

THE ROLE OF THE STRATEGIC TECHNOLOGY INOVATION IN ACCELERATING THE EMPOWERMENT AND DEVELOPMENT OF INDONESIAN MSMEs TOWARDS 2025

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ABSTRACT

The vision 2025 which aims to elevate Indonesia with GDP 3.8 – 4.5 T income/capita (Kem Koperasi dan UKM. 2017), then MSMEs are expected to play a role in the Indonesian economy.

One of the priority programs of the Ministry of Cooperatives and SMEs since 2018 is increasing the competitiveness of MSMEs and Cooperatives since 2018 there has been an increase in the competitiveness of MSMEs and Cooperatives, and the first priority scale in the program is increasing product quality and access to marketing.

With the Covid 19 pandemic, many Indonesian MSMEs are experiencing financial and non-financial problems. The challenge for MSMEs basically includes the value of turnover, assets and existing workforce. Efforts to overcome these challenges need to be done, with the aim of increasing resilience, as well as a more productive and innovative capacity.

MSMEs need to carry out transformation through the use of digitization. Accelerating digital use in meeting consumption needs, production activities and even investment has played a major role during the Covid 19 pandemic.

The writing of this article is based on some literature reviews, and a study of other literature sources that are relevant to the existing discussion.

By looking at the reality of existing research results, as well as companies that survive during a pandemic, one of the strategic solutions for technological innovation can be a consideration for empowering and developing MSME businesses.

Today's technological innovations have transformed an ongoing system or market, with practicality, ease of access, convenience, and economical cost.

Keywords: MSMEs, technological innovation, e-commerce

PRELIMINARY

In its publication, Australia Indonesia Partnership for Economic Governance (2017). It was stated that the President of Indonesia had launched a 1000 digital start-up program which absorbed US\$1.4 billion in investment funds in 2016 and jumped to US\$3 billion in 2017.

With the 2025 vision which aims to lift Indonesia into a country with a GDP of 3.8 – 4.5T income/capita (Ministry of Cooperatives and SMEs, 2017), Micro, Small and Medium Enterprises (MSMEs) are expected to play a role in the Indonesian economy

One of the priority programs of the Ministry of Cooperatives and SMEs since 2018 is increasing the competitiveness of SMEs and cooperatives, and it is important to note that the first priority scale in the program is to improve product quality and access to marketing.

With the Covid 19 pandemic, many Indonesian MSMEs are experiencing financial and non-financial problems. There are many obstacles and obstacles faced by MSME entrepreneurs in Indonesia during this pandemic, but many MSMEs are still able to survive in this difficult economic period. So, it is necessary to study more wisely, how the MSME entrepreneurs are able to survive. What kind of marketing approach does he run, considering that in general everyone will look for comfortable conditions to be more at home.

Seeing the description above, it can be concluded that the challenges of MSMEs basically include the value of turnover, assets and existing workforce. Efforts to overcome these challenges need to be carried out, with the aim of increasing resilience, as well as more productive and innovative capacities.

RESEARCH METHOD

This research is based on a literature review, and studies of other literature sources that are relevant to the existing discussion, thus this research study uses a qualitative descriptive method.

ASEAN MSME DEVELOPMENT STRATEGIC PLAN 2016-2025

Speaking of the ASEAN market, Indonesian, Thai and Vietnamese MSMEs are supported by domestic labor sources ranging from 77 – 97%, a very large number, thus it is conceivable that MSMEs have the potential to also face a wider range of problems, for example technical restrictions, difficulties in capital, as well as access to technology

The ASEAN SME Working Group (2014), in its publication underlined the support from various parties to advance ASEAN SMEs. This can be seen from USAID's efforts to encourage the growth of women entrepreneurs in addition to fulfilling funding matters, the collaboration of the US-ASEAN Business Alliance is also actively encouraging MSMEs to be more competitive, also not forgetting the role of Government support in ASEAN countries.

By looking at all of this, there seems to be an opportunity in the long term that MSMEs in ASEAN can develop. Some of the main recommendations agreed upon in the joint venture were support for international market expansion, simplification of regulations, business sustainability since the growth of start-ups to the development of MSMEs through financial access, and what cannot be ruled out is facilitating incentives for the use of technology so that existing MSMEs, in the hope of can innovate and compete in order to gain access to the market.

REFLECTION OF INDONESIAN MSMEs IN PANDEMIC TIMES

Amri (2020), stated that the decline in the turnover of MSME actors in the tourism sector, which is engaged in the micro food and beverage business, reached 27%, while in the wood and rattan craft unit it was 17.03%, and household consumption was corrected between 0.5% to 0.8%. Ezizwita (2021) in her research with a sample of culinary businesses in Padang, shows that more hygienic packaging is preferred by consumers, including take away options and delivery orders.

Culinary entrepreneurs think more about survival than prioritizing existing profits. The reduction in the number of employees, as well as other difficulties may make it possible that the entrepreneur is looking for ways to increase his sales volume through online. Online sales can be viewed by consumers as a low-contact ordering activity. BAPPENAS researchers (2014) confirmed that many variables affect MSMEs, namely the variable availability of resources and conditions of the business environment, the variable of business ability, business performance variables, as well as other variables include policy and infrastructure variables as well as research and technology variables, as well as financial support and partnership variables. Thus the Directorate of Cooperatives and SMEs Empowerment, Bappenas has conducted a series of studies, that technological factors, especially technological innovations, have declared a significant role, and this is proven during the Covid 19 pandemic, at least it can support the survival of MSME business actors. .

Taking into account that one of the priority scales of the Ministry of Cooperatives and SMEs Priority Program is increasing access to marketing, this research emphasizes in particular on the strategic role of technological innovation in accelerating the empowerment and development of MSMEs in Indonesia. Thus, MSME actors in Indonesia need to know several things regarding technological innovations that can increase their marketing access.

The emphasis on technological innovation is intended as one of the main things that cannot be ruled out, considering the situation and condition of the consumer community in responding to the pandemic situation that is still ongoing today.

TECHNOLOGY INNOVATION, MSME EMPOWERMENT AND DEVELOPMENT EFFORT

Capri (2019), stated that the digital foundations needed for businesses in Indonesia to penetrate the market include cloud computing, social media, e-commerce.

Cloud Computing.

Cloud computing is intended as an understanding concept in the context of creating a local and global on-line computing framework, where there are various applications and storage data that can be accessed and used shared and simultaneously by various users.

Cloud Computing can replace conventional technology that requires more cost, effort and focus. Cloud Computing has general service facilities ranging from email, discussion forums to storage media such as 4shared, indowebster, blog services and so on. The problems faced by Indonesian MSMEs in this case are the empowerment of their human resources, mastery of basic knowledge, expertise and required technical skills.

Social Media.

Social Media is an online media that is used by each other, where existing users can easily participate with each other, or interact, creating blogs, social networks, forums and virtual worlds without being limited by space and time.

Deloitte (2015) also mentions that the use of social media platforms for Indonesian MSMEs is US\$ 3 billion in terms of informal purchases. So with social media, it is intended as promotional activities and market searches carried out by various social networking facilities, where business actors market their products through digital media on-line, both Instagram, Facebook, Twitter and others (Purwana et al, 2017).

Hendrawan et al, 2019, in their research stated that digital marketing has a positive and significant effect.

E-commerce

Thanks to the internet, technological developments have given rise to new opportunities in business. E-commerce is one of them. E-commerce is a buying and selling activity carried out through electronic media, with various means such as television, telephone and so on. The term e-commerce describes all transactions that use electronic media. Market place is one of the E-commerce models, where it functions as an intermediary between sellers and buyers. All website management

activities in general have become the business of the platform. Shopee, Lazada are examples of market places, so MSME actors need to explore this. Here are some things that are covered in e-commerce. Business to Business, is a company that sells products or services to other companies. Business to Consumer, for example, a buyer makes a purchase at an online store. Consumer to Consumer is a transaction between two individuals. Consumer to Business describes a scenario where someone sells an existing product or service to a company, in this case, for example graphic designers, logos. Business to Public Administration where the perpetrator is a business with government agencies, for example website creation services for on-line administration systems. Then Consumer to Public Administration is generally in the form of services. The publication of the DBS research team, which conducted a survey as of December 30, 2020, revealed that consumers in Jakarta and several areas in Java have used the internet which has increased quite sharply by 66%, Due to Large-Scale Social Restrictions, it is not surprising that this is the highest e-commerce usage rate in Southeast Asia.

CONCLUSION

Seeing the description above, SMEs in Indonesia need to accelerate their empowerment and business development through technological innovation. Various strategies need to be pursued, for example omni-channel marketing, which is a cross-platform marketing strategy. This strategy aligns content delivery across multiple platforms to provide a consistent content experience for consumers. So with this understanding it means that there is integration between customer service including call centers, live chat, email, social media to applications such as WhatsApp, not limited to telephone or fax as in the past. Customer data base through customer management software with the aim of helping businesses to measure customer retention rates through Customer Lifetime Value. CLV is an indicator in determining the value of a company's customers. Indonesian MSMEs need to maintain existing customers, acquire new customers. The customer's interest for MSMEs is an investment with an expected return.

MSMEs in Indonesia that have developed can accelerate their omni-channel strategy, as well as collaborated with developed e-commerce platforms. Indonesian MSMEs need to be assisted by the government's role in establishing partnerships both at the national and ASEAN levels.

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