

## Entrepreneurship Management in the Digital Era for Micro, Small and Medium Enterprises in Indonesia

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### ABSTRACT

Digital transformation in the era of Industry 4.0 and Society 5.0 has fundamentally revolutionized business management, including Micro, Small and Medium Enterprises (MSME). The method used in this research is literature study research. The result shows that, in MSME management, there are several things that must be managed well, including financial management, human resource management, risk management, marketing management, production, development management and recovery management. These seven areas of management must be implemented in every business, including MSMEs. However, in general, MSMEs have not implemented management consistently and comprehensively. Utilizing e-commerce platforms, using digital marketing strategies, entrepreneurial management training, and developing unique local products are several ways that can be applied to increase the visibility and sales of MSME products in the digital market.

**Keywords:** Entrepreneurial Management, Digital Era, MSMEs

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### INTRODUCTION

Digital transformation in the Industry 4.0 and Society 5.0 era has fundamentally revolutionized business management including Micro, Small and Medium Enterprises (MSMEs). Thus, a fundamental transformation of MSME management is needed by utilizing technological advances, changes in consumer communication patterns and the potential of digital technology to gain a competitive advantage in the midst of global competition. A comprehensive understanding of the concepts, strategies, and applications of entrepreneurial management in the digital era is very important not only for achieving the goals of MSMEs but also for achieving sustainable business optimization in global competition (Ar et al., 2023).

The digital age has changed the way businesses operate, with digital technology and *e-commerce* providing new opportunities and challenges for MSMEs. The rise of social media, mobile technology, and *e-commerce* platforms has made it easier for MSMEs to reach customers,

sell products, and build *brand awareness*. The use of digital technology has enabled MSMEs to reduce costs, increase efficiency, and improve customer experience. This must be addressed and utilized wisely by *entrepreneurs*, especially MSME players (Zulkifli et al., 2023).

Economic growth is increasing and has an impact on reducing unemployment and poverty, therefore *entrepreneurship* should be addressed in this digital era by making it a strategy to strengthen the economy. The importance of applying management to entrepreneurship is so that the goals to be achieved can be implemented easily (Nur'aini, Afkari and Wijayanti, 2023). Therefore, this article will discuss how entrepreneurship management in the digital era in Micro, Small and Medium Enterprises in Indonesia.

## LITERATURE REVIEW

### Entrepreneurship

*Entrepreneurship* is an ability to make, create and ultimately organize something new through a process that is creative and innovative. This is the origin, principal, and resources for obtaining opportunities for success, solving problems and obtaining opportunities for life improvement. In addition, entrepreneurship also talks about the attitude, mentality and soul that must always be active in business, if you expect an increase in income in your business. The existence of an ability to manage something that exists within a person to be utilized and improved to be more optimal so that it can improve living standards in the future (Ratnasari et al., 2023).

Entrepreneurship is emerging as a key driver of job creation and economic growth, with entrepreneurs regarded as drivers of growth, providers of employment opportunities, and sources of competitiveness and innovation. The emergence of entrepreneurship is vital to economic growth in many countries as it creates employment opportunities, develops technology, and spurs increased compensation. With the right support, entrepreneurs can be a key driver in economic growth and help level the playing field for all (Wardhana, 2023).

### Entrepreneurship Management

Entrepreneurship management is a description of the concept, attitude, and process of enriching business potential and resources to achieve success, namely effective and efficient business profits. According to Nurbudiyani, entrepreneurship management is a strategy and process of achieving business goals through activating the basic functions of management, namely planning, organizing, implementing, and monitoring. Where, the functions of management are actualized with innovative and creative values in order to achieve effective and efficient results or profits (Eviyanti, 2021).

Darojat and Sumiati said that the basic foundation in entrepreneurship management is the ability of individuals to create innovative ideas and develop them into real products and services used in various business and economic activities. From this description, it can be understood that entrepreneurship management is an effort or process carried out jointly in enriching the abilities of individuals and business organizations (containers) in achieving prosperity. Where, the process is enriched with innovative attitudes, both towards the use of technology and science and knowledge (Eviyanti, 2021).

## Micro, Small, and Medium Enterprises

Micro, Small and Medium Enterprises (MSMEs) are stand-alone productive business units, which are carried out by individuals or business entities in all economic sectors. Based on their development, MSMEs can be classified into 4 groups, namely (Hanim and Noorman, 2018);

1. *Livelihood Activities*, which are MSMEs that are used as employment opportunities to earn a living, are more commonly known as the informal sector, such as street vendors.
2. *Micro Enterprise*, is an MSME that has the nature of a craftsman but does not yet have an entrepreneurial nature.
3. *Small Dynamic Enterprise*, which are MSMEs that have an entrepreneurial spirit and are able to accept subcontracting and export work.
4. *Fast Moving Enterprise*, is an MSME that has an entrepreneurial spirit and will transform into a Large Business (UB).

## METHODS

The method used in this research is *literature* study research. Literature study in this research is a series of activities related to library data collection methods, reading and recording, and managing research data objectively, systematically, analytically, and critically about digital era entrepreneurship management in Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. The data collected and analyzed are secondary data in the form of research results such as books, journals, articles, internet sites, and others relevant to the management model of digital era entrepreneurial management in Micro, Small and Medium Enterprises (MSMEs).

## RESULTS AND DISCUSSION

### Entrepreneurship in the Digital Era

Digital *entrepreneurship*, often referred to as *digital entrepreneurship*, refers to a form of entrepreneurship that is influenced by the development of digital technology. In this context, entrepreneurs use digital technologies to transform conventional businesses into ones that focus on digital platforms (Eviyanti, 2021). Digital entrepreneurship basically refers to entrepreneurial activities and is related to the use of digital technology including the internet in creating, developing and managing businesses. The involvement of technology and the application of digital innovation can create value, expand market reach and improve operational efficiency (Anon., 2024).

Digital technology integration may include digital strategy, data analysis, and social media utilization in order to meet market needs, build added value and accelerate business growth. Digital entrepreneurship includes digital products and services created through electronic networks. Digital entrepreneurship is different from traditional business models. Entrepreneurs in the digital era need to be aware of the different opportunities, challenges and threats in order to be successful (Setiawan et al., 2023).

In this digital era, entrepreneurs certainly face various opportunities and challenges. Here are the opportunities for entrepreneurs in the digital era (UKM Kewirausahaan, 2024):

1. **Global Access:** The internet does not limit entrepreneurs geographically so one can sell products and services in the global market without having to worry.

2. **Low Cost:** Starting an online business often requires lower capital investment compared to traditional businesses. Platforms like Shopee, Etsy, and Amazon allow entrepreneurs to open an online store at an affordable cost.
3. **Limitless Innovation:** Digital entrepreneurship enables limitless innovation. New technologies and rapidly changing trends allow entrepreneurs to further develop their creative ideas.

While the challenges faced by entrepreneurs include:

1. **Tough Competition:** Many online businesses are popping up every day and the competition is getting tougher. For entrepreneurs to succeed, they must find a way to stand out from their competitors.
2. **Technological Changes:** Technology continues to evolve at a rapid pace, so entrepreneurs need to keep up to date to stay relevant.
3. **Cyber Security:** Cybersecurity threats such as data theft and malware attacks can damage a company's reputation and result in significant financial losses.

### **Entrepreneurship Management of MSMEs in Indonesia**

Business prospects are a picture of business opportunities and encourage the birth of new business people, so the level of competition is getting tighter. Tight competition requires companies to be able to run their companies effectively, efficiently and productively. Modern management of company resources must be based on the concept of management. The concept of management includes at least 4 (four) functions, namely: *planning* function, *organizing* function, *directing* and *controlling* (Manap, 2021).

In MSME management, there are several things that must be managed properly, including (Saefullah, Rohaeni and Tabroni, 2022):

1. Financial management, using the distinction between personal money and business money.
2. Human Resource Management (HRM), which is also important to know the extent to which HRM can be maximized. Starting with the education level of employees, HR must continue to be trained and *trained* so that they will be more productive.
3. Risk management, where the accuracy of analyzing problems and risks that will occur, can also minimize the risk of company or business losses must be done.
4. Marketing management, where it is not only a matter of products reaching consumers but also the suitability between what the market wants and the products offered, advertising and socialization.
5. Production management, whether homogeneous or heterogeneous products are made, ensure the best quality is delivered.
6. Development management, growing the business bigger and wider. Of course, the right management system is needed to run effectively and efficiently.
7. Recovery management, where the business at a certain time can be stagnant, not growing and even stalled. If conditions like this occur, recovery management is needed. Recovery can be started by looking for both internal and external problems and then finding solutions. After that, make some improvements.

The seven management fields must be applied in every business, including MSME players, so that their businesses can run and develop and advance in the digital era, which is faced with extensive and intense competition. Husain and Fitria said that the basic nature of management is the existence of a functional relationship from planning, implementation, supervision in achieving a goal or achievement. Thus, it can be seen that management is a combination of activities, from planning to supervision. For example, production, marketing, finance, or personnel have a functional relationship with each other (Eviyanti, 2021).

However, in general, SMEs have not implemented management consistently and comprehensively. In production management, SMEs only have inventory according to their capital capabilities, when they have a lot of funds, they can provide a lot of inventory, and vice versa. This certainly has an impact on the inventory costs incurred, but is not realized by SMEs. Meanwhile, in terms of human resource management, MSMEs tend to use human resources around their business areas, even without having the necessary expertise. However, this can be overcome by training new employees (Bismala, 2016).

On the other hand, in marketing management in MSMEs, business actors usually do not have a strategy that is used specifically, where MSME actors who tend to have low education cause them to be less familiar with technology, especially information technology which should be utilized as a marketing strategy. Meanwhile, in financial management, MSME actors usually lack understanding related to bookkeeping, even though bookkeeping is important to evaluate and determine business development in terms of profit and return on investment. Business and personal finances are often mixed, making it difficult to control the financial condition of the business (Bismala, 2016).

### **Strategies for Strengthening MSMEs Business in the Digital Era**

Micro, Small and Medium Enterprises in Indonesia still face various obstacles, one of which is the lack of access to markets and the lack of skills in utilizing digital technology to expand markets and increase income. So along with the development of the digital era, the utilization of digital technology and *e-commerce* can be a solution for MSMEs in increasing competitiveness and expanding markets. However, many MSMEs still do not utilize digital technology properly and effectively, including in terms of utilizing *digital marketing* on *e-commerce* platforms (Kamil et al., 2022).

Business digitalization strategies and frameworks play a key role in improving the efficiency, competitiveness, and profitability of companies in the digital era. By implementing a business digitization model, companies have the ability to create additional value through the use of digital technology. In addition, by implementing the right digitalization strategy, companies can automate routine tasks, speed up business processes, reduce operational costs, and improve service quality and customer experience (Wardhana, 2023). This can help MSMEs understand and implement *digital marketing* strategies properly and effectively, so that they can help increase the visibility and sales of MSME products in the growing digital market and have MSME competitiveness in the *e-commerce market*.

In this digital era, MSMEs can utilize existing *e-commerce* platforms such as Tokopedia, Shopee, Bukalapak, and can also create their own *digital marketing* accounts such as Google My Business. Through these platforms, MSMEs can access a larger market and get new customers. In addition, the use of digital marketing strategies such as SEO, SEM, social media, and email *marketing* can help increase the visibility and sales of MSMEs on *e-commerce* platforms (Kamil et al., 2022). Transaction platforms drive commercial activities, such as online retail or on-demand services. To be successful in executing a platform strategy as a digital entrepreneur, it is necessary to position products and services in a unique way in an online network that connects many businesses and consumers. This will enable a very rapid increase in business (Setiawan et al., 2023).

In addition, proper mentoring and training for MSMEs is needed to understand *digital marketing* strategies and implement them correctly. This kind of service can help strengthen the local economy by improving product quality and competitiveness of MSMEs in an increasingly competitive digital market. Assisting MSMEs through the use of *digital marketing* on *e-commerce* platforms is one strategy to help increase the visibility and sales of MSME products in the growing digital era. *Digital marketing* can be an effective way to reach potential customers online and expand the MSME market (Kamil et al., 2022).

The government itself always encourages MSME players in each region to develop local specialty products made from local raw materials as the main sales in facing competition with products from other regions, or other countries. Of course, local specialty products have their own strengths, because these products have their own uniqueness, and the identity (*brand*) of the product is attached to the region. The tourism industry in a region will not become advanced if it is not supported by other industries, such as the food industry and the creative handicraft industry (Yonaldi, 2018).

## CONCLUSION

Digital entrepreneurship basically refers to entrepreneurial activities and is related to the use of digital technology including the internet in creating, developing and managing businesses. Entrepreneurship in the digital age faces various challenges and opportunities. Opportunities for entrepreneurship in the digital era include global access, low costs, and limitless innovation. While the challenges faced are tough competition, technological change, and cybersecurity.

In MSME management, there are several things that must be managed properly, including financial management, human resource management, risk management, marketing management, production, development management, and recovery management. These seven areas of management must be applied in every business, including MSME players, so that their businesses can run and develop and advance in the digital era, which is faced with extensive and intense competition. However, in general, MSMEs in Indonesia have not implemented management consistently and comprehensively.

Business digitalization strategies and frameworks play a key role in improving the efficiency, competitiveness, and profitability of companies in the digital era. By implementing a business digitalization model, companies have the ability to create additional value through the use of digital technology. The use of *e-commerce* platforms, entrepreneurial management training, and the use of *digital marketing* strategies are some of the ways that can be applied to increase the visibility and sales of MSME products in the digital market. In addition, the development of local specialty products can also be a strength in strengthening MSME business strategies in the digital era.

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