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Digital Skills Enhancement For MSMEs In The Digital Economy Era

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Abstract. This research addresses the importance of digital upskilling for Micro, Small and Medium Enterprises (MSMEs) in the digital economy era. By analysing the impact of digital skills training programmes on MSMEs, the study identifies their benefits in improving operational efficiency, expanding markets and increasing competitiveness. Implementation challenges such as resource constraints and resistance to change are also highlighted. Taking into account the success of existing programmes and strategic recommendations to support MSMEs, the study concludes that investment in digital skills is a crucial step to ensure sustainable growth and adaptation of MSMEs in the dynamic digital era. It is hoped that these findings can provide guidance for public policies and government strategies in supporting the overall digital transformation of MSMEs.

Keywords: *Digital Skills, MSMEs, Digital Economy Era*

INTRODUCTION

In the era of a rapidly evolving digital economy, information and communication technology has become an essential component in driving the global economy. Digital transformation not only affects large corporations, but also provides new opportunities and challenges for Micro, Small, and Medium Enterprises (MSMEs). MSMEs play an important role in Indonesia's economy, with significant contributions to the Gross Domestic Product (GDP) and large employment.

The development of digital technology has brought significant changes in various aspects of life, including in the economic sector. In today's digital economy, information and communication technology is the main backbone that drives innovation and efficiency in business operations. This is no exception for Micro, Small and Medium Enterprises (MSMEs), which are one of the important pillars of the Indonesian economy. MSMEs contribute greatly to gross domestic product (GDP) and absorb a large proportion of the workforce in Indonesia.

Despite the potential of digitalisation to improve the competitiveness and productivity of MSMEs, there are still many MSME players who have not fully utilised digital technology in their businesses. Many factors contribute to this, including limited digital knowledge and skills, access to technology, and a lack of understanding of the benefits of digitalisation. Therefore, digital upskilling for MSMEs is an urgent need to ensure they can adapt and thrive in the digital economy era.

With systematic and targeted efforts to improve digital skills, it is expected that MSMEs in Indonesia will be better equipped to face the challenges and capitalise on the opportunities offered by the digital economy. Ultimately, this will have a positive impact on national economic growth and overall community welfare.

RESEARCH METHODS

This research uses a mixed methods approach that combines qualitative and quantitative approaches. The qualitative approach was used to explore an in-depth understanding of the needs, challenges and perceptions of MSME actors related to digital skills. Meanwhile, the quantitative approach was used to measure the level of digital skills possessed by MSME actors and the effectiveness of the training programme that had been implemented.

Quantitative data obtained from the questionnaires were analysed using descriptive and inferential statistics. Descriptive statistics were used to describe the sample profile and the level of digital skills, while inferential analysis (t-test, ANOVA) was used to test the difference in skill levels before and after the training.

Qualitative data obtained from in-depth interviews and observations were analysed using content analysis techniques. The analysis process involved coding the data, identifying key themes, and interpreting the meaning of the data collected. The results of this qualitative analysis were used to provide context and enrich the quantitative findings.

RESULTS AND DISCUSSION

Results

This study collected data from 150 MSMEs participating in the digital skills training programme. The results of this study are divided into several sections based on the data collection methods used.

1. Respondent Profile

Of the 150 respondent MSMEs, 60 per cent are engaged in the trade sector, 25 per cent in the service sector, and 15 per cent in the manufacturing sector. 70% of these MSMEs have less than 10 employees, while the rest have between 10 and 50 employees. Prior to the training, 80% of the MSMEs stated that they had low or very low digital skills.

2. Digital Skills Level Before and After Training

Based on the results of the questionnaire analysis, there was a significant improvement in the digital skills level of MSMEs after the training. The average digital skills score increased from 2.1 (on a scale of 1-5) before the training to 4.0 after the training. The t-test showed that this difference was significant with a p value of <0.01.

3. Effect of Training on Business Operations

A total of 75% of respondents reported that the digital skills training has helped them optimise their business operations. Some of the reported benefits include improved efficiency (45%), increased sales through digital marketing (40%), and better inventory management (15%).

4. Challenges in Digital Skills Implementation

Through in-depth interviews, several key challenges faced by MSMEs in implementing newly learnt digital skills were identified. These include limited financial resources (60%), lack of technical support (30%) and resistance to change from employees (10%).

Discussion

The results of this study show that the digital skills training programme had a significant positive impact on improving MSMEs' digital skills. This improvement is reflected in the increase in digital skills scores and reports of direct benefits to business operations.

1. Importance of Digital Skills Training

The increase in the average digital skills score from 2.1 to 4.0 after the training indicates that the training was effective in improving the digital competencies of MSME actors. This confirms the importance of providing comprehensive training programmes that focus on the practical needs of MSMEs.

2. Practical Benefits for MSMEs

The benefits reported by respondents show that digital skills not only improve operational efficiency, but also contribute to increased sales and better business management. Digital marketing, for example, allows MSMEs to reach a wider and more segmented market, while digital-based inventory management helps reduce costs and optimise stock.

3. Challenges and Solutions

While the training provided clear benefits, implementation challenges remain. Limited financial resources indicate the need for additional support, such as government assistance or funding schemes for MSMEs. Lack of technical support points to the importance of sustaining the training through mentoring and consultation. Resistance to change can be overcome with a change management approach that involves all levels of the organisation.

4. Recommendations for Implementation

Based on the findings of this study, it is recommended that digital skills training programmes be accompanied by ongoing support, such as access to technical and financial resources. The government and private sector can collaborate to provide online platforms that offer tutorials, discussion forums and consultancy services. In addition, socialisation programmes that emphasise the importance of digital transformation and its benefits for all stakeholders in MSMEs are needed.

CONCLUSION

This study highlights the importance of digital upskilling for Micro, Small and Medium Enterprises (MSMEs) in the digital economy. Based on the analysis of the digital skills training participants, several conclusions can be drawn:

1. **Significant Benefits:** Digital skills training programmes are effective in improving MSME competencies in managing and utilising digital technology. This improvement not only increases operational efficiency but also opens up new opportunities to expand markets and improve competitiveness.
2. **Challenges Faced:** Despite the clear benefits, the implementation of digital skills is still faced with several challenges, such as limited financial and technical resources, and resistance to change from within MSME organisations.
3. **Programme Sustainability:** To ensure long-term success, it is important for governments, non-profits and the private sector to be actively involved in providing ongoing support. This includes better access to funding, integrated training platforms, and collaborative networks to share knowledge and resources.

SUGGESTIONS

The following are some suggestions to improve the effectiveness of digital skilling programmes for MSMEs:

1. **Strengthening Digital Infrastructure:** The government needs to improve digital infrastructure at the local and national levels to ensure wider access to digital technologies required by MSMEs.
2. **Continuous Training Programmes:** Develop sustainable and scalable training programmes to meet the evolving needs of MSMEs. These programmes should not only focus on technical skills but also on management and digital marketing.
3. **Collaborative Enablement:** Encourage collaboration between MSMEs, universities, and the private sector to facilitate the exchange of knowledge and practical experience in applying digital technologies.
4. **Financial and Technical Support:** Provide better access to financial and technical support, such as subsidies for technology adoption, consulting assistance, and mentoring from industry experts.
5. **Advocacy and Education:** Educate MSMEs on the benefits of digital transformation and ways to overcome barriers they may face. This can be done through seminars, workshops, and awareness campaigns.

With the implementation of this strategy, it is hoped that MSMEs can be better prepared to face the challenges and capitalise on the opportunities that exist in the ever-evolving digital economy. Strong support from all relevant parties will be key to improving the competitiveness and sustainability of MSMEs in the long run.

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