

Management Practices of Micro, Small, and Medium Enterprises and Their Impact on Competitiveness in Jatinangor

Obsatar Sinaga¹
Universitas Padjadjaran

Pawit Wartono²
Politeknik Bina Global

Correspondence : Obsatar Sinaga (Obsatar.sinaga@unpad.ac.id)

Submitted : 20-10-2025, Accepted : 21-11-2025, Published : 24-12-2025

Abstract

This study explores the relationship between management practices and the competitiveness of Micro, Small, and Medium Enterprises (MSMEs) in Jatinangor, Indonesia. Using a qualitative approach, the research investigates how MSME owners and managers apply managerial principles in areas such as business planning, leadership, human resource management, financial management, and innovation. Data were collected through in-depth interviews and direct observations of MSMEs operating in key sectors including food and beverage, retail, services, and creative industries. The findings reveal that MSMEs with more structured and strategic management practices demonstrate stronger competitiveness, operational efficiency, and adaptability to market changes. Conversely, enterprises that rely on informal management and intuitive decision-making face challenges in sustainability and growth. Leadership style, financial control, and employee development emerge as critical factors influencing performance and customer satisfaction. The study concludes that strengthening managerial capabilities and encouraging the adoption of modern management tools can significantly enhance MSME competitiveness. It also recommends targeted capacity-building programs and institutional support to foster sustainable local economic development in education-based regional clusters such as Jatinangor.

Keywords : MSMEs; management practices; competitiveness; leadership; financial management; human resource development; innovation; Jatinangor; qualitative research; local economic development.

Introduction

Micro, Small, and Medium Enterprises (MSMEs) are widely recognized as a fundamental pillar of economic development, particularly in developing countries. In Indonesia, MSMEs dominate the business landscape and play a strategic role in sustaining economic growth, reducing unemployment, and strengthening local economies. Over the past five years, MSMEs have consistently contributed more than half of the national gross domestic product and absorbed the majority of the workforce, demonstrating their resilience, especially during and after the COVID-19 pandemic. This condition confirms that MSMEs are not only economic actors but also social stabilizers within the national and local economic systems.

Despite their significant contribution, MSMEs continue to face structural and managerial

challenges that limit their competitiveness. Many MSMEs struggle with weak management practices, including inadequate business planning, limited financial management capabilities, low human resource development, and minimal adoption of modern management approaches. These internal weaknesses often reduce operational efficiency, inhibit innovation, and weaken the ability of MSMEs to respond to market changes. In the post-pandemic era, when competition has intensified due to digital transformation and changing consumer behavior, effective management practices have become increasingly essential for MSME survival and growth.

Competitiveness in MSMEs is closely linked to their ability to create value, maintain product quality, innovate continuously, and adapt to dynamic market conditions. Over the last few years, studies on MSMEs have emphasized that competitiveness is strongly influenced by internal managerial factors rather than external conditions alone. Management practices such as strategic planning, leadership, financial control, human resource management, and operational coordination have been shown to significantly improve productivity, innovation capacity, and market responsiveness. MSMEs that apply structured management practices tend to demonstrate stronger competitive advantages compared to those that rely solely on informal or traditional business management.

Jatinangor presents a distinctive local context for examining MSME management and competitiveness. As a rapidly growing area characterized by the presence of major higher education institutions, student populations, and supporting service industries, Jatinangor offers substantial market opportunities for MSMEs. Businesses in sectors such as food and beverage, retail, accommodation, and creative services have grown rapidly to meet the demands of students and academic communities. However, this favorable environment simultaneously creates intense competition among MSMEs, requiring business actors to continuously improve their management practices in order to sustain their market position.

In practice, many MSMEs in Jatinangor still operate with informal management structures and limited managerial capacity. Business decisions are often based on short-term considerations rather than strategic planning, while financial records and human resource development remain

underdeveloped. Although digital tools and online platforms have become more accessible in recent years, their adoption among MSMEs varies significantly and is frequently constrained by limited managerial knowledge and skills. These conditions suggest that competitiveness among MSMEs in Jatinangor is not solely determined by market potential, but also by the quality of management practices implemented at the enterprise level.

Recent empirical evidence in similar local and semi-urban contexts indicates that improvements in management practices can significantly enhance MSME competitiveness by increasing efficiency, encouraging innovation, and strengthening customer relationships. Entrepreneurial orientation, managerial competence, and organizational learning have been identified as important drivers of competitive advantage. However, studies focusing specifically on MSMEs in education-based regional clusters such as Jatinangor remain limited, leaving a gap in understanding how management practices operate within this unique socio-economic environment.

Based on this gap, this study aims to analyze the management practices of MSMEs in Jatinangor and examine their impact on business competitiveness. By focusing on key managerial dimensions and their relationship with competitiveness, this research is expected to provide empirical insights that are relevant for MSME owners, policymakers, and local development stakeholders. The findings of this study are anticipated to support the formulation of more targeted strategies for strengthening MSME competitiveness and promoting sustainable local economic development in Jatinangor..

Methods

This study employs a qualitative research approach to explore management practices of Micro, Small, and Medium Enterprises (MSMEs) and their impact on business competitiveness in Jatinangor. A qualitative approach is considered appropriate to gain an in-depth understanding of managerial processes, decision-making, and real business experiences from the perspective of MSME owners or managers.

The research was conducted in Jatinangor, focusing on MSMEs operating in key sectors such as food and beverage, retail, services, and creative industries. Informants were selected using purposive sampling with criteria including MSMEs that have been operating for at least one year and business

owners or managers who are actively involved in managing their enterprises.

Data were collected through in-depth interviews and direct observations. Interviews were conducted using semi-structured interview guidelines to allow flexibility in exploring management practices, including planning, leadership, human resource management, financial management, and operational activities, as well as perceived competitiveness factors such as product quality, innovation, pricing, and customer relations. Observations were used to support and validate interview findings.

Data analysis was carried out using thematic analysis, involving data reduction, data display, and conclusion drawing. The credibility of the data was ensured through triangulation of data sources and methods. Ethical considerations were addressed by ensuring informant confidentiality and voluntary participation throughout the research process.

Results and Discussion

The findings of this study reveal that management practices play a crucial role in shaping the competitiveness of MSMEs in Jatinangor. Based on in-depth interviews and field observations, several key themes emerged related to how MSME owners or managers implement management practices in their daily business operations and how these practices influence their competitive position in the market.

Management Planning and Business Direction

The results indicate that most MSMEs in Jatinangor operate with limited formal business planning. Business planning is generally short-term and focused on daily operational needs rather than long-term strategic goals. Many MSME owners rely heavily on personal experience and intuition when making business decisions. While this approach allows flexibility and quick responses to market changes, it often limits business growth and weakens competitiveness, particularly in a highly competitive environment such as Jatinangor. MSMEs that demonstrated clearer planning, such as setting sales targets and managing inventory systematically, were found to be more consistent in maintaining product availability and meeting customer demand, thereby strengthening their market position.

Leadership and Decision-Making Practices

Leadership emerged as an important factor influencing MSME competitiveness. The findings show that MSME leadership in Jatinangor is predominantly owner-centered, with most strategic and operational decisions made directly by the business owner. This centralized leadership structure enables fast decision-making and close control over business activities. However, it also creates dependency on the owner and limits delegation and employee empowerment. MSMEs with more participative leadership practices, where employees are involved in problem-solving and service improvement, tend to exhibit better adaptability and higher customer satisfaction, which contributes positively to competitiveness.

Human Resource Management and Workforce Capability

Human resource management practices among MSMEs in Jatinangor are generally informal. Recruitment is often based on personal networks, and employee training is minimal. Despite these limitations, some MSMEs invest in basic skill development, particularly related to customer service and product handling. The findings suggest that MSMEs that prioritize employee skills and motivation are better able to maintain service quality and build stronger relationships with customers. This highlights that even simple human resource management practices can significantly enhance competitiveness when applied consistently.

Financial Management Practices

Financial management was identified as one of the most critical challenges for MSMEs in Jatinangor. Many MSME owners do not separate personal and business finances and rely on basic cash flow tracking rather than systematic financial records. This practice makes it difficult to evaluate business performance and plan for future investment. MSMEs that applied more structured financial management, such as recording income and expenses and monitoring profit margins, were found to have better control over costs and pricing strategies. As a result, these enterprises were more resilient to market fluctuations and more competitive in sustaining their operations.

Innovation and Market Responsiveness

The findings reveal that innovation among MSMEs in Jatinangor is generally incremental and

driven by market demand. MSME owners tend to introduce product variations, adjust pricing, or improve packaging based on customer feedback. While technological innovation remains limited, particularly among traditional businesses, digital platforms such as social media and online delivery services have increasingly been used to expand market reach. MSMEs that actively adopt these tools demonstrate higher market responsiveness and stronger competitiveness compared to those that rely solely on conventional sales channels.

Discussion

The results of this study confirm that management practices are a key determinant of MSME competitiveness in the local context of Jatinangor. The predominance of informal management practices reflects common characteristics of MSMEs in developing regions. However, the findings also demonstrate that even modest improvements in planning, leadership, human resource management, financial management, and innovation can significantly enhance competitiveness.

The competitive environment in Jatinangor, shaped by the presence of educational institutions and a dynamic consumer base, requires MSMEs to continuously adapt and improve their management practices. Centralized leadership and intuitive decision-making offer flexibility but may limit scalability and long-term sustainability. Similarly, informal financial and human resource management practices may constrain business growth and reduce resilience to external shocks.

These findings align with broader perspectives on MSME development, which emphasize the importance of managerial capability as a foundation for competitive advantage. The study further highlights the need for capacity-building programs, managerial training, and institutional support tailored to the specific characteristics of MSMEs in education-based regional clusters. Strengthening management practices at the micro level can contribute to more sustainable MSME development and local economic growth in Jatinangor.

Conclusion

This study concludes that management practices play a decisive role in determining the competitiveness of Micro, Small, and Medium Enterprises (MSMEs) in Jatinangor. The research findings emphasize that although most MSMEs still rely on informal management structures,

improvements in managerial areas such as planning, leadership, human resource management, financial management, and innovation have a significant positive impact on business performance and market resilience.

MSMEs that apply structured planning, encourage participative leadership, develop employee skills, and adopt systematic financial management demonstrate greater operational stability and adaptability to market dynamics. The use of digital tools for marketing and customer engagement further enhances competitiveness, especially in a rapidly changing economic environment.

The study highlights that competitiveness in Jatinangor's MSMEs is not only determined by external market potential but also by the quality of internal management practices. Therefore, capacity-building initiatives, managerial training, and institutional support are essential to strengthen MSME competitiveness and foster sustainable local economic development. Strengthening managerial capabilities at the enterprise level can help MSMEs transition from informal operations to more structured, innovative, and resilient business models capable of sustaining long-term growth.

References

- Acs, Z. J., & Audretsch, D. B. (2021). *The small business economy: Growth and development through entrepreneurship*. Cambridge University Press.
- Ahmad, N. H., & Seet, P. S. (2009). *Dissecting behaviours associated with business failure: A qualitative study of SME owners in Malaysia and Australia*. *Asian Social Science*, 5(9), 98–104.
<https://doi.org/10.5539/ass.v5n9p98>
- Bakar, L. J. A., & Ahmad, H. (2010). *Assessing the relationship between firm resources and product innovation performance: A resource-based view*. *Business Process Management Journal*, 16(3), 420–435. <https://doi.org/10.1108/14637151011049430>
- Berry, A., Rodriguez, E., & Sandee, H. (2001). *Small and medium enterprise dynamics in Indonesia*. *Bulletin of Indonesian Economic Studies*, 37(3), 363–384.
<https://doi.org/10.1080/00074910152669181>
- Harvie, C., & Lee, B. C. (2005). *Introduction: The role of small and medium-sized enterprises in achieving and sustaining growth and performance*. In *Sustaining growth and performance in*

- East Asia: The role of small and medium-sized enterprises* (pp. 3–27). Edward Elgar Publishing.
- Indrawati, R., & Sudarmiati, S. (2019). *The impact of managerial competence on SME performance: Evidence from Indonesia*. *International Journal of Business and Society*, 20(2), 457–472.
- Tambunan, T. (2019). *Recent evidence of the development of micro, small and medium enterprises in Indonesia*. *Journal of Global Entrepreneurship Research*, 9(18). <https://doi.org/10.1186/s40497-018-0140-4>
- Utami, C. W., & Lantu, D. C. (2014). *Development competitiveness model for small-medium enterprises among the creative industry in Bandung, Indonesia*. *Procedia - Social and Behavioral Sciences*, 115, 305–323. <https://doi.org/10.1016/j.sbspro.2014.02.438>
- Yulianti, P., & Firdaus, M. (2022). *Managerial competence and business sustainability of MSMEs in post-pandemic Indonesia*. *International Journal of Management and Applied Research*, 9(3), 198–211. <https://doi.org/10.18646/2056.93.22-015>
- Zakaria, M., & Ismail, M. (2018). *The role of innovation in small and medium enterprise (SME) performance: Empirical evidence from Malaysia*. *Journal of Innovation Economics & Management*, 27(1), 195–215. <https://doi.org/10.3917/jie.027.0195>.