

# Model of Development on Small and Medium Enterprises (SMEs) Supporting Industry of Tourism in Tojo Una-Una Regency, Central Sulawesi, Indonesia

Maskuri Sutomo  
Universitas Tadulako

Muhtar Lutfi  
Universitas Tadulako

Asngadi  
Universitas Tadulako  
[asngady@yahoo.com](mailto:asngady@yahoo.com)

**Abstract.** The purposes of this study are 1) to analyze the characteristics of entrepreneurs supporting tourism industry, based on commitment and competence in Tojo Una-Una Regency and 2) to develop a model for fostering entrepreneurs supporting tourism industry in Tojo Una-Una Regency. Descriptive Qualitative used in this study, and data collected through interviews and questionnaires. The population in this study is all the entrepreneurs of small and medium enterprises (SMEs) supporting regional tourism in Tojo Una-Una District. The results of this study indicate that the industry such as transportation services, snacks, performing arts and music businesses are on the 5<sup>th</sup> position of the quadrant, while the restaurants, crafts, hotels, inns, and travel agencies businesses are on the 6<sup>th</sup> quadrant. The development model for industries on the 6<sup>th</sup> quadrant is increasing commitment through non-technical training aiming at building the motivation of entrepreneurs to believe in their business, willing to devote their mind and time for their businesses; while persistent in their business. Enhancement of competence should be started from basic level of skills of production, finance, and marketing, based on the weaknesses of each business. The development model for entrepreneurs on the 6<sup>th</sup> quadrant has strengthen the competency aspects.

**Keywords:** *Small and Medium Enterprises (SMEs), commitment, competences, industry, tourism.*

## INTRODUCTION

There are two key elements determining the small medium enterprises (SMEs) development models to obtain their competitive advantages including entrepreneurs' commitment and their competences in managing their business. Both elements are intellectual capital which could produce reliable entrepreneurs with strong managerial as well as entrepreneur competences.

Competence reflects person's abilities in specific fields, such as verbal communication, presentation skills, technical knowledge, stress control, planning and decision making skills [1].

Entrepreneur needs to have sufficient business competences which include proper business education, experiences, as well as basic entrepreneurial competences (such as technical skill, conceptual skill, and human skills).

Entrepreneurial competencies are success factors to ensure small and medium enterprises' competitiveness, as stated: "in many industries, competency is believed to be an enabler for organizations to build competitive advantage by providing a framework for human resource functions to be directed to such activities to build the capabilities of their employees [2].

There are three skills that manager should have: firstly, technical skills, which are technical abilities necessary to work on a specific job. Secondly, human skills, which are the ability to work by understanding and motivating the others, both as individual and a member of a group, and lastly conceptual skills, which is a mental ability to analyze and diagnose complex situations and formulate concepts [3].

In addition, the entrepreneurs should have a high commitment to the business. It is defined as acceptance, involvement and dedication of all employees to achieve organizational goals and the willingness of employees to accept organizational values and to participate in all organizational activities towards organizational improvement [4].

Commitment is a key point determining excellent performance [5]. Organizational commitment consists of three components namely: affective, normative and continuance [6]: 1) Affective, related to emotional state, identification and involvement employees need to have to perform their job in an organization [7]; 2) Continuance is related to the employees' lost perception when they leave the organization. It is related to the employee's perception of loss when he leaves the organization. Continuing commitment is a commitment that reflects the recognition of more loss costs when an employee leaves the organization [8], and 3) Normative, is the

employee's feelings related to the obligations that he must contribute to the organization. This normative commitment is the values that an individual adheres to his organization and his internal values stand out [8].

The balance of the commitment and the competences will foster on entrepreneurial spirit in conducting business. Nowadays, tourism in Tojo Una-Una Regency is one of the main sectors for the regional economy. Given the potential, Tojo Una-Una is becoming one of the favorite destinations for natural tourism in Central Sulawesi, Indonesia.

However, the supporting industries of tourism in Tojo Una-Una is under-developed. It is indicated by the limited number of supporting businesses as well as quality offered to support the main tourist destinations.

Several small businesses which are classified as a supporting businesses for main tourist destinations in Tojo Una-Una are described as follows hotels, transportation services, handicrafts, music and performing arts, snacks businesses, restaurants and travel agencies.

The government needs to give more attention to the development of the small and medium enterprises as supporting sector for the main regional tourist destination. Several activities/programs had been conducted by the local government, however, they tend to be situational and lack of good planning.

Poor planning has led the development programs tend to pursue routine activities as a government programs therefore fail to meet the goals.

Based on the previous mentioned information, this study aims to map supporting tourism entrepreneurs based on commitment and competences to determine the suitable development model of the supporting business industry for tourism in Tojo Una-Una Regency, Central Sulawesi, Indonesia.

The map of commitment and competence is in the cross-quadrant between commitment and competencies will determine the position of the entrepreneurs and the appropriate development model for each business.

**METHOD**

The study approach conducted is action research as well as exploratory survey. The population in this study is supporting businesses entrepreneurs, which include owners of hotels, transportations services businesses, handicrafts businesses, music and performing arts businesses, snacks businesses, restaurants and travel agencies.

The sampling used is purposive sampling with the representation of each business with total of 230 samples of entrepreneurs. The data collected using questionnaires focusing on commitment and competencies using semantics differential on 1 to 9 scale.

The analytical method used is to the quadrant matrix of the entrepreneur's commitment and competencies consist of three dimensions, they are technical skills, conceptual skills, and human skills.

Entrepreneur commitments are measured by three dimensions namely Affective, Continuance and Normative. The analysis method used is the quadrant commitment and competency analysis that contains 9 quadrants as follows:

Table 1. 9 Quadrants

	Commitment		
	Low	Moderate	High
High	I	II	III
Moderate	IV	V	VI
Low	VII	VIII	IX

1<sup>st</sup> Quadrant. Low entrepreneur commitment with high competences, meaning that the entrepreneurs lack of motivation in conducting business even their abilities are high. Therefore, it is necessary to do motivational training so that the existing potential will be utilized further. 2<sup>nd</sup> Quadrant. Moderate business commitment, indicated by high competencies, meaning that managerial skills are high with lack of motivation, therefore, motivation and training are needed. 3<sup>rd</sup> Quadrant. Commitment and competences of entrepreneur are high, meaning that entrepreneurs have enormous potentials to be developed and fostered to become coaches or to become models for other entrepreneurs. 4<sup>th</sup> Quadrant, Commitment of entrepreneurs is low with moderate level of competence, meaning that entrepreneurs are difficult to get an improvement because of their lack of motivation and inadequate capabilities. 5<sup>th</sup> Quadrant. The commitment and competence of entrepreneurs are moderate, meaning that training is needed to be conducted, focusing on production skills, marketing skills, financial skills and business motivation. 6<sup>th</sup> Quadrant. Commitment of entrepreneurs is high with moderate competences, meaning that training is needed to be conducted on the production skills, marketing skills, and financial skills to increase the potential of the entrepreneurs. 7<sup>th</sup> Quadrant. Commitment and competence are low, meaning that entrepreneurs cannot be developed further. 8<sup>th</sup> Quadrant. Moderate commitment with low competences, meaning that the entrepreneurs are rather difficult to be developed, but there is still a hope if the entrepreneurs are willing to change or to do self-development 9<sup>th</sup> Quadrant. Commitment is high with low competences, meaning that training is needed on the business fields being pursued including marketing skills, production skills and finance skills.

**RESULT**

Data analyzed using SPSS to determine the characteristics of the entrepreneurs as follows:

Table 2. Summary of all industry

Report	Competence			Commitment		
	Technical skill	Conceptual skill	Human skill	Affective	Continuance	Normative
Mean	4,991	4,341	5,168	6,535	6,346	6,282
N	230	230	230	230	230	230
Std Deviation	0,52444	0,48015	0,31372	0,60542	0,78395	0,64517
Minimum	4,17	3,59	4,67	5,61	5,21	5,27
Maximum	5,64	4,96	5,75	7,4	7,44	7,17
Variance	0,275	0,231	0,098	0,367	0,615	0,416

The data above shows that in the aspect of competencies, human skills is the highest competencies possessed by entrepreneurs. Entrepreneurs are able to work with and through others, and work effectively as a team. This skill is reflected through the ability of entrepreneur to motivate, facilitate, coordinate, lead, communicate, and resolve conflicts.

However, the conceptual aspects of skills are still low. The educational background of the entrepreneurs are low, most of them have education under high school level, this has resulted in the difficulties to analyze and conceptualize situations facing the business. For the commitment, the importance to conduct a business or affective aspect is the highest. It indicates that the entrepreneur has determination in working, and the entrepreneurs tend to have willingness to spend time and mind to run their business.

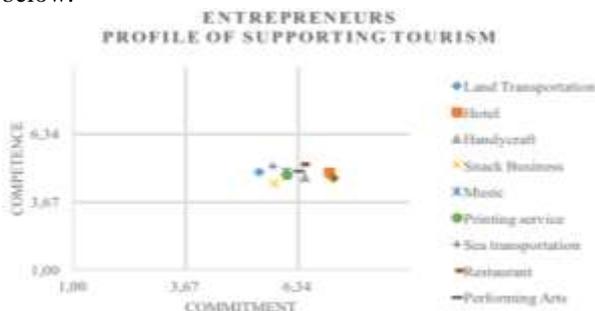
The study result on commitment and competences in each tourism supporting businesses in Tojo Una-Una Regency is described as follows :

Table 3. Development Model Based on the Commitment and the Competences profile of The entrepreneurs in Tojo Una-Una District

Tourism Support				
No	Industry	Commitment	Competence	Quadrant
1	Transportation	5,44	4,84	V
2	Hotel	7,08	4,84	VI
3	Handycraft	6,51	4,63	VI
4	Snack Business	5,79	4,40	V
5	Music	6,08	4,86	V
6	Printing service	7,18	4,72	V
7	Sea transportation	5,76	5,09	V
8	Restaurant	6,46	5,15	VI
9	Performing Arts	6,37	4,89	VI
10	Travel agent	7,20	4,60	VI

The data above shows that transportation services (both land and sea transportation businesses, snack businesses, music, printing services are included in the 5<sup>th</sup> Quadrant. This quadrant indicates that entrepreneurial commitment and competences of the entrepreneurs is in moderate category.

The hotel, handicrafts, restaurants, performance arts, and travel agent industries are included in the 6<sup>th</sup> Quadrant, which indicates that business entrepreneurs have moderate competences. For more details, can be seen in the quadrant of commitment and competences below:



The development model for the 5<sup>th</sup> quadrant industry is achieved by improving commitment through non-technical training to increase motivation and strengthen

believe in their business, to build willingness in devoting their energy and mind to their business. Increasing the competency of entrepreneurs should be conducted at the basic level included production, finance, and markets based on the weaknesses in each industry. The development model for entrepreneurs in the 6<sup>th</sup> quadrant is to strengthen aspects of entrepreneur competencies as stated above.

One of the things needed by business entrepreneurs in Tojo Una-Una Regency to achieve self-sufficiency is the role and guidance carried out by institutions which are in accordance with their target fields.

For example, banks or other financial institutions must be able to direct entrepreneurs in facilitating access to capital, also provide coaching that are in accordance with the field of production, for example from institutions of higher education or polytechnics must be able to direct the production process to attain their effectiveness and efficiency as well as assistance supporting competencies to use machinery. Each coach in one field must be integrated with the coach in the other fields, since each field in the entrepreneur is a system that is intact and interconnected one another.

In general, the guidance carried out is still not able to meet the entrepreneurs' expectations, especially guidance carried out by NGOs, financial Institutions, and the government. Most entrepreneurs expect continuous and directed guidance that includes: 1) Planning. Directing to prepare business plan, Directing to develop business strategies, Directing to gather ideas; 2) Process. Directing to create new commodities, Directing to acquire procurement and to use new technologies; 3) Capital. Directing to access capital support, Directing to have access to soft loans, Directing to access to grant with special supervision, and 4) Marketing. Directing to make a market analysis, Directing to get access to the consumers, Directing to get involve in promotional activities, Directing to establish collaboration with other parties, such as suppliers, distributors, entrepreneurs, etc.

## CONCLUSION

The results of this study reveal that the land transportation businesses, snacks businesses, music, printing services and sea transportation are included in the 5<sup>th</sup> quadrant. Fitted development model for these businesses are to increase commitment through non technical trainings, to build entrepreneurs' motivation, to conduct their businesses, and at the same time to increase their willingness to devote their energy and mind to their businesses. Thus, it concludes that trainings are needed to be performed especially related to production skills, marketing skills, finance skills and business motivation.

Meanwhile, for the hotels, handicrafts, restaurants, performance arts and travel agent businesses are located in the 6<sup>th</sup> quadrant represents that the entrepreneurs have high commitment with lack of competencies. Therefore, the development model suitable for this quadrant is to strengthen the competencies of the entrepreneurs.

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