

BUSINESS INCUBATION AS THE MAIN SUPPORT TRANSFORMATION OF INDONESIAN SME DIGITAL CULTURE

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BUSINESS INCUBATION AS THE MAIN SUPPORT TRANSFORMATION OF INDONESIAN SME DIGITAL CULTURE

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2 Abstract

This study aims to find a digital culture transformation strategy for MSME actors in Indonesia so that MSMEs can continue to develop in various situations and conditions of society. The Covid-19 pandemic has made it difficult for MSMEs to purchase raw materials or sell their products. The development of digital culture is a must for MSME, considering that currently, MSMEs feel the era of the industrial revolution 4.0. In addition, the Covid-19 pandemic is a trigger for MSMEs to start the transformation of digital culture immediately. The digital MSME culture will be formed when many MSME actors use digital MSME continuously. To realize this digital culture transformation, we need to prepare digital infrastructure evenly distributed throughout the archipelago and collaborate with universities to organize digital MSME-based business incubators.

Keywords: MSMEs, transformation, digital culture, business incubation.

1. Background

Covid-19 has plagued all countries of the world and has affected all sectors of people's lives. From an economic perspective, the Covid-19 pandemic has resulted in a slowdown in the financial industry with its various derivatives. In the shock of the great economic crisis in 1998 and 2008, Indonesia survived because the Indonesian economy was supported by Micro, Small, and Medium Enterprises (MSMEs). The Covid-19 pandemic, the Micro, Small, and Medium Enterprises (MSME) sector, the critical economic sector, has felt the impact. This pandemic has made all the MSME sectors experience a significant setback. 163,713

MSMEs in Indonesia have been affected by the Covid-19 pandemic (Amri, 2020).

The Covid-19 pandemic has caused MSMEs to experience problems such as decreased sales, capital, hampered distribution, difficulty in raw materials, reduced production, and the occurrence of many layoffs. Bouey (2020) stated that due to the Covid-19 pandemic, MSME problems could generally be grouped into four. First, the policy for regional quarantine has resulted in consumers being limited to transactions with MSME actors. Second, opening a new business amid the Covid-19 pandemic requires a strict health protocol by restricting the number of buyers and risking a minimal

sales turnover. Third, regional quarantine policies or social restrictions have hampered the distribution of MSME raw materials, primarily if the raw materials are obtained from imported supplies. Fourth, minimal business income because the purchasing power of the people is much reduced. Therefore, related to the resilience of MSMEs, the problem of limiting physical interaction between producers and consumers and the availability of raw materials is a significant problem.

According to the Ministry of Cooperatives and Small and Medium Enterprises (KemenKopUKM), the impact of Covid-19 was felt in four ways, namely: a 26.8% decline in demand, 24.9% marketing constraints, 23.8% availability/access of raw materials, and 23.8% of sources of raw materials. There are human resources by 23.5%, and problems with production equipment, distribution, and infrastructure by 1%. Moreover, it is known that 99% of business actors in Indonesia are in the MSME sector. The role of MSMEs has contributed 60% to the national gross domestic product and 97% to the absorption of workers affected by the pandemic. Even based on a survey by the Asian Development Bank (ADB) regarding the impact of the pandemic on MSMEs in Indonesia, 88% of micro-enterprises have run out of cash or savings, and more than 60% of these micro-small businesses have reduced their workforce.

The problems that lead to the limited physical interaction between producers and consumers above can be overcome by using digital technology (Winarsih et al., 2020). The existence of social media and digital platforms can overcome transactions between MSME actors and consumers without having to go through face-to-face meetings (Istianingsih and Suraji, 2020). The current phenomenon shows that during the Covid-19 pandemic, online transactions

can occur thanks to the presence of digital trading platforms or the presence of marketplaces.

Nevertheless, it must be accepted that there are some MSME actors from the older generation, especially those who live in areas that do not master the technology. In addition, the use of digital platforms is also faced with the problem of system integration that supports MSMEs and MSME supply chain security. There is the fact that there are about 8 million MSME actors who are connected to the digital marketplace; the data is not yet integrated. This condition, of course, makes it difficult for policymakers to formulate comprehensive policies for MSME actors in dealing with the Covid-19 pandemic (KemenkopUKM, 14 June 2020). The data in 2020 has shown good development compared to 2016 data which found that 57.9 million MSME actors use the internet to transact only 9% (Deloitte, 2016). The figure of 13% shows that the use of digital platforms by MSME actors is still minimal compared to all MSME actors in Indonesia. This number indicates the problems of the Indonesian nation in the current era of information technology.

Problem formulation and research objectives ²⁰

1. The COVID-19 pandemic has had a vast impact on various sectors of the world. At the global economic level, the COVID-19 pandemic has significantly impacted the domestic economy of many countries and the global economy. The Covid-19 pandemic has resulted in MSMEs experiencing difficulties transacting to obtain raw materials and sell manufactured goods. MSME actors need policy support and concrete actions from the government to develop a digital economy culture through the procurement of business incubators and digital transformation of the MSME sector. Therefore, the problem in this research is

BUSINESS INCUBATION AS THE MAIN SUPPORT TRANSFORMATION OF INDONESIAN SME DIGITAL CULTURE

how to create a digital culture that allows MSMEs to develop their business during various conditions in the country.

2. The main problem that occurred during this Covid-19 for MSMEs was the cessation of buying and selling production goods. Both MSMEs purchased raw materials from producers and sold products to consumers. Therefore, MSME business actors need a strategy that can help develop their business if it happens again if there is a National Disaster. The purpose of carrying out this research is to create a system for generating a digital culture for MSME actors so that MSMEs can continue to grow in various situations and conditions of society, also in the event of a national disaster. With this digital culture development strategy, it is hoped that MSMEs can adapt to existing needs, reduce costs, and increase business profits making MSME businesses more competitive.

2. Research Method

This study uses a descriptive-analytical study approach. Data were obtained from field studies in interviews with 84 SMEs in the Purworejo district and secondary data in the form of previous research results. The data were collected systematically to look for relationships with each other to be presented with a clear description. Researchers research with descriptive studies because it follows the nature of the problem and the research objectives to be obtained. The descriptive-analytical method is a method that aims to describe or provide an overview of an object of research that is studied through samples or data that have been collected and make generally accepted conclusions (Sugiyono, 2015). In this study, the main topic is the development of digital culture for MSMEs during the Covid 19 pandemic.

The descriptive method was chosen because the research carried out was related to

ongoing events and problems and the conditions of the current society. Nazir (2011) explains that the descriptive method examines the status of a human group, a subject, a set of conditions, a system of thought, or a class of events in the present. Researchers systematically make descriptions, pictures, or paintings and the relationship between the phenomena studied. Presentation of data related to building an incubator and digital culture is carried out by conducting data analysis and data reduction processes. Data reduction is used to summarize research results by focusing on things that are considered necessary by researchers and providing a more detailed picture of the analysis process result.

3. Literature Review

Globalization with all its effects is a necessity that everyone must accept. One of the things that accelerate globalization is communication and information technology. The use of the internet and digitization has penetrated all life areas. Therefore, it is time for MSME actors to immediately adopt the usage of digital in the development of their business units. In this way, this enormous market potential is not taken by foreign products (Kompas.com, 2020). The Covid-19 pandemic has indirectly forced new changes for MSME actors. The difference is the shift from offline business to digital business, also known as the phenomenon of digital entrepreneurship. Social media and market places (intermediaries) can be a concept to make it easier for MSME actors to get more comprehensive marketing access (Purnomo, 2019).

According to the records of the Ministry of Cooperatives and SMEs, currently, there are 10.25 million MSME players who have been connected to digital platforms. This number means that there are already 16 percent or around 10.25 MSME actors related to digital

culture (Merdeka.com, 2020). Digital MSMEs are a form of entrepreneurship that utilizes the sophistication of digital technology, both processes and marketing of products and services. In other words, all types of businesses that sell their products online, whether using websites or applications, are included in the realm of digital entrepreneurship. Marketing by utilizing social media and e-commerce applications is included in digital entrepreneurship. Therefore, the future of digital MSMEs can be one of the sectors that make many positive contributions to strengthening the Indonesian economy (Ariyanto, 2020).

The development of the digitization of MSMEs in Indonesia, if it usually runs, will make the digital economy in Indonesia by 2025 the largest in Southeast Asia. However, there are three obstacles faced by MSMEs: First, MSME actors are still constrained by the production capacity of goods. Even many MSMEs fail in the digital market because they do not meet the demands of the digital market. Second, the quality of the resilience of MSME actors is not evenly distributed. Because in this digital market, players must compete with large companies that have also switched to using digital platforms. Third, it is necessary to strengthen digital literacy education and human resources for MSME business actors (Suwarni et al., 2019). Because so far, digital literacy and the quality of human resources for MSME actors are minimal. It impacts being less than optimal in producing their respective superior products. Most MSME business actors want to practice digital business in their business development (Susanti, 2020).

Therefore, an entrepreneurial model is needed that can adapt to technological advances. This model is what gave birth to the digital entrepreneurship model. This business model comes from a combination

of digital technology and entrepreneurship, producing a new characteristic phenomenon in terms of business (Giones, & Brem, 2017). In this case, the role of digital technology has a significant influence on the new business units created. Emerging technology paradigms harness the potential for collaboration and collective intelligence to design and launch more robust and sustainable entrepreneurial initiatives. Even so, there are four dimensions related to digital entrepreneurship, namely digital actors (who), digital activities (what), digital motivation (why), and digital organizations (how) (Elia et al., 2020).

Three things need to be considered: production quality, production capacity, and digital literacy. These three things must be regarded by MSMEs so that businesses opened in the digital world can last a long time. The synergy is needed with netizens who incidentally are the millennial generation. These citizens can be encouraged to develop digital MSMEs with reseller techniques. In this context, citizens who can be invited to work together, especially millennials and generation Z, are spread across several categories buzzers, influencers, and followers (Ariyanto, 2020).

4. Theoretical Foundations

a. Cultural Theory

The word "culture" comes from the Sanskrit "Buddhayah," which is the plural form of "Budhi" (reason). So, culture is everything that has to do with logic. In addition, the word culture also means "mind and power," or the power of the mind. So culture is all the power of the mind, namely creativity, taste, and intention (Gunawan, 2000). Coentratingrat, namely, "Culture is the whole human form of behavior, and the results of regular behavior by a code of conduct that must be obtained by learning

BUSINESS INCUBATION AS THE MAIN SUPPORT TRANSFORMATION OF INDONESIAN SME DIGITAL CULTURE

and everything is structured in people's lives" (Koentjaraningrat, 2004).

Culture is a complex that includes knowledge, belief, art, morals, law, customs, and habits carried out by a group of community members. Community work produces technology and material culture or material culture needed by humans to control the surrounding nature so that their strengths and results can be devoted to the needs of society (Soemardjan and Soemardi, 1964).

If it is associated with work, culture is a habit carried out repeatedly by employees in an organization. Violation of this habit does not have any sanctions. However, organizational actors have morally agreed that these habits must be adhered to in carrying out work to achieve goals. From the description above, it can be concluded that culture is a behavior carried out repeatedly by each individual in an organization and has become a habit carried out by many people (Nawawi, 2003).

b. Business incubator

The Business Incubator was first introduced in New York, where a building that was previously used to incubate chickens was later changed to its use to set startup firms. The concept of a business incubator was later adopted by several countries and expanded to various countries to carry out a sustainable business approach with the hope of becoming a high business potential. A business incubator can be defined as an organization that systematizes processes to help grow and develop new companies proposed by participants by providing a variety of comprehensive and integrated services (Harley, 2010).

The concept of a business incubator is used in Indonesia because this business incubator is widely adopted by developed countries and has been proven to develop to grow new

entrepreneurs. The business incubator is also considered quite successful in increasing the survival rate of new businesses to create and compete in the business world. What has happened so far is that many new companies fail to develop and do not survive when entering the initial business period (2-4 years) due to a lack of business skills and knowledge. Therefore, business incubators must provide the facilities and services needed by new entrepreneurs in the business world, such as business and business training, incentive assistance, entrepreneurial mentorship, provision of business space, facilitation of product and business legalization, and other services.

These things are needed by new businesses or SMEs to develop. So the role of the incubator is critical, not only for MSME e-commerce but also for other types of MSMEs. The business incubator provides mentoring program for budding entrepreneurs to accelerate business development success through a series of capital programs followed by partnership support or coaching other business elements. The purpose of this assistance is so that the business unit becomes a profitable company, has proper organizational and financial Management and becomes a sustainable company to impact the community positively.

Business incubation is a demand of the global economy. The global economy occurs because of rapid and significant changes in technology, telecommunications, and digitalization and due to deregulation and globalization. These fast changes force business people to change, be it countries, companies or organizations, and individuals. Business incubation emerged during this situation by coaching process for small, medium-sized businesses and new product development. It provides business facilities and infrastructure, development and

management, and technology support. (Juknis, 2002).

To increase national competitiveness, it is necessary to develop new challenging, creative, and professional entrepreneurs. A business or entrepreneurial incubator is an effective vehicle for developing an entrepreneurial spirit, ability, network, and business insight following Presidential Regulation No. 27 of 2013 concerning Entrepreneurial Incubator Development. Several business incubators are united in an association, namely AIBI (Association of Indonesian Business Incubators). AIBI was established to synergize all business incubator organizations in Indonesia to increase their capacity and ability to carry out coaching, development of new businesses and entrepreneurs, and small and medium enterprises to support the creation of progress and stability of the national economy (<https://istanaumkm>).

Business incubation is a vehicle for transformation in such a way. This vehicle transforms people into human resources with entrepreneurial motivation creatively, innovatively, productively, and cooperatively.

Business incubation becomes the first step in creating entrepreneurs. They have competitive and comparative advantages and a clear vision and mission for the future. The scope of business incubation includes communities that are integrated with operations and activities, namely: entrepreneurs, universities, financial institutions, business consultants, business legal counsel, the private sector, SOE, government through related technical agencies, and non-governmental organizations.

Business Incubators should also have several abilities: ability in strategic planning for startup companies, having connections with economic resources and the business

community, ability in business consulting, and others. In several universities, Business Incubators have been developed to serve as a vehicle for the commercialization of research and creating new jobs. The business incubator at the university is ultimately expected to create a chain of aftershocks (job creation). Thus, it is hoped that creating a business process that has added value can create employment opportunities and establish close cooperation between university-industry-community-government. This series of processes will turn discoveries into innovations, resulting in value creation. This series of processes will also positively impact the emergence of the commercialization of technology that can encourage the creation and improvement of people's welfare.

c. MSME digital transformation

In change management, the term transformation is used to describe the extent to which the change has a strategic impact. If there is only a slight change in how a company operates, it is called a realignment. The transformation presupposes a paradigm shift in doing something (Goerzig & Bauernhansl, 2018). This paradigm shift is related to the context in which business actors are active in making changes so that they can be accepted in the market due to the changes that have been determined. The context of change can be in the way of business operations such as production and marketing to substantially change the customers, suppliers of raw materials, and employees of the MSMEs.

In an economic or market context, the starting point for transformation is radical change (Purchase, V., et.al, 2011). These radical changes can lead to experienced or expected undervalues and thus affect the speed of change. The speed of change in many cases depends on whether the company is forced or proactively changes.

BUSINESS INCUBATION AS THE MAIN SUPPORT TRANSFORMATION OF INDONESIAN SME DIGITAL CULTURE

This change will significantly affect the economic improvement of MSMEs in facing market competition in general. That way, all the contexts of changes made can follow the development of the existing market so that MSMEs can adapt and be competitive with the products they produce and ¹³³ to market their products. The ultimate goal of digital transformation is to fulfill the elements of competitive advantage, have added value, and be ¹⁶ sustainable. Sustainability means adapting to all existing changing conditions and having a competitive value more than others. This competitive value is part of the value-added creation originating within the company's scope (Kuncoro, 2007).

The fundamental changes include operational, production, and marketing procedures. Changes are also used for the development of the MSME product market and improving the relationship between sellers and buyers. Information technology assistance is needed by utilizing digital technology developed to suit the business being run.

The use of digital technology allows businesses to reduce costs and provide large volumes of information that can be shared throughout the ¹³ ntry. This approach allows companies to gain deep insight into customer motivations ¹³ and create personalized customer value by sensing and analyzing the customer context. Products evolve into services aiming at maximum value for ²² bc. Digital technology simultaneously enables the fundamental reshaping of business towards cross-functional, modular, and distributed processes (Bharadwaj et al., 2013).

These developments enable businesses to increase business agility and empower MSMEs to act in a volatile environment such as an ecosystem. Digital technology is becoming an essential part of value creation.

For MSME entrepreneurs and new market players, this development offers opportunities to create new competitive advantages. In addition, digitization offers the possibility to meet existing customer demands for a highly flexible supply of individual products. Due to this significant change, digitization can be seen as the starting point for a new wave of transformation.

In this study, digital transformation is defined as a fundamental change of MSMEs initiated by new competitive advantages and sustainable business through the evolution of information technology to become an essential part of value creation. In this new business model, MSMEs can develop their products into services and start operating together with customers in co-creations to maximize value. Sensitive information systems to support the transformation process will help tailor services to customers' individual and situational needs. To offer these digital services, MSMEs must think in terms of business processes in a modular, cross-functional, and distributed manner that allows them to integrate into the digital culture. The result of these changes is a new challenge in the digital transformation process (Goerzig & Bauernhansl, 2018).

What must be shared is that MSMEs are very limited in their resources. Some MSME actors do not have the required skills. These MSME actors are also tied to day-to-day business and are therefore unavailable to develop new solutions. MSMEs also have limited financial resources. Therefore, they cannot afford expensive external support. For digital transformation methods, this means that they must have little demand for information technology capabilities and be very time efficient. Due to the problem of financial shortages, MSMEs depend on the success of the realized projects. Therefore, the expected benefits of any project must outweigh the costs and risks. Digital

transformation methods must offer an excellent cost-benefit ratio (Bernaert, 2014).

Research by Chayapa & Cheng Lu (Permadi et al., 2108) found that several factors influence a person's decision to shop online: convenience, completeness of information, availability of products and services, and cost and time efficiency. In terms of comfort, the factor of comfort and safety during the Covid-19 pandemic is significant, considering that most people are starting to avoid crowds to jostle when shopping in shopping centers. Thus, shopping at online shopping becomes a new alternative that can make it more effective. The presence of information technology has made access to information so fast and easy. This technology is coupled with the many platforms that have provided various information, rating, and review features to provide reviews about the quality and information of a product being sold.

Therefore, an entrepreneurial model is needed that can adapt to technological advances. This model is what gave birth to the digital entrepreneurship model. This business model comes from a combination of digital technology and entrepreneurship, producing a new characteristic phenomenon in terms of business (Giones, & Brem, 2017). In this case, the role of digital technology has a significant influence on the new business units created. Emerging technology paradigms harness the potential for collaboration and collective intelligence to design and launch more robust and sustainable entrepreneurial initiatives. Even so, there are four dimensions related to digital entrepreneurship, namely digital actors (who), digital activities (what), digital motivation (why), and digital organizations (how) (Elia et al., 2020).

The Covid-19 pandemic, which will not last until the development of digital-based MSMEs, is an alternative to save the MSME

sector. Thus, the Covid-19 pandemic has brought a blessing, namely, making a digital entrepreneurial ecosystem grow. Digital entrepreneurship is a form of business that utilizes the sophistication of digital technology, from the production process to the marketing of products and services. In other words, all types of businesses that sell their products online, whether using websites or applications, enter the realm of digital entrepreneurship. Included in the realm of digital entrepreneurship is the use of e-commerce applications and social media in digital marketing. Therefore, the future of digital entrepreneurship can be one of the sectors that will make many positive contributions to strengthening the Indonesian economy. This contribution can be traced from the strengthening role of information technology in the business world. Digital technology has changed all the characters and properties of a more digital-based entrepreneurial model (Nambisan, 2017).

In connection with this digital technology, Indonesia has a fundamental problem, namely the lack of equal distribution of digital infrastructure in this vast area. Here, the government must focus on expanding digital market access to improve the digital divide between regions, mainly for micro-enterprises in various regions (Mediaindonesia.com, 2020). Furthermore, the digitization of MSMEs is not limited to digital marketing alone. However, they are also adopting digital-based payments in terms of finance. This step can accommodate MSME actors in digitally paying debts, which has always been an obstacle. Thus, this step can make the quality of MSMEs in Indonesia multiply. So that in the end, the development of digital MSMEs will encourage MSMEs in Indonesia to be digital-based and can last a long time in the digital market.

BUSINESS INCUBATION AS THE MAIN SUPPORT TRANSFORMATION OF INDONESIAN SME DIGITAL CULTURE

5. Discussion

MSMEs have long been the pillar of the Indonesian economy. From the 2015 to 2020 period, the growth of MSMEs in Indonesia showed a sharp increase. Every year it grows by about 10%. This growth can encourage positive economic growth in Indonesia. The growth of MSMEs will go hand in hand with increasing the number of workers who also continue to increase.

However, the excellent growth of MSMEs has been hit by the Covid-19 pandemic. According to KemenkopUKM data during the Covid-19 pandemic, there were around 37,000 MSMEs who reported that they were very seriously affected by this pandemic. This situation is indicated by: around 56% reported a decline in sales, 22% reported problems in the financing aspect, 15% reported problems with distribution of goods, and 4% percent reported difficulties in getting raw materials (Pakpahan, 2020). This number also does not fully reflect the reality, given that, of course, not all SMEs report it.

The Covid-19 pandemic has reduced people's purchasing power. One reason is that the public has reduced outdoor interactions to suppress the spread of the pandemic. Consumers who usually transact directly with MSME actors are now keeping their distance and diverting purchases digitally. As a result, many MSMEs that have not yet used digital platforms have had to close their businesses due to declining purchases. So that several MSME sectors that have not adapted digitally are ultimately very affected and closed their outlets. This condition has significantly impacted the national economy because MSMEs in Indonesia have become the essential pillars of the community's economic life. When the 1998 economic crisis occurred, the MSME sector contributed positively to saving the Indonesian economy. Likewise, in the crisis

due to the Covid-19 pandemic, MSMEs have great potential to become accelerators of national economic recovery.

It has been stated above that the policy for regional quarantine or social restrictions brought several consequences, including decreased sales, difficulty in the capital, hampered distribution, difficulty in raw materials, decreased production, and many layoffs. The main problem is the limited transactions between MSME actors and supporting parties such as consumers, suppliers of goods, sources of funding, and others due to the limited direct interaction.

One of these problems can be overcome by developing a digital economic culture through the procurement of business incubators and digital transformation of the MSME sector (Istianingsih and Suraji, 2020). The difficulty of MSMEs in transacting due to social restrictions is made more accessible by this digital transformation. Increasing the productivity and efficiency of MSME business processes can be done by digitizing the business processes carried out. The development of a digital economy culture also makes it possible to provide new business opportunities that attract customers and are correlated with transaction results. The development of digital culture also provides new innovative avenues in distributing information to the public. The development of digital culture also impacts shifting people's behavior, starting from finding ways to access information, lifestyle, and how people interact.

The development of a digital economy culture requires a change in the business model where MSME actors must be responsive in increasing their awareness of information literacy and the use of information technology (IT). On the other hand, government policies are needed to develop this digital economic culture that

integrates the MSME information system. This policy cannot only grow the business climate by creating a vehicle for transactions but also to find out the conditions and needs of MSME actors so that accurate data and information can be obtained for policymaking. At the local level, DKI has made this kind of policy with Jakpreneur.

What is quite encouraging is that during the Covid 19 pandemic, the use of digital platforms by MSME actors in Indonesia has increased quite a bit. About 42 percent of Indonesian MSME actors have started using social media. In other words, social media is a means of developing entrepreneurship and the sustainability of MSMEs (Purwana, et al., 2017). Meanwhile, based on McKinsey data, e-commerce sales have increased by 26 percent, with a total of 3.1 million transactions per day (Kompas.com, 2020). Even during the Covid-19 pandemic, it has encouraged higher use of social media, which is correlated with increasing sales transactions for MSMEs. In other words, MSME actors who have succeeded in conducting sales transactions during this pandemic are those who have succeeded in utilizing digital platforms and social media. However, digital MSMEs have not become the culture of the whole society.

However, the current situation demands that MSMEs transform into digital MSMEs. Apart from the Covid-19 pandemic situation, conditions such as the Industrial Revolution 4.0 inadvertently require MSMEs to change their mindset to keep up with the changing times. As echoed in the industrial revolution, the use of digital inadvertently must be carried out by MSME business actors; this is due to the Covid-19 Pandemic, which has disrupted economic stability in Indonesia.

SMEs are required to be able to adapt to the current situation. One form of adaptation is by utilizing digital technology to maintain

the financial stability of every MSME business actor. The process of changing from the traditional way to the 4.0 era is very much needed, especially with the Covid-19 Pandemic situation as it is currently happening; it can indirectly subvert MSME actors. This negative impact will be felt by business actors who are still traditional without doing digital transformation. MSMEs have many advantages over large companies because MSMEs are more flexible, dynamic, work closely with others, are more informal, and less bureaucratic. However, to obtain a productive digital transformation process, MSMEs must change the organizational structure and culture of business creation, from manufacturing technology to management perceptions (Ulas, 2019).

It has been discussed above that culture is formed based on many people's habits, likewise, with the formation of a digital MSME culture. Digital MSMEs must become a habit that many people in Indonesia live by. However, there are several problems faced by MSME actors related to this MSME digitization program. These problems include: many MSME actors are stuttering about digital technology because of age and education issues. Many MSME actors are the generation born under 1980. They are also limited in education.

Another problem is that the internet network is not evenly distributed throughout Indonesia. Those who live in big cities probably will not have a problem with an internet connection. However, what about MSME actors who live in areas where electricity is not stable.

Furthermore, the digital MSME development program relies heavily on government support, namely how to build digital literacy for MSME actors, equitable distribution of the internet network, funding facilities, and ease of licensing. The

BUSINESS INCUBATION AS THE MAIN SUPPORT TRANSFORMATION OF INDONESIAN SME DIGITAL CULTURE

development of digital MSMEs is in line with the program from the Ministry of Communication and Information (Kominfo), which has just launched the Digital MSME Training Program. The program was launched not without reason because these various programs are intended to assist MSME actors to switch to digital platforms in doing business. Behind all that, it turns out that the Coordinating Ministry for Maritime Affairs and Investment hopes that by the end of 2021, there will be around 30 million MSMEs out of a total of 60 million MSME units that can enter the digital ecosystem. According to records, only around 11 million to 12 million MSMEs are selling on digital platforms. Therefore, much needs to be encouraged to enter selling digitally on digital platforms (antaranews.com, 2020).

Although internet users in Indonesia reached 73% of the total population in November 2020, the gap in internet access is still quite significant. The government must resolve this issue by supporting the MSME digitization program. Improvement of digital infrastructure is the primary key in developing digital MSMEs. In addition, other programs need support from the government, such as the Job Creation Law, which has been considered less in favor of MSMEs. The urgency of digital infrastructure to support the Proudly Made in Indonesia National Movement Program can encourage people to use local products more (Kominfo.go.id, 2020).

To revive MSMEs affected by Covid-19, mitigation and recovery solutions are needed, namely by creating stimulus on the demand side and encouraging digital platforms to expand partnerships. In addition, collaboration with various parties is needed to use innovation and technology that can support improving the quality and competitiveness of products, product processing processes, product processing to

marketing (Lipi.go.id, 2020). In order to carry out the transformation of digital culture, it is necessary to carry out several stages as follows:

a. Business actors and Management are carrying out data-based digital culture transformation. The business owner or MSME manager must lead digital transformation. The MSME situation needs to be analyzed first to identify challenges, risks, or changing customer expectations. Management can review the topics of digitalization culture and what new technologies can contribute and explore new business models.

b. Adoption of Work Culture related to digital culture transformation for MSMEs is essential for implementing operational activities. The speed of technological development and society's culture is changing at an unprecedented pace. Therefore, adaptation must be carried out to run according to the technological needs and competence of employees.

c. Define a simple roadmap related to the implementation of digital culture transformation. One of them is determining the objectives of implementing digital culture transformation related to time, finance, space, and quality. In addition, it is necessary to design a new digital culture strategy related to the policy direction of MSME business development in the roadmap. It is necessary to analyze existing SME business models, customer requirements, evaluation, and expectations of digital culture. We need to set goals, competency development, collection of best practices for digital transformation, digital design of business model choices, use and understanding of information technology, evaluation, digital value network design, customer feedback.

d. Creating awareness of digital culture and the environment that can support the

successful transformation of digital culture. Awareness of efforts to realize digital culture transformation is very much needed to create a conducive situation within MSMEs internally.

e. Collaboration with other parties, such as IT Companies, Research Laboratories, and Educational Institutions, especially Universities. To realize the transformation of digital culture, it is better to consult with companies that have expertise in this field and get good consulting services.

f. The government must also cooperate with Universities to organize business incubators on campuses that allow the transformation of digital culture to be built properly.

6. Conclusion

16) Above it is written that the problem from this research is how to develop a digital culture that allows MSMEs to develop their business amid various conditions in the country. This problem was motivated by the Covid-19 pandemic, which resulted in MSMEs stopping buying and selling production goods, both MSMEs buying raw materials to producers and selling MSME products to consumers. From the description of the discussion above, it can be concluded that the development of digital culture is a must for MSMEs, considering that they are now in the era of the industrial revolution 4.0. The Covid-19 pandemic triggers MSMEs to start the digital culture transformation immediately.

How to develop the digital culture? Culture is formed from many people's habits that are repeated and carried out. The digital MSME culture will be formed when many MSME actors use digital MSMEs continuously. For this digital culture transformation to be realized, the government must support the preparation of digital infrastructure that is evenly distributed throughout the

archipelago. The government also needs to collaborate with universities to organize digital MSME-based business incubators at their respective universities.

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