



## FROM TRADITIONAL TO DIGITAL: EFFORTS TO INCREASE UMKM COMPETITIVENESS THROUGH DIGITALIZATION OF MARKETING AND FINANCE

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### ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, especially Home Industries (IRT), still rely heavily on conventional approaches in business management, both in terms of marketing and financial records. This limits their ability to reach a wider market and makes it difficult to make data-driven decisions. This study aims to improve the competitiveness of MSMEs through digital marketing and financial assistance. The method used is a partnership-based community service approach with three IRT-UM partners in West Sumatra: Batik Kopi Zelma Pariangan, Dakak-dakak Zahara, and Achi Craft Gallery. Activities include digital literacy training, visual content creation, e-commerce platform utilization, and the use of digital-based bookkeeping applications such as SIAPIK. The results show that the three partners have successfully established a digital footprint, improved product promotion quality, and implemented a more structured financial recording system. Digitalization has been proven to expand market reach, improve operational efficiency, and strengthen business professionalism. Thus, digital transformation is an effective strategy in supporting the sustainability and competitiveness of MSMEs in the digital economy era.

**Keywords:** digitalization; MSMEs; digital marketing; digital bookkeeping; competitiveness

### ABSTRAK

Usaha Mikro, Kecil, dan Menengah (UMKM) di Indonesia, khususnya Industri Rumah Tangga (IRT), masih banyak yang mengandalkan pendekatan konvensional dalam pengelolaan usaha, baik dari sisi pemasaran maupun pencatatan keuangan. Hal ini menyebabkan keterbatasan dalam menjangkau pasar yang lebih luas serta kesulitan dalam pengambilan keputusan berbasis data. Penelitian ini bertujuan untuk meningkatkan daya saing UMKM melalui pendampingan digitalisasi pemasaran dan keuangan. Metode yang digunakan adalah pendekatan pengabdian kepada masyarakat berbasis kemitraan dengan tiga mitra IRT-UM di Sumatera Barat, yaitu Batik Kopi Zelma Pariangan, Dakak-dakak Zahara, dan Achi Craft Gallery. Kegiatan mencakup pelatihan literasi digital, pembuatan konten visual, pemanfaatan platform e-commerce, serta penggunaan aplikasi pembukuan berbasis digital seperti SIAPIK. Hasil menunjukkan bahwa ketiga mitra berhasil membangun jejak digital, meningkatkan kualitas promosi produk, serta menerapkan sistem pencatatan keuangan yang lebih terstruktur. Digitalisasi terbukti mampu memperluas jangkauan pasar, meningkatkan efisiensi operasional, dan memperkuat profesionalisme usaha. Dengan demikian, transformasi digital menjadi strategi efektif dalam mendukung keberlanjutan dan peningkatan daya saing UMKM di era ekonomi digital.

**Kata kunci:** digitalisasi; UMKM; pemasaran digital; pembukuan digital; daya saing

### INTRODUCTION

The development of the digital economy has transformed the global business landscape, including in Indonesia, where Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the national economy. According to data from the Ministry of Cooperatives and SMEs (2023), MSMEs contribute 61.07% to national GDP and employ 97% of the workforce. However, despite this enormous potential, most MSMEs especially Home Industries (IRT) still rely on conventional approaches to running their businesses, both in marketing and financial management. This limits their ability to reach a wider market, manage cash flow transparently, and respond quickly and accurately to dynamic consumer demand.



Digital transformation presents a strategic solution to address these challenges. According to the World Bank (2022), the adoption of digital technology by MSMEs can increase productivity by up to 25% and expand market access by up to threefold. However, digital literacy among micro-entrepreneurs remains low. A 2023 APJII survey showed that only 38% of MSMEs in Indonesia actively use digital platforms for marketing, and less than 20% have implemented digital bookkeeping systems. This gap reflects the need for mentoring-based interventions that are not only technical but also consider the local context, human resource capacity, and traditional work culture.

In management, the Resource-Based View theory (Barney, 1991) emphasizes that a business's competitive advantage is determined not only by physical resources but also by the organization's ability to manage knowledge, technology, and internal processes. Digitalization of marketing and finance is a form of utilizing intangible resources that can improve operational efficiency and product differentiation. Meanwhile, from a development economics perspective, the capability approach (Sen, 1999) highlights the importance of empowerment through increased individual capacity including digital and financial literacy as a prerequisite for inclusive economic growth.

In the realm of information technology, Davis's (1989) Technology Acceptance Model (TAM) explains that digital technology adoption is influenced by two main factors: perceived usefulness and perceived ease of use. Many housewives are reluctant to switch to digital systems because they feel the technology is complicated, irrelevant, or doesn't provide an immediate impact. Therefore, mentoring must be designed in a participatory, contextual, and gradual manner to ensure technology is truly adopted, not simply introduced.

From a socio-cultural perspective, MSMEs in regions like West Sumatra are often rooted in local values, traditions, and community identity. Products such as Batik Ampas Kopi, Dakak-dakak, and Ecoprint are not only economic commodities but also representations of Minangkabau culture. As Geertz (1963) noted in his study of the bazaar economy, traditional economies in agrarian communities are often personal, relational, and trust-based. Digital transformation must respect these cultural dimensions, not replace them, but rather integrate them into an authentic and valuable digital marketing narrative.

Previous studies have identified the potential of digitalization for MSMEs (Wibowo & Prasetyo, 2021; Suryani et al., 2022), but its implementation in the field is often hampered by a lack of ongoing mentoring, integration between business aspects, and adaptation to local characteristics. The 2024 IRT-UM Development Program by Universitas PGRI Sumatera Barat fills this gap by integrating marketing digitalization (through visual content, e-commerce, and social media) and financial digitalization (through the SIAPIK application and accounting literacy) in a holistic approach, applied to three partners: Batik Kopi Zelma Pariangan, Dakak-dakak Zahara, and Achi Craft Gallery.

This study aims to test the effectiveness of this integrated approach in improving the competitiveness of MSMEs. By combining multidisciplinary perspectives economics, management, technology, and anthropology this research not only contributes to the academic literature but also provides a practical model for MSME empowerment that can be replicated in other regions.

## METHOD

This research used a partnership-based community service approach, implemented in 2024. The research subjects consisted of three Home Industry Micro Enterprise (IRT-UM) partners in West Sumatra: Batik Kopi Zelma Pariangan, Dakak-dakak Zahara, and Achi Craft Gallery. Data collection methods included participant observation, in-depth interviews, activity documentation, and evaluation of training outcomes. Data were analyzed qualitatively and descriptively to identify changes before and after the intervention.



The main intervention included two components: (1) marketing digitalization, through training in visual content creation (photography and videography), social media management, and utilization of e-commerce platforms; and (2) financial digitalization, through training in financial literacy, Excel-based manual bookkeeping, and the use of the SIAPIK (Accounting System for Small Business Actors) application developed by Bank Indonesia. The mentoring was conducted in stages over three months, involving students from the Independent Learning-Independent Campus (MBKM) program as agents of change in the field. The success of the program is measured based on performance indicators such as increased sales, expansion of marketing areas, and adoption of digital systems by partners.

## RESULTS AND DISCUSSION

The digitalization mentoring program implemented for three partners Batik Kopi Zelma Pariangan, Dakak-dakak Zahara, and Achi Craft Gallery showed significant changes in governance, marketing strategies, and financial recording systems. This transformation was not only technical, but also shifted the mindset of entrepreneurs from a traditional approach to a more professional and data-driven business orientation.

### 1. Digitalization of Marketing: From Offline to Structured Digital Footprint

Prior to the intervention, the three partners relied solely on direct sales at galleries, local exhibitions, or sporadic social media promotions without a clear content strategy. Following the digitalization training, all partners successfully established a structured digital footprint, encompassing:

- Quality visual content creation: Partners are trained in product photography techniques, short videos, and the use of basic editing applications (such as Canva and CapCut). As a result, the quality of product displays on social media has dramatically improved, attracting the interest of young consumers.

E-commerce development: All three partners now have online stores on platforms like Instagram Shop, Shopee, and Tokopedia. Achi Craft Gallery has even achieved 90% of its target online buyer reach, reaching beyond West Sumatra. Mini-studio utilization: As an appropriate technology, the team provided a simple mini-studio to support visual content production. This studio is used regularly by Dakak-dakak Zahara and Achi Craft Gallery to create daily promotional photos and videos.

These findings align with technology adoption theory (Venkatesh et al., 2003), which emphasizes that infrastructure support and participatory training are key to successful digital adoption. However, challenges remain, particularly resistance to change and limited digital literacy among older entrepreneurs. To address these challenges, MBKM students are positioned as "digital agents" who assist with the daily operations of social media and online stores.

### 2. Financial Digitalization: From Bookkeeping to Digital Accounting Systems

Before the program, all partners recorded financial transactions manually using notebooks, without separating personal and business finances. This made it difficult for them to calculate profit and loss, apply for loans, or plan expansion. Through financial literacy training and the use of the SIAPIK (Accounting System for Small Business Actors) application developed by Bank Indonesia, fundamental changes occurred:

- All partners have implemented a separation of personal and business finances.
- Simple financial reports (balance sheets, profit and loss statements, and cash flow statements) can now be generated monthly using SIAPIK.
- Batik Kopi Zelma and Achi Craft Gallery even began using Excel for their initial bookkeeping before switching to SIAPIK.



This change increases financial transparency and strengthens partners' trust in financial institutions. One partner stated that having digital financial reports has given them more confidence when applying for capital loans from banks.

### 3. Integrating Digitalization with Other Business Strategies

Digitalization is not carried out separately, but is integrated with other activities such as:

- Consumer needs analysis: Survey data is used to determine derivative products (e.g., batik outerwear for 18–24 year olds).
- Product diversification: New products are developed based on digital insights, then promoted through visual content and an online store.
- Quality optimization: For example, Dakak-dakak Zahara uses a spinner machine to reduce oil consumption and promotes "low-oil crackers" as a selling point on social media.

This integration strengthens the digital business cycle: consumer data → product development → digital promotion → online transactions → digital financial recording → performance evaluation.

### 4. Challenges and Adaptive Responses

Despite the dominant positive results, some persistent challenges emerge:

- Limited internet connectivity in the Pariangan area hampers content uploads and online transactions. Solution: Mentoring is conducted in locations with adequate internet access, and content is prepared offline in advance.
- Dependence on the business owner: When the owner is unavailable, digital activities often come to a halt. Solution: Training is provided to at least two people per partner, including family members or key employees.
- Lack of patience with short-term impacts: Some partners were initially pessimistic because sales didn't increase immediately. The team responded by demonstrating non-financial indicators such as increased engagement, follower count, and organic reach.

These findings confirm that digitalization is not simply a media transfer, but a holistic transformation process encompassing mindset, skills, and management systems. A partnership-based and participatory approach involving students as facilitators has proven effective in bridging the digital divide among traditional MSMEs.

## CONCLUSION

Digitalization of marketing and finance has proven to be an effective strategy for increasing the competitiveness of MSMEs. Through integrated mentoring, IRT-UM partners are able to develop a digital footprint, expand market reach, and implement a more transparent financial management system. This transformation not only increases revenue but also strengthens business professionalism and sustainability. The program's success demonstrates the relevance of a partnership-based and participatory approach to encouraging technology adoption among micro-enterprises that previously relied on traditional methods.

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