



THE DIGITAL ECONOMY BOOSTER THE GROWTH OF MICRO, SMALL AND MEDIUM ENTERPRISES IN AMBON CITY

Maryam Sangadji^{1*}, Jolyne Myrell Parera², Yuyun Yuniarti Layn³

^{1,3}Pattimura University (UNPATTI), Maluku, Indonesia

²Kristen Indonesia Maluku University (UKIM), Maluku, Indonesia

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ABSTRACT

The role of digitization in developing MSMEs in the city of Ambon is a very important factor in increasing product competitiveness. The purpose of this study is to (1) obtain an overview of digital economic growth in Ambon City, (2) determine the benchmarking of the digital economy on Economic Growth in Ambon City, and (3) identify and analyze the main obstacles and keys to startup success, (4) create a development roadmap e-commerce within 1-2 years. The analysis of this study used a qualitative method. The results showed that (1) the growth of MSMEs in Ambon city grew through the intervention of the OPD (Regional Apparatus Organization), the private sector, Bank Indonesia Maluku Representatives, and community members who are members of Maluku Dagang Online. (2). Benchmarking strategy can be done with SWOT analysis to implement future strategies for superior products based on the short, medium, and long term. (3). MSME start-ups use the offline system more than the online system.

E-mail:

maryamsangadji77@gmail.com

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1. Introduction

The success of the development is identical to the creation of the economic growth rate and employment. One of the real sectors that can reduce unemployment and poverty rates is Micro, Small, and Medium Enterprises (UMK) and Small and Medium Industries (IKM), which are the glue in stabilizing the problem of social inequality. The growth of MSMEs and IKM is a driving force for the growth of other economic sectors and is the main pillar of the national economy.

The government is committed to accelerating economic development, as stated in the ASEAN Economic Community (MEA), the ASEAN Economic Community Blueprint through 4 (four) pillars, namely: 1) Production Base Area and Single Market; 2) Competitive Areas; 3) Areas that prioritize equitable development; 4) Areas that are integrated with global markets. To realize these four pillars, it is necessary to increase "access and transfer of technology" in the development of innovative UMK/IKM business actors, including the use of information and communication technology, so that it can have a significant impact on increasing competitiveness and can contribute to improving people's welfare as research results (Prasetyo, 2008)(Widowati & Purwanto, 2019).

The results of Muspida and Sangadji's research stated that the growth in the volume of Micro Enterprises by 18% in Maluku from 2006-2015 could reduce the number of poor people by 24% on average every year and decrease the percentage of poor people by 42% on average every year. The contribution of MSME volume to GRDP increased from 3.36% in 2006 to 5.68% in 2015, with a growth elasticity of 2.25%, which identifies the economic capacity of the people in the Maluku economy (Muspida & Sangadji, 2018).

The growth of MSMEs in Maluku has increased every year. The results that describe the prospects of MSMEs experience poor development, namely 2.93%. On the other hand, it grew 26.85%. This

shows that 47.89% of the growth in developing regions is better, while 18.50% is non-comparable because the MSMEs are no longer running activities or are not active. (BPS Maluku, 2019). The number of IKM in Maluku Province is 3,787, while in Ambon City, the growth of IKM until 2019 is 320, with internet-based as many as 40 IKM (Maluku Province Industry and Trade Office, 2019). Based on the explanation above, it is illustrated that whether the development of digital-based or non-digital SMEs and MSMEs has an impact on economic growth in Ambon City, how about digital-based MSME and IKM growth, whether digital-based volumes can accelerate business or vice versa if digital-based? What is the roadmap for developing MSMEs and SMEs in the future? These questions become important to be studied and analyzed in depth.

The highest number of MSMEs is in Ambon City and West Southeast Maluku District, while the number of SMEs is in Southwest Maluku District. SMEs and IKM actors in Ambon City and Central Maluku Regency have penetrated e-commerce. In addition, in 2016, the Ambon City Government launched 2 digital villages.

Launching the Digital Village in Ambon City is to bring technology closer to MSMEs and IKMs and create strong MSMEs and IKMs with sustainable marketing reach. Based on the description above, the objectives expected in this study are to obtain an overview of digital economic growth in Ambon City, to know the digital economy was benchmarking of economic growth in Ambon City, and to know and analyze the main obstacles.

2. Method

2.1. Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) have an important role in a country's economic and industrial growth. The contribution of SMEs to employment in developed and developing countries, including Indonesia, has a significant role in overcoming unemployment (Tambunan, 2005). Empirical studies show that international SMEs are a source of job creation (Westhead & Cowling, 1995). Based on the utilization of SMEs, of course, it can be understood that the development of SMEs is very different from one another, namely the characteristics of SMEs themselves. According to Rahmana, SMEs can be classified into 4 (four) groups namely (Wardhani & Pramono, 2016):

- a. Livelihood Activities are SMEs used as job opportunities to earn a living, more commonly known as the informal sector. An example is a street vendor.
- b. Micro Enterprise is an SME that has the nature of craftsmen but does not yet have the nature of entrepreneurship
- c. Small Dynamic Enterprise is an SME with an entrepreneurial spirit and can accept subcontracting and export work.
- d. Fast Moving Enterprise is an SME that already has an entrepreneurial spirit and will transform into a Big Business.

SMEs with a strong commitment to their development will always try to maintain the quality of SME products and services because they have the same product competitors, so benchmarking becomes an important part of efforts to maintain or develop a business. Benchmarking is a continuous measurement process that compares one or more company business processes with the best companies in these business processes to obtain information that can help companies identify and implement business process improvements (Andersen & Pettersen, 1995).

All economic actors and SMEs start from the starting point as a business activity or startup business actors, or start-up businesses will usually skyrocket rapidly. Still, not all have the same ability to soar or develop. Start-Ups are companies or businesses that have not been formed for a long time. These companies are usually still in the process of developing and researching to find the right market.

Start-ups are more inclined to build digital-era business systems related to the online world. Examples such as Google, Facebook, Whatsapp, Instagram, and Twitter. Business performance can be measured by the success of business start-ups (Berkowski, 2014). According to Douglas Cloud, in his book (Echdar, 2016), business success is supported by internal factors, namely ownership of 4 main

potentials needed to succeed in running a start-up business. From internal aspects, namely: Technical competence, Marketing competence, Financial Competence, and Human Relations Competence.

From the results of Nurul Amalia Sari's research, the Digital Economy can affect the income of MSME actors. At the same time, the inhibiting factor for the MSME sector in the digital economy perspective is the lack of knowledge of the use of technology media, which is an indicator of the success of the digital economy.

2.2. Research Method

The research method used in this research is qualitative research. Methods of data collection is done by conducting in-depth interviews and documentation.

Secondary data was obtained through the relevant agencies, to negate the data obtained in in-depth interviews. The sampling technique used was purposive sampling on digital and non-digital-based SMEs. The data analysis used in this study is the Miles and Huberman version, using three activity lines, namely; 1) Data reduction, 2) Data presentation, 3) Conclusion drawing or verification(Husaini Usman, 2009).

3. Results and Discussion

3.1. The Development of MSMEs and IKMs in Mobilizing the Economy in Ambon City

MSMEs and IKMs experienced growth in the last three years (2016-2018) MSMEs grew by an average of 0.58% (Maluku Cooperative Service, 2019) and IKM grew on average 16.75% (Maluku Industry and Trade Office, 2019) . Ambon City as the capital city of Maluku Province has more MSMEs than 10 other regencies/cities in Maluku, with the fifth largest IKM. This condition is not surprising, because it is the center of government with various infrastructures that have been adequate, and the largest and most populous population is 444,797 people from 1,744,654 in Maluku in 2017(Indonesia, 2018).

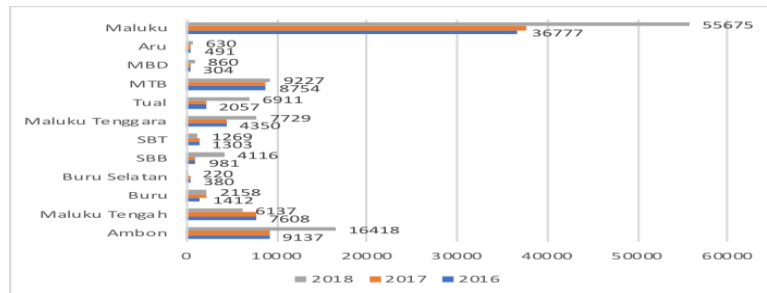


Figure 1. Number of Regency/City MSMEs in Maluku, 2016-2018
Source: Maluku Province SME Cooperative Office, 2019

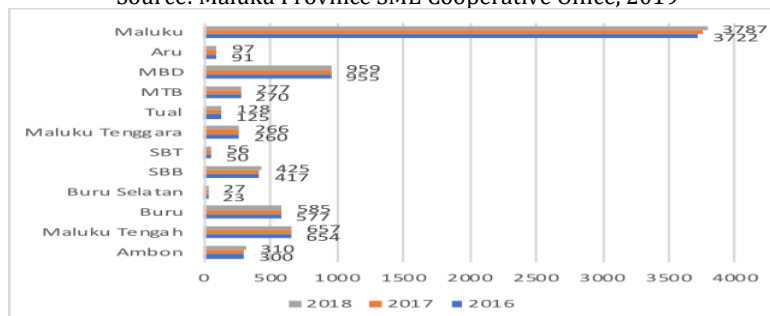


Figure 2. Number of Regency/City Industries in Maluku Province, 2019
Source: Department of Industry and Trade of Maluku Province, 2019

The growing industry will provide a multiplier effect for the growth and development of other sectors. This growth is improving by looking at various government programs, both central and regional in empowering business actors, although the existing industrial growth of 16.75% also does not occur evenly in 11 urban districts in Maluku.

The growth of MSMEs and industry in Maluku, also one of the factors is the easier it is for business actors to market their products through social media.

3.1.1. Digital Economy Growth in Ambon City

Several research results show that MSMEs' weak competitiveness and growth are caused by problems in marketing, capital and funding, innovation, and the use of information technology (Echdar, 2016)(Sayekti, 2018). Likewise, in Maluku Province, an archipelagic area with a very high span of control, the growth of MSMEs and SMEs has increased quantitatively. However, MSMEs and IKM have not provided a level of productivity for sustainable businesses, affecting sustainable income. This phenomenon is captured from the quote below:

“The business is still running, but the business is going up or not? From the increase in production, the increase in the workforce and the business is sustainable. Do not one month there is production the next month there is no longer in the market. With the current conditions, the industry is growing, especially if it is digital-based” (Ju, Plut of the Maluku Province Cooperative and UMK Office, 2019).

Based on Figure 3 and Figure 4 below, the growth of MSMEs and non-digital SMEs in 2018 was 79.69 percent. Very high growth with a 79.07% increase compared to 2016, not because in 2016 or 2017 there were no new MSMEs formed, but because the Cooperatives Service did not collect data on the development of cooperatives in 2016 and 2017, according to the City Cooperative Service. Ambon because: (1) the program is more directed to a priority scale, (2) because there are regulations that require the feasibility of "micro-enterprises" to be at least 14,000, based on these regulations in 2016 and 2017, it is not feasible because it does not meet the regulatory target.

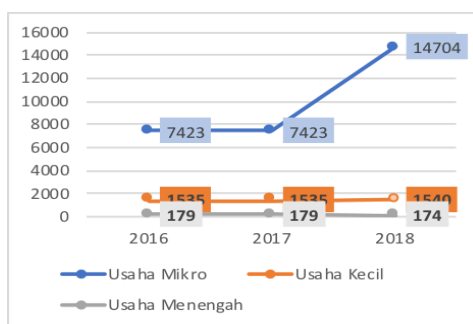


Figure 3. Number of MSMEs in Ambon City
Source: Department of Cooperatives and UMK, , data processed.

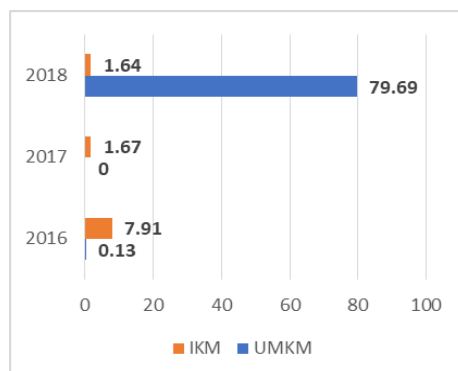


Figure 4. Growth of MSMEs and SMEs Non-Digital in Maluku
Source: Department of Cooperatives and UMK, , data processed.

Overall from 2016 to 2018 the average growth of MSMEs and non-digital SMEs was 3.034% (Figure 4) and in Ambon City the highest number supported by micro-enterprises had a difference of 13,164 with small businesses while medium-sized businesses were 14,530, this difference shows economic conditions, especially business actors in Ambon City in particular, are still broadcasting micro.

Specific data related to MSMEs and SMEs that have used the internet were not recorded from the relevant OPD or data from the Central Statistics Agency for Maluku Province. However, since 2016 there have been businesses and companies spread across districts/cities in Maluku Province using the internet for buying and selling activities of 1,129 businesses and those using other than for buying and selling 933 out of a total of 149,819 businesses, that means as many as 147 businesses do not use the internet (Indonesia, 2018).

Table 1.

Number of Businesses/Companies by Regency/City and Utilization of Internet Media in Maluku Province in 2016

District/City	Utilization of Internet Media				
	Buying and Selling	In Addition of	Buying and Selling	Not Utilizing	A
(1)	(2)	(3)	(4)	(5)	
MTB	21	32	12596	12649	
Maluku Tenggara	22	18	5219	5259	
Maluku Tengah	65	34	37835	37934	
Buru	77	34	11918	12029	
Kep Aru	36	55	5055	5146	
SBB	46	155	17129	17330	
SBT	25	52	6389	6466	
MBD	8	7	6446	6461	
Buru Selatan	4	0	5448	5452	
Ambon	792	512	34833	36137	
Tual	33	34	4889	4966	
Maluku	1129	933	147757	149819	

The survey data through BPS Maluku on Table 1 and related OPDs for 2016 varied because BPS Maluku surveyed all micro, small and medium enterprises, and even large-scale businesses and industry-based businesses, while the related OPD only focused on their respective tasks in the business scale that had been established. Set. However, BPS data has been able to map internet-based businesses. Thus, to track the development of digital-based SMEs and SMEs in Ambon City, the researchers conducted data tracking directly, using the interview method, on program interventions carried out by the government/regional Apparatus Organizations (OPD) or by communities who organized themselves. Directly in a digital-based business community. The discussion will be related to (1) the Maluku Online Trading Community, (2) the role of Bank Indonesia (3). The Maluku Provincial Cooperative Service, (4) the role of the Maluku Provincial Industry and Trade Office, and (5) the Ambon City Government through the Ambon@ccess Program.

3.1.2. Digitizing MSMEs through the Role of Bank Indonesia

Implementing the presence of Bank Indonesia encourages national economic growth by accelerating efforts to create new economic activities by developing superior regional products to support Indonesian Micro, Small, and Medium Enterprises (MSMEs) in the international market by utilizing digital platforms (marketplaces) continues. One of them is through the Bank Indonesia Representative Office in Maluku Province, which has implemented several MSME development programs, including Inflation Control, Local Economic Development (LED), Bank Indonesia Leading Entrepreneurs (WUBI), Tourism Village Development, and Sharia Economic Development. Based on the results of the Focus Group Discussion (FGD) with Bank Indonesia, 50 MSMEs assisted business groups spread across several areas, namely Ambon City, SBB Regency, MTB Regency, Buru

Regency, and Southeast Maluku Regency. Of the 50 business groups categorized as active, there are 27 business groups of 19 business groups engaged in the category of fabric or handicraft products whose marketing processes are carried out online or manually. One of the business groups promoting their products by designing their website is Kabeta Craft with the link www.kabetacraft.com. The rest of these business groups market their products through social media, Facebook, and Instagram. And some of them have already transacted e-commerce using the Tokopedia, Shopping.com, Ambon@ccess, Nurbaya Inisiatif, Kaskus, Blibli.com platforms. These business groups can simultaneously use one, two, or four e-commerce platforms to promote their products to be better known to the wider community, both nationally and internationally.

3.1.3. Digitizing MSEs through the Role of the Maluku Province Cooperatives and MSEs Office

A. Digital Village Empowerment

Strengthening MSEs and IKM continues to be carried out by the central and Maluku provincial governments. One of them is providing internet access and digital marketing facilities to MSEs. The following is the statement of one of the informants as follows:

"In 2016, the Ministry of Cooperatives and SMEs of the Republic of Indonesia with Telkom Indonesia collaborated through the signing of a Memorandum of Understanding (MoU) for the Digital Village, namely the Ralsasam ikat weaving UKM in Tawiri and the handicraft and fish scales UKM located in the Wayame BTN housing estate (Ju, Plut). Maluku Province Cooperatives and SMEs Office, 2019)".

Referring to the results of the interview above, on June 23, 2016, the Ambon City Government launched 2 (two) digital villages, with the intervention of one type of business actor in two digital villages, namely: digital UMK "Tenun Ikat Ralsasam" located in the village of the Tawiri City of Ambon and UMK "Crafts and Fish Scales" located in the Wayame BTN Housing, Ambon City. This collaboration aims to: (1) Increase the productivity and competitiveness of KUMKM through the synergy of mentoring. (2) Optimizing the role of PLUT KUMKM and TELKOM's digital SME village program to improve product quality and access to marketing. (PLUT Maluku Province SME Cooperative Service, 2019).

Four factors make the digital village program not function optimally from the perspective of program beneficiaries: (1) Intervention/cooperation is still limited to projects because there is no synergy of assistance following the purpose of launching the program. In other words, the program is only given away without any monitoring or evaluation process from the party providing program assistance, (2) Assistance with 2 computers provided to business actors at Ralsasam, only one has been functioning since the grant, (3) Capacity strengthening agreement for recipients of the Ralsasam MSME program in computer applications are not kept by the program provider, (4) the internet is very slow, so business actors use data pulses more via mobile phones.

Apart from government intervention that does not oversee every program carried out, through a mentoring process that will give birth to a monitoring process, evaluation of the impact of program interventions to what extent it has an impact on Ralsasam's business growth, business actors positively say that there is a sales process through digital or online systems. The line is very helpful in increasing business. A joint business has been formed in contrast to other business actors outside Maluku.

B. Bukalapak Program

Another program from the Ministry of Cooperatives is facilitating MSMEs to open stalls in 2019 in the form of an appeal and providing technical guidance to 20 business actors who came from 50 invited business actors. The trainer gave this technical guidance from "Toko Pedia." The lack of business actors participating in Bimtek is due to (1) low "trust" in the government, in this case, the related OPD, because it is considered that OPD only uses UMK as an event or object of a program. (2) Most business actors are still clueless. It is proven that the actors who have participated in Bimtek to open a lapak have never controlled their business through the pedia shop. Even business actors claim to make sales through other online systems, such as Maluku Dagang, Shopee, or Ambon Access, by their young children. This condition is also since MSME actors lack an entrepreneurial spirit and are trying to find out digitalization in product marketing; (3) Information develops from other business

actors who have entered to open stalls but have not yet made sales, becoming information material to other business actors causing invited business actors to be reluctant to attend Bimtek.

3.1.4. Digitization through the Role of the Industry and Trade Office of Maluku Province

The Ministry of Industry and Trade carries out this program through the Industry and Trade Office of the Maluku province to empower 40 SMIs in Ambon City from 310 SMIs in 2018. The Industry and Trade Office selects 40 SMIs that are ready in terms of (a) marketing, (b) products, and (c) packaging to be given technical guidance. It is hoped that the 40 existing IKMs will develop and become examples for other IKMs.

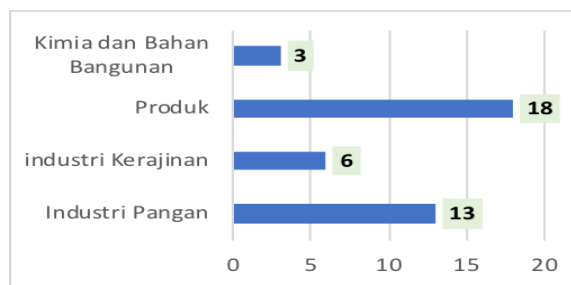


Figure 5. Digital SMIs (Toko Pedia)

Source: Department of Industry and Trade, 2018

This program aims to prepare SMEs to conduct marketing and sales through the pedia shop so that technical guidance (bimtek) is carried out directly by Toko Pedia staff. From the results of researchers' interviews with business actors, it turns out that not all business actors make sales at Toko Pedia.

Some of the findings from the intervention of the Maluku provincial industry and trade office are:

- 1) Most of them are no longer active in doing activities at Toko Pedia
- 2) As long as there are no sales at Tokopedia,
- 3) Some business actors are still technology savvy, so it is difficult to use applications through open stalls to be able to survive through word-of-mouth marketing activities, also through exhibition activities carried out, as well as Ambon City government programs with Ambon Access activities because Ambon operators Access is an employee who is entrusted directly to promote MSEs' businesses that have been registered through the Ambon Access program.
- 4) Business actors also do not all use internet packages every month or every day, so it is very difficult for other people to make transactions
- 5) The local government does not evaluate the programs that have been implemented. This condition also impresses the MSMEs that they are only used when there is a project after being left alone. Of course, this situation is a negative thing because there has never been an interaction that makes MSMEs feel that they have been empowered and even think conditions have tricked them.

3.1.5. The Role of Ambon City Government Through the Ambon@ccess. Program

Ambon@ccess is an Android-based Ambon city application that helps the people of Ambon city in promoting business activities from the city of Ambon in the form of art products, food, merchandise, handicrafts, and tourism places. Ambon@ccess program through digital-based application design vendors for marketing MSE products, local, regional, national and international events. The economic digitization program by the Ambon City government has been ongoing since May 2019 and until now. The Ambon@ccess digital application is expected to support the digital-based Ambon city government, not only from the aspect of public services but also various potential business activities and human resource development toward a smart society to support the city of Ambon "going digital."

The MSME and IKM business actors who have joined the Ambon Access Application until August 2019 totaled 3433 people consisting of "the User and the Seller. From the results of interviews with users who are also users of the Ambon Access application, marketing results are better than if

businesses are not marketed through internet applications, as quoted from interviews with business actors

"Since 2018, I have been using applications such as the Shopee application, and I feel that buying and selling are very good. Some buyers from outside Ambon directly call, and some use Whatsapp. If you don't use the internet, the results are not sold because those who buy it are only Ambonese; sometimes, the goods are not sold for weeks. Meanwhile, in Ambon Access, we were assisted by Ambon Access officers to register, and thank God, many people already knew because there was a direct order (Raja S. Mandallise)."

"Our obstacle is that we are still technology stuttering, to design products to be marketed with a model or appearance. However, this condition can be overcome through children who help. We are also taught how to sell, buy, and make payments from Ambon Access officers (Mr. Raziq and Mr. Raja)".

3.1.6. Benchmarking of the Digital Economy on Economic Growth

Benchmarking is a systematic comparison of a business process and performance metrics against the best practices of an industry (Fram & Camp, 1995). Benchmarking is an evaluation of the relative performance of the company (or other production entity) that converts the same type of input (resources) into the same type of output (Bogetoft & Otto, 2010). Based on the research results of superior business players of local Maluku products, such as shellfish crafts, ikat weaving, and eucalyptus oil, internal and external factors based on a SWOT analysis are as follows:

1. Strength :
 - a. These products have unique handmade characteristics and good productivity in developing product models.
 - b. The digital village program can support and encourage business people's growth and can be adopted by other MSEs/IKM.
 - c. The launch of the Ambon @ccses application by the Ambon City government to help MSEs to be able to innovate to accelerate their business using digital technology so that it is easily accessible widely.
 - d. The formation of the Maluku Dagang community through social media and Facebook brings sellers and buyers together.
2. Weaknesses:
 - a. The scarcity of raw materials for the shell craft industry, eucalyptus trees, and raw materials for dyeing woven fabrics can hamper production.
 - b. The quality of human resources for the management and organization of UMK/IKM business actors is still very low, hindering competitiveness.
 - c. Most UMK/IKM business players are still not optimal in optimally knowing the potential of their market share.
 - d. The SME digital village program is not optimal following the facilities and infrastructure in the cooperation agreement.
3. Opportunity :
 - a. The increase in internet users, mobile users, and social media encourages a shift in consumer shopping behavior from manual to online shopping and increases e-commerce in Maluku province.
 - b. Traditional (manual) marketing and promotion costs are more expensive than online digital.
 - c. The Maluku Provincial Government has begun to facilitate UMK / IKM business players towards digital online with the launch of Ambon@ccses.
4. Threats:
 - a. The assistance and supervision of the local government for UMK and IKM business actors is not optimal
 - b. Lack of optimization of understanding and impact of technological developments by SME/IKM business actors
 - c. Limited access to capital from the bank and non-bank financial institutions
 - d. The availability of internet access is still limited and often interrupted

Strategies that can be developed to encourage the formation of digital SMEs/IKMs in the future are as follows:

1. Short term includes:
 - a. improvement of facilities, supporting infrastructure, and development of human resource management and organizational management so that the mindset of MSME/IKM business actors is more professional and develops according to the demands of the times.
 - b. In addition, the process of mentoring and supervision by local governments to MSME/IKM business actors must always be guarded until they are truly established.
 - c. The readiness of local governments to find alternatives to face the scarcity of raw materials, especially in the shell craft industry, must be stated in the form of policies to maintain the continuity of the production process of MSME/IKM actors.
2. Medium Term, including strategies:
 - a. Encouraging and changing the mindset of SME/IKM business people to be willing to market their products online so that their marketing reach is more widely known, not only on a local and national but international scale.
 - b. Provide an understanding of the shift in consumer behavior following the development of information technology to require SME/IKM business actors to adapt to this so that it can have an impact on increasing sales.
3. Long-term includes:
 - a. Improved understanding of SME/IKM business players so they can map out their potential market share on a local, national and international scale.
 - b. Synergy is needed between the government, banks, and non-bank financial institutions to facilitate easy capital access for SME/IKM business actors.

3.1.6. Mapping Strategy

The increasing number of internet users for trade has encouraged the development of new businesses, which are now called start-up businesses. In other words, a start-up business is a business that has just been established and is still in the development and research stage to look for market potential, technology, and information (Ries, 2011). MSMEs in starting a start-up must start from the intention of business actors to take advantage of online business opportunities. Startups provide services to consumers at a mutually agreed time, encouraging entrepreneurs to be more creative in creating ideas and innovations to produce various goods.

1. Main Constraints Startup

The digital era is a good time for MSMEs and SMEs to develop online businesses. Based on the reality, it was found that MSMEs and IKM in Ambon City experienced problems in starting up, namely:

- a. Production Continuity
 - a) Entrepreneurial skills are still limited. This means it is still what it is, only to meet subsistence needs. This is due to the production of goods based on orders. The following is a description of some UMK actors as follows:

"The important thing is that there are sales (sold). We will produce if there is an order, sometimes there is not. We also can't make a lot. If we don't sell it, it's hard to turn over the capital. (Mr. N)." "If there is zinc/no raw material for Katong/we can't work, in Aru pearl raw materials are sold in Japan, so now it's hard to get."(pearl businessman).
 - b) Do not have structured and systematic business governance (good corporate governance). Most MSME and IKM owners act as managers, so personal interests precede business interests. In addition, in the management of financial governance, financial records have not been regularly recorded, and it isn't easy to know revenues and expenses.
 - c) Not having a representative production house, as a result, most business actors carry out the production process in their residential homes.
 - d) Limited human resources, especially for digital access. More of the marketing process is done through word of mouth, and sellers go directly to the place of business to buy products.

- e) Weak ability to network or relate with other entrepreneurs, both similar and dissimilar, and weak ability to determine market segments so that they do not focus on the marketing system.
- f) Lack of product innovation, resulting in low product competitiveness, so consumers quickly feel bored, and purchasing power decreases.
- b. Limited Market
 - a) MSEs/IKM have difficulty accessing the internet because they don't understand it, making it difficult to promote online.
 - b) Promotions are carried out offline, word of mouth through friends, relatives, or buyers who have made purchases there. Based on data obtained from Bank Indonesia (BI) Maluku branch, there are 41 MSMEs assisted by BI in Ambon City, and there are 17 MSMEs that market their products offline.
 - c) Lack of or limited information on SMEs just starting a business, so not many consumers know about it.
- c. Some MSME and IKM actors have promoted online through social media such as Facebook and Whatsapp, but this is not done continuously, so it does not affect sales results.
- d. Limited Capital
 - a) Cannot increase the amount of production so that the amount of turnover received is small.
 - b) One of the main problems of MSMEs and SMEs is the low working capital.
 - c) Difficulty in finding financing capital from banks due to unfulfilled requirements. For example, the requirements of financial statements are not following bank regulations. Most MSMEs and SMEs do not yet have a good record of financial statements. For business actors who are just starting up, this condition causes MSMEs and IKM actors not to be able to last long, so that in only 5 months to 1 year, the business experiences a bottleneck.
- e. Not all MSMEs and SMEs have Branding Based on the research results on several MSMEs and IKM, not all have branding. The following is the statement of business actors: We have a business, but we don't have a brand. It's a bit difficult to manage a brand. If possible, the local government can help us to manage it. (Mrs. W).
- f. Weak monitoring and evaluation function of the local government

"We were invited to participate in training activities or exhibitions. After that, the government, whether from the Industry Service or Provincial Cooperatives, never came to see our business's development. They only come to take our products to put it at the exhibition, and sometimes they don't take our goods home anymore" (Mr. E)

"They promised that later there would be staff who would come to teach the online program, but they never came." (Mrs. W)

Based on the narratives of the two informants, it can be concluded that MSME and IKM actors expect monitoring from the aid providers (Local Government and OPD) to be able to provide input or solutions if business actors make mistakes to help business actors. Develop their business further. Besides that, business actors also need training related to digital marketing because most business actors do not understand the use of social media or how to design products to promote digitally.

4. Conclusion

The study concludes that business actors have felt the benefits of digitalization for business development. It can be seen from business actors not only using one application but more than one that social media accounts still dominate MSME actors in marketing products, and few use e-commerce platforms. (non-cash payment process), Benchmarking Strategy can be done with SWOT analysis to implement future strategies for superior products in the shell craft business, ikat weaving, and eucalyptus oil business based on the short, medium, and long term. as well as MSMEs that carry out start-up business activities, still use the conventional way (off-line) when compared to the digital way (online). Suggestions can be given that there is a need for synergy between business actors and stakeholders. The private sector, as well as synergy between related OPDs in planning MSME

empowerment programs In Ambon City in particular and Maluku Province in general, and the need for assistance and supervision by related parties to business actors, must be carried out until they are truly independent.

5. References

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