediri, Labuhan Batu, and Kampar rope mining MSMEs can be monitored well. Members consist of owners and managers who have expertise/competence in the field of performance management, their duties are:

- a) Organize, coordinate and *reviewing* performance contracts;

- b) Prepare performance achievement reports;
- c) Coordinate the implementation of monitoring and evaluation of performance achievements;
- d) Calculating MSME Performance Value;
- e) Administer important documents;
- f) Coordinate outreach.

c. Managing Risk Management

Risk management is required by an organization to identify, analyze, evaluate, control, and/or try to avoid, minimize, or even eliminate unacceptable risks. The Kediri, Labuhan Batu, and Kampar rope UMKM has optimized the implementation of risk management in 2023, as well as managing performance, consisting of 1 owner and 1 expert manager who is also part of the employees at the Kediri, Labuhan Batu, and Kampar rope UMKM:

- a) Determining risk events;
- b) Determine the priority order of risks that have been taken;
- c) Providing treatment that will be applied to each risk event;
- d) Create several action plans for each risk event;
- e) Develop an implementation schedule, required resources, and the person responsible for each risk management action plan;
- f) Inventory the obstacles that occur during the implementation of risk management (if any);
- g) Do *review* implementation of risk mitigation action plans every quarter;
- h) Do *review* risk effectiveness each year by comparing the implementation of risk management with the achievement of MSME Performance Values in that year.

d. Carrying out Monitoring and Evaluation Activities

As an effort to facilitate control over the implementation of change management that has been carried out in the Kediri, Labuhan Batu, and Kampar rope MSMEs, the leaders of the rope mine MSMEs carry out monitoring and evaluation activities periodically during the current year. This activity is carried out every quarter involving all appointed managers to submit reports. In the context of monitoring and evaluation activities, there are three things that are the main focus *reform* management of changes to MSME performance, namely:

a) Commitment to change

Agents of change have made concrete changes in the Kediri, Labuhan Batu, and Kampar rope mining MSMEs by carrying out the "one agent one change" policy program. The changes made by the change agent have been integrated into the management system at Kediri, Labuhan Batu, and Kampar rope mining MSMEs.

b) Leadership commitment

The leadership is committed to implementing bureaucratic reform, with clear reform targets in planning documents. This is done by holding change management monitoring and evaluation meetings every month so that performance can be maintained and improved in the following month. The monitoring and evaluation carried out includes reports on activities that have been carried out and plans for activities that will be implemented.

c) Building a work culture

Kediri, Labuhan Batu, and Kampar rope mining MSMEs build a positive work culture and apply performance values in carrying out daily tasks, for example by conducting outreach related to *Standard Operating Procedure* (SOP) provided to improve good communication skills, have the necessary competencies, provide fast responses, easy accessibility, integrity, consistency and courtesy towards *stakeholder*.

d) Effectiveness of change management to improve performance in Kediri, Labuhan Batu, and Kampar rope mining MSMEs

Change management in Kediri, Labuhan Batu, and Kampar rope mining MSMEs has positive effectiveness in improving MSME performance. This can be seen in 2023, this mining rope MSME will experience an increase in income of 20% compared to previous years. This MSME has succeeded in maximizing the abilities of each employee alongside technology and mentoring.

CONCLUSIONS AND RECOMMENDATIONS

Kediri, Labuhan Batu, and Kampar rope mining MSMEs have planned change management policies well, including by launching various programs including forming change agents., appoint a performance manager, manage risk management and carry out monitoring and evaluation activities on the implementation of change management so as to encourage employees to improve the performance of MSMEs to achieve common goals. Through the change management program at Kediri, Labuhan Batu, and Kampar mining rope MSMEs, employee performance and MSME performance can be improved to achieve MSME goals so that in 2023 Kediri, Labuhan Batu, and Kampar rope mining MSMEs will succeed in increasing revenue by 20%. With proper change management, it can encourage the performance of all employees so that they can improve the performance of MSMEs to achieve MSME goals. Similar things can be used as an example for other MSMEs in managing change management so that MSME performance can be improved to be better than before.

FURTHER STUDY

It is expected that other researchers who want to do the same research can use other variables that are not included in this study to add information to this study.

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