



**Inhibiting Factors Analysis for the Implementation of the
Go-Online Micro, Small and Medium Enterprises
(MSME)**

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Abstract:

The purpose of this study is to analyze the inhibiting factors for the implementation of the Go-Online Micro, Small and Medium Enterprises (MSME) program, which was initiated by the Ministry of Cooperatives and SMEs with the Indonesian Ministry of Communication and Information to provide marketing facilities for online MSME products. This research used a qualitative method with a descriptive approach using secondary data by utilizing literature studies in the form of research journals, regulations, or articles relating to this research. The results of this study indicate that two factors inhibit the implementation of the Go-Online MSME program caused by human factors and program socialization. The conclusion is that the human factor is caused by the lack of community skills for using internet access, while the Go-Online MSME program's socialization strategy factor is not appropriate in conducting this socialization program, therefore, the socialization of this program needs to be improved in the anticipatory socialization and encounter stage with a more informal approach to providing material for the public. Besides, the acquisition stage of the MSME Hub needs to be improved online and offline. Moreover, the participants' classification of this program needs to be classified based on education, age, and business management experience so that there is no gap between the material provided by the organizer and the ability of participants

Keywords: MSME, small business, trade business

INTRODUCTION

Micro, Small and Medium Enterprises (MSME) in Indonesia has an important role due to its contribution in Gross Domestic Product (GDP). The head of MSME Indonesia Association in 2019 said that the contribution of MSME increased from 60 to 65% (Syarizka, 2019). Micro, Small and Medium Enterprises is a term that refers to grouping based on certain criteria in business activities in Indonesia. The government continues to increase MSME empowerment in the community because it can be a solution for poverty reduction in Indonesia (Suci, 2017). One of the MSME empowerment programs is the MSME digitalization program, which was initiated by the Ministry of Cooperatives and SMEs along with the Indonesian Ministry of Communication and Information. This program supports to facilitate and provide opportunities for MSMEs in various regions in Indonesia to be able for competing in a wider market area (Muqorobin et al., 2019). The implementation of this program in Sukabumi is profitable for people who runs MSME in using and understanding of internet technology as well as a lack of strategy on the socialization of the application of this program for them (Waqas et al., 2019).

Previous research showed that the mobile internet market segment in Indonesia is divided into four groups, first, is quite wise users, second, is loyal users, third, represents value-oriented groups, and fourth, is the traditional users. It is also stated that the differentiator concerning the four-segment groups holds the usage of mobile internet data to use the internet, communication activities including social media activities and gaming activities, also sensitivity to internet provider data price list (Daryanti and Simanjuntak, 2017). The impact of social funds perceived from the structural, cognitive and relational dimensions on crowd funding performance with study case on Kitabisa.com. Another research showed that three dimensions show positive results on the success rate of the crowd funding platform (Aprilia and Wibowo, 2017). Previous research on rural community empowerment program toward small and medium enterprises in the scope of legal aspects stated that the empowerment program from small and medium enterprises has not run optimally due to the limit of human resources, traditional marketing management, unfair budget sharing from the local government, and legal protection for MSMEs that have not been maximized (Adibowo, 2018). There was a positive influence on the use of social media as an online marketing tool with consumer purchasing decisions (Hettiarachchi et al., 2018). The general orientation of the SME market in East Java undertake export activities, which shows that SMEs in East Java were able to apply marketing concepts internationally (Winata, 2015). SMEs with a perspective on financing by the Crowd funding concept used a revenue-sharing concept such as the Mudharabah principle of profit-sharing being considered more equitable and the right management mechanism when it is compared to the contract mechanism. Crowd funding which is implemented here consists of three actors such as capital needs, capital providers, and funding operators. Besides, there are also supporting tools such as Crowd funding provider sites with payment systems through banks (Hidajat et al., 2016).

This research aims to analyze the inhibiting factors of the implementation of the Go-Online MSME program in Sukabumi. This research used a qualitative method with descriptive explanations.

RESEARCH METHOD

This research used a qualitative research method with a descriptive explanation approach. The qualitative method carried out to obtain specific results, meanwhile, the data gathering is achieved using secondary data by resembling a literature study. The data obtained by gathering all secondary data which is from the journal, website, and related document.

RESEARCH RESULTS AND DISCUSSION

Sukabumi is an administrative region in the province of West Java. It is geographically a lowland area and bordered by other regions such as Sukabumi District in the north, Nyalindung District in the south, Cisaat District in the west, and Sukaraja Sub-district in the east, while the division of administrative area per sub-district of Sukabumi is divided into seven sub-districts including:

1. Baros District;
2. Lembursitu District;
3. Cibereum District;

4. Citamiang District;
5. Warudoyong District;
6. Gunungpayuh District;
7. and Cikole Sub-district (Musa et al., 2016 and Margaretha et al., 2016)

Demographically, the population of Sukabumi has a population of 323,788 people with a composition of the male and female population of 163,891 and 159,897 citizens, respectively. Most of the male citizens in Sukabumi around 63.25% are working in the field of wholesale trade, retail, restaurants, and hotels. Meanwhile, for female citizens, around 43.02% is working in agriculture, forestry, hunting, and fisheries (Margaretha et al., 2016). For the data, we can see the percentage of the population in Sukabumi in Table 1.

Table 1. Population in Sukabumi based on their Age (August 2017)

Main Job	Gender		Total
	Male	Female	
(1)	(2)	(3)	(4)
Agriculture, Forestry, Hunting and Fisheries.	56,98	43,02	100,00
Processing industry.	56,89	43,11	100,00
Big Company, Retail, Restaurant and Hotels.	63,25	36,75	100,00
Community Services.	60,32	39,68	100,00
Etc. *)	91,64	8,36	100,00
2017	66,46	33,54	100,00

(Source: Sukabumi City in Figures 2018)

The growth of MSME in Sukabumi has a significant number, this can be seen based on the number of companies that have trade business licenses (SIUP) around 9.424 units in 2017. From the following data, it can be seen that the small enterprises owned more business licenses than the big, medium, and micro-enterprises (Musa et al., 2016). The development's number of MSMEs that have trade business licenses from the year 2009-2017 can be seen in Table 2.

Table 2. Number of Company owned Trading License (SIUP) in Sukabumi, 2009-2017

Year	Enterprises				Total
	Big	Medium	Small	Micro	
(1)	(2)	(3)	(4)	(5)	(6)
2009	124	450	4.325	-	4.889
2010	154	510	4.602	-	5.226
2011	176	597	4.902	-	5.675
2012	178	689	5.226	68	6.201
2013	180	785	5.646	118	6.729
2014	183	886	6.058	193	7.320
2015	190	961	6.593	274	8.018
2016	192	1.038	7.719	364	8.773

(Source: Sukabumi Municipality in Figures 2018)

MSMEs are a grouping types of a business provided by the community and divided based on certain criteria. The criteria regarding MSMEs grouping in Indonesia are classified in the Law Number (No). 20 of 2008 in the form of capital in Article 6. The criteria regarding MSMEs are as follows:

1. The criteria of Micro Business are as follows:
 - i. Holding a net asset of no more than Rp 50,000,000 (fifty million rupiahs) excluding land and buildings for business premises; or
 - ii. Own annual sales results of at most Rp 300,000,000.00 (three hundred million rupiahs).
2. Small Business Criteria are as follows:
 - i. Holding a net asset of no more than Rp 50,000,000 (fifty million rupiahs) up to a maximum of Rp 500,000,000 (five hundred million rupiahs) excluding land and buildings for business premises; or
 - ii. Own annual sales results of at most Rp. 2,500,000,000.00 (two billion five hundred million rupiahs).
3. Medium Business Criteria are as follows:
 - i. Holding a net asset of more than Rp.500,000,000.00 (five hundred million rupiahs) up to a maximum of Rp10,000,000,000.00 (ten billion rupiahs) excluding land and buildings for businesses, or
 - ii. Own annual sales results of more than Rp2,500,000,000.00 (two billion five hundred million rupiahs) up to a maximum of Rp50,000,000,000.00 (fifty billion rupiahs) (Suci, 2017).

The government also created a special MSME empowerment program. In 2008, Indonesia began MSME empowerment activities provided by forming a package of four broader economic policies which one of which is "Kredit Usaha Rakyat (KUR) policies". This program is an instrument to approach the needs of developing MSMEs. The government realizes that in mid-2014, the annual credit growth was still 16.65% which then dropped to 11.6 and 10.4% at the end of 2014 and the first half of 2015, respectively. The trend also occurred in the Micro, Small and Medium Enterprises (MSME) loans which only grew by 9.2% at the end of June 2015 (Muqorobin et al., 2019).

To make MSME's products spread widely around the country and make the market bigger than before, in 2017, the government of Indonesia created the MSME Go-Online program conducted by the Ministry of Cooperatives and SMEs along with the Indonesian Ministry of Communication and Information to facilitate and provide opportunities for MSMEs in various regions. It expected to be able to compete in a wider market by utilizing e-commerce networks, the program Go-Online MSMEs was held from 2017 to 2020 by cooperating with private providers of E-Commerce services and related agencies. Another benefit of joining this program is that MSMEs get a cutting of operating costs, places to market their products, and possibly take extensive benefit. This program has three strategies and has a detailed agenda for each year for digitalizing MSMEs (Soegoto, 2018). The strategies and agenda include:

1. Creating public awareness;
 - a. Held in 2017-2019, a National campaign was held to promote the four main messages of the program through the advertising media, print, television or radio;
 - b. The year 2019 continues the National campaign with specific digital issues such as cybercrime, security, and fraud on online transaction.
2. Develop a local ecosystem to ensure the level of business continuity

Held in 2018-2019, this scheduled is to create a local community that functions as a reservoir of information and asks questions when needed, a manifestation of this local community such as the UMKM Digital Hub and the UMKM Digital Hotline.

3. "On-boarding" offline roadshow to reach MSMEs in Indonesia.
 - i. Held in 2017-2019 Continuing the workshop activities as a direct approach, the activities in this workshop include:
 - a) 2017: Go-Online MSME Roadshows in 45 Cities;
 - b) 2018: Grebeg market nearly 20 locations; MSME and E-Commerce Workshop in 11 cities;
 - c) Continuing the Workshop (Soegoto, 2018)

The implementation of this program consists in four stages. The stages consisting of the objectives of the implementation for this program, the four stages include:

1. On-boarding;
 - i. Boost MSMEs for switching from offline to online;
 - ii. PMSMEs are registered in the marketplace;
2. Active selling and increase traffic transaction;
 - i. Assistance and facilitation activities from the marketplace for MSMEs to further improve online sales transactions.
3. Scale up business;
 - i. The process for increasing business for MSMEs through events held by the marketplace;
 - ii. Increase sales to be more developed and multiplied;
 - iii. MSMEs can have their own storage or not;
 - iv. MSMEs find customers who will buy their products on a large scale and repeat orders.
4. Go International Market – Export
 - i. The process for increasing the ability of the international market of MSMEs;
 - ii. MSMEs doing the export of products facilitated by the marketplace (Soegoto, 2018)

The Go-Online MSME program on its practice in Sukabumi is obstructed by several barriers. The first is the human factor which in this factor is caused by the lack of people's skills in learning the internet and the mind-set of people who are still struggling with traditional marketing. The second is a factor of strategy socialization program by the government to MSME actors that is less than optimal (Muqorobin et al., 2019, Soegoto and Huda, 2019).

Based on the results in SWOT analysis, the strength metrics for this program have the benefit of having an organizer partner to provide MSME actors an e-commerce market for buying and selling activities. The weakness of this program can be seen from the socialization strategy that is not appropriate for the MSME actors who is a lack in using the internet. This program has opportunities to expand marketing and increase MSME income. The obstacle in this program is the existence of fraud committed by certain elements in cyberspace (Soegoto and Pratama, 2018).

Human factors hold a viewpoint about the lack of community skills and perceptions of MSMEs actors in marketing techniques through the internet. If we look at the population of Sukabumi in 2017, the level of education is dominated by people who have the last education level, specifically Elementary Schools, followed by Junior High School, and Senior High School by 35.399, 18.189, 16,772 people, respectively (Margaretha et al., 2016). Besides, people who use the internet will be influenced by several factors such as how much benefits are used through the internet, ease of use, internet effectiveness, and anxiety of internet usage (Suhendra et al., 2009). Based on these data, the Sukabumi government must have a structured plan before socialization begins. This structured plan has classified MSME actors based on education criteria, age, and business management experience. The structured plan is conducted so that the provision of material about the internet and e-commerce to MSME actors can be classified based on the ability of MSME actors and avoiding the gap between MSME actors' skills and socialization material.

Socialization of a program is used to understand the challenges outside an organization. Go-Online MSMEs is an innovative program because, in Indonesia, we have not to make a similar program before. The socialization of the Go-Online MSMEs program has not been recognized effectively because only 50 MSMEs have participated in the Go- Online program (Soegoto and Huda, 2019). There are three steps about socialization efforts, including:

1. Anticipatory Socialization;
2. Encounter; and

3. Acquisition (Muafi, 2016)

The socialization of the Go-Online MSMEs program needs to be improved at the anticipatory socialization and encounter stage because of a lot of people who lack knowledge about the internet and e-commerce. The best way is to use a more informal method, especially in the prerequisite of socialization material given to MSMEs actors, while at the acquisition stage the improvement is needed on the MSMEs Hub in online or offline facilities. With approaching a community forum network, some actors feel confused about the development, they can ask questions directly, either with experts or with other MSME actors who have similar experiences.

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CONCLUSION

Two factors of inhibiting the implementation of the Go-Online MSME program in Sukabumi are human and program socialization factors. The human factor has a lack of understanding of MSME actors regarding internet technology, however, in the program socialization has an aspect in socialization strategy for implementing the Go-Online MSME program. Socialization needs to be improved at the Anticipatory Socialization and Encounter stage with an informal socialization material delivery approach, while at the MSME Hub Acquisition stage it needs to be increased online or offline. Besides, to avoid any technology gap between MSME participants, Go-Online MSME participants must be classified based on education classification, work experience, and age.

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