



## Digipreneur Education as the Solution for SMEs Competition in Digital Era

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### History Article

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Digipreneur; Education; SMEs

### Abstract

This research aims to create the digipreneur educational model for SMEs and analyze its relationship with developed digital business world. The research used the descriptive analysis to explore and clarify a phenomenon. One of the analyses was SWOT analysis method which arrange a plan to achieve both short term goals and long term goals. Based on the constructed model of digipreneur educational model, it is emphasized on business skills aspects where modern financial skill components and all transactions today use e-banking. Digital marketing aspect should be given to SME owners since they need to know that today marketing does not just rely on the physical real world, but also in the fierce competition in digital media as the effective and efficient marketing means. SMEs were resilient business units in anything economic conditions because of their local resources. They had more significant marketing opportunity when their creative products or services were known through the information technology; thus, they need to get the information technology education.

### How to Cite

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## INTRODUCTION

Information technology is one of influential aspects in business. It becomes a necessary thing in developing a country. As the technology is getting developed and developed, so it is followed by the development of economic sectors, exactly at business done by small and medium enterprises (SMEs). SMEs play great roles because they become the backbone of Indonesia's local economy. The use of information technology is certainly realized by SMEs.

Indonesia suffered from economic crisis that had made the economy collapsed. Many large-scale businesses at various sectors include industry, trade and services went bankrupt in 1998. Further, the crisis unfortunately occurred again in 2008. However, SMEs can survive and help Indonesia economy due to the financial crisis on various economic sector.

Common information technology which is easy to use and allows the user to access internet is smartphone. However, many SMEs do not understand the importance of Information and Communications Technology (ICT). They still think that technologies are suitable for large-scale businesses only.

In 2001, the data obtained by Department of Cooperatives Small and Medium Enterprises (*Dinas Koperasi dan UMKM*) show that Gross Domestic Product (GDP) of Indonesia reached Rp 9,014 trillion. SMEs contributed as Rp 5,440 trillion or 60,345 of the total GDP. There were 58 business unit run by SMEs. They could hire 114 million workers or 96.99% of Indonesia workers. From those data, it can be said that SMEs have great roles in supporting Indonesia economy, especially for the middle and the lower society.

Various business assistance and guidance from agencies, department or institution are necessary for making SMEs survive in this global and competitive era. One of the beneficial facilitation is giving training about Digipreneur (Digital Entrepreneurship). It aims to create new business opportunities with new innovation via new media, internet technology. The new business is actually similar to local business, but it uses digital media that can give more profit. In other words, it is like new business or commerce innovation (Ngoasong, 2015). Digital businesses differ from local entrepreneurial ventures because they have different businesses and they can pursue product innovation, marketing and distribution activities implement the digital platform (Ngoasong, 2015).

Digipreneur (Digital Entrepreneurship) has appeared at many countries with increasing-

ly sophisticated internet technology. In this case, Indonesia should also implement Digipreneur, especially Semarang as the capital city of Central Java province that has many various SMEs. Further, the SMEs has been a backbone of Semarang economy. Central Java which is rich of cultures still has many chances for developing its businesses. Unfortunately, Semarang has not had special local products yet produced by SMEs, so that, it becomes left behind from other cities. The cities just like Pekalongan is more famous for its batik, Jepara is known because of its carving; and Pati is recognized because of its various businesses.

Recently, entrepreneurship education can help promote entrepreneur and innovative culture in a country by changing students' mindsets and providing various skills needed. This education should be implemented in senior high schools and universities that nowadays their graduates still focus on finding out jobs. In this global era, businesses, technologies and information always change rapidly. It's the time for schools and universities to train and equip the students with various skills, so that, they will be ready for being an entrepreneur, and not being a jobseeker anymore. (Bilic et al, 2011). This should also be implemented in SMEs that have been competing in a tight trading digital world.

Semarang has several branches of industries according to existing industries. Unluckily, Semarang has not classified the industries yet based on creative sector industry. This results the number of industries is still uncertain. The development of SMEs by using Digipreneur model will be an important alternative in the future to improve the competitiveness of economic and creative business, improve the quality life of Semarang societies, shape the city identity and foster innovation and creativity.

Business opportunities are widely open for SMEs that has creative products and periodic trainings on Digipreneur supported by government institutions and agencies. Trainings on Information Technology (IT) competencies become the main determinant of the success of digital business. Ashurst, et al. (2012) identified that there are four Information Technology competencies (IT) that enable digital entrepreneurs successfully innovate and integrate business process which leads to creation value. The creation values here consist of IT leadership, business system, planning and working technology

Ngoasong (2015) stated three levels of businesses relate to the internet use become the success determinant at the market. They are online reputation which provide high quality ser-

vices, technological capabilities for integrating web, adjusting online experiences for a particular market and opportunism technology; and online brands communities that can give information access about buyers, suppliers and partners. According to Ashurst et al., (2012), some parts of IT competencies are focussed on big companies. Then, implementing large competencies at SMEs should use different approach. Each new digital entrepreneur who has been already identified and has mastered technology for doing business activities should be ready to face market orientation. In this case, the capability of mastering modern technology is as the main determinant of success in digital business. Market orientation is various ways employed by a digital entrepreneur to focus on his customers and the needs of other stakeholders in their target market (Hair et al , 2012) .

Bogdanowicz (2015) explained that economic development is substantially supported by innovations. The innovations cover: a) launching a new product or a new product of existing products; b) implementing a new product method or selling a product; c) opening new market or branch market of industries which have not been represented yet; d) acquiring new sources of new material supplies or intermediate goods; e) having a new industry structure, for example creating or destroying a monopoly position.

As a matter of fact, the products of SMEs in Semarang tend to imitate other products produced by SMEs located at other cities around Central Java. Original local products from Semarang should be supported and innovated. Various skills needed by enterpreneus are: a) technical skills (written and oral communication, technical management, skill organization); b) business management skills (planning, decision making, marketing and accounting skill); and c) personal entrepreneurial skill

Hair et al. (2012) argued that there are three determinant factors of digital market orientation. They are technology skills to make digital business survive; tools used to manage business information environment; and wider and more various knowledge about digital business. If several explanations above are implemented in SMEs in Semarang, they will get business oppotunities; and have chances to make their creative products developed and recognized

This study aims at : 1.) finding out an appropriate model of Digipreneur education for SMEs ; 2) analizing SMEs focuses on business competition which is getting developed and developed by using SWOT analysis.

## METHODS

This study implemented descriptive analysis. It is commonly called as taxonomy research. It aimed at exploring and clarifying phenomena or social events by describing some variables relate to the problems appeared and object of reasearch. Further, literature study was required too. One of descriptive analysis used was SWOT. It was commonly employed in a company management or organization as it could help systematically compose a fixed plan to achieve goals, both at long and short run.

Some analysis were choosen for analizing some aspects. First was strength. SMEs in Semarang have potential for being developed at digital trade competition. Second was weaknesses of SMEs. They need assistances and trainings of various skills from various parties. Third was opportunities. Here, owners or prospective owners of SMEs are still uncovered and unrecognized. Fourth was threat that appears at digital and global trade .

SWOT analysis was used in this study to know the appropriate strategies for developing SMEs in Semarang. The analysis is commonly employed in management researches to identify organizations as it can provide information and right decision for SMEs whether they can join digital business competition.

The process analysis on SMEs in Semarang needed some steps. Actually, Semarang has 110 SMEs. Further, choosing 10 leading SMEs becomes the first step of the analysis. The following is SWOT analysis matrix of leading SMEs in Semarang

## RESULTS AND DISCUSSION

Based on SWOT strategy analysis, it can be illustrated that the 10 leading products offered by SMEs have their own uniqueness and have shown Semarang identity. Moreover, they will be marketed in online business. By having those strengths, it is expected that the 10 products will be recognized and accepted both nationally and internationally. They will be sold out and the city where the products yielded will also be recognized by societies.

Next, the weaknesses of SMEs in Semarang is that their products are less popular and perishable. Innovation is needed as the SMEs are encouraged to join online business. Then, knowing the problems faced by the entrepreneurs, helping them solve the problems should be the first priority before marketing their products on-

**Tabel 1.** The Strategies of Leading SMEs

Nama Usaha	Produk Unggulan	S	W	O	T
Oemah Rempah	Kunyit Asam	The rivals are not too many It is leading in taste	Creative promotion relates to herbal medicine is needed	Having big opportunities in online business as the competition is not too tight	The threat between competitors with similar product is lower
Blekok Batik	Batik tulis	Having its own uniqueness Having abilities in determining its own market price	There are many rivals with similar products	Raising specific characteristics of Semarang by promoting batik	Other products from other cities have appeared since years ago
Berkas Timoho Jaya	Es Lebay	Various creative food sold <i>online</i>	There are many rivals with similar products The process of delivering the goods is difficult to be done	At a certain season, the business chances on food widely attracts customers	The product can be imitated by other SMEs easily
Cahaya Kalkun	Batik Tulis Semarang	The product shows Semarang identity strongly	There are many rivals	If a product can be leading, the product should shows the uniqueness of Semarang	There are many rivals sell similar product
Daily Nuggets	Nugget Bandeng	The demand of product is high The product is primary in societies	The process of storing and delivering good is inappropriate There are many rivals	The chances of business widely open and should be developed to innovate the products	National product which is more popular become its rival
Blekok Batik Figa	Blekok Srandol	The product shows the uniqueness of Semarang The motive or pattern of product is leading	There are many rivals in Semarang	It can promote Semarang	Similar product from other cities which is more leading become its threat
Enggal Jaya	Kue Ketawa	The product is unique and interesting The demand of the product is high	The number of product produced is still limited Food security is still low	The business chances widely open as the product is unique	Having low threats, but similar products may come out
Batik Tulis Melly Hasta	Batik Tulis Semarang	The product shows the uniqueness of Semarang	There are many rivals in Semarang	It can promote Semarang	Similar product from other cities which is more leading become its threat
Java Batik	Batik Warna Alam	The product is unique	There are many rivals in Semarang	At the market, there are only few similar products	The product can be imitated by other SMEs easily
Monalisa Catering	Bandeng Presto "Rifky"	The price is affordable The demand of the product is high	There are many rivals in Semarang	The product is marketable, so that, it can join the market	Tight competition and many rivals with similar product become its threat

Sources : Data was processed, 2016

line

Many opportunities for SMEs appear as their products are unique and recognized by societies.

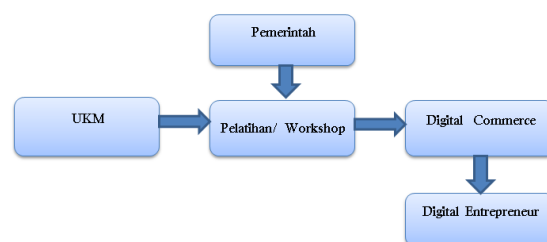
Threats are the aspects that require much attention. Most SMEs try to raise Batik as their leading products. This means that they will have many rivals such as Batik Pekalongan and Solo which are more famous and have appeared since years ago

Another bigger problem relate to threats faced by large SMEs is imported goods with lower price. Eventhough they have run their businesses for years, price aspect becomes the crucial issue at online business. To overcome this problem, an assistance from various parties especially IT experts of digital trading is strongly needed.

For determining the goals of digipreneur education, ideas proposed by Ferreira (2012) should be implemented. They said that the objectives of entrepreneurship education and training are: a) to obtain useful knowledge of entrepreneurship; b) to acquire technique in analyzing business atmosphere and synthesizing an action plan; c) to identify and stimulate entrepreneurship, talents and skills; d) to develop empathy and supports of unique entrepreneurship aspects; e) to develop good attitude to changes; f) to encourage start-up and new businesses. All objectives and simply ICT aspects are combined in order to make the entrepreneurs easy and fast in understanding the process of digital trading

After analyzing the data, the strength of SMEs is the ease of having online trading. It is accessible by using various electronics which is more compact, cheaper and faster. Local government of Semarang and merchant IT experts should give guidance, knowledge and motivation for new SMEs that have joined online trading. Table 1 explanation, an analysis model of Digipreneur.

The constants explained by Ras & Pretorius (2007) is as a guide or support for curriculum or syllabus development. It consists of modified explanation written as follows: a) motivation – it is motivation development of SMEs' business performance. It includes business development that leads to achievement b) Entrepreneurial skills – they are creativity, risk taking and having ability to identify online business opportunities; c) Business skills – they cover financial skill, marketing, operational skill, human resources, law, communication, management and business plan of compilation skills.



**Figure 1.** Model of Creating Digipreneur.

Sources : Data was processed, 2016

From the constructed model, one thing highlighted is a model of digipreneur education. It should emphasize on Business skills aspects as modern financial skill such as e-banking should be taught. Currently, almost all transactions use e-banking. Next, digital marketing aspect should also be mastered by SMEs owners. They should know that promotion does not only rely on physical promotion in the real world, but also the use of digital media for more efficient and effective. Nowadays, they should be equipped how to use digital media for joining modern tight business competition

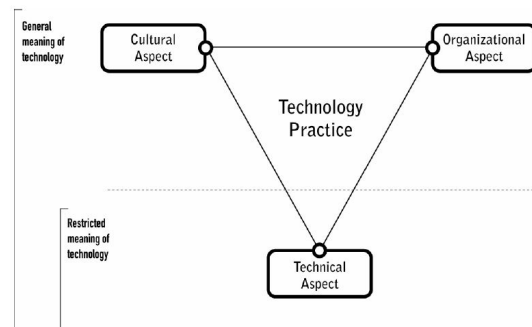
Law skill on digital trading should be recognized too. It is almost similar to business law in the real world. Finally, business communication and foreign languages are crucially needed to join digital or online business. Some constants illustrated above can be formed as a model of entrepreneurship education. The model is adopted from Pacey Framework and drawn below (Figure 2).

The framework can be used to provide an overview of problems faced by technology staff in education. It can also be modified by SMEs as a guidance and an approach to give digital education. Some important things that should be noticed are culture and organization aspects. They are determined by where the SMEs located.

While organization here means how SMEs can adapt their organization structure due to the influence of digital technology. Overall the parties that should facilitate SMEs are government, or private institution as facilitators. Further, those three parties need to have working integration to achieve the educational successfully.

The education should be guided and facilitated by government and experts of online trading continuously from the beginning until they can manage their own trading. Digipreneur can not be formed instantly. It is just like conventional entrepreneur. If SMEs in Semarang can manage their own products and cooperate with one and another, it will be possible that they can be more

leading than other SMEs with similar products from other cities.



**Figure 2.** Technology Based of SMEs Education, (Pacey in Carr, 2005)

## CONCLUSION

Digipreneur come out due to the rapid changes of information and technology. Local or conventional entrepreneurs who have dominated the market will think twice about their businesses since digital world has encouraged their rivals to implement information technology as media for trading or introducing their products and services. SMEs are resilient business units since they are able to survive in any economic condition. They can still run their businesses as their sources are local, so it has more business chances to be recognized by wider societies via online. Even though SMEs have support from government, but they should have their own efforts to compete in global market. Education and knowledge obtained by facilitators will be beneficial if the model of educational framework given by facilitators is in line with the needs in the current era that is digital trade era.

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