

# MODEL OF UMKM CENTRE MANAGEMENT TO IMPROVE THE EFFECTIVENESS OF BUSINESS ACTORS IN THE COASTAL AREAS IN EAST JAVA

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## MODEL OF UMKM CENTRE MANAGEMENT TO IMPROVE THE EFFECTIVENESS OF BUSINESS ACTORS IN THE COASTAL AREAS IN EAST JAVA

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### ABSTRACT

*The purpose of this study is to depict the effectiveness of UMKM Center Management Model in coastal areas in East Java. It is eventually hoped that the model can be applied by UMKM players and other parties involved in the development of UMKM centers to improve the effectiveness of management application. This management model is related to human resource management, production management, marketing management, financial management, and business legality. The measurement uses a Likert scale based on the results of the scores to determine whether or not the UMKM center management model is effective. This study is a descriptive one by combining quantitative methods. The sample technique used is purposive sampling. This study uses a survey method that aims to obtain information about the number of respondents who are considered to represent a particular population. Two main types of data collection techniques are employed: questionnaires and interviews.*

*Keywords: UMKM Center, Coastal Community, UMKM Management Model*

### I. INTRODUCTION

The eastern and northern coastal areas in East Java are coastal areas having enormous economic potential. However, they are unfortunately still not optimal in their contribution to the welfare of their citizens. This is caused by various obstacles related to the characteristics of the community. Open business opportunities are very broad, yet the role is still not optimal in leveraging the economy of the citizens located in the coastal areas. Five cities that have coastal areas to the east and north of East Java include the cities of Sidoarjo, Surabaya, Gresik, Lamongan, and Tuban with stretches of coasts from the eastern tip of Sidoarjo to the northern end of the cities of Lamongan and Tuban.

Managing coastal areas that have been regulated by both the central and regional governments requires

us to provide a solution for community empowerment and to increase welfare for coastal communities by forming UMKM centers in coastal areas. Improving a community welfare requires a management that is in accordance with the characteristics of the community. Good management of business functionalities will have an impact on business effectiveness. UMKM business actors need to have management skills so that they have broad insight in their business management.

Factors determining the success of the development of UMKM in coastal areas include human resources, production, marketing, finance and legality, and technology and information enabling more wide access. So far the quality of human resources in the UMKM business sector in coastal areas is still very low. This is indicated by the products produced, product quality, ability to develop

products, market products, capital in business, and the legality of the business carried out. Several studies on UMKM have not touched the local government, academics, or other institutions, even though UMKM business actors are one element of the economy that needs support from all parties, and the results of research should

be applied to promote the economy, and empower the surrounding communities which can in the long run improve welfare.

## 2. LITERATURE REVIEW

### 2.1 UMKM

UMKM is defined based on criteria and characteristics that can be in the form of the

number of workers employed, the amount of capital and turnover of the activities produced. UMKM can also be defined based on its characteristics, such as business scale, technology used, organization and management, market orientation, and so on.

After the enactment of Law Number 20 of 2008, the definition of UMKM has been changed as presented below:

1. Micro businesses are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-enterprises.
2. Small business is a productive economic business that is independent, carried out by individuals or business entities that are not subsidiaries or not branches of companies owned and controlled directly or indirectly by part of a medium or large business.
3. Medium business is a productive economic enterprise that is independent, carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or become part of small businesses or large businesses with a net wealth or results either directly or indirectly.

### 2.2 UMKM Management

Some of the main components of management in UMKM include the followings:

1. Management  
Generally, UMKM (especially micro or small businesses) does not distinguish various problems existing within the company with

a variety of personal problems, especially those involving ownership, financing, and company profits. Both are often mixed up so various management functions in running a company are not carried out properly with regards to planning, organizing, activating, and controlling. With these conditions, it is certain that business activities do not go as expected.

### 2. Production and Marketing

In addition to the inability to manage the company (namely, low management skills), the problem that often prevents UMKM from developing is the limited functions of the company, especially in production and marketing. Commonly, the problems faced by UMKM regarding production and marketing include the followings:

- a. There is no continuous access to quality sources of raw materials. Sometimes, UMKM use quality raw materials, but often they also use raw materials that do not meet production standards.
- b. The production process is simple and does not meet the standards. It therefore has an impact on low quality. The bread production process which for example uses hands (not a machine) has an impact on unhygienic products so the products do not last long.
- c. Lack of attention to values that can provide a sense of satisfaction for customers. For example, it is tasteless, and it has unusual size, unattractive color, no brand, and so on.
- d. Limited ability to promote so the products are not known in the market. This has an impact on the low ability of UMKM to compete in the market. Consumers who are already interested in certain UMKM products eventually have interest in other products that are able to meet their needs and expectations.
- e. The tendency to control a limited market as a result of the weak ability to compete with large companies that have better production and distribution systems.
- f. UMKM is less able to read market opportunities because of the tendency



of consumers to know more complete information about products and companies. As a consequence, the products offered are frequently not in accordance with the wishes and expectations of consumers in the market.

- g. Product stability and continuity for market demand fulfillment is not well maintained, so when consumers are in need of the products, the products are not available on the market.

### 3. Finance

Besides production and marketing, the problem in a company's function is associated with finance. The problem most often faced by UMKM concerns finance which includes the following four main issues:

- a. Lack of working capital to support company activities, especially to increase production volume and marketing costs.
- b. Lack of knowledge about ways to access financial resources, especially KUR channeled by banks, while Microfinance Institutions (MFIs) and People's Credit Banks are not available in their working areas. In addition, banks are generally not willing to increase the loaning for small amounts because there are no assets that can be used as guarantee for loans to the banks.
- c. Lack of financial records, so profits in business are often not taken into account. If the business is profitable, the profit is often consumed. In fact, it is not uncommon for the income earned to be considered as an advantage even though among the intended benefits, there is capital used for consumption. If this happens, the company's activities will be disrupted and not infrequently, the volume of business activities will eventually decrease or there are fewer activities. The consequences are quite fatal – it can later affect the termination of the company's activities.

### 4. Law

The most basic legal aspect for UMKM is the legality of business entities. Most UMKM in Indonesia, especially small and micro enterprises, is not legal entities. Under

these conditions various matters relating to third parties will be difficult to implement. For example, the relationship to the bank to obtain a capital loan and patent rights on the packaging product brand and so on will not go on smoothly. Indeed, UMKM business development must be supported by institutional establishment. If this is not done, it will be difficult for UMKM to expand its businesses, one of which is the aspect of market capital.

UMKM in the city or village often does not have the elements of business planning. It even carries out something just by chance because there was no formal work done so there was absolutely no knowledge. There was no understanding of running the business, either. According to Sutrisno (2006), UMKM business actors need to have management knowledge in order to possess the flexibility of insight in their business management. The factors required for the successful implementation of management knowledge strategies are pointed out below:

- a. Scanning. This is related to the company's environment.
- b. Business conditions and practices. This is the issue of whether the company collects information and knowledge about business conditions and practices outside the company.
- c. Operations of its competitors. This concerns the strategy whether the company understands the internal workings or operations of the company compared to its competitors.
- d. Consideration on taking knowledge as assets.
- e. Corporate culture oriented knowledge. A typical issue is that corporate culture needs to be created so that innovation becomes entrenched in the company.
- f. Management of assets. Companies face the fact that they need management of assets knowledge for important investments in the form of labor, networks, and information and systems knowledge.

Tambunan (2002 in Bismala, 2016) points out that the characteristics a remarkable UMKM include

the followings: good quality human resources, optimal use of technology, ability to perform efficiency, increased productivity, ability to improve structured quality, adequate capital resources, broad business networks, and entrepreneurial spirit. Basically managing UMKM requires high creativity, a great spirit of not giving up quickly, taking risks, and always trying to expand its business.

The UMKM business has a very large opportunity and has high competitiveness; therefore, UMKM business actors are required to have a solid management skill in running their business. Thus, a coastal zone-oriented Management Center Model is in need.

### 3. RESEARCH METHOD

#### 3.1 Research Design

This research used a descriptive approach by combining quantitative methods. Wiratha (2006) states that descriptive research is a research that attempts to reveal a problem, situation, or event and that it is fact finding. While Sugioyono (2016) puts forward that descriptive research is a type of research that seeks to describe phenomena or relationships between phenomena that are systematically and accurately examined.

This study used a survey method which aims to obtain information from the number of respondents who were considered to represent a particular population. There were two main types of data collection, namely questionnaires and interviews, which are as argued by Silalahi (2009:293) used for survey methods. This study engaged samples from one population and used questionnaires as the main data collection tool. Questionnaire or questionnaire method is a series of questions that are arranged systematically, and sent to be filled in by respondents (Bungin, 2005:133).

The sampling technique used in this study was purposive sampling. In purposive sampling, it is only based on the consideration of the researchers who take the desired elements that are already available in the sample involved. The consideration of researchers using purposive sampling in this study includes the followings: 1) The respondents in this study were considered to have almost the same characteristics; 2) The respondents in this study had an average of over 5 year business experience; 3) The

respondents in this study were taken from several UMKM centers in five regions in East Java Province.

#### 3.2 Research Location

The research locations cover five sub-districts, namely: Tuban, Lamongan, Gersik,

Sidoarjo, and Surabaya. Of the five research locations, the researchers took one sub-district each. To be precise, the following locations are covered: 1) Lerang Kulon Village of Palang Tuban Sub-district, 2) Brondong Village, Brondong Sub-district of Lamongan, 3) Mud Village of Gersik Sub-district, 4) Bulak Village, Kenjeran, Sub-district of Surabaya, 5) Tambak Cemandi Village, Waru Sidoarjo District.

#### 3.3 Data Collection Technique

The following techniques of collecting the research data are employed:

1. **A closed questionnaire.** It is a questionnaire that is designed in such a way to record data about the situation experienced by the respondents. Then all alternative answers that must be answered by the respondents are listed in the questionnaire (Bungin, 2005:133).
2. **In-depth Interview.** It is conducted to obtain a complete picture of the various economic potentials, opportunities and challenges faced by women in carrying out their activities in productive business groups.
3. **Focus Group Discussion.** This technique is carried out by involving informants cognitively and emotionally in a discussion forum. In this study focus group discussion was directed to provide opportunities for obtaining perception with the consideration that women's productive business groups had unique characteristics. Most often they had to be able to work together among members to conduct business while they were still required to carry out their duties as housewives – the condition which could relatively reduce their chance for doing business to the maximum. This technique was used to obtain data about their views, perceptions, and attitudes as women entrepreneurs, as well as the obstacles they faced in running a productive and independent business group independently. This discussion was carried out with the chairman and members of productive business groups, community self-



reliance institutions, and academics.

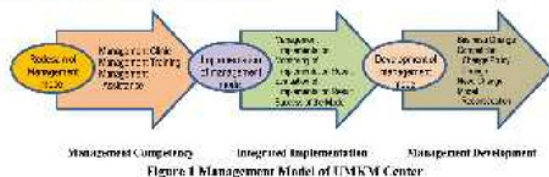
### 3.4. Research Sample

The sample in this study were the traders who were active leaders of the productive business groups. Besides, the sample also included those who had been active members of the productive business groups. Totally there were 28 samples from five locations.

Research Sample		
No.	District	Total
1	Bulak, Surabaya	6 people
2	Jatibak, Cendani, Sidoarjo	3 people
3	Bondowong, Lamongan	3 people
4	Loran Kulon, Tuban	6 people
5	Lamongan, Gresik	6 people
Total		28 people

### 3.5. Method of Model Formulation

The effective management model of UMKM centers can be articulated through three stages carried out continuously, namely: 1) the redesign phase of the UMKM center management model, 2) the evaluation phase of the results during the implementation of the UMKM center management model redesign, 3) the development stage of the UMKM center management model for the coastline regions in East Java. The following chart is presented to illustrate the mechanism of the model.



The formulation of effective UMKM center management models in the coastal areas in East Java can be divided into two parts, namely: a) the UMKM center management model which is physical-oriented, and b) the UMKM center management model which is non-physical oriented. A clearer picture of the two models are depicted below.

#### 3.5.1. Formulation of Management Models for UMKM Centers: Non-Physical

Physical management related to the UMKM center requires the formulation of a model that is somewhat different from non-physical ones. Therefore, three main elements that are feasible have been identified to be an important part in its formulation. This covers a) redesign phase, b) monitoring phase, and

c) development stage. Furthermore, these stages can be described in detail in the formulation of the model as follows:

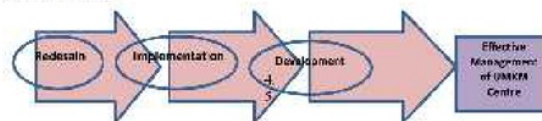


Figure 2 Model of UMKM Center Management: Non Physical

#### 3.5.2. Formulation of Management Models for UMKM Centers: Physical

The physical-oriented management for UMKM center requires the formulation of models that are somewhat different from non-physical ones. Therefore, three main elements that are feasible have been identified to be an important part in the formulation of the model. It consists of a) Location or place of business, infrastructure, b) monitoring, and c) development. Furthermore, these stages can be described in details in the formulation of the model as seen below:

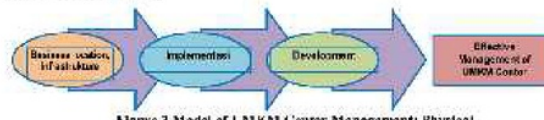


Figure 3 Model of UMKM Center Management: Physical

The questionnaires used in this study to investigate the model used a Likert scale measurement that was a type of scale measurement which aimed at obtaining the perception or attitude of the respondents or businessmen on a statement by choosing an alternative answer consisting of 1) strongly disagree, 2) disagree, 3) agree a bit, 4) agree, and 5) strongly agree in accordance with the statement presented in the questionnaire. Meanwhile, the measurement results used interval scale. Furthermore, to find out the effectiveness of using the model, the formula used is as follows:

$$P = \frac{\text{Obtained Score}}{\text{Total Score}} \times 100\%$$

After the data were computed, the results of the study referred to the following criteria for attitudes of knowledge:

Table 1

Scoring Criteria	
Score	Criteria
< 50%	Kurang
50-75%	Cukup
76-100%	Baik

Source: Arikunto (2010)



#### 4. FINDINGS AND DISCUSSION

The stages in testing UMKM center management model include the following steps:

1. Identifying the indicators in the management model of UMKM centers, both non-physical and physical.
2. Determining the type of measurement scale in the questionnaire using a Likert scale, and measurement results using an interval scale of five levels or intervals.
3. Designing questionnaires related to the disclosure of business operators' perceptions of the "Formulation of the UMKM Center Management Model".
4. Distributing the questionnaires to 28 respondents (purposive sampling) located in the predetermined five UMKM centers in the coastal areas.
5. Conducting data tabulation related to the answers of 28 respondents in order to reveal the level of effectiveness of the "Management Model Formulation" in accordance with the perceptions of businesses.
6. Conducting a more in-depth study of business operators' perceptions of the "Management Model Formulation" that has been made, then evaluating the weaknesses that need further improvement.

To provide a detailed description of the respondents' answers and the perceptions of a group of business actors towards "The formulation of the UMKM center management model", the following table is presented:

**Table 2**  
Respondents' Non-Physical-Oriented Perception  
on Management Model of UMKM Center in the Coastal Areas

No	Question Item	Respondents' Answer					Score (%)
		1	2	3	4	5	
1	As a coastal UMKM player, do you agree to attend the human resource management, clinic, production management, marketing management, financial management and business legally directly at your business location?	-	-	2	3	21	98.57
2	As a coastal UMKM actor, do you agree if you are given management training with management training material related to human resource management, production management, marketing management, financial management, and business legally on your free time, on your own schedule and implement it directly on site without leaving place of business?	-	-	-	8	20	94.28
3	As a UMKM actor in coastal areas, do you agree that management training can be done directly at your business location so that you don't leave your business activities?	-	-	-	9	19	93.57
4	As a UMKM actor in coastal areas, do you agree if there is direct assistance from universities, related offices, business people, and local government at the business location?	-	-	2	9	17	90.71

5	As a UMKM player in coastal areas, do you agree if UMKM feel more developed if they have a business group that is given direct management training and the establishment of a forum such as a cooperation in your business location?	-	-	2	26	98.57	
6	As a UMKM player in coastal areas, do you agree if the coastal area UMKM management training will benefit businesses without seeing who is the training provider?	-	8	22	20	84.8	
7	As a UMKM player in coastal areas, do you agree if management training will benefit business people when synergies are made between the training providers?	-	6	17	27	88.4	
8	As a UMKM actor, do you agree this coastal area is synchronizing the management training implementation that requires the synergy of the stakeholders (academics, bureaucracy & business people), so that it can provide optimum benefits for the development of UMKM management and business?	-	4	12	34	92.8	
9	As a UMKM actor in coastal areas, do you agree if the training material that is obtained during the training will be more effective in its implementation if it is accompanied by a monitoring program for training material within a certain period of time?	-	-	11	39	95.6	
10	As a UMKM actor in coastal areas, do you agree if the monitoring program conducted after training provides convenience in implementing training materials that are appropriate to the real business conditions in the field?	-	-	2	19	29	90.8
11	As a UMKM actor in coastal areas, do you agree with the opinion that the time for a 4 month field assistance is sufficient for you to be able to understand the training material with real implementation stages in the field (according to the business of UMKM entrepreneurs)?	-	7	10	33	90.4	
12	As a UMKM actor in coastal areas, do you agree if you still need other management training materials such as the use of IT applications, online based business applications, and other types of training that you expect to be able to support the smooth running of the business so far?	-	-	16	34	93.6	
13	As a UMKM actor in coastal areas, do you agree with the opinion that management training will be more effective if the participants come from the same business actors, so that participants can transmit the material and training results to other business actors?	-	8	18	27	87.6	
14	As a UMKM actor in coastal areas, do you agree if the management training participants should be restricted, so that the understanding of the training material will be more effective with a range of participants not more than 30 participants?	-	4	14	32	91.2	
15	As a UMKM actor in coastal areas, do you agree with the opinion that management training runs more effectively and on target if the participants are grouped or differentiated based on their business experience (e.g. business experience, types of products, business capital, etc.) and not prioritized on UMKM business people who have been active for more than five years?	-	2	4	31	90.71	
16	As a UMKM actor in coastal areas, do you agree with the opinion that the training program must be in line with the needs of UMKM?	-	3	10	14	85	
17	As a UMKM actor in coastal areas, do you agree that the management training program held must synergize with the needs and desires of UMKM actors?	-	4	6	18	90	
18	As a UMKM actor in coastal areas, do you agree that the management training held will be more effective for the development of MSME management and businesses?	-	6	13	9	78.57	
Perception average score							90.52

Source: questionnaire answers; data are processed by the authors

Based on Table 2 above, it can be interpreted that the formulation of the management model of UMKM in coastal areas in East Java – non-physical oriented – in those five proposed cities or regencies in East Java (Surabaya city, Sidoarjo regency, Gresik regency, Lamongan district, and Tuban district) is feasible enough to be implemented. This can be seen from the average value of respondents' perceptions as business actors who are in the UMKM centers that become



the object of the research – amounting to 90.52%. The perception value of this effective management model is very high. Therefore, programs related to management development and other related aspects on business managerial are very appropriate. They need to be implemented in the UMKM center for the development of UMKM in coastal areas in order to improve the competence of business people to carry out their business activities independently.

The management models are carried out very precisely and needed by UMKM business actors in coastal areas in those five cities or regencies in East Java by considering the aspects of human resource management, aspects of production management, aspects of marketing management, aspects of financial management, and aspects business legality. Training method, location of training, delivery of training, training material, training participants, training orientation involving the participation of stakeholders in order to collaborate and

synergize the training program activities have been available to them. All of these elements are needed so that the benefits for UMKM in coastal areas will be great as a result of carrying out their business or business activities. We need to know that each stakeholder (College, Department of Cooperatives and UMKM, local government and other related agencies in the bureaucracy, business circles, banking institutions, other formal institutions, as well as business groups and associations) has different training program activities with different orientations. In addition, if we can synergize this together, the existing training programs will become more beneficial for UMKM business actors in coastal areas.

The analysis on item number nine in the questionnaire shows a score of 95.6% (See Table 2 above). This indicates that the method of direct assistance at the business location of UMKM entrepreneurs in the management training program is very desirable. The direct assistance method is perceived necessary for UMKM entrepreneurs in the UMKM centers in those five cities or regencies in East Java.

Table 3  
Respondents' Physical-Oriented Perception  
on Management Model of UMKM Center in the Coastal Areas

No	Question Item	Respondents' Answer					Score (%)
		1	2	3	4	5	
1	As a UMKM actor in coastal areas, do you agree that the location of the UMKM center is rearranged so that it is more easily accessible to consumers and is suitable for use as a place of business?	-	-		12	16	91.43
2	As a UMKM actor in coastal areas, do you agree if the business location is arranged according to the expectations of the visitors so that it looks clean, beautiful, and so that there is a toilet, a mosque, a parking lot, and a seat?	-	-	-	9	19	93.57
3	As a UMKM actor in coastal areas, do you agree if in the business location one entrance for visitors is made and accompanied by adequate security for the convenience of visitors?	-	-	4	10	14	87.14
4	As a UMKM actor in coastal areas, do you agree if the business location is relocated to a wider, cleaner, more comfortable and safer place?	-	-		11	17	92.14
5	As a UMKM actor in coastal areas, do you agree if the local government, village, sub-districts are involved in maintaining a sustainable and continuous location for the convenience of visitors?	-	-	5	6	17	88.57
6	As a UMKM actor in coastal areas, do you agree that the business location is given decent lighting so that it can be used to trade until night?	-	-		10	18	92.86
7	As a UMKM player in coastal areas, do you agree that in the business location adequate waterways are provided so that it is not smelly?	-	-	6	11	11	83.57
8	As a UMKM actor in coastal areas you agree if a standardized merchant hygiene competency test is conducted for the convenience of visitors?	-	-	4	12	12	85.71
9	As a UMKM player in coastal areas, do you agree if the incoming visitors are subject to retribution for operational costs so that the maintenance of cleanliness and comfort will continue?	-	-	-	11	17	92.14
10	As a UMKM player in coastal areas, do you agree if the visitors carrying a vehicle (a car or a motorcycle) are charged parking fees for visitors' safety and comfort?	-	-	2	10	16	90
11	As a UMKM actor in coastal areas, you agree if infrastructure improvements leading to the UMKM center are designed to be adjusted to local characteristics?	-	-	7	10	11	82.86
Perception average score							89.09

Source: questionnaire answers; data are processed by the authors

Based on Table 3 above, it can be interpreted that the formulation of the management model – which is physical oriented – of UMKM in the coastal areas in East Java is necessary for improvement. Their physical condition ought to be made better in the management of UMKM business operators in those five cities or districts in East Java (Surabaya city, Sidoarjo district, Gresik district, Lamongan district, and Tuban district). The perception of the respondents as business actors in the UMKM centers which become the object of this study is feasible enough to be implemented. It is indicated by 89,09% – the average value of the respondents' perception. The perception value of this effective management model is quite high; therefore, the management programs and other physical development among others infrastructure, place and location of business in each location of the research objects need considering. The development of a coastal-oriented UMKM management model in order to improve competencies related to the development of physical management needs to



be directed to bring about comfort. In addition, all infrastructure facilities should be secured to meet the expectations of business people and visitors.

#### 4.1. Evaluation on the Effectiveness of Model Formulation

Having been examined more deeply through focus group discussions from academics, research teams and UMKM activists to obtain constructive and massive input to produce a "model of UMKM center management" which is expected to be effective and more applicable for coastal areas, the perception of 28 UMKM respondents in five study locations that have been sampled in testing the formulation of management models is further analysed. It brings about some recommendations. The following recommendations are presented regarding the implementation of UMKM center management in coastal areas:

1. It is necessary to design management clinics related to human resource management, production management, marketing management, financial management, and business legality in each location that is the object of this study.
2. There needs to be a clinic from stakeholders, UMKM activists, and academics in business locations. The personels are needed at any time to be ready to serve.
3. There should be a design of training programs related to management needs for UMKM players, so that the community can adequately improve both hardskills and soft skills related to human resource management aspects, production management, marketing management, financial management, and business legality. In the long run, the community as the subject and the object of UMKM can have more competencies to manage businesses that have been run so far. This will hopefully result in better economic support for their families' lives. In the future, UMKM centers in the coastal areas are expected to become a structured and independent economic system.
4. The local government ought to redesign the business location that is more adequate by relocating the current place to a new place outside the area presently occupied. The current area does not have a design that matches the

expectations of UMKM for the convenience of visitors and business people. Besides, it is necessary to redesign the place of business to be more spacious and modern, and to have clean facilities and infrastructure that are in line with the standards expected. Since this requires a new adaptation process and takes a while, especially with regard to old visitors and new visitors, socialization is certainly required.

## 5. CONCLUSIONS AND IMPLICATIONS

### 5.1. Conclusion

Referring to the stages of formulating the UMKM center management model, some recommendations are presented as follows:

1. The development of community businesses and UMKM centers in the coastal areas in East Java needs to be addressed by making improvements to the management of UMKM centers and businesses. What matters is the implementation of an effective and integrated management model by redesigning the management models of UMKM centers.
2. UMKM centers management which is non-physical oriented can be performed by using a model that includes: a) the redesign phase of the UMKM center management model. b) the implementation phase of the UMKM center management model, and c) the development stage of the management model. This stage must be carried out in an integrated manner so that the management of the UMKM center facilities can support services to visitors for the sake of safety and more comfort touch.
3. UMKM center management which is physical-oriented can be done by using models that include location or place of business and infrastructure. This model is oriented towards developing human resource competencies in advance with the hope that it will soon be able to improve its business management from the aspects of local wisdom values, managerial aspects and legal aspects. The ultimate goal is that the ability of competence obtained can improve business and welfare for the community.
4. Implementation of an effective UMKM center management model takes eighteen months. It is divided into three periods, namely: a) the first six

months for implementing the new model, b) the second six months for monitoring or mentoring, and c) the last six months for developing the model. The UMKM center management model will run effectively if its implementation is able to synergize stakeholder resources optimally involving academics, business people, bureaucracy and empowerment of local communities who will contribute according to their respective domains.

5. There should be optimization of the role of academics, business people and bureaucracy in the framework of developing a management model of UMKM centers. Conducting training programs, mentoring programs, and development programs cannot be done individually by each UMKM activist; it must be integrated from these three elements which are often called a triple helix. Through the synergy of the three elements, it is expected that the result is an effective, efficient and applicable formulation of the management model of UMKM centers.
6. The need for community empowerment through optimizing ownership of local resources. Hopefully, there will be productive, integrated, and independent UMKM development. Community resources that have been neglected so far must be optimized so that the process of economic acceleration can be realized in accordance with the economic identity of a nation, through empowering resources in the form of values of wisdom and local culture, optimism for progress and skills.

## 5.2 Implications

The implementation of an effective UMKM center management model will have implications for the following aspects:

1. The realization of the synergy of the three stakeholder pillars in the development of the economic concept of UMKM sector. The three pillars in the triple helix are required to develop integrated and applicable character programs in accordance to the nation's economic identity, namely an independent people's economy.
2. The realization of a higher education program that is integrated with global aspects as well as local issues. All of these require the ability of local higher education institutions to capture

community problems as inspiration in developing the three key programs of university (Tridarma Perguruan Tinggi), especially research programs and community service.

3. The realization of coastal areas for UMKM centers and integrated UMKM actors. Involving stakeholders who have practical synergy in the formulation of effective development and management models of UMKM centers, and making each UMKM center as the center of economic activities of citizens will contribute significantly to improve community welfare.

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