

Small To Medium Enterprises In The Digital Era On Line Shop Professional Community (KAJI) In East Java

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Abstract.

Small To Medium Enterprises In The Digital Era On Line Shop Professional Community (Kaji) In East Java. The contribution of SMEs has had an impact on the regional and national economy (Bunga, 2022), the growth and development of SMEs in Indonesia cannot be separated from the various challenges faced, the economic crisis that occurred at the end of 1997 brought multi-economic impacts, including SMEs (Tejasari, 2008), the impact of Covid 19 which occurred in early 2020, the impact of the global economy occurred as a whole. SMEs also felt the same impact with the independence that SMEs have, being able to overcome global economic challenges (Aksan, 2022), entering the digital era. East Java UKM (KAJI) is faced with online shop UKM must be able to take a role and control the market so that the existence of SMEs is not eroded by digitalization, especially online shops. Legitimacy theory focuses on interactions between companies and society based on legitimacy theory, namely that a "social contract" occurs between companies and the community where the company operates and uses economic resources. It explains the concept of social contract, all social institutions, including companies, operate in society through social contracts, both explicit and implicit, their survival and growth is based on what consists of, the final result (social output) provided to the wider community, the distribution of economic, social and political benefits. to groups according to their power (Gray, 2001). The research method used in the research is qualitative analysis of case studies. Single case study is used to obtain data from various primary and secondary research sources (observations, artifacts, archives, documents, interviews, multiple sources), is a research strategy involving one or more cases (multi cases) creating theoretical constructions, middle range propositions or theories based on empirical fact cases (Eisenhardt, 1989). The results of the research and discussion can be concluded that the existence of East Java UKM (KAJI) is described as follows: a. Able to support the family economy as an alternative source of family income, b. The existence of KAJI East Java, facilitates UKMs to establish friendly relations between UKMs, c. Market opportunities are still limited. SMEs still have difficulty marketing SME products. e. The attention received by SMEs in business development and capital assistance has not been maximized, f. Lack of innovation and creativity among SMEs. Suggestions for the existence of SMEs should receive more attention, especially in policies that support the existence of SMEs, especially the policy of implementing online shops to ensure the continuity of the existence of SMEs.

Keywords: Existence of SMEs, Digital Era and On Line Shop.

I. INTRODUCTION

Data managed by BPS in 2021 shows that 64.5% of MSMEs in Indonesia are led and managed by women. And also MSEs develop independently, and contribute to the national and regional economy, as in the following table and figure:

Table 1. UKM Contribution in Indonesia and East Java

No	Year	PDB %	PRDB %	Information
1	2018	60,34	57.50	Realization
2	2019	60,00	57.26	Realization
3	2020	60,16	57,78	Realization
4	2021	60,50	64,50	Realization
4	2022	60,03	57.81	Realization

Data Source: Kemenkop and UKM Jawa Timur, 2023

The SME data presented above, in 2021, East Java SMEs will contribute up to 64.50% of the Gross Regional Domestic Product (GRDP). This figure indicates the future of the SME economy in Indonesia which is able to develop independently. Meanwhile, in Figure 1.2, SMEs are recorded in history as saviors from the downturn of the monetary crisis with a contribution of 60.03% in 2022 to Gross Domestic Product (GDP). In 2021, SMEs have contributed 61.07% to the country's economy with the final report calculating the added value of East Java cooperatives and SMEs. (Kemenkop, 2023). Large amounts are encouraged to be maximized to increase contribution to GRDP. Empowering invites the community to support SMEs in making improvements with the main focus on the role of the wider community (Kemenpppa, 2015). It was stated that as of 2021, East Java SMEs were recorded to have contributed to GRDP reaching 57.81%. The

number of SMEs distributed in East Java, both in the agricultural and non-agricultural sectors, is 648,402 businesses. Of this number, as many as 52% of SMEs in the industrial sector are managed by women (Diskop UKM Jatim, 2020).

The SME data presented above, in 2021, East Java SMEs will contribute up to 64.50% of the Gross Regional Domestic Product (GRDP). This figure indicates the future of the SME economy in Indonesia which is able to develop independently. Meanwhile, in Figure 1.2, SMEs are recorded in history as saviors from the downturn of the monetary crisis with a contribution of 60.03% in 2022 to Gross Domestic Product (GDP). In 2021, SMEs have contributed 61.07% to the country's economy with the final report calculating the added value of East Java cooperatives and SMEs. (Kemenkop, 2023). The contribution of SMEs has an impact on the regional and national economy (Yuliasari, 2018), the growth and development of SMEs in Indonesia cannot be separated from the various challenges they face, the economic crisis occurred at the end of 1997 bringing multi-economic impacts, including SMEs (Pramita 2014), the impact of Covid 19 occurred At the beginning of 2020, the impact on the global economy occurred as a whole, UKM also felt the same impact with the independence of UKM being able to overcome global economic challenges (Miskan, 2021), entering the digital era East Java UKM (Kaji) is faced with online shops, UKM must be able to take a role and control the market so that the existence of SMEs is not eroded by digitalization, especially online shops.

II. THEORETICAL FRAMEWORK

The theory of existence comes from the word *ex*, namely *exit* and *existence* is derived from the verb *sisto*. The word *existence* means that humans stand as themselves by coming out of themselves where humans are aware that they exist (Hadiwijono, 2005: 148). *Existence* comes from the word *existence*, the Latin word *existere* means to appear, arise, or have actual existence. *Existere* itself comes from the words *ex* meaning to come out and *sistere*, namely appearing, defines existence as being the same as being (Language Center, 2008), existence is related to physical existence and the functions inherent in oneself. Grant in the article *Women as Managers: What they can offer to Organizations* states that there are six things to pay attention to showing existence, namely first communication and cooperation where women are more likely to take turns, express an opinion, secondly affiliation and attachment, thirdly power, tend to increase the power of giving attention and affection with aggressive actions, the fourth is physicality where stance depends on physical perfection but sometimes tends to have a lack of self-confidence and is vulnerable to prioritizing emotions. General managers and HRM professionals must have a set of competencies that build competitive advantage. HRM practices are used to achieve competitive advantage. Competencies between individuals know the business, follow the latest HR developments, manage the change process and integrate all these roles in the context of the organization's mission. General managers need to develop at least four major competencies: creating the need for HRM change, creating a vision of HRM practices, providing support for HRM activities, and becoming proficient in implementing HRM practices.

Legitimacy theory focuses on interactions between companies and society based on legitimacy theory, namely that a "social contract" occurs between companies and the community where the company operates and uses economic resources. It explains the concept of a social contract, all social institutions, including companies, operate in society through a social contract, either explicit or implicit, the survival of growth is based on what consists of, the final result (social output) provided to the wider community, the distribution of economic, social and political benefits to groups according to the power they have (Gray, 2001). Legitimacy is something given by society to a company and something the company wants or seeks from society. Legitimacy is useful or a potential source for a company to survive in the continuity of the company. Legitimacy in society influences the company's future development. Legitimacy is considered to equal the perception of hope that actions carried out by an entity are desirable, appropriate and in accordance with norms and values (Milne, 1996). Trust is defined as developing socially to maintain survival, companies seek legitimacy or recognition from investors, creditors, consumers, government and society in a certain environment, mutual acceptance and worth being in an environment Hidayati Murni, (2009). Legitimacy is needed by companies in order to run a business. Legitimacy theory is an underlying understanding of social contracts in a company's operational environment.

The social contract is intended to explain a number of expectations in society regarding how the organization carries out the activities it carries out. Social expectations are not fixed, situational, require companies to be responsive to the environment in which they operate, disclosure of corporate social responsibility is an effort made by companies to effectively legitimize them (Ulum, 2017). Corporate social responsibility and disclosure are used by companies to build their image in the eyes of the public. Legitimacy is related to various activities carried out by the company, perceptions can be created and the company's activities continue, the company pays attention to the social norms that exist in the environment where they are located. Organizational Legitimacy Theory continually tries to ensure that organizational activities are carried out within the limits of norms in society. Legitimacy assumes that the actions taken by the company are real appropriate actions, in accordance with systems, norms, values, beliefs, defined as socially developed (Rustiarini, 2011). SMEs with social economic activities that grow in a society full of limitations are the same as SMEs in East Java, with the existence of a management legitimacy system oriented towards taking sides with the surrounding community in line with the role of social responsibility or corporate social responsibility (CSR), individual governments and community groups prioritize taking sides with community, then concert operations with community expectations According to Grey., et. al (1996), the following is a framework for thinking about East Java SMEs, as follows:

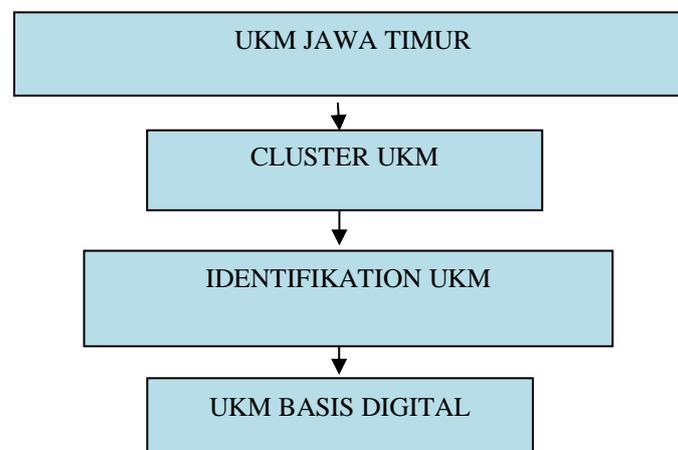


Fig 1.2. Framework

III. METHODS

The research intends to obtain an in-depth picture of East Java UKM, the existence of East Java UKM (KAJI) in the digital era, online shops. Seeing the extent to which public policy is set by the government, it is a public policy that is pro towards the progress of the sustainability of SMEs. The research method used in the research is qualitative analysis of case studies. Single case case studies are used to obtain data from various primary and secondary research sources (observations, artifacts, archives, documents, interviews, multiple sources), systematically on individuals, groups, organizations or activities. In case studies, case data applies to specific cases and is not intended to be generalized. Case study data allows it to be used to comprehensively explore and examine something. Case studies are used as a basis for building theory. Theory building through case studies is a research strategy involving one or more cases (multiple cases) to create theoretical constructions, propositions and/or middle range theories based on cases and empirical facts (Eisenhardt, 1989).

IV. RESULT AND DISCISSION.

The saying "Alone, we can do a little, together we can produce a lot" by Helen Keller (Kaswan, 2019: 225). Job involvement or job involvement, participation, participative management, employee voice, or participative decision making encourage the involvement of stakeholders at all levels of the organization in analyzing problems, developing strategy and solution implementation. Newstrom (2011:197) explains "participation is the mental and emotional involvement of people in group situations that encourages them to contribute to group goals and share responsibility for them". Participation is the mental and emotional

involvement of people in group situations that encourages them to contribute to group goals and share responsibility for the group. There are three important ideas, namely Involvement, Contribution and Responsibility. Policy evaluation William N. Dunn in Sudiro (2018:63) said that the term policy evaluation is equated with interpretation, assessment and giving numbers. Evaluation of the value and benefits of a policy result, policy evaluation must provide clear and reliable information regarding the performance of a policy. Dunn said more clearly that evaluation contributes to thinking about the values underlying the selection of goals and targets. In general, a value can be criticized by asking in depth about the readiness of goals and targets.

According to William N. Dunn, there are 6 policy evaluation criteria, namely effectiveness, efficiency, adequacy, alignment, responsiveness, accuracy. Effectiveness comes from the word effective which means achieving success in achieving predetermined goals. William N. Dunn states that effectiveness is concerned with whether an alternative achieves the expected results (consequences), or achieves the goal of the action. Which is closely related to technical rationality, always measured in terms of units of a product or service or its monetary value. (Dunn, 2003:429). Efficiency will occur if resources are used optimally so that a goal can be achieved. William N. Dunn believes that efficiency is related to the amount of effort required to produce a certain level of effectiveness. Efficiency, which is a synonym for economic rationality, is a relationship between effectiveness and effort, the latter of which is generally measured in terms of monetary costs. Efficiency is usually determined through calculating the cost per unit of a product or service. Policies that achieve the highest effectiveness with the smallest costs are called efficiency (Dunn, 2003: 430). Adequacy in public policy can be said to mean that the objectives that have been achieved are felt to be sufficient in various respects.

William N. Dunn said that adequacy concerns how far a level of effectiveness satisfies the needs, values, or opportunities that give rise to problems (Dunn, 2003: 430). From the definition above, it can be concluded that adequacy is still related to effectiveness by measuring how far alternative choices can satisfy needs, values or opportunities in solving problems. Equity in public policy can be said to have the same meaning as justice provided and obtained by public policy targets. William N. Dunn states that the equality criterion is closely related to legal and social rationality and refers to the distribution of consequences and efforts between different groups in society (Dunn, 2003: 434). Policies based on equalization are policies whose efforts can be fairly felt. A particular program may be effective, efficient and sufficient if the costs and benefits are evenly distributed. The key to alignment is justice or fairness. Responsiveness in public policy means the response of public policy targets to the implementation of a policy. According to William N. Dunn, responsiveness concerns the extent to which a policy can satisfy the needs, preferences or values of certain groups of society (Dunn, 2003: 437). The success of a policy can be seen from the public's response to its implementation. The community's response after the impact of the policy began to be felt in a positive form in the form of support.

V. CONCLUSION

The results of the research and discussion can be concluded that the existence of East Java UKM (KAJI) is described as follows: a. Able to support the family economy as an alternative source of family income, b. The existence of KAJI East Java, facilitates UKMs to establish friendly relations between UKMs, c. Market opportunities are still limited. SMEs still have difficulty marketing SME products. e. The attention received by SMEs in business development and capital assistance has not been maximized, f. Lack of innovation and creativity among SMEs. Suggestions for the existence of SMEs should receive more attention, especially in policies that support the existence of SMEs, especially the policy of implementing online shops to ensure the continued existence of SMEs

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