



## The Role of Information Technology in Improving the Competitiveness of Small and Medium Enterprises in Gowa District

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### A B S T R A C T

*The Ministry of Cooperatives and MSMEs of the Republic of Indonesia stated that the number of MSMEs (Micro, Small, and Medium Enterprises) has a market of up to 99.99% or around 62.9 million business units from all business actors nationally which absorbs labor up to 97% of the total employment. work proportionally. The development of MSMEs is a big change that is felt during the Covid-19 pandemic. During the Covid-19 pandemic, MSME actors must think about surviving for the sake of their business continuity. This condition limits the movement of community activities so that all consumer needs during the pandemic are transferred online. Digital marketing is one way to open communication between potential consumers and sellers, which is done without real-time restrictions. In the current digital era, many business actors do not have a shop directly, but they trade online or through internet media. The contribution of MSMEs to employment, both in developed and developing countries, including Indonesia, has a significant role in overcoming the problem of unemployment. In the current global economic era, business actors are required to make changes to increase their competitiveness. One of the most important factors is an information technology (IT). The use of IT can enhance business transformation with the speed, accuracy, and efficiency of exchanging information on a large scale. MSMEs are said to have global competitiveness if they can carry out their business operations in a reliable, balanced, and high-standard manner.*

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## INTRODUCTION

The Indonesian government through the Indonesian Ministry of Cooperatives and SMEs in 2017 stated that the number of MSMEs (Micro, Small and Medium Enterprises) had a market of around 99.99% or 62.9 million business units from all national business actors. (BPS, 2019). The MSME sector is the main spearhead as the basis of the Indonesian economy. In fact, during the 1998 economic crisis, it turned out that the MSME sector had a very positive contribution in saving the Indonesian economic ecosystem at that time. The same thing happened during the Covid-19 pandemic, where the MSME sector could have great potential to become an accelerator of national economic recovery (Arianto, 2020). With the development of digitizing MSMEs, Indonesia's digital economy in 2025 will become the largest in Southeast Asia. Even so, there are obstacles faced by MSMEs, namely strengthening digital literacy education and strengthening human resources for MSME business actors (Suwarni et al., 2019). Because so far digital literacy and the quality of human resources for MSME actors are very minimal, so it has an impact on being less than optimal in producing their respective superior products. In fact, the majority of MSME business actors want to practice digital business in their business development (Susanti, 2020).

Information technology in the digital era can be predicted to be a crucial point for all human activities, including business activities. There are several indicators that

can be used to increase digital advertising, growth in smartphone ownership that provides easy internet access, improvement of telecommunications infrastructure in order to improve the quality of data access, and the launch of 4G services. According to Facebook data, 74% of internet users in Indonesia use mobile devices (Utomo, 2016).

In Indonesia, SMEs have a strategic role in development, this is shown in the National Long-Term Development Plan (RPJPN) 2005-2025 which states that to strengthen the nation's competitiveness, one of the long-term development policies is to strengthen the domestic economy based on their respective advantages. region to competitive advantage. One of the ways to realize this policy is through the development of SMEs. In addition, the issuance of Presidential Instruction Number 6 of 2007 concerning Acceleration of Development of the Real Sector and Micro, Small and Medium Enterprises (MSMEs), shows the increasingly strong position of SMEs in national development policies. The fundamental problem of this is how to implement these policies, so that SMEs in Indonesia really become economic actors who have a major contribution to strengthening the domestic economy.

Every innovation is created to provide positive benefits, provide many conveniences, as well as a new way of doing activities for human life. Especially in the field of technology, society has enjoyed many benefits brought about by the innovations that have been produced

in the last decade. The benefits of the internet are increasingly felt for its users who cannot be separated from this internet world. For example, internet marketers, bloggers, and now online stores are increasingly having a place in the eyes of consumers who are looking for certain goods. The Ministry of Communication and Informatics (Kemkominfo) stated that currently, internet users in Indonesia have reached 82 million people. With this achievement, Indonesia is ranked 8th in the world (Kominfo, 2013).

The development of technology at this time can be seen showing extraordinary progress. Many things from the life sector have used the existence of technology itself. Its presence has had a considerable impact on human life in various aspects and dimensions. Likewise, communication technology is a hardware device in an organizational structure that contains social values that enable individuals to collect, process and exchange information. One of the economic forces that has been supporting the Indonesian economy and regional economic strength is the presence of business actors, micro, small and medium enterprises (MSMEs). At a time when the world economy and the Indonesian economy experienced a recession, MSME actors were not even the least bit affected by the negative impact of the economic recession, even most MSME actors were still able to develop their business in supporting the country's economy. MSME actors can maintain and increase the contribution of regional

economic growth and increase revenue in the state tax sector, in addition to being supported by large-scale industries, it is also significantly supported by small-scale industrial groups.

The Micro, Small and Medium Enterprises (MSME) sector has contributed to the increasing gross domestic product (GDP) in the last five years. The Ministry of Cooperatives and Small and Medium Enterprises (UMKM) sees that the contribution of the MSME sector has increased from 57.84 percent to 60.34 percent and the MSME sector has also helped the absorption of domestic workers. Labor absorption in the MSME sector increased from 96.99 percent to 97.22 percent in the last five years (Kemenperin, 2016).

The number of MSMEs registered with the Ministry of Cooperatives and MSEs is around 1,138, with a fairly large number of MSME actors in Gowa district, it is necessary for MSME actors to continue to develop and promote their business, one of which is by using internet media. With the use of the internet, MSMEs can promote their business at an affordable cost and can be accessed globally. There are several indicators that can be used today, including the increase in digital advertising spending, the growth of smartphone ownership that provides easy internet access, improvements to telecommunications infrastructure in order to improve the quality of data access, as well as the launch of 4G services. According to Facebook data, 74% of internet users

in Indonesia use mobile devices (Utomo, 2016). January 2019, 93% of internet users in Indonesia search for goods or services online, 90% of users visit online stores with various devices, 86% of users make online transactions from various devices (laptops and mobiles). 37% of users make transactions via PC or laptop, and 76% of users make online transactions via smartphone devices. The explanation above implies that the potential for online shopping is already quite developed in Indonesia which must be balanced with digital marketing by business actors.

As many as 48% of internet users in Indonesia search for goods or services online, 46% of users visit online stores, 34% of users make online transactions via computers or laptops, and 33% of other users make online transactions via mobile devices such as smartphones. This shows that the potential for online shopping and the use of the internet as a medium to promote business is quite developed in Indonesia. Social media or social networking is the platform most often used by the public. The available social networks sometimes have some differences. Some social media only focus on friendship such as Facebook, Path, Instagram, and Twitter, some are specifically for finding and building relationships like what LinkedIn offers. In addition, there are also more personal media such as electronic mail ( e-mail ) and text messages. Search engines like Google and Yahoo can also be empowered. In this way, business people can also take advantage of blogs

and personal websites .

Currently, sales and marketing activities in the MSME sector can be seen in everyday life, starting from face to face directly or through digital media with various types of goods being sold. (Enazuarni, 2020). Since the introduction of the industrial revolution 4.0 as the development of social information. (Atina, et al ) especially in developing countries such as Indonesia which is in line with the development of IoT (internet of things). (Atina, 2019). The digital world in people's lives today has changed the direction of marketing practices through digital or digital marketing. The more open information about digital marketing, the emergence of many new producers and markets with internet facilities growing more massive. Through the world of the internet, information in various fields will be netted in one container globally.

Based on the results of McKinsey's research, only about 30% of businesses in Indonesia use digital instruments in developing their business (Supriadi, <http://www.marketing.co.id>, 2016). Seeing this, we can conclude that the potential of digital marketing in Indonesia is still very large. Micro, Small and Medium Enterprises (MSMEs) have an important role in the pace of the Indonesian economy, especially in job creation and household empowerment that supports household income. The existence of MSMEs is expected to be able to spur the economy in the midst of the current economic slowdown.

The use of digital technology-based

marketing concepts (digital marketing) provides hope for MSMEs to develop into economic powerhouses. The digital age is unavoidable. Marketing expert Yuswohadi revealed that if you want to survive, MSME actors must be able to maximize the benefits of digital development (Maulana, 2017). Social media is the easiest digital marketing tool to use. Before a business has a website, it is not uncommon to find, especially in markets like Indonesia, that they have started to enter the realm of cyberspace through social media. This can be a stimulant for the development of entrepreneurship and the sustainability of MSMEs. In addition to the low cost and no need for special skills in initial initiation, social media is considered capable of directly reaching (engage) potential consumers. Therefore, it is not surprising that business actors focus more on the use of social media than on the development of a site.

These MSME actors are hampered by the lack of knowledge about digital marketing and electronic commerce ( e-commerce ). The potential use of digital marketing requires people to be technology literate, therefore socialization and training on the use of information and communication technology is needed. This community service activity regarding the use of digital marketing is expected to provide knowledge and understanding and can inspire MSME actors in utilizing internet technology and social networks as a tool to run their business. The use of IT can enhance business transformation through the speed,

accuracy and efficiency of exchanging large amounts of information. Case studies in Europe also show that more than 50% of productivity is achieved through investment in IT. SMEs are said to have global competitiveness if they are able to carry out their business operations in a reliable, balanced and high standard manner.

The author is interested in examining the extent to which the use of digital marketing has been carried out by MSME actors in Gowa Regency, the idea of organizing community service activities with the theme " The Role of Information Technology in Improving the Competitiveness of Small and Medium Enterprises in Gowa Regency.

Information Technology is a technology used to process data, including processing, obtaining, compiling, storing, manipulating data in various ways to produce quality information, namely information that is relevant, accurate and timely, which is used for personal, business and governance and is strategic information for decision making. This technology uses a set of computers to process data, a network system to connect one computer to another as needed, and telecommunications technology is used so that data can be distributed and accessed globally. The role of digital marketing strategies can be important in keeping up with digital technology developments and developing plans to attract consumers and direct them to a mix of electronic communication and traditional communication (Chaffey, Chadwick,

Mayer, & Johnston, 2009).

According to Chaffey (2009) retention can be achieved by increasing knowledge about consumers such as profiles, behaviors, values, and loyalty levels, then integrating targeted communications and online services according to the needs of each individual. Digital marketing is a marketing activity including branding that uses various web-based media such as blogs, websites, e-mail, adwords, or social networks (Sanjaya & Tarigan, 2009). The presence of digital marketing is caused by advances in technological developments with Web 2.0 coupled with mobile technology, quoted from the book *Cracking Zone* by Rhenald Kasali (2011) where with mobile technology, everyone who has an internet network, can get accurate information just in the palm of the hand.

Thus, in general, information technology can be interpreted as a broad subject regarding technology and other aspects of how to manage and process data into information. This information technology is a subsystem of the information system (information system). Especially in the review from the point of view of its technology. Competitiveness can be defined as the ability to maintain market share. This ability is largely determined by the factors of timely supply and competitive prices. Gradually, timely supply and competitive prices are influenced by two other important factors, namely flexibility (the ability to adapt to consumer desires) and product differentiation management.

## METHODOLOGY

This type of research is qualitative so that it does not use the terms population and sample but social situations and informants (Sugiyono, 2009). Informants in this study were active UMK actors in Gowa Regency, who had used information technology both using social media such as facebook, instagram, twitter, youtube and so on, then using chat platforms such as whatsapp, instagram and line or MSME actors using media personal websites or in marketplaces such as Bukalapak, Tokopedia, Shopee and so on. The study used primary data obtained through structured interviews, in-depth interviews and observations as well as secondary data from MSMEs in Gowa Regency which consisted of 18 active sub-districts.

The sampling technique used by the researcher is purposive sample. Purposive sampling is a sampling technique with certain considerations (Sugiyono, 2009). Then according to Arikunto (2010) in selecting samples purposively in a study will be guided by the conditions that must be met as follows:

1. Sampling must be based on certain characteristics, traits or characteristics, which are the main characteristics of the population.
2. The subject to be taken as a sample must really be the subject that contains the most characteristics contained in the population (key subjectis).
3. Determination of population characteristics is done carefully in the preliminary study.

Purposive sampling is a way of selecting a number of elements from the population to become members of the sample, where the selection is made based on decisions on the population that meet the criteria, namely:

1. Is an active MSME actor in Gowa Regency
2. Using digital marketing strategies including the use of social media such as



Facebook, Instagram, YouTube, Twitter and so on, using chat platforms such as WhatsApp, Instagram and Line , as well as the use of personal websites and marketplaces .

3. willing to be the subject of research.

The total subjects recruited in the study were 18 MSME actors.

## RESULT AND DISCUSSION

Based on the results that have been obtained through in-depth interviews and observations with informants who are SMEs in Gowa Regency. Technological developments make MSMEs need to

adapt, especially in the marketing process. Marketing through digital by utilizing social media, social chat , marketplace and other platforms, making it easier for MSME actors to be able to attract and interact directly with consumers

Of the 18 MSMEs who became informants in this study, they consisted of various industrial categories including food and beverage, fashion, retail, and creative industries. The MSMEs stated that the use of technology made them feel helped, especially now that all consumers are active on social media and consumers today tend to choose to shop via online.

**Table 1.  
Informant Data**

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Informant Data

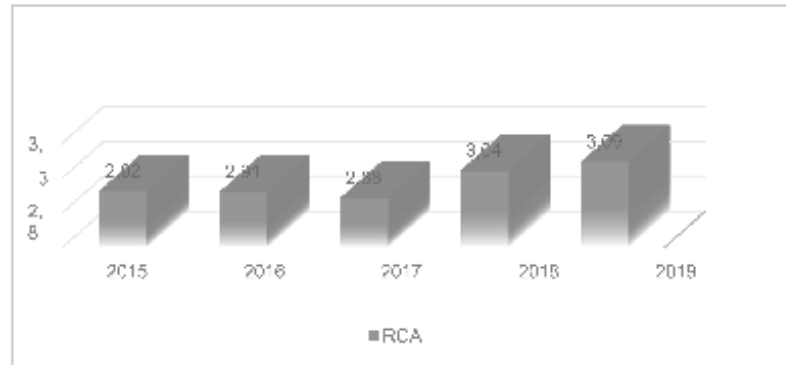
No	Business Name	Type of business
1	Lavander	Bag
2	Calit Brother and Xian Saa	Food
3	Gowa food linen	Shawl
4	Tekoyaki Malino	Food
5	Mr. Cut	Haircut Man
6	Queen Shabby	Equipment House
7	Ebrownies	Food
8	Putra Siregar Phone Shop	Buy and Sell Mobile
9	Sisr Milkshakes	Food and drink
10	Florist Sungguminasa	Florist
11	Markabak Mini Africa	Food
12	Ramly Burger	Food
13	Java Kanne	Food
14	Image	department store
15	Gowa Cell	Buy and Sell Mobile
16	Suminggo Kebabs	Food
17	Great laundry	Laundry service
18	car wash fyer	Car wash service

Source: Processed Data (2022)

Source: Processed Data (2022)

All MSEs use social media as a means to provide information and interact with consumers, from 18 MSMEs only 7 use social chat to interact and provide information to customers and 4 MSMEs use

marketplaces such as Shopee, Tokopedia and Lazada and other platforms such as product availability in the application. Go-Food and the use of YouTube as a promotional medium by MSMEs.



**Figure 1.**  
**Digital Marketing Platform**

Some MSMEs use social media to inform and communicate with consumers, social media that are often used include Facebook , Instagram and YouTube , some of these platforms are quite effective in informing all products and interacting directly with consumers, even for some MSEs the use of YouTube is also effective for provide trust and foster a good image in consumers.

The social chats that are often used by MSME actors are Whatsapp and Line, the two platforms that are often used by consumers in addition to being easy to use, MSME actors can also create special groups and send product catalogs to their loyal customers. Several MSME actors collaborate with marketplaces to sell their products throughout Indonesia, in this

case some consumers take advantage of major marketplace platforms in Indonesia, namely Shopee and Tokopedia, besides being easy to use, the marketplace provides a sense of security for MSME actors in terms of payments because the marketplace will transfer the amount of money. paid from consumers when their products have reached the hands of consumers. Another platform that is currently widely used is joining the online motorcycle taxi application, one of which is GoJek, in this application there are messages available and food delivery through the Go-Food application so that MSMEs feel helped by the application, several MSMEs stated that his sales increased when he joined Go-Food.



**Table 2.**  
**Digital Marketing Used**

No	Variable	Total	Percentage
1	Socis. media		
	J Instagram	12	100%
	T Facebook	8	67%
	Y Youtube	2	17%
2	Social Chat		
	W Whatsapp	10	80%
	J LIne	1	34%
3	Marketplace		
	J Shopee	7	58%
	J Tokopedia	2	17%
4	Other platforms		
	J Go-Jek	5	41.6%

Data source: Has been processed: 2022

Source: Processed Data (2022)

Some MSME actors update and every week. With the increasing information both on social media and on other platforms, namely once every day as much as 67% and other MSMEs usually update their product information every

frequency of SMEs in updating product information, it will encourage consumers to buy their products.

**Table 3**  
**Frequency of Information Update**

Frequency Update Information	Total	Percentage
Every hour	2	18%
Every day	8	67%
Every week	2	18%
Each month	0	0%

MSEs agree that digital marketing helps them in promoting and marketing their products effectively. The informants thought that digital marketing made them save on promotion costs because so far they still rely on online marketing such as distributing brochures, advertising in newspapers and advertising through billboards, their expenses will be greater when they use offline marketing. This is also reinforced by previous research which states that internet marketing expands market reach, lowers marketing costs and improves good relationships with customers (Mokhtar, 2015).

because of the influence of misunderstandings in the use of digital marketing such as creating a company website, maximizing search engine optimization (SEO) and using Google AdSense as a promotional medium (Taiminen & Karjaluo, 2015).

However, some MSEs have not maximized digital marketing optimally

Several informants agreed that digital marketing provides cost savings, increases interaction with customers and provides convenience. As an MSME, it is necessary to pay attention to the effective marketing process used at this time. Some of the things done by informants are updating information through social media, websites, marketplaces, special customer groups and so on, on average they update

information once a day because to retain old customers and attract new consumers to buy their products. With the internet they can save costs for promotion, because when they use social media they only need internet quota and those who have a special budget for advertising through digital they can use google adsense, facebook ads, instagram ads and so on.

Some consumers stated that promoting through digital made their sales increase, this was influenced by the ease of consumers in accessing company information and ordering products. This is also supported by research from Selitto (2004) the use of internet marketing can increase sales even in very remote locations. Several informants agreed that digital marketing makes their sales increase from 30% to 100% because digital marketing expands consumer reach and makes it easier for consumers to access information that has been provided on social media, websites, and other platforms.

The MSMEs experienced an increase in sales because it was easy for consumers to interact directly with sellers and consumers were also easy to get all information from product prices, menus, promos and so on. Several MSME actors collaborate with marketplaces such as Shopee and Tokopedia so as to make consumers from all over Indonesia able to buy products in Gowa Regency, for MSME actors in the food and beverage category to collaborate with Go Food so that consumers can order food and drinks without the need to come directly to the store. stores, consumers can buy through the application, and Go-Jek drivers will deliver orders to buyers' homes.

## **CONCLUSION**

Digital Marketing allows buyers to obtain all information about products and can make buying and selling transactions via the internet. Like sellers, they can also

monitor, and provide for the needs and wants of potential buyers without time and geographical restrictions. Digital marketing is a two-way communication that can generate awareness and engagement in the community for certain products and brands. Changes in marketing behavior from conventional to digital are not matched by the presence of MSME actors who use digital marketing, even though MSMEs are believed to be able to spur the Indonesian economy. The use of digital marketing concepts is a hope for MSMEs to develop into centers of economic power. MSMEs can take advantage of digital technology, especially social media as a means of digital marketing. In addition to low costs, and no special expertise is needed in initial initiation, social media is considered capable of directly reaching consumers. The lack of knowledge of MSME actors regarding digital marketing has inspired this community service team to become an obstacle for business actors in marketing their products, which often evolves over time. If MSME actors understand the importance of digital technology, in this case digital marketing for their business, it is hoped that they will be motivated to use digital marketing as a means of promotion. In this study, insight was obtained that MSME actors are actually interested in using digital marketing and optimally utilizing social media, but they face several obstacles, such as a lack of understanding of information technology. Their understanding of how to maximize the platforms Facebook, Instagram, Marketplace is very lacking, how to create "posts" that are interesting and can influence buyers. Suggestions in digital marketing with social media for MSME actors are create social media accounts for business and personal accounts, created separately; create branding, with an account name that is easy to remember, easy to memorize, describes the product being sold; posting product photos regularly, and at the time

when consumers see product postings (prime time); posting products according to what is being sold; make hashtags or hash marks to characterize our business; and as much as possible to answer consumer questions

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