

The Effect of Using Digital Technology on the Selling Power of MSMEs Products After the Covid-19 Pandemic at Klambir V Kebun Village

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ABSTRACT

This study aims to determine the effect of the use of digital technology on the selling power of MSMEs products after the Covid-19 pandemic in Klambir V Kebun Village, Hamparan Perak District, Deli Serdang Regency. The type of research used is explanatory research which describes or explains a generalization of the sample to the population, which uses samples and hypotheses to test the hypothesis using inferential statistics. The findings show that the factors that most influence the use of digital technology on the selling power of MSMEs products after the Covid-19 pandemic in Klambir V Kebun Village are production variables, capital variables, and the technology variable itself. Based on multiple linear regression analysis, it shows that production, capital, and technology have a significant effect on the competitiveness and development of MSMEs productivity.

Keywords: MSMEs' Productivity, Production Factor, Technology, Venture Capital

1. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are the most numerous community businesses in Medan City because during the Pandemic era that hit the world, MSMEs were expected to be able to develop as well as be a savior for the country's economy. Based on this, the Medan City Cooperatives and MSME Service collected data regarding the development of MSMEs in Medan City .

It can be seen from 2014 to the 2nd quarter of 2022, the development of MSMEs fluctuated where from 2014 to 2019 MSMEs in Medan City experienced an increase in the number of businesses, during the Covid-19 pandemic in Medan City there was a decrease from 2020 at first the number of MSMEs in Medan Medan's 3,861 MSMEs will become 1,443 MSMEs in 2020, but from 2021 to 2022 MSMEs in the city of Medan will experience an increase in 2021 to 1672 and 2022 to 1717. This is evidenced by the adaptation of MSMEs in dealing with the Covid-19 pandemic (BPS, 2018-2021).

The segmentation of the micro, small and medium enterprises sector in Medan City is mostly in the Culinary Sector. It was recorded that of the 1717 types of MSME businesses in Medan City, 984 businesses were in the culinary sector. Klambir V Kebun Village, Hamparan Perak District, is an area that has MSMEs spread all over the village. There are several problems faced by MSME business actors in Klambir V Kebun village so that some MSME business actors in Klambir V Kebun village have not been able to increase their business income. The problems that occur are usually difficulties in capital, labor, production processes that are classified as simple or still traditional.

For platform food industry players such as Go-jek and Grab, it can be used to register food businesses which later can be seen by many people and can be ordered via pick-up mode without the need to come to the place so that they can still sell even though they follow government protocols and policies that

prohibit eating in places and also crowds during the pandemic and post-pandemic (Elfianto, 2016), (Ernawati, 2017).

In the Hamparan Perak sub-district, Klambir 5 Kebun Village itself, some of the problems that are often experienced by MSME business actors during the Covid-19 pandemic are the lack of use of technology, product innovation, the uneven distribution of local government social assistance to help business actors' capital, as well as the increasing amount of production. decreased due to a lack of public buying interest during the pandemic, decreased distribution volume, and decreased product quality due to business actors lacking capital and income during this pandemic.

This research was created to examine the correlation of factors that influence the selling power of MSME products in Klambir V Kebun Village, Hamparan Perak District, which is carried out by MSME actors so that they are able to continue to survive and become more responsive to changes in the post-pandemic business climate. The revival of every business actor greatly affects the family economy. Several business actors were forced to increase product prices to cover existing production costs. Innovation and use of technology must be made one of the priority choices to survive and develop in running a business. Social media can be used as a marketing medium to support business activities and facilitate and strengthen the function of communication to the public.

2. LITERATURE REVIEW

2.1. Micro, Small, and Medium Enterprises (MSMEs)

The definition of MSMEs is regulated in the Law of the Republic of Indonesia No. 20 of 2008 concerning MSMEs. Article 1 of the law states that micro-enterprises are productive businesses owned by individuals and/or individual business entities that have the criteria for micro-enterprises as stipulated in the law. Small business is a productive business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or non-subsidiaries that are owned, controlled or become part, either directly or indirectly, of medium or large businesses (Hidayat, 2020).

2.2. Technology

Information technology is a technology used to process facts, which includes processing, storing, and controlling facts in the dissemination of methods to provide useful facts for personal, business needs. This technology uses a set of systems to process other system data as desired so that information can be disseminated and accessed globally.

In the business world, technology plays a role in online business transactions, especially in providing online media. Existing online media is used as an area for buyers to choose the product they want, and this transaction requires other technologies such as online companies that require telephone technology (as a medium), banks (buyers of payment funds with manufacturers), and shipping agents such as post. This technology is a technology that affects the increase in online sales which will later affect the development of an MSMEs because the many technologies and digital media make it easy for sellers to market their products throughout the country (Ihya, 2018) .

2.3. Venture Capital

According to economists, capital is the wealth in the form of budgets and opportunities owned by the company, which is necessary for the production function, as all marketers state that capital includes the real value in securities. Capital is part of production that has a very large influence to provide products in large quantities. Capital can be interpreted as a very efficient driving tool. Increasing investment income both directly and indirectly, especially through production infrastructure, which will eventually lead to a production boom (Laili, 2020).

2.4. Production

The background for the occurrence of production theory is based on production cost theory. This is because any discussion of production cannot be separated from the required costs/capital. In accordance with the meaning of production in the form of a process of producing goods/services, processing these goods/services certainly requires costs. So it can be concluded that the theory of production is the same as the theory of production costs. Production costs are divided into short-term costs and long-term costs (Putri, 2016).

3. RESEARCH METHOD

The research was conducted on a group of MSME actors in the village of Kelambir V Kebun, Hamparan Perak District, Deli Serdang Regency. The time of the research was carried out starting from November 2022 – February 2023. The population in this study was 227 MSMEs. The sample in this study

were MSME products. This study used a sample of 145 respondents to MSME actors in developing MSME in Klambir V Kebun Village. This type of research is causal research with a quantitative approach and this research is reversed using Multiple Linear Regression.

4. RESULTS AND ANALYSIS

Confirmatory Factor Analysis (CFA) is used to analyze the research data, the researcher carried out and applied descriptive analysis techniques, namely by analyzing and classifying, then interpreting them so that a true picture of the problem under study would be obtained. Then factor analysis is carried out which aims to find a way of summarizing the information contained in the original (initial) variables into a new set of dimensions or variables (factors). below is a table showing the results of the rotation to clarify the position of a variable on a factor.

Table 1. Rotated Component Matrix

Rotated Component Matrix ^a				
	Component			
	1	2	3	
Production	,322	,295	,800	
Venture	,058	,868	-,181	
Technology	,907	,043	-,105	
Extraction Method:	Principal Component Analysis.			
Rotation Method:	Varimax with Kaiser Normalization.			
a. Rotation converged in 6 iterations.				

Source: Processed from SPSS Version 26

The Rotated Component Matrix shows a clearer and more tangible distribution of variables. Determination of input variables to a particular factor follows the large correlation between variables and factors, that is, to a large correlation. Based on the results of the component matrix values, it is known that of the nine factors, five factors that are feasible to influence MSME development are:

- The 1st largest component: Production
- The 2nd largest component: Capital
- The 3rd largest component: Technology

So that a new dimension of multiple linear regression is formed with the conceptual framework as follows:

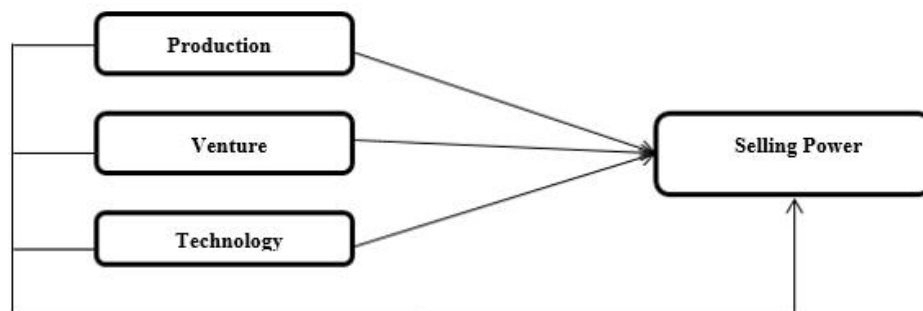


Figure 1. Multiple Linear Regression Framework

Table 1. Rotated Component Matrix

Coefficients ^a									
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics
	B	Std. Error	Beta			Zero-order	Partial	Partial	Tolerance
1 (Constant)	1,318	,631		2,088	,039				
Production	,301	,056	,313	5,403	,000	,385	,414	,310	,980
Venture	,111	,039	,171	2,875	,005	,345	,235	,165	,932
Technology	,399	,042	,563	9,508	,000	,632	,625	,546	,939

a. Dependent Variable: Product Selling Power

Source: Processed from SPSS Version 26

Based on the table above, multiple linear regression is obtained as :

$$Y = 1.318 + 0.301 X_1 + 0.111 X_2 + 0.399 X_3 + \varepsilon$$

The interpretation of the multiple linear regression equation is:

- 1) If everything in the independent variables is considered fixed, the competitiveness value is 1.318.
- 2) If there is an increase in capital, competitiveness will increase by 0.301 per unit value.
- 3) If there is an increase in technology, competitiveness will increase by 0.111 one unit of value.
- 4) If there is an increase in production, competitiveness will increase by 0.399 one unit of value.

The results of the analysis in Confirmatory Factor Analysis (CFA) show that from the Variance Explained table it can be seen that only 3 factors are formed. The factor that comes from component 1 is production, component 2 is capital, and component 3 is technology. This research is in line with the results of research conducted by (Daya et al., 2017) which states that there is a positive and significant effect of capital on the competitiveness of MSMEs.

The effect of capital on the competitiveness of MSMEs Based on the partial hypothesis test conducted, the effect of capital on competitiveness $T_{count} 5.403 > T_{table} 1.656$ and a significant $0.000 < 0.05$, then H_a is accepted and H_0 is rejected, which states that capital significantly affects competitiveness. In addition, it has a beta coefficient of 0.301, which means that if there is additional capital, the competitiveness of MSMEs will increase by 0.301 percent. Thus it can be concluded that capital has a positive and significant effect on the competitiveness of MSMEs in Klambir V Kebun Village.

Based on the hypothesis test carried out by the influence of technology on the competitiveness of SMEs, $T_{count} 2.875 > T_{table} 1.656$ and a significant $0.005 < 0.05$, then H_a is accepted and H_0 is rejected, which states that technology significantly affects competitiveness. In addition, it has a beta coefficient of 0.111, which means that if technology is added, the competitiveness of MSMEs will increase by 0.111 percent. Thus it can be concluded that technology has a positive and significant effect on the competitiveness of MSMEs in Klambir V Kebun Village.

Based on the hypothesis test conducted $T_{count} 9.508 > T_{table} 1.656$ and significant $0.000 < 0.05$, then H_a is accepted and H_0 is rejected, which states production significantly affects competitiveness. In addition, it has a beta coefficient of 0.399, which means that if there is additional production, the

competitiveness of MSMEs will increase by 0.399 percent. Thus it can be concluded that technology has a positive and significant effect on the competitiveness of MSMEs in Klambir V Kebun Village (Putri, 2016).

5. CONCLUSION

Based on the analysis and discussion of MSME Productivity Development on Product Selling Power after the Covid-19 Pandemic, Klambir V Kebun Village, Hamparan Perak District, the following conclusions can be drawn:

1. The CFA test on the KMO and Bartlett's Test tables shows that the data is valid and can be further analyzed by factor analysis. In the Rotated Matrix table it is known that of the nine factors, the three factors that most influence purchasing power are production, capital and technology.
2. The results of multiple linear regression show that production, capital, and technology have a significant effect on competitiveness in Klambir V Kebun Village, Hamparan Perak District.
3. The results of multiple linear regression can be seen that the adjusted R Square figure is 0.526 which can be called the coefficient of determination which in this case means that 52.6% of competitiveness in Klambir V Kebun Village, Hamparan Perak District can be obtained and explained by production, technological capital. While the rest is influenced by other variables that are not included in the model or not examined.

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