

IMPORTANCE PERFORMANCE ANALYSIS OF MSME's DIGITALIZATION STRATEGY TO INCREASE COMPETITIVENESS POST COVID-19

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Abstract

In the post-Covid-19 situation, the Micro, Small and Medium Enterprises (MSME) sector needs serious attention from the government because it is the largest contributor to GDP and can be a factor in labor recruitment. To revive the performance of MSMEs in Pangkalpinang City which experienced a slump as a result of the Covid-19 pandemic, this study aims to produce a model for increasing the competitiveness of MSMEs globally during the Covid-19 pandemic as an effort to revive MSMEs through financial technology, digital marketing and digital leadership in MSMEs. in the city of Pangkalpinang, Bangka Belitung Islands, Indonesia. This research uses mixed research methods which is a combination of qualitative and quantitative research methods with the number of samples in this study is 100 respondents who are SMEs in Pangkalpinang City. The sampling technique in this research is accidental sampling. The analysis used is Importance Performance Analysis (IPA). The results of the study show that the implementation of financial technology, digital marketing and digital leadership on MSMEs in Pangkalpinang City is expected to be accelerated, this can be seen from the results of research which show that the majority of MSMEs have implemented financial technology such as mobile payments and digital banking. The analysis used is Importance Performance Analysis (IPA). The results of the study show that the implementation of financial technology, digital marketing and digital leadership on MSMEs in Pangkalpinang City is expected to be accelerated, this can be seen from the results of research which show that the majority of MSMEs have implemented financial technology such as mobile payments and digital banking. The analysis used is Importance Performance Analysis (IPA). The results of the study show that the implementation of financial technology, digital marketing and digital leadership on MSMEs in Pangkalpinang City is expected to be accelerated, this can be seen from the results of research which show that the majority of MSMEs have implemented financial technology such as mobile payments and digital banking.

Keywords: Financial Technology, Digital Marketing, Digital Leadership, MSME, Post Covid-19.

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Organization for Economic Cooperation and Development (OECD) stated that Covid-19 has had a significant impact on the condition of MSMEs which are very vulnerable to being affected by business disruptions, because they are often directly related to tourism, transportation and the culinary industry, which require fast suppliers, all of which are significantly affected by Covid-19 (Hardilawati, 2020). Meanwhile, the MSME sector really needs special attention from the government because it is the largest contributor to GDP and can be a mainstay in absorbing labor, substituting the production of consumer goods or semi-finished goods (Pratiwi, 2020). Sari's research (2020) found that there were obstacles experienced by MSMEs due to the Covid-19 pandemic such as decreased sales, difficulty in obtaining raw materials, difficulties in collecting receivables and difficulties in paying employee salaries. According to Ling et al., (2022), digitalization in small and medium enterprises has developed rapidly in recent years with the formation of a contactless society and also the government's agenda in the Industrial Revolution 4.0 (IR4.0). One of the uses of digitalization is the use of Financial Technology (Fintech).

The results of research by Raharjo, et al (2019) showed that *Financial Technology* play an important role in improving the performance of SMEs in the form of increasing operational efficiency. *Financial Technology* is an innovative step from the financial sector that is integrated with technology to produce facilities without intermediaries, changing the company's method of providing services and products, while also providing privacy, regulatory and legal challenges and enabling *give* inclusive growth (Dhar & Stein, 2017). According to Bank Indonesia (2017), financial technology is the use of technology to produce new financial systems, products, services, technology/business models and can have an impact on monetary stability, financial system stability, and/or efficiency, smoothness, security and reliability of the payment system.

A new marketing approach, namely digital marketing, can help SMEs in anticipating and managing the impact of disruptive technology (Sidi & Yogatama, 2019). Krisnawati's research (2018) finds that digital marketing technology has a major role in MSME business and marketing. According to Ali (2013), digital marketing is defined as the use of digital technology to achieve marketing goals as well as efforts to develop or adapt the marketing concept itself, communicate on a global scale, and change the way companies do business with customers. According to Sawicky (2016) which means that digital marketing is an exploitation of digital technology that is used to create a channel to achieve recipient potential to achieve company goals through meeting consumer needs more effectively (Purwana et al., 2017).

It is very important for MSMEs to innovate in increasing competitiveness (Khotimah & Budi, 2020). The results of Lestari's research (2020) show that there is a significant influence between digital leadership and creative leadership on innovation. Digital leadership not only has knowledge and mastery of digital techniques, but also management processes, materials, and analog techniques. Digital leadership places more emphasis on a sharp understanding of how digital is a blend of methodology and technology that brings together skills and knowledge (Zupanzic et al., 2016). El Sawy, et al (2016) define digital leadership as a successful digital strategy for the organization and its ecosystem.

This study aims to analyze the impact of Covid-19 on the competitiveness of MSMEs and what are government policies to improve the competitiveness of MSMEs in Pangkalpinang City. Another objective is to look at the implications of implementing financial technology, digital marketing and digital leadership in improving the performance of MSMEs in Pangkalpinang City.

LITERATURE STUDY

Micro, Small Medium Enterprise (MSME)

MSME is a company or industry with the following characteristics: (a) the capital is less than Rp. 20,000,000; (b) for one round of business it only requires Rp 5,000,000; (c) have maximum assets of Rp 600,000,000 excluding land and buildings; and (d) annual turnover of Rp 1,000,000,000 (Bank Indonesia, 2021). The definition of MSMEs according to Law Number 20 of 2008 is as follows:

1. Micro Business is a productive business owned by an individual/individual business entity that meets the criteria for Micro Business based on the Law.
2. Small Business is a productive economic business that is independent, carried out by individuals/business entities that are not subsidiaries/branches of companies that are owned, controlled, or become a part either directly or indirectly of Medium/Large Enterprises that meet the criteria for Small Businesses based on the Law.
3. Medium Enterprises are productive economic businesses that stand alone, carried out by individuals/business entities that are not subsidiaries/branches of companies that are owned, controlled, or become a direct or indirect part of Small Businesses/Large Enterprises with total net assets based on the Law.

Financial Technology

Financial Technology is an innovation step from the financial sector that is integrated with technology to produce facilities without any intermediaries, changing the company's method of providing services and products, while also providing privacy, regulatory and legal challenges and enabling inclusive growth (Dhar & Stein, 2003). 2017). According to Bank Indonesia (2017), financial technology is the use of technology in producing a new financial system for products, services, technology/business models and can have an impact on monetary stability, financial system stability, and/or efficiency, smoothness, security and reliability of the payment system.

Digital Marketing

According to Chaffey (2015), digital marketing is carrying out all economic activities to achieve marketing goals using technology and digital media. Explained again by Desai (2019), digital marketing is the marketing of products or services using digital technology, especially on the Internet, but also includes mobile phones, advertising layers, and other digital media.

Digital Leadership

El Sawy, et al (2016) define digital leadership as carrying out a successful digital strategy for the organization and its ecosystem. Meanwhile, according to Sheninger (2014), digital leadership is defined as setting direction, influencing others and initiating sustainable change through access to information and building relationships to anticipate changes that are important for future success.

RESEARCH METHODOLOGY

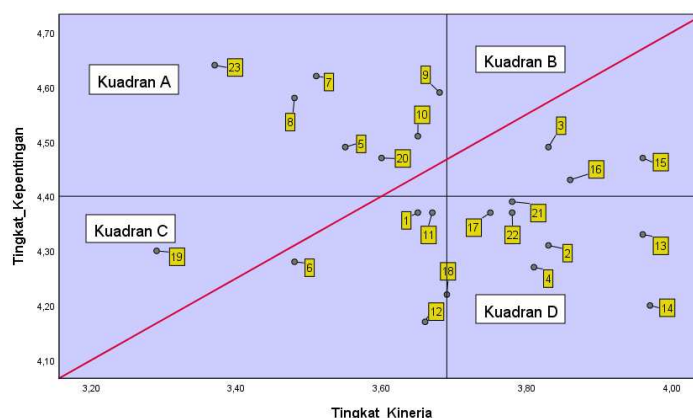
This research uses mixed research methods which is a combination of qualitative and quantitative research methods. Qualitative analysis uses an interpretive approach while quantitative analysis uses Important Performance Analysis (IPA) both methods are carried out separately but at the same time.

The object of this research is the MSME actors in Pangkalpinang City. By using the slovin method, the sample calculation is taken from the total number of MSMEs in Pangkalpinang City, Bangka Belitung Islands Province in 2021 as many as 27,703 units (babel.bps.go.id, 2021), obtained 100 respondents who were selected and spread throughout the city. Pangkalpinang, Bangka Belitung Islands Province. Respondents were spread over 7 (seven) sub-districts, namely Girimaya, Gabek, Gerunggang, Rangkui, Bukit Intan, and Taman Sari sub-districts. Sampling in this study was conducted using accidental sampling technique, namely respondents who were selected because of their willingness to fill out the questionnaire or questionnaire given, and conduct interviews (deep interviews) at the time of data collection.

RESULTS AND DISCUSSION

Variable Financial Technology

The Cartesian diagram aims to see what indicators need to be improved and maintained from the financial technology variable by the MSMEs which have 4 quadrants. The calculation results can be seen in Figure 1 below:.



Source: Researcher Analysis Results

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Image 1.
IPA Analysis on
Financial
Technology
Variables

Figure 1 can be described in Quadrant A, showing that indicators that have top priority are considered very important for consumers but the level of performance is still not optimal or satisfaction is still low so that improvements are needed to increase satisfaction of the attributes in this quadrant. As for attributes included in quadrant A focus on the application of online payment methods can increase revenue, the application of online payment methods can compete with other businesses competitively, the application of online payment methods can be further developed, excellent experience in implementing online payment methods, trust in the application of online payment methods for business, the use of digital bank services for personal purposes, and transactions through digital bank services have a high level of risk.

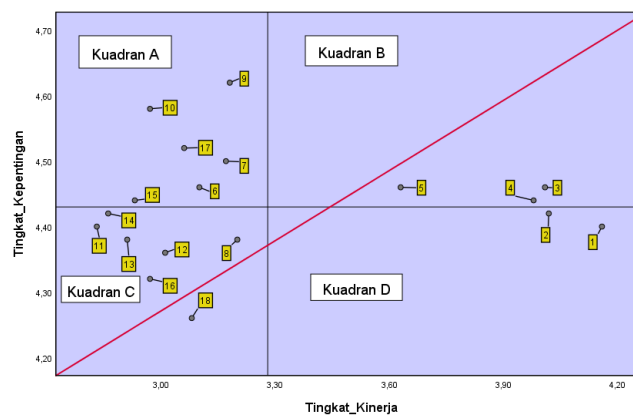
Quadrant B explains the indicators that are considered to be balanced between the level of importance and the level of performance of MSMEs so that MSMEs need to maintain them for the future. Indicators included in the B . quadrant focusing on online payment service systems that can be used easily without much effort, facilitating monitoring related to business finances through services at digital banks, and digital bank services making business operations easier.

Quadrant C describes the attributes that according to consumers have a low level of importance and the level of performance is also less than optimal. Attributes included in this quadrant can be ignored from management's attention in the future but can also be prioritized so that services are better by focusing on the use of online payment methods for business implementation, the use of online payment methods consumers are more interested in than cash payments, the application of methods payments for businesses are safer, the risk of loss/fraud is smaller in the application of online payment methods, the use of digital bank services to shop for business-related needs, and borrowing capital through services provided at digital bank services.

Quadrant D is a quadrant that has a satisfactory level of performance value or is excessive but the level of importance is low or the attribute is not important for the MSMEs who are in this quadrant is an online payment method that can be accessed anywhere and anytime easily, online payment services are an ideal medium in payment transactions, services at digital banks streamline time, use digital bank services wherever and whenever, the implementation of services at digital banks is ideal, use digital bank services to shop for business-related needs, trust in the security of transactions made through digital bank services, and provide the need to conduct transactions through digital bank services.

Digital Marketing Variables

The Cartesian diagram aims to see what indicators need to be improved and maintained from digital marketing variables by MSMEs which have 4 quadrants. The calculation results can be seen in Figure 2 below:



Source: Researcher Analysis Results

On quadrant A attribute that considered very important for consumers but the level of performance is still not optimal, namely the use of websites to market products, the use of websites that are easy to access by users from various devices, the use of websites to share content related to products, the use of banner ads on websites to market products, the use of search engines. Optimization (SEO) to increase the number of website visitors, and the important thing is that the website appears at the top of the search engine.

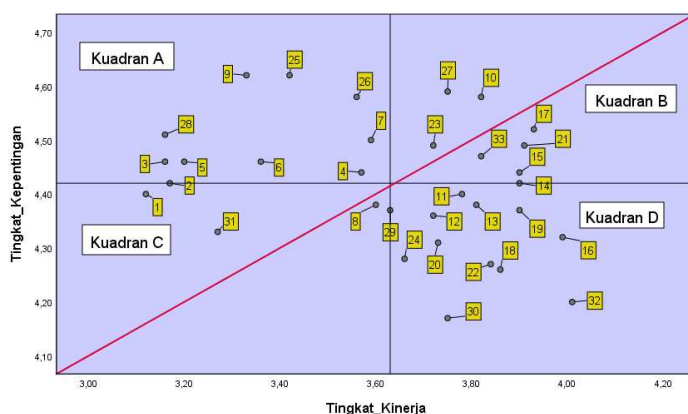
Quadrant B explains the indicators that are considered to be balanced between the level of importance and the performance level of MSMEs so that they need to be maintained, such as the use of social media to share content. related to products, using social media to maintain good relations with customers, and cooperating with other parties in marketing products on social media

On quadrant C attributes that have a low level of importance and the level of performance is also less than optimal, among others, are website design adjustments with the products being sold, the use of e-mail to share product-related content, the use of e-mail to market business social media accounts, the use of e-mail. mail to interact with potential customers and customers, sending e-mails to prospective customers and customers regularly, using Search Engine Optimization (SEO) is very effective to increase the number of website visitors, and using Search Engine Optimization (SEO) makes it easier to get traffic targeted customers rather than traditional sales.

Quadrant D describes a quadrant that has a satisfactory or excessive level of performance but a low level of importance such as the use of social media to market products and the use of social media to interact with potential customers or customers.

Digital Leadership Variables

The Cartesian diagram aims to see what indicators need to be improved and maintained from digital leadership variables by MSMEs, which have 4 quadrants. The calculation results can be seen in Figure 3 below:



Source: Researcher Analysis Results

Figure 3.
Science Analysis on
Digital Leadership
Variables

Quadrant A on the digital leadership variable has attributes such as communicating digital vision with employees or anyone else, implementing the planned digital vision, long-term professional development activities, creating employee learning opportunities digitally, measuring and evaluating the digital performance of oneself and employees, knowledge and understanding in using technology, collaborating with anyone according to the company's digitalization goals, establishing a new organizational structure, use of new technology to create innovation and reduce labor producer

Quadrant B on the digital leadership variable has attributes such as a good sense of humor in employees, creative thoughts and opinions, able to adapt to situations, open to new ideas, making improvements from previous activities/activities, considering opportunities on an ongoing basis, able to determine high risks and low, paying attention to quality control, innovation, selecting suppliers based on quality criteria.

Quadrant C or quadrant that can be ignored from management attention in the future but can also be prioritized for better service is creating a digital vision in opening a business, communicating digital vision with employees or anyone else, the ability to use digital technology, using computers or smartphones. in carrying out work and digital monitoring processes.

Finally, quadrant D contains attributes such as a high level of imagination in solving problems, solving problems using methods that have not existed before, finding answers to problems creatively, being able to adapt to situations, clear plans, selecting resource allocations according to the criteria set out. have been determined, continue what was done according to plan, create things that have never existed before, determine changes to the framework according to the work environment, determine administrative processes in changing the new framework, use computers or smartphones in doing work, improve performance quality Even though employees have switched to using computers or smartphones, they are trying to reduce the level of product defects.

CONCLUSION

Based on the results of the study and discussion, it was concluded that (1) the Covid-19 pandemic had a negative impact on the performance of MSMEs in Pangkalpinang City. The majority of MSMEs experienced a slump due to a decrease in sales transactions which resulted in a decrease in profitability.

(2) To revive the performance of MSMEs in Pangkalpinang City which are experiencing a slump as a result of the Covid-19 pandemic, the government, both the central government and local governments, especially the Pangkalpinang City Government, must take accelerated or accelerated steps that can immediately revive the performance of MSMEs in Pangkalpinang City. These steps are through the application of financial technology, digital marketing and digital leadership to MSMEs in Pangkalpinang City. (3) The application of financial technology, The implementation of digital marketing and digital leadership on MSMEs in Pangkalpinang City can be accelerated, this can be seen from the results of research showing that the majority of MSMEs have implemented financial technology such as mobile payments and digital banking. The application of digital marketing is carried out through social media marketing, website marketing, and email marketing. The application of digital leadership is carried out through digital leader vision, digital human resource development, and digital competence. The implications of the application of financial technology, digital marketing and digital leadership have a positive impact on MSMEs in Pangkalpinang City to be able to survive during the Covid-19 pandemic and accelerate to rise from adversity after Covid-19. this can be seen from the results of research showing that the majority of MSMEs have implemented financial technology such as mobile payments and digital banking. The application of digital marketing is carried out through social media marketing, website marketing, and email marketing. The application of digital leadership is carried out through digital leader vision, digital human resource development, and digital competence. The implications of the application of financial technology, digital marketing and digital leadership have a positive impact on MSMEs in Pangkalpinang City to be able to survive during the Covid-19 pandemic and accelerate to rise from adversity after Covid-19. this can be seen from the results of research showing that the majority of MSMEs have implemented financial technology such as mobile payments and digital banking. The application of digital marketing is carried out through social media marketing, website marketing, and email marketing. The application of digital leadership is carried out through digital leader vision, digital human resource development, and digital competence. The implications of the application of financial technology, digital marketing and digital leadership have a positive impact on MSMEs in Pangkalpinang City to be able to survive during the Covid-19 pandemic and accelerate to rise from adversity after Covid-19. The application of digital marketing is carried out through social media marketing, website marketing, and email marketing. The application of digital leadership is carried out through digital leader vision, digital human resource development, and digital competence. The implications of the application of financial technology, digital marketing and digital leadership have a positive impact on MSMEs in Pangkalpinang City to be able to survive during the Covid-19 pandemic and accelerate to rise from adversity after Covid-19. The application of digital marketing is carried out through social media marketing, website marketing, and email marketing. The application of digital leadership is carried out through digital leader vision, digital human resource development, and digital competence. The implications of the application of financial technology, digital marketing and digital leadership have a positive impact on MSMEs in Pangkalpinang City to be able to survive during the Covid-19 pandemic and accelerate to rise from adversity after Covid-19.

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