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## ELEVATING THE COMPETITIVENESS OF MICRO, SMALL, AND MEDIUM-SIZED ENTERPRISES IN CIHERANG VILLAGE THROUGH BUSINESS MENTORSHIP

Farisadri Fauzan<sup>1\*</sup>, Rivani<sup>2</sup>, Linda Kurniawati<sup>3</sup>, Luthfi Thirafi<sup>4</sup>

<sup>1,2,3,4</sup> Departemen Administrasi Bisnis Fakultas Ilmu Sosial dan Ilmu Politik Universitas Padjadjaran

\*Korespondensi: [farisadri.fauzan@unpad.ac.id](mailto:farisadri.fauzan@unpad.ac.id)

### ABSTRACT

*Micro, small, and medium-sized enterprises (MSMEs) were affected by the coronavirus disease (Covid-19) outbreak. About 82.9% of MSMEs were negatively affected. As a result, there were significant changes in running a business. The use of technology has become crucial and needed by the MSMEs to survive the pandemic's economic effect. Nevertheless, human resources in a village lack the knowledge of using technology to digitalize their business. MSMEs in Ciherang Village are among many MSME located in a village affected by the pandemic. Therefore, mentorship for MSMEs in Ciherang Village is crucial to ensure the MSME could survive and grow. According to the data from observation, some problems occur on the MSMEs in Ciherang Village: legalities, packaging, product picture, and knowledge to leverage the internet marketing. By mentorship, the MSMEs in Ciherang Village benefited and could implement the new things they learn in their business. At the end of the activity, the mentees have their Business Registration Number (Nomor Induk Berusaha – NIB), good packaging, good product pictures, and knowledge to leverage internet marketing.*

**Keywords:** MSMEs; Mentorship; Digitalization

### ABSTRAK

Usaha mikro, kecil, dan menengah (UMKM) sangat terdampak oleh pandemi Covid-19. Sebesar 82,9% UMKM terdampak negatif oleh pandemi Covid-19. Akibatnya terjadi perubahan yang sangat cepat dalam cara berbisnis. Penggunaan teknologi menjadi sangat krusial dan dibutuhkan oleh para UMKM sehingga dapat bertahan dari dampak ekonomi Covid-19. Namun pada kenyataannya, sumber daya manusia khususnya di desa masih minim dengan kesiapan penggunaan teknologi dalam melakukan digitalisasi bisnisnya. Pelaku UMKM di Desa Ciherang Kabupaten Sumedang merupakan satu dari sekian banyak pelaku UMKM di desa yang terdampak oleh Covid-19. Oleh karena itu dirasa sangat perlu untuk adanya pendampingan bagi UMKM yang ada di Desa Ciherang sehingga dapat mampu bertahan dan berkembang. Berdasarkan observasi di lapangan, terdapat beberapa permasalahan yang terjadi pada UMKM di Desa Ciherang yaitu belum adanya izin usaha, belum memiliki kemasan yang baik, belum memiliki foto produk yang baik untuk dipasarkan, serta belum memahami cara memanfaatkan internet untuk melakukan pemasaran. Melalui konsep pendampingan, ternyata mampu mendorong UMKM untuk mendapatkan hal-hal baru yang langsung dipraktikkan pada bisnisnya. Hasilnya, pada akhir kegiatan, bisnis yang didampingi sudah memiliki Nomor Induk Berusaha (NIB) melalui *One Single Submission* (OSS), memiliki kemasan yang lebih baik, foto produk, dan juga memiliki pengetahuan dalam memanfaatkan internet untuk pemasaran.

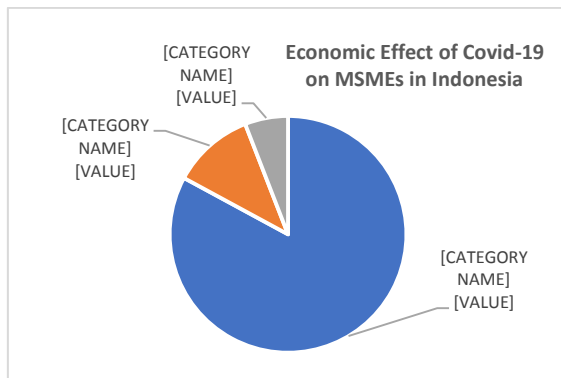
**Keywords:** UMKM; Pendampingan; Digitalisasi

### INTRODUCTION

The coronavirus (Covid-19) outbreak has significantly impacted national and global economics. Various businesses are dealing

with multiple problems, resulting in some loss levels. Nonetheless, the Covid-19 pandemic significantly impacts businesses worldwide (Shafi et al., 2020). In 2020, 82.9% of MSMEs

in Jakarta, Bogor, Depok, Tangerang, and Bekasi were negatively affected by the pandemic. Only 5.9% of MSMEs was benefitted from the pandemic. Furthermore, the pandemic was causing 63.9% of MSMEs affected to have their revenue declined more than 30%. Only 3.8% of MSMEs have their revenue increased (Katadata, 2020).



**Figure 1. Economic Effect of Covid-19 on MSMEs in Indonesia**

(Source: Katadata Insight Center, 2020)

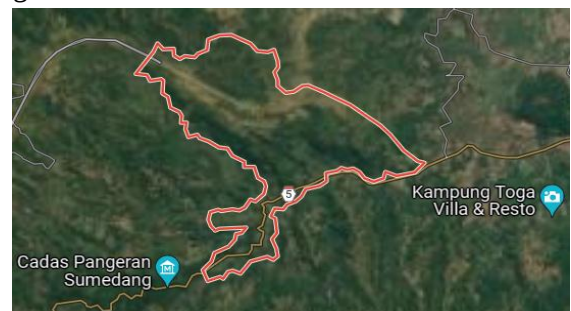
MSMEs are known as the backbone of many economies throughout the world, providing money and jobs to millions. They account for over 90% of all enterprises and more than half of all jobs in the globe. In emerging economies, formal SMEs account for up to 40% of gross domestic product (GDP). (source: The World Bank). As in Indonesia, there are 64 million registered businesses in Indonesia, and 99% of the portions are MSMEs. It also contributes 61% to the Indonesian Gross Domestic Product (GDP). In terms of labor, MSMEs in Indonesia provide jobs to 119 million people, or about 44% of the Indonesian population in 2019 (Kementrian KUKM, 2021).

We believe the micro, small, and medium-sized enterprises (MSMEs) are severely affected by the Covid-19 outbreak because, in comparison to large enterprises, MSMEs typically have fewer resources, mainly financial and managerial resources, and are unprepared for disruptions that are likely to last longer than expected (Shafi et al., 2020). Furthermore, the Covid-19 outbreak was causing difficulties to MSMEs such as raw

material shortage, financing, decreasing number of customers, distribution, and production obstructed (Resnawaty et al., 2021). Moreover, MSMEs must take precautions to changes in the customer behavior and competition landscape because there is an activities limitation. Customers utilize digital technology at home to do their activities (Bahtiar, 2021).

On the other hand, the Covid-19 outbreak is accelerating digital transformation. Slowly, a lot of activities have switched to digital. People could quickly buy, sell, find services, and pay with digital technology. Technology has become the central aspect of accelerating business (Rosita, 2020). Digital technology aims to create automation by creating a system to simplify the business process (Raharja et al., 2021). While digital technology could benefit MSMEs to accelerate their business, especially on the pandemic, not all are exposed to digital technology. MSMEs located in a village have minimal resources to go digital. For example, MSMEs in Ciherang Village.

Ciherang Village is in South Sumedang Districts, Sumedang Regency, with an area of 564 hectares and a total population of 6.035 people. Ciherang Village is located near Cadas Pangeran Sumedang. For a living, 32% of working residents are farmworkers, 12% are farmers, 11% are merchants/entrepreneurs, 20% are unemployed, and 26% are from diverse kinds of jobs. With 11% merchants/entrepreneurs, this community service hopefully could minimize the pandemic's effect and help them grow.



**Figure 2. Ciherang Village**

(Source: Google Maps, 2021)

## METHOD

Methods used in this community service is a mentorship that connects lecturer and student from Universitas Padjadjaran with the local heroes as a guide for the activities conducted in Ciherang Village. This community service will be conducted for one month. Hopefully, this type of partnership could accelerate the growth of MSMEs within the village as the local heroes already know the situation in the village. The local hero also represents the mentor community from Sumedang. To simplify, the local heroes will be written as mentors from this forth.

This study uses a qualitative approach. There will be a lot of observations and interviews. Interviews, observations, documentation, and audio-visual materials are the primary qualitative data sources (Creswell, 2013).

MSMEs will be selected using quota sampling. The quota will be three MSMEs. The three chosen MSMEs are MSMEs that have a good prospect in the future and impact society as the MSMEs employ the locals.

There are four stages to accomplish the goals to help MSMEs in Ciherang Village:

### 1. Preparation

In this stage, both mentor and student will receive workshops to increase knowledge and skill to mentor the MSMEs. Hopefully, a proper mindset and ability could accelerate the growth of MSMEs.

### 2. Observe

Lecturer, student, and mentor observed and interviewed the designated MSMEs in Ciherang. Observation and interview are intended to unveil selected MSMEs and develop the right action.

### 3. Analyze

After getting the selected MSMEs' information, the team analyzes the data to decide the action plan.

### 4. Action

The next step is to do the action plan. Implement what the team learned on

observation and analysis to the selected MSMEs.

## FINDINGS AND DISCUSSION

### a. Preparation

Preparation was divided into a mentor's workshop and a students' workshop. A workshop for mentors was conducted in class on November 3 – 4, 2021. Otherwise, a workshop for students conducted online on November 5 – 6, 2021. Both workshops covered the same modules to ensure mentors and students use the same framework. The modules covered in the workshop are:

1. Ethics, Morality, Mental Mindset, and Mentoring Techniques
2. Social Mapping for Community Service
3. Planning and Developing Strategy for a Business
4. BUMDES and Cooperation
5. Institution Development, Human Resource Management, and Legalities
6. Finance
7. Marketing
8. Product



**Figure 3. Workshop for Mentors**

(Source: Author Documentation, 2021)

### b. Selected MSMEs

After discussing with the mentor, student, and the Ciherang Village Government, our team selected three MSMEs: Pilus Linggasari, Kremes Ubi Kurawa, and Mocaf Dahlia.

### c. Observe

Lecturer, student and mentor subsequently visit the production site of all selected MSMEs. For efficiency, the team split into smaller groups for each selected MSMEs. The team observes the production facility and the products and interviews people associated with the business, the owner, and the workers. Observing and interviewing are intended to collect helpful information about the company for further analysis.



**Figure 4. Visiting MSME Production Site**  
(Source: Author Documentation, 2021)

#### d. Analyze

**Table 1. MSMEs Data**

| MSME Name  | Product/Service          | Established | Revenue/Month          | Number of Workers | Legalities          | Marketing Scope             |
|------------|--------------------------|-------------|------------------------|-------------------|---------------------|-----------------------------|
| Linggasari | Pilus                    | 12 Years    | Rp 6.480.000/month     | 12                | Expired (NIB, PIRT) | Offline, Sumedang & Bandung |
| Kurawa     | Kremes from Sweet Potato | 2 Years     | Rp 1.000.000/month     | 3                 | None                | Offline, Sumedang           |
| Dahlia     | Modified Cassava Flour   | 4 Years     | It cannot be specified | 4                 | None                | Offline, Sumedang           |

(Source: Author Documentation, 2021)

All MSMEs have no legalities and limited marketing scope, according to the data collected. The team believes that if we could help all MSMEs with marketing and legalities, they could accelerate the growth. The majority of MSMEs in Indonesia market themselves in traditional ways. MSMEs should adapt to increased market rivalry by performing market development in a proactive manner (Smallbone et al., 1995). MSMEs struggled with access to the market. As a result, market development is critical to maintaining the company's strong growth rate (Indarti & Langenberg, 2004). The

legality of a firm might impact its growth. MSMEs require money to grow their businesses, and MSMEs with legalities are more bankable. Business financing is a critical tool that will decide the long-term viability of a company's operations (Puspaningrum, 2019).

#### e. Action

Responding to the problem analyzed and resources available, there are four activities to do:

- 1) Business Registration Number (Nomor Induk Berusaha – NIB) Facilitation  
NIB is the basics for MSMEs to get started with their business journey. The process began by registering each owner of MSMEs in One Single Submission (OSS.go.id). Then students assist the MSMEs to input the data needed on oss.go.id. After all the data is filled in, NIB is issued. Creating a NIB is pretty easy and fast, which is good.

- 2) Food Safety Training (Pelatihan Keamanan Pangan – PKP) Facilitation  
Food Safety training is mandatory for MSMEs to acquire the SPPIRT. The training is held by a collaboration of Sumedang Regency Public Health Office and Center of Business Incubator Universitas Padjadjaran (Oorange). The training participants must pass the pre-test to acquire the training certificate. All MSMEs are successfully passed the pre-test.

3) Home Food Industry Certification (Sertifikat Produksi Pangan Industri Rumah Tangga – SPPIRT) Facilitation SPPIRT is an essential certificate for a home food industry with a product with more than seven days shelf life. Another criterion is that the home industry still produces their product at home; if they make it in different facilities, they must acquire a certificate from the National Agency of Drug and Food Control (BPOM). To obtain SPPIRT, after integration with oss.go.id, could be done inside the system after all the pre-requisites are fulfilled, and one of them is the Food Safety Training Certification.

4) Workshop: Digital Marketing Basics & Product Picture Practice

The workshop was conducted on December 4, 2021. There are more than twenty MSMEs invited, including the three MSMEs mentored by the team. The workshop mainly focuses on the fundamentals of online selling and helps them to prepare a good product picture that they will be using to start selling online. The participants are doing product photography to ensure they can do it by themselves after the program.



**Figure 5. Workshop with MSMEs**  
(Source: Author Documentation, 2021)

#### f. Result

All the activities went well and successfully created their legalities from NIB to SPPIRT. They also had their

product picture to start selling online. Because a good product picture is fundamental. Once potential buyers find a relevant product, the picture is the one they look at the most. The lack of images made it more challenging to choose things (Benn et al., 2015). Besides, they also knew online selling basics. Hopefully, after the mentorship, these MSMEs could be independent independently.



**Figure 6. Edited Product Picture**  
(Source: Author Documentation, 2021)

## CONCLUSION

This activity was conducted successfully; the mentorship program helped all the MSMEs mentored. However, it looks like the one-month-long mentorship is too short. It should be longer to create maximum impact on the mentees. It is pretty hard to evaluate the result as many problems occurred on the MSMEs.

The local hero as a mentor was very helpful. She blends and connects well with the lecturer, students, and local government, making this community service easier. This kind of mentorship could be replicated in another community service. So, after the program, the mentor could still monitor the development of the mentees.

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