

Conceptual Model of Informal Business Development Based on Intellectual Capital

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ABSTRACT

This paper aims to describe the conceptual model of informal business development applied to "Tibo-Tibo" fisherwomen in North Minahasa Regency. Data and information were obtained by observation and structured interviews to "Tibo-Tibo" fisherwomen, business partners and village governments. The data was analyzed qualitatively by using Miles Huberman perspective, through stages: data reduction, data presentation, conclusion drawing and verification. After going through the validity of experts, this paper produced a conceptual model of informal business development based on intellectual capital namely human capital, social capital and organizational capital. This paper recommends that through the intellectual capital approach "Tibo-Tibo" fisher women's business can be improved through empowerment. Empowerment in the form of human capital will increase the added value products with the availability of a variety of products for frozen food businesses and products for culinary businesses. Empowerment in the form of social capital will strengthen the values of relationships with business partners, trust to customers and employees and strengthen the work culture "mapalus" (local wisdom for the community) such as cooperation and helping each other. Empowerment in the form of organizational will strengthening the management and organizational professionalism as well as the acknowledgment of business license and product brands by consumers.

Keywords: Empowerment, Informal Business Development, Intellectual Capital

JEL Classification Codes: O34, M20, D23

INTRODUCTION

Business in the informal sector is one of the businesses that are outside the formal sector that helps the community to meet the needs of its life. Tibo-Tibo fisherwomen business in Minahasa Regency is an informal business aimed at improving the economic life of the family. This business has been going on for a very long time along with life in coastal villages. Traditional fish trading activities that are only selling fish while carrying baskets around the village or selling fish in the market with a limited number of fish.

The majority of fisherwomen educational background are in elementary and junior high school and because of that factor "Tibo-Tibo" becomes their main occupation. The business activities only sell fish with limited marketing area and capacity. The profit obtained are enough to meet the daily life necessity but have not been able to fulfill the long-term needs for instance tuition fee especially for higher education. With the potential of large natural resources, new business behavior is required in doing business. This business requires updated knowledge, new ways of working and new targets, not just catching and selling fish. Businesses will not develop simply by relying on the power of

tangible assets, namely natural resources (fisheries) but require the role of intangible assets (Bontis et al., 2000).

Various studies recommend that business performance, competitive advantage can only be achieved through intangible assets (Bontis, 1998; Marr et al., 2004; Youndt & Snell, 2004). Intellectual capital is a term first introduced by John Kenneth Galbraith in 1969. Researchers define intellectual capital as a collection of knowledge stocks in an organization (Bontis, 1998). Intellectual capital is the accumulation of the sum of all intangible assets of a business used to create value-added products and services (Amin & Aslam, 2017) and improve the performance institutions (Putra et al., 2020)

Intellectual capital consists of human capital, organizational capital and customer and relationship capital (Roos & Roos, 1997), other researchers divide into human capital, customer capital and structural capital (Bontis et al., 2000), Intellectual means related with efficiency, that's why the measurement is human capital efficiency structural capital efficiency and capital employed efficiency (Amin & Aslam, 2017). Another theory is the identification of intellectual capital such as human capital, organizational capital and social capital (Ahmed et al., 2019); organizational capital, relational capital and human capital (Bryl, 2017). Business based on intellectual capital is a source of value creation in almost all sectors of economic life (Bacila, 2019) increasing industry profitability (Basuki & Kusumawardhani, 2012). The concept of intellectual capital is discussed in 3 categories, namely human capital, organizational capital and social capital. Human capital is knowledge, skills and expertise while organizational is institutional capital stored in the form of data-bases, routines, patents, manuals, structures and others similar to it (Youndt & Snell, 2004).

Business development in informal business based on intellectual capital is reviewed from 3 dimensions, namely human capital, social capital and organizational capital. Human capital is very important because it is a source of innovation and strategic renewal (Bontis, 1998). In small businesses, human capital is identified from aspects of individual competence, high work motivation, value system of the work environment, teamwork and leadership (Kimbal, 2020)

Human capital relates to individual self-capacity such as knowledge, skills, experience, intrinsic motivation, creativity and innovative. "Tibo-tibo" fisherwomen need strong human capital so that can generate better business knowledge and excellent entrepreneurial skills to make innovative product by using local potential (fishery). To increase success in entrepreneurship, including entrepreneurship in community groups, the role of human resources is needed (Kawulur et al., 2020).

In addition to human capital the "tibo-tibo" fisherwomen also required a social capital. If human capital relates to individual potential, then the social capital is related to opportunity (Dess & Shaw, 2001) Human capital refers to properties of individuals, social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them (Hitt et al., 2001). Generally, social capital related to trust, concern for one's associates and a willingness to live by the norms of one's community (Bowles & Gintis, 2002). In business, social capital can make people in the organization work with honesty and have a strong cooperation to support business progress. Businesses without social capital support can enhanced a high individualism spirit and making fellow membership do not respect and do not care each other. Similarly, weak social capital can create mutual suspicion between employees, and less networking to find a new business partner. Therefore, social capital must be created, maintained and improved by business owners. Through social capital there is mutually beneficial cooperation between suppliers, sellers and other business partners.

Strengthening the organization through organizational capital will enhance the validity of business by consumers and business partners. Organizational capital or structural

capital indicators are as follows: (1) Corporate culture consists of: (a) construction of company's culture, (b) employee's identification with company's perspective; (2) Organizational structure consists of: (a) clarification of relationship among authority, responsibility and benefit; (b) Validity of enterprise controlling system; (3) Organizational learning consists of: (a) Construction and utilization of inner information net, (b) Construction and utilization of company repository; (4) Operation process consists of: (a) Business process period, (b) Product quality level, (c) Corporate operating efficiency; (5) Information system consists of: (a) Mutual support and cooperation between employees, (b) Availability of enterprise information, (c). Share of knowledge structure. (Chen et al., 2009). Organizational capital consist of organizational structure, data base, patent, trademark, organizational culture, and learning (Sumual & Kawulur, 2017) but this article examines the organizational capital as capital provided by the organization through effective management of aspects of occupational safety, work facilities, organizational culture, systems and human capital policies. In this paper the capital organization is intervened with strengthening the business group organizations variables such as number of business groups that are registered/have licensed and number of business that have halal products.

The creation of this model has 3 main objectives, namely: 1) The increasing of human capital towards entrepreneurs who are knowledgeable, skilled, creative, innovative and independent; 2) The occurrence of business groups that have strong social capital and organizational culture; 3) The development of culinary business and frozen food based on fish 4) The existence of strong organizational capital business (Group of Business that have license)

RESEARCH METHOD

The creation of an intellectual capital-based business development model begins from the collection of data and information by observation and structured interviews to Tibo-Tibo fisherwomen in North Minahasa Regency, business partners and the government. The steps creating this model are as follows:

1. The Needs Analysis
 - In this stage, identification of development needs is carried out
 - Determining the products that will be developed according to the priority analysis
 - Choosing the right fish according to the product to be developed.
2. Design strategies and approaches based on intellectual capital development
 - Increasing the human capital
 - Strengthening the social capital
 - Strengthening organizational capital
3. Testing and Validity of models
 - Testing model
 - Validity of the model through experts
4. Model implementation and evaluation
 - Choosing the tibo-tibo that will become an entrepreneur
 - Training
 - Pilot project
 - Evaluation/Revision of models
5. Standard model (final product)

RESULTS AND DISCUSSION

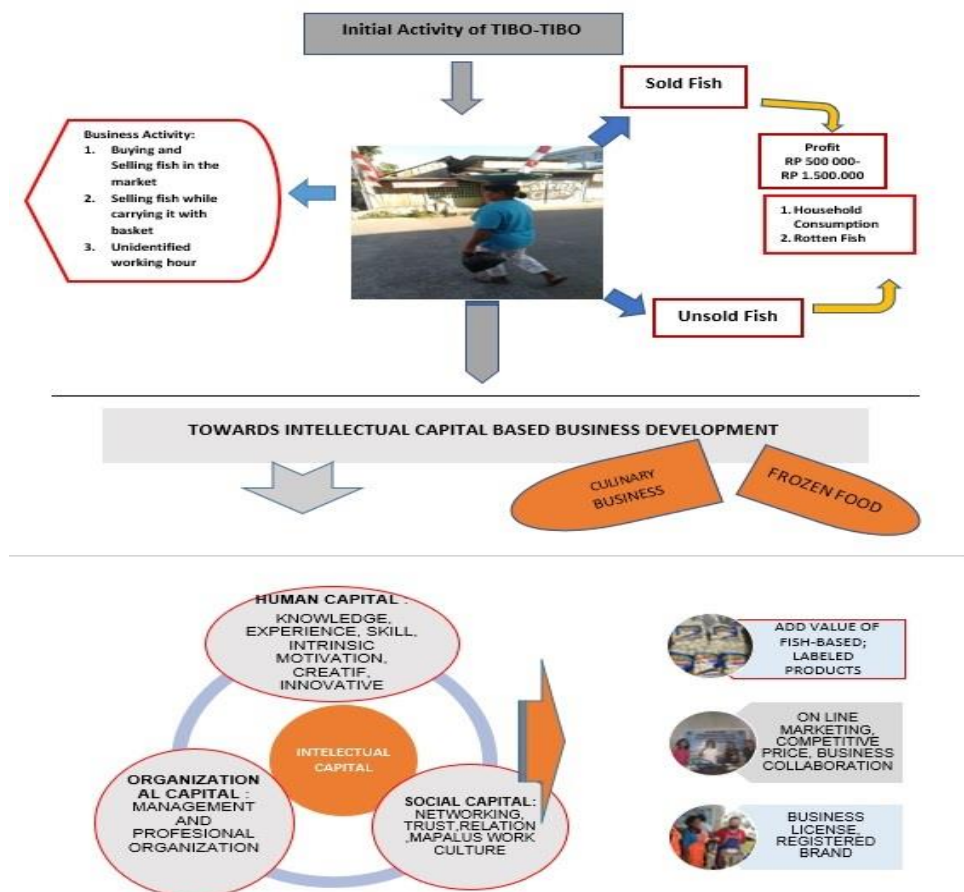
Framework of Tibo Tibo Fisherwomen Business Development

Tibo-Tibo fisherwomen business development is a process to increase business innovation through using local community potency (fisheries) as raw materials. The implementation of this process needs to be supported by intellectual capital factor that

based on 3 emphases, for instance: building human capital, strengthening social capital and reorganizing organizational capital.

Observations and interviews are analyzed and modeled through expert tests. The model as shown in figure 1. The model described there will be a business transformation from the initial activity (selling fish in the market, selling fish while carrying baskets around the village) to Frozen food that provides diversification of fishing products such as fish nuggets, fish meatballs, fish sausages, fish crackers, fishbone. The business also transforms to culinary businesses that provide a variety of seafood menus as well as a diversified menu of fishing products (fish meatball noodles, grilled fish sausages, fish grilled sausages, fish meatball tofu and etc.). Therefore, the fisherwomen need to be empowered through training by developing intellectual capital with focusing on human capital, social capital and organizational capital

Figure 1. Tibo-Tibo Fisherwomen Business Development Model



Empowerment in the form of human capital will increase the added value of fish-based products with the availability of a variety of products for frozen food businesses and products for culinary businesses. The product is directed into labeled product. Empowerment in the form of social capital will strengthen the values of relationships with business partners, trust to customers and employees and strengthen the work culture "mapalus" (local wisdom for the community) such as cooperation and helping each other. Empowerment in the form of organizational will strengthening the management and organizational professionalism as well as the acknowledgment of business license and product brands by consumers.

Implementations of Capital Intellectual-based Model Development

1. Working with sub-district and village governments, religious leaders, people who are considered as a role models, as motivators, business people to make changes in business development.
2. Shifting the way of life into business mindset through socialization, motivation, knowledge transfer through meetings and training.
3. Human capital improvement through knowledge transfer and business management training, product innovation and marketing innovation.
4. Strengthening social capital through knowledge transfer and training to improve trust, team work, relationships and organizational culture.
5. Strengthening organizational capital through business license and labelling the product.
6. Continuous business development assistance by helping to find markets, providing new information and knowledge in business innovation, product innovation and marketing.

CONCLUSIONS

This paper concludes that informal business can be developed through intellectual capital-based business development in the form of human capital, social capital and organizational capital. Human capital consists of knowledge of entrepreneur, attitude and skills. Social capital consists of networking, trust, relation, work togetherness. This paper recommends that the development of strategy is carried out through empowerment so there will be increasing in self-capacity.

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