



Revitalization of Operational Procedures to Improve Performance Efficiency: Study Case at PPSDM Consultant

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Abstract. MSMEs contribute significantly to both Indonesia's economic growth and employment. Like their larger counterparts, MSMEs varied in core businesses. MSMEs that focus on services business need to pay more attention to its standardization both in the service delivery process and the end products received by clients. PPSDM Consultant is a medium enterprise focusing on service business as a management and psychology consultant. This study uses business coaching techniques with qualitative methods in data collection to map the current conditions and problems of the company to devise improvement solutions. Two main problems found within the company are the unavailability of proper job descriptions and standard operational procedures (SOP) for service standardization to improve its performance efficiency. The result shows the implementation of proper SOP and job descriptions of functions positively affect a company's performance efficiency and standardization in service delivery procedures. The implementation of SOP and job description helps the employees understand their responsibility and functions properly to meet company standards. The implementation also helps the company progress to gain international certification of ISO which will broaden market segments for B2G (business to government). This study aims to assist MSMEs in managing the function of operations management by implementing proper job descriptions and SOP.

Keywords: Business Coaching · Job Description · Operations Management · Service Standardization · Standard Operational Procedure

1 Introduction

Among types of enterprises ranging from micro to macro, MSMEs (micro, small, and medium enterprises) significantly contribute to Indonesia's economic growth. Retrieved from Kompas.com [1], MSMEs contribute approximately 61.07% to the GDP which is estimated at 8,573 trillion Rupiahs. Ministry of Cooperatives and Small and Medium Enterprise further states in 2019 MSMEs had contributed 7,034.1 trillion Rupiahs to GDP [2]. The current amount increased since last year which was only recorded at 5,721 trillion. In addition, MSMEs export value has increased by 15% dated from 2018 to

2019, estimated at 293,8 trillion Rupiahs. Not only contribute to economic growth, but MSMEs also contributed in terms of the number of employment in Indonesia. Ministry of Cooperatives and Small and Medium Enterprises stated MSMEs have contributed at least 96.92% workforce, which in 2019 was estimated at 119.6 million people [3].

PPSDM Consultant is one of the MSMEs that focused its core business on assessment and consultancy services. According to Soemohadiwidjojo [4], service companies function differently than manufacturing or trade companies because their products cannot be evaluated or seen until the client use the service offered. The service company also cannot separate its final product and the process in which the employees are heavily involved. In addition, Alma also supported the argument and stated that service companies are people-based. Based on Soemohadiwidjojo and Alma's statement, to be able to operate properly, provide the best consultancy services, retain sustainability, and survive among competitors, it is mandatory for service companies to not rely only on marketing strategy, but also on the company's internal aspects such as standardization on both its business process and final product, in this context, the psychological report to clients. Standardization, which also affects service quality, helps to convince and encourage clients to use the service offered.

The standardization to ensure service quality in a service company can be encouraged by the implementation of proper standard operating procedures (SOP) and job descriptions. Standard operating procedure (SOP) is a series of guidelines used to ensure operational procedures and activities run accordingly [4]. Sailendra [5] mentions that standard operational procedure is mandatory for the company to develop. In addition, Sailendra [5] states that a good standard operating procedure will help the company run the business and to standardize the end-product of service, which in this context is the psychological report for the client. Good standard operational procedure as guidelines states clearly which division to work with and how to finish the job. Without standard operational procedures as standard guidelines in carrying out the business activity, a company's operational activity may become disorganized, prone to messy workflows and dynamics, and not optimal performance [6].

Not only is a clear workflow in a proper standard operating procedure (SOP), but the employees involved also need to be able to comprehend their role in delivering the services perfectly. Mader-clark [7] stated job description is a clear and concise description of the responsibilities and requirements that a job requires which usually consists of a summary of a job, a list of job functions, requirements, and other information such as location, hours of work, and travel requirements. Cen [8] also stated there is a significant correlation between job descriptions and the improvement of employee performance. In service companies, especially consultancy business whereas most of the workforce are the experts who might have just joined only for certain project activity and has been working with many bureaus as well as in peak period in which the company needs external workforce involvement for a support role, the standardization of workflow and easy to comprehend job description is mandatory and should be the main concern.

1.1 Literature Review

Micro, Small, and Medium Enterprise (MSMEs)

According to records in laws and government regulation UU no. 11 the year of 2020

article 87 concerning job creation (Cipta Kerja) [9], MSMEs are categorized based on business capital, turnover, net worth, annual sales results, investment value, incentives, and disincentives, application of environmentally friendly technology, local content, or the amount of manpower by criteria of each business sector. The regulation further elaborates MSMEs criteria in government regulation no.7 the year 2021 [10] concerning convenience, protection, and empowerment of MSEs Article 35 as:

a. Micro

The net worth of below 50 million Rupiahs with lower than one billion business capital and lower than 300 million annual sales.

b. Small

Net worth between 50 to 500 million Rupiahs with one to five billion business capital and between 300 million to 2.5 billion annual sales.

c. Medium

Net worth between 500 million to 10 billion Rupiahs with 5 to 10 billion business capital and between 2.5 billion to 50 billion annual sales.

Standard Operational Procedure

Tjipto [11] stated standard operational procedure is a guideline or reference for carrying out tasks following the functions and performance appraisal tools of government and non-government agencies, business and non-business, based on technical, administrative, and procedural indicators according to work procedure and systems in the unit. Soemohadiwijojo [4] stated standard operational procedure is a series of guidelines used to ensure operational procedure and activity run accordingly. In addition, Taufiq [12] explains not every SOP (standard operating procedure) can be generally implemented in another company and business because of the possibility of management principal differences. Amalia [6] stated the business process prone to disorganization, messy work dynamics, and not optimum work performance without implementation of SOP (standard operating procedure). Amalia [6] also stated the purpose of implementation of proper SOP (standard operating procedure) is to lower the chance of accidents and illness that may occur as the risk in the work process.

Job Description

The job description is a clear and concise description of the responsibilities and requirements that a job requires which usually consists of a summary of a job, a list of job functions, requirements, and other information such as location, hours of work, and travel requirements [7]. In addition, Cen [8] stated there is a significant correlation between job descriptions and the improvement of employee performance.

ISO

ISO is an international standardization organization that is responsible for the assessment, audit and evaluation, and certification of standardization in enterprises and companies. The purpose of ISO certification gained by enterprises and companies is to increase market and consumer trust regarding the products or services the company has to offer. Javorick and Sawada [13] stated there is performance improvement in terms of sales,

export, employee productivity, profitability, income, employment in general, and remuneration. The ISO certification for delivering psychology and management consultancy for employee assessment services in an organizational setting is ISO 100667-2:2022.

2 Method

This study applied a qualitative research method. Qualitative research is a method to understand how a phenomenon happened and its causes, especially regarding the emotion, feeling, and function of an organization [14, 15]. Greener [16] stated the focus of data gathering in a qualitative approach is the organization itself, the business difficulties that happened, and its internal and external factors. The data gathering method in this research is by conducting interviews and observation for primary sources. The secondary source of data gathered from MSMEs' annual revenue in sales and marketing documentation, and study literature of the subjects researched. The population of this research is the employees and director of MSME with a total of eleven people. The sample data in this business coaching process was gathered from seven people consisting of six employees and the director of the MSME. The remaining three employees could not participate because, within the period of data gathering, the MSME was undergoing several projects that could not be interrupted.

To identify problems and devise solutions for the MSME, the business coaching process incorporated several steps by utilizing a variety of analysis tools and data gathering methods. To gather data and information regarding current conditions in the MSME, the method of the semi-structured interview was chosen. The interview guideline is based on management's basic knowledge in the field of human resources, marketing, and operations. The data and information gathered were then processed with several analysis tools to identify and map MSME's current condition to its ideal condition externally and internally. To identify the external condition of MSME, business coaching utilizing PESTEL, porter's five forces, and STP (segmentation, targeting, positioning) tools to identify and compare MSME's current condition to the market in general. To identify the internal condition of MSME, the coach utilizes VRIO and the marketing mix (7P). To decide the priority and significance of problems to address, the coach along with the director discussed the analysis findings based on MSME's availability, time allocated, resources, its primary market segmentation, and target, and its short-term target utilizing the Pareto analysis tool. Lastly, the business coaching process utilizes fishbone diagrams to identify the main causes of the problem addressed in Pareto to ensure the problem will not recur in the future.

Process of business coaching shown in Fig. 1.

The data gathering process by interviews conducted within one week period started from March 7th to March 11th, 2022. The interview consisted of 78 semi-structured questions within the scope of and in the field of company level, human resource, marketing, and operations. The validity and reliability of questions were tested by pilot interviews with several subjects beforehand. The result shows the questions asked to samples can get desired answers regarding the topic and are consistent among respondents.

PESTEL analysis shows the external factors namely politics, economics, social, technological, environmental, and legal that affect MSME. For an MSME that focuses on

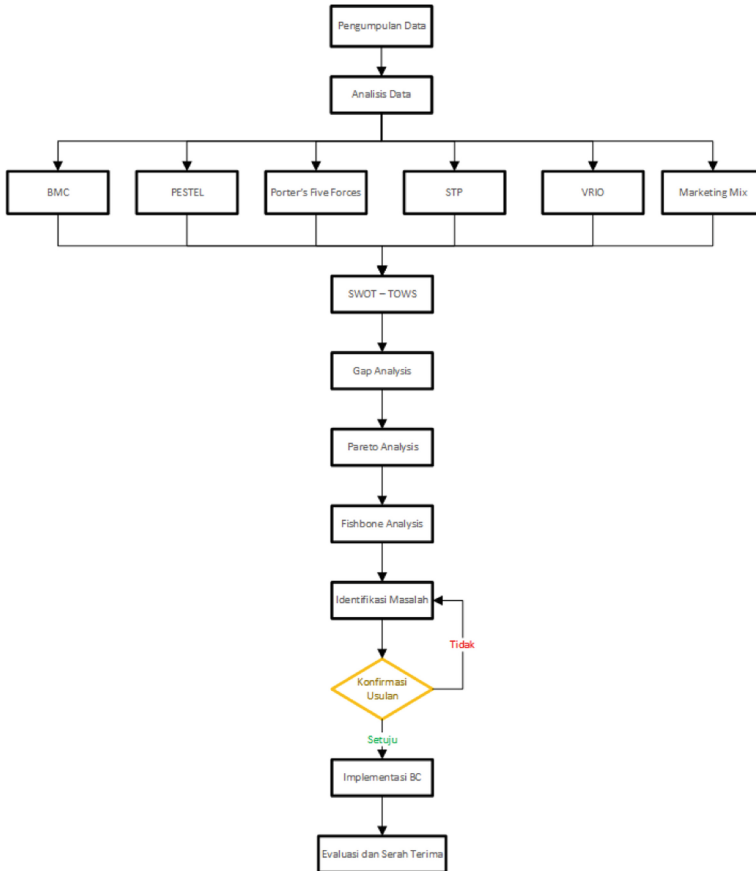


Fig. 1. Process of Business Coaching.

service business with the main segmentation B2G (business to government), regulations made by the ministry and president affect the working dynamics and preparations of consultants participating in their service procurement. The national economic condition, especially during the pandemic period 2020–2021, affects the number of orders made by clients. The company also requires putting an additional cost to fulfill the needs of transformation in delivering services online. The social factor that affects consultants is awareness. Public awareness about the need for psychological assessment in the selection, promotion, and highlighting of mental health issues affects the number of orders made by clients. Technological aspects that affect the dynamics of PPSDM are the heightened demand of clients for technological advancement and modernization being incorporated in the assessment process. The incorporation of technological and modern aspects by competitors challenges PPSDM to procure essential procurement to meet the needs of clients. The legal aspects that affect PPSDM are the regulation regarding salary, bonuses, and other benefits. During the pandemic period, the regulation regarding safe

distances and health protocol also affects the working dynamics especially in delivering offline service. Porter's Five Force shown in Fig. 2.

Porter's five forces analysis of PPSDM Consultant identified that the threat of new entrants in the consultancy business is moderate due to the need for technological understanding, ease of access, a wide range of networks, and experience. The bargaining power of buyers is also at a moderate level because of the realization that training and development are needed for employee development. It is also implied that psychological assessment is needed as part of recruitment, especially in the government segment. At first, because the nature of the consultancy business is based on trust and a strong network, the threat of substitution is low. However, due to the B2G sector's heavy reliance on its current leader's decisions and regulations, the risk arises at moderate levels.

Positioning of PPSDM consultant shown in Fig. 3.

Determining and identifying the segment, target, and position in the market is important. PPSDM has segmentation of potential clients that require experts' opinions and judgment for candidates in the selection process and self for improvement. PPSDM targeted the services for private and state-owned enterprises, parents who want to identify their child's talents and interests, and the public who wants to identify themselves for improvement in career and self in Indonesia, especially in Jakarta. Identified from the experts that cooperate and price for services, PPSDM is positioned as a middle-ranged consultant along with a competitor that competes in various service procurements.

VRIO analysis shown in Table 1.

VRIO analysis suggests the company has strong valuable resources for the main key of it is on the experts (assessors/psychologists') experience in their field of expertise. Due to the nature of experience that cannot be easily imitated by others, it also implies that the

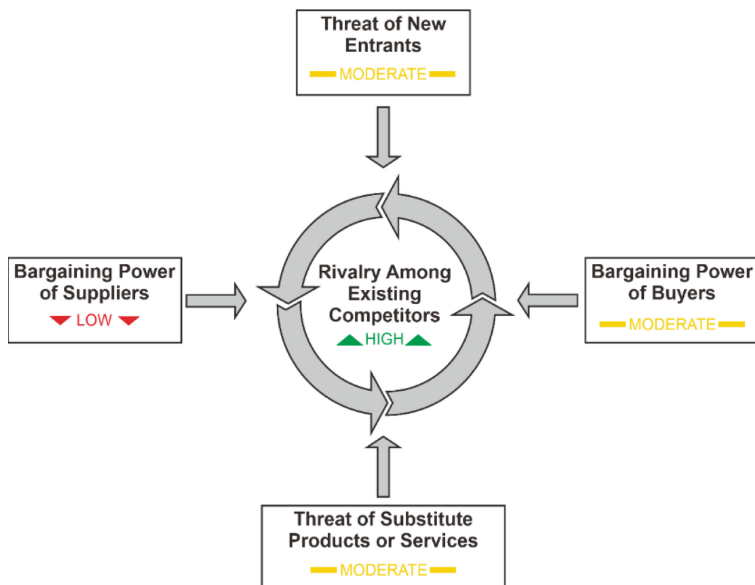


Fig. 2. Porter's Five Force.

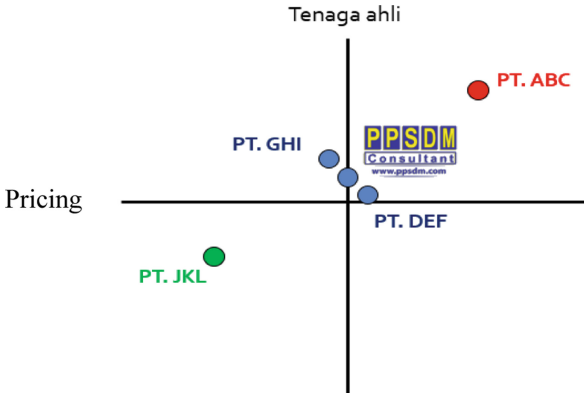


Fig. 3. Positioning of PPSDM Consultant.

Table 1. VRIO Analysis.

Resource Characteristic				Strategic Implication	
Variable	Rare	Imitable	Organization	Competitive Implication	Affect on Performance
✓	✓	✓	X	Temporary competitive advantage	Above normal

resource Company XYZ has is rare. The problem is in its organization. Since the company have no formal and documented SOP (standard operating procedures) but is highly reliant on the experts working for them, it poses risks to its quality standardization, especially to experts who are now working for the company. It was also known that occasionally, especially during peak season when projects are overlapping, the company hires external recruits to assist organic manpower to maintain the working pace to fulfill the target and deadline. These external recruits have little to no exposure to company rules, regulations, and procedures and so they pose risks to the workflow in delivering consultancy services. These findings suggest the competitiveness of the company is temporary. Considering its importance and complementary nature to the company’s short-term target and the need for standardization to ensure the quality of service to clients, the coach, and the director agreed to address this issue of organization in managing internal resources as soon as possible. marketing Mix (7P) analysis shown in Table 2.

Marketing mix analysis shows the supporting and obstructing factor for PPSDM to develop the business. It identified the products offered, reasonable and affordable prices, strategic place for daily operations, and physical evidence that convince potential clients to support further development of PPSDM Consultant. However, the passive and highly dependent on existing clients, not yet properly organized human resource, and the nonexistence of SOP for standardization and job descriptions for functions involved in delivering services obstructs the business development.

Annual revenue 2019–2021 shown in Table 3.

Table 2. Marketing Mix (7P) Analysis.

Marketing Mix	Supports	Obstructs	Analysis
Product	✓		Four consultancy service with various segments and targets in market
Price	✓		Affordable and reasonable in middle positioned consultant in market
Promotion		✓	Traditional, passive, and highly dependent to exciting clients and recommendation
Place	✓		Own office and dedicated room for assessment, strategic location, good internet service
People		✓	Depends on experts and employee's experience, not properly organized
Physical Evidence	✓		Equipments, supplies, facilities, and infrastructure support in delivering service
Process		✓	No proper SOP and job description for function involved in delivering service, not formally standardized

Table 3. Annual Revenue (2019–2021)

Service	Revenue		
	2019 (Rp)	2020 (Rp)	2021 (Rp)
Assessment and Psychodiagnostic	3,210,737,305	3,731,086,413	4,251,340,220
Training and Development			
Research Consultancy and Management System			
Consultation and Counseling			
Total Revenue	3,210,737,305	3,731,086,413	4,251,340,220

Financial condition is one of the crucial factors in the company. A healthy financial condition is required to fund the needs for business development. Despite a rough pandemic situation that affects many companies including MSMEs since 2020, PPSDM Consultant is estimated to gain an increase of approximately 500 million in annual revenue for 2020 and another increase of 500 million in 2021 estimated at 4 billion Rupiahs. Based on the data, it is determined, although not significant and ideal, the financial condition of PPSDM Consultant is healthy and able to fund business development.

Pareto Analysis shown in Fig. 4.

Pareto analysis was done to determine priority in solving problems in PPSDM Consultants. The Pareto analysis was determined by discussion with the director. Considering MSME's availability, time allocated, resources, annual revenue, and short-term target,

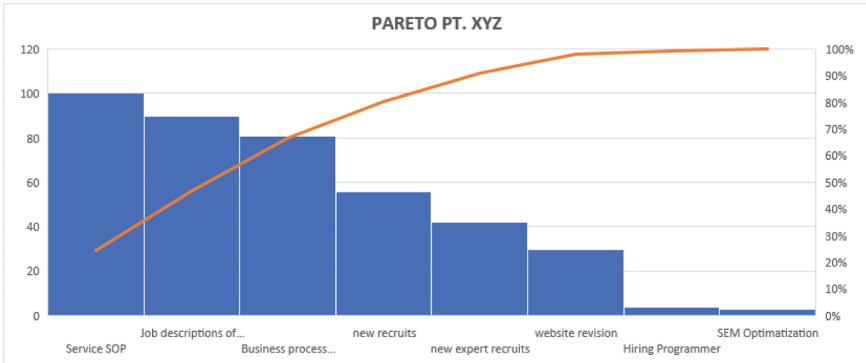


Fig. 4. Pareto Analysis.

the director agreed to proceed with the solution for the organization with SOP (standard operating procedures) and job description implementation to maximize MSME’s main valued resource and standardize the operational procedure of delivering high-quality services to clients.

3 Result and Discussion

3.1 Result

The result of coaching is the implementation of proper SOP (standard operating procedures) of services provided by the MSME and job descriptions of functions that are involved in the process of delivering the services. There is five SOP (standard operating procedure) being implemented for “assessment and psychodiagnostic”, “research consultancy and management system”, “training and development”, and “consultation and counseling” services. There are also five job descriptions based on functions that are involved in the process of delivering services namely “project officer”, “team leader”, “experts and consultant”, “test administrator”, and “support”.

The steps done in making the SOP and job description are by determining the scope, need, and purpose, data collecting, design, trials, perfecting, and implementation. After the first evaluation of the SOP design, it is identified that it needs additional details on the time frame for delivering and finishing services. The SOP is then redesigned and undergoes trials in one service procurement to identify relevancy and accuracy before it is signed by the director to be implemented.

The implementation of proper SOP (standard operating procedure) and job description positively affect employees’ understanding and comprehension of their tasks and responsibilities. The implementation that organizes and vividly states company standard also improve employee and expert performance in delivering services. In addition, the implementation of proper SOP (standard operating procedure) and job description allows the company to gain ISO certification in the future which will give an additional competitive advantage in the market among competitors, especially in B2G (business to government) segmentation that is strict in the requirements for service procurement.

3.2 Discussion

The implementation of SOP and job descriptions in improving company performance and efficiency need to be audited in the future every six months to maintain its relevancy and accuracy to current business and market conditions. The management of the PPSDM Consultant suggested assuming direct control in reviewing and assessing the service delivery process, employee comprehension of their function, and experts' comprehension of company standards to maintain competitive advantages over competitors.

4 Conclusion

Implementing SOP (standard operating procedure) and job description positively affect PPSDM Consultant's employees understanding and comprehension to their task and responsibilities. The implementation that organizes and clearly states company standard also improve employee and experts performance in delivering services. It is important for companies to devise and implement their own version of SOP and job descriptions to effectively and efficiently use its resources to gain better results in its daily operations, especially for service based companies.

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