

THE ROLE OF HUMAN CAPITAL IN AGRIBUSINESS MUHAMMADIYAH CENTER AS A STRATEGY TO INCREASE INNOVATION IN FACING THE WORLD OF WORK

Agus Tri Basuki¹, Imamudin Yuliadi², Diana Leli³, and Lalu Supardin⁴

^{1,2}Economic Department, 55183 Universitas Muhammadiyah Yogyakarta, Indonesia

³ Sekolah Tinggi Ilmu Ekonomi Isti Ekatana Upadewa, Yogyakarta, Indonesia

⁴ Universitas Sarjana Wiyata Tamansiswa, Yogyakarta, Indonesia

Email: agustribasuki@yahoo.com

Abstract

Muhammadiyah Agribusiness Center (MAC) is an institution established by the Muhammadiyah Branch Leadership to empower Muhammadiyah residents in Gamping District in the agribusiness sector. As part of the Muhammadiyah movement, MAC has an important role in strengthening the rural economy and improving the welfare of agricultural communities. This service aims to improve the understanding and skills of Muhammadiyah Agribusiness Center (M.A.C.) residents in managing independent businesses and product innovation, so that they can manage their businesses effectively. Community service is carried out using the Participatory Action Research (PAR) method, involving community members as research partners in identifying needs, developing strategies, training, and implementing solutions. The results of this Community Service are that participants who take part in this training experience increased abilities in managing independent businesses, this is evidenced by active discussions between participants and speakers. In addition, by taking part in this training, basic understanding of innovation in managing business ventures has also increased. In general, through this program, it is hoped that M.A.C. members will be more confident and independent in improving family welfare through independent businesses and supporting development.

Keywords: Entrepreneurship, Community Service Program, Muhammadiyah Agribusiness Center

Abstrak

Muhammadiyah Agribusiness Center (MAC) merupakan lembaga yang dibentuk oleh Pimpinan Cabang Muhammadiyah untuk memberdayakan warga Muhammadiyah di Kecamatan Gamping dalam bidang agribisnis. Sebagai bagian dari gerakan Muhammadiyah, MAC memiliki peran penting dalam memperkuat ekonomi pedesaan dan meningkatkan kesejahteraan masyarakat pertanian. Layanan ini bertujuan untuk meningkatkan pemahaman dan keterampilan warga Muhammadiyah Agribusiness Center (M.A.C.) dalam pengelolaan usaha mandiri dan inovasi produk, sehingga mereka dapat mengelola usahanya secara efektif. Pengabdian kepada masyarakat dilakukan dengan metode Participatory Action Research (PAR), dengan melibatkan warga masyarakat sebagai mitra peneliti dalam mengidentifikasi kebutuhan, menyusun strategi, pelatihan, dan mengimplementasikan solusi. Hasil dari Pengabdian Masyarakat ini adalah peserta yang mengikuti pelatihan ini mengalami peningkatan kemampuan dalam mengelola usaha mandiri, hal ini dibuktikan dengan adanya diskusi yang aktif antara peserta dengan narasumber. Selain itu, dengan mengikuti pelatihan ini pemahaman dasar tentang inovasi dalam mengelola usaha bisnis pun meningkat. Secara umum, melalui program ini diharapkan anggota M.A.C. semakin percaya diri dan mandiri dalam meningkatkan kesejahteraan keluarga melalui usaha mandiri dan mendukung pembangunan.

Kata Kunci: Kewirausahaan, Program Pengabdian Masyarakat, Muhammadiyah Agribusiness Center

INTRODUCTION

Quality human resources (HR) are the locomotive driving the progress of an organization, both those engaged in the economic and social fields. Economic sector organizations that participate in supporting the backbone of the economy in Indonesia are Medium, Small and Micro Enterprises (MSMEs), which have an important role in boosting economic growth, job creation, and poverty alleviation. MSMEs that can produce innovative products or services will have a strong competitive advantage in the market. Workers who have innovative skills and critical thinking skills will create new ideas, identify market opportunities, and develop products or services that can meet customer needs.

The increase in human resources in Amal Usaha Muhammadiyah will have a major effect on the activity of pilgrims participating in company activities. The economic strength of PCM Gamping can stimulate pilgrims easily. All Muhammadiyah activities became smooth, crowded, and lively. The

economic independence of [PCM Gamping](#) is the result of the tireless accumulated efforts of its members. PCM Gamping has several other Muhammadiyah Business Charities (AUM), namely, management of parking lots and canteens at PKU Muhammadiyah Gamping Hospital, a subsidiary of PKU Muhammadiyah Hospital Yogyakarta. The management of the land, involving all branches for parking lot management Now, PCM Gamping is growing economically independent and has an impact on da'wah activities in the region. In early 2023, PCM Gamping initiated a new AUM under the name Muhammadiyah Agribusiness Center (MCA) under the auspices of the Economic Council. PT MCA (Muhammadiyah Agribusiness Center) is a new AUM established in mid-2023, which occupies a 1,500-square-meter waqf land located in Banyumenemg, Banyuraden Bantul. Muhammadiyah Agribusiness Center currently has a dream to become a training and marketing center for organic agricultural products. Integrated agricultural education and tourism services. Training and Marketing Center, meaning that MAC in the future can be used as a place to gain knowledge for Muhammadiyah pilgrims who want to gain knowledge in agriculture, fisheries and animal husbandry. For successful Muhammadiyah pilgrims can use MAC as a place to entrust the results of their organic farming business by marketing on MAC. Integrated agricultural education and tourism services, can be interpreted by MAC as a place for agricultural educational tourism, fisheries and animal husbandry for elementary, junior high and high school students in the Muhammadiyah environment. PT MAC in the future is expected to be a partner for farmers and breeders of Muhammadiyah pilgrims to increase knowledge, to increase the productivity of Muhammadiyah farmers. In addition to farmers and ranchers, MAC can also be used for Muhammadiyah pilgrims who want to grow organic vegetables around their homes by joining through trainings offered by MAC PCM Gamping.

The main problem faced by Muhammadiyah residents who are involved in MAC PCM Gamping besides limited capital, is that the management managed by PT MAC is still sober and the existing facilities within PT MAC have not been said to be suitable to be used as a place for training and marketing (Leiwakabessy & Lahallo, 2018; Wuli, 2023). This problem must be quickly overcome by the presence of LPM UMY to be actively involved in solving these problems, one of which is by being involved in Lecturer Community service (Noor, 2010; Prabowo, et al., 2023) through Amal Usaha Muhammadiyah (Ilham, & Arrahman, 2019) in improving the ability of Muhammadiyah pilgrims who are interested in developing agricultural and fisheries business through Human Capital training that innovates in improving entrepreneurship.

The above problems are also faced by many other MSMEs, especially the problem of limited capital. MSME players in Indonesia have many obstacles in developing their businesses, namely: The first problem is the limitation of Business Capital. If traced back, many MSME players find it difficult to get additional capital from financial institutions due to the many requirements that have not been met. This is in line with the results of a survey conducted by Pricewaterhouse Coopers, where 74% of MSMEs in Indonesia have not received access to financing. The second issue is the legality of MSME businesses (Hartono & Hartomo, 2016). inadequate so that it can hinder the pace of their own efforts. MSMEs that want to apply for business capital will be hampered by the legality of their business in dealing with financial institutions (banks). The third issue is the question of paying taxes. Of the approximately 60 million MSME players in Indonesia, only 2.5% or around 1.5 million MSME players report their taxes. This shows that not all MSME actors understand how to calculate the taxes they are obligated to. The worst effect that can befall MSME actors is that their businesses can go out of business because the existing capital is used up to pay tax sanctions that are late paid. The fourth problem is that many MSMEs who set up businesses only run businesses based on following along without seeing their potential. The problems faced by Business Charity in Muhammadiyah (Zulkarnaen et al. 2021) are not much different from those faced by Micro, Small and Medium Enterprises. From the above problems, one solution is to improve the quality of human resources through the implementation of training (Maulyan, 2019). The presence of the UMY TEAM to increase human resource capacity through the provision of Human Capitan Improvement Training for Prospective Muhammadiyah entrepreneurs in agriculture and fisheries. The output of this activity is entrepreneurship training for prospective entrepreneurs in agriculture and engagement. In addition, the contribution of the UMY TEAM also helps facilitation in physical form, namely helping a set of Sound systems for training activities at PT AMC Gamping.

This service aims to improve the understanding and skills of Muhammadiyah Agribusiness Center (M.A.C.) members in independent business management and product innovation, so that they can manage their businesses effectively. In addition, this program aims to build members' self-confidence in developing their agribusiness. The impact of this service is an increase in members' ability to run

sustainable independent businesses, which is expected to improve the welfare of their families. In addition, this training will encourage innovation in products and services, strengthening M.A.C.'s position as a center for training and marketing organic agricultural products.

METHOD

The project employed a Participatory Action Research (PAR) method, involving community members as co-researchers in identifying educational needs, developing strategies, and implementing solutions. Stages of Implementation

Direct observation

The devotee immediately came to the location of the service to find various sources of information. Observation (Nazhif & Nugraha, 2023; Apriadi, et al., 2022) were made to find out the conditions, problems and needs needed by the Muhammadiyah Agribusiness Center for the material needed to help overcome the economic problems of the people.

Implementation of Activities (Delivery of material)

The activity begins with filling out the Entrepreneurship pre-test. Then continued with interactive communication delivery techniques, where participants were given information about scientific concepts about what entrepreneurial design is, how to grow and develop entrepreneurship that innovates, what is strategy management, and then closed with a question-and-answer session between participants and resource persons, and continued post-test.

Training Implementation (Training)

The next stage is to conduct training (Selviyanti, et al., 2021) on how to do business related to fisheries and organic vegetables. In this activity, the devotees explained how to innovate (Rachmasari & Suprpti, 2022; Deviastri & Annisa, 2022) in the vegetable and fisheries business in the future which is expected to increase the competitive advantage of a product.

Evaluation

The last stage is the evaluation stage. This evaluation activity (Widoyoko, 2017) is carried out on the activity process. Process evaluation relates to the presence of participants, the enthusiasm, and enthusiasm of participants participating in activities and cooperation established during the implementation process, as well as the level of understanding of participants to start doing new businesses (Karya, et al., 2022).

RESULT AND DISCUSSION

In accordance with the purpose of the service program, it is to improve the ability of participants to manage independent business ventures, and to have the ability to create innovations in independent businesses of Muhammadiyah residents, Gamping Sleman District. So, the lecturer of the Faculty of Economics & Business, University of Muhammadiyah Yogyakarta (UMY) in collaboration with the Community Service Institute (LPM UMY) held a Community Service scheme for the Muhammadiyah PPM Scheme at the Muhammadiyah Agribusiness Center (MAC) located in Banyuraden, Gamping, Sleman.

The service program with the theme The Role of Human Capital in Agribusiness Muhammadiyah Center as a strategy to increase innovation in facing the world of work aims to increase the ability of Muhammadiyah pilgrims to add knowledge in the field of entrepreneurship and business innovation, so as to increase the productivity of MAC pilgrims in finding business opportunities.

In this service program, FEB UMY lecturers Dr. Agus Tri Basuki, SE., M.Si, Prof. Dr. Imamudin Yuliadi, SE., M.Si., Prof. Dr. Heru Kurnianto Tj, SE., MM, Rita Kusumawati, SE., M.Si and Ahmad Maruf, SE., M.Si. and the Muhammadiyah Agribusiness Center pilgrims collaborate to create creative solutions in increasing human capital (entrepreneurial ability) for the welfare of MAC Gamping pilgrims.



Figure 1. Training Participants the Role of Human Capital as a Strategy to Increase Business Innovation

Community Service with this training program was attended by approximately 40 participants from Gamping Sleman and surrounding areas, some even came from Bantul and outside DIY. This training will be held on March 10, 2024, at the Muhammadiyah Agribusiness Center Banyuraden Gamping location, from 10 to 16 o'clock. All these training activities were followed by participants enthusiastically to improve their entrepreneurial skills and product innovation. Almost all participants benefited from this training, this was evidenced by the request for participants to hold further training through business assistance.



Figure 2. Working Capital Assistance

Representatives of MAC Raharja Mulya Admaja pilgrims from Krajan Mancasan Ngemplak admitted that the entrepreneurial training and business innovation they received were very helpful in improving entrepreneurial skills. MAC pilgrims are invited to be creative in creating products that have a business aspect. "We are very grateful to be part of this initiative. This training activity will bring tremendous changes to MAC pilgrims," said Raharja Mulya Admaja.

This training activity ended with chants of "Empowered Community, LPM UMY Berjaya" and the handover of Active Speaker assistance. The Active Speaker assistance was handed over by Dr. Agus Tri Basuki, SE., M.Si., as the person in charge of training activities to Mr. Samino as the representative of the Muhammadiyah Agribusiness Center PCM Gamping, with the hope that it can be used for the empowerment of MAC programs into a Training and Marketing Center for Organic Agricultural Products. Integrated Agricultural Education and Tourism Services.

The role of human capital in enhancing innovation within the Muhammadiyah Agribusiness Center (M.A.C.) aligns with previous community service projects and existing theoretical frameworks regarding entrepreneurship and human resource development. By comparing this current initiative with past efforts, we can better understand the trajectory of growth and challenges faced by the participants.

In previous community service initiatives, a common theme emerged: the necessity for targeted training programs to improve the business acumen of members in rural settings. For instance, a project conducted in 2022 focused on financial literacy among MSME owners, which revealed that a lack of financial understanding significantly hindered business growth. This aligns with the findings of Pricewaterhouse Coopers, which indicated that a significant proportion of MSMEs in Indonesia face

challenges in accessing financing due to inadequate business management skills (PwC, 2020). In contrast, the current initiative not only addresses financial management but also incorporates innovative product development, suggesting a broader approach to skill enhancement that can lead to sustained business viability.

The theoretical framework underpinning this initiative draws from the human capital theory, which posits that investments in education and training enhance individual capabilities, thereby contributing to organizational success (Becker, 1993). By equipping participants with the knowledge and skills necessary for effective business management and innovation, the M.A.C. initiative adheres to this theory. Past studies have shown that human capital development directly correlates with increased productivity and competitiveness in the agribusiness sector (Schultz, 1961). The current program aims to strengthen these competencies among Muhammadiyah members, potentially leading to a more robust economic foundation for the community.

Moreover, the significance of innovation as a competitive advantage in MSMEs cannot be overstated. Research indicates that innovative enterprises are more likely to succeed in saturated markets (Porter, 1990). By fostering an environment conducive to creativity and new ideas, the M.A.C. initiative mirrors findings from earlier projects that emphasized the importance of innovation training. For example, a 2021 initiative on agricultural entrepreneurship highlighted that participants who engaged in innovation-focused training demonstrated a marked increase in product diversification and market reach (Wahyuniar et al, 2024). This current program builds upon those insights by incorporating practical training in product development, thereby reinforcing the role of innovation in sustaining agribusiness growth.

Furthermore, the impact of community involvement in entrepreneurship development has been documented extensively. Engaging local stakeholders, as seen in the collaboration between UMY and M.A.C., enhances the effectiveness of training programs (Putnam, 2000). Previous community service projects have shown that local engagement leads to higher motivation and commitment among participants. The current program's emphasis on active discussions and participatory learning reflects this understanding, allowing members to share experiences and insights that can enrich the learning process.

The M.A.C. initiative not only builds upon the lessons learned from previous community service projects but also aligns with relevant theoretical frameworks that emphasize the importance of human capital and innovation in agribusiness. By addressing both management skills and product innovation, this program seeks to empower Muhammadiyah members, fostering a culture of entrepreneurship that can lead to improved economic outcomes for the community. The anticipated success of this initiative underscores the critical role of comprehensive training in transforming local agribusinesses into sustainable ventures.

CONCLUSION

Based on the activities that have been carried out it is concluded: 1) All activities went smoothly and according to what was planned. Through lectures, questions and answers, and discussions guided by resource persons, practice participants can understand the material well. 2) Increasing the ability to manage independent businesses for members of Muhammadiyah Gamping Branch can increase insight and knowledge related to independent business. 3) All participants were enthusiastic and active in the training held, as can be seen from the activeness in the question-and-answer discussion. The MAC initiative effectively enhances the skills and confidence of members in managing independent businesses and fostering innovation, which is vital for community economic growth. By addressing both management and product development, the program positions participants for greater success in the competitive agribusiness landscape. Future community service initiatives should incorporate continuous follow-up training sessions to reinforce learning and adapt to emerging challenges in the agribusiness sector.

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