



# Chapter 7

## Strategic HR Management of SME Development in the Era of Globalization

**Andi Cudai Nur**

 <https://orcid.org/0000-0001-9645-3546>  
*Universitas Negeri Makassar, Indonesia*

**Komal Khalid**

 <https://orcid.org/0000-0001-7220-6962>  
*King Abdulaziz University, Saudi Arabia*

### ABSTRACT

*Government strategy in managing human resources to develop SMEs by formulating regional policies that are more adaptive to various changes is important. This strategy can be carried out by making regional regulations more flexible, especially in managing human resources to support the development of SMEs. The progress of SMEs requires the support of human resources who have high competence and quality. Therefore, it is necessary to optimize education and training to obtain quality human resources and have higher quality competencies. Globalization and COVID-19 have an impact on SMEs, especially decreasing income and sales. For this reason, it is necessary to increase government efforts in formulating regional regulations that are more operational, integrating local, regional, national, and even international culture with adaptation to changes in the global economy. One solution that can be taken is to contribute and carry out digitalization interventions for SMEs so that they are able to survive and be sustainable in changing global economic trends.*

### INTRODUCTION

Today's strategic management is quite important to solve various problems by finding the right solution. Various changes characterize the life of the current global century, to anticipate solving problems from various phenomena that occur, a sharp analysis is needed to make the right decisions. So that the

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role of strategic management for leaders in the ranks of government is needed to make decisions that are right on target. Phenomenon in countries in the world including Indonesia, requires a government that is able to implement strategic management in optimizing human resource development. Especially in the business world, it is very important to support the role of SMEs in increasing revenue and sales. Based on the results of an analysis of Indonesia's growth prospects for 2020-2024 it can reach a growth rate of 6% and above. Following the perspective of Indonesia's potential and the growth rate of the Balance of Payments Constraint (De Ree et al., 2018), as well as the role of the manufacturing sector as an engine of growth. This framework is based on three components (De Ree et al., 2018; Heathcote et al., 2017; Źelazny & Pietrucha, 2017), which together provide a rationale for modern industrial policy (Alder et al., 2016; Bashlakova & Bashlakov, 2021; Liu, 2019; Małkowska et al., 2021; Siddiqui, 2015; Świadek et al., 2019): (i) accumulation of productive capabilities, (ii) structural transformation, and (iii) division of roles between the public and private sector. The notion of structural transformation includes the concepts of diversification and improvement (sophistication) of productive economic structures and realizing that not all programs and activities have the same consequences for development (Buera et al., 2022; Dekle & Vandenbroucke, 2012; Timmer et al., 2015; Zygmunt, 2018, 2020), including construction in Makassar City, South Sulawesi.

The impact of implementing policies and management strategies in the development of small and medium enterprises in Makassar City is that it can increase local revenue (Agarwal et al., 2017; Berry et al., 2020; Buera et al., 2022; Heinemann et al., 2018), increase community and business income. In addition, it can expand the network of cooperation in the community (Larson, 2017; K. Lee et al., 2020; Maggetti, 2014; Temper et al., 2015), open a network of entrepreneur partnerships, improve the socio-economic status of the community (Bouleau & Pont, 2015; Brell et al., 2020; Buheji et al., 2020; Mnsi & Ramoroka, 2020), increase and expand employment opportunities, and reduce unemployment (Mokyr et al., 2015). Small and medium enterprises (SMEs) (Abosedo et al., 2016; Adeosun & Shittu, 2022; Ahmedova, 2015; Alzahrani, 2019; Berisha & Pula, 2015; Mokyr et al., 2015; Ndiaye et al., 2018), in Indonesia, must continue to be supported to strengthen the basis of community welfare.

## **BACKGROUND**

SMEs concerning the SDGs can become pillars in creating various products and services needed by the community to improve the quality of their standard of life. A strategy of creating more new entrepreneurs, it will allow Indonesian SMEs to advance and participate in supporting the government's main programs in overcoming unemployment. In 2021, an era where the global economy is expected to revive and grow positively, the hope that the global situation will improve will be a positive environment for the emergence of new online-based entrepreneurs in various economic sectors. Strategic management is a form of modern management thinking paradigm. The position of strategic management in public (Berisha & Pula, 2015; Bottero et al., 2019; Fuertes et al., 2020; Rosenberg Hansen & Ferlie, 2016) administration is not a theory but serves as a theoretical instrument in implementing various approaches in public administration, especially in the New Public Management. Because strategic management allows organizations to detect a variety of very dynamic environmental changes. Although in practice, strategic management is not only used in public organizations but also in private organizations (Barfort et al., 2019; Coviello & Gagliarducci, 2017).

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