



Institutional Capacity of MSMEs in the Otak-Otak Culinary Household Industry in the Business Development of the Community of Sei Enam Kijang Village Bintan Regency, Riau Islands Province

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Abstract. Capacity is defined as the ability of an individual, organization or system to carry out its functions as it should be efficiently, effectively and continuously. The purpose of the study is to describe the strengthening of the institutional capacity of MSMEs or UMKM in the Otak-Otak culinary household industry in improving the economy of the people of Sei Enam Kijang Village, Bintan Regency, Riau Islands Province. The conclusions are as follows: (1) the internal condition of UMKM in the household industry is the foundation for the institution in shaping and developing the individual abilities of administrators and members as well as the surrounding community. MSMEs or UMKM administrators of otak-brained culinary actors choose to improve their internal conditions before involving the community; (2) Community support and involvement are reflected in the participation given in each activity, the interaction process in the communication of group members and the community which plays an important role in institutional capacity building, and informative support, advice and reciprocity are a reflection of community involvement to evaluate activities that have been carried out and will be carried out; (3) support from the village government, and the trade office, cooperative office, sub-district MSMEs or UMKM management, and community involvement, reflected in community involvement, informative and instrumental support carried out to encourage the sustainability of the institution with good interaction and communication between management members and groups and the community.

Keywords: institutional, household industry, culinary otak-otak

1 Introduction

empowering human-centered development. Institutional capacity is a process that leads to change efforts to strengthen an institution or group without effectively and efficiently. Capacity is defined as the ability of individuals, organizations or methods that can be carried systems to carry out functions as they should be efficiently, effectively and continuously [1] Basically, it is a process that can improve the ability of a person, an organization or a system to achieve the desired goals [2] Capacity is a concept that has various meanings, but in general it is related to improving or strengthening a person's ability or organizational capacity to achieve goals [3] The availability and effectiveness of institutions will greatly affect the success of human capacity development, business capacity development, and environmental capacity development. The definition of institution is often interpreted in a narrow sense as

various forms of institutions, such as: groups and organization. However, institutions have a broader meaning.

Institution as a general apparatus that is obeyed by members of a community or society. In everyday life, institution is a translation of the word "*institution*" or social institution and "*social organization*" or social organization. In principle, a form of social relations can be called an institution if it has four components, namely: (a) the person component, (b) the interest component, (c) the rule component, and (d) the structural component [15].

Regarding institutions, community empowerment activities are often focused on efforts to improve income (*generate income*). This kind of understanding is not enough, because in essence community empowerment is to improve capabilities, encourage will and courage, and provide opportunities for the efforts of the local community not to always get support from outside parties but institutions in the future to become independent for the realization of sustainable improvement of economic, social, physical, and mental welfare. The definition of independence does not mean rejecting the help of "outsiders" but the ability and courage to make the best decisions. *Capacity* is a process to carry out something or a series of multi-level change movements within individuals, groups, organizations and systems in order to strengthen the ability of individuals and organizations to adapt so that they can respond to changes in the existing environment [4]

The start of the art research is as follows: (1) Strengthening the otak-otak household industry opens jobs for the surrounding community and helps improve the community's economy, especially housewives who join MSMEs; (2) Strengthening MSMEs in the culinary household industry in increasing their institutional capacity development. The purpose of the study is to describe the strengthening of the institutional capacity of MSMEs in the Otak-Otak culinary household industry in improving the economy of the people of Sei Enam Kijang Village, Bintan Regency, Riau Islands Province.

2 Method

This research was carried out using a qualitative approach with the type of Case Study research. Case Study Research according to Bungin [17] is a qualitative data analysis strategy and method that emphasizes on special cases that occur in the object of analysis.

The case study research procedure according to Creswell [18] is as follows: (1) a preliminary study to the research location determines whether the case study approach is appropriate to study this research problem, (2) Identifying the case or several cases of research data sources, such as individuals, events or activities, (3) Data collection takes a variety of information sources through data collection techniques, (4) Data analysis in the form of holistic analysis with an identification strategy problems in each of these cases, (5) Drawing the final interpretation by understanding the meaning of the case, whether the phenomenon of the situation that occurs normally or an unusual situation.

The reasons for choosing the research location are as follows: UMKM in the culinary household industry have existed since the 1980s, one of the economic driving wheels of the fishing community in Sei Enam Kijang Village, East Bintan District; (2) The household industry opens up jobs for the surrounding community and helps improve

the community's economy, especially housewives who join UMKM; (3) the brain-brain culinary household industry in increasing its institutional capacity development.

3 Discussion

The strengthening of the community's economy in groups or communities is determined by the role of the government and institutions in strengthening groups in society. The strength and quality of an institution will encourage the achievement of sustainable development to build the community's economy, the role of the institution is very influential. This is clarified by the opinion of the MSME Management, "... The process of developing the capacity of an institution, personal opportunities and the attachment of members have an impact on achieving success. Not only that, recognition of weaknesses is also needed to make it easier for people to participate in innovation..." (Interview/PUMKM, 15/06/24)

The development of the institutional capacity of the Otak-Otak Sei Jang Village Manager in improving the welfare of the community is carried out by utilizing local potential and resources to develop the economic sector. This creates jobs and increases people's incomes. Otak-otak culinary actor Sei Jang explained that:

"... Utilizing the potential and resources possessed to develop existing economic sectors. so as to create jobs and increase people's income, especially as a household industry player in developing institutional capacity involving the trade office, communities, and MSME managers by involving participation and cooperation between the government, so that all parties have an important role in optimizing the existing goals, resources and potential...". (Interview/PKO-1/15/6/2024)

This development process involves cooperation between government agencies, communities, and non-governmental organizations, all of which have an important role in achieving common goals. Quality human resources and a supportive environment are key factors that affect the success of the management of the Kampung Otak-Otak culinary business association. Meanwhile, unqualified human resources will hinder the development of capacity and programs of the otak-otak village association. As the pattern of the partnership network of MSMEs in the Culinary Household Industry of Kampung Otak-Otak Sei Jang, East Bintan District, can be seen in the following chart.

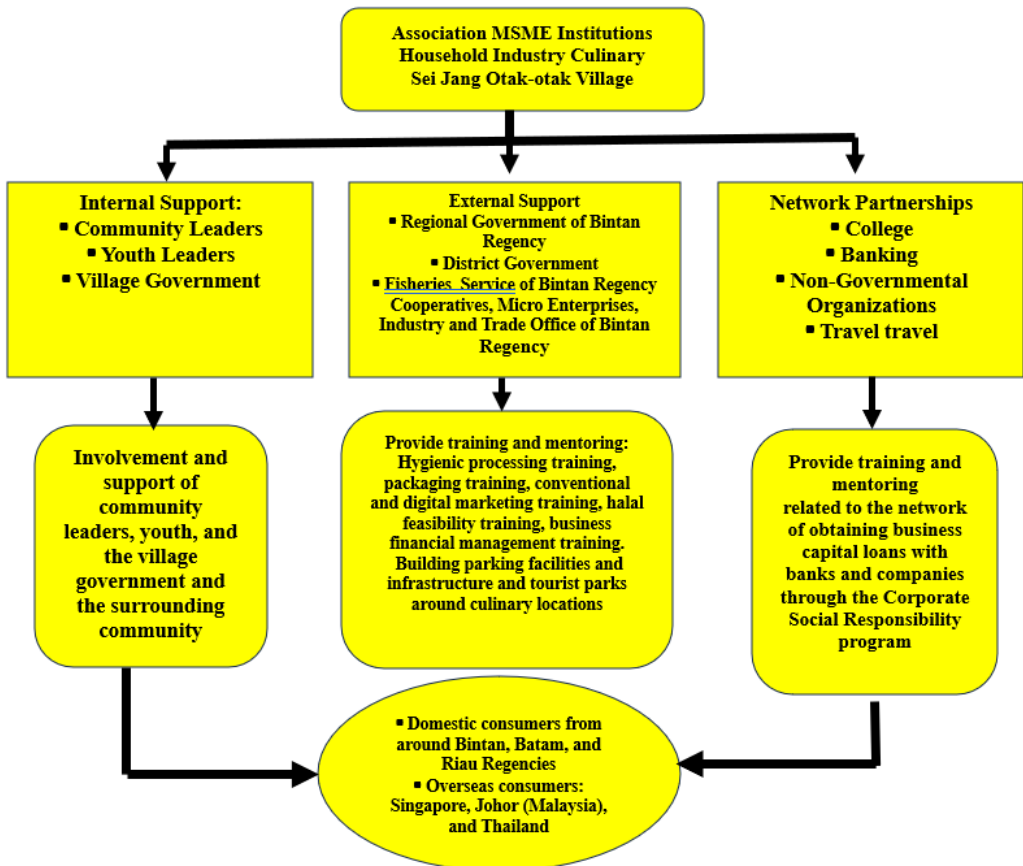


Fig 1. Partnership Pattern of MSME Institution of the Sei Jang Otak-otak Culinary Association

The success of capacity building is measured through various indicators such as increased income, welfare, community participation, and their ability to understand and harness local potential. As conveyed by one of the informants of the management of the otak-otak village association said that:

“... Capacity development is the key to work in a household industry association, when capacity is not developed properly it will affect human resources or training programs given to household industry players, on the other hand, if human resources are not qualified, it will be difficult to develop the capacity of an institution and develop slowly”. (Interview/PKO/16/6/2024)

The above statement explains that the importance of institutional capacity and good human resources will have a positive impact on the development of the association of household industry players, otak-otak villages and management members. As such, administrators must have the knowledge to be able to develop group institutions and community members. The provision of knowledge provided through the learning

process using patterns or methods that are suitable for the household industry players in the otak-otak village. The provision of understanding that they have can be one of the more values so that it is easier for them to mobilize community members to actively participate and become a greater opportunity in providing programs and meeting the needs of the community. The provision of knowledge provided can affect the determination of the capacity of the village industry players and the learning process provided. This is related to the organizational structure in the group, where the group's capacity is continuous with the ability of members to organize and be responsible for the tasks given.

Institutional capacity development refers to the abilities possessed by the management and members of MSMEs, household industry players, villages, otak-brains, and the community. Capacity building for administrators and members of the association is a development approach where all have the same rights to resources, development and development for the community. The importance of capacity building in achieving the goals of the association and the development of the ability of the management and members of the association can be seen from a good structure, leadership skills, relationships between the management of the association and the support and involvement of the community to be able to achieve the goals. The ability of the association as an institution to be able to convince the public is also one way to develop the institutional capacity. The balance between the management of the association and group members, the community, and also the local government, such as the trade office, and the cooperative office, will have an impact on capacity building because of the supportive cooperation and interaction. This is related to the active role of the community, one of the youth informants explained that:

“... The community plays a role in improving the capacity of associations or MSMEs, because if the participation of the community determines how the plan that has been prepared is implemented or not. For example, in the management of the location and infrastructure of the otak-otak village, land management, and the like. If the community does not participate, it will not run as planned and hinder the capacity building of the association... ”
(Interview/TP-1/15/06/2024)

The community has an active role in developing the capacity of the otak-otak village household industry association through participation as administrators, members, stall owners, and decision-makers. Their participation is essential to creating understanding and sustainability. In decision-making, the community participates in consensus deliberations and agrees on decisions based on the majority of votes. However, if the decision taken is not in accordance with the wishes of some people, they tend to be reluctant to attend the next meeting. Community participation in expressing opinions is still not open and usually only done by certain people who want to express their opinions. However, overall, the existence of Otak-Otak Sei Jang Village has had a positive impact on improving welfare and public awareness of the importance of improving the community's economy in Otak-Otak Sei Jang Village, Bintan Regency.

Table 1. Analysis of Research on the Institutional Capacity of Business Actors Association Household Industry in Otak-Otak Sei Jang Village

		Main reasons
1	Institutional Capacity Internal Environmental Conditions	Environmental conditions are the foundation for groups in shaping and developing community capabilities. The group chose to improve environmental conditions before involving the community more deeply.
2	Institutional Cooperation Network of MSMEs Actors Village Household Industry Culinary Otas-Ota Enam	▪ Cooperation and assistance networks from Urban Villages, community leaders, Fisheries Service, District Cooperatives, Industry, and Trade Office, District MSMEs, universities, and Non-Governmental Organizations, travel trevels, banking and companies through CSR programs. ▪ The effectiveness of the institution in achieving its goals, institutional sustainability, and the ability of good members and the community.
3	Support and involvement of community leaders Youth leaders and the surrounding community.	▪ Community support is reflected in the participation given in each activity ▪ Interaction in communication between MSME members and the community plays an important role in developing institutional capacity and the learning process. ▪ Instrumental support is carried out by providing direct assistance aimed at improving and completing everything that has not been done properly. • Informative support, advice and reciprocity are a reflection of community involvement to evaluate activities that have been carried out and will be carried out.

Table 1 shows that the institutional capacity of the association of household industry players in the otak otak village includes three main aspects, namely: first, external environmental conditions, that is, the group pays more attention to and improves environmental conditions first before involving the community. Second, institutional performance, namely the effectiveness of the institution in achieving the goals for the sustainability of a group institution. This can affect the importance of cooperating with other groups which can be seen from the results that are in accordance with the goals of the association. Third, community support and involvement, the support is reflected in community involvement, informative and instrumental support carried out to encourage the sustainability of the institution with good interaction and communication between board members and groups and the community.

The institutional capacity of the association of household industry players in the otak-otak village includes three main aspects, namely: first, the institutional condition of the association pays more attention to and improves environmental conditions first before involving the community. Second, institutional performance, namely the effectiveness of the institution in achieving the goals for the sustainability of the institution. In the influence to cooperate with other groups which can be seen from the results that are in accordance with the goals of the association. Third, support from the village government, and the trade office, cooperative office, sub-district MSME management, and community involvement, the support is reflected in community involvement, informative and instrumental support carried out to encourage the sustainability of the institution with good interaction and communication between management members and groups and the community.

Capacity is a relationship in which there are abilities, skills, understanding, attitudes, values, relationships, behaviors, motivations, resources, and conditions contained in an organization or individual that are useful for the implementation of a function or task and can be used and determined at any time. As an effort to achieve institutional capacity strengthening, it must be focused on three levels, namely individual, organizational, and system. In the context of the individual level, what is meant is the development of human resources in institutions, with attention paid to the professionalism and technical abilities of personnel such as their potential, skills, attitudes, abilities in grouping work, and motivation of individuals [7].

Based on the results of the interview above, institutional capacity is the ability of an institution or group to make changes to achieve the vision, mission or outcome in accordance with the planned goals. And being able to bring change through the abilities possessed by individuals or organizations through certain stages or levels.

The dimension of the entity or organization, institutional strengthening is directed to improving management instruments to improve the performance of functions and tasks in all lines of the organization and improving its microstructure. The activities that must be carried out are rearranging the organizational structure, work mechanism, decision-making process, internal and external communication systems (communication networks), leadership, incentives and personnel utilization. At the individual level, capacity building is directed at procurement, provision and utilization that is competent managerial and technically or substantively. The main activities are focused on recruitment, mapping employee competencies, training, placement, regulation of working conditions and environment, incentive system and work assessment.

Factors that arise can be caused by internal and external factors. Internal components include: conducive leadership, joint commitment, recognition of institutional weaknesses and strengths, participation, innovation and transparency, while external factors include building networks, information, and regulations. These two factors are influential components in the process of developing the capacity of an MSME institution for household industry players in Sei Jang, East Bintan District. Therefore, factors in capacity development have a great influence on the course of a development process as support and vice versa can be an obstacle if not managed optimally.

4 Conclusion

First, the internal condition of MSMEs in the household industry is the foundation for institutions in shaping and developing the individual abilities of administrators and members as well as the surrounding community. MSME administrators of culinary actors choose to improve their internal conditions before involving the community more deeply to move the surrounding community. This capacity covers the aspects: knowledge, skills, organizational structure, and support from various parties, and emphasizes the improvement of the knowledge and skills of its members through various trainings.

Second, community support and involvement are reflected in the participation given in each activity, the interaction process in the communication of group members and the community which plays an important role in institutional capacity building, and informative support, advice and reciprocity are a reflection of community involvement to evaluate activities that have been carried out and will be carried out.

Third, support from the village government, and the trade office, cooperative office, sub-district MSME management, and community involvement, the support is reflected in community involvement, informative and instrumental support carried out to encourage the sustainability of the institution with good interaction and communication between management members and groups and the community.

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