ANALYSIS OF THE INFLUENCE OF DIGITALIZATION ON UMKM GROWTH (CASE STUDY OF BANGKA BELITUNG AND YOGYAKARTA UMKM)

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Abstract:
UMKMs in Indonesia have an essential role in the Indonesian economy. Currently, UMKMs is an alternative to new employment opportunities to reduce the impact of unemployment in Indonesia. In addition, UMKMs also play an essential role in driving Indonesia's economic growth rate. During the ongoing Covid-19 pandemic occurs moment. In this case, UMKM activities experience various challenges at a time of opportunity for the Indonesian growth economy. Experienced challenges among them lack of introduction to digitization, adaptation to the development of the digital world, and not having potential HR who can enter the digital world. Study this is descriptive quantitative, explained how The effect of digitalization on the growth of UMKMs in the provinces of the Bangka Belitung Islands and Yogyakarta. Focus Study this UMKMs in the provinces of Bangka Belitung and Yogyakarta Islands. The number of samples in this study is 38 9. The results of the research show that variable knowledge digitization affects UMKM growth, seen from the t count value $8.131 > 1.967$, value significant, i.e., $0.000 < 0.05$. variable digitization marketing takes effect to see the growth of UMKM from t test results show $2.058 < \text{t-table } 1.967$ value significance of $0.040 < 0.05$. Variable digitization sales affect UMKM growth with a t value of $9.100 < 1.967$, with a significance of $0.000 < 0.05$. variable digitization payment takes effect to see the growth of UMKM from score t value $5.042 > 1.97$ significance of $0.000 < 0.05$.

Keywords: Digitalization, Growth, UMKM.

INTRODUCTION

Crisis the economic crisis that hit Indonesia from 1997 to 1998 had an impact on the Indonesian economy. When conditions crisis occurs, only the Micro, Small and Medium Enterprises (UMKM) sector stands up sturdy, so The role of UMKM is huge in restoring crisis economics going on and even capable of absorbing power work. The magnitude of the potential of UMKM in absorbing power work needs to be improved and maximized in a manner. Keep going continuously. UMKM has made a significant contribution to pushing rate growth in Indonesia's economy and has become one alternative in reducing unemployment in Indonesia. UMKMs in Indonesia have an essential role in the Indonesian economy. Currently, UMKMs is an alternative to new employment opportunities to reduce the impact of unemployment in Indonesia. In addition, UMKMs also play an essential role in driving Indonesia's economic growth rate. It is based on the large contribution made by UMKMs to local revenues and Indonesian state revenues. Small community businesses, or what we often call UMKM, are forms of small businesses whose establishment is based on someone's initiative, which provides new jobs so that they can reduce the unemployment rate in Indonesia. The capital requirement for the initial investment in UMKM is relatively small, and the level of absorption of

human resources is relatively high, making UMKM easily able to adjust and adapt to market needs that continuously change over time. It causes UMKM to be less vulnerable to various external changes.

The distribution of UMKM, in general, has an excellent opportunity to be developed. In general, we can see the distribution of UMKM in Indonesia in the following figure:
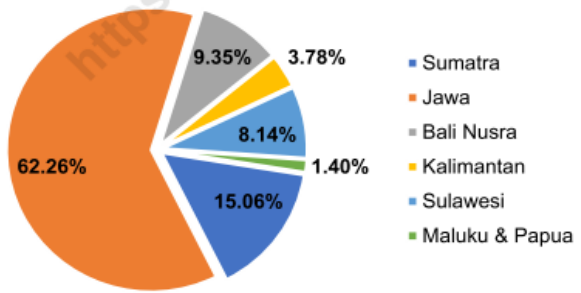
Source: BPS, Micro and Small Industry Profile, 2019

Figure 1. Distribution of IMK Businesses/Companies by Island (%)

During the ongoing Covid-19 pandemic occurs moment. In this case, UMKM activities experience various challenges at a time of opportunity for the Indonesian growth economy. Experienced challenges among them lack of introduction to digitization, adaptation to the development of the digital world, and not having potential HR who can enter the digital world. Meanwhile, the opportunity can be interpreted as a government project to design UMKM economic activities easily. The convenience, of course, always adjusts to technological developments. Indonesia has entered the industrial era 4.0, which indirectly demands all forms of community economic activity based on technology or the digitization of UMKM. If we look at the number of micro and small industries (IMK) that use the internet in their business activities, it can be seen in the following figure:
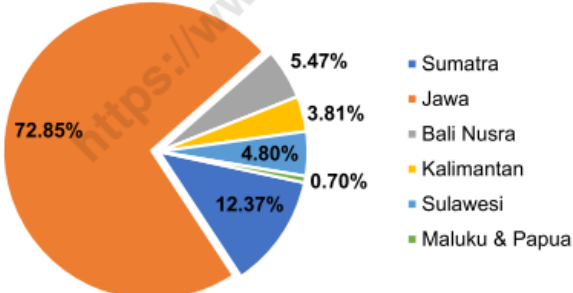
Source: BPS, Micro and Small Industry Profile, 2019

Figure 2. Percentage of Micro and Small Industry Enterprises/Companies Using the Internet According to Island, 2019

UMKM (Micro, Small and Medium Enterprises) is a microeconomic sector that has direct contact with the economic practices of the community, especially people in the middle to lower economic scale. The Covid-19 pandemic has made people aware that UMKM is one of the solutions to fulfill their daily needs because they do not involve the industrial sector or cooperation with foreign countries. It would not be wrong if then UMKM became one of the great hopes in recovering the community's economic system or even the economic system in Indonesia. The presence of the

internet or digitization in all aspects of people's lives, including in the business activities of UMKM actors, is expected to be one of the supporting aspects of the development of UMKM in Indonesia.

The destination of digitization exists to help the Public make it easy all activities and work every day, starting from sector trade, sector education and sector health. The benefits of digitization for the perpetrator's business in the sector trading are minimizing cost production, reaching more consumers and facilitating the marketing process.

Based on the brief description above, the researcher tries to see and analyze how digitalization affects the growth of UMKM. Briefly, this research was raised with the title Analysis of the Effects of Digitalization on UMKM Growth (Case Study on UMKM Bangka Belitung and Yogyakarta).

METHODS

This type of research is a descriptive quantitative research that describes current problem-solving based on data, analysis and interpretation. (Cholid Narbuko & Abu Achmadi, 1999). In this case, the researcher tries to explain how to analyze the effect of digitalization on the growth of UMKM businesses in the provinces of the Bangka Belitung Islands and Yogyakarta. The variables used in this study are X1 knowledge, X2 digitalization of marketing, X3 digitization of sales and X5 digitization of payments and Y of UMKM growth. This research was conducted on UMKM in the provinces of Bangka Belitung and Yogyakarta. The number of samples obtained using the slovin formula with a critical value of 5%, the number of samples needed is 389.36 and rounded up to 389 samples. Data collection techniques through questionnaires. At the same time, data analysis using a validity test, reliability test, classical assumption test and hypothesis test.

RESULT AND DISCUSSION

The development of digital-based UMKM is one of the alternative rescue sectors of UMKM during the Covid-19 pandemic. Although thereby During this government, the Ministry of Cooperatives and UMKM have attempted to push digital transformation. With so, the Covid-19 pandemic has made growth ecosystem entrepreneurship digital. In context, digital entrepreneurship is from businesses that take advantage of sophisticated digital technology, both process and marketing products and services. In other words, all types of selling businesses the product good online use a website or application, including digital entrepreneurship. Using e-commerce applications and social media in digital marketing includes digital entrepreneurship. Thus, future digital entrepreneurship can be one sector to be many contribute positively to the Indonesian economy. Digital technology has changed the character and nature of the entrepreneurial model to more digital-based (Nambisan, S, 2017). Development effort covers an increased income and an increase in volume, profit, and power work (Jennings and Beaver, 1997). Development effort shows the change in the effort that, change this form his efforts already experience progress. Development effort is usually seen from facet income (turnover) received monthly. According to Inggawati and Kaudin (2010), developments effort could be measured by seeing growth in sales, an increase in employees, an increased profit, and an increase in score assets. The effort could be experience development if all this has already materialized.

The results of research that has been carried out on UMKM in the province of Bangka Belitung show results as following:

Table 1. T test

	Coefficients ᵃ				
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	std. Error	Betas	t	Sig.

1	(Constant)	4,543	1.205		3,770	.000
	X1	.430	053	.331	8.131	.000
	X2	-.096	047	-.088	-2,058	040
	X3	.327	.036	.445	9,100	.000
	X4	.139	.027	.210	5.157	.000

a. Dependent Variable: Y

Variable X1 Influence Knowledge Digitization To UMKM growth in Bangka Belitung and Yogyakarta provinces. From the results of the t test, it can be known that T count value 7.917 > 1.97 T table and level significance of 0.000 <0.05 Can be concluded that variable knowledge digitization takes effect UMKM growth in the provinces of Bangka Belitung and Yogyakarta. Based on the analysis of the results performed obtained results that knowledge digitization will increase UMKM growth in the provinces of Bangka Belitung and Yogyakarta. Next variable X2 Influence Digitization marketing To UMKM growth in the provinces of Bangka Belitung and Yogyakarta, from t test results, can is known that T count value -2.058 <1.97 T table and level significance of 0.040 <0.05. if the score significance < 0.05, Can be concluded that variable impactful digital marketing to UMKM growth in the provinces of Bangka Belitung and Yogyakarta. Based on the analysis of the results performed we obtained results that digital marketing has no effect on UMKM growth in the Bangka Belitung and Yogyakarta provinces. Variable X3 Influence Digitization sale to UMKM growth in Bangka Belitung and Yogyakarta Provinces, Based on results calculation so obtained t count of 8.130 > t- table 1.967. If we see a significant score of 0.000 <0.05, it means H0 is rejected, and Ha is accepted. It means there is an influence Among digitization sales on UMKM growth. And the X4 Influence Variable Digitization payment to UMKM growth in the provinces of Bangka Belitung and Yogyakarta, from t test results, can is known that T count value 5.042 > 1.97 T table and level significance of 0.000 <0.05. Variable digitization payment takes to effect positive and significant UMKM growth in Bangka Belitung and Yogyakarta provinces. Based on the analysis of the results performed we obtained results that digitization payment will increase UMKM growth in the Bangka Belitung and Yogyakarta provinces.

Next, if seen from influence independent variable separately together or simultaneous to dependent variable can see in the following f test table this:

Table 2. F test

ANOVA ª						
	Model	Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	6238,451	4	1559613	147,311	.000 ᵇ
	residual	4065,497	384	10,587		
	Total	10303949	388			

a. Dependent Variable: Y
b. Predictors: (Constant), X4, X1, X2, X3

From the table, on could be seen that the simultaneous independent variable influences the dependent variable, p this seen from count f value of 147,311> f table, and value significance of 0.000<0.05.

In the author's analysis, the digital economy is an essential factor in the success of a business. For this reason, business actors should know and master digital technology to attract and reach more customers and market their products more efficiently. Limited entrepreneurial aspects and low utilization of digital technology will hinder UMKM from developing and advancing its business, indirectly impacting UMKM's income. This study's results align with research conducted by Ahmad Zafrullah (2018), showing that digital technology has proven to play a strategic role in providing goods and services in a convenient, practical, cheaper, faster, timely, and more efficient. Labor-

intensive manner so that this can provide excellent opportunities for increasing UMKM income. In addition, the results of this study are in line with research conducted by Eri Yanti Nasution and Tika Indria (2021), where the results of their research state that the Digitalization of UMKM has a positive impact on UMKM actors because they can sell UMKM products without having to meet the buyer directly, let alone in the era of a pandemic that is being enforced by social restrictions. Digitalization has also increased the income of UMKM so that they can improve the family economy during the pandemic.

CONCLUSION

The research results show that the variable knowledge digitization partially affects UMKM growth, seen from the t count value 8.131 > 1.967, value significant, i.e., 0.000 < 0.05. variable digitization marketing takes effect to see the growth of UMKM from t test results show 2.058 <t-table 1.967 value significance of 0.040 <0.05. Variable digitization sales affect UMKM growth with a t value of 9.100 <1.967, a significance of 0.000 <0.05. variable digitization payment takes effect to see the growth of UMKM from score t value 5.042 > 1.97 significance of 0.000 <0.05. kindly simultaneous results show an influence Among variable knowledge, digitization marketing, digitization sales and digitization payment to UMKM growth in Bangka Belitung and Yogyakarta provinces.

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