

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

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Abstract. Changes in economic order in the new normal era have an impact on the marketing and managerial aspects of Micro, Small and Medium Enterprises (MSMEs). Many MSMEs have not yet used digital marketing so that they experienced a significant decline in sales and have not been able to overcome managerial problems. This research method is designed as a survey research with a descriptive approach using narrative analysis tools. The population in this study are MSMEs in West Java selected through cluster random sampling technique. The results of the descriptive analysis show that the managerial aspect has a recapitulation value of the respondents of 1706 (important) and the marketing aspect of 3005 (very important). Manual marketing aspects will be offset by business digitization. Meanwhile, improvements in managerial aspects from the perspective of strengthening human resources and financial records need to be seriously taken by MSMEs actors since both aspects have a significant impact on the sustainability of MSMEs businesses.

1. Introductions

West Java Province in Indonesia has the potential for business development, one of which is through Micro, Small and Medium Enterprises (MSMEs or UMKM in Bahasa). MSMEs are increasingly developing as indicated by the increase in number of business people from year to year. Based on data from the West Java UMKM Office in 2020 [1], the number of MSMEs registered in West Java reaches 2,000,000 (two million). This is a great potential for community economic development.

The potential of MSME/UMKM needs to be supported by innovation and involvement from the government. The people point to the need to introduce innovations with the active participation of public authorities, which will ensure economic success [2]. Thus, it is rather impossible for the community to develop MSMEs without the assistance from the government.

To gain benefits and get success, regions should be able to adapt to changing market, technological and social conditions [3]. The government (regional government, in particular) should optimize its role in providing policy that support the MSMEs. The main objective of regional policy is to compensate for disparities between individual regions [4]. The current COVID-19 pandemic forces people to enter a *new normal* condition/phase that brings uncertainty, especially in business sector. MSMEs in particular, also suffered a drastic decline in earnings caused by a decrease in people's purchasing power. If these conditions persist, a financial crisis will arise. The financial crisis has revealed the need for a broader set of policy tools that can be used to alleviate systemic risk [5].



Business people can do nothing but wondering what will happen next without having a definite clue of what changes will occur in every line of nowadays life. In the end, MSME actors are required to have a business strategy to survive in the *new normal* era.

Something that is highly pointed up by business people is the marketing aspect since it determines the level of product sales they produce. Current pandemic situation makes it difficult to sell goods/services directly to customers due to large-scale social restrictions (PSBB in Bahasa). As an alternative, there is a digital market. The problem is, many MSME actors are inexperienced or having no knowledge in selling their goods digitally. This is shown by the fact that there are many MSME actors who do not have social media and have not yet joined *e-commerce*.

Generally, many MSMEs actors have not been able to properly manage their businesses management. Their managerial aspects are still not optimal, for example in terms of human resources, the distribution of job descriptions is oftentimes not in accordance with educational background. Likewise, production management still uses traditional methods so that MSME actors are far behind from big industries and are unable to keep up with the flow and intense competition. Ideally, the management function should be implemented accordingly. However, this is difficult considering that many factors are currently changing the social economic order so that MSME actors must be observant in implementing their business managerial.

This research is supported by research at before. (2020) [6] which states that one of the problems faced by MSMEs is the lack of knowledge and skills to manage a business. Such human resource problems must be addressed in order to increase competitiveness in today's market. [7] states that MSMEs in Indonesia face several obstacles in developing their businesses. The Amangtiwi, one of UMKM community-based in Malang realizes to decrease the barriers such as managerial skills, financial flow, and quality of human resources.

Targets and objectives of this study are to improve the marketing system to become more contemporary and able to keep up with the development of information technology. Target of managerial aspect is the ability to use computer-based accounting information system technology that can be utilized for financial recording and reporting. Target of human resource aspect is the creation of management information system so that the performance of human resource management can be more focused and measured.

Whereas, in the production aspect, targets to be achieved are product development to be more creative and innovative in terms of packaging, variants, uniqueness and others. Hopefully, the result of this research will be useful as a material for government policy and for MSME managers to keep their business sustainable.

2.Literature Review

New normal according to the Indonesian Government is a new order to adapt to covid-19 [8]. This new normal era provides a ray of hope, especially for business people in Indonesia, particularly in West Java. After three months of having a decline in turnover due to the pandemic, business people have started to gather what is left and collect their energy to start over again and run their businesses which have been stalled so far. Recently, several shops have been forced to close due to PSBB so that the products could not be distributed maximally. This is what makes business people believe in the importance of marketing the products.

Marketing is a crucial component for the success of a business. Through marketing, business people try to attract buyers to buy the products being offered which can lead to the increase of revenue in product sales. One of the marketing systems needed and depends on in the New Normal era is digital marketing or e-business. E-business as a special relationship between business participants, enables crossconnecting business processes off seller and buyer by modern Information and Communication Technology (ICT) and integrating processes off business partners in supply chain [9].

The next aspect that determines the success of a business is managerial, considering that managerial aspects include finance, human resources and production. Recent problem often faced by MSMEs actors is related to management. The attitude of management staff as well as their

subordinates change and that they begin to understand the significance of innovation. It is one of the most vital current as well as future developmental challenges of enterprises [10].

Currently, many MSME actors give less consideration to financial aspect. They think it is not important which can be seen by the large number of MSME actors who have not yet implemented accounting recording system. They have not understood that financial data should be a valuable information system and could be a valuable source of data for further analysis. This is mainly because of its accessibility, understandability and clarity, persuasiveness and a high truth value [11]. Thus, it is very important to manage financial aspects since it greatly affects the sustainability of a business.

The government is currently paying attention to MSMEs because this business unit is a sector that strengthens economic order in the community. Along with the development of MSMEs, it is certain that the entrepreneurial level of a region is developing. The entrepreneurial environments within transition emerging economies foster entrepreneurial activity [12].

Business cycle analysis generated an important impulse in stimulating and provoking interesting academic and professional debates on economic perspectives [13]. Therefore, problems related to MSMEs can not be resolved by business only. Academics are also expected to take part in helping out and solve the problems; one of which is related to the aspects of marketing, finance, human resources and even production.

3. Materials and Method

This research was conducted in January, submitted in August and presented in October 2020. This research method is designed as a survey research with a descriptive approach using narrative analysis tools. Narrative analysis is a type of analysis 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 work, how customers value your company, and how the operational processes are carried out. This method is very useful in developing a company culture or helping plan a marketing strategy [14].

Population in this study are MSME actors of 27 districts/cities in West Java. The samples are determined using cluster sampling techniques. 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 selected randomly from these clusters. Data for research analysis using cluster random sampling technique were taken from the samples of these clusters. Cluster random sampling is a sampling technique applied when population in groups appear to be uniform but internally different. Based on the calculation, the sample used in this study were 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. Data collection procedures by means of field observations, interviews, literature study and distributing questionnaires for 6 months. The research flow chart is as follows:

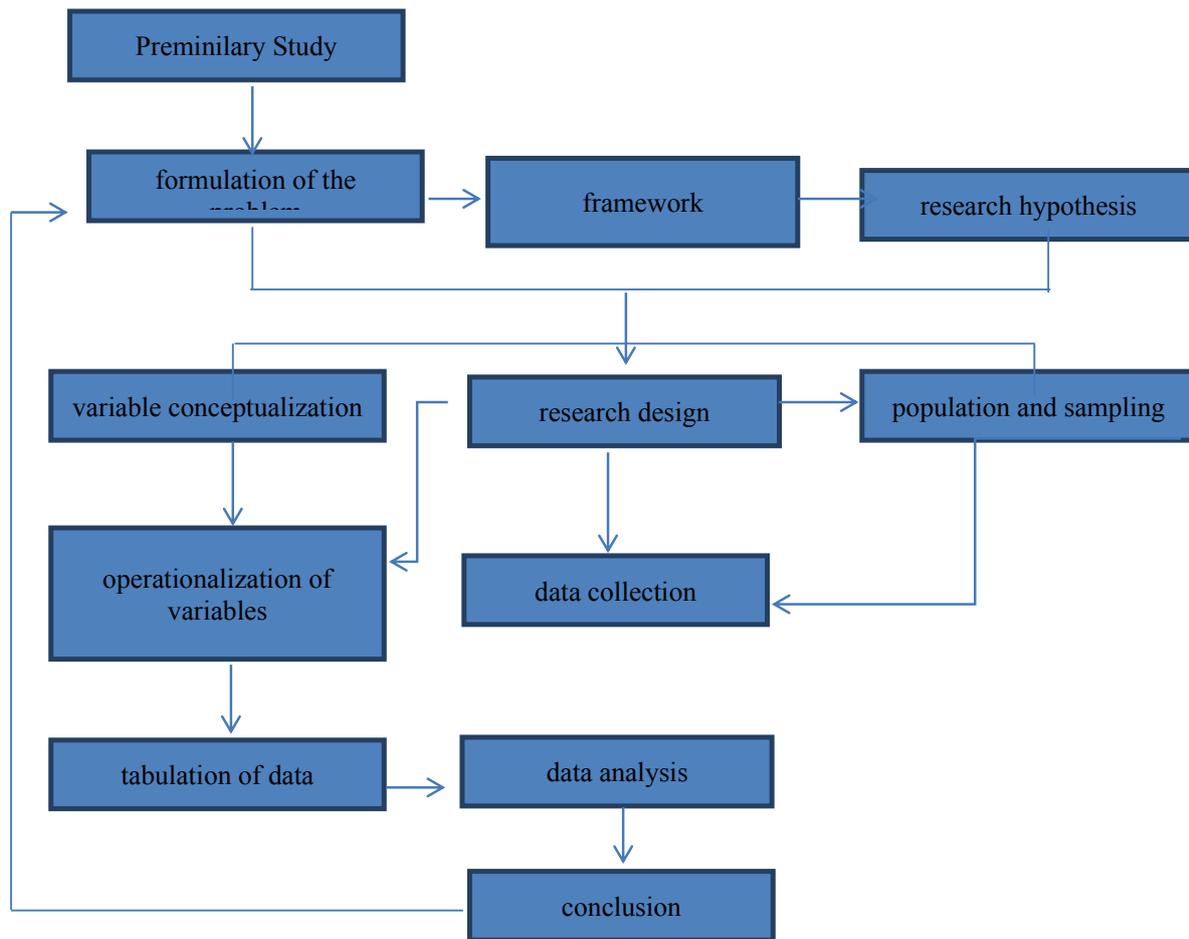


Figure 1.Desain Research

4. Result and Discussion

The characteristics of the respondents selected by the researcher were MSME actors in West Java. The following are the results of the characteristics of the respondents used in this study:

Table 1. The Characteristics of The Respondents

| Characteristics | Respondents |
|-----------------------|---|
| 1. Type of Business | 1. Culinary (22%) 2. Fashion (18%) 3. Technology (18%) 4. Soevenir (17%) 5. Agribusiness (15%) 6. Other business (10%) Total 100% |
| 2. Length of Business | 1 – 5 Years (44%) 5 – 10 Years (41%) > 10 Years (15%) Total 100% |

Source: primary data (2020)

The characteristics of respondents in table 1 are 22% 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 Total Respondents' Answer Score Regarding Managerial Aspects in West Java MSME Actors

| 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, the researchers categorized as follows:

$$\text{Maximum Index Value} = \text{Maximum Weight} \times \text{Number of Statements} \times \text{Number of Respondents} \quad (1)$$

$$= 5 \times 5 \times 100 = 2500$$

$$\text{Minimum Index Value} = \text{Minimum Weight} \times \text{Number of Statements} \times \text{Number of Respondents} \quad (2)$$

$$= 1 \times 5 \times 100 = 500$$

$$\text{Interval} = \frac{\text{Maximum Index Value} - \text{Minimum Index Value}}{\text{Scale}} \quad (3)$$

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

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

Table 3.Interval Managerial Aspect

| Category | Interval |
|------------------|--------------------|
| Very Important | 2104 – 2504 |
| Important | 1703 – 2103 |
| Quite important | 1302–1702 |
| Not Important | 901– 1301 |
| Very Unimportant | 500 – 900 |

Source: primary data (2020)

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

Table 4.Recapitulation of Total Respondents' Answer Score Regarding Digital Marketing in West Java MSME Actors

| 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 |
| Score | | 3.005 |

Source: primary data (2020)

Furthermore, the researchers categorized as follows:

$$\begin{aligned} \text{Maximum Index Value} &= \text{Maximum Weight} \times \text{Number of Statements} \times \text{Number of Respondents} \quad (4) \\ &= 5 \times 6 \times 100 = 3000 \end{aligned}$$

$$\begin{aligned} \text{Minimum Index Value} &= \text{Minimum Weight} \times \text{Number of Statements} \times \text{Number of Respondents} \quad (5) \\ &= 1 \times 6 \times 100 = 600 \end{aligned}$$

$$\begin{aligned} \text{Interval} &= \frac{\text{Maximum Index Value} - \text{Minimum Index Value}}{\text{Scale}} \quad (6) \\ &= (3600 - 600) : 5 = 600 \end{aligned}$$

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

Table 5. Interval Digital Marketing

| Category | Interval |
|------------------|-------------------|
| Very Important | 3004– 3604 ← 3005 |
| Important | 2403 – 3003 |
| Quite Important | 1802–2402 |
| Not Important | 1201– 1801 |
| Very Unimportant | 600 – 1200 |

Source: primary data (processed)

Based on the questionnaire data above, the responses of respondents' assessments regarding aspects of digital marketing in West Java MSME players were obtained for a total of 3005 (in the interval between 1684 - 2004). This shows that the research results fall into the very important category. This means that the digital marketing aspect has a very important role in the progress of an UMKM. This can be used as a reference by MSMEs on how to do aspects of digital marketing so that the goals of MSMEs can be realized and their existence is maintained.

Answering problems that arise in MSME players 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 by increasing sales through E-commerce marketing, social media as well as websites that are easily accessible to the wider community. This is one of the innovations in online marketing that is currently in demand by the public. Innovation is seen as a new world-ranging solution or one that has been adopted from other entities [15].

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 have to leave the house. Especially with the current new normal condition.

The managerial aspect that needs to be built in solving existing problems is to contribute directly in the form of a structured system both from human, financial and production resources. This can be supported by providing specific recommendations for MSME actors 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.

In the accounting information system it can be seen, simple recording but can accommodate important points in accounting, including financial reports. Not only that, bank books and other supporting books are one of the important things in the accounting information system in presenting financial reports. High-quality financial data enables to measure business performance and financial position and provide relevant information about assets, resources, costs, income and profit or loss on a true and fair view basis [11].

Based on the discussion above, it can be seen that the important role of managerial and digital marketing aspects in an effort to maintain and improve the existence of MSMEs in West Java. The community must be able to keep up with life in this 4.0 industrial revolution with the help of digital

technology. Especially considering that the current conditions in the new normal era limit the space for people to move. For this reason, the digital marketing aspect is prioritized in making transactions.

5. Conclusions

This research concludes that business strategies that must be implemented during the new normal period include pursuing business opportunities, creating innovations, applying blue ocean strategies by creating new markets, and executing business product marketing plans. As for the suggestions and recommendation, management of Micro, Small and Medium Enterprises (MSMEs) should be able to manage the business through methods that have been implemented for years. Three aspects that should pay attention to and crucial for business continuity are sales and marketing aspects, efficient operations and production methods, and finance and accounting (SG&A). Meanwhile, managerial aspects that need to be developed are accounting information systems, management information systems and production processes.

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