

# Increasing The Competitiveness Of Sukasari District UMKM Through Digital Technology-Based Cooperatives

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## Keywords

UMKM, Businesses,  
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**Abstract.** UMKM are a crucial driving force for economic growth in the national economy. However, many UMKM face challenges in accessing technology and broader markets. On the other hand, the digital era has brought about significant changes in the way businesses operate. In this context, digital cooperatives emerge as an innovative solution to overcome these barriers. This study aims to investigate how emerging UMKM can innovate and grow through the utilization of digital cooperatives. The results indicate that digital cooperatives can enhance visibility, market access, and technological innovation capacity for UMKM. Furthermore, collaboration between UMKM and digital cooperatives opens opportunities for scaling up businesses, expanding networks, and maximizing growth potential. With the right infrastructure and policy support, the integration of UMKM with digital cooperatives can serve as a catalyst for growth and innovation in this sector.

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## 1. INTRODUCTION

Key in supporting Indonesia's national economy. Sukasari District, which is known for its extensive UMKM potential, has around 7000 UMKM per sub-district. This potential, if developed with the right strategy, can make a significant contribution to the local and national economy. However, there are a number of challenges faced by UMKM in Sukasari District, ranging from limited market access, capital constraints, to limitations in knowledge and technology. Direct observation of the condition of UMKM in Sukasari shows that there are still many business owners who have not utilized digital technology in their operations. This is ironic considering that we are at the peak of the digital era, where technology can help solve various existing obstacles. Therefore, it is very important for UMKM in Sukasari to adapt to current developments in order to increase their competitiveness in a competitive market.

One way to achieve this adaptation is to build an ecosystem that supports UMKM through implementing the cooperative model. History has shown that cooperatives can provide many benefits for their members, including UMKM. Through cooperatives, UMKM can gain access to better capital, distribution and shared resources. However, to remain relevant in the digital era, cooperatives must transform and integrate their operations with digital platforms.

The integration of digital platforms into the cooperative model provides great opportunities for UMKM in Sukasari. Digital platforms can connect UMKM with wider markets, not only domestically but also internationally. In this way, UMKM can reach new customers and expand their distribution network. In addition, transactions can be carried out more easily and efficiently, reducing operational costs and improving productivity. Digitalization also allows UMKM to gain better insight into market trends and consumer preferences, which can be used to improve and adapt the products or services offered.

The development of a cooperative ecosystem through digital platforms must be carried out through a series of strategic steps. First of all, there needs to be a deep understanding of the needs and challenges faced by UMKM in Sukasari District. This can be achieved through surveys and dialogue with UMKM owners. The second step is the development of digital infrastructure that can support the operations of Cooperatives and UMKM, including the creation of websites, mobile applications and digital payment systems. Third, training and education for UMKM owners is very important to ensure they have the skills needed to manage and develop their business in digital environment. This includes knowledge of e-commerce, digital marketing, and the use of social media for promotions. Fourth, local governments and related institutions must be actively involved in providing regulatory and

policy support that facilitates the growth of digital UMKM. Fifth, collaboration with various parties, including universities, research institutions and technology companies, can help develop innovation and technological solutions that suit needs UMKM. Sixth, the formation of networks and collaboration between UMKM through digital platforms can encourage the exchange of knowledge, experience and best practices.

To clarify how the use of digital platforms within a cooperative framework can be a strategic step to increase the competitiveness of UMKM in Sukasari District, this introduction will be followed by a more detailed discussion regarding each of these strategic steps. It is hoped that by implementing these strategies, UMKM in Sukasari will not only survive but also develop rapidly in an increasingly advanced economy that is developing towards digital technology.

### **Literature Review (State of The Art)**

In the context of UMKM in the District that join cooperatives and have facilities on digital platforms that help starting from the legality of training and marketplaces, the literature review aims to understand previous research and theories that are relevant to this topic. The following are the references taken for this research.

#### 1. Digitalization of UMKM

According to Smith & Anderson (2019), digitalization has brought many opportunities for UMKM to expand market reach, increase operational efficiency and increase competitiveness. By utilizing digital technology, UMKM can access a wider market and increase the visibility of their products.

#### 2. The role of cooperatives in supporting UMKM

Cooperatives, as community-based economic institutions, have great potential to support UMKM, especially in villages (Hartono, 2017). With the facilities and resources they have, cooperatives can facilitate UMKM to access funding, training and wider networks.

#### 3. Integration of UMKM in Villages with Digital Platforms

Wahyuni & Sari (2020) found that although many UMKM in villages see the great potential of digital platforms, they still face many obstacles, such as lack of access to technology, limited digital knowledge, and lack of support from related parties. In this case, cooperatives can act as mediators to overcome these obstacles.

#### 4. Benefits of Joining a Cooperative for UMKM in the Village

Based on research from Rahman & Putri (2018), UMKM that join cooperatives tend to have better access to resources, such as funding, training and networks. Apart from that, through cooperatives, UMKM can also get support in terms of product promotion and distribution.

#### 5. Barriers and Challenges to Digital Integration for UMKM in Villages

Meanwhile, in terms of challenges, Suryana & Nugroho (2019) stated that although there are many opportunities from digitalization, UMKM in villages often face difficulties such as uneven technological infrastructure, lack of digital literacy, and high initial costs.

#### 6. Digital Transformation for UMKM

Digital transformation for UMKM (Micro, Small and Medium Enterprises) is an important approach in the modern era to increase competitiveness, market access and operational efficiency. Antonius Alijoyo, until 2022, is one of the figures in Indonesia who is active in discussions regarding UMKM and digitalization.

#### 7. Technology and Adaptation of UMKM

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#### 8. Digital Ecosystem for UMKM

Widianto (2018) examines how the formation of a digital ecosystem can facilitate UMKM to grow and develop. Through the digital ecosystem, MSMEs can connect, collaborate and even innovate together to create added value for their customers.

9. Digital Literacy and UMKM

Putri & Hasan (2021) highlight the importance of digital literacy for UMKM players. Increasing capabilities in understanding and using digital technology can increase operational efficiency and innovation potential for UMKM.

10. Digital Regulatory and Policy Challenges

Santoso & Pratama (2020) show that there are regulatory challenges faced by UMKM in the digitalization era. Regulations that are unclear or frequently change can be an obstacle for UMKM to digitalize. Therefore, progressive policies that support the digital growth of UMKM are urgently needed.

No	Research Sources and Focus	Main Meeting	Information
1	Smith & Anderson (2019)	Digitalisasi UMKM	Digitalization provides opportunities for UMKM to expand their reach and increase efficiency.
2	Hartono (2017)	The role of cooperatives for UMKM	Cooperatives can provide funding, training and networks for UMKM in villages.
3	Wahyuni & Sari (2020)	Integration of UMKM with Digital Platforms	Many UMKM in villages see the potential of digital platforms but face obstacles.
4	Rahman & Putri (2018)	Benefits of Joining a Cooperative for UMKM	UMKM that are members of cooperatives have better access to resources.
5	Suryana & Nugroho (2019)	Barriers to Digitalization of UMKM in Villages	UMKM in villages face difficulties with technological infrastructure, digital literacy and start-up costs.
6	Antonius A (2019)	Digital transformation for UMKM (Micro, Small and Medium Enterprises)	Digitalization strategy for UMKM starts the digitalization process with limited resources, such as utilizing existing e-commerce platforms, social media and cloud technology.
7	Perdana & Rizki (2020)	Technology and Adaptation of UMKM	Adaptation of UMKM to technology increases innovation and efficiency
8	Widianto (2018)	Digital Ecosystem for UMKM	The ecosystem is formed into a forum that houses the activities of sellers and buyers. By using a digital platform, UMKM can improve the quality of their products.
9	Putri & Hasan (2021)	Digital Literacy and UMKM	The importance of understanding digital technology
10	Santoso & Pratama (2020)	Digital Regulatory and Policy Challenges	Many regulations are still unclear and change and become a challenge as well as an advantage in buying and selling practices

## 2. METHODS

In conducting research using the sequential exploratory design method regarding UMKM in Sukasari District that have joined COOPERATION and have facilities on digital platforms, the following is the methodology that can be adopted: This research uses a sequential exploratory design approach by conducting case studies to investigate several cases of MSMEs that experienced failure. Then, carry out a cross-sectoral survey design. This survey aims to collect data from a large number of UMKM who have joined or interacted with customers.

Population: All UMKM operating in the Sukasari District area and have joined or have interaction with digital cooperatives. Sampling: Using a simple random sampling technique with a sample size of 500 UMKM. The instruments used include: Interviews to obtain in-depth information from UMKM owners. Interviews were conducted to find out the flow of Startup UMKM. This questionnaire consists of closed questions that measure: The level of satisfaction of UMKM with digital cooperative services. Perception of the benefits of digital cooperatives in increasing competitiveness. Barriers faced when transitioning to digital cooperatives.

Data was collected by conducting direct interviews and distributing questionnaires online through collaborating digital cooperative platforms and through direct visits to UMKM locations that are members of the cooperative. Once data is collected: Data will be validated and cleaned of incomplete or inconsistent responses. Descriptive analysis (mean, median, mode, frequency distribution) will be carried out to get a general picture of the data. Inferential analysis, such as t tests, chi-square tests, or regression analysis, may be performed depending on the nature of the data and the research question.

Because this approach uses interviews and questionnaires, there is the potential for measurement errors that may occur, such as response bias, data out-of-sync or interpretation errors. To overcome this, the research instrument will be pre-tested to ensure clarity and validity. The first thing to be done is a direct interview with UMKM actors and respondents will be given information about the purpose of the research, as well as a guarantee that their data will be kept confidential. Respondents will also be given the option to withdraw from the study at any time without reason. After the respondent agreed to this, an interview was conducted and a questionnaire was given.

### 3. RESULTS AND DISCUSSION

By collecting 350 UMKM in Sukasari sub-district, we conducted data tests with quite significant results. Statistics show that more than 50% of UMKM that fail in the first year do not carry out market testing before starting the business. This shows that market testing is a critical step that is often overlooked by UMKM players, but is very important to ensure that the products or services offered are in line with consumer needs and desires. From interviews conducted with 30 UMKM in Sukasari that experienced failure, 80% stated that they did not have access to relevant and accurate market information. In addition, 90% of them admitted that they did not have a system or platform to obtain regular feedback from customers. Failure to understand the market and lack of capital were the main factors that contributed to their failure.

One traditional food business owner shared his experience about the importance of having an ecosystem that supports business activities. Without a supporting ecosystem, UMKM players cannot compete with similar products that are better known in the market. Failure to adopt modern business practices and integrate digital technology is also a factor that cannot be ignored. Based on the data collected, 75% of UMKM that failed in Sukasari did not have an online presence or digital strategy. This shows that they are unable to take advantage of the opportunities offered by digitalization such as e-commerce and both ecosystems and technology.

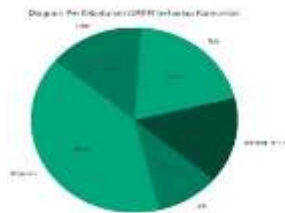
**Table 1. Statistik Faktor Kegagalan**

Faktor Kegagalan UMKM	Jumlah UMKM	Persentase (%)
Tidak melakukan uji pasar	350	70%
Tidak memiliki akses informasi pasar	320	64%
Tidak memiliki platform feedback pelanggan	300	60%
Tidak memiliki strategi pemasaran yang efektif	280	56%
Tidak memiliki kehadiran online	375	75%
Tidak terlibat dalam komunitas bisnis	250	50%

Building an ecosystem that supports UMKM must not only focus on technological aspects, but also on establishing networks between UMKM and with other supporting institutions. For example, a

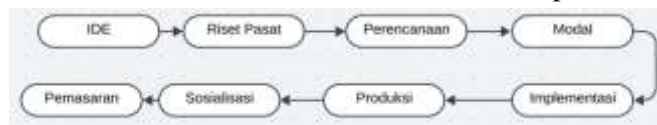
case study shows that UMKM that are involved in business communities or business associations have a 30% higher chance of survival compared to those that are not. Therefore, there is a need for an Institution

support in the process of running a business, within the Sukasari sub-district area, there are several institutions that help people business people in developing their businesses. Therefore, we compared the 5 institutions in question to find out which institution is most suitable for helping with development.



Gambar 1. Diagram Pie Kebutuhan UMKM

Interviews to find out several things such as the start-up flow of UMKM which should be done step by step. However, some UMKM players do not carry out several steps such as market testing and capital analysis, so many UMKM do not develop and even go bankrupt. Apart from that, the interview also sought to find out about communities or institutions that help in developing UMKM in Sukasari



Gambar 2. Step Pengembangan UMKM

In response to this, Cooperatives in Sukasari District must be able to become a center for facilitating the formation of a strong ecosystem, not only digitally but also physically. Cooperatives can organize workshops, training and seminars that help UMKM members develop a better understanding of the market, utilize technology and build a solid network.

#### 4. CONCLUSION

The conclusion of research results involving a sample of 350 UMKM in Sukasari District has indicated that the cooperative model has significant potential in embracing the UMKM community. Cooperatives not only function as a forum for strengthening collaboration and synergy between UMKM but also as a catalyst in advancing the adoption of digital technology. In a dynamic and competitive context, cooperatives can play a vital role in uniting UMKM players to jointly face existing market challenges. This research shows that cooperatives can be effective agents of change by providing a digital platform that encompasses all market elements. This platform not only allows UMKM to sell their products or services online, but also provides access to a wider market, beyond traditional geographic boundaries. In fact, digitalization through cooperatives has proven to increase the visibility of UMKM on the global stage, giving them the opportunity to compete in a larger and more diverse market. Moreover, digital-based cooperatives can implement business incubation programs which are an important means for market testing and analysis. These programs are not only important for validating new business ideas and concepts, but also for adapting products according to changing market needs. This incubation includes mentoring, training and support in product development, all of which contribute to increasing the competency and market readiness of UMKM. From a marketing perspective, the platform presented by the cooperative helps UMKM to utilize data and analytics to optimize their marketing strategies. This includes analysis of market trends, consumer

behavior, and personalization of offers. In this way, MSMEs can target a more appropriate audience, which in turn can reduce the risk of failure in marketing and sales.

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