

Developing Small Medium Enterprise of Creative Business through Digital Marketing and Financial Management Training



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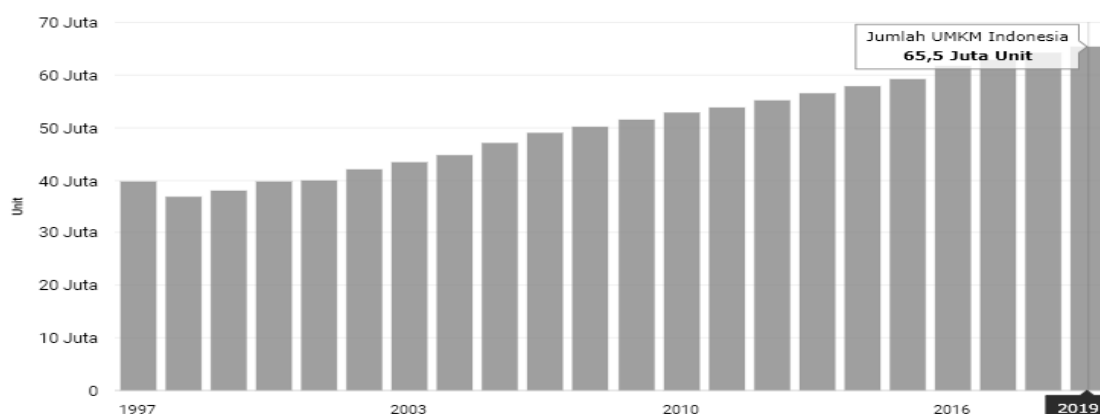
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ABSTRACT: The rapid growth of SMEs in Indonesia over the last 5 years has also been accompanied by many MSMEs going bankrupt. However, this rapid growth of SMEs is also accompanied by many SMEs going bankrupt due to mismanagement and low competitiveness caused by a lack of financial literacy (planning, recording, and reporting finances) and a lack of adaptability to business digitalization and product promotion strategies through digital media. Similar problems were also experienced by SMEs of creative businesses in Surabaya, Indonesia. This phenomenon drives the importance of increasing competitiveness with more effective digital marketing strategies and system-based financial management through community service programs in this region. This community service consists of digital marketing and financial information systems training activities.

KEYWORDS: financial recording; financial literacy; digital marketing; small and medium enterprises

I. INTRODUCTION

The strategy for micro, small and medium enterprises (MSMEs) to be competitive is to encourage business transformation towards digitalization [1]. Before the Covid19 pandemic, the number of MSMEs in Indonesia over the last 2 decades consistently grew 1% - 2% per year. In the recapitulation of data collected by Katadata, until 2019, the number of SMEs in Indonesia reached 65.5 million units. For more details, see Figure 1. However, this rapid growth of SMEs is also accompanied by many SMEs going bankrupt due to mismanagement and low competitiveness caused by a lack of financial literacy (planning, recording, and reporting finances) [2] [3] and the lack of effective product promotion strategies through digital media [4]. This drives the importance of increasing competitiveness with more effective digital marketing strategies and system-based financial management through community service programs.



Source: <https://databoks.katadata.co.id/datapublish/2021/08/12/umkm-indonesia-bertambah-198-pada-2019>

Figure 1. Development Trend in the Number of SMEs in Indonesia

The partners in this Community Service program is small and medium enterprise of creative business in digital printing. The partner profiles are described in Table 1.

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Table 1. SME's Profile

Business type	Creative Business- Digital Printing
Operation year	2022
Operator	Dukuh Setro Village Office, Surabaya
Number of employees	32 people
Total sales	+/- Rp 10,000,000
Asset	1 conventional digital printing machine 1 set of computers
Production capacity	100 t-shirts/day

For the past 1 year, the digital printing SMEs initiated by the Dukuh Setro Village have been quite competitive with other similar professional competitors. Currently, partners also occupy empty space in the sub-district office area. This community service activity began with discussions and benchmarks from other sub-districts in the city of Surabaya. Figure 2 shows an open discussion regarding opportunities for collaboration between Surabaya State University and the Surabaya City Government.



Figure 2. Discussion of Collaboration Opportunities with Operator of SMEs

Based on the results of initial discussions with the Head of Tambaksari District, several obstacles were encountered in the business running of the digital printing SMEs. To support SMEs to be competitive, it is time for every employee to be aware of digital marketing and digital financial recording. These two things are an inevitability that all SMEs in Indonesia must immediately respond to so that the increasingly widespread electronic marketplace does not erode them. The presence of the Community Service program promoted by Surabaya State University has also encouraged SMEs around campus in the digitalization transformation of SMEs. Likewise, partners need new things to learn in science at university. Digital Printing UMKM is one of the business units initiated by the Surabaya City Government through Tambaksari District. Even though we currently only use manual digital printing machines, digital printing orders are still quite competitive with existing competitors,

The following are the two main problems faced by partners and the Surabaya City Government as the operator of SMEs:

- 1) The marketing carried out to date is still conventional, so it is difficult for partners to reach a broader market. With increasingly sophisticated and fast technology, partners should be responsive to developments in the marketing world, the trend of which is now shifting towards digitalization.
- 2) Financial recording is still manual. Sometimes, there are quite a few transactions that are not recorded properly. This could be due to a need for better financial literacy for partners when they were first established.

2. LITERATURE REVIEW

With smartphones, SMEs can carry out digital marketing and better financial records—some solutions offered in this community partnership program. Digital marketing in question does not only include advertising content but also pays attention to search engine optimization and supporting facilities for more effective and efficient sales [5]. The importance of comprehensive digital marketing plan in this community service program consists of (1) digital content design using Canva image editor tools, (2)

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introduction to search engine optimization (SEO) and social media marketing (SMM), and (3) profile installation business on Google My Business [6]. Simple financial recording that can be understood by ordinary people, especially the use of transactions that are familiar to MSMEs. Before carrying out simple financial records, partners are first equipped with easy and precise financial literacy [7]. After partners briefly understood the simple accounting process, as an effort to digitize SMEs, the proposing team provided education about the unrestricted use of the SIAPIK application, which Bank Indonesia initiated for SMEs. After the above solution is implemented, it is hoped that partners will be able to experience the benefits of this community service program, including:

- ☑ Increase SME's management capabilities increase.
- ☑ Increase SME's turnover.
- ☑ Increase knowledge partner.

The activity outputs and achievement indicators are explained in Table 2.

2.1 Financial Literacy Skills

Financial Literacy is knowledge, skills, and beliefs that influence attitudes and behavior to improve the quality of decision-making and financial management to achieve community financial prosperity [8]. Financial Literacy has long-term goals for all groups of society: It is a form of long-term investment that is useful in managing and maintaining financial conditions to remain stable and increasing the number of users of financial products and services. Bookkeeping is essential for running a business, especially for businesses that are pretty large. This is done to optimize costs and as planning. When keeping records for a business, you can see the progress of the business through the records that have been made. Therefore, planning is the next step to improve the recording efforts that you have done. Another reason SME financial reports are critical is to determine the amount of assets and capital they own [9]. The size of the company's debt will also be visible. So, the movement of assets, capital, and debt will be monitored clearly. If the business has financial reports, it will be easier to know the amount of assets, capital, and debt it has. Every cost carried out by the business needs to be recorded correctly and clearly. These costs that need to be recorded include costs incurred for production and operational. With financial reports, detailed costs in this business will be monitored clearly over time. Each detailed cost in the financial report will help MSMEs determine the production price. SMEs will also be helped in calculating the profit and loss earned. If there are financial reports, it will be easier to determine production prices and know the amount of profit and loss.

2.2 Digital Marketing Skills

SMEs' digitalization is a change from conventional to digital systems to increase the effectiveness and efficiency of SMEs' business processes and operations. The digitalization of SMEs makes their business actors change their business management from conventional to modern practices [10]. The benefits of digital marketing for companies and SMEs include connecting easily with consumers online, higher sales conversions for targeted consumers, more economical marketing costs, serving consumers in real-time, and the potential to increase selling power for SMEs [11]. Examples of digital marketing include online advertising, social media, email marketing, search engine optimization (SEO), and content marketing. By utilizing these strategies, a company can build customer relationships, increase sales, and achieve tremendous marketing success [12].

Table 2. Activity Outputs and Achievement Indicators

<i>Output types</i>	<i>Indicators</i>
Scientific publications in journals/proceedings	Implemented
Publication in mass media (print/electronic)	Implemented
Increased community understanding and skills	There is an increase in knowledge and skills related to simple financial recording, search engine optimization, social media marketing, and image editing tools.
Services, models, social engineering, systems, products/goods	Products design

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The proposed program is a series of sustainable community service programs, especially for SMEs. Based on the problems formulated in Subchapter 1.2, several previous research have also implemented the solutions offered [13]. For more details, see Figure 3.

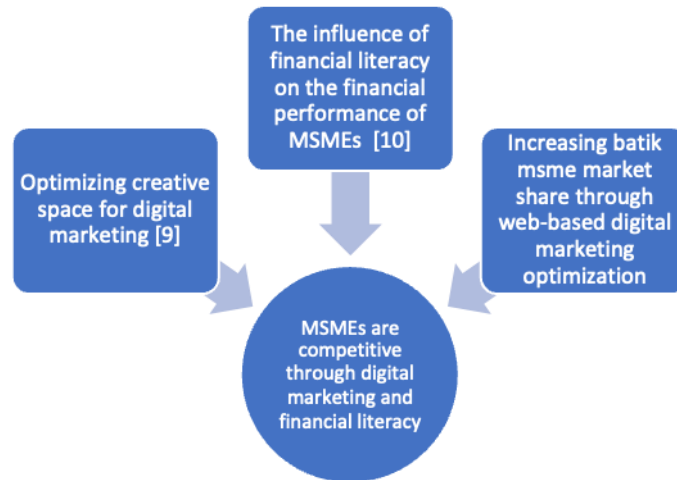


Figure 3. Research Roadmap based on previous studies

3. METHOD

This research method is descriptive research with a qualitative approach. The qualitative descriptive method is based on the positivist philosophy used to research the condition of natural objects (as opposed to experiments), where the researcher is the key instrument. The data collection technique is triangulated (combined), data analysis is inductive/qualitative, and the results emphasize meaning rather than generalizations. Qualitative descriptive research aims to describe, depict, explain, and answer in more detail the problems to be studied by studying an individual, a group, or an event as closely as possible. Figure 4 explains the research method steps.

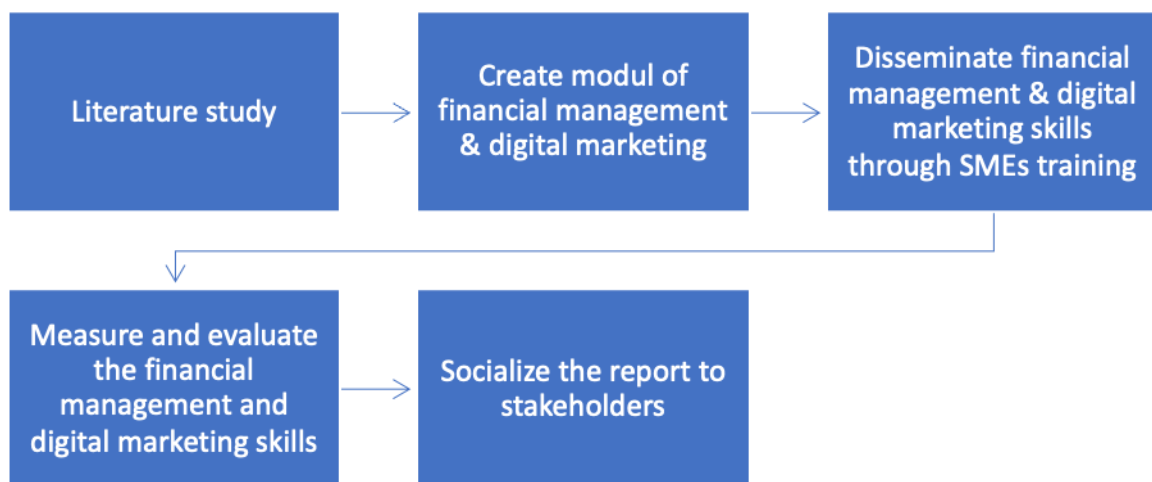


Figure 4. Research Method Steps

3.2 SMEs Participation

The respondents actively participated in the following ways:

- a) Have a high commitment to providing truthful information about conditions;
- b) Have a high commitment to making the best use of training and training output;
- c) Help facilitate the administrative process by applicable procedures and regulations at both the proposing and partner institutions;
- d) Continue to comply with health protocols in activities held by the researcher;
- e) Providing school infrastructure and time during the community service program implementation.

3.3 Program evaluation and sustainability

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Skills evaluation can be carried out using a project assessment approach to system implementation and digital marketing content design to measure MSME capabilities in digital marketing and financial literacy. To support program sustainability, the community service team will aid and discussions with SMEs regarding the implementation of training results and brief implementation.

4. RESULT AND DISCUSSION

The implementation of phase 1 of community service activities has been carried out. The recapitulation of community service activities is as follows:

Table 4. Implementation of Community Service Activities in Dukuh Setro Village, Surabaya City

Participants	Information
Partner participation	Partners who attended the activity were 23 SMEs
SMEs category	23 SMEs in creative business
Number of Memorandum of Agreement (MoA)	11 MoAs have been agreed between the Unesa Digital Business Study Program and SMEs to sustain the training.

Based on Table 4 above, the activities carried out by partners at the digital marketing implementation stage are:

- 1) Making logos and product labels using free access software, Canva.



Figure 5. Training of Digital Marketing (Logo and Packaging Design)



Figure 1. The result of Logo and Product Design through mobile phone

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2) Selection of effective packaging according to the partner product category



Figures 2a & 7b. Creative and Effective Packaging Training



Figure 3. The Creative and Effective Packaging Samples of SMEs

3) Financial Management and Management of Home Industry Production Certificates (P-IRT) Training

A P-IRT permit is essential to guarantee and prove that the food and beverage business produced and sold by this home industry meets applicable food product standards. PIRT is a code often found on food packaging. Usually, PIRT is a sign that a food has permission to circulate. PIRT is a permit that is intended for certain types of food. SMEs are required to fulfill PIRT requirements to run their business. To apply for SPP-PIRT, SMEs must submit an SPP-IRT application to the regent or mayor c.q. Health Service One Stop Integrated Service Unit. Then, the application will be accepted by the regent or mayor c.q. Health Service One Stop Integrated Service Unit. Although this service is free, SMEs need to learn about the procedures.

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Figure 4. Financial Management and Management of Home Industry Production Certificates (P-IRT) Training

The training evaluation instruments carried out by the community service activity include measuring participants' understanding during the pre-test and post-test with a question that aims to measure the digital business awareness, financial literacy, and digital marketing skills of SMEs, such as:

Items	Description
Digital business awareness	<p>Have you ever received material about financial recording from external parties before?</p> <p>Are you used to using the internet?</p> <p>Are the MSMEs that you manage currently registered on the electronic marketplace?</p> <p>The following is an electronics marketplace...</p> <p>Shopee and Tokopedia</p> <p>Lazada and Gojek</p> <p>book and TikTok</p> <p>orrect</p>
Financial literacy	<p>4. Which of the following digital payments do you use? (can select more than 1 answer):</p> <p>a. Gopay</p> <p>b. Shopeepay</p> <p>c. Fund</p> <p>d. OVO</p> <p>e. LinkAja</p>
Digital marketing skills	<p>5. What application can you use to make it easier for you to create a shop logo or product label on the electronic marketplace?</p> <p>a. Canva</p> <p>b. LogoMaker</p> <p>c. Banner maker</p> <p>d. Everything is correct</p> <p>6. If you have an SME product in the form of food or cakes with a short shelf life, what type of packaging should you use?</p> <p>a. Laminated paper box</p> <p>b. Can</p> <p>c. Aluminum foil</p> <p>d. Everything is correct</p> <p>7. If you have an SME product in the form of cookies, what type of packaging should you use?</p> <p>a. Paper</p> <p>b. Food-grade plastic</p> <p>c. Paperbox</p> <p>d. Everything is correct</p> <p>8. Can you understand the material regarding making logos and product labels?</p> <p>9. Can you understand the material regarding product packaging?</p>

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Based on the results of the pre-test evaluation regarding digital business awareness, as many as 43% already understand the mechanisms of digital business operations and marketplaces, but there are 57% who need a better understanding. Regarding digital marketing skills, 65% still need skills regarding the benefits of technology in product design and how to design logos and packaging, and 35% already understand the benefits and have logo designs and creative and effective packaging techniques. Meanwhile, regarding financial and administrative skills, as many as 55% already have them, even though they have yet to be digitalized (manually recorded). After receiving training, there was an increase in digital business awareness to 73%, digital marketing skills by 72%, and financial literacy skills by 74%. These results support previous research [14] [15] [10], which states the significant role of digital marketing training in improving SMEs' skills and competitiveness.

V. CONCLUSIONS

Based on the results of implementing the community service program, SMEs in creative business still need to improve their financial literacy and digital marketing skills, which can increase their competitiveness. Most SMEs still need to gain a high awareness of the importance of product design as an effective marketing strategy (4Ps) in increasing sales and brand image. Even though SMEs already know financial literacy, the one-cycle accounting process must be applied consistently and recorded digitally through a simple accounting information system. Based on the evaluation results of the implementation of this community service, there has been an increase in awareness and skills of financial literacy and digital marketing for SMEs of creative businesses through ongoing training.

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