

Technology and MSMEs: The Role of the Internet in Business Development

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Abstrak. Pengabdian kepada masyarakat ini diadakan pada tanggal 7 dan 14 Januari 2023 kepada anggota GJKI Andir Bandung dan dihadiri oleh 16 orang peserta. Kegiatan ini diselenggarakan karena kita sudah memasuki era digital. Teknologi diharapkan bukan menjadi penghancur bisnis UMKM, melainkan membantu para pelaku UMKM untuk dapat mengembangkan bisnisnya. Tujuan dari kegiatan pengabdian kepada masyarakat ini adalah untuk meningkatkan pemahaman dari para pelaku UMKM terkait penggunaan teknologi untuk mengembangkan bisnis mereka. Materi yang disampaikan berjudul "*Business in the Digital Era and Technology Applications for MSMEs*". Kegiatan ini dilakukan dalam bentuk penyuluhan, pemberian sampel dari produk UMKM, serta diskusi dan tanya jawab. Dari hasil evaluasi peserta di akhir kegiatan maka dapat disimpulkan bahwa para peserta memiliki pemahaman yang lebih baik terhadap teknologi dan pencatatan keuangan untuk UMKM setelah mengikuti kegiatan pengabdian ini.

Kata Kunci: Era Digital; Peningkatan Bisnis; UMKM

Abstract. On January 7th and 14th, 2023, Community Service was carried out at GJKI Andir Bandung by 16 people. This activity was held because we have entered the digital era. Technology is expected not to be a destroyer of the MSME business, but to help MSMEs develop their business. The purpose of this service is to increase the understanding of members who carry out MSME activities related to the use of technology to develop their businesses. The material presented was titled "*Business in the Digital Era and Technology Applications for MSMEs*." The activities carried out are in the form of counseling, providing samples of MSME products, as well as discussions and questions and answers. After participating in this activity, based on the evaluation of participants at the end of the activity, the members have a better understanding of technology and financial recording for MSME activities.

Keywords: Digital Era; Business Improvement; MSME

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1. INTRODUCTION

In the Era of Digitalization, the Internet is very important in various aspects of business, including MSMEs. With the Internet, there are no time or space restrictions for starting a business. Everyone who has internet access can start a business, even with minimal capital. Of course, this is inseparable from various challenges, one of which is limited knowledge of using technology. Without the use of technology, the business will not develop well. Many big businesses in the future will be eroded by the digitalization era because they do not use technology appropriately. Many new businesses have emerged, gone viral, and are successful with the help of technology. For example, businesses affiliated with various markets have begun to emerge in Indonesia.

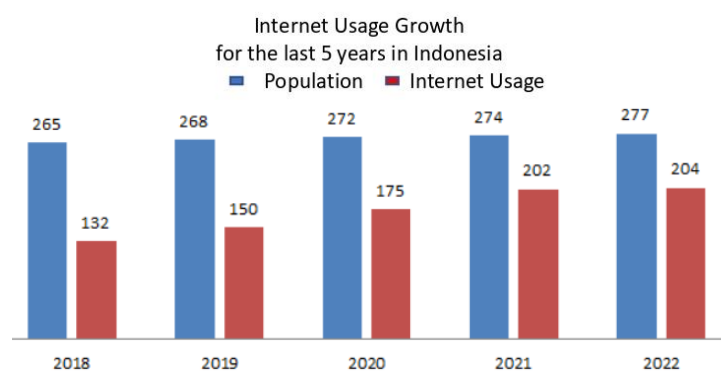


Figure 1. Internet usage growth
Source: Surbakty (2022)

The picture above shows how the use of the internet is growing over time. The use of technology is getting more intense during the COVID-19 pandemic that has been rampant in Indonesia since 2020. Many businesses have been forced to close, but there are also many successful businesses in this pandemic era because they use technology intensively, for example by selling their merchandise online, so that inventory turnover increases, which of course has an impact on increasing business profitability.

MSMEs play a significant role in the expansion of Indonesia's economy, accounting for 99% of all business entities. In terms of employment, MSMEs account for 96.9% of all national employment and contribute 60.5% of the GDP.

Community Service is an activity aimed at helping a particular community in some activity which we can use as a container to realize what has been learned and get during learning that can benefit society to make a real contribution to the nation (Andriyani et al., 2022). With the application of technology, it is intended that development can be implemented continuously for an indefinite period (Sudarmanto et.al, 2020).

This study's goal is to help MSMEs use technology more effectively to grow and sustain their enterprises (Limanseto, 2022). MSME digitalization is being accelerated to open up new markets and boost competitiveness. It is envisaged that it will support MSMEs that are stronger. (Departemen Komunikasi BI, 2022).

Micro, Small, and Medium-Sized Enterprises (MSMEs) are crucial to the Indonesian people's economy. The existence of MSME actors is important in the eyes of the Indonesian government. The fact that MSMEs and cooperatives are housed in a unique container under the Ministry of Cooperatives and SMEs serves as proof of this. The high level of attention paid to MSME actors

is nothing more than a method of government aiding the economy of the underprivileged. MSMEs are also able to directly affect people's lives in the lower class. As a result, it may be claimed that Indonesia's economy's main strength is its MSMEs.

The primary purpose of the first significant MSME is to help poor local communities. The ability of MSMEs to help small people achieve economic parity is their second significant function. MSMEs play a significant part in the fair distribution of the local economy. The third crucial function of MSMEs is to generate foreign exchange revenue for the government. The two functions played by MSMEs described above are not the only essential ones that MSMEs play. MSMEs have the capacity to generate revenue for the state in the form of foreign currency. MSMEs in Indonesia are currently quite advanced. Its market share is not just global but also on a national level (Lestari dkk., 2023).

Theory of Social Change

According to William F. Ogburn's theory of social change, a social change is one that involves both material and immaterial cultural aspects. This theory emphasizes the significant influence that material cultural elements have on immaterial elements. The primary engine of progress is material culture.

The development of material culture must accommodate non-material cultural features, and the discrepancy between the two will cause societal issues. Ogburn contends that technology is a vehicle for bringing about change and that people try to nurture and acclimate themselves to a technologically-renewing natural world.

Ogburn asserts that technology changes first and culture changes last. In other words, by modifying our traditions and lifestyles to suit modern demands, we are attempting to keep up with the rapidly advancing technologies. The globe is currently seeing fast societal transformation brought on by technology (Ariyani & Nurcahyono, 2014).

Micro Enterprises

Businesses that meet the requirements for micro enterprises, namely having a net worth or company capital of at most \$1 billion and yearly sales revenues of at most \$2 billion, are considered micro enterprises.

Small Business

Stand-alone, profitable businesses that meet the criteria for small businesses—net worth or business capital of more than \$1 billion to a maximum of \$5 billion and annual sales proceeds of more than \$2 billion to at least \$10 billion—and that are operated by people or business entities that are not subsidiaries or branches of corporations that are owned, controlled, or join either directly or indirectly with Medium Enterprises or Large Enterprises.

Medium Enterprises

Individuals or business entities operating a stand-alone, profitable enterprise that does not fall under the category of a subsidiary or branch but is owned, controlled, or otherwise integrated, directly or indirectly, with one or more medium-sized or large-sized enterprises that meet the following criteria: net worth or business capital of more than \$5 billion to a maximum of \$10 billion; and annual sales proceeds of more than \$15 billion to a maximum (PP No. 7 Tahun 2021).

Internet

The term "interconnected networking" (abbreviated "Internet") refers to computer relationships of many kinds that create a global computer network using telecommunications lines like phone, radio link, satellite, and others. The Latin word *inter*, which meaning "between," is where the word "internet" originates.

A virtual world of computer networks (interconnections) created by the billions of computers on the planet is known as the Internet. The Internet is a connection between diverse computer types and networks in a world of multiple operating systems and applications, where the connection makes use of developments in communication media (telephone and satellite) that employ common protocols for communication (Gani, 2015).

Digital Technology

Information technology known as "digital technology" gives computer- and digital-based tasks priority over tasks that require human labor. Nonetheless, it has a stronger preference for an advanced, automated operating system with a computerized file format. Practically speaking, digital technology is merely an extremely quick counting system that converts all kinds of information into numerical numbers. The quality and efficiency of data creation and transmission have changed as a result of technological advancements. For example, the image is clearer now that it is of higher quality and has a faster delivery method.

From the producer and consumer sides, the era of transition or transfer of technology from the previous technology to digital technology has switched to picking a simpler technology, namely digital technology. In particular, network convergence will allude to lifestyle trends, such as spending time at home with the family and traveling frequently, which combines work and leisure.

Also, there are necessities for business between job and recreation. As a result, producers of digital goods will focus there for business opportunities. Goods and technological advancements will keep pace with how people's lifestyles change in the digital age. In that era of network convergence, producers of digital goods must be able to offer full solutions.

Technology and people's lifestyles are developing quickly, which causes frequent changes in people's technical needs. In this case, digital technology is the primary option (Danuri, 2019).

Digital System Replacing Traditional System

Individual activities start to change, affecting the transactions they do. Each person already utilizes virtual money instead of traditional money, and everything will be connected in this way in the future. Individuals are no longer constrained by time or geography thanks to all-digital and electronic activities that place a focus on data. Instead, they can do business electronically anytime, anywhere, and with anyone. Because it is quicker, more effective, and more efficient, digital money plays a significant role, salaries are distributed digitally, purchases and transactions are also made using digital methods, and even transaction activities are transferred digitally (Danuri, 2019).

Digital Marketing for MSMEs

Marketing mix is based on the 4Ps of marketing, or product, place, price, and promotion. The concept of digital marketing requires greater consumer involvement in the decision-making process for the marketing mix.

In order to redefine it as 4C, meaning Co-creation, where a product may be created by involving customers from the very beginning of the idea process to execution, the products given by the company or brand will become more in accordance with the wants and aspirations of customers.

Location becomes a hub for communal activation, going beyond merely serving as a touchpoint between customers and companies, but create entry points via anyone's channels so that customers can access brands.

Promotion is the last component of the marketing mix in the context of digital marketing. Previously, promotion was a one-way activity created by the company for consumers. However, in the context of digital marketing, promotion is now conversational, allowing brands to receive direct feedback from consumers about their promotional activities (Wiley, 2017 in Krisnawati, 2018)

Previous Research

Technology: Enhanced Productivity at Work

The ability to complete tasks swiftly, precisely, and accurately in order to increase performance is information technology's contribution to rising work productivity. Effect

Computers are everywhere and getting more portable and transportable. Yet, any device that facilitates human life and contains The computer's operating system

Because information may be accessed from anywhere at any time, the internet network is incredibly accessible. All work processes and content will be converted using information and communication technologies from physical and static forms to digital, mobile, virtual, or personal forms, which will quickly boost the speed of corporate performance (Kusmayadi).

Information technology affects MSME actors in the form of a rise in the number of orders received, an increase in the number of products, an increase in income, and an increase in the number of new consumers, according to Ahmad and Purnomo's research (2021). According to Hasan's research (2020), financial technology promotes transactions, which has a significant impact on MSME company activity. According to research by Ramida et al. (2022), digital marketing affects MSME revenue. This is due to MSME players' increased ability to promote their goods (outside their area).

The use of digital technology in the concept of digital marketing is a combination of strategies that are both online and offline. Marketing with media online must also be supported by offline content that has a human-to-human touch in order for it to become relevant and be able to generate engagement with consumers. Indonesian MSME firm development can be aided by digital technology. MSMEs can establish a firm and generate sizable profits with little investment if digital technology is used to its full potential. Digital technology can also assist MSMEs in extending their company reach beyond the area where they now operate to a wider audience (Krisnawati, 2018).

2. METHOD

Community service, which takes the form of counseling, is the strategy utilized to carry out the implementation of community service. With 16 individuals that are active GJKI Andir members and involved in MSME activities, community service was performed in Bandung..The material presented was themed "Business in the Digital Era and Technology Applications for MSMEs." The stages of implementing this community service are as follows:

- a. Preparatory Stage
Includes licensing to GJKI Andir and making proposals to LPPM University.
- b. Implementation Phase
Counseling on the use of technology for MSMEs. At this stage, discussions and questions and answers were also carried out, as well as providing samples of good MSME products.
- c. Evaluation Phase
At this stage, an overall evaluation is carried out by the participants, committee, and speakers. The evaluation carried out includes aspects related to the material and the benefits obtained for participants.

3. RESULTS AND DISCUSSION

Community service was attended by 16 GJKI members who run MSMEs. At the beginning of the activity, participants fill in the link to the attendance list, and at the end of the activity, participants fill in the evaluation link provided by the committee. Edhy Surbakti, MBA, CA, and CPA, delivered the first piece of content on the topic of "Business in the Digital Age."



Figure 2. First material presentation

The speaker said that there are 5 basics to using the internet to do business, namely market research, product research, packaging research, marketing, and financial records. This session included providing examples of good MSME products. Participants tried the taste of each product as well as looked at the packaging design for discussion.



Figure 3. Providing examples of MSME products

The second material was delivered by Dr. Tan Kwang En, Ak., CA., Cert. DA, with the theme of Technology Applications for MSMEs, which discussed the benefits of technology for MSMEs, including facilitating collaboration and creating a positive experience for consumers. In addition, technology can also be used by MSMEs to record finances. At the end of the presentation, the participants asked the speakers' questions enthusiastically.



Figure 4. Second material presentation

This community service is useful for the development of MSMEs carried out by GJKI members, where members can better understand MSME marketing techniques using their technology. At the end of this activity, the participants filled out the evaluation form. The result showed that 7 people stated that after participating this activity “I have no knowledge about technology utilization for MSME but now I got it” and 9 people stated that “I know about technology utilization but now I got more about that”.

4. CONCLUSION

Based on the community service carried out, it can be concluded that GJKI members have not optimally used technology to market their UMKM products and have not kept complete and adequate financial records. After the counseling, the members have an understanding of how to improve the MSME activities that have been carried out.

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