



## Evaluation of Digital Capabilities and Digital Marketing Practices of Micro, Small, and Medium Business in Toba Regency

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### ABSTRACT

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The era of disruption is marked by the presence of various innovations, technologies, platforms, and new business models. This era opens up opportunities for Micro, Small, and Medium Enterprise (MSME) to grow. Initial observations that aimed at Toba MSME actors show that the use of digitalization for marketing is still very low. This prompted to conduct the research with purpose to find out the possibility of how the implementation of MBKM can help accelerate the digitization of Toba MSMEs. The data collection method was carried out by surveying students, lecturers and staff as interested parties in MBKM, and continued with Focus Group Discussions with Toba MSME actors. Through this study, an evaluation of the digital capabilities and implementation of e-marketing of Toba MSME actors was carried out in order to produce further recommendations and obtaining the results in the form of an overview of Toba MSME digital capabilities based on aspects of 'digital innovation, digital technology, digital orientation, digital capability, and marketing capability'. From this research we found that the most common obstacles faced by Toba MSME actors are the limited digital literacy of MSME actors, limited capital, lack of understanding of marketing concepts and practices, and limited number of human resources. These limitations are very likely to be resolved with the MBKM program so that the acceleration of the Toba MSME digital transformation can be carried out.

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## 1. Introduction

The use of the internet in Indonesia is growing, this showed by the large number of Indonesian people who become an active internet users today. Utilization of the internet is very influential on the MSME sector (Micro, Small and Medium Enterprises) in several regions in Indonesia. The use and utilization of the Internet in the MSME sector includes several things, namely in terms of marketing of production, in terms of disseminating information about MSMEs or the products produced by these MSME, or it can also be a promotional media that can reduce costs for the promotion. Nowadays, new e-business practices are being integrated into existing business processes, especially in micro and small enterprises, with the continuous deployment of the internet and the related applications, they gave effect to the growth of ICT adoption by the enterprises. This era opens up opportunities for MSME to expand marketing.

Preliminary observations have been made through marketing digitalization training activities that already given for around 200 MSMEs in Toba Regency in November 2021. From the initial results, we found that the number of MSMEs that have utilized digital marketing is no more than 10%. The low utilization of marketing digitalization by MSME actor has prompted us to conduct further research to measure the digital marketing and capabilities of Toba MSME. We do the research with the purpose to produce several



recommendations to increase the digital marketing and capabilities for Toba MSME actors and helping the government to achieve the national target of 2022, where 34 million MSMEs are targeted to go digital in 2024. This research also will involve lecturers and students in MBKM program, so we hope it will give the spirit of MBKM for them by providing opportunities to participate in solving the problems that exist in the business world and the industrial world. MBKM is a program launched by the Minister of Education and Culture which aims to encourage students to master various sciences to prepare them to enter the world of work.

Finally, we hope that this research could measure the digital capabilities and digital marketing practices of Toba MSMEs and also give several recommendations and efforts to improve the capabilities of Toba MSMEs by synergizing them with MBKM activities that involve students and lecturers. Through MBKM activities, we hope the skills of students and lecturers can be applied in solving problems that exist in the real and the industrial world which are managed through the MBKM program.

**2. Method**

**2.1 Data collection**

- a. Data collection through MBKM Implementation Survey were distributed.  
The respondent: 982 students and 53 lecturers and 14 staff.
- b. Collecting data through Focus Group Discussions  
The respondent: 70 Toba MSME actors

**2.2 Data Analysis**

An analysis of the MBKM implementation survey was conducted by using a SWOT analysis in order to obtain an overview of the MBKM implementation at Institut Teknologi Del (IT Del). Furthermore, an analysis is carried out to see if there are possibilities to combine the problem that exists in the MSMEs with the MBKM programs

Based on the data analysis result, recommendations are given for the implementation MBKM program in the future for solving problems that exist in MSMEs, as well as recommendations for proposed training materials for MSMEs in the form of training videos and modules. As part of the results of this study, several basic materials also were produced that should be mastered by MSMEs to be able to do digital marketing.

**3. Result and Analysis**

**3.1 MBKM Implementation Survey Results**

Data collection through MBKM implementation survey distributed to IT Del lecturers and students. The results of this survey indicate that the implementation of MBKM received a very good response from students. Most of the students agreed that participating in MBKM activities would increase their competencies and skills, which could help them to be more prepared in facing the real work environment (after graduation). However, the data also shows that the type of MKBM activities (there are 6 activities) which choose by the students is not evenly distributed where most of them are dominated by internships / practical work, student exchanges and independent studies. The role of the institution (IT Del) in socializing and planning in more detail about MBKM activities is very important so that it will increase student readiness in MBKM. The survey results were analyzed using SWOT and the results are displayed below in Table 1.

**Table 1**  
MBKM Implementation Survey Results

<b>STRENGTH</b>	<b>WEAKNESS</b>
1. Most of IT Del students already understand MBKM 2. Student interest in participating in MBKM is very high 3. Most students agree that MBKM has a very good impact a. will increase additional competencies such as solving real and complex problems, analytical skills	Further socialization needs to be done, a. there are still those who don't understand the size of the converted credit b. there are still things that are not quite right regarding the implications of MBKM for the study period 2. The MBKM preference is not evenly distributed, it is still dominated by the choice of Internship/Practice Work 3. Preparation of student MBKM is still lacking



<ul style="list-style-type: none"> <li>b. will add perspective</li> <li>c. will support skills after graduation</li> <li>d. will add skills as capital to work</li> </ul> <p>4. The enthusiasm of students to participate in socializing MBKM is very large</p> <p>5. Most of the Prodi MBKM Procedures are available</p> <p>6. The MBKM socialization by IT Del has been very good</p> <p>7. The study program has readiness in running the MBKM program as seen from previous experiences that are in accordance with MBKM</p>	
<p><b>OPPORTUNITY</b></p> <p>1. The opportunity to implement MBKM is very wide open through the Ministry of Education and Culture's flagship MBKM program</p> <p>2. The opportunity to implement MBKM is very wide open for independent partnerships in the Toba Regency area such as MSMEs.</p>	<p><b>THREAT</b></p> <p>The MBKM program is relatively new, so IT Del's synergy with partners needs to be improved to be able to achieve MBKM's goals</p>

### 3.2 Focus Group Discussion Results

Following are the evaluation results from FGD and the survey that already conducted which related to the evaluation of digital capabilities and the implementation of e-marketing of Toba MSMEs. Our evaluation are mapped into aspects of digital technology, digital innovation, digital orientation, digital capabilities, marketing capabilities:

- a. Digital technology
  - 1) limited digital literacy in human resources
  - 2) Technology adoption, especially in the need for MSME websites
- b. Digital innovation
  - 1) The type of MSME business is micro-enterprise with the following characteristics:
    - a) Types of goods are not fixed, can change at any time;
    - b) The business location is not permanent, it can change places;
    - c) Doesn't have a financial administration;
    - d) Business financial resources is still mixed with personal finances;
    - e) Human resources don't have enough an entrepreneurial spirit;
    - f) Generally do not have financial access to banking,
    - g) Generally do not have a business license or NPWP
  - 2) Don't know how to make attractive product packaging
  - 3) Don't know how to create interesting promotional content
  - 4) Limited Human Resource skills
  - 5) Willing to establish partnerships with industry or other institutions for the raw materials, production and promotion, and wish could established partnership with university .
- c. Digital orientation
  - 1) Limited Human Resource skills
  - 2) Willing to establish partnerships with industry or other institutions for the raw materials, production and promotion, and wish could established partnership with IT Del.
- d. Digital capabilities
  - 1) Still expecting a marketing training which is practical
  - 2) Limited Human Resource skills
  - 3) Financial limitations
  - 4) Management governance often fails due to stock of goods (due to seasonal purchases)
  - 5) Willing to establish partnerships with industry or other institutions in raw materials, production and promotion, and wish could established partnership with IT Del.
- e. Marketing Capability
  - 1) Don't know Marketing, 56% respondent still can't do a digital marketing
  - 2) Limited Human Resource

We mapped the constraints that we found into the aspects of digital technology, digital innovation, digital orientation, digital capabilities, marketing capabilities. After that the analysis was carried out to see the most common and the biggest obstacle that faced by MSME actors. The detail is shown in the following Graph.

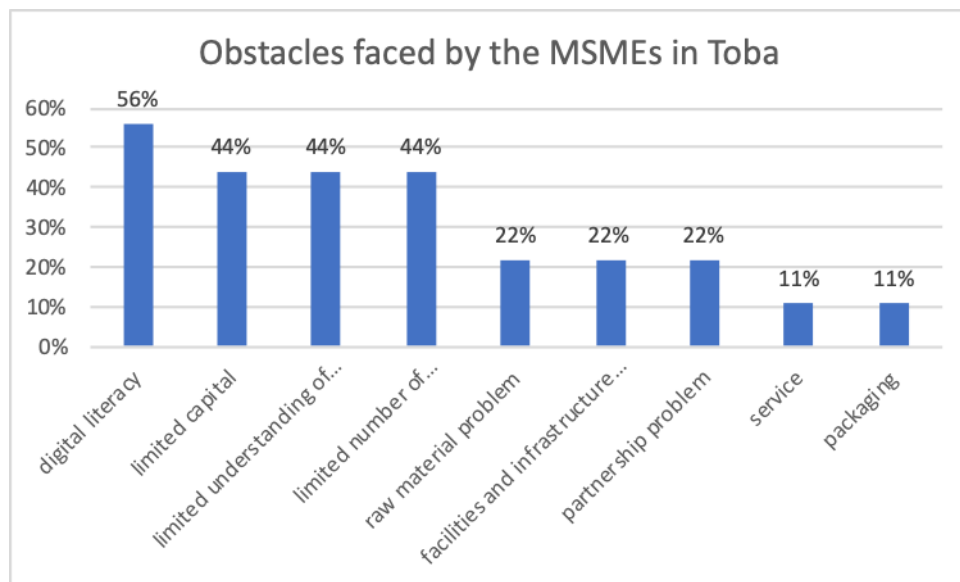


Fig 1. Obstacles faced by Toba MSMEs

From the graph we could see that the most biggest obstacles is literasi digital followed by limited capital, limited understanding of marketing concepts, limited number of competent human resources, raw material problems, facilities and infrastructure problems, partnership problem, services, packaging.

4. Conclusion

The conclusions from this research are as follows:

- a. The MBKM implementation survey at IT Del showed that this program received a very good response from students, where most of the students agreed that participating in MBKM activities would increase students' competencies and skills so that they would be more prepared to face the real work environment (after graduation). However, the data also shows that the choice of MBKM activities is not evenly distributed. Most of them are dominated by internships and practical work as well as independent studies activities, so the student's interest for the other 6 forms of MBKM activities is still lacking. The role of IT Del in socializing and planning in more detail about MBKM activities is very important in increasing student readiness in MBKM.
- b. Surveys and FGDs with MSME actors show that MBKM can be implemented to resolves the obstacles faced by Toba MSME actors. The participation of IT Del students and lecturers is expected to give an impact in accelerating Toba UMKM's Digital transformation. Based on the Survey and FGD, it was concluded that the biggest obstacles were related to the limited digital literacy of MSME actors, limited capital, lack of understanding of marketing concepts and practices, and limited number of human resources. This opens an opportunity where the competence of higher education personnel is connected with the needs of the Toba community. The forms of MBKM that can be done are Research, Thematic Community Service Program, and Entrepreneurship
- c. Some basic modules that have been produced through this research include the business registration module on the Google Business platform, business registration on the market place, the use of social media marketing using the IG Business platform, Photo Editing as promotional content, the use of Canva in designing promotional content. This module is ready to be used in mentoring Toba MSMEs which can be implemented through the implementation of the MBKM PKM in 2022.



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