THE ROLE OF DIGITALIZATION IN MICRO SMALL ENTERPRISES 
(STUDY ON SMALL ENTERPRISES IN MALANG CITY)

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Abstract: This article is prepared based on observations at small micro enterprises in Malang City, accompanied by literature review with the aim of knowing the condition of digitalization in micro small businesses. The results of observations in a small scope in Malang City, it appears that the use of digital marketing is not optimal from micro small businesses. Usage tends to be limited to Whatsapp, while the use of social media such as Instagram is still limited to using its features. The results of this study show that assistance and training are needed for micro small businesses in Malang City in terms of the use of digital technology, including in terms of digital marketing.

Keywords: Small Micro Enterprises, Digitalization, Digital Marketing

INTRODUCTION
In 2023, it is recorded that Micro, Small and Medium Enterprises (MSMEs) are at approximately 66 million, with a contribution of 61% of Indonesia's Gross Domestic Product (GDP) with a value of Rp 9,580 trillion accompanied by employment of around 117 million
workers or 97% of the total workforce (Indonesian Chamber of Commerce and Industry, 2023). The important role of MSMEs for the country's economy can be further improved, if MSMEs can erode various obstacles, especially in terms of transformation in the use of digital technology. According to the Deputy Speaker of the People's Consultative Assembly (2023), MSMEs need to maintain their existence by digitizing and based on information from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, as many as 70.2% of MSMEs face obstacles when transforming using digital technology. These obstacles include difficulties in accessing capital, availability of raw materials, and difficulties in adopting digital technology.

Malang City, which is recorded to have 29,058 MSMEs (Central Bureau of Statistics Malang City, 2023), also has similar obstacles, for example MSME players who actually already have Instagram accounts but have not maximized all features, as well as the use of keywords that are not right so that potential customers can find their brands (Widita, 2022).

Regarding the challenges faced by MSMEs in Malang City, Dinas UMKM in Malang City states that these challenges are external and internal. Internal challenges include those related to infrastructure, human resources, and capital. Capital is the first internal issue. Due to the fact that most of them utilize personal resources, this issue is one that entrepreneurs still encounter. Inadequate human resources in terms of numbers, performance distribution, and skills represent the second internal issue. Most businesses are started with a lack of careful preparation, such as how the labor is divided and how the employees are still family members. Finance and marketing are another challenge (Kristianto, 2023).

Based on the obstacles of MSMEs that have been described, the author conducts further research in the hope of identifying more deeply related to the obstacles faced by MSMEs, especially in the Malang City area, with the aim that solutions to these obstacles can be obtained.

METHOD

This research uses a qualitative descriptive research method which is carried out by observation, interviews, and studying documents. The research was conducted in the Malang City area with informants from micro and small businesses engaged in the food and beverage sector. Interviews with 30 informants were carried out using questionnaire instruments and face-to-face methods. Apart from that, this research also uses a simple literature review of several articles that focus on certain city areas.

RESULT AND DISCUSSION

Observations and Interviews

Based on observations and interviews with informants, it is known that the majority of these micro small business actors run their own or two businesses, only a few of them run businesses with more than 2 employees. For internet expenses, the minimum is Rp 25000,- and the highest reaches 1 million rupiah per month. For gross income, the smallest is 1 million to the largest reaching 15 million per month. Then for the use of digital technology, it is known that 50 percent use Whatsapp to promote their products, then in second place is using Instagram and followed by Gojek, Shopee, Facebook, Grab, Tik Tok and Tokopedia.

Regarding online business, almost all informants said that they had never attended training or learning related to how to do online business. But interestingly, the majority of informants feel that they can maintain loyal customers. From these observations, it appears
that many micro small businesses still have not utilized digital technology. Some who have used digital technology also seem to do it self-taught.

**Interview Process with Micro Small Businesses**

**Literature Review**

Here are some articles related to digitalization in micro small businesses in certain areas:

<table>
<thead>
<tr>
<th>No</th>
<th>Title, Author, Year</th>
<th>Area</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Penerapan Pemasaran Digital dalam Memfasilitasi Pertumbuhan Usaha Mikro, Kecil dan Menengah (UMKM) di Kecamatan Sumbawa. (Suarantalla &amp; Rizqi, 2024).</td>
<td>Kecamatan Sumbawa</td>
<td>That there is a statistically significant positive relationship between consumption variables and types of online media and business performance of micro, small, and medium enterprises (MSMEs).</td>
</tr>
<tr>
<td>2</td>
<td>Pendampingan Inovasi dan Digitalisasi Usaha Mikro Kecil dan Menengah (UMKM) Bakso GR Berkah Kelurahan Kampung Tengah. (Oktariani et al., 2023).</td>
<td>Kelurahan Kampung Tengah</td>
<td>The program of mentoring activities and developing innovation and digitalization of MSMEs is an effort to accompany and develop businesses that experience a decrease in income.</td>
</tr>
<tr>
<td>3</td>
<td>Pendampingan Usaha Mikro, Kecil dan Menengah (UMKM) dalam Pemanfatan Digital Marketing di Lingkungan RT.03 / RW.02 Kelurahan Kauman Kota Mojokerto. (Khasbulloh Huda et al., 2023).</td>
<td>Kelurahan Kauman, Kota Mojokerto</td>
<td>Adding promotions on social media is expected to make the products produced can be known to a wider community, and can increase income.</td>
</tr>
<tr>
<td>4</td>
<td>Pendampingan Strategi Marketing di Era Digital Bagi Usaha Mikro Kecil Menengah Masyarakat Desa Bulangan Gresik. (Latifah et al., 2023).</td>
<td>Desa Bulangan Gresik</td>
<td>To maximize economic units, packaging and branding education, training on creating marketplace accounts, optimizing social media and establishing relationships with traditional and modern industries and stalls are needed.</td>
</tr>
<tr>
<td>5</td>
<td>Pelatihan Strategi Digital Marketing</td>
<td>Kecamatan</td>
<td>E-commerce can increase income.</td>
</tr>
</tbody>
</table>
Bagi Usaha Mikro Kecil dan Menengah (UMKM) di Kecamatan Sarjo (Membentuk dan Mendukung Pengembangan Wirausaha Muda dan Pemula). (Nuraisyah et al., 2023).

Sarjo increase assets, increase production of goods, facilitate marketing and promotion and expand market reach.

| 7 | Pengembangan UMKM Melalui Sosialisasi dan Strategi Pemasaran Digital Usaha Mikro Kecil dan Menengah (UMKM) Desa Bentakan, Kabupaten Sukoharjo, Jawa Tengah. (Di et al., 2023) |

Desa Teluk, Kecamatan Labuan

The use of online media has created a new market for products and fostered new creativity owned by MSME players.

Desa Bentakan, Kabupaten Sukoharjo

Digitalization allows MSMEs to reach a wider market, but also encourages innovation and makes operations more efficient.

Daerah Gedong

It was found that entrepreneurial abilities in terms of enthusiasm, attitudes, actions and knowledge were still lacking, so comprehensive digital marketing education and training was needed.

From the results of the literature review, it appears that the condition of micro businesses in Malang City in several other city areas, that digitalization has a positive impact on the business performance of small micro businesses. Digitalization makes business more effective and efficient. Through digital promotion such as social media, and digital marketing through the marketplace, market opportunities are getting wider so that income prospects are increasing. To accelerate growth, it is necessary to overcome obstacles such as limited knowledge of digital promotion and digital marketing, so there is a need for mentoring and training support for micro small businesses.

Fig. 1.2 Spiral definition of a startup. (Source: Own material)

Source: Spiral Startup Model (Skala, 2019)
When associated with the context of innovative entrepreneurship according to the picture above, it looks like a spiral to describe the growth and development of startups. Like startups, micro small businesses at the beginning will often face limited resources, but slowly if in the end they are able to find innovation in business models that are often driven by the use of digital technology. It is possible to experience very fast growth, including increased scalability which ultimately increases the value of these micro and small enterprises.

CONCLUSION

The inevitability is, all businesses must adopt digital marketing including micro and small businesses. However, it can be realized that not all business actors have this mindset. So parties are needed who can help micro and small businesses to be able to adopt digital marketing.

REFERENCES


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