EMPOWERING THE BUNGA TERATAI MSMES THROUGH THE IMPLEMENTATION OF A DIGITAL BUSINESS MANAGEMENT SYSTEM TO ENHANCE THEIR POTENTIAL AND CAPABILITIES

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ABSTRAK


Kata Kunci: Empowering; MSMEs; Digital Business; Management System.

Abstract: The adoption of digital technology is increasingly important for the growth and sustainability of micro, small, and medium enterprises (MSMEs). However, many MSMEs face challenges in effectively utilizing digital tools and systems for their business management. This activity aims to enhance the capabilities of MSME actors in implementing digital-based business management systems. The focus of this activity is to strengthen the soft and hard skills of the MSME partners. The partner in this case is a group of micro enterprises called “Bunga Teratai” that has been operating for more than ten years. There are two issues addressed with the partners, namely the strengthening and improvement of human resources’ abilities in utilizing digital technology. The utilization of digital technology focuses on the preparation of financial reports and digital marketing strategies. The approach used is participatory training and mentoring. The implementation method is through Adaptive Collaboration Management (ACM). The success of the activity is evaluated through three stages, namely the initial evaluation, formative evaluation, and final evaluation. The success indicators are measured by the improvement of human resources’ abilities, the implementation of digital-based business management systems, and its sustainability. The result of this activity is the increased capabilities of the partners in implementing digital-based business management systems.

Keywords: Empowering; MSMEs; Digital Business; Management System.

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A. INTRODUCTION

In recent years, the Micro, Small, and Medium Enterprises (MSMEs) sector has experienced rapid growth. Many individuals have transitioned from being employees under a company to becoming entrepreneurs running their own businesses (Rayyani, et.al., 2018; Ahmad, et.al., 2021). Data from the Central Statistics Agency (BPS) shows that in 2020, the number of MSMEs in Indonesia reached 64 million. The growth of MSMEs has further accelerated, particularly since the emergence of the COVID-19 pandemic. The high unemployment rate resulting from the situation has led many Indonesians to lose their jobs and try their luck by starting small and medium-sized businesses. The emergence of various MSMEs in sectors such as food and beverages, fashion, and transportation has actually helped strengthen the country’s economy (Rayyani, et.al., 2018; Pinem 2021).

However, it is not easy for MSME entrepreneurs to run their businesses amidst an unstable economic situation and various other challenges that can threaten the stability of their businesses.

Several studies on MSMEs have found that there are several fundamental challenges faced by MSME entrepreneurs today. These challenges include the lack of Trade Business License (SIUP) among many MSMEs, limited capital, insufficient knowledge of business operations, underutilization of digital marketing for sales improvement, inadequate understanding of business development, weak branding strategies, ineffective business communication, manual bookkeeping practices, limited innovation in production processes, and inadequate human resource management. Research references that address these issues include (Arijanto, 2021), (Rayyani et al., 2018), (Rayyani & Abdi, 2020), (Hendratmoko, 2021).

Based on the points mentioned above, our hope through this PKM activity is to provide support and knowledge regarding digital business management to MSME entrepreneurs. Digital business management encompasses various aspects, including: (a) Planning and business development by utilizing digital technology, such as entering marketplace platforms (such as Tokopedia, Bukalapak, Lazada, Sophie, etc.) or leveraging e-commerce technology; (b) Marketing through the utilization of all available digital technologies, including the use of social media; and (c) Preparation of digital-based financial reports. There are many specialized digital financial management applications that can be used by MSME entrepreneurs, eliminating the hassle of manual financial reporting. By providing understanding and skills in these areas, it is hoped that MSMEs can harness the potential of digital technology to improve operational efficiency, expand market reach, and enhance their business performance Febriyantoro & Arisandi, 2018; Pinem, 2021; Gustina, et.al., 2022).

Based on the data from BPS mentioned earlier, only about 13% or approximately 8 million out of a total of 64 million MSMEs are involved in digital platforms (BPS, 2020). Therefore, we believe it is important to provide
assistance and training in digital-based business management. Our partner in this activity is a group of Micro Enterprises known as the "Bunga Teratai" MSME Group, consisting of five micro business owners. Each micro business owner has their own unique product, such as Mrs. Rosmala with her crispy nuts product, Mrs. Ade Hamid with her "Bakso Membara Assalam," Mrs. Resnawati with her oyster mushroom business, Mrs. Ersina Rahman with her Marlin fish floss product, and Mrs. Fatmawaty Syam with her flagship product "Bajabu. "The members of this MSME group face similar challenges, as mentioned earlier, including limited capital, limited human resource capacity, weak business networks and market access, limited adoption of technological innovations, and operational constraints in marketing and inventory control; (Febriyantoro & Arisandi, 2018), (Widiastuti & Mihardja, 2021); (Soleh & Adinugraha, 2022); (Pinem, 2021), (Zulfahri et al., 2022), (Singh et al., 2021).

This research has significant benefits for MSMEs, especially in the city of Makassar. As we know, the number of entrepreneurs is increasing every year, and along with that, competition in every business sector is also growing. Therefore, it is important to have an understanding of digital-based business management to ensure that businesses remain relevant and able to survive in the digital era. Based on the above topic, this program aims to enhance both the soft skills and hard skills of the MSME partners. Soft skills refer to non-technical skills that encompass communication, leadership, teamwork, adaptability, and time management skills. On the other hand, hard skills refer to specific technical skills related to the use of digital technology in business management, such as utilizing accounting software, digital marketing, data analysis, and so on.

In this context, the program will provide training and guidance that cover the improvement of both aspects. The MSME partners will be equipped with the necessary technical knowledge and skills to implement digital-based business management systems, such as using accounting software or digital marketing platforms. They will also be assisted in developing the soft skills needed to effectively manage their businesses, such as customer communication, building good working relationships, and team management. By enhancing both aspects, it is expected that the MSME partners will have a strong foundation to face the challenges in the digital era. They will be able to optimize the use of digital technology in their business management while strengthening their interpersonal abilities and managerial skills.

B. METHOD

The partner is a group of MSMEs called "Bunga Teratai" consisting of 5 members with various business fields, including Bakso Mercon (Meatball Mercon), Kacang Krispy oleh-oleh Khas Makassar (Crispy Beans Makassar Souvenir), Jahe Merah Bubuk (Powdered Red Ginger), Abon Ikan Marlyin (Marlyin Fish Floss), and Ikan Kering Oleh-oleh Khas Makassar (Dried Fish
Makassar Souvenir). On average, the group members have been running their businesses for more than ten years. The "Bunga Teratai" Micro Enterprise Group is located in Tamalate District, Makassar City. The group is led by Mrs. Rosmala, with their flagship product being Kacang Krispy Khas Makassar (Crispy Beans Makassar).

The implementation method that will be used is Adaptive Collaboration Management (ACM). ACM is a communication approach in society to identify problems faced by partners, study these problems, and determine solutions that can overcome these problems. Apart from that, the approach method that will be used in this service program includes participatory training and mentoring. Participatory training is carried out by involving the target audience as recipients of knowledge and understanding regarding the management of strengthening and improving the capabilities of human resources (HR) of Micro Business actors through the use of digital technology in preparing financial reports, as well as strengthening and improving the HR capabilities of Micro Business actors in digital-based marketing strategies using digital technology (Rayyani et al., 2018), (Violinda et al., 2022), (Haanurat et al., 2022), (Ahmad et al., 2021), (Zulfahri et al., 2022); (Purwana et al., 2017), as shown in Table 1.

<table>
<thead>
<tr>
<th>Activity Stages</th>
<th>Type of Activity</th>
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</table>
| Preparation Phase               | 1. Needs Analysis: This stage involves a thorough analysis of the needs of the MSME partners, both in terms of soft skills and hard skills. The implementation team will conduct an initial evaluation to understand the weaknesses and areas that need improvement in utilizing digital technology and business management.  
2. Program Planning: Based on the needs analysis, the implementation team will plan the training and mentoring program accordingly. The objectives, targets, schedule, and implementation methods will be determined in this stage.  
3. Material Development: The implementation team will develop training materials that cover both the technical aspects and the development of soft skills. The training materials will be tailored to the needs and specific business fields of each MSME member. |
| Implementation Phase            | 1. Training and Mentoring: The MSME partners will participate in a series of training sessions that cover the technical aspects of using digital technology and digital-based business management systems. They will also receive direct mentoring from the implementation team to assist with implementation in their businesses. The training will be conducted in a participatory manner, allowing the MSME partners to actively engage in the learning process.  
2. Field Practice: During the training phase, the MSME partners will be given opportunities to apply the
<table>
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<th>Activity Stages</th>
<th>Type of Activity</th>
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<td></td>
<td>knowledge and skills they have learned in the context of their own businesses. This field practice will help them understand practically how to implement digital-based business management systems and overcome any challenges that may arise.</td>
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<td>3. Formative Evaluation:</td>
<td>Throughout and after the training, the implementation team will conduct formative evaluations to monitor the progress of the MSME partners. These evaluations will help identify areas that need improvement or enhancement in the program implementation.</td>
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<td>4. Adjustment and Enhancement:</td>
<td>Based on the results of the formative evaluation, the implementation team will make adjustments and enhancements to the training program if necessary. This is to ensure that the program can provide maximum benefit and relevance to the needs of the MSME partners.</td>
</tr>
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<td>5. Final Evaluation:</td>
<td>After the training and mentoring phase is completed, the implementation team will conduct a final evaluation. This evaluation will involve the MSME partners to gather feedback on the success of the program, individual skill improvements, implementation of digital-based business management systems, and the level of sustainability achieved.</td>
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<tr>
<td>6. Report Compilation and Follow-Up:</td>
<td>The implementation team will compile a program report that includes achievements, findings, and recommendations for follow-up actions. This report will serve as a guide for the next steps in supporting the growth and sustainability of the MSME partners.</td>
</tr>
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<tr>
<th>Evaluation Phase</th>
<th>1. Initial Evaluation</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>2. Formative Evaluation</td>
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<td></td>
<td>3. Final Evaluation</td>
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</table>

Here are the steps involved in implementing the solution offered to the partner Kelompok UMKM Bunga Teratai: The initial phase involves identifying the challenges encountered by Kelompok UMKM Bunga Teratai, encompassing issues such as limited capital, human resource constraints, weak business networks, and operational difficulties. Subsequently, a more in-depth understanding of these problems is pursued through detailed research and analysis to uncover their root causes.

Armed with a comprehensive understanding, the next step involves formulating tailored solutions for each identified issue faced by the members of Kelompok UMKM Bunga Teratai. These solutions encompass leveraging digital technology for financial management, enhancing human resource capacities in digital marketing, and implementing effective digital-based marketing strategies.

Following solution formulation, the implementation phase commences with participatory training and mentoring sessions for the members of
Kelompok UMKM Bunga Teratai. The training aims to impart knowledge and skills in digital financial reporting, strengthen human resource capacities in digital technology adoption, and enable the implementation of digital-based marketing strategies. Ongoing mentoring ensures effective solution implementation and offers support in overcoming any challenges that may arise.

The final step revolves around the evaluation and development of the implemented solutions. The research team assesses the effectiveness of the solutions provided to Kelompok UMKM Bunga Teratai, identifying areas for further development to enhance their business performance and competitiveness in the digital era. By following these steps, it is expected that the offered solutions will have a positive impact on Kelompok UMKM Bunga Teratai and assist them in tackling the business challenges in the digital era.

C. RESULTS AND DISCUSSION

The utilization of digital technology in financial statement preparation has transformed the traditional methods and enhanced efficiency and accuracy in the process. Based on our interactions over the past few months with the UMKM Bunga Teratai entrepreneurs, we concluded that the conventional process of preparing financial statements is quite challenging for them. They are also unfamiliar with the terminology used, such as debit and credit, and even have difficulty understanding the basic concept of debit and credit itself. As a result, they rarely or even never prepare financial statements throughout their business operations. Ibu Rosmala once attempted to keep financial records similar to a general journal but eventually discontinued due to her busy schedule. She felt that recording activities, let alone preparing financial statements, was not an urgent matter for her. We cross-checked her statement with the record books she had created, and indeed, the records were not in accordance with accounting principles. There were financial transaction record books, including income and expenditure records, but the entries were inconsistent and irregular.

Then, we provided training and mentoring in digital-based accounting recording and financial statement preparation. We introduced several applications and selected one that was perceived as the most user-friendly and easy to understand. After they understood the concepts and practices of accounting recording through the application, we immediately put it into practice with the first transaction of the day. They were very enthusiastic about participating in the practice. After some time, we checked the transaction history recorded in the system. From those records, we could assess the business's progress. The preparation of financial statements became easier as they were readily available within the application.

The utilization of digital technology in financial statement preparation is also known as accounting software. Modern accounting software allows users to automatically import financial data from various sources such as books,
electronic transactions, and other management systems. This reduces human errors and speeds up the financial statement preparation process.

Another benefit is the security of financial data when stored in cloud computing. By utilizing cloud computing services, financial data can be securely stored and accessed from anywhere. Digital technology also enables the use of sophisticated data analysis tools to analyze financial data and generate valuable insights. Automation processes can be utilized in the preparation of financial reports, such as transaction recording, data consolidation, and report generation. By using digital technology, routine tasks can be automated, saving time and reducing the risk of human errors.

The utilization of digital technology in marketing has transformed the way companies interact with customers, promote products or services, and manage marketing strategies as a whole (Batubara et al., 2021); (Sunarti et al., 2018). Apart from that, research conducted by Hendrawan et al. (2019); Gustina et al. (2022); Ramida (2022) stated that digital marketing has a positive and significant influence in increasing MSME sales. Digital business is the main communication medium to reach more consumers. Based on interviews and observations conducted with UMKM (Micro, Small, and Medium Enterprises) practitioners within the Bunga Teratai UMKM Group, we have concluded several key points. One of them is that the use of social media as a digital marketing tool has proven to be effective.

Companies can leverage social media to strengthen their brand image, engage with customers, promote products or services, and increase overall awareness (Satvikadewi & Hamim, 2018); Additionally, they can utilize paid advertising on these platforms to target specific audiences and enhance their business exposure. The following illustrates the evaluation results of partner improvement both before and after the activity was carried out. The evaluation results are presented in percentage form, as shown in Table 2.

<table>
<thead>
<tr>
<th>No.</th>
<th>MSME Partner</th>
<th>Percentage Before (%)</th>
<th>Percentage After (%)</th>
<th>Improvement (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Bakso Mercon</td>
<td>40%</td>
<td>65%</td>
<td>25%</td>
</tr>
<tr>
<td>2.</td>
<td>Crispy Peanuts</td>
<td>50%</td>
<td>80%</td>
<td>30%</td>
</tr>
<tr>
<td>3.</td>
<td>Red Ginger Powder</td>
<td>35%</td>
<td>50%</td>
<td>15%</td>
</tr>
<tr>
<td>4.</td>
<td>Marlyin Fish Floss</td>
<td>30%</td>
<td>50%</td>
<td>20%</td>
</tr>
<tr>
<td>5.</td>
<td>Dried Fish</td>
<td>45%</td>
<td>67%</td>
<td>22%</td>
</tr>
</tbody>
</table>

The percentage of improvement is calculated based on the comparison of the capability of MSME partners before and after the activities. The improvement includes aspects such as the use of digital technology, sales increase, operational efficiency, and implementation of management systems.
D. CONCLUSION AND RECOMMENDATION

Based on the analysis and research conducted, it can be concluded that the implementation of a digital business management system can empower the Bunga Teratai MSMEs and enhance their potential and capabilities. The utilization of digital technology in various aspects of the business, such as marketing, financial recording, and customer interaction, can bring significant benefits to these MSMEs. By adopting a digital business management system, the Bunga Teratai MSMEs can expand their market reach, improve operational efficiency, enhance the quality of customer service, and increase their competitiveness in the digital era. Enhancing the implementation of a digital business management system in Bunga Teratai MSMEs involves several key recommendations. First, it is crucial to provide comprehensive training and mentoring for MSME owners and relevant team members. This should cover basic concepts, the use of relevant applications or software, and hands-on practice in managing the business using digital technology. Additionally, careful consideration is needed in the selection of tools or applications. Conducting thorough research and evaluation ensures that the chosen tools align with the needs and capabilities of Bunga Teratai MSMEs. Opting for user-friendly solutions with customizable features maximizes the benefits derived from implementing a digital business management system.

Seamless integration between the digital business management system and other existing systems is essential. This can be achieved by adopting measures such as encryption, user authentication, and regular security monitoring to ensure data integrity and business information security. Establishing partnerships with digital service providers is another recommendation. This collaboration ensures access to technical support and system maintenance, facilitating smooth system operation, timely updates, and assistance in addressing any technical issues that may arise. Lastly, a continuous improvement approach is necessary. Regular evaluations of the digital business management system implementation help identify areas for enhancement. Exploring new possibilities offered by digital technology and continually refining business processes are essential for Bunga Teratai MSMEs to remain competitive in the market. By implementing these recommendations, it is expected that the Bunga Teratai MSMEs can effectively leverage a digital business management system, enhancing their potential and capabilities to tackle challenges and seize opportunities in the digital era.

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