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Improving The Competence And Capital Capacity Of Lebak District Msmes In The Digital Marketing Era

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Abstract: This study aims to improve the competence and capital capacity of Micro, Small and Medium Enterprises (MSMEs) in Lebak Regency in facing the digital marketing era. In the context of technological advances, many MSMEs in Lebak Regency still experience obstacles in utilizing digital marketing to develop their businesses. Based on existing data, the main problems faced include limited access to capital, lack of knowledge about digital marketing, and suboptimal business management. Through the Community Service (PKM) program, this study improves the abilities of participants through comprehensive training and mentoring for MSME actors in Lebak Regency. This program includes increasing access to capital through collaboration with microfinance institutions, as well as training in financial management and digital marketing. This training is expected to provide a practical understanding of strategies to attract consumers through digital media, the use of social media and e-

commerce, and more efficient business management. The results of this program are expected to be able to improve the quality of MSME products and management, expand marketing networks, and increase the competitiveness of MSMEs in a wider market. Thus, MSMEs in Lebak Regency can develop optimally and efficiently, so as to provide maximum contribution to the economy, and overcome unemployment problems in the area.

Keywords: Capital Capacity, Micro Small and Medium Enterprises (MSME), Digital Marketing

INTRODUCTION

MSMEs and cooperatives have a very important role in the Indonesian economy (Fatwitawati, 2018). Based on the IAI definition, MSMEs are business entities that do not have large public obligations and meet the criteria set out in Law Number 20 of 2018. MSMEs have a higher business mortality rate than other sectors, reaching 8% (Mahaini et al., 2022). However, the potential of MSMEs in driving economic growth is very large. The service sector, for example, is highly dependent on the existence of MSMEs. Around 30% of MSMEs rely on banking for operational capital.

Lebak Regency, as one of the regions in Indonesia, plays an important role in encouraging the growth of micro, small and medium enterprises (MSMEs). However, along with the potential, there are challenges that need to be overcome so that MSMEs can grow and develop optimally. In this context, the Community Service Program (CSP) aims to improve the competence and capital capacity of MSMEs in Lebak Regency. Lebak Regency is located in Banten Province, Indonesia, with an area of around 3,501.6 km². Geographically, Lebak Regency has great potential to grow and develop in the agriculture, plantation, tourism, and craft sectors. MSMEs are the main source of livelihood for many people. The government has tried to encourage economic growth through MSME development policies. In addition, MSMEs also play an important role in reducing unemployment (Sudjinar & Juwari, 2018; Dahlan, 2017). Managing MSMEs requires creativity, tenacity, courage, and innovation. With solid management, MSMEs have the potential to grow large and competitive. Therefore, there needs to be an appropriate management model as a guide (Bismala, 2017).

Innovation activities in MSMEs are often constrained by limited funds. Lack of money

is a major obstacle for MSME actors to develop new ideas (Malamud & Zucchi, 2019). In other words, innovation in MSMEs always involves financial risk. The solution is that MSME actors must really understand finances. Due to limited access to funds, many MSMEs have difficulty innovating and even surviving (Oseifuah, 2010; Canales & Nanda, 2012).

According to (Ariani & Suresmiathi, 2013), a number of obstacles such as lack of capital, marketing difficulties, and minimal management skills, especially financial, often hinder the growth of MSMEs.

However, access to capital, knowledge, and technology are often obstacles in the development of MSMEs in this region. Lebak Regency has abundant natural resources, especially fertile land, plantation products such as coffee and cloves, and tourism potential that has not been fully utilized, although the potential of Lebak Regency is quite large, MSME actors experience their own challenges in developing their businesses. Some of the problems faced by MSME actors include, minimal access to capital and financing, lack of marketing knowledge and skills and lack of understanding in business management. In addition, the suboptimal infrastructure is also an obstacle in the distribution of MSME products to penetrate a larger market.

Thus, it can be concluded that the main problems faced are:

1. Access to Capital and Financing : Lack of access to capital and financing is a major obstacle in the development of MSMEs in Lebak Regency. To overcome this problem, an effective strategy needs to be designed to increase MSME access to financing sources.
2. Improving Product and Management Quality: Low product and management quality is an obstacle in marketing MSME products widely. A holistic approach is needed to improve product quality through training, technical guidance, and management assistance for MSMEactors.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Given the existing challenges, the steps taken to realize this goal are by coordinating with the UMKM Service and by providing training, workshops, and socialization to MSME actors in Lebak Regency about Financial Institutions and their funding facilities and also developing the competence of business actors to increase

the capacity of MSME funding and the competence of MSME managers which are expected to have an impact on increasing the profitability of MSME in Lebak Regency. Community Service Program (CSP) carried out in Lebak Regency in June 2024. This Community Service Program (CSP) activity will be carried out in Lebak Regency in June 2024. The training that will be provided will focus on solving problems in this area, and will involve active participation from village officials, the community, and the teaching team from Pamulang University.

Through a series of needs identification activities, design, and implementation of learning, programs are carried out to improve the quality and capabilities of human resources. As a solution to the problems faced, training will be focused on MSME activists in Lebak Regency regarding facilities that can be used to increase capital capacity, especially from Financial Institutions such as banking. In addition, from the Human Resources side, training will also be provided that can improve the competence of both MSME owners and employees, so that the quality of MSME Management can also be improved.

The training methods used are as follows:

Day 1: Preparation (CSP Team goes to Lebak Regency and ensures that the infrastructure to be used is ready)

Day 2: Management Training (by providing socialization to MSME activists in Lebak Regency, Banten)

The activities that will be carried out are as follows:

- a. The preparation stage aims to ensure smooth activities, starting from the provision of equipment to building cooperation with related agencies. MSMEs to improve HR Competence and Capital Capacity of MSMEs in Lebak Regency.
- b. Location Determination, At this stage, a visit to the location is conducted to determine the place (location) of training in the form of an explanation of the facilities of Financial Institutions that can be used by MSMEs to increase their capital capacity and hard skills that can be developed for MSME human resources in Lebak Regency.
- c. System design and in efforts and strategies to realize profitable MSMEs in Lebak Regency.

RESULT AND DISCUSSION

Based on the results of the audience that we have conducted on MSMEs in Lebak Regency, it can be concluded that there are two priority problems that need to be resolved in order to improve the quality of MSMEs in Lebak Regency, namely Access to Capital and Financing and Improving Product Quality and Management. Therefore, the CS that we will carry out this time carries the theme "Improving Capital Competence and Capacity to Increase MSME Growth in Lebak Regency" The problem of access to capital and financing is one of the main obstacles in the development of MSMEs in Lebak Regency. To overcome this problem, a comprehensive approach is needed and involves many parties such as the government, financial institutions, the private sector and the community. One solution that can be applied is through increasing access to microfinance institutions, such as micro banks or savings and loan cooperatives. These microfinance institutions can provide access to business capital with low interest and more flexible requirements compared to conventional financial institutions. As an additional effort, the government can provide assistance in the form of incentives and subsidies to MSMEs that access financing through microfinance institutions to encourage the growth of the MSME sector. One of the Financial Institutions that has a concentration on the growth of MSMEs and has many products that can reach MSMEs is Bank Rakyat Indonesia (BRI), For Loans itself, BRI has three leading products and their derivatives that target the MSME segment. Starting from Micro, Medium Retail, and Program Loans.

Micro itself has 2 segments, namely:

1. Micro Loan Bank BRI

Loans intended to meet business capital needs or business development up to IDR 50,000,000 per debtor.

2. Small Loan Bank BRI

Loans for business capital or business development with flexible amounts, starting from IDR 50,000,000 to IDR 500,000,000.

In addition, training and mentoring in financial management are also very important. MSMEs need to be given an understanding of good financial management, including in terms of financial planning, cash flow monitoring, and debt management. By improving MSME financial literacy, they will be better able to manage business capital efficiently and avoid the risk of bankruptcy. Related to the second problem, namely Improving Product Quality and Management, a separate treatment is needed. To

improve the quality of products and management of MSMEs in Lebak Regency, a comprehensive strategy is needed that includes technical, managerial, and marketing aspects.

First, an approach based on improving skills and technical knowledge for MSMEs is needed. Technical training on production processes, selecting quality raw materials, and using the right technology will help improve product quality. In addition, mentoring by technical experts or mentors can also help MSMEs overcome technical problems they face in the production process.

Second, it is necessary to strengthen the management aspect of MSMEs. Management training that includes production planning, inventory management, quality control, and workforce management will help MSMEs improve efficiency and productivity. In addition, the implementation of a quality management system such as ISO 9001 can also help MSMEs improve product quality and meet higher standards.

Third, in terms of marketing, MSMEs need to be given a better understanding of market segmentation, branding, and effective marketing strategies. Training in digital marketing and e-commerce is also important to help MSMEs develop wider sales channels and increase the visibility of their products.

CONCLUSIONS

Based on the discussion above, MSMEs in Lebak Regency have great potential but face various challenges, including access to capital, management quality, and understanding of digital marketing. This community service program aims to improve the competence and capital capacity of MSMEs through training and mentoring in digital marketing and business management. The main problems identified are minimal access to capital and financing, low product and management quality, and lack of marketing knowledge and skills. The proposed solutions include increasing MSME access to microfinance institutions with lower interest rates and more flexible requirements, as well as training and mentoring in financial management, business management, and digital marketing. The implementation method includes training and socialization involving related agencies, the MSME Service, and MSME actors, as well as a holistic approach involving the government, financial institutions, and the private sector. This program will also involve experts and mentors to help MSMEs overcome

technical and managerial problems. The activity plan includes initial preparation and surveys in Lebak Regency, management and financial management training, and development of digital marketing and e-commerce strategies. With the implementation of this program, it is hoped that MSMEs in Lebak Regency can improve their competence, capital capacity, and management quality so that they are able to compete in the digital marketing era and increase income and business growth.

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