
Antecedents of the Digitization of Small and Medium Enterprises: Case in Sumedang Indonesia

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ABSTRACT

This study aims to analyse digital readiness of SMEs (Small and Medium Enterprises), especially in Sumedang district, as well as what factors must be optimized for SMEs to be able to adopt the development of digitalization. Quantitative and qualitative methods were used simultaneously in this research. Questionnaires were distributed offline and online through exhibitions, communities, community service activities, and social media. However, the data has been collected and valid is 182 data. As for calculating the level of digitization, it was adapted from the calculations carried out by previous research. The results of data processing show that level of digital readiness of SMEs in Sumedang is still low, it's at level 1 (Digital outsider). The results showed that from 5 variables: people, strategy, process, integration, and technology, the majority of SMEs in Sumedang were more prepared in terms of process and integration. The findings of this study indicate various parties who support development of SMEs towards digitalization must pay attention to readiness of SMEs and optimize assistance and/or training on aspects that hinder the adoption of digitalization such as lack of knowledge about service providers and technology, increase collaborating, etc.

Keywords: Digital readiness, SMEs, Digitalization

INTRODUCTION

It is believed one of strategy for economic recovery after pandemic Covid-19 is the empowering SMEs (Small and Medium Enterprises). The existence of SMEs is considered to have great potential as a driver of economic revival in Sumedang Regency, especially during the current Covid-19 pandemic. One of the efforts to encourage the marketing of SME products, the Sumedang District Government through the Trade and Industry Cooperatives SME Service with the Sumedang District SME Forum opened the Sumedang IPP (Induk Pusat Pemerintah) which known as GUMASEP or SMEs Outlet (This is the Economy, 2021).

The COVID-19 pandemic has had a significant impact on the unemployment rate. Based on official data from the Central Statistics Agency, it was found that there was an increase in the unemployment rate by 15.64% throughout 2020-2021 (bps.go.id, accessed in 2021). To

overcome this, various parties including the Indonesian government opened the door for the development of Micro, Small and Medium Enterprises (MSMEs) in every village as a solution to reduce unemployment (Siregar & Jaffisa, 2020). Sumedang Regent H Dony Ahmad Munir said, "As much as 60 percent of Gross Domestic Product (GDP) comes from MSMEs. If GRDP is 60 percent, then MSMEs are the leading sector that must be developed together, both regulations and budgets must be addressed and directed at MSMEs," (Desmaryani, 2018).

The development of SMEs is in line with increasingly rapid technological developments in supporting various aspects of the life of the general public as well as for various industrial sectors. Currently, the presence of technology is very embedded in everyday life. Likewise, in its Information and Communication Technology Adoption Capability. This digital transformation in Indonesia has begun in the last few years but



is increasingly massive as a response to the COVID-19 pandemic in order to survive and grow again. This is shown by data from a digital creative agency from London, Hootsuite We Are Social, which regularly presents data and digital trends that occur on the internet, social media and e-commerce in various countries including Indonesia. This data shows that the penetration of internet users in Indonesia has reached 73.7% of the total population in Indonesia of 274.9 million people, an increase of 27 million in 1 year (2020 to 2021) so that the total internet users are 202.6 million to 11 February 2021 (Al Fajar et al., 2021). Previous research conducted by (Le BUI, 2021), (Suseno et al., 2018) and (Boratyńska, 2019), who claim that Digital Transformation has brought great business value in terms of value creation and increased productivity. Through the Digital Transformation process, organizations can develop efficient operations approaches to overcome the negative effects of the global pandemic (Ivriat et al., 2020). Research conducted by (Le BUI, 2021) concluded that Digital Transformation in organizations can free staff and managers from repetitive tasks, thus enabling managers to focus on dealing with critical issues, thereby improving company performance, and Digital Transformation can pave the way for organizations in developing countries to improve operational standards to align with international requirements and standards (Frank et al., 2019; Gölzer & Fritzsche, 2017; Le BUI, 2021)

Departing from this data, it can be seen how massive the development of digitalization is and will continue to increase along with developments, new discoveries, and the times and the growing online needs of the wider community, people who are starting to feel comfortable and feel very helped by the help of technology. This does not rule out the possibility that in the future there will be more and more users in response to developments and the increasingly thick digital era. In Sumedang itself, recommendations for improving the SMEs Go Digital model in Sumedang. To realize Sumedang's Go Digital SMEs, the Sumedang

Regional Government is collaborating with PT Telkom and state-owned PT Pos Indonesia. Sumedang is one of the pilot areas for how SMEs enter the digital market. "With this digital market, of course, it will connect suppliers and buyers (sumedangkab.go.id, 2021).

This SME digital market will connect production and consumers which will certainly increase income for business actors in an effort to recover the national economy during the COVID-19 pandemic in collaboration with state-owned PT. Telkom. Besides that, continued the regent, building the SME system will certainly have an impact on increasing the income of SME actors in Sumedang, especially in responding to this pandemic period which is also one of the efforts to improve the community's economy (SME Sumedang Go Digital, Best Solution During the Pandemic Period, 2021).

In encouraging the development of SMEs so that they can advance to class, the Sumedang Regency Government together with PT Telkom Indonesia and several Ministries held the Sumedang Go Digital MSME event at the IPP Secretariat class SMEs. Because according to him, SMEs are the largest sector that contributes 60 percent to support the Indonesian economy (Encourage SMEs to Advance Class, Sumedang Local Government Holds Sumedang SMEs Go Digital, 2021).

PT Telkom Indonesia is committed to developing MSMEs, one of which is through on boarding the MSME Digital Market (called PaDi). This platform was developed three years ago and has only been running for nine months and has been connected to tens of thousands of MSMEs throughout Indonesia. Currently, there are 56 SOEs joined on this platform so that MSMEs can offer their goods and services to these SOEs. Telkom will continue to develop so that this platform is integrated with other guest markets in Indonesia and in the near future this platform will be connected to export markets abroad (Prasetyo & Gartika, 2021).

SMEs, which are the driving force of the economy, make a significant contribution to the national economy and the regional economy. In order to maintain its existence and increase the

income of SMEs, it is necessary to carry out continuous guidance and need appropriate technology assistance and technical assistance in operating the technology. In addition, improving management and increasing knowledge about the market is no less important for SMEs (Amidi et al., 2008).

The Indonesian government continues to strive to accelerate the pace of development growth in all sectors, considering that Indonesia's competitiveness at the ASEAN level itself is not better. Indonesia was only able to occupy the 5th position out of 10 ASEAN member countries in 2013-2014. Along with the coming of the era of the ASEAN Economic Community (hereinafter abbreviated as MEA) and participation in making it happen, the Indonesian government needs to immediately improve its competitiveness for the better, especially in the micro, small and medium business sector (hereinafter abbreviated as UMKM) (M. R. Saifullah, 2015).

The rapid development of technology supported by various programs held by the government to develop the potential of SMEs in Indonesia, including in Sumedang, does not necessarily have a positive impact. Based on data obtained from umkm.sumedang.go.id in 2021, the number of SMEs in Sumedang reaches 11,000 SMEs registered, but only about 10% of SMEs use various digital platforms in their business.

LITERATURE REVIEW

Small Medium Enterprise

SMEs, which are the driving force of the economy, make a significant contribution to the national economy and the regional economy. In order to maintain its existence and increase the income of SMEs, it is necessary to carry out continuous guidance and need appropriate technology assistance and technical assistance in operating the technology. In addition, improving management and increasing knowledge about the market is no less important for SMEs (Amidi et al., 2008). Based on research conducted by Aswar et al., it is known that perceived benefits, compatibility,

technology readiness, and government support have a significant and positive relationship with technology adoption, especially in SMEs (Aswar et al., 2021).

The government's goal in providing education is to educate the nation's life. Intelligence is needed by everyone to face the era that has entered the era of globalization. Education in the global era can be interpreted as the integration of national education into the world of education. In the era of globalization, the progress of the nation is largely determined by the use of science and technology. The technology that is currently developing has entered the digital era, where all fields have used technology to make work easier, including in the field of education (S. Lestari, 2018).

Information is the main element that is implicitly embedded in the concept of planned development. Although the role of information in recent decades has received less attention, the need for information and communication is no less important than the need for human food and clothing. Any development activity can only take place and achieve the target if at every stage – planning, implementation, and monitoring – is based on adequate information. Information is indeed obtained through communication activities but what really determines the value of communication is the information carried (Dasuki & Wahid, 2020).

Information Technology and Digitalization

Advances in technology today cannot be separated from people's lives. Various information that occurs in various parts of the world can now be directly known to us thanks to technological advances (globalization). The influence of globalization today cannot be denied because of the many technological advances that have entered our country and nation (Wahyudi & Sukmasari, 2018).

Technology makes it easy to get various information. Various sources can be easily accessed. The speed of providing up-to-date information on social media has become a necessity these days. Indirectly helping the dissemination of various information in

Indonesia. The up-to-date technology makes no geographical barriers, norms, ethics boundaries, increasingly invisible. The various conveniences offered will have a higher benefit value if the truth of the information can be accounted for. On the other hand, as a human being, you have inherent human rights, as well as a citizen. Therefore, in accessing, utilizing and disseminating various information obtained, a filter called information literacy is needed (Subarjo, 2017).

Digital transformation requires companies to rethink and innovate their business models (BM). However, small and medium enterprises (SMEs) have limited time and resources to experiment with their BM and implement new strategies. This paper examines whether SMEs undergoing digital transformation perform better if they allocate more resources to BM experiments and are more involved in strategy implementation. An empirical study was conducted on 321 European SMEs who are actively using social media, big data and information technology to innovate their BM. Furthermore, structural equation modeling shows a positive overall firm performance effect of more resource allocation for BM experiments and more involvement in strategy implementation practices (Bouwman et al., 2019).

The purpose of this assistance activity is as a response to the findings of new habits of MSME actors in the digital era as well as in the era of the Covid-19 pandemic, which has an impact on the implementation of social restriction regulations, so it is necessary to strive for the creation of new superior and competitive business habits, one of which is related to product marketing management done through digital technology (Bakhri & Futiah, 2020).

Adoption of Innovation in the Utilization of Information Technology in Shoe Village SMEs in Tambak Osowilangun, Benowo District, Surabaya City. Information technology is currently developing rapidly. Development follows the growth of community literacy. Indonesia in order to prepare for the coming of the MEA has been prepared with a policy of

developing economic competitiveness. One of these programs is through the use of information technology aimed at Micro, Small and Medium Enterprises. Unfortunately, efforts to utilize information technology in Micro, Small and Medium Enterprises are not only accepted by the business world or are not optimal. In the case of Micro, Small and Medium Enterprises in Tambak Osowilangun, Benowo District, Surabaya, they have difficulty in adopting or using information technology to support their business activities. Several aspects were found to be the cause of the suboptimal and difficulties experienced by entrepreneurs in the process of adopting information technology (S. Saifullah, 2020).

The Covid-19 pandemic has made the majority of economic sectors, especially MSMEs stagnant. The excess is that the majority of MSME actors cannot develop and many end up in bankruptcy. This is what makes MSME business actors change their sales strategy through digitalization schemes (Arianto, 2020).

Globalization and technological innovation have posed major challenges for industrial companies, such as aggressive competition, shorter product life cycles, and high demand volatility. Many manufacturing companies have shifted from mass production to specialty production to cope with the unstable and increasingly complex business environment and changing customer needs (E. R. Lestari, 2019). In this context, the concept of disruption associated with Industry 4.0 (and synonyms such as Smart Manufacturing) poses additional challenges that require an organization's ability to manage the entire value chain in an agile and responsive manner to maintain global leadership (Pirola et al., 2020).

Technology that we often hear with the term IT which is an abbreviation or acronym for information and technology has been known long before science and engineering. Because information technology is often associated with a new discovery that is easier than the old discovery. For example, even though a very old invention, such as a wheel, is still called a

technology because it is easier than the old one in the form of tools made of wood (Kidi & Sos, 2018).

METHOD

Sample and Data Collection

This study uses a questionnaire survey to collect data which distributed in periods of October- November 2021. The population size for SMEs in Sumedang is not known with certainty, however, the data from umkm.sumedangkab.go.id 2021 listed about 11,000 SMEs in Sumedang. The sample size can be determined by multiplying the number of items on the questionnaire by 5 to 10 (for the maximum sample size) (Kalligeros et al., 2020; Willaby et al., 2015; Wolf et al., 2013).

After distribute questionnaires through various media both online and offline to the list of SMEs in Sumedang, 369 data were collected. After being filtered, some were deleted as they did not meet the requirements (data were inserted into excel to reject questionnaires that did not provide sufficient answers and questionnaires in which the recipients only provided one only choice to questions on perceptions of factors in the model). After filtering the data, in addition to collecting data to be used in research, researchers also test the credibility of data through various data collection techniques and various data sources. Triangulation according to (P. D. Sugiyono,

2018) is defined as a technique that combines various data collection techniques and existing data sources. Researchers do triangulation of course there is a certain purpose to be done. The use of triangulation is to track dissimilarities between data obtained from one informant (the informant) and other informants. Therefore, we need a technique that can unify the differences in data so that accurate and appropriate conclusions can be drawn. A total of 182 adequate questionnaires were subject to analysis. The size of this sample is consistent with the study of (Kalligeros et al., 2020; Willaby et al., 2015; Wolf et al., 2013).

Research Methodology

The method applied in this study is a quantitative and qualitative method. Quantitative method tries to examine a specific population or sample by collecting data using research instruments and statistically quantitative data analysis (F. X. Sugiyono, 2017). The use of qualitative methods in this study aims to understand how a community or individuals perceive certain issues and to verify in depth the results of quantitative data analysis. Qualitative methods are used with a focus group discussion with relevant government agencies and SME communities in Sumedang.

Quantitative data processing is carried out by adapting the digital readiness level calculations carried out by Pirola et al.

Table 1: Digital readiness level

Digital Outsider ($1 < I \leq 1.8$)	Identify which businesses are not interested in participating in Industry 4.0 pilot projects. Only a few processes are compatible with information technology (IT) systems (processes are either partially or fully not digitized, and the existing architecture prevents process integration).
Digital Novice ($1.8 < I \leq 2.6$)	Determine which companies at the intermediate level are integrating Industry 4.0 into their strategic plans. Some pilot projects are being designed by the company.
Digital Adopter ($2.6 < I \leq 3.4$)	Identify the business that has created a plan for Industry 4.0 and is investing in supporting the implementation of smart development. Most processes are supported by information technology (IT) systems, and process integration is facilitated by the existing infrastructure.
Digital Experienced ($3.4 < I \leq 4.2$)	Identify the business that has already implemented an Industry 4.0 strategy and keep track of its progress using appropriate indicators.

The business is interconnected horizontally and vertically, and within the sector, Industry 4.0 standards have been introduced, automating knowledge flows.

Digital Master ($4.2 < I \leq 5$)

Identify the company that has already implemented and actively tracks the execution of its Industry 4.0 strategy. The company is fully digitized and integrated with the supply chain, both within and outside corporate boundaries.

Source: Pirola et al, 2019

Considering the questions from questionnaires, referring to technologies and features, the respondents should answer with five-point Likert scale which used to calculate the score of S_i as follows:

$$S_i = \frac{\sum_{j \in Q_i} b_j}{m_i}$$

where Q_i is the subset of questions referring to the dimension i , and b_j is a parameter calculated as follows:

- $b_j = 0$ if the technology/feature j is deemed not applicable;
- $b_j = a_j$ if the technology/feature is applicable, and the company is not planning to invest in it (or the investment already has been carried out and completed); and

• $b_j = \min(a_j+1;5)$ if the technology/feature is applicable, and the company currently is investing in it.

and m_i is defined as:

$$m_i = \text{card} (\{j : j \in Q_i \wedge b_j > 0\})$$

From these scores, a single index I is calculated:

$$I = \frac{\sum_{i=1}^n S_i}{n}$$

where $n = 5$ is the total number of dimensions.

Research Model

Adapting the data analysis conducted by Pirola et al in previous studies and using a qualitative research approach, namely focus group discussions with selected experts and practitioners, we have designed a research model as shown in Figure 1.

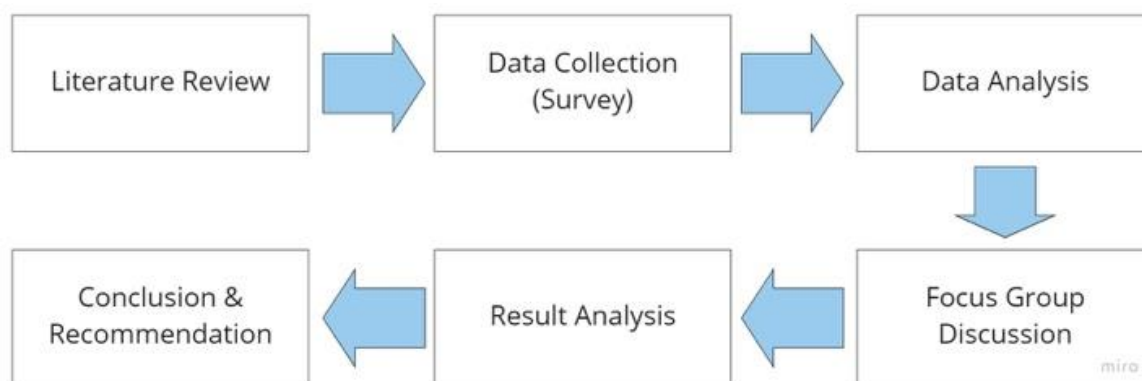


Figure 1: Research model

RESULT

Descriptive Analysis

The sample in this study consisted of 182 respondents who were owners of SMEs in the

Sumedang area. Features of sampled SMEs were present in Table 2.

Table 2: Feature of Sampled SMEs

Feature of sampled SMEs	
Criteria	Percentage
Business Sector	

Culinary	75.82%
Fashion	8.79%
Craft	7.69%
Farm	4.40%
Agriculture	1.65%
Fishery	1.10%
Plantation	0.55%
Number of employees	
Less than 10	98.35%
Between 10 to 30	1.65%
More than 30	0%

The table above shows that the majority of SMEs in Sumedang are in the culinary sector. This is in line with Sumedang district government data which shows that more businesses in Sumedang are in the culinary sector. The government even recommends business people in the Sumedang area to develop non-food products so that other business sectors can also develop. (sumedangkab.go.id, 2021)

The majority of SMEs in Sumedang are still considered small-enterprises with less than 10 employees, and turnover around 25 million.

Level of Digital Readiness Index

The calculation of the digital readiness level of SMEs in Sumedang is carried out by adopting the calculations by Pirola et al. Pirola divides the digital readiness level of SMEs into 5 levels. There are Digital Outsider, Digital Novice, Digital Adapter, Digital Experienced, and Digital Master.

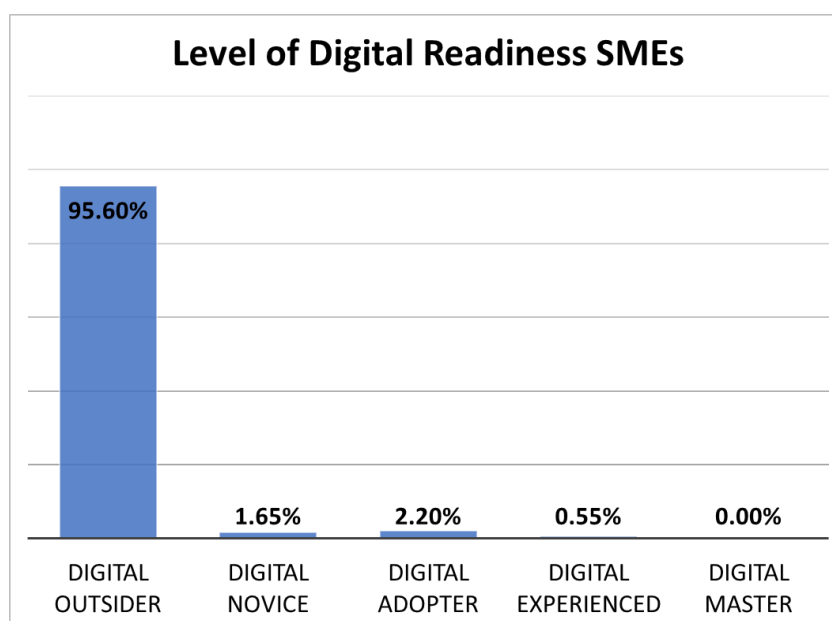


Figure 2: Level of Digital Readiness SMEs in Sumedang

The graph above is the digital readiness level of 182 SMEs in Sumedang. The graph shows that the majority of SMEs in Sumedang are still at the lowest level for their level of digitalization

readiness. Digital Outsider means that the SMEs have not implemented the digitalization in their business as well.



Figure 3: Dimensions of Digital Readiness

In detail, from 5 variables measured, namely People, Strategy, Integration, Technology, and Process, all of them are still at an average value below 2. Where Technology has the lowest value with value 1.34. It shows that the adoption of the latest technology that supports industry 4.0 does not yet exist or there are still very few businesses that use or implement it. From five

dimensions measured as a whole, they are still below 1.6, which shows that almost all aspects of digitalization in SMEs in Sumedang are still relatively low. Even so, SMEs in Sumedang still have the same opportunities as other businesses to be able to continue to grow and optimize digitalization adaptation for their business

Table 3: Tools and social media used by SMEs in Sumedang

Tools used to collect business data	Percentage
Management tools	0.55%
Website	2.20%
Social Media	97.25%
others	2.20%
Social Media used	Percentage
Facebook	96.70%
Instagram	76.37%
Youtube	2.20%
Twitter	1.10%
WhatsApp	2.75%

The data in the table above shows that the majority of SMEs in Sumedang use social media as a tool to collect business data, such as consumer/customer data and the development of the business they run. In addition, the data also shows that the majority of SMEs in Sumedang use Facebook and Instagram as online marketing media. It was because the majority of Indonesian people, especially Sumedang, use Facebook and Instagram more,

so that the two social media are mostly chosen by SMEs. The advantages in adoption of social media affect the perception of SMEs that the adoption of social media will improve the performance of their online business, so that SMEs tend to decide to use social media for their business (Samsudeen et al., 2021).

The obstacles to the implementation of the Industry 4.0 strategy, especially in the

Sumedang area, can be seen in the following graph:



Figure 4: Barriers to the implementation of Industry 4.0 Strategy in SMEs

The biggest obstacles are lack of knowledge about service providers and technology, unaffordable technology, cost, difficulty in collaborating, and so on.

Focus Group Discussion

The use of focus group discussion in this study aims to understand how a community or individuals perceive certain issues and to verify in depth the results of quantitative data analysis. The results of the ISDRI analysis of the readiness of SMEs in Sumedang (quantitative method) got an average point of 1.47 out of 5. SMEs in Sumedang are at the level of digital outsiders.

Responding to the statement of the results of the ISDRI analysis of the readiness of SMEs in Sumedang which only got an average point of 1.47 out of 5, Wuddan Lukmanul Hakim, Head of the Sumedang SMEs said that it was the Sumedang government system that received the Go Digital award, but the SMEs were not yet fully Go Digital. Andri Sopian Permana, a representative of the Sumedang Entrepreneur Community, said that the 1.47 point was obtained by sampling non-millennial SME owners. Meanwhile, Dede Suherlan from ABDSI said he agreed with the result, because in the

field, out of 34 Islamic boarding schools, less than 10% of MSMEs have gone Digital.

According to Wuddan Lukmanul Hakim, Head of the Sumedang SMEs, the marketplace currently has 26 registered SMEs, whose names were obtained from data registered in the Sumedang SME community. Meanwhile, 82,000 SMEs have applied for BPUM, but only 36 are listed on the Sumedang SME directory website. The Sumedang government is still running an online training program until February with the goal of training millennials who are comfortable with gadgets to market SME products whose owners are primarily concerned with production. At the Sumedang government's training, there is a competition to see who can sell the most products. They are currently developing a website through which SME owners can self-register, but they must still be validated and verified by village operators. Numerous villages continue to be unaware of the SME web. There are still many people who do not understand or are unfamiliar with the term "Small and medium-sized enterprises" or "SMEs."

According to Andri Sopian Permana, a representative of the Sumedang Entrepreneur Community, the main obstacle to SMEs'

readiness to go digital is the owners' mindset. They prefer to sell their wares door-to-door in order to connect with potential customers. Each village has a Digital Corner that assists SME owners in participating in the Go Digital program.

According to Lina Marlina, a companion at OPOP Sumedang, SMEs in Sumedang are highly productive, but still only offline. There are 26 SMEs supported by trained millennials. SME owners who are not millennials are busy carrying out the production process, which means they must supplement their marketing efforts with millennials. For example, there are only five SMEs with social media accounts, two with Shopee accounts, and for WhatsApp, on average, all of them have used the service but not WhatsApp Business. The SME web program is hampered by village operators' inability to verify registered SMEs due to their busy schedules. Additionally, training is required for 32 Digital Corner managers to assist them in providing training to SMEs.

Arief, of Diskominfo Sanditik, stated that digitizing SMEs was not always about marketing them in the marketplace, but could also mean SMEs that leverage technology in all aspects of their operations. And Rifky noted that the Sumedang government already maintains a directory website for SMEs, umkm.kab.sumedang.co.id, as well as a mobile application called "Tahu Sumedang" and an IOPIS application. SMEs must be validated and verified in these applications by village operators. 500 SMEs have been registered in the IOPIS application.

According to Dede Suherlan of ABDSI, the training was insufficient. It is preferable to give more attention to these SMEs. Additionally, the Digital Corner program should be improved. Andi A. from Bappeda Bidek added that the KKN program's disadvantage in assisting SMEs in going digital is the absence of students due to their online presence.

Based on the FGD results, it is known that the results of measuring the digital readiness of SMEs in Sumedang which carried out using the quantitative method are actually able to

represent the actual condition that SMEs in Sumedang are at a fairly low level of digitization. Based on the statements of experts and related parties who have expertise in their fields and have direct links and authorities related to SMEs in Sumedang, it is known that the actual condition of SMEs in Sumedang has not been fully exposed to digitalization. However, the support from various parties, including the government and even academics who are currently intensively providing support for the digitization of SMEs in Sumedang is quite large, so that the development of digitalization is also expected to increase rapidly as well.

DISCUSSION

In the ISDRI diagnosis of 182 data obtained from SMEs in Sumedang, the aggregate digitization level of SMEs is at the Digital Outsider Level with an aggregate value of 1.47. A digital outsider means that the business is not yet interested in business development towards Industry 4.0. There are only a few processes in the business that are related to and or utilize information technology (either the use of technology for a small part of the process or no process that utilizes digitization at all).

In detail, of the 5 variables measured, namely People, Strategy, Integration, Technology, and Process, all of them are still at an average value below 2. Where Technology has the lowest value, namely 1.34. This shows that the adoption of the latest technology that supports industry 4.0 does not yet exist or there are still very few businesses that use or implement it. The thing that influences business behaviour and drives companies to adopt certain technologies is to meet the requirements and current market trends. Business environment factors have proven to have an effect on social media adoption among entrepreneurs (Samsudeen et al., 2021). Relationships between firms can influence industry and sector structures, and competitiveness encourages SMEs to adopt certain technologies when they see their peers doing the same although they don't really know

how to use and optimize the use of that technology for their business.

CONCLUSION

The development of today's business which is so fast cannot be separated from the development of technology that increasingly facilitates various aspects of life. The conveniences offered in the digitalization era have touched various business sectors, both large-scale businesses and SMEs. The Indonesian government itself is serious enough to support SMEs to take advantage of technological developments and digitalization to optimize their business.

Small and Medium Enterprises (SMEs) have a strategic role in national economic development, apart from playing a role in economic growth and employment, they also play a role in the distribution of development outcomes. The important role of SMEs for the state makes the government fully support the development of SMEs in Indonesia.

Based on the results of research conducted on 182 samples of SMEs in the Sumedang area, it was found that 95.6% were still at the lowest level of digitization, namely Digital Outsider. This shows that although technology and digitalization are developing very rapidly, and various parties have supported the optimization of the use of technology and digitization for SMEs, there are still many SMEs that are not ready to face the digitalization era. The results of the data analysis are also supported by the results of FGDs conducted with experts who play a role in supporting SMEs from government and communities. There are several factors that affecting the digitalization of SMEs in Sumedang, there are lack of knowledge about service providers and technology, unaffordable technology, cost, difficulty in collaborating.

For further research, it is expected to be able to expand the sample and conduct a more in-depth analysis of what SMEs and related parties can do to improve the digital readiness of SMEs and help compete in a wider market.

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