

Community Service Mentoring UKM Muda Karya Towards Nationally Competitive SMEs Based on Digital

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Abstract

MSME development requires a holistic and ecosystem-based approach, covering at least 6 aspects: policy, financial access, market, human resource capacity, mentoring and culture. Digitalization plays an important role in combining these six components and further accelerating MSME development programs. Organic farming is now starting to be widely known in the community along with a healthy lifestyle. Many organic farming actors have emerged along with the increasingly open market share. UKM Muda Karya is one of the UKM in Palopo City that produces Bokasi Compost Fertilizer and intends to become a DIGITAL-BASED UKM, but the UKM still has several problems in realizing this desire. The purpose of this activity is to 1) resolve the problems faced by UKM Muda Karya Partners, 2) Implement the Merdeka Belajar Kampus Merdeka program, 3) increase the number of digital-based MSMEs.

Keywords: *Digitalization, SMEs, MBKM, Kaizen, Muda Karya.*

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INTRODUCTION

Changes in consumer behavior by reducing activities outside the home have proven to provide opportunities for MSMEs that are already connected to the digital ecosystem to survive amid the Covid-19 pandemic. Unfortunately, this opportunity has not been utilized optimally. The reason is, of the approximately 64 million MSMEs in Indonesia, only around 13 percent are connected to the digital ecosystem. Digitalization of MSMEs is a necessity [1]. For this reason, the Indonesian Government has set a digitalization target of 30 million MSMEs in 2024. [2]

Deputy for Supervision of the Ministry of Cooperatives and SMEs (Zabadi, 2020), said that until 2020 only 8 million MSMEs had been digitized. MSME digitization can not only market service products through the marketplace. Those who are already in the marketplace must survive and have ongoing transactions. Generally, MSMEs fail in the marketplace because the products of the actors are not ready for such a model. [3]

President Joko Widodo has also often said on various occasions that the Indonesian nation should not just be a spectator amidst the massive digital trade activity. Domestic products, especially MSMEs, must fill the online market. The President also emphasized that we must make the most of this time to encourage the acceleration of digital transformation, have good capabilities to utilize digital technology, fill more marketplaces, become part of the national and global supply chain so that our MSMEs can immediately move up a class. [4]

The government continues to make various efforts to help prevent MSMEs from collapsing due to the recession caused by the impact of the Covid-19 pandemic. The government is not only committed to spending State-Owned Enterprises (BUMN) funds of around IDR 35 trillion to purchase various MSME programs, but also to encourage the development of digitalization of the MSME sector. [5]

To help the revitalization process of MSMEs, digitalization and efforts to introduce MSMEs to be digitally literate are believed by the government to be effective solutions. This effort aims to prevent MSME productivity from being maintained. From a business management aspect, MSME digitalization is indeed a promising way out. However, to prepare and ensure that MSME actors can be involved in the digitalization process must be admittedly not easy. Getting MSME actors used to entering the digital ecosystem is not impossible to encounter various obstacles.

Realizing the importance of digitalization for MSMEs to increase competitiveness, the Community Service Team of the University of Muhammadiyah Palopo, took advantage of the opportunities opened by the Directorate General of Higher Education, Ministry of Education, Culture, Research and Technology in the Community Service Program through the Community Partnership Program scheme. The digitalization of MSMEs also greatly supports the less contact economy program initiated by the government amidst the Covid-19 outbreak.

The purpose of this activity is to 1) resolve the problems faced by UKM Muda Karya partners, 2) implement the Merdeka Belajar Merdeka program, 3) increase the number of digital-based MSMEs.

Specifically for the purpose of implementing the Merdeka Belajar Kampus Merdeka program, students involved will receive 6 credits (in accordance with the direction of LPPM UMPalopo), which will later be converted to appropriate courses (Entrepreneurship 3 credits and Indonesian Economy 3 credits). By implementing this PkM program, it will certainly improve the Main Performance Indicators (IKU) of Universitas Muhammadiyah Palopo. The IKU that can be improved with this activity

are IKU 2 (Students carry out activities outside campus) and IKU 5 (Lecturers' work results are used by the community).

In accordance with the guidelines, the thematic focus area of this community service is the Digital Economy. According to Joko Widodo, Indonesia has a very large digital economy potential. For this reason, in various activities, President Joko Widodo often instructs his staff to accelerate efforts to encourage MSMEs to enter the digital ecosystem. Of course, this PkM is proposed to support these instructions. [6]

Based on the above facts, several problems of UKM Muda Karya were identified, namely:

1. The problem is only done in online media to a limited extent
2. Distribution of compost fertilizer is limited to households only
3. Unable to access funding from banks because they do not have collateral
4. Limited access to appropriate technology, as well as
Business management still needs to be improved

LITERATURE REVIEW

In the development of a country, the entrepreneurial sector plays a significant role in the economic growth within it. In line with the country's economic program, the entrepreneurial sector is expected to help reduce unemployment.

Data from the National Development Planning Agency (Bappenas) shows that the population of Indonesia in February 2018 reached 265 million people (May 18, 2018). Meanwhile, to build the nation's economy, the country needs a minimum of two percent of entrepreneurs from the total population, if we apply it in Indonesia, this figure means that 5.3 million people must be entrepreneurs. Meanwhile, the number of unemployed productive age data from the Central Statistics Agency in 2018 was 7.04 million people. [8]

Community Service is one form of implementing the Tri Dharma of Higher Education. Ideally, the implementation should be able to reach three main targets. First, Community Service as a learning medium to apply various theories obtained during lectures, according to their respective scientific disciplines. Second, Community Service can provide added value in order to improve the quality of community life.

Third, Community Service is a medium for building partnerships between the higher education institution concerned and the community, including efforts to build an image as well as being used as a means of promoting the higher education institution concerned. [8]

In addition to being a form of implementing the Tri Dharma of Higher Education, the implementation of Community Service carried out by State and Private Universities is expected to help the government in implementing development activities in all fields. The development is to realize a just and prosperous Indonesian society both materially and spiritually based on Pancasila and the 1945 Constitution.

Compost can be a promising business opportunity, because it is closely related to plant productivity and affects the harvest. Moreover, our country is an agricultural country, so the need for fertilizer will never disappear, aka the prospects are very good because fertilizer functions to fertilize plants. In addition, our country also has a tropical climate so that it greatly supports the process of making plant fertilizers, especially compost or organic/natural fertilizers made from vegetable waste/fruit peels, leaves and livestock manure. [8]

Plant fertilizer is an absolute necessity required by plants. Without fertilizer, the crop yield will not be as expected. Types of plant fertilizer are divided into organic fertilizer and synthetic fertilizer. Organic fertilizer is divided into 2 types, namely green fertilizer (derived from leaves only) and compost. Compost is divided into 2 types, namely waste fertilizer with a mixture of livestock manure and compost fertilizer whose main ingredient is only livestock manure. While synthetic fertilizer is made from synthetic chemicals, such as Urea, TSP, NPK, and others. [8]

Definition of Entrepreneurship

In simple terms, the meaning of an entrepreneur is a person who has the courage to take risks to open a business in various opportunities. Having the courage to take risks means having an independent mentality and the courage to start a business, without being overcome by fear or anxiety even in uncertain conditions. (Kasmir, 2007:18). [9]

The definition of entrepreneurship varies between experts/reference sources with different focus or emphasis, including the creation of new organizations (Gartner, 1988), running new combinations (activities) (Schumpeter, 1934), exploring various opportunities (Kirzner, 1973), facing uncertainty (Knight, 1921), and jointly obtaining production factors. Production factors include capital, raw materials, expertise, production machines and resources or labor (Say, 2003). [9]

According to Joseph Schumpeter, an entrepreneur is an innovator who implements changes in the market through new combinations. These new combinations can be in the form of (1) Introducing new products or with new qualities, (2) Introducing new production methods, (3) Opening new markets, (4) Obtaining new sources of supply from new materials or components, or (5) Running a new organization in an industry. [10]

Schumpeter linked entrepreneurship to the concept of innovation applied in a business context and linked it to the combination of resources. Israel Kirzner stated that Entrepreneurship is the process of identifying, developing, and bringing a vision to life. The vision can be an innovative, creative idea, an opportunity, a better way of doing things. The end result of the process is the creation of a new venture formed under conditions of risk or uncertainty. [10]

According to Peter F. Drucker, entrepreneurship is the ability to create something new and different. This definition implies that an entrepreneur is someone who has the ability to create something new, different from others. Or is able to create something different from what already exists. [10]

Benefits of Compost

Compost has the benefit of improving soil structure so that the nutrients needed by plants are more available. Compost contains nutrients that are very much needed by plants. In addition, the microbes in compost will help the absorption of nutrients needed by plants, can loosen the soil because it encourages the life of earthworms. [8]

Definition of Marketing

Marketing is a human activity aimed at satisfying needs and wants through exchange (Sanusi: 7). Marketing is basically one of the company's functions in finding sources of funds and how to allocate them efficiently to run its marketing. Companies in formulating marketing strategies must first conduct a survey of market conditions so that the marketing carried out can run smoothly. Marketing is a social process in which individuals and groups get what they need and want by creating, offering and freely exchanging valuable products with other parties. [11]

Marketing is all activities that offer a product to meet consumer needs and desires (Laksana: 4). Marketing is the process of preparing integrated communication that aims to provide information about goods or services in relation to satisfying human needs and desires.

Marketing begins with the fulfillment of human needs which then grow into human desires. The process of fulfilling human needs and desires that becomes a concept. Starting from product fulfillment (product), pricing (price), delivery of goods (place), and promoting goods (promotion). [11]

Someone who works in the marketing field is called a marketer. This marketer should have knowledge in marketing concepts and principles so that marketing activities can be achieved according to the needs and desires, especially the targeted consumers. Marketing is a social and managerial process when individuals and groups get their needs and something they want through creation, offering, and exchange. Marketing management is one of the main activities carried out by the Company to maintain the continuity of its company to grow and make a profit. The marketing process begins long before the goods are produced and does not end after the sale is made. In marketing activities, producers must be able to provide

satisfaction to consumers if they want their business to continue or consumers to have a better view of other producers. [12]

METHODOLOGY

The parties involved in this activity are a community service team consisting of 2 lecturers and 2 students. The stages of the implementation mechanism for empowering UKM Muda Karya are in the form of training and mentoring. In short, this community service activity consists of 3 stages, namely that partners have the potential consisting of 1) existing production sites, 2) simple equipment in producing KAIZEN compost fertilizer, and 3) 3 employees. In addition, the partner's entry behavior is as follows:

- a. Partners' entrepreneurial motivation is still weak
- b. Understanding of business planning and business management is not yet optimal
- c. Human resource capabilities in production and marketing techniques are still minimal
- d. Entrepreneurial networks to support the development of the creative economy are not yet widely open, and
- e. Understanding of SME digitalization is still very minimal

The methods offered to solve this problem are:

- a. Training and coaching for business management based on SME digitalization
- b. Training and coaching in calculating production costs and preparing financial reports in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) using the Excel for accounting application.
- c. Assistance in preparing credit proposals to digital-based banking (if needed)
- d. Providing support tools for production and digitalization of SMEs in the form of laptops and printers
- e. Create environmentally friendly packaging designs, as well as
- f. Digital-based SME business marketing strategies

In order for community service activities to run as expected, good activity management is required.

RESULTS AND DISCUSSION

This activity highlights the importance of digital-based mentoring to increase the competitiveness of young Small and Medium Enterprises (SMEs), such as Young Karya SMEs, in order to be able to compete at the national level. Through mentoring programs, SMEs are provided with training and guidance to master digital technology which includes online marketing, application-based financial management, and data-driven market analysis. This process helps SMEs transform from conventional business patterns to more modern and efficient through digitalization. In addition, this study shows how digitalization is able to expand market access, strengthen product branding, and improve operational efficiency so that SMEs can meet consumer needs more quickly and precisely. This assistance also encourages the creation of collaboration with other business actors and the government to build a stronger business network. Overall, the results of this study show that a digital-based approach not only increases the competitiveness of individual SMEs but also has a positive impact on local economic development and community empowerment around the

SMEs. The following is an overview of the results that can be produced from this study:

- 1) **SME Digital Capacity Building**
Through mentoring, SMEs gain understanding and skills in utilizing digital technology for various aspects of business, such as online marketing, digital financial management, and data-driven market analysis.
- 2) **Business Transformation Towards Digitalization**
Mentoring helps SMEs switch from conventional methods to digital-based systems, including the use of e-commerce, social media, and business management applications to improve efficiency and productivity.
- 3) **Strengthening Competitiveness at the National Level**
By utilizing digital technology, SMEs become more competitive through wider market access, more innovative product offerings, and the ability to respond to consumer needs more quickly and effectively.
- 4) **Increased Brand Awareness**
The program encourages SMEs to build a strong brand image through digital strategies, such as planned and professional social media campaigns, thereby increasing customer recognition and loyalty.
- 5) **Business Collaboration and Networking**
Mentoring not only focuses on the internal of SMEs, but also expands business networks through collaboration with other business actors, governments, and digital platforms.
- 6) **Social and Economic Impact**
This program shows a positive impact on the development of the SME community as a whole, both in terms of increasing income and empowering the local economy.

The results of this activity show that digital-based mentoring is an effective strategy to help young SMEs, such as Muda Karya, develop and compete at the national level, while preparing them to face global challenges.

CONCLUSION

The community service carried out by the Community Service Team at UKM Muda Karya has been carried out well and without any significant obstacles. In fact, this activity was very well received by partners. With the good cooperation of the community service team and the active participation of partners, who are none other than the community service themselves, everything went according to expectations and it is hoped that it can provide benefits for community service partners in the sustainability of UKM Muda Karya's production efforts.

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