

FINANCING, MARKETING, AND DIGITALIZATION SOLUTIONS FOR MSMEs IN THE NEW NORMAL ERA

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ABSTRACT

The Covid-19 pandemic has not only had an impact on the health sector which has resulted in fatalities, but has also had an impact on the economic sector and the level of people's welfare. The middle to lower middle class people are experiencing difficulties due to the Covid-19 pandemic, they cannot work as they should, there are even companies that have been forced to carry out mass termination of employment (PHK) because they are no longer able to pay employee salaries if they have to maintain their jobs. employees with working conditions or rules that are currently being implemented. In Indonesia, the government is currently trying to keep pushing the economy to keep moving despite the decline. Many MSME businesses have started to experience a drastic decline in sales or even have no customers at all because customers have started doing activities in their respective homes. However, the continuity of the MSME business must be carried out so that the business can be maintained. The results obtained are in the first model, there are 2 variables that are proven to be significant, namely banking variables and cooperative variables that have an effect on payments, in the second model, all variables are proven to be significant, namely HR variables, competitor variables and innovation variables that have an effect on marketing. Furthermore, in the third model, all variables were proven to be significant, namely technology variables, internet variables and packaging & design variables that had an effect on digitalization.

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1. INTRODUCTION

The Spread Of The Covid-19 Pandemic Has Not Only Had An Impact On The Health Sector Which Has Caused Casualties, But Has Also Had An Impact On The Economic Sector And The Level Of People's Welfare. The Middle To Lower Middle Class People Really Feel The Difficulties Due To The Covid-19 Pandemic. 19 of this, they are unable to work as they should, there are even companies that are forced to carry out mass termination of employment (PHK) because they are no longer able to pay employee salaries if they have to retain employees under the conditions or work rules that are currently being implemented. People who usually make a living by selling every day can no longer do this, so they no longer have any income. The government is making every effort to achieve improvements in all sectors and prevent its spread so that it does not spread, namely by implementing lockdowns and social distancing by imposing Large-Scale Social Restrictions (PSBB), but the reality that can be found to date is that these regulations are not complied with by all sections of society and strict supervision is not applied, so that a system of punishment is not implemented that can make the community discipline about these regulations. In several areas the government provides basic food assistance, but the unfortunate situation is that this assistance is not sufficient, there are even several areas that receive assistance that is no longer suitable for use (Rossa & Putri, 2020).

In Indonesia, the government is currently trying to keep pushing the economy to keep moving although it has decreased. The reason is that Covid-19 spreads quickly so that it changes the interaction between customers and business people, or in Indonesia which has many Micro, Small and Medium Enterprises (MSMEs) actors who are feeling this impact. Many MSME businesses are starting to experience sales that have dropped drastically or even have no customers because more of these customers are doing activities in their respective homes. Will but, MSME business continuity must always be carried out in order to maintain the business (Hardum, 2020).



Figure 1. Labor Absorption from SMEs in 2018-2022
Source: Ministry of Cooperatives, Small and Medium Enterprises

Based on data from the official website of the Ministry of Cooperatives, Small and Medium Enterprises where in 2021 there will be 98% of business units in Indonesia that are members of MSMEs or the total number of MSMEs currently is 65.1 million. The national workforce absorbed in the MSME sector is 115 million or 97% of the total workforce so that MSME contributes 60% to the backbone of the national economy [1].

As a result of the Covid-19 pandemic, it is causing MSMEs to find it difficult to obtain turnover, due to limited economic activities, even though the tax rate for MSMEs has been reduced by the government, it has not had a significant impact on MSME turnover. If left in a state like this, it will make UMKM lose and in the end they will no longer have a business. The efforts made by the government to help MSMEs can still be said to be lacking, it can be seen from the MSMEs in Indonesia that have not experienced this growth Which significant.

This research discusses solutions to increase MSME turnover in terms of financing, marketing and digitalization. Where the type of MSME financing originating from credit or assistance from the private sector is still not optimal, besides that the marketing methods and process of digitizing MSMEs are still underdeveloped, not all MSMEs are able to use digitalization methods and combine them when doing marketing.

So MSME actors have difficulties in the production process to sales from the demand and supply side, it is predicted that after October 2020 many MSMEs will collapse or go out of business, MSME players need capital injections for financing or more relief for tax payments, not only in terms of assistance government, but these MSME actors also expect help from philanthropists/private parties who want to become investors in their MSMEs, currently more MSME actors lack financing or capital, they are more comfortable borrowing from relatives and even loan sharks, not yet many MSME actors dare to take bank credit financing, this is because in applying for bank credit they must have collateral or the amount of interest on the loan is so large, MSMEs need a new relaxation in the way of selling or marketing their products, and must have knowledge for ability the use of technology or social media as a new tool for marketing their products, as well as training on making new production goods that are currently needed or favored by the community [2].

The North Sumatra region itself has an official website that records MSMEs in the area, where 1,427 MSMEs have been registered. Based on the number of registered MSMEs, 60% are food-based, 10% fashion-based, 15% craft-based, 10% tire repair-based, and 5% livestock-based. In North Tapanuli Regency there are 900 MSMEs, currently the production of MSME actors in the Regency North Tapanuli experienced a drastic decline, ranging from 50 to 80 percent. This is due to the spread of the Covid-19 pandemic. MSMEs in North Tapanuli Regency are more active in the field of seafood, which produce shrimp, crabs, do not enter restaurants in Jakarta, but due to the Covid-19, these MSMEs automatically drop so that they lose money because the ingredients come from processed raw materials [3].

There must be a program that is able to create an ecosystem that can digitize MSME programs, so that sales or marketing are much more accessible to the public. Currently there are MSMEs that are also connected to the online market, but only around 13% or 8 million business actors, so there are still many MSMEs that have not promote the product using digital technology, because they don't understand how to sell online, with digitalization, MSMEs will make it easier to sell and improve the economy in Indonesia [4].

Various studies that have been carried out by previous researchers are related to the potential of the regional economy, which is used as a reference in this study By [5], who has conducted research that is to identify both the advantages and disadvantages of North Sumatra MSMEs based on Craft Products Small, micro, and medium enterprises which is able to absorb a large number of workers so that it becomes one of the drivers of the economy for the Indonesian state. One of the sciences that is closely related to SMEs,

especially on a craft basis, namely Product Design. The background of this study is the difficulty felt by product design students in finding craftsmen around the Pelita Harapan University campus, therefore these students have to go to the areas of Bogor, Bandung, Cirebon, and Jakarta to manufacture products. A small number of MSMEs in North Sumatra became MSMEs in the study, including Wira Multi Agung, the Bamboo Hat Community, Pelangi Knitting, and Pak Budhy's Workshop[6]. The results obtained are that product design is needed by MSMEs, this is because the design is very dependent on the customers who come. This study recommends that it is necessary to build a structured mechanism which connects product design at Pelita Harapan University and craft-based SMEs in North Sumatra[7]. This is because the design is very dependent on the customer who comes. This study recommends that it is necessary to build a structured mechanism which connects product design at Pelita Harapan University and craft-based SMEs in North Sumatra. This is because the design is very dependent on the customer who comes. This study recommends that it is necessary to build a structured mechanism which connects product design at Pelita Harapan University and craft-based SMEs in North Sumatra.

2. LITERATURE REVIEWS

MSMEs are a component of economic enterprises that have a positive impact on a country's economy, by relying on MSMEs, a country is able to no longer depend on imported goods from other countries or other regions, a strong MSME base in a region can have a positive impact on growth economy. With the physical condition of the Indonesian state and the large number of Indonesian citizens, it is very possible for us to be able to succeed in the growth of MSMEs, one of which is the North Sumatra region. Admittedly, not all North Sumatran people have a high level of education, and MSMEs in the North Sumatra region can be categorized as less developed and less familiar with technology to increase production capabilities. besides that they experience difficulties in funding which only rely on personal capital and credit loans from banks or relatives. So in a gap like this, control must be carried out and help to increase the turnover of MSME actors[8].

It was also conveyed in the results of research by [9], who had conducted research on the Analysis of MSME Business Sustainability in North Sumatra Province. This study aims to analyze the variable implementation of generic learning strategies for the SME business sustainability variable, this research provides a good understanding of the theory and managerial steps that are not carried out by SME entrepreneurs. That business success will ensure survival amidst industrial processing and weakening economies both regionally and globally. Research example of 170 SMEs using the SME cluster system in the processing industry in North Sumatra Province. Data processing techniques using a questionnaire. To test the relationship model that has been determined before, the researcher uses analytical tools 23, 00 that can be used together (AMOS)[10]. The variables resulting from the generic strategy of the competitive strategy are significant variables for MSME sustainability and sustainability has a positive effect on SME business sustainability. This research can give meaning to the sustainability of the MSME business in order to survive in global competition with current and future large industries so as to create the following framework of thinking:

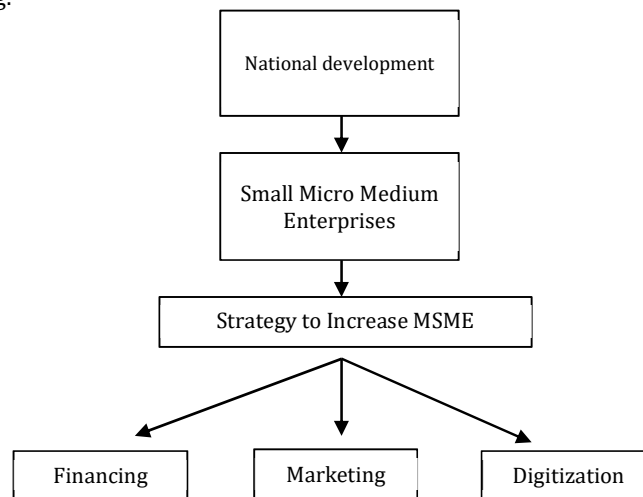


Figure 2. Thinking Framework

2.1. Micro, Small and Medium Enterprises (MSMEs)

Micro, Small and Medium Enterprises (MSMEs) have an important role in the development and growth of a country, not only in developing countries (NSB), but also in developed countries (NM). The important role of MSMEs in developed countries is not only in the business group itself which is able to absorb a large number of workers compared to large businesses (UB), as is the case in various developing countries but also in their large contribution to the formation or growth of the Gross Domestic Product (GDP).) rather than large business contributions. There are several potential strengths possessed by MSMEs, which are a mainstay that will become the basis for the future, namely (Wijaya, 2017):

Providing employment opportunities for small industries in absorbing labor should be reckoned with, estimated or absorbing up to 50% of the available workforce. (2) Sources of new entrepreneurs, the existence of small and medium enterprises so far has been proven to be able to support the growth and development of new entrepreneurs. (3) Having a unique market business segment, carrying out simple and flexible management of market changes. (4) Utilization of natural resources owned, most small industries utilize waste or products from large industries or other industries. Has the potential to be developed. Various efforts have been made through coaching which shows results which illustrate that small industries are capable of further development and are able to develop other related sectors.

2.2. MSME classification

Based on the perspective of its development, MSMEs are a large business group. In addition, the MSME group has also proven to have resilience against various kinds of economic crisis turmoil. Therefore, it has become a necessity to strengthen the MSME group itself which also involves many other groups, the Classification of Micro, Small and Medium Enterprises is as follows (Tambunan, 2014).

Livelihood Activities, namely Micro, Small and Medium Enterprises (MSMEs) to serve as job opportunities to make a living, or more commonly called the informal sector. An example is street vendors. (2) Micro Enterprise, namely Micro, Small and Medium Enterprises (MSMEs) which have the characteristics of craftsmen but do not yet have entrepreneurial characteristics. (3) Small Dynamic Enterprise, namely Micro, Small and Medium Enterprises (MSMEs) that already have an entrepreneurial spirit and are able to accept subcontracting and export work. (4) Fast Moving Enterprise, namely Micro, Small and Medium Enterprises (MSMEs) which already have an entrepreneurial spirit and will transform into large businesses (UB).

2.3. Economic Growth and Development Theory

Economic growth is a process which is not an economic picture at one time (one shot). In this case, there is a dynamic aspect of an economy, namely by looking at the economy as something that develops or changes over time. The emphasis is on the change or development itself. The increase in output per capita is related to economic growth. In this case, there are two sides that must be considered, namely the total output side (GDP/Gross Domestic Product) and the population side. The total output divided by the population is the output per capita.

3. METHODS

This study uses quantitative methods, with multiple linear regression methods, while the research model is divided into 3 regression models because we want to see from 3 sides the efforts to increase MSME turnover, namely from the side of financing, marketing and digitalization[11]:

Model 1

$Y_1 = \beta_0 + \beta_1 t + \beta_2 t + \beta_3 t + e_t$ Information:
 Y_1 = Financing β_0 = Constant β_1 = Banking β_2 = Cooperative
 β_3 = Village Funds / Government aid subsidies
 e = error variance (error) t = time series

Model 2

$Y_2 = \alpha_0 + \alpha_1 + \alpha_2 + \alpha_3 + e_t$ Information:
 Y_2 = Marketing
 α_0 = Constant
 α_1 = Resource Capability
 α_2 = Competitors

α_3 = Innovation
e = error variance (error) t = time series

Model 3

$Y_3 = \sigma_0 + \sigma_1 + \sigma_2 + \sigma_3 + e_t$ Information :

Y_3 = Digitization

o = Understanding of technology

1 = Technological understanding

2 = Social media/Internet capacity

3 = Packaging/Design

e = error variance (error) t = time series

The population of this study are Micro, Small and Medium Enterprises (MSMEs) in the North Tapanuli Regency area, and several regional policy makers in North Tapanuli Regency who are related to MSMEs. For the number of MSME actors who were used as the research sample, there were 200 people, while the sampling in this study was using a random sampling method, where the sample was selected on a certain basis in accordance with the research objectives.

The method of analysis is to carry out multiple linear regression using the classical assumption test which consists of a normality test, multicollinearity test, heteroscedasticity, autocorrelation test, and linearity test [12].

4. RESULTS AND DISCUSSION

Result

Small businesses have assets > 50 million – 500 Million with turnover > 300 Million – 2.5 Billion. Medium enterprises have assets >500 Million – 10 Billion with a turnover of >2.5 Billion. North Tapanuli Regency with an area of 1,467.35 km² has a total of 29,791 Micro, Small and Medium Enterprises (MSMEs) spread across 15 districts. The following is a map of the distribution of MSMEs in North Tapanuli Regency [13].

There are three challenges for small businesses to be able to develop and compete in an increasingly broad market. all four ie capital,licensing, product quality and marketing. The Office of Cooperatives, Industry, SMEs and Trade (Diskoperindag) provides assistance to small businesses in North Tapanuli Regency. UMKM products originating from North Tapanuli Regency in terms of quality are not inferior to various preparations that are currently available in mini markets, but the employees still need training and provisioning from various parties as an effort to improve the quality of products sold. MSME actors must maintain selling standards, so that they continue to balance the quality that consumers demand [14].

4.1. Description of Research Data

One of the potential businesses run by the Indonesian people is Micro, Small and Medium Enterprises. Through the development of MSMEs in each region, Indonesia has great potential to improve the economy And provide jobs. Currently, MSMEs have produced a variety of products that are marketed in the domestic market and the international market. This study took a sample of 200 types of MSMEs in North Tapanuli Regency, out of a total of 900 types of MSMEs. The following table describes the respondents:

Table 1. Data of Research Respondents

Category	Amount	Percentage (%)
Man	53	27
Woman	147	73
Total	200	100

From the table above it can be seen that the majority of respondents are female, this is because many MSME businesses are managed by mothers and previously only worked as housewives who wanted to find additional income to help husbands meet household needs, prices were increasing also causes housewives must think creative.

Table 2. Data on the Age of Respondents

Category	Amount	Percentage (%)
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20 – 30 Years	130	64
31 – 41 Years	56	29
42 – 52 Years	14	7
Total	200	100

Research makes money, MSME actors need it the adaptation fast with the changes that occur, so they are required to always innovate regardless of whether the manager UMKM a man or a woman. The vulnerable ages of the respondents are:

It can be seen from this table that the most respondents are vulnerable to the ages of 20 to 30 years, productive ages who do not have permanent jobs choose to open micro-scale businesses to seek additional income every month, but it is undeniable that there are also respondents aged 42 to with 52 years who are also still actively managing their business, this was done due to the demands of the family's economy. The types of MSME businesses that are respondents in this study are:

Table 3. Respondent MSME dataStudy

Category	Amount	Percentage (%)
Culinary	83	41.5
Fashion	76	38
Crafthands / accessories	41	20.5
Total	200	100

Based on the results of the respondent's data collection, the most types of MSMEs were types of culinary businesses, namely as many as 83, then fashion as many as 76 and handicrafts/accessories as many as 41. Culinary is a type of business that has quite a high risk, especially during a pandemic like this, but this type of business which does not require too much capital and a team, so it is considered much more effective and efficient.

4.2. Classic assumption test

Normality test

If the Jarque-Bera probability value is greater than 0.05, it can be concluded that the error terms are normally distributed and vice versa. As can be seen from the table, the calculated value of the Jarque-Bera probability value is $0.625981 > 0.05$, so it can be concluded that the residuals are normally distributed, which means that the classical assumption about normality fulfilled or there is no normality problem.

Multicollinearity Test

Based on the test results, it can be concluded that there is no multicollinearity problem because the independent variables Inflation, Interest Rates, Exchange Rates and Labor have a VIF value below 10.

Autocorrelation Test

Based on the test results, it can be concluded that there is no autocorrelation problem because the probability that model 1 has is 0.2809, model 2 is 0.3219 and model 3 is 0.2209 which means it is greater than the significance level of 5%.

Heteroscedasticity Test

Based on the test results, it can be concluded that there is no heteroscedasticity problem because the probability that model 1 has is 0.6321, model 2 is 0.1982, and model 3 is 0.3849 which means it is greater than the significance level of 5%.

Table 4 Heteroscedasticity Test

Variablel	Coefficien.t	std. Error	t- Statistics c	Prob.
C	22.00910	7,440392	7.0021929	0.0001
HR	0.665789	7,093230	3.0291038	0.0001
Competitor	0.321987	10.88382	3.4728390	0.0210
Innovation	0.548790	10.09383	7.7763899	0.0091
Model 3 Regression Results				
Variablel	Coefficien.t	std. Error	t- Statistics c	Prob.

C	5.998392	10.09001	5.227361	0.0000
Technologi	0.445038	9,883729	5.998220	0.0023
Internal t	0.678594	9,889000	5.009281	0.0010
Packan & Design	0.128849	6,329289	3.229011	0.0008

4.3. Linearity Test

Based on the test results, it can be concluded that there is no linearity problem because the Prob. F count of model 1 is 0.2231, model 2 is 0.7092, and model 3 is 0.1092, this means that the Prob F-Statistic value is greater than the alpha level of 5%, then the regression model does not meet the assumption of linearity, so this model can be said to be BLUE (Best Linear Unblased Estimation).

Table 4. Research Data Regression Results

Regression Results Model 1				
Variable	Coefficient	t	std. Error	Prob
C	6.28998	8,443	8,2219	0.01
	121	557	90	23
Bandage	0.78227	8,209	12,902	0.00
right	390	302	910	02
suitcase	0.32992	7,220	7.1099	0.00
si	192	193	200	32
Subsidy	0.11009	7,884	0.2993	0.11
	203	930	002	90

Model 2 Regression Results

Based on the regression results, a multiple linear regression equation can be formed as follows:

First Models

$$\text{Payout} = 6.28998121 + 0.78227390$$

$$\text{Banking} + 0.32992192 \text{ Cooperative} + 0.11009203 \text{ Subsidies}$$

With the following interpretation:

(1) The constant value at 6.28998121 indicates that if the banking, cooperative and subsidy variables do not change, so payment has a value of 6.28998121. (2) The regression coefficient of variable X1 (Banking) of 0.78227390, meaning that every increase in X1 will increase Y (Payment) by 0.78227390, assuming the other independent variables have a fixed value. (3) The regression coefficient of variable X2 (Cooperative) of 0.32992192, meaning that every increase in X2 will increase Y (Payment) by 0.32992192, assuming the other independent variables have a fixed value. (4) The regression coefficient of variable X3 (Subsidy) of 0.11009203, meaning that every increase in X3 will increase Y (Payment) by 0.11009203, assuming the other independent variables have a fixed value.

Second Model

Marketing = 22.00910 + 0.665789 HR + 0.321987 Competitor + 0.548790 Innovation With the following interpretation:

(1) The constant value at 22.00910 indicates that if the HR, Competitor and Innovation variables do not change, then Marketing has a value of 22.00910. (2) The regression coefficient of the X1 variable (HR) is 0.665789, meaning that every increase in X1 will increase Y (Marketing) by 0.665789, assuming the other independent variables have a fixed value. (3) The regression coefficient of the variable X2 (Competitors) is 0.321987, meaning that every increase in X2 will increase Y (Marketing) by 0.321987, assuming the other independent variables have a fixed value. (4) The regression coefficient of the variable X3 (Innovation) is 0.548790, meaning that every increase in X3 will increase Y (Marketing) by 0.548790, assuming the other independent variables have a fixed value.

Third Model

Digitalization = 5.998392 + 0.445038 Technology + 0.678594 Internet + 0.128849 Packaging&Design With the following interpretation:

(1) The constant value at 5.998392 indicates that if the Technology, Internet and Packaging&Design variables do not change, then Digitalization has a value of 5.998392. (2) The regression coefficient of the

variable X1 (Technology) is 0.445038, meaning that every increase of X1 means will increase Y (Digitalization) by 0.445038, assuming the other independent variables have a fixed value. (3) The regression coefficient of the variable X2 (Internet) is 0.678594, meaning that every increase in X2 will increase Y (Digitalization) by 0.678594, assuming the other independent variables have a fixed value. (4) The regression coefficient of the variable X3 (Packaging & Design) is 0.128849, meaning that each increase in X3 will increase Y (Digitalization) by 0.128849, assuming the other independent variables have a fixed value

4.4. Statistical T Test

Table t values can be searched using Microsoft Excel with the formula $=\text{tinv}(\alpha;nk) = \text{tinv}(0.05;200-3) = 1.9720$.

First Models

(1) Banking Variables

Based on the regression results, the value of $t_{\text{count}} = [12.902910]$, so that the results of $t_{\text{count}} [12.902910] > t_{\text{table}} [1.9720]$, then the decision is the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. These results state that the banking variable has a significant effect on payments.

(2) Cooperative Variables

Based on the regression results, the value of $t_{\text{count}} = [7.1099200]$ is obtained, so that the results of $t_{\text{count}} [7.1099200] > t_{\text{table}} [1.9720]$ are obtained, so the decision is the Null Hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. These results state that the cooperative variable has a significant effect on payment.

(3) Subsidy Variable

Based on the regression results, it was obtained that $t_{\text{count}} = [0.2993002]$, so that $t_{\text{count}} [0.2993002] < t_{\text{table}} [1.9720]$ was obtained, so the decision was that the Null Hypothesis (H_0) was accepted. These results state that the Subsidy variable has no significant effect on Payment.

Second Model

(1) HR variable

Based on the regression results, the value of $t_{\text{count}} = [3.0291038]$ is obtained, so that the results of $t_{\text{count}} [3.0291038] > t_{\text{table}} [1.9720]$ are obtained, so the decision is the Null Hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. These results state that the HR variable has a significant effect on Marketing.

(2) Competitor Variable

Based on the regression results, the value of $t_{\text{count}} = [3.4728390]$ is obtained, so that the results of $t_{\text{count}} [3.4728390] > t_{\text{table}} [1.9720]$ are obtained, so the decision is the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. These results state that the Competitor variable has a significant effect on Marketing.

(3) Innovation Variable

Based on the regression results, the value of $t_{\text{count}} = [7.7763899]$ is obtained, so that the results of $t_{\text{count}} [7.7763899] > t_{\text{table}} [1.9720]$ are obtained, so the decision is the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. These results state that the Innovation variable has a significant effect on Marketing.

Third Model

(1) Technology Variables

Based on the regression results, the value of $t_{\text{count}} = [5.998220]$ is obtained, so that the results of $t_{\text{count}} [5.998220] > t_{\text{table}} [1.9720]$ are obtained, so the decision is that the Null Hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. These results state that the Technology variable has a significant effect on Digitalization.

(2) Internet variables

Based on the regression results, the value of $t_{\text{count}} = [5.009281]$ is obtained, so that the results of $t_{\text{count}} [5.009281] > t_{\text{table}} [1.9720]$ are obtained, so the decision is that the Null Hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. These results state that the Internet variable has a significant effect on digitalization.

(3) Packaging & Design Variables

Based on the results of the regression obtained values $t_{count} = [3.229011]$, so that the results of $t_{count} [3.229011]$ are obtained $> t_{table} [1.9720]$, then the decision is the Null Hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. These results state that the Packaging & Design variable has a significant effect on Digitalization.

Simultaneous Test / Test F

First Models

From the regression results obtained the probability of the F-stat showing a value of $0.000 < 0.05$, this reflects that the independent variables in this study, the first model is banking, cooperatives and subsidies as a whole. Together significant effect on the dependent variable in this case Payment.

Second Model

From the regression results, the probability of the F-stat shows a value of $0.002 < 0.05$, this reflects that the independent variables in this study, the second model is HR, Competitors and Innovation which together have a significant effect on the dependent variable in this case Marketing.

Third Model

From the regression results, the probability of the F-stat shows a value of $0.002 < 0.05$, this reflects that the independent variables in this study, the third model is technology, internet and packaging & design together has a significant effect on the dependent variable in this case Digitalization. R-squared.

Table 6. R-Squared Results

	Model 1		Model 2		Model 3	
	Information	Results	Information	Results	Information	Results
Prob		0.96	Prob	0.78	Prob	0.82
F-		292	F-	721	F-	001
static tic		2	static tic	9	static tic	9

First Models

The value of R^2 in the first model is 0.962922 , meaning that the influence of banking, cooperatives and subsidies together affect payment with a response of 96.29% while the remaining 3.71% is influenced by other variables not included in this study.

Second Model

The R^2 value in the second model is 0.787219 , meaning that the influence of HR, Competitors and Innovation jointly influences Marketing with a response of 78.72% while the remaining 21.28% is influenced by other variables not included in this study.

Third Model

The R^2 value in the third model is 0.820019 , meaning that the influence of technology, the internet and packaging & design jointly affect digitalization with a response of 82% while the remaining 18% is influenced by other variables not included in this study.

4.5. Discussion

Regression Model 1

The results of the research prove that banking has an effect on MSME financing, in the current era it has developed what is called fintech where it has a role in 1) providing a market for business actors, 2) as a tool for payment, settlement and clearing, 3) provide assistance in making investments more efficient, 4) mitigating risks from the payment system conventional ones, 5) provide assistance to those who need it save, borrowing funds and equity participation. Meanwhile, the development of FinTech can cause creative disruption to the Indonesian people because they are not ready to accept changes in economic activity. On the other hand, fintech also has an impact on the development of new opportunities for the economy in increasing its economic activity so that it can be more efficient and effective. FinTech has been able to provide assistance in terms of financing for small and medium enterprises that lack access to banking. Through mature regulatory efforts, this can encourage MSMEs to be able to develop their business through easy loan transactions through FinTech. Therefore, both directly and indirectly FinTech has an influence on MSME activities [15]. Funds have an important role for business activities, especially MSMEs, therefore

good cooperation between banks as lending institutions and MSMEs needs to be carried out properly. This cooperation is important so that the problems that occur between the two parties can be overcome and have mutual benefits. This is where the role that can support MSMEs to continue to develop is both Islamic and conventional banks through financing and investment. In the life of the state, the role of the bank is to become one of the agents of development. because its main function is as a financial intermediary institution, which is an institution that collects funds from the public in the form of savings and distributes them back to the community in the form of credit or financing [16]. The results of this study state that cooperatives have a significant positive influence on MSME financing, this indicates cooperatives can become a driving force for the people's economy which has the goal of increasing the welfare of the community by basing its activities on cooperative principles. Cooperative is a movement that is by upholding values togetherness and cooperation between its members, of course, this is very necessary in order to realize its main goal, namely improve the welfare of its members and the prosperity of society. Cooperatives will not attract members, prospective members or other people who wish to become members of cooperatives because they simply feel they have excess capital, but on the contrary, cooperatives will be very interested if cooperatives can provide economic benefits for their members. Therefore, cooperatives must have a main goal in terms of service. As for this, it can be shown that the higher the quality of service, the higher the participation of members of the cooperative, and vice versa, the lower the quality of service, the lower the participation of members of the cooperative. Therefore, both are positively related because if the cooperative is viewed from the service and its members are good, there will also be positive changes to financing [17]. Especially if the HR has added value as a member in the cooperative, of course it will greatly impact MSME financing, because HR plays an important role as a holder in efforts to increase productivity as a means of production and technology and capital, this is more demonstrated and becomes the center of attention when compared with the productivity of capital, means of production, and technology [18].

The village government or subsidies have not had a significant effect on MSME financing. According to [19], as an effort to increase access to sources of financing from the banking sector. Of course, this effort cannot be carried out by one party from MSMEs, but requires stakeholders, namely the government, business associations, NGOs, and universities. the role of the facilitator carried out by the government in the future needs to be reduced and replaced with its role as a regulator. The role as a regulator is more directed in terms of empowering (empowering) through strengthening strategies (empowering). Through strategy is expected to run more effectively compared to the government's role as a facilitator through service strategy (servicing). Therefore, this shows evidence that the community and cooperatives have an attachment to government assistance.

Regression Model 2

It is proven that HR capabilities influence marketing. One of the obstacles faced by MSMEs is related to marketing factors, this is due to the lack of knowledge possessed by MSME entrepreneurs related to the importance of marketing in a business that they run so that the resources they have cannot be utilized properly in helping the marketing process. Alone [20]. This situation is also supported by a statement made by President Jokowi in an article explaining that MSME entrepreneurs cannot utilize their resources to encourage product marketing so that this is one of the reasons for the underdevelopment of MSMEs in Indonesia. The lack of knowledge of entrepreneurs related to the market is one of the obstacles in marketing in Indonesia, besides that, there are also many MSME entrepreneurs who do not have sufficient formal education which is also the cause of the lack of ability to analyze the market by MSME entrepreneurs. The problems faced by MSMEs are the lack of literacy and related knowledge with especially in business development in the field of marketing so that entrepreneurs in Indonesia are less able to interpret government policies in an effort to encourage MSMEs. Therefore, entrepreneurs must acquire knowledge related to entrepreneurial marketing to become a part of the way of thinking and acting. As for further, there needs to be more attention that must be focused on how to educate entrepreneurs so they can take advantage of the various potentials they have to advance their businesses [21]. Higher ability of employees will impact on increasing adoption of SME e-marketing, this is because SMEs have employees who are knowledgeable and capable in terms of e-marketing so that they can encourage stakeholders interest for develop their business in a more advanced direction online marketing or e-marketing [22].

Business competitors are proven to influence marketing. The concept for measuring the achievements of companies within companies for a product can be seen from marketing performance, a reflection of the success of a business in market competition can be seen from its achievements so that companies have an interest in knowing this. Competitors put strong pressure on both from various regions

and large factories so that they should not feel complacent, therefore business actor must demanded for improve the marketing performance of its business because it will be the estuary for the success of a product. Customer needs, product management as well as market share will experience changes due to various changes in business competition. The type of MSME business is dominated by individuals, from these various weaknesses, where are the weaknesses this have a large dependence on business owners or business managers. The determination of what business to do is determined by the business owner or business manager, namely, among other things, where the business will be carried out, when capital will be used, how to make purchases, who are the parties related to the business, including employees and target consumers [23].

Innovation is proven to have an influence on marketing, therefore in order to improve business continuity it is necessary to pay great attention to product innovation as an effort to improve. As an effort to maintain consumer buying interest and increase market share, MSME actors need to carry out various innovations through several improvements, including packaging design, production systems, improving product quality, marketing processes, and improving services [24]. Measurable steps that can be taken by MSME actors to maximize the marketing of their products can be done through process and marketing innovations. where to help improve efficiency or effectiveness can be done with process innovation which is a new technique and process that is introduced into business operations, and also process innovation which is related to new ways of delivering products to consumers that are possible to do. Delivering products to consumers can be done through online media, which will also reduce production costs. So far, MSME actors in marketing their MSME products have relied more on direct sales to their consumers and consumers have limited access to the MSME product market. resulting in a decrease in product sales. Business actors need to build MSME product marketing in order to provide the best quality work, there will be more business actors if the products being marketed provide the best quality where this can show the product brand and the company's reputation will look good in the community. Vice versa, the poor existence of business actors can be seen from their poor performance so that customers will be disappointed, this will have an impact on decreasing product sales [25].

Regression Model 3

Proven that technology influences digitalization. Research in the field of marketing still focuses on individual understanding related to the process of adopting technology to support the activities they carry out and the various factors that can influence decisions. One's perception can influence the behavior of using technology where it is easy to use and has benefits. Technology use is the amount of use of a technology per unit time and is the result of increasing attention. In general, the application of trading through electronic networks is carried out by MSME actors, with the aim of increasing income. Therefore, it is necessary to increase the ability of MSME managers to utilize Information and Communication Technology (ICT) where in terms of computer maintenance, It is proven that the Internet has an effect on digitalization. In managing and increasing UMKM turnover, there are several factors that can support this, including knowledge/expertise, innovation and agility, where expertise is the main factor that must be owned by MSME actors, such as the ability to solve various complex problems, being able to think critical thinking, creativity, managing people, coordinating with others, emotional intelligence, judgment and decision making, service orientation, negotiation and cognitive flexibility. Utilization of the internet is one way to increase business knowledge which is carried out to find and create opportunities, collaborate, be creative, increase production[26].

It is proven that Packaging & Design has an effect on digitization. For business development by optimizing production management from the manufacturing process to product packaging as well as more attractive designs, effective and efficient marketing management so that the production results can be added value. This packaging and design improvement activity can help accelerate digitization which is later expected to increase profits which in the end results in improvements and starting to use online processes [27].

5. CONCLUSION

There are 3 models in this study where the variables discussed are different, in the first model the dependent variable is payment, the second model is marketing and the third model is digitalization. In the first model, there are 2 variables that are proven to be significant, namely banking variables and cooperative variables that affect payments, while the subsidy variable does not affect payments. In the second model, all variables are proven to be significant, namely HR variables, competitor variables and innovation variables that have an effect on marketing. Furthermore, in the third model, all variables were

proven to be significant, namely technology variables, internet variables and packaging & design variables influence digitization.

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