

## The Development of Maslow's Needs Hierarchy Model for the Improvement of Small and Medium Enterprises

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**Abstract:** The capability of the entrepreneurs in small and medium enterprises can be realized because of the motivation in their work environment. To improve the capability of the entrepreneurs in small and medium business, it needs motivation by looking at physiological needs or other needs, such as safety and security needs, social needs, appreciation needs, and self-actualization needs. The existence of motivation for the entrepreneurs of small and medium enterprises is the improvement to increase their business capabilities. This study aims to look for the problems that are faced by the entrepreneurs in small and medium enterprises in this case is SMEs/UKM, to motivate themselves to produce quality products and to improve the capability of human resources so that they are able to survive in facing of competition. Therefore, it is necessary to develop an effective model to find the right solution so that the model which is used is Maslow's Needs Hierarchy. Data analysis techniques use descriptive statistics and analyze the capability of the entrepreneurs in small and medium enterprises through Maslow's Needs Hierarchy model. The results that are obtained in this study of which small and medium enterprises in Maslow's needs hierarchy consists of physiological variables are in 'less good' category, security needs variables are still not fulfilled, social needs variables are in 'less good' category, appreciation needs variables in 'less good' category, self-actualization needs variables are in 'less good' category, and capability of small and medium enterprises variables are also in 'less good' category. In addition to the above variables, researchers add 2 variables, namely innovation and information technology in an effort to develop Maslow's needs hierarchy to improve the capability of small and medium enterprises.

**Keywords:** Maslow's Needs Hierarchy, capability, Small and Medium Enterprises.

### INTRODUCTION

Small and medium enterprises have great potential in moving the economy of the community, besides that, it is also the foundation of income for the majority of the community in meeting their needs. Small and medium enterprises can help the absorption of labor, as most of small and medium enterprises are labor-intensive, meaning that the creativity which is generated by small and medium enterprises makes its growth have a significant impact on employment.

The workers in small and medium enterprises usually have high school education level and below it. The growth of small and medium enterprises will have a positive impact on increasing the number of workers, reducing the amount of poverty, equity in income distribution, and economic development in rural areas. In small and medium enterprises, they have different work system policies. The system policy is resulted to increase efficiency and productivity for a business.

The capability of small and medium enterprises can be realized because of the motivation in

their work environment. To improve the capability of small and medium enterprises, it needs by looking at physiological needs or other needs, such as safety and security needs, social needs, appreciation needs, and self-actualization needs. The existence of motivation for small and medium enterprises is an improvement to increase their business capabilities.

Maslow's needs hierarchy is a broad statement of human needs and provides a conceptual basic framework as a basis for understanding the forces that cause people to behave in certain ways in certain situations [1]. Abraham Harold Maslow was one of the psychology figures who was born in Brooklyn, New York, on April 1, 1908 and died in 1970. Maslow was a humanistic psychology fighter who would influence his theory. Abraham Maslow developed the needs hierarchy model 1950 and the Needs Hierarchy theory which is up to date is still used in understanding human motivation, management training and personal development. As a humanist, Maslow realized that a theory that pays attention to all human capabilities is very much needed. It is not only from one aspect that is

shared by humans. However, it must pay attention to capability aspects that are possessed by humans. So in this case, Maslow constructed his very well-known motivation theory. Abraham Maslow constructed his motivation theory based on hierarchy or it is better known as Maslow's Needs Hierarchy Theory/A Theory of Human Motivation. According to Maslow, someone behaves or works because he is driven by various types of needs. The needs that someone wants are tiered. If the first and second level needs are fulfilled, then he needs the third level needs and so on, continues to the fifth level. Maslow shares these needs into several levels, namely: Physiological Needs, Safety and Security Needs, Social Needs, Appreciation Needs, Self-Actualization Needs. Thus, it is very important to satisfy human needs.

The entrepreneurs in small and medium enterprises have a goal to develop and to advance. Therefore the entrepreneurs in small and medium enterprises must have the ability to compete with competing products. The problems regarding capability are the problems that are always faced by the entrepreneurs in small and medium enterprises, because of that they need to know the factors that influence capability. By knowing the factors that can influence capability, it will make the entrepreneurs in small and medium enterprises take various policies that are needed.

This study will be conducted in Sunggal Sub-district, Deli Serdang District where there are many entrepreneurs in small and medium enterprises such as businesses of snack, embroidery, ceramic/iron craftsmen, tofu and *tempe* making. In Deli Serdang Sub-district, there are 17 villages or urban villages. From the 17 villages/urban villages, researchers only take 5 villages/urban villages where those who have production businesses of ceramic craftsmen, tofu and *tempe* making, embroidery, or *mukenah* making and so on.

In the results of observations and surveys, the entrepreneurs in small enterprises have less productive and innovative businesses in producing the products and do less effective marketing, so that one method is needed to increase enthusiasm or motivation for businesses to have the capability or skills and can develop the production that they produce in order to be better. Based on the problems that are faced by the entrepreneurs, researchers are trying to develop Maslow's needs hierarchy to increase work motivation/morale and the capability of entrepreneurs to produce better and more innovative products that can be accepted in the community and be able to compete.

Based on the background that has been stated, the research problems can be formulated as follows:

- How can Maslow's needs hierarchy improve the capabilities of the entrepreneurs in small medium enterprises?
- What factors can improve the capability of the entrepreneurs in small and medium enterprises from Maslow's needs hierarchy?
- How is the quality of the capability from the entrepreneurs in small medium enterprises which is resulted from Maslow's needs hierarchy?
- How is the socialization and implementation of Maslow's need hierarchical model to improve the capability of the entrepreneurs in small and medium enterprises?

## LITERATURE REVIEW

### Characteristics of SMEs in Indonesia

The characteristics of SMEs in Indonesia based on the research which is conducted by AKATIGA, the Center for Micro and Small Enterprise Dynamic (CEMSED), and the Center for Economic and Social Studies (CESS) in 2000, are having the capacity to live and the capability to improve their performance during the economic crisis. This is due to the flexibility of SMEs and adjusting their production processes, being able to develop with their own capital, being able to repay loans with high interest rates and being not too involved in bureaucracy.

SMEs in Indonesia can survive in times of economic crisis due to 4 things:

- Some SMEs produce consumer goods, especially those that are not durable.
- The majority of SMEs rely more on non-banking financing in terms of business funding.
- In general, SMEs carry out strict product specialization, in the terms that they only produce certain goods or services.
- The formation of new SMEs as a result from many termination of employment in the formal sector

SMEs in Indonesia have an important role as supporting the economy. The main driver of the economy in Indonesia is basically SMEs sector. In this regard, there are at least some of the main functions of SMEs in driving the Indonesian economy, (1) SMEs sector as a provider of employment for a million people who are not accommodated in the formal sector, (2) SMEs sector has a controversy on the formation of Gross Domestic Product (GDP), and (3) SMEs sector as a source of foreign exchange earnings through exports from various types of products that are produced by this sector.

### The Understanding of Motivation

Motivation is from the basic word 'Motive' which means encouragement, cause or reason of someone does something. To facilitate the understanding of work motivation, previously it was stated in advance the understanding of motive and

motivation. Motive is needs, desires, impulses that arise in an individual, so that motive is the reasons underlying individual behavior.

Motivation is formed from the attitude of an employee in dealing with work situations. Motivation is a condition that moves the employee self-directed towards achieving organizational goals (work objectives). The motivation according to Berelson and Steiner is the internal, psychological, and mental conditions of humans such as various desires, hopes, needs, encouragement, and preferences that encourage individuals to work behavior to achieve satisfaction or reduce imbalances.

### Theory of Satisfaction Motivation

According to Anwar [2], the theories that are included in this type of theory are as follows:

### Theory of Abraham Maslow's Needs Hierarchy (1943 - 1970)

According to him, employee needs are identical with biological and psychological needs, in the form of material and non-material needs. The basis of this theory is that humans are social beings who have various desires and always want better.

- Physical needs; the needs to eat, drink, physical protection, breathing, sexual and other physical needs.
- Security needs; the needs for safety and protection from physical and emotional losses.
- Social needs; the needs for love, well received by groups, interact and friendship.
- Appreciation needs; the needs to be respected and appreciated by others.
- Self-actualization needs; the needs to use capabilities, and potential. Maslow's needs hierarchy can be seen in the picture below:

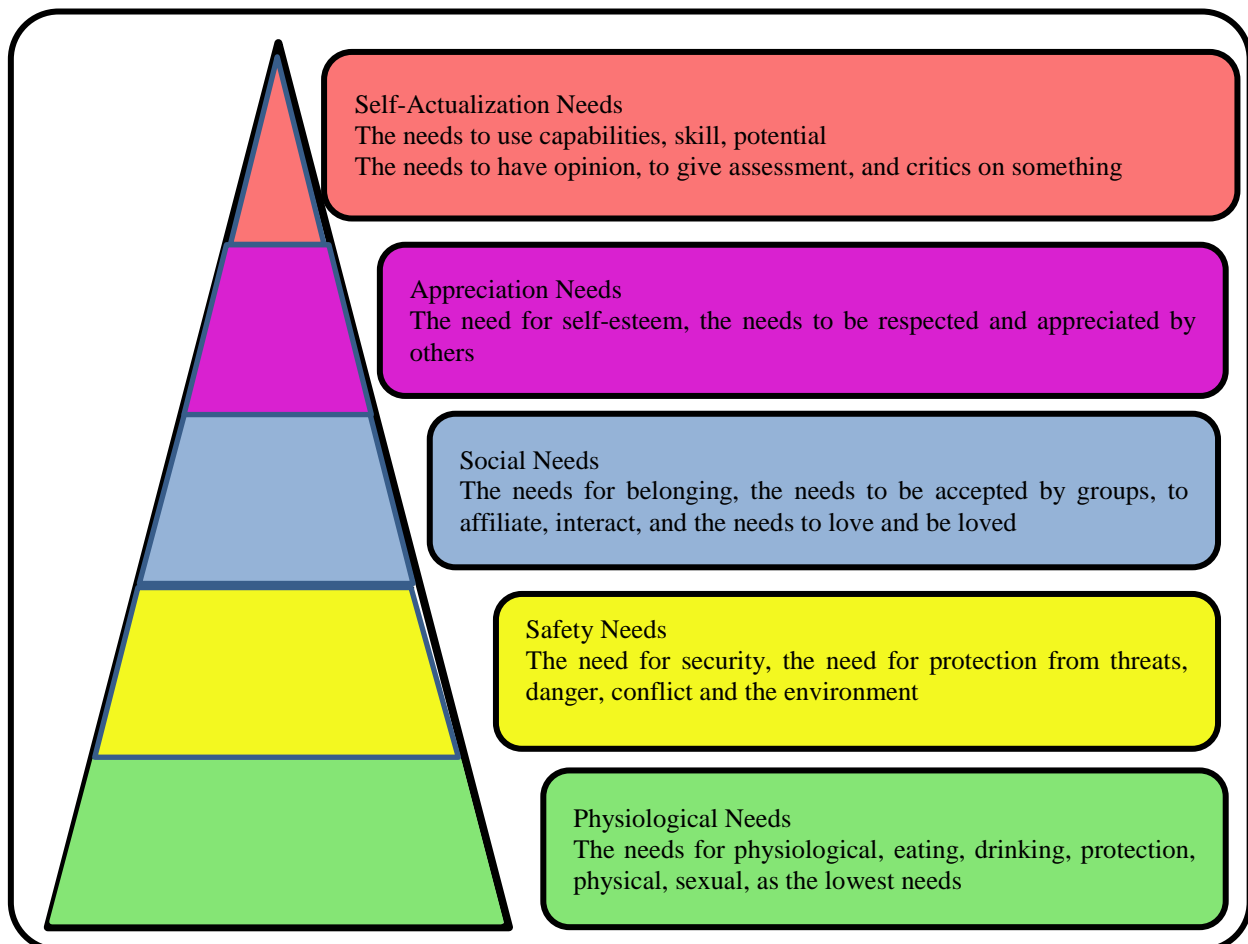


Fig-3.1: Maslow's Needs Hierarchy

So, according to Maslow, if you want to motivate someone, you need to understand which person is on the stairs and focus on meeting their needs or the needs above that level.

Thus it can be said that it is more appropriate if various human needs are classified as a series and not as a hierarchy. In this connection, it should be emphasized that:

- One need that has been fulfilled is very likely to arise again in the future.

- Satisfaction of certain needs, especially physical needs, can shift from a quantitative approach to a qualitative approach in its satisfaction.
- These various needs will not reach the "saturation point" in the sense that the arrival of a condition in which someone can no longer do something about fulfilling that need.

Although Maslow's idea of needs theory seems more theoretical, it has provided a lot of foundation and inspiration for the development of motivational theories that are oriented to the next need that is more applicable.

### Principles in Motivation

There are several principles in motivating employee work.

- Principle of participation
- In an effort to motivate work, employees need to be given the opportunity to participate in determining the goals that will be achieved by the leader.
- Principle of communication
- The leader communicates everything which is related to the task achievement effort, with clear information, the employee will be more easily motivated to work.
- Principle of recognizing the contribution of employees
- The leader acknowledges that employees have contribution in achieving the goals. With this recognition, employees will be more easily motivated to work.
- Principle of delegation in authority
- The leader who gives authority or power to employees to be able to make decisions at any time about the work they do, will make the employees become motivated to achieve the goals that are expected by the leader.
- Principle of paying attention
- Paying attention to what employees want, will certainly motivate employees to work according to the company expectations.

### The Understanding of Capability

The understanding of capability according to Siagian is a combination of theory and experience which is gained in practice in the field, including increasing the capability to apply the right technology in order to increase work productivity.

Meanwhile, according to Keith Davis, psychologically, capability (ability) consists of the capability of potential (IQ) and the capability of reality (knowledge + skill), meaning that employees who have an IQ above the average with adequate education for their position and skilled in doing daily work, it will be easier to achieve maximum performance.

From the above theory, it can be seen from the capability that is possessed by employees, it will facilitate the completion of each job well without getting difficulties which will produce good work. This is what makes the capability to work becomes a factor that needs to be considered for the success of employees in the work because capability is a potential that must be possessed in them so that they can do every type of work.

The capability of these employees is what the company must continue to develop in order to be able to become the breadwinner of the company success, there are many ways that can be used in improving the capability of employees such as seminars, training or continuing education to a higher level.

### The Component of Capability

According to Schumacher, there are three important components that appear in human capabilities:

- a. Skills  
The skills are possessed by employees based on the experience that they do while working. Skills can increase if an employee has a longer service period than the employees who have less work.
- b. Capability  
The capability are possessed by employees based on the talent that they have brought since they were little or what they acquired during the time of attending education, the better the education of an employee, the higher the ability he obtained.
- c. Work Ethic  
Work ethic is linked to attitudes and motivation of employees at work. The principle of tireless in working is as the basis of a high work ethic which is owned by an employee.

### RESEARCH METHODS

This study uses Research and Development (R & D) method, in line with the objectives to be achieved in this study, namely the Development of Maslow's Hierarchy Model to improve the capability of the entrepreneurs in small and medium enterprises.

Data collection will be carried out, by: identifying the problems that are faced by the entrepreneurs in small and medium enterprises by distributing questionnaires to the entrepreneurs. Therefore to carry out these activities, it is carried out: first, identifying the problem of Maslow's Hierarchy to improve the capability of the entrepreneurs in small and medium enterprises; second, analyzing the problems from the data that are taken through questionnaires; third, evaluating and reporting the study results. This study uses literature study method, survey method in the form of questionnaires for primary data, and uses secondary data. Data analysis techniques use descriptive statistics and analyze the capability of

entrepreneurs in small and medium enterprises through Maslow's Needs Hierarchy model for the entrepreneurs in small and medium enterprises in Sunggal Sub-District Deli Serdang District through 5 (five) villages/urban villages: Tanjung Selamat, Lalang, Paya Geli, Sei Semayang and Mulyo Rejo.

**RESULTS AND DISCUSSION**

**Descriptive Analysis**

The variables of this study consist of 6 variables, physiological needs (X1), security needs

(X2), social needs (X3), appreciation needs (X4), Self-actualization needs (X5) and the capability of small and medium enterprises (Y). The descriptions Of Each Statement Will Show Response Options of Every Respondent on Each Item Statements that the respondents for each question item that is given. With the following criteria: Strongly Agree (SA), Agree (A), Less Agree (LA), Disagree (DA), Strongly Disagree (SDA).

**Table-1: Physiological Needs Variable**

Questions	SA		A		LA		DA		SDA		Mean score	Information
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%		
Facilities and infrastructure that are available support business activities	-	-	6	60	4	40	-	-	-	-	3,6	Good
Working environment and conditions are quite comfortable and conducive.	-	-	1	10	3	30	6	60	-	-	2,5	Not good
Fulfillment of demand for nutrients in food which is consumed	-	-	4	40	6	60	-	-	-	-	3,4	Less good
Salaries or wages which are earned in accordance with the regional minimum wage (UMR) or UMP (the provincial minimum wage)	-	-	-	-	-	-	3	30	7	70	1,3	Very not good
Fulfillment of clothing and housing needs by working in the business	-	-	2	20	6	60	2	20	-	-	3,0	Less good
Availability of complete facilities (places of worship, sports venues, wifi, etc.) to support work/business productivity	-	-	-	-	1	10	8	80	1	10	2,0	Not good
The time or hours for rest that are provided are sufficient or adequate	-	-	5	50	5	50	-	-	-	-	3,5	Good

In the results of answers from the respondents, it can be seen the facilities and infrastructure that are available to support business activities get an average score of 3.6 with 'good' information because the facilities and infrastructure that are owned are sufficient to support business activities. From the statement of the working environment and conditions that are quite comfortable and conducive, it gets an average score of 2.5 which is categorized as 'not good' because the working environment in the SMEs is still not well organized and uncomfortable because the atmosphere is hot and the goods are put everywhere. The statement, the fulfillment of demands for nutrients in the food which is consumed, gets an average score of 3.4 which is in 'less good' category. The statement about the salary or wages that are obtained in accordance with the UMR (regional minimum wage) or UMP (provincial minimum wage) has an average score of 1.3 and gets 'very not good' category, this is because the business sets a salary based on the number of products that are produced, not based on regional minimum wages. The statement, the fulfillment of clothing and housing needs by working in the business, gets an average score of 3.0 in 'less good' category. The statement, the availability

of complete facilities (places of worship, sports venues, wifi, etc) to support work/business productivity, gets an average score of 2.0 and is categorized as 'not good'. As well as, the statement, the time or hour to rest that is given is sufficient or adequate, has an average score of 3.5 which is in 'good' category. Based on the table above, it can be concluded that overall physiological needs have an average value of 2.757 and is categorized as 'not good', so that it is expected that physiological needs should be further improved.

In the results of answers from the respondents, it can be seen, health insurance and pension are obtained from the workplace, gets an average score of 1.7 with 'very not good' information because SMEs have had problems regarding financing that are difficult to obtain in developing their businesses so how they cannot guarantee health and pension of the employees. The statement, security is sufficient in carrying out the work, has an average score of 2.8 which is categorized as 'less good'. The statement of sanctions are given to the workers who violate or make mistakes in work, has an average score of 2.2 in 'not good' category.



**Table-2: for Safety Needs Variable**

Questions	SA		A		LA		DA		SDA		Mean score	Information
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%		
Health insurance and pension are obtained from the place of work	-	-	-	-	-	-	7	70	3	30	1,7	Very not good
Sufficient the sense of security in carrying out work	-	-	-	-	7	70	3	30			2,8	Less good
Sanctions are given to the workers who violate or make mistakes at work	-	-	-	-	2	20	8	80	-	-	2,2	Not good
Complaint handling systems are in accordance with applicable procedures	-	-	5	50	5	50	-	-	-	-	3,5	Good
Comfortable and clean workspace	-	-	1	10	3	30	6	60	-	-	2,5	Not good
The behavior of superiors in accordance with the expectations of the workers	-	-	4	40	6	60	-	-	-	-	3,4	Less good
Safeguards or security guards are available in maintaining business security	-	-	-	-	3	30	6	60	1	10	2,2	Not good

The statement of complaint handling system in accordance with the applicable procedure, gets an average score of 3.5 with ‘good’ information because the entrepreneurs increase their complaint handling so that customers are satisfied with the service and become potential customers for the business. The statement of comfortable and clean workspace has an average score of 2.5 which is categorized as ‘less good’. The statements of the behavior of superiors in accordance with the expectations of the workers with an average

score of 3.4 and with ‘less good’ information. As well as the statement that there are security or safety guards in maintaining business security has an average score of 2.2 with ‘not good’ category, this is because the businesses that are the respondents in this study do not have security or safety guards to maintain the security of their business. Based on the table above, it can be concluded that security needs in small and medium enterprises in Sunggal Deli Serdang Sub District is still not fulfilled with a value of 2.614.

**Table-3: Social Needs Variable**

Questions	SA		A		LA		DA		SDA		Mean score	Information
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%		
There is good interaction and communication among co-workers	-	-	5	50	5	50	-	-	-	-	3,5	Good
Mutual respect among co-workers	-	-	5	50	5	50	-	-	-	-	3,5	Good
Mutual help in completing work targets	-	-	8	80	2	20	-	-	-	-	3,8	Good
Good communication between superiors and workers	-	-	5	50	5	50	-	-	-	-	3,5	Good
Superior always gives direction and guidance on the work to be done	-	-	5	50	5	50	-	-	-	-	3,5	Good
Co-workers help each other when problems occur at work	-	-	6	60	4	40	-	-	-	-	3,6	Good
Integrity is well established in obtaining optimal work results	-	-	-	-	4	40	6	60	-	-	2,4	Not Good

In the results of answers from the respondents, it can be seen the interaction and good communication with co-workers get an average score of 3.5 with ‘good’ information because co-workers establish good communication such as coordinating the work to be done. From the statement of mutual respect among co-workers, it has an average score of 3.5. The statement of mutual help in completing work targets has an average value of 3.8 which is also included in ‘good’ category. The statement of good communication between superiors and workers has an average score of 3.5. The statement of superior always gives direction and guidance on the work to be carried out also has an

average score of 3.5. Then the statement of co-workers helps each other when a problem occurs in working with an average score of 3.6 in ‘good’ category. As well as the statement of integrity is well established in obtaining optimal work results with an average score of 2.4 and categorized as ‘not good’, this is because forming the integrity of each employee is not an easy matter so the integrity itself is not intertwined in co-workers. Based on the table above, it can be concluded that overall social needs variable has an average value of 3.4 and is categorized as having ‘less good’ value so it must be increased again.

**Table-4: Appreciation Needs Variable**

Questions	SA		A		LA		DA		SDA		Mean score	Information
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%		
Salaries or wages that are given are in accordance with the work	-	-	4	40	6	60	-	-	-	-	3,4	Less good
Bonuses or incentives are given when workers get achievements on their work	-	-	5	50	5	50	-	-	-	-	3,5	Good
Leaders or superiors always give credit for the achievements of workers	-	-	-	-	2	20	8	80	-	-	2,2	Not good
Outstanding workers are given the opportunity to become supervisors in the working group	-	-	2	20	4	40	4	40	-	-	2,8	Less good
Workers are always involved in meetings or deliberations to achieve work targets	-	-	-	-	3	30	7	70	-	-	2,3	Less good
The work of the workers is recognized and appreciated by the superior	-	-	5	50	5	50	-	-	-	-	3,5	Good
Superiors give leave and vacation to workers	-	-	-	-	2	20	8	80	-	-	2,2	Less good

In the results of answers from the respondents, it can be seen salary or wages that are given in accordance with the work in 'less good' information with an average score of 3.4 because the wages that are given are relatively small. From the statements of bonus or incentive that are given when workers get achievements on their work with an average score of 3.5 categorized as 'good'. The statement of the leader or superior always gives credit for the achievement of the worker to get an average score of 2.2 with the information is 'less good' because the superior very rarely gives credit to the workers. The statement of outstanding workers is given the opportunity to become supervisors in the working group with an average score

of 2.8 which is categorized as 'less good'. The statement of workers are always involved in meetings or deliberations to achieve work targets having an average score of 2.3 in 'less good' category because workers have never been involved in the meeting to reach the target. And the statement of the work of the workers is recognized and appreciated by the superior gets an average score of 3.5. As well as the statement of superiors giving leave and vacation to workers gets an average score of 2.2 and in 'less good' categories. Based on the table above, it can be concluded that overall appreciation needs has an average score of 2.843 which is categorized as 'less good', so that it is expected that the reward needs to be more considered.

**Table-5.5: Self-Actualization Needs Variable**

Questions	SA		A		LA		DA		SDA		Mean score	Information
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%		
Superiors provide opportunities for workers to develop their potential	-	-	2	20	5	50	3	30	-	-	2,9	Less good
Workers try to achieve work excellence	-	-	1	10	5	50	4	40	-	-	2,7	Less good
Workers are ready and responsible for completing work	-	-	6	60	4	40	-	-	-	-	3,6	Good
Workers try to improve themselves if they make mistakes	-	-	2	20	7	70	1	10	-	-	3,1	Less good
Workers try to develop and show their potential	-	-	-	-	5	50	5	50	-	-	2,5	Not good
Facilities that are provided can increase the work motivation of workers	-	-	1	10	8	80	1	10	-	-	2,2	Not good
Motivations that are given by superiors increase the spirit at work	-	-	3	30	4	40	3	30	-	-	3,0	Less good

In the results of answers from the respondents, it can be seen superiors provide opportunities for workers to develop their potential to get an average score of 2.9 in 'less good' category. The statement of workers try to achieve work excellence has an average score of 2.7. The statement of, workers are ready and responsible for completing the work gets a score of 3.6 and is categorized as 'good'. The statement of, workers

try to improve themselves if they make mistakes with a score of 3.1 with 'less good' information. And the statement of, workers try to develop and show their potential has an average score of 2.5 with 'not good' information. The statement of facilities that are provided can increase the work motivation of workers with an average score of 2.2 in 'not good' category. As well as the statements of motivations that are given by

superiors increase the spirit at work in 'less good' category has an average score of 3.0. Based on the table above, it can be concluded that overall self-actualization

needs has an average value of 2.857 which is stated to be 'less good'.

**Table-5.6: The Capbility of Small and Medium Enterprises (SMEs) Variable**

Questions	SA		A		LA		DA		SDA		Mean score	Information
	Σ	%	Σ	%	Σ	%	Σ	%	Σ	%		
Enterprise development is carried out continuously	2	20	4	40	4	40	-	-	-	-	3,8	Good
Enterprise development is carried out quickly to respond to market demand	3	30	3	30	4	40	-	-	-	-	3,9	Good
There are ideas, suggestions and creativity in product development and innovation	1	10	4	40	5	50	-	-	-	-	3,6	Good
Enterprise development requires information about market changes, competitor movements and market tastes	1	10	1	10	6	60	2	20	-	-	2,9	Less Good
Enterprise owners have the ability to take advantage of opportunities without pressure from other parties	1	10	5	50	4	40	-	-	-	-	3,7	Good
Enterprise owners are able to take action to overcome business obstacles	1	10	3	30	6	60	-	-	-	-	3,5	Good
The enterprise which is owned have sustainability in the future	1	10	-	-	9	90	-	-	-	-	3,2	Less good
The number of workers that are owned is sufficient or adequate	-	-	1	10	6	60	3	30	-	-	2,8	Less good
Quality of the products that are produced can compete in national and international markets	-	-	-	-	3	30	7	70	-	-	2,3	Not good
Profits that are derived from business increase over time	1	10	5	50	2	20	2	20	-	-	3,5	Good

In the results of answers from the respondents, it can be seen that enterprise development is carried out continuously, get an average score of 3.8 with 'good' information. From the statement of enterprise development is done quickly to respond to market demand with an average score of 3.9, it is categorized as 'good'. The statement of ideas, suggestions and creativity in product development and innovation with an average score of 3.6 is in 'good' category because entrepreneurs continue to try to find new ideas to develop their products in order to advance and develop. The statement of, enterprise development requires information about market changes, competitor movements and market tastes has a value of 2.9. The statement of enterprise owners has the ability to take advantage of opportunities without pressure from other parties is said to be 'good' with an average score of 3.7. And the statement of, enterprise owners are able to take action to overcome business obstacles with a score of 3.5 in 'good' category. And the statement of, the enterprise which is owned has continuity in the future gets an average score of 3.2 in 'less good' category, this is because if the entrepreneur cannot develop their business, it will influence the enterprise continuity in the future. The statement of the number of workers that are owned is sufficient or adequate with a score of 2.8 and said to be 'less good'. The statement of quality the products that are produced can compete in national and international markets is in 'less good' category with an

average score of 2.3. As well as the statement of the profits that are derived from the enterprise increases over time with 'good' information in an average score of 3.5 because entrepreneurs continue to try to increase their business profits over time even on a small scale. Based on the table above, it can be concluded that overall the capability of small and medium enterprises (SMEs) has an average value of 3.32 which is categorized as 'less good', so that the capability of small and medium enterprises (UKM) is expected to be improved in the future.

In addition to variables of physiological, security needs, social needs, appreciation needs, and self-actualization needs in Maslow's needs hierarchy, researchers add 2 variables, namely innovation and technology to improve the capability of the entrepreneurs in small and medium enterprise.

**DISCUSSION**

From the results of the questionnaires that have been processed, it can be concluded that small and medium enterprises in Sunggal Sub-district, Deli Serdang District has less motivation such as physiology, security needs, social needs, appreciation needs, and self-actualization needs. Therefore, efforts are needed to improve the capability of the small and medium enterprises. This can be seen from the data that has been



processed in which all the variables have 'less good' category. As it can be explained as follows:

- 1) **Physiological Needs**  
From the results of the questionnaires that have been processed in small and medium enterprises in Sunggal Sub-district, Deli Serdang District, the working environment and conditions are not comfortable, less of nutritional needs in food that is consumed, the wages which are obtained are not in accordance with UMR so as to meet the needs of clothing, food and shelter are not fully obtained by the workers in small and medium enterprise. From this, it causes the motivation of the workers in small and medium enterprise to decline.
- 2) **Safety Needs**  
From the results of the data that have been processed, security needs in small and medium enterprises in Sunggal Sub-district, Deli Serdang District also has problems. It can be seen that there is no provision of health insurance for the workers in small and medium enterprise during working hours. In addition, the working space of small and medium enterprise is less comfortable, the behavior of superiors is not in accordance with the expectations of workers and less of security in carrying out business' activities. Therefore, it is necessary to provide health insurance, a comfortable spatial arrangement and the existence of cooperation between superiors and workers in an effort to improve the capability of small and medium enterprises.
- 3) **Social Needs**  
In the small and medium enterprises in Sunggal Sub-district, Deli Serdang District, for social needs from the results of the questionnaires that have been processed that integrity or consistency in actions, values, methods, measures, principles are not good. Therefore, the same rules and principles are needed between entrepreneurs and workers so that with the same principle, it is hoped that it can improve the capability of small and medium enterprises.
- 4) **Appreciation Needs**  
In small and medium enterprises in Sunggal Sub-district, Deli Serdang District, appreciation need is the most important thing. The problem for appreciation needs is an inappropriate salary or wage, less of opportunities for the outstanding workers to become supervisors in the work group, less of leave to workers. Entrepreneurs should pay more attention to their workers in appreciation need in the hope that the motivation of workers will increase.
- 5) **Self-Actualization Needs**  
From the data that has been processed, for self-actualization needs variable in Sunggal Sub-district, Deli Serdang District, the entrepreneurs in small and medium is likely to provide less opportunities for the development of potential

workers, less of effort in improving work, this is what causes the potential or work of workers in small and medium enterprise is not good.

- 6) **Capability of Small and Medium Enterprises (SMEs)**  
The entrepreneurs in small and medium in Sunggal Sub-district, Deli Serdang District have less the capability to do business development such as information about market changes, competitor movements and market tastes, the quality of products that are produced is not good so that they cannot compete in the national market or later internationally therefore the entrepreneurs should be able to improve their capabilities more through training and business development.
- 7) **Innovation**  
In developing the business, small and medium businesses in Sunggal Sub-district, Deli Serdang District, must innovate because innovation is the key word for business growth. Innovation is a breakthrough that deals with new products. The similarity in the appearance of similar products from competitors is a factor driving the product innovation. Usually the competitor's product appears without having changes which means it even tends to be static. Product innovation is as a process in bringing new technologies to use in developing these products including innovation in all functional processes/uses [3, 4].
- 8) **Technology**  
Information Systems are computer applications to support the operation of an organization: operation, installation, and maintenance of computers, software, and data. "Information System" can be a combination of several elements of computer-based technology that interact and work together based on a predetermined work procedure (work rule), which processes data into a form of information that can be used to support decisions.

In many literatures the term technology acquisition is defined as the capability to produce and to manage the process of technological change. This mastery process is through the stages of selecting, obtaining, implementing, managing, adopting, imitating, acquiring, upgrading and mastering outside technology that is more advanced effectively and efficiently [5].

Therefore, small and medium enterprises need to utilize information technology to improve business competitiveness, considering that in this era of globalization, the arena of competition becomes very competitive, and is global, small and medium enterprises must be able to compete in the middle of this competition. As for that, a strategy to improve business competitiveness is necessary. It is unfortunate if the use of information technology

among small and medium enterprises is still very limited.

## CONCLUSIONS AND SUGGESTIONS

### Conclusion

Based on data processing and discussion, the conclusions are as follow:

- Maslow's needs hierarchy which consists of physiological needs has an overall value of 2.757 and is categorized as 'less good'. Security needs has a value of 2.614 which is categorized not still fulfilled. Social needs have a value of 3.4 which is in 'less good' category. Appreciation needs with a value of 2.843 is categorized as 'less good'. And self-actualization needs with a value of 2.857 get 'less good' information. So that overall Maslow's needs hierarchy has still not met well by small and medium enterprises in Sunggal Deli Serdang Sub-District.
- Apart from the five of Maslow's needs hierarchy above, researchers add two development variables to Maslow's needs hierarchy, namely innovation and technology.

### SUGGESTIONS

- The entrepreneurs in small and medium enterprises should be able to meet physiological needs, security needs, social needs, appreciation needs, and self-actualization needs by increasing work motivation, product quality and good product marketing.

- The entrepreneurs in small and medium enterprises should have the capability to innovate and in technology so that they can compete and fulfill Maslow's needs above.

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