

Increasing Income of Micro, Small and Medium Enterprises through Managerial and Digital Marketing Aspect in West Java

Nita Hernita¹, Endah Prihartini², Melia Wida Rahmayani³

^{1,2,3}Universitas Majalengka, Indonesia

hernita.eldibba@unma.ac.id

Abstract

The economy of West Java is the highest supported by Micro, Small and Medium Enterprises (MSMEs). West Java has MSMEs engaged in the food sector. The Covid-19 pandemic condition has an impact on decreasing income. The income of UMKM will support by marketing and management aspects. Some MSMEs in the food sector are still unable to solve managerial problems, even if their products have not been marketed through online media. This research method is a survey research with a descriptive approach using narrative analysis tools. The population in this study was the food sector MSMEs in West Java, amounting to 2400 MSME partners selected through cluster random sampling technique. The results of the analysis show that the income of MSMEs in the food sector has decreased because it is support by managerial aspects which has a value of respondents of 1706 (important) and marketing aspects of 3005 (very important). The increase in income will balance with business digitization in the context of marketing and paying attention to managerial aspects.

Keywords

Increasing income;
managerial; digital marketing



I. Introduction

West Java Indonesia has various potentials in increasing business, one of which is through Micro, Small and Medium Enterprises (MSMEs). MSMEs in West Java experienced development before the covid outbreak hit. West Java MSME Service in 2020, the number of MSMEs registered in West Java reached 2,000,000 (two million), this is a great potential for the economic development of the community. MSMEs that develop are always supported by innovation and the government. People pointed out the need to introduce innovation with the active participation of public authorities, which would ensure economic success. (Miłek, D., Kantarek, I. 2017). Thus, it is difficult for the community to develop MSMEs without intervention from the government. Regional economic improvement must be able to adapt to changes in market, technology and social conditions. (Wojciechowska, Julia and Solis. 2018). The government in this case the region must optimize its role in providing supportive policies. The main objective of regional policies is to compensate for the gaps between individual regions. (Murawska A., 2014) Local governments play a role in the growth of MSMEs that survive after being affected by COVID-19 is one way to support the progress of these MSMEs. Weak people's income today needs to be considered, especially with a culture that only wants to be given, not trying. Jakarta, CNN Indonesia -- The Price Waterhouse Cooper (PwC) survey revealed that the Covid-19 pandemic has suppressed Indonesian household income. It was recorded that as many as 65 percent of Indonesians claimed that their income had decreased due to the Covid-19 pandemic. This weakening of community

income has caused an imbalance in the economic order in West Java, this can be seen in MSME actors who have experienced a decline. *Bisnis.com*, JAKARTA - Bank Indonesia said as many as 87.5 percent of MSMEs were affected by the Covid-19 pandemic. Of this amount, around 93.2 percent of them were negatively affected on the sales side. Of the total 6 MSME sectors, only community businesses in agriculture still grew by 16.7 percent in December 2020. Meanwhile, the manufacturing industry grew by 1.5 percent, construction fell 17.9 percent, trade fell 3.2 percent, real estate rose 13 percent, and public services increased 2 percent[6]. Meanwhile, the MSMEs in the food and beverage sector experienced a significant decline. The factors that cause this are the weakness of the managerial system (HR and financial management) and marketing that has not kept up with technological developments.

The Minister of Cooperatives and SMEs Puspayoga emphasized that currently MSMEs must really use the internet as part of their marketing strategy and product branding. Puspayoga also believes that the internet can increase sales of MSME products, which will then be followed by an increase in MSME production and productivity.

The challenges of continuity and product quality that can be faced properly will make MSMEs successful and fast growing. Social media is the easiest digital marketing tool to use in developing MSMEs. The target to be achieved is the development of a wider market by using digital marketing and MSME management both in terms of human resources, finance and in terms of packaging, variants, uniqueness and others. Hopefully the results of this study can be useful as material for government policies and MSME managers to keep their business afloat.

II. Review of Literature

The world health agency (WHO) has also announced that the corona virus, also called COVID-19, is a global threat worldwide. The outbreak of this virus has an impact especially on the economy of a nation and globally. These unforeseen circumstances automatically revised a scenario that was arranged in predicting an increase in the global economy. (Ningrum, P. et al. 2020)

The Covid-19 pandemic caused everyone to behave beyond normal limits as usual. One of the behaviors that can change is deciding the decision to choose a college. The problem that occurs in private universities during covid 19 is the decrease in the number of prospective students who come to campus to get information or register directly to choose the department they want. (Sihombing, E and Nasib, 2020)

The adaptation of new habits with the term new normal during this pandemic is a way to start activities with various new regulations. According to the Indonesian government, the new normal is a new order to adapt to COVID-19. (Pihir, Igor. et al. 2018). The managerial aspect is an important aspect in improving the business, this can be seen from the extent to which the management of human resources, production and finance is carried out by MSMEs. In addition, marketing is the spearhead of business success. Through marketing, business actors try to attract buyers to buy the products offered which can have an impact on increasing revenue in product sales. One of the marketing systems needed and relied upon in the New Normal era is digital marketing or e-business. E-business as a special relationship between business people, enables interconnected business processes of sellers and buyers with modern Information and Communication Technology (ICT) and integrates processes from business partners in the supply chain. (TsalisAnnisa. 2020)

The government's attention is currently focused on MSMEs because this business unit is one of the sectors that strengthens the economic order in society. Along with the development of MSMEs, it is certain that the level of entrepreneurship in a region is growing

(Lilik Hndajani,2019). The entrepreneurial environment in a transitional developing economy encourages entrepreneurial activity. (Iris Fatia, 2021).

Therefore, problems related to MSMEs cannot be solved with the role of the government alone, but in helping and solving these problems one of them contributes as academics related to managerial aspects and digital marketing.

III. Research Method

The research was conducted in April, submitted in September 2021. This research method was designed as a survey research with a descriptive approach using a narrative analysis tool. Narrative analysis is a type of analysis that focuses on the way stories and ideas are communicated to all relevant units/sections. This method also helps to better understand the culture of an organization. This type of analysis can be used to interpret how employees feel about their jobs, how customers rate your company, and how operational processes are performed. This method is very useful in developing corporate culture or helping to plan marketing strategies. (Suparyadi, 2015). The population in this study were MSME actors from districts/cities in West Java. The sample was determined using the cluster sampling technique. Cluster random sampling is a type of sampling technique in which a researcher divides the population into separate groups known as clusters. Several samples were randomly selected from this cluster. Data for research analysis using cluster random sampling technique were taken from the cluster samples. Cluster random sampling is a sampling technique that is applied when the population in a group appears to be uniform but internally different. Based on calculations, the sample used in this study was 100 MSMEs located in several districts/cities in West Java.

Researchers used qualitative data types and primary data sources, namely by distributing questionnaire data to MSME actors in West Java, Indonesia. The procedure for collecting data was by means of field observations, interviews, literature studies and distributing questionnaires for 6 months. The research flow chart is as follows:

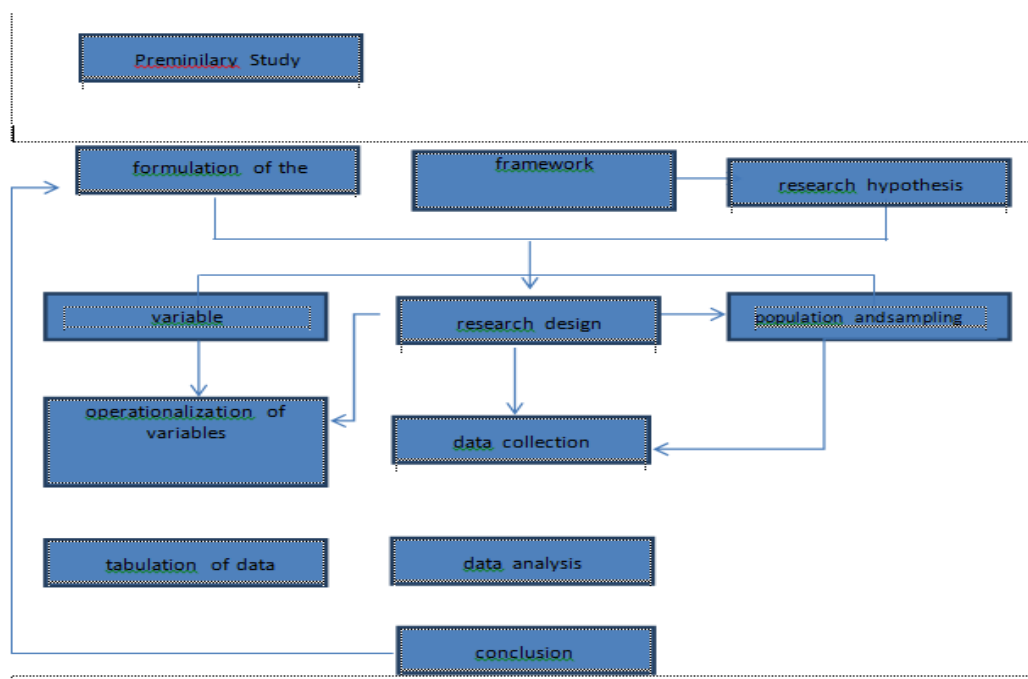


Figure 1. Research Design

IV. Result and Discussion

4.1. Discussion

The characteristics of the respondents selected by the researchers are SMEs in West Java. The following are the results of the characteristics of the respondents used in this study:

Table 1. Characteristics of Respondents

Characteristics	Respondents
1. Business type	1) Culinary (20%) 2) Fashion (20%) 3) Technology (20%) 4) Soevenir (15%) 5) Agribusiness (15%) 6) Other business (10%) Total 100%
2. Business Length	1 – 5 Years (45%) 5 – 10 Years (40%) > 10 Years (15%) Total 100%

Source: primary data (2020)

The characteristics of the respondents in table 1 are 20% running a culinary business. Many MSMEs have been in business for less than 10 years. So that this research is important to be used as a reference so that MSMEs can maintain their business in this new normal era. The results of descriptive data processing on managerial aspects can be described in table 2 below:

Table 2. Recapitulation of Respondents' Total Answer Score Regarding Managerial Aspects of West Java SMEs

No	No Statement	Score
1.	Statement 1	375
2.	Statement 2	340
3.	Statement 3	325
4.	Statement 4	342
5.	Statement 5	324
	Score	1.706

Source: primary data (2020)

Furthermore, researchers categorize as follows:

$$\begin{aligned}
 \text{Maximum Index Value} &= \text{Maximum Weight} \times \text{Number of Statements} \times \text{Number of} \\
 \text{Respondents (1)} & \\
 &= 5 \times 5 \times 100 = 2500
 \end{aligned}$$

$$\begin{aligned}
 \text{Minimum Index Value} &= \text{Minimum Weight} \times \text{Number of Statements} \times \text{Number of} \\
 \text{Respondents (2)} & \\
 &= 1 \times 5 \times 100 = 500
 \end{aligned}$$

Interval = Maximum Index Value – Minimum Index Value (3)
Scale

$$= (2500 - 500) : 5 = 400$$

The calculation above shows the category of managerial aspects, so that the following results are obtained in Table 3.

Table 3. Managerial Aspect Interval

Category	Interval
Very important	2104 – 2504
Important	1703 – 2103 1706
Quite important	1302–1702
Not important	901– 1301
Very unimportant	500 – 900

Source: primary data (2020)

Based on the questionnaire data above, the respondents' assessment responses regarding the managerial aspects of West Java MSME actors obtained a total of 1706 (in the interval between 1703 – 2103). This shows that the research results are included in the important category. This means that MSMEs in West Java must pay attention to managerial aspects to improve and develop their business which has an impact on increasing MSME income. The results of processing descriptive data about aspects of digital marketing can be described in table 4 below:

Table 4. Recapitulation of Respondents' Total Answer Score Regarding Digital marketing for West Java SMEs

No	No Statement	Score
1.	Statement 1	533
2.	Statement 2	523
3.	Statement 3	467
4.	Statement 4	493
5.	Statement 5	472
6.	Statement 6	517
Skor		3.005

Source: data primer (2020)

Maximum Index Value Respondents (1) = Maximum Weight x Number of Statements x Number of Respondents
 $= 5 \times 5 \times 100 = 2500$
 Minimum Index Value Respondents (2) = Minimum Weight x Number of Statements x Number of Respondents
 $= 1 \times 5 \times 100 = 500$
 Interval = Maximum Index Value – Minimum Index Value (3)
 Scale
 $= (2500 - 500) : 5 = 400$

The calculation above shows the digital marketing category, so that the following results are obtained in Table 5:

Table 5. Digital Marketing Interval

Category	Interval
Very important	3004– 3604
Important	2403 – 3003
Quite important	1802–2402
Not important	1201– 1801
Very unimportant	600 – 1200

Source: primary data (2020)

Based on the questionnaire data above, responses from respondents regarding the digital marketing aspects of West Java SMEs were obtained as many as 3005 (in the interval between 1684 – 2004). This shows that the research results are included in the very important category. That is, the digital marketing aspect has a very important role in the progress of an MSME. This can be used as a reference by MSMEs on how to carry out digital marketing aspects so that MSME goals can be realized and their existence is maintained.

Answering the problems that arise in MSME actors in West Java, there are several things that need to be considered in order to increase the success of a business from the managerial and digital marketing aspects of MSMEs. The form of business development efforts from the digital marketing aspect is to increase sales through E-commerce marketing, social media and websites that are easily accessible to the wider community. This is one of the online marketing innovations that are currently in demand by the public. Innovation is seen as a new world solution or one that has been adopted from other entities.

Marketing through online media provides many conveniences. In addition to consumers being able to make transactions at home, consumers also save time because they don't need to leave the house. Especially with the current new normal conditions. Digital-based marketing is used to get consumers to build their preferences, promote brands, maintain consumers, and increase sales which in turn increase profits. Digital marketing allows buyers to obtain all information about products and transact via the internet, and allows sellers to meet the needs and wants of potential buyers without time and geographical restrictions. Digital marketing is also a two-way communication method that can create awareness and engagement in the community for certain products and brands.

The managerial aspect that needs to be built in solving the existing problems is to make a direct contribution in the form of a structured system from human resources, finance and production. This can be supported by providing specific recommendations for SMEs in West Java. One of them is an accurate management information system and financial information system in an effort to improve overall from a managerial perspective. And supported by innovation in the form of using machines in the production process and using digital marketing.

The use of digital marketing is a hope for MSMEs to develop into economic powerhouses. MSMEs can use social media as a means of digital marketing. In addition to the low cost and no need to have special skills in initial initiation, social media is considered capable of directly reaching consumers.

In the accounting information system, it can be seen, the recording is simple but can accommodate important points in accounting, including financial statements. Not only that, bank books and other supporting books are one of the important things in the accounting information system in presenting financial statements. High quality financial data makes it possible to measure business performance and financial position and provide relevant information about assets, resources, costs, revenues and gains or losses on the basis of a true and fair view.

Based on the discussion above, it can be seen that the role of managerial and digital marketing aspects is important in an effort to maintain and improve the existence of MSMEs in West Java. MSMEs must be able to follow life in this 4.0 industrial revolution with the help of digital technology. MSMEs can use social media as a means of digital marketing. In addition to the low cost and no need to have special skills in doing the initial initiation, social media is considered capable of directly reaching consumers. Especially considering the current conditions in the new normal era limiting people's space for movement. For this reason, the digital marketing aspect is prioritized in conducting transactions.

V. Conclusion

This study concludes that the increase in sales will be supported by business strategies that must be applied in the new normal period, including creating innovation, implementing strategies by creating new markets, and executing business product marketing plans. As for suggestions and recommendations, managers of Micro, Small and Medium Enterprises (MSMEs) must be able to manage businesses through methods that have been implemented and innovate on product development and marketing innovation. Three aspects that must be considered and crucial for business continuity are aspects of sales and marketing, efficient operations, and finance and accounting (SG&A). Meanwhile, the managerial aspects that need to be developed are management and financial information systems.

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