

## **ACCELERATING MSME GROWTH: BANK BRI'S ROLE THROUGH THE LINKUMKM PLATFORM**

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### **ABSTRACT**

In Indonesia, Micro, Small, and Medium Enterprises (MSMEs) are vital to the nation's economy, significantly contributing to GDP, employment, and social stability. Despite their importance, MSMEs often face challenges such as limited access to digital tools and financial resources. In response to these barriers, Bank Rakyat Indonesia (BRI) launched the LINKUMKM application, a digital platform to empower MSMEs through enhanced e-commerce capabilities, financial services, and digital literacy training. This study aims to investigate the impact of LINKUMKM on MSMEs, particularly in improving business operations, expanding market reach, and enhancing financial management.

The study is motivated by the need to understand how digital platforms like LINKUMKM can bridge the digital divide and support the growth of MSMEs in an increasingly competitive market. A qualitative research design was employed, utilizing interviews and data analysis to gather insights from MSMEs using the LINKUMKM application. The findings reveal that MSMEs leveraging LINKUMKM have experienced notable improvements in sales, operational efficiency, and overall business performance. The platform assists MSMEs in digital adoption, from setting up online stores to integrating payment systems and accessing fintech solutions, fostering a more robust digital presence.

Practically, LINKUMKM addresses the digital literacy gap by providing customized training programs that enhance the technical skills and confidence of MSME owners and employees in using digital tools for business expansion. The study highlights the critical role of digital interventions like LINKUMKM in empowering small businesses, enabling them to compete more effectively in the global market. The research contributes valuable insights into the potential of digital platforms to support MSME development and offers recommendations for further policy enhancements and research in this area.

**Keywords:** *Digital Transformation, E-Commerce, Financial Inclusion, MSMEs, Technological Literacy*

## A. INTRODUCTION

The world acknowledges MSMEs as a vital factor that impacts economic development and progress (Oseni & Oseni, 2015; Saiyad et al., 2015). The MSME sector, which is the fundamental support of the country's economy, has a critical impact on promoting economic expansion, generating employment opportunities, absorbing the workforce, and making a substantial contribution to the Gross Domestic Product (GDP).

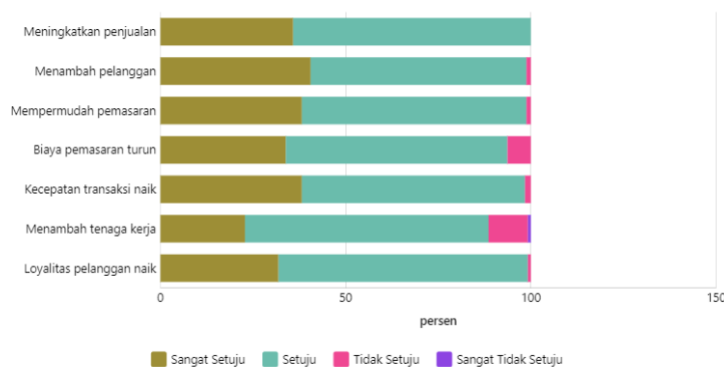
**Table 1.**  
**Contribution of SMEs to the Indonesian Economy**

| Indicator                                       | Amount<br>(in mio) | Market Share<br>% |
|-------------------------------------------------|--------------------|-------------------|
| <b>A. Number Of Business Units, (units)</b>     | <b>64.199,6</b>    | <b>100.00</b>     |
| 1. Micro, Small, and Medium Enterprises (MSMEs) | 64.194,1           | 99.99             |
| 2. Large Enterprises (LE)                       | 5.6                | 0.01              |
| <b>B. Employment Absorption, million people</b> | <b>120.6</b>       | <b>100.00</b>     |
| 1. Micro, Small, and Medium Enterprises (MSMEs) | 117.0              | 97.00             |
| 2. Large Enterprises (LE)                       | 3.6                | 3.00              |

Source: Kementerian Koperasi & UMKM, (2020)

Micro, small, and medium enterprises (MSMEs) play a crucial and significant role in the economy of Indonesia (Tambunan, 2022). As per the Ministry of Cooperatives and SMEs (2020), there are 64.2 million individuals involved in micro, small, and medium enterprises (MSMEs), which comprise 99.99% of the total number of firms. These micro, small, and medium enterprises (MSMEs) employ a workforce of 117 million, which accounts for 97% of the total employment. According to the Ministry of Cooperatives and SMEs (2021), MSMEs have played a substantial role in Indonesia's GDP growth during the last ten years.

The MSME sector contributes 61% to the gross domestic product (GDP), totaling IDR 9,580 trillion. Meanwhile, the employment sector contributes 97% to the GDP (Coordinating Ministry for Economic Affairs, 2023).



Source: Databooks, impact of digitalisation in MSMEs, (2023)

**Figure 1.**  
**Impact of Digitalisation in MSMEs**

In December 2023, the Institute for Economic and Financial Research (INDEF) surveyed 254 micro, small, and medium enterprises (MSMEs) in various

locations. The samples were allocated as follows: 30% in Greater Jakarta, 50% in Java Island, excluding Greater Jakarta, and 20% outside Java Island. We chose the sample using the purposive sampling technique, which required online and offline stores, a minimum of six months of active operation, and active involvement in online transactions. The INDEF study revealed that all MSME respondents unanimously agreed that implementing digital platforms could enhance sales. More precisely, 64.17% of respondents agreed, while 35.83% strongly agreed. Most participants also recognized that business digitalization might expand the client base, streamline marketing procedures, and lower marketing expenses.

Conversely, the graph indicates that a minority of MSME respondents disagreed or did not encounter some favorable effects. Nevertheless, digitalization also presents novel obstacles for MSMEs. Recruiting competent digital workers, facing severe competition, and receiving feedback from consumers that can impact the firm's reputation are common challenges (Woods et al., 2020)

According to the Ministry of Cooperatives and SMEs (2020), the quality of human resources, including an effective job delegation management system, is a key component of business success. The government faces a hurdle in providing support, such as training, due to the generally poor educational level of MSME managers (Ministry of Cooperatives and SMEs, 2020). Indonesian MSMEs exhibit informal attributes, including the lack of legal recognition, absence of financial record-keeping systems, operation with little money and expertise, and reliance on rudimentary technologies. Most micro, small, and medium enterprises (MSMEs) in Indonesia have not adopted computer systems or internet usage, nor have they formed alliances with giant corporations. This presents a considerable economic obstacle for the country.

The G20 Summit addressed digital transformation as one of its key agenda items. Dedy Permadi, Chair of the G20 Digital Economy Working Group, stated that the Indonesian government is trying to achieve favorable results at the G20 Summit. These efforts aim to benefit national and global communities by utilizing digital technology to support micro, small, and medium enterprises (MSMEs). According to President Joko Widodo's directives, these endeavors must produce concrete outcomes and benefit the Indonesian populace, G20 nations, and the global community.

The news was delivered at the G20 Digital Transformation Expo press conference in Bali 2022. Dedy Permadi, as cited in Kominfo (2022), stated that Indonesia and G20 countries debated using digital technology to enable MSMEs to thrive and expand their enterprises in the digital and online realms. How can the global community utilize the digital realm to facilitate economic recovery from the COVID-19-induced downturn? MSMEs can maintain or initiate commercial operations by switching to digital or online platforms (Modgil et al., 2022; Ssenyonga, 2021). The chair of the G20 DEWG stated that digital technology is both a solution and a current reality in Indonesia. He claims that around 21 million Indonesian MSMEs have transitioned to online platforms during the pandemic.

Given the significant impact of MSMEs on Indonesia's economy and their inadequate human resources, it is clear that relevant stakeholders, including the government and banks, particularly BRI, a state-owned bank that serves a majority

of MSME customers, have a demanding responsibility to improve the quality of MSME human resources. Bank BRI is developing the LinkUMKM application to improve the quality of MSME human resources. Prior to attaining maximum utilization of the LinkUMKM program, it is imperative to comprehend the present phenomena and trends that indicate the growth of micro, small, and medium enterprises (MSMEs).

**Rising Digital Penetration:** Many micro, small, and medium enterprises (MSMEs) embrace digital technology to enhance operational efficiency and broaden their market presence (Kawira et al., 2019). This includes utilizing e-commerce platforms, digital marketing strategies, and specific business apps to effectively manage inventories and foster customer connections (Wang et al., 2020).

**Improved access to funding and enhanced investment opportunities:** The availability of more financing platforms, as well as investor interest in micro, small, and medium-sized enterprises (MSMEs), has facilitated the acquisition of necessary funds for the expansion and advancement of these firms (Al Saifi, 2021).

Small and medium-sized enterprises (MSMEs) increasingly participate in the startup ecosystem as clients and collaborators, or they are even joining accelerator or incubator programs (Pustovrh et al., 2020). This program offers supplementary tools, coaching, and networking opportunities to assist individuals in progressing further.

**Enhanced Collaboration and Partnerships:** Micro, Small, and Medium Enterprises (MSMEs) are progressively acknowledging the advantages of collaborating and forming partnerships with various entities in the value chain, such as major corporations, educational institutions, and governmental and non-governmental organizations. This can facilitate their access to supplementary resources, advanced technologies, or broader markets.

MSMEs that ascend in status also prioritize sustainability by utilizing eco-friendly raw materials, adopting responsible production processes, or implementing more efficient packaging and distribution tactics. MSMEs play a crucial role in global economies, representing more than 90% of firms and contributing to 50% of global employment (World Bank, 2022). Micro, small, and medium enterprises (MSMEs) foster innovation and promote competition across several industries (Mukherjee, 2018). Nevertheless, the process of digital transformation in micro, small, and medium enterprises (MSMEs) has various obstacles (Feng & Wang, 2023), such as limited knowledge and skills in using digital technologies, worries about cybersecurity, and difficulties in obtaining cutting-edge technology (OECD, 2021). Studies suggest that micro, small, and medium enterprises (MSMEs) that have a higher level of digital maturity (Vásquez et al., 2021) are likely to exhibit superior levels of production and profitability (McKinsey, 2021). MSMEs can benefit from digital platforms by accessing broader markets and improving their business operations (Aziz, 2019; Tresnasari & Zulganef, 2023). Research indicates that MSMEs using e-commerce platforms see an average sales growth of 20% (UNCTAD, 2020). Furthermore, the quality of human resources is critical for MSMEs' growth. Training and capacity-building programs are essential for enhancing managerial skills and digital capabilities (ILO, 2022). The post-

pandemic recovery endeavors emphasize the significance of digitalization in rejuvenating micro, small, and medium enterprises (MSMEs) (Sana et al., 2022). Those MSMEs that embraced digital technology during the pandemic showed enhanced resilience and improved prospects for recovery (World Economic Forum, 2021).

This signifies a profound aspiration to enhance the caliber of MSMEs themselves. Based on the identified difficulties, this study intends to provide a comprehensive description of how the LinkUMKM application can assist micro, small, and medium enterprises (MSMEs) in enhancing their status.

## **B. LITERATURE REVIEW**

### ***Micro, small, and medium enterprises (MSMEs)***

According to Article 35 of Law No. 7 of 2021, which deals with Micro, Small, and Medium Enterprises (MSMEs), We categorize micro, small, and medium enterprises based on factors such as their firm capital or yearly sales turnover. We use the business capital criteria to initiate or register business activities. The parameters for business capital include the following:

- a. Microenterprises are characterized by a business capital that does not exceed IDR 1,000,000,000 (one billion rupiahs), excluding the value of land and company premises.
- b. Small firms own a business capital ranging from IDR 1,000,000,000 (one billion rupiahs) to a maximum of IDR 5,000,000,000 (five billion rupiahs), not including land and business premises.
- c. Medium firms own a business capital ranging from IDR 5,000,000,000 (five billion rupiahs) to a maximum of IDR 10,000,000,000 (ten billion rupiahs), excluding land and business premises.

The annual sales turnover standards, in addition to the capital requirements, serve to provide convenience, safeguarding, and empowerment for micro, small, and medium enterprises. The parameters for the annual sales turnover are as follows:

- a. Microenterprises are defined as businesses with an annual sales turnover that does not exceed IDR 2,000,000,000 (two billion rupiahs).
- b. Small firms generate annual sales revenue above IDR 2,000,000,000 (two billion rupiahs) but not exceeding IDR 15,000,000,000 (fifteen billion rupiahs).
- c. Medium firms are defined as businesses with annual sales turnover above IDR 15,000,000,000 (fifteen billion rupiahs) but not exceeding IDR 50,000,000,000 (fifty billion rupiahs).

Existing firms are eligible for convenience, protection, and empowerment under this government regulation if they meet the yearly sales turnover criterion. Micro, small, and medium enterprises specifically receive these benefits. Economic trends can modify the nominal value criteria. According to Rudjito's definition, as reported by Nur Hamidah et al., (2020), MSMEs play a crucial role in the economic

sector. MSMEs in Indonesia play a significant role in both job generation and the overall number of firms.

Micro, small, and medium enterprises (MSMEs) have a significant impact on the overall economy of the nation (Nursini, 2020). MSMEs have the ability to contribute significantly to future business development due to their flexibility and small size (Hamdan, 2021). The strengths and weaknesses of the situation are as follows: a. The availability of jobs to accommodate the workforce, with the potential to absorb up to 50% of workers. Micro, small, and medium enterprises (MSMEs) serve as catalysts for entrepreneurship and can foster the emergence of new entrepreneurs (Irawan et al., 2023).

The market experiences distinct periods, has straightforward management, and is adaptable to changing market conditions. Local natural resources are utilized, with small to large industries using the majority of waste materials. There are ongoing opportunities for business growth and development. The endeavor to foster these enterprises signifies that small-scale industries can progress and serve as a catalyst for the growth of other sectors. Weaknesses, often originating from internal factors, frequently hinder MSMEs. Internal factors such as limited human resource skills remain prevalent. Many small industry entrepreneurs prioritize manufacturing over marketing, which limits their access to market information and networks, thereby reducing their role to mere producers. Consumers continue to harbor skepticism regarding the quality of products manufactured by small firms.

Given the numerous vulnerabilities present in MSMEs, it is critical to prioritize quality enhancement. Humphrey and Schmitz (2000) define improvement as encompassing four distinct areas: process improvement, product improvement, work improvement, and cross-sectoral improvement. Reeg (2013) outlines the expansion of the household worker class as resulting from increased corporate growth, changes in business structure, and advancements in innovation. This concept incorporates both the qualitative aspects of innovation and the quantitative aspects of business development. Experts have different definitions of success in various domains for MSMEs. Key metrics employed in the United Kingdom to assess success comprise staff expansion (Mead & Liedholm, 1998), profitability, yearly sales, assets (McPherson, 1996), and personal earnings (Rachmawati & Sawitri, 2015).

MME upgrading refers to the process by which a business undergoes substantial growth, resulting in enhanced production. Furthermore, it is critical for them to consistently improve their competitiveness and have the capacity to reach higher levels. This process can commence at a micro-enterprise level and thereafter progress to small, medium, and even big firms (Portal UMKM, 2019). Multiple indicators are required to complete the upgrade of MSMEs. These indicators must be fulfilled in order to achieve growth. Triatmoko et al. (2021) include the following indicators in their study, Enhanced overall sales and assets, Business formalization, An augmented workforce, Expanded clientele, Higher amount of taxes paid, Enhanced caliber of human resources, Enhanced manufacturing output, Enhanced governance and financial management, Enhanced availability of financial resources through banking.

In addition to the aforementioned signs, MSMEs must fulfill various additional prerequisites. These standards will serve as criteria for upgrading MSMEs. The Portal UMKM in 2019 provides the following specific criteria: Technology-driven operations refer to the use of appropriate technology in the manufacturing process, tailored to the organization's specific type or requirements, Information technology-based marketing strategies involve using the internet as a platform for promoting and facilitating online sales transactions, Human resources possess expertise and proficiency, Emphasize customer service and the capacity to manufacture items according to consumer demands and preferences, Dynamic business entities.

MSMEs make a substantial impact on global economies, representing more than 90% of firms and contributing to 50% of employment worldwide (World Bank, 2022). Micro, small, and medium enterprises (MSMEs) play a crucial role in fostering innovation and promoting competition across several industries. Nevertheless, the process of digital transformation in micro, small, and medium enterprises (MSMEs) has various obstacles, such as limited knowledge and skills in using digital technologies, worries about cybersecurity, and difficulties in obtaining cutting-edge technology (OECD, 2021). Studies suggest that micro, small, and medium enterprises (MSMEs) that have a higher level of digital maturity generally exhibit superior levels of production and profitability (McKinsey, 2021).

MSMEs can benefit from digital platforms by gaining access to broader markets and improving their business operations. Research indicates that MSMEs using e-commerce platforms see an average sales growth of 20% (UNCTAD, 2020). Furthermore, the quality of human resources is critical for MSMEs' growth. Training and capacity-building programs are essential for enhancing managerial skills and digital capabilities (ILO, 2022). The post-pandemic recovery efforts emphasize the significance of digitalization in rejuvenating micro, small, and medium enterprises (MSMEs). MSMEs that embraced digital technology during the pandemic showed higher resilience and improved prospects for recovery (World Economic Forum, 2021).

MSMEs in Indonesia should embrace digital technologies to enhance their operations and streamline their activities.

### ***Digital innovation***

Digital innovation refers to developing and implementing new and creative ideas, strategies, and technologies in the digital realm. Innovation is the process and outcome of producing and using existing items or assets with substantial value (Rogers, 2003; Urabe, 1998; Van de Ven, 2016; Rofaida et al., 2019). Innovation is a sequential process that begins with identifying an idea, progresses through manufacturing processes, and extends to commercial operations. According to some experts, innovation refers to the act of implementing a fresh approach in order to enhance societal worth. Technological and scientific advancements play a vital role in determining production processes. The advancement of science and technology is crucial in determining the caliber, positioning, effectiveness, and worth of enterprises and achieving success in the era of the Fourth Industrial Revolution. Initially, a wide-ranging framework employed the notion of innovation,

acknowledging it as a crucial catalyst for economic expansion. However, corporations now apply the concept on a smaller scale, specifically in their innovation processes (Zhu et al., 2006). Innovation is converting or executing imaginative ideas or thoughts to generate processes and products of greater worth.

Innovation introduces a novel and beneficial element into a product, process, or service, according to Hernández-Mogollon et al. (2010). Innovation is developing a novel and advantageous element in a product, process, or service. Companies with a competitive advantage can innovate through efficient innovation processes and strategies. To facilitate these changes, it is imperative to adopt efficient techniques that foster the development of new goods and improve existing ones by harnessing the creative abilities of employees or firm members.

Innovation strategy pertains to the concept of novel items developed by experts. The field of innovation theory has adapted in response to the demands of the industrial sector and technological progress. Fundamental innovation theory categorizes innovation into four distinct types: product innovation, process innovation, marketing innovation, and business innovation. Product innovation refers to the introduction of a novel product or service that was not previously available, or the creation process that enhances the value of a product. Process innovation entails substituting outdated manufacturing or distribution processes with novel or enhanced ones, leading to substantial improvements in efficiency. Marketing innovation seeks to optimize corporate performance by implementing packaging, product positioning, promotion, and price tactics. The objective is to increase sales, fulfill client requirements, expand into new areas, and promote the company's products. Business innovation is a corporation adopting novel business procedures, internal organizational methods, or external partnerships.

Companies striving for a competitive advantage must prioritize digital innovation. Bharadwaj et al. (2013) argue that in order to stay competitive in today's fast-paced market, organizations must prioritize digital business strategy and digital innovation. They contend that digital innovation empowers companies to generate novel value propositions and establish fresh business models that have the potential to reshape the competitive environment profoundly. Embracing digital technologies is a vital component of digital innovation. Vial (2019) emphasizes the importance of digital transformation as a procedure that uses digital technology to establish or alter business processes, culture, and customer experiences to adapt to evolving business and market demands. This procedure necessitates a methodical approach to the adoption and integration of technology.

Digital innovation significantly impacts MSMEs. Mazzi et al. (2021) conducted a study that found that MSMEs can improve their operational efficiency, increase their market reach, and promote consumer engagement by adopting digital technology. The study indicates that digital platforms, such as e-commerce and social media, offer MSMEs novel prospects for expansion and ingenuity. Although MSMEs might reap advantages, they encounter numerous obstacles when embracing digital innovation. These factors include limited financial resources, a lack of digital skills, and a reluctance to embrace change. Nevertheless, the benefits of opportunities such as expanded reach to international markets, better



understanding of client preferences, and higher operational effectiveness can outweigh the difficulties mentioned (Nambisan et al., 2019).

There exist a multitude of instances when small and medium-sized enterprises (MSMEs) have achieved triumph in the realm of digital innovation. Implementing digital payment methods, online marketing strategies, and cloud-based solutions has facilitated the optimization of small enterprises' operations and expanded their customer base (Gimpel et al., 2018). The study emphasizes the critical role of digital innovation in transforming MSMEs and the importance of strategic methods to overcome problems and take advantage of opportunities. The study accomplishes this by integrating additional literature.

### ***Behavior modification***

Human resources (HR) play a vital role in the administration of micro, small, and medium enterprises (MSMEs). The purpose of developing the LinkUMKM application is to improve the quality of human resources. Rogers' (1974) research, as referenced by Wardhani & Ambar (2008), indicates that individuals undergo a sequence of steps before adopting a new behavior: Perception which Individuals perceive the stimulus or item; Interest which People cultivate a fascination with stimuli, Evaluation which Individuals analyze the advantages and disadvantages of the stimulus for their own gain, Experimentation which Individuals initiate the process of trying out the new behavior, Adoption which Individuals embrace the new behavior by considering their knowledge, awareness, and attitude towards the stimuli. If the adoption of a new behavior relies on awareness, knowledge, and positive attitudes, it is likely to persist over time.

However, a lack of knowledge and awareness will limit the conduct's longevity. Further literature provides additional help for comprehending the processes of behavioral change. In 1983, Prochaska and DiClemente published the Transtheoretical Model, which presents a series of stages of transformation that are comparable to Rogers' model. These stages include precontemplation, contemplation, preparation, action, and maintenance. This model highlights the fact that behavioral transformation is a gradual process that necessitates the use of distinct tactics at each stage.

Bandura's (1986) Social Cognitive Theory emphasizes the significance of self-efficacy and observational learning in the process of adopting new behaviors. People are more inclined to participate in a behavior if they have confidence in their ability to execute it successfully and if they observe others doing it successfully. Ajzen's (1991) Theory of Planned Behavior suggests that a person's attitudes, subjective norms, and perceived behavioral control can predict their intention to adopt a new behavior. These ideas highlight the intricate nature of modifying behavior and the need to consider several aspects, like awareness, attitudes, and social effects, in order to successfully promote lasting behavioral change in the context of MSMEs.

This study employs a descriptive qualitative methodology to explore various aspects of the participants' experiences, including their behaviors, perspectives, motivations, and actions, in a comprehensive manner. According to Moleong (2017), qualitative research utilizes descriptive methods that emphasize the use of

words and language in natural settings. This approach relies on naturalistic methods to analyze descriptive data that cannot be quantified mathematically.

A case study approach is applied to obtain an in-depth understanding of the subject matter by collecting extensive information based on established data collection protocols within a specified timeframe. As Sugiyono (2017) explains, the qualitative approach aims to gather comprehensive and meaningful data, focusing on an in-depth interpretation of the studied phenomena.

To ensure the validity and factual accuracy of the data, this study selects key informants who hold strategic positions within the company under investigation. The participants were chosen based on their expertise and decision-making authority, which allows them to provide critical insights relevant to the research objectives. While this study does not employ a sampling method in the conventional sense, as is common in quantitative research, the selection of informants was carried out purposefully to obtain reliable, relevant, and expert-driven information on the role of digital platforms in supporting MSME development. Future research may consider involving additional perspectives, such as representatives from financial institutions, academics, practitioners, or industry associations, to further enrich the findings.

### **C. RESEARCH METHOD**

This study employs a descriptive qualitative methodology to investigate several aspects of the research participants' experiences, including their behaviors, viewpoints, motives, and actions, in a comprehensive manner. According to Moleong (2017), qualitative research employs descriptive methods that rely on words and language in certain natural situations. This type of research employs various naturalistic methods to analyze descriptive data that cannot be quantified using mathematical means.

The study employs a case study methodology, which entails conducting a thorough analysis and collecting extensive information based on set data collection rules within a specified timeframe. Sugiyono (2017) asserts that the qualitative approach strives to collect comprehensive and significant data, emphasizing the acquisition of a comprehensive understanding and interpretation of the subjects under investigation.

The researcher obtains primary data directly from the source. Sugiyono (2017) defines primary data as information that the researcher gathers firsthand, typically through interviews and surveys. The basic data in this study consist of interview findings.

The data collection methods utilized include observation and interviews. Observation entails the methodical recording of phenomena about the subject of investigation, with the goal of directly or indirectly identifying observed discoveries. The Indonesian Dictionary (KBBI) defines interviews as a process that involves asking and answering questions to gather knowledge or opinions about a specific subject. Qualitative research employs in-depth interviews to enable direct and personal contact between the researcher and the informant, using either organized or unstructured methods. This study uses unstructured interview

approaches to facilitate flexible investigation of research subjects without predetermined question sequences.

The data analysis in this research is primarily descriptive, entailing a thorough interpretation of the interview results and survey data. Moleong (2017) defines data analysis as arranging data into patterns, categories, and fundamental interpretations. The analysis utilizes the Miles and Huberman sampling technique, specifically emphasizing data reduction, presentation, and verification.

Data reduction involves condensing crucial components, encoding, and classifying to handle the voluminous data gathered during the study. Data presentation entails using narratives, diagrams, or inter-article relationships to represent information, aiding comprehension and future planning visually. Conclusion drawing is the process of synthesizing results to generate conclusions and provide suggestions. It involves integrating data validation and interpretation procedures.

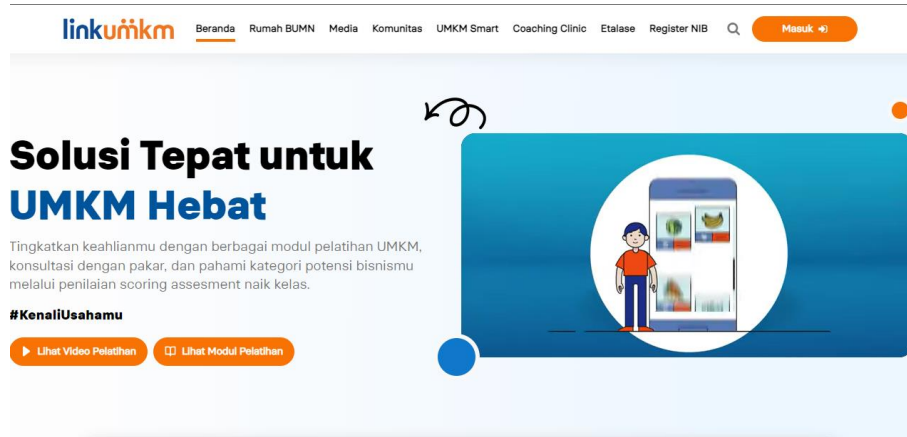
This comprehensive method guarantees precise data verification from diverse origins, such as personal and official papers and field observations. This, in turn, facilitates meticulous analysis and interpretation of study results.

#### **D. RESULTS AND DISCUSSION**

This chapter presents the analysis and discussion of the research findings. As this study employs a qualitative methodology, the data analysis is conducted through an interpretative approach that emphasizes contextual understanding. According to Sugiyono (2017), qualitative research is often referred to as a naturalistic method because it examines phenomena in their natural settings without manipulating variables. This approach enables a comprehensive exploration of the subject matter, allowing for a deeper understanding of the perspectives, behaviors, and experiences of the selected informants.

The findings are analyzed based on patterns, themes, and insights derived from the collected data, ensuring that interpretations remain grounded in the empirical evidence obtained during the research process. The discussion will integrate relevant theoretical perspectives with the observed data to provide a well-rounded analysis of the research problem.

### **Description of Research Subjects**



**Figure 2.**  
**Website Link UMKM**

LinkUMKM is a platform organized by BRI Research Institute (BRIRINS) in collaboration with PT Bank Rakyat Indonesia (Persero) Tbk. Citing an article by the BRI Research Institute, LinkUMKM is described as a digital empowerment platform for MSMEs accessible to the public. By simply accessing the [linkumkm.id](http://linkumkm.id) website, users can utilize various beneficial features for business capacity development without any charges. Entrepreneurs joining LinkUMKM can create communities tailored to their business types and showcase their products on a digital storefront provided by LinkUMKM. This feature enables users to interact and exchange ideas with other entrepreneurs in the same product categories to develop their businesses. Additionally, the digital showcase serves as a supportive tool to expand sales networks.

Users of LinkUMKM can assess their business levels as traditional, developing, or modern through evaluations across 12 competency aspects. These aspects include business scale, leadership, mindset and perspectives, innovation culture, marketing management, operational management, financial management, human resources management, legality and compliance, social and environmental awareness, industry and market understanding, and supply chain management. This assessment can be conducted monthly by users to track the development progress of their business class. Furthermore, users can benefit from learning modules provided through the Smart MSME Training menu on LinkUMKM. These modules are available free of charge at any time in the form of readings, videos, and "MSME clinic" exchange-reflection sessions with qualified experts. LinkUMKM employees can utilize these initiatives to continuously learn and develop business skills and human resources.

### **The Interview Results Description**

The interviews were conducted with 5 respondents known to be users of Link UMKM and several staff members from the UMKM division at BRI Jakarta Region.

**a. Interview Results Regarding the Use of Link UMKM in Enhancing MSME Value**

In the era of 4.0 companies, digital literacy is essential because the capacity to effectively use information technology has become a significant driver of cultural, economic, political, and social transformations. Digital literacy is the ability to use information and communication technology to explore, evaluate, generate, and transmit information. This skill set necessitates both cognitive and technical aptitude.

The BRI Research Institute, in partnership with PT Bank Rakyat Indonesia (Persero) Tbk, created Link UMKM as a platform to support MSMEs. It aims to provide digital literacy to MSME stakeholders and offer training for owners. BRI's goal in developing Link UMKM is to create a specialized master app that aids MSMEs and serves as a branding strategy for BRI, previously known as the Bank of MSMEs. The title "Bank of MSMEs" refers to the bank that has the highest number of customers who are micro, small, and medium enterprises (MSMEs). This is also in line with the present government's objectives, which prioritize MSMEs as key contributors to the national economy. Empowering MSMEs, as demonstrated by BRI through the Link UMKM application, can accomplish the goal.

The Link UMKM application serves several tasks, such as enabling users to log sales, access literacy or educational content through the UMKM Smart feature, stay updated with the latest news about MSMEs, and view scoring results in the BRI One section.

According to interviews with stakeholders of micro, small, and medium enterprises (MSMEs), it is evident that Link UMKM has provided significant assistance to MSME businesses.

The presence of Link UMKM enhances my understanding of effective entrepreneurship, equipping me with the necessary knowledge to maximize profitability."Through Link UMKM, I can effortlessly establish connections with numerous other MSME owners, enabling me to exchange experiences and receive a plethora of suggestions to maximize the development of my business."

"Link UMKM is a platform that offers extensive support, particularly in terms of training and enhancing my abilities as a business owner in utilizing digital media platforms." To optimize this, we receive quite extensive training.

Interviews with three senior business owners, who hold key positions in their respective MSMEs, indicate that they perceive the BRI-developed Link UMKM program as effective in enhancing business value. While this study does not employ a population and sample framework due to its qualitative nature, the selected participants were chosen based on their strategic roles and expertise in the industry to ensure the validity and depth of the insights obtained.. We offer comprehensive training and coaching, specifically focused on utilizing the internet to enhance the value of MSMEs. MSME owners receive training in effectively managing e-commerce platforms and leveraging social media channels to optimize brand visibility for the products manufactured by their MSMEs.

Utilizing e-commerce platforms enables MSMEs to establish an online presence, thus expanding their consumer reach and accessing untapped markets. As evidenced by Edgar et al. (2022), online platforms provide opportunities for direct

interaction with clients, boosting brand exposure and optimizing the sales process. I agree with this viewpoint, as the digital tools available today allow businesses to engage in real-time communication with their customers, which enhances trust and brand loyalty. In my research, I found that MSMEs leveraging e-commerce platforms experienced notable growth in customer acquisition and retention, particularly when using targeted online marketing strategies.

Furthermore, adopting digital technology-based business models offers MSMEs the chance to evolve into influential economic entities. While previous studies highlight the importance of such shifts, I contend that the success of these transformations also depends heavily on the extent to which MSMEs can integrate digital practices into their operations and the level of training they receive in utilizing these technologies. In line with my findings, MSMEs that received training in digital literacy, particularly through initiatives like Link UMKM, showed higher levels of engagement with digital platforms, resulting in improved business outcomes.

Social media, in particular, has emerged as a widely accessible digital marketing strategy for MSMEs. It has become a vital tool for engaging with a broad audience, promoting products, and expanding customer bases. The accessibility of social media for MSMEs supports the argument presented by Hamidah et al. (2019), who note that social media is a powerful tool for driving digital transformation in MSMEs. I also observed in my study that MSMEs that actively engaged with social media platforms gained increased visibility and were able to foster a deeper connection with their customers. This use of social media appears to be more than just a trend; it is a key component of the digital transformation that MSMEs must embrace to remain competitive.

***b. Interview Results Regarding the Benefits Provided by Link UMKM to MSMEs***

E-commerce platforms and online marketplaces, as clear manifestations of digital technological advancement, play a crucial role in supporting MSMEs (Micro, Small, and Medium Enterprises). These platforms enable MSMEs to broaden their market reach swiftly and efficiently, without the need for direct, in-person consumer interactions. This presents an opportunity for MSMEs to enhance their capabilities, achieve greater autonomy, gain a competitive edge, and contribute significantly to the national economy. Transitioning from traditional business methods to digital ones is essential for leveraging these opportunities. E-commerce serves as a gateway for MSMEs to embrace digital inclusion, providing them with access to an array of digital functionalities that were previously out of reach.

Interviews with personnel directly involved in the training programs through Link UMKM reveal positive feedback regarding the program's impact. The training provided practical, concise, and accessible modules designed to enhance digital literacy. These modules covered various important topics, including identifying warning signs of account theft, detecting unauthorized access attempts, implementing security measures such as authentication and encryption, and creating secure data recording systems. Participants were not only educated on the

technical aspects of digital security but also on the broader implications of secure business operations in the digital space.

The participants' feedback highlights the need for continuous mentorship and educational programs to successfully transition MSMEs into the digital age. Effective utilization of technology, through such training, is critical for MSMEs' uniform and sustainable growth (Zhu et al., 2006). From the training sessions, the following key findings emerged:

1. Participants demonstrated a solid understanding of indicators of identity theft, particularly on their social media accounts, and developed the necessary skills to reclaim control over compromised accounts.
2. Participants showed the ability to identify unauthorized individuals attempting to access their business accounts.
3. The participants were equipped to use security applications, authentication tools, and encryption methods to protect data from cybercriminals.
4. Participants acknowledged the importance of using strong passwords and were aware of the need to regularly change them and implement two-factor authentication, showcasing their readiness to safeguard both personal and company data.
5. Participants gained the skills to identify appropriate security software for the digital tools they use in their business operations.
6. Participants demonstrated improved understanding of their target audiences, identifying those who genuinely require product information versus those attempting to misuse company data.

Training that enhances the digital skills of MSME owners is vital, as technology has become an integral part of everyday life. Technological progress has made it possible for people to coexist with technology in various domains, from healthcare to education. For example, technology in healthcare improves innovative practices to better human health, while in education, it facilitates more flexible learning environments (Munawar, 2021).

The training's impact on participants' digital literacy has expanded their understanding of online market networks, particularly via social media. When participants gain the skills necessary for engaging in online marketing, they grow more confident in exploring eCommerce platforms and digital marketplaces. Furthermore, engaging in these platforms allows them to connect with fintech services for financial support, further strengthening their marketing efforts and facilitating business growth.

For MSMEs to thrive in the digital era, it is essential for all relevant stakeholders—policymakers, support associations, the private sector, and startups—to collaborate and create a robust ecosystem that fosters digital literacy and business growth. As MSMEs navigate the complexities of digital transformation, the collective efforts of these entities will be crucial to the success of the digital transition.

Technology, including e-commerce (online sales), ePayment (electronic payments), and eFinance (digital finance), has the potential to significantly transform MSMEs, making their operations more efficient and competitive.

However, MSMEs' readiness to adopt these technologies is influenced by factors such as their environment and organizational capabilities (Munawar, 2021). These elements must be carefully considered to ensure MSMEs are adequately prepared to capitalize on digitalization.

### ***Analysis***

Micro, small, and medium enterprises (MSMEs) play a crucial role in the national economy by contributing to GDP growth, fostering social ties, reducing unemployment, and driving the expansion of productive activities. To ensure their long-term sustainability, MSMEs have a substantial impact across various domains, including finance, human resources, marketing, research and development (R&D), technology, and governance. However, MSMEs face significant challenges, particularly in securing the necessary funding to sustain and expand their businesses. Key factors affecting financial performance include the gap between available and accessible funds, the lack of adequate legal frameworks for MSME financing, and the inability of many MSMEs to secure bank loans due to poor financial management practices and a lack of transparency.

In terms of research and development, MSMEs encounter difficulties in product development, innovation, and quality improvement. The high costs associated with R&D have thus far limited the ability of MSMEs to advance in these areas. In today's highly competitive global market, product innovation is vital for MSMEs to effectively compete with multinational companies. Moreover, improving technical operations is essential for enhancing product quality and expanding market reach. Technological advancements provide MSMEs with the opportunity to expand their operations and transform local markets into global ones. By leveraging digital platforms, MSMEs can reduce costs, access international markets, improve team management, and enhance customer service, thereby improving their overall business performance.

The ASEAN SME Development Plan (APBSD) aims to support MSME growth through five key programs: Business Development, Entrepreneurship Development, Access to Finance, Access to Technology, and Support Systems. These initiatives are designed to address the primary challenges faced by MSMEs, including operational limitations, conceptual hurdles, and low product competitiveness. Many MSMEs often struggle with limited turnover because they start their businesses out of necessity or to sustain family enterprises, which limits their growth potential (Suryanto & Junaidi, 2022).

One of the major obstacles for MSMEs is their limited understanding of how to effectively use digital technology for marketing their products or services. Garzoni et al. (2020) suggest that the readiness for technology adoption can be assessed through key factors such as digital awareness, digital investigation capabilities, digital cooperation, and digital transformation capabilities. As business owners gain knowledge of digital literacy and information and communication technology (ICT), they can enhance customer satisfaction by offering higher quality service. Service quality, when aligned with customer expectations, significantly impacts consumer satisfaction (Tahir et al., 2021).



These challenges have prompted MSME stakeholders to prioritize improving their technological skills. To address this need, trainers have organized a series of training sessions over the past three months, including bi-monthly meetings aimed at enhancing MSMEs' understanding and application of technology. The following training schedule was provided by a participant in the MSME program, reflecting the structured approach taken to improve digital literacy and technology adoption among MSME actors.

**Tabel 2.**  
**Training Schedule**

| Meeting Schedule | Material Knowledge                       |
|------------------|------------------------------------------|
| <b>Meeting 1</b> | Introduction to Digital Marketing        |
| <b>Meeting 2</b> | How to Register on a Marketplace         |
| <b>Meeting 3</b> | How to Create a Promotional Voucher      |
| <b>Meeting 4</b> | How to Withdraw Money from a Marketplace |
| <b>Meeting 5</b> | Practical Use of Marketplace             |
| <b>Meeting 6</b> | Practical Use of Marketplace             |

Source: Data Processed by the Author, 2024

Through discussions with the respondents, it became evident that Link UMKM is a digital innovation that offers a range of benefits to MSME participants. Digital transformation, as defined by Danuri et al. (2019), refers to the process of leveraging information technology to enhance the effectiveness and efficiency of task management systems. It requires a comprehensive shift from traditional business operations to fully digital processes. Furthermore, digital transformation serves as a mechanism for businesses to adapt to changing societal dynamics (Hadiono et al., 2020).

The data collected from MSME participants shows that Link UMKM has contributed to significant sales growth for many of the businesses involved. For instance, sales turnover data from several MSMEs participating in Link UMKM's training programs demonstrate substantial improvements in revenue. The platform has facilitated this growth by offering critical digital literacy training and hands-on instruction, enabling MSMEs to adopt digital business processes effectively.

What sets Link UMKM apart is its ability to empower MSMEs to expand their customer base, streamline operations, and enhance competitiveness in the market. This contribution highlights the importance of digital platforms in enabling small enterprises to achieve sustainable growth. The MSMEs, having effectively navigated the complexities of digital transformation, have utilized the resources and training provided by Link UMKM to improve their sales performance and overall business development.

**Table 3.**  
**UMKM Sales Turnover**

| <i>Name of UMKM</i>     | Previous Monthly Turnover | Monthly Turnover After Participating in MSME Link Training | Remarks                 |
|-------------------------|---------------------------|------------------------------------------------------------|-------------------------|
| <i>Seblak Jebred</i>    | Rp. 3.500.000             | Rp. 9.500.000                                              | Experienced an Increase |
| <i>Toko Kue Bu Pipi</i> | Rp. 3.000.000             | Rp. 11.500.000                                             | Experienced an Increase |

|                       |                |                |                         |
|-----------------------|----------------|----------------|-------------------------|
| <i>Distro Ahmad</i>   | Rp. 2.000.000  | Rp. 15.000.000 | Experienced an Increase |
| <i>Bakso Pak Imin</i> | Rp. 15.000.000 | Rp. 35.000.000 | Experienced an Increase |

Source: Data Processed by the Author, 2024

Interviews with respondents reveal that Link UMKM is a key digital innovation offering numerous advantages to micro, small, and medium enterprises (MSMEs). Digital transformation, as explained by Danuri et al. (2019), involves adopting information technology to enhance the effectiveness and efficiency of task management systems. This transformation requires a significant shift from traditional business operations to digital processes, positioning it as an essential strategy for businesses to adapt to evolving societal trends (Hadiono et al., 2020).

The data collected from MSME participants indicates that Link UMKM has contributed to an increase in sales for many businesses. Specifically, the sales turnover data for several MSMEs participating in the training provided by Link UMKM demonstrates positive results. The platform has played a critical role in fostering business growth by offering essential digital literacy training and hands-on guidance. As a result, MSMEs have been able to adopt digital business procedures that expand their customer reach, streamline operations, and improve their competitiveness in the market.

The impact of Link UMKM highlights how digital platforms can empower small enterprises to achieve sustainable growth. By utilizing the resources and training available, these MSMEs have successfully navigated the complexities of digital transformation, leading to improved sales and overall business development.

A closer look at the sales turnover data presented in the table reveals that four MSMEs have seen growth in their monthly revenue following participation in the Link UMKM training. The training, which emphasizes optimizing the use of digital technology, is a primary factor in this success. MSMEs such as Seblak Jebred, Toko Kue Bu Pipi, and Bakso Pak Imin are now Gofood Partners, a milestone they achieved after learning how to set up accounts and manage orders through the Gofood platform. Prior to this, these MSMEs struggled with low sales, as the owners lacked technological proficiency and faced difficulties in making their products accessible to customers. However, with the knowledge gained through the program, each of these MSMEs saw a substantial boost in their revenue.

The concept of digital innovation extends beyond product innovation, encompassing various stages from planning to implementation. This includes leveraging digital platforms, such as social media and e-commerce, for marketing purposes. To fully harness the potential of digital innovation, it is crucial to address supporting components that enable effective utilization (Mila et al., 2022).

The digitalization of micro, small, and medium enterprises (MSMEs) refers to the integration of information and communication technology (ICT) to enhance organizational efficiency and productivity. This includes the use of enterprise software, online advertising, e-commerce platforms, and systems integration. Link UMKM offers several benefits for MSMEs, including:

1. **Enhancing Efficiency and Productivity:** Link UMKM helps MSMEs streamline essential administrative tasks, such as inventory management,

sales, and finance, leading to increased operational efficiency and improved productivity.

2. Expanding Market Reach: Through Link UMKM's digital platform, MSMEs can tap into broader markets, both within the country and internationally, allowing for increased business exposure and growth opportunities.
3. Increasing Business Value: Link UMKM enables MSMEs to enhance the value of their businesses by offering superior products and services in a more streamlined manner, thereby improving overall business performance.
4. Improving Security: Participating in Link UMKM helps MSMEs safeguard their data and protect their businesses from cyber threats, enhancing their overall security posture.
5. Enhancing Customer Satisfaction: Link UMKM supports MSMEs in improving customer service by facilitating QRIS implementation and providing access to BRI EDC for secure payment transactions, ensuring smoother customer interactions.

The digital technology training offered at Link UMKM includes the following components:

1. E-commerce Platforms: These platforms allow MSMEs to market and sell their products online, providing a convenient way to reach a larger customer base and expand market access.
2. Business Software: Business management software helps MSMEs efficiently handle inventories, finances, and sales, resulting in improved business operations and increased productivity.
3. Digital Marketing: MSMEs can use various digital marketing strategies, such as social media marketing, email campaigns, and online advertising, to promote their businesses and enhance visibility in the digital marketplace.
4. Internet of Things (IoT): The IoT assists MSMEs by automating business activities like inventory management and equipment maintenance, leading to better operational efficiency and lower operational costs.

Business innovation plays a crucial role in enhancing the competitiveness and growth of MSMEs in the digital era. The digital transformation has had a significant impact on numerous industries, especially MSMEs, by creating new business models and offering fresh opportunities. The implementation of Link UMKM, with its comprehensive e-commerce training programs, facilitates this process by enhancing market access and boosting sales for MSMEs. Research indicates that many MSME participants in Indonesia have readily adopted e-commerce and recognize its role in driving business growth (Kurniawati et al., 2021). However, the adoption of e-commerce depends on various factors, such as human resources, funding, and infrastructure (Kurniawati & Ahmad, 2021).

Integrating both offline and online marketing strategies is an effective survival tactic for micro, small, and medium enterprises (MSMEs) in today's competitive landscape (Kurniawati & Ahmad, 2021). Link UMKM's digital marketing training, which covers a variety of techniques such as creating Google business accounts, promoting products via social media, collaborating with influencers, and utilizing email marketing, proves beneficial for MSMEs (Lestari

et al., 2022). These methods allow MSMEs to expand their market reach, reduce marketing costs, and strengthen customer relationships, ultimately enhancing their competitive edge (Lestari et al., 2022). Strengthening the knowledge, skills, and capabilities of MSME stakeholders is essential for driving innovation and improving business performance (Hamsani et al., 2022).

MSMEs must prioritize resource allocation to implement training and development programs that empower employees to effectively navigate the digital landscape. In the rapidly evolving digital era, MSMEs should focus on developing new products, refining processes, and creating innovative marketing strategies to maintain competitiveness (Hamsani et al., 2022). Notably, Link UMKM already offers these services at no cost, enabling MSMEs to access valuable resources and skills training. Innovation is key to driving significant progress and improving overall business efficiency. Furthermore, leveraging digital human resource (HR) solutions enhances a company's competitiveness by optimizing talent management and streamlining operations. The integration of digital HR tools improves employee experiences and ensures more efficient business processes, contributing to sustainable growth.

## **E. CONCLUSION**

Based on the analysis and discussion, this study concludes that Link UMKM plays a crucial role in enhancing the digital capabilities of MSMEs by providing training that enables business owners to leverage technology for business growth. The findings indicate that participants in the Link UMKM program experience a notable improvement in digital literacy, particularly in utilizing social media and online marketplaces. This advancement has contributed to increased business turnover, demonstrating the impact of digital integration on MSME performance.

Unlike previous studies that primarily focus on general MSME digital adoption, this research specifically highlights how Link UMKM, as an initiative developed by BRI, bridges the gap between digital literacy and practical business applications. The study identifies a critical research gap in understanding the extent to which structured digital training programs directly influence MSME growth, beyond merely providing access to digital tools.

The research findings also offer a novel contribution by emphasizing the importance of targeted training in enabling MSMEs to navigate the digital economy effectively. While existing literature acknowledges the role of digitalization, this study provides empirical insights into how a bank-led initiative like Link UMKM fosters sustainable MSME development through structured digital training. These findings reinforce the argument that digital literacy is not merely an option but a necessity for MSMEs aiming to thrive in an increasingly digital marketplace.

Furthermore, this study acknowledges that while Link UMKM has successfully enhanced MSME digital literacy, challenges remain in ensuring widespread adoption and long-term impact. Future research should explore the effectiveness of similar programs across different industry sectors and examine how continuous engagement strategies can sustain digital transformation among MSMEs.

### ***Limitations***

Based on the findings and analysis presented in the previous chapters, this study acknowledges several limitations that future research could address to enhance the depth and comprehensiveness of the topic:

- a. **Limited Literature Availability:** As one of the first studies exploring Link UMKM, there is a scarcity of prior research that could serve as a foundation, making it challenging to compare findings with existing literature.
- b. **Restricted Access to Data:** The study faced constraints in obtaining detailed information from both users and implementing parties, which affected the scope and depth of the interviews and subsequent analysis.
- c. **Lack of Established Guidelines:** There is a limited number of references or best practices available to guide MSMEs in effectively utilizing Link UMKM as a tool for business growth and value enhancement.
- d. **Awareness and Policy Challenges:** Limited awareness among MSMEs regarding digitalization programs, along with gaps in government support, has hindered the broader adoption and utilization of platforms like Link UMKM for business development.

### ***Recommendations***

Based on the conclusions derived from the research findings, the following recommendations are proposed:

- a. **Broadening the Research Scope:** Future studies should aim to expand the identification of key informants, which would provide a more comprehensive understanding of the various roles and contributions of Link UMKM in supporting MSMEs.
- b. **Actionable Guidelines for MSMEs:** MSMEs should use the insights from this research as a strategic guide to better understand the critical factors that can enhance their operational and financial performance. A focus on adopting digital tools and practices is essential for sustained growth and competitiveness.
- c. **Government Involvement and Support:** This research highlights the importance of MSMEs as valuable economic assets. It is recommended that the government invest in expanding and intensifying training programs aimed at MSMEs to maximize their performance. By improving access to comprehensive digital literacy and business skills training, MSMEs in Indonesia can be better equipped to thrive in the digital economy.

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