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Assistance and Strengthening of Kenongo Village MSMEs through Branding and Product Legality during the Covid-19 Pandemic

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Abstract

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Kenongo Village, Tulangan District, Sidoarjo Regency, is one of the villages in the Sidoarjo region which has many UMKM members. From the results of the initial mapping, the number of MSMEs in Kenongo Village was 210 with various types of businesses. The types of businesses that exist are convection, batik, souvenirs, food and beverages, and various other handicrafts. With this large number of MSMEs, very few have business legality and the ability to compare their businesses. The aim of this assistance is to create MSMEs that have good quality and can compete and survive during a pandemic by 1) Branding products through social media and providing expertise so that they can create their own marketing media. Furthermore, 2) Business legality for MSMEs to be more qualified and reliable. The result of this assistance is an increase in sales value even though it is not the same as before the pandemic, and an increase in the awareness of MSME owners for the legality of their business. This mentoring also forms MSME groups with a new, more organized structure to assist MSME players in developing their businesses. Assistance will be sustainable in the second and third years, namely product innovation and financial management.

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INTRODUCTION

It is proven that when Indonesia experienced an economic crisis in 1998, where many large companies went bankrupt, MSMEs even became the backbone of the economy at that time. The Central Bureau of Statistics or BPS noted that the absorption of labor in 1997 by small businesses at that time was the highest, up to 57.40 million or 87.62%. In 1998, when inflation was at 88%,

a deficit of 13% and foreign exchange reserves of less than US \$ 17 billion, the small and micro business sector was still able to survive. Micro, small and medium enterprises survived during the monetary crisis because at that time their raw materials were export-oriented. Thus, the increase in commodity prices on the international market became an advantage for small entrepreneurs at that time. The majority of MSMEs at that time did not depend on bank capital. , when the banking sector collapsed, it automatically did not have a big effect on small businesses.

In general, the definition of MSMEs is a trading business whose management is carried out by individuals or business entities with a small or micro scope, while experts define micro, small and medium enterprises as small businesses that become a means of assistance to improve the nation's economy.

Through Law no. 20 of 2008 concerning MSMEs, problems such as access to capital for small, micro and medium enterprises to financial institutions have been resolved. In addition, this regulation explains the government's obligation to make the development of MSMEs even better. In addition, there are several other regulations made to protect MSMEs, such as: 1) Presidential Regulation Number 98 of 2014 which regulates ownership of business licenses as evidence of validation and legality from the government, 2) Government Regulation Number 23 of 2018 which regulates tax violations issued by UMKM players. This regulation also explains that the amount of tax is based on the income from business that the company receives through certain gross circulation, 3) Minister of Economy Regulation Number 11 of 2017 regarding venture capital funding for micro, small and medium enterprises

Judging from the development of MSMEs in Indonesia, this business was able to survive the economic crisis. In fact, this small business is a mainstay of employment, as confirmed by BPS data. The government continues to strengthen this hope during a pandemic like now, for the recovery of the economic conditions that have been affected.

It needs to be observed in this MSME assistance are the strengths and weaknesses of MSMEs, where the strengths of MSMEs are being able to absorb labor and survive economic downturns, business owners are free to act or in making decisions, business owners directly intervene in running their business, businesses run according to their needs. local community. Whereas the weakness is that the limited amount of capital is a factor inhibiting business owners from developing their business, namely the salary offered is small so that it is less attractive to job seekers, in selling its products it is inconsistent and can change, so it is weak in specialization.

Based on the weaknesses and strengths of MSMEs as mentioned above, the steps in MSME assistance are mapping the problems and constraints experienced by each UMKM in the Kenongo village area of Sidoarjo Regency. By mapping the existing MSMEs, the next step is through socialization of existing regulations to obtain legality. In order for the business to be more developed, it must have and produce products continuously and supported by good marketing

Especially in the area of Sidoarjo Regency which is a city of MSMEs with a number of UMKM reaching 216,000 which absorbs quite a lot of workforce, thus helping to improve the welfare of the surrounding community. One of the villages in Sidoarjo that contributes quite a lot to MSMEs is Kenongo Village, Tulangan District, Sidoarjo Regency. Kenongo village has quite a number of MSMEs, namely more than 200, where many of them are beginner businesses.

In its development, Kenongo Village UKM can be divided into several schemes, namely:
Business Legality Assistance

In the initial step after mapping, SMEs must be assisted so that they have initial lags that will provide a pathway for further licensing. The minimum is a Business Certificate (SKU) issued by the village head. Furthermore, after improving the quality of the product, it can increase the legality of the product, namely P-IRT and Halal

Product Quality Improvement Assistance

Furthermore, it is necessary to increase the quality of the product, namely by: Getting the right raw materials in price, quantity and quality Creating products that have distinctiveness, Assistance in the management of P-IRT (for processed products) and halal.

Information from the Kenongo Village UKM coordinator, that the Kenongo Village UKM players still had very little knowledge about legality, product quality, marketing and financial management, this was supported by the lack of knowledge about information technology that could be used for the development and management of SMEs.



Picture

1.1. Activities and Products of the Kenongo Village UKM

The condition of the UKM in Kenongo Village is as shown in the picture above. In terms of products and packaging which are still very limited and simple. So it is necessary to provide assistance on the product and its packaging. Kenongo Village SMEs which do not have legality and finally in financial management have not implemented a manual accounting recording system, which is carried out still combining personal finances with business finances so that they cannot measure the profits obtained. From the explanation above, there are several partner problems that must be resolved immediately, namely: 1) The partner does not have business and product legality, 2) The partner does not have good packaging and product quality, as well as good marketing (product branding).

One of the mentoring activities that have been carried out by the team is in the tourist village of Sumbergedang, where the main problems faced are almost the same, namely the absence of product legality, not doing online marketing and not carrying out financial recording and reporting properly and correctly and not yet automated. So that there is comprehensive assistance on management, product, marketing and financial management with satisfactory results, better management and financial management as well as marketing. With the results of previous dedication, for UKM in Kenongo Village which has quite complex problems, the team of the center for economic and business studies with a lecturer's background with competences in economics, namely marketing, management, finance and accounting tries to help the Kenongo Village UKM so that all obstacles and problems faced get the solution. So it is hoped that all UKM in Kenongo Village will advance and develop, then they can absorb more workers and improve the welfare of the surrounding community.

IMPLEMENTATION METHOD

The method of implementing this PKM activity is to use the PALS (Participatory Action Learning System) method, where this method is basically the involvement of partners in the active learning process of participation in the action program for implementing financial reporting, especially accounting for the development of UKM in Kenong³village, business legality and products. Product innovation, packaging and branding, branding products using the latest marketing strategies to form a participatory learning interaction system, both personally and communally.

This mentoring activity is carried out by mapping the needs of each UKM, followed by assistance to obtain business legality and legality for their products. Furthermore, by providing knowledge about product branding and business branding.

RESULT AND DISCUSSION

Activity Results Achieved

Based on the partners' problems above, the solution offered for the first year is branding the products of each UMKM as well as conducting and disseminating legality for MSMEs that have met the requirements. The activity that was carried out at the beginning was mapping the MSMEs in Kenongo Village, with the results of the mapping there were 210 MSMEs with various types of businesses ranging from batik, convection, various handicrafts, food and beverages.

Product and Business Branding

SME products are often less competitive with company products in a very competitive market. Whereas in terms of product quality and value, it is not much different or even better than the company's products. This can occur as a result of good corporate branding and many SMEs, so far, still do not understand the importance of branding for the products they sell. So, it is not uncommon for SMEs to put it aside. When you find a product of an SME from a stall or shop, it is not uncommon for the product's brand identity to be less strong, for example from the packaging side it still seems plain and less attractive. Sometimes it doesn't even include the production address. Though in sales products, branding is an important factor for business success. Therefore, if you want to win the market, SMEs are required to do strong branding on their products so that they have a good selling value. For this reason, several ways are carried out so that the Kenongo Village UKM has a strong branding, including :

Build an Authentic Identity

The key to branding is that it can create a product that is different from competitors. Therefore, it is necessary to create an authentic identity for the product as well as the business for the Kenongo Village UKM players so that they are not similar to those of competitors. Besides that, it must also be able to make consumers remember the brand that we have for the first time when they need related products. Authentic branding can bring a business quickly known, so that it is easy to develop widely. With strong branding, the business identity that is created is even better. Thus, the target market will scramble to get SME products in the future. So there is no need to bother offering products in various costly ways.

The Importance of Paying Attention to Small Components in Branding

Inserting small things in branding that may be considered not very important, usually can actually encourage SME products to become even more extraordinary. For example, you have to consider packaging design, determine the logo design and color, create a tagline, and so on. The small, less visible components later help build a strong brand. So it is very necessary to consider such things to make decisions.

Building an Open Production Space

Creating a brand that is widely accepted by the public is one of the right marketing strategies for SME businesses. This strategy is very effective in building product identity for consumers and demonstrating the authenticity of the business that the product being sold is truly self-produced. Furthermore, it can also work towards creating open production sites that can provide knowledge and information directly to customers.

If you have succeeded in encouraging consumers to make transactions, then you must make the transactions easier for them to do. It is necessary to think about a transaction system that can be done directly through the website. This is intended so that prospective buyers can pay their orders right away. To accommodate the acceptance of payments through various methods, it is necessary to use a payment gateway service.

The function of a business payment gateway is to integrate the various payment methods used by buyers. Payment methods that can be used by buyers are through bank transfers, credit cards, virtual accounts, and retail outlets such as Alfamart. So buyers from all walks of life can make transactions easily to buy products.

This product branding activity has begun with improving packaging and creating product photos to create advertisements on social media.

Legality

Furthermore, to further increase consumer confidence in the products and businesses of SMEs, it is necessary to have the legality of the product and business. Of the 210 MSMEs, only 13 are registered with product legality. Legality assistance is still in the data collection process for MSMEs that are willing to take care of legality. This activity is collaborating with the cooperative office to disseminate business legality, carried out in early February 2021. Legality is important to fulfill because:

To become a more credible business entity (easier to be trusted by various parties)

For example, if you don't have a permit then go to a bank, maybe you can only access a loan of up to IDR 20 million. Meanwhile, to open a new branch, for example, we need IDR 150 million. For this amount, banks usually ask for complete licensing requirements, as simple as a Business Domicile Certificate (SKDU) or Business Certificate, or Trade Business License (SIUP), or Restaurant Tourism Business Registration Certificate (TDUP). This is because those who provide loans begin to feel the need to be careful and reduce risks.

Expanding access to business development opportunities

There are certain business associations - usually industry specific - that require their members to collect proof of business licensing. If not, the business will be rejected as a member. There are also many tender opportunities or procurement competitions in agencies, offices, or companies that also require vendors to have complete licensing. Not having a permit, as simple as not having a NPWP, can avoid these opportunities.

Internally, increase the confidence of business owners / managers in marketing their products / services

Don't underestimate the positive impact that licensing has on the internal team. For example, a juice business, after having MUI and PIRT halal certificates - the business actors are increasingly confident in introducing products to many groups.

There is still a need for socialization and assistance for legality, because not all UKM players in Kenongo Village understand the importance of legality both for their products and their

businesses, especially they still consider the cost of legality expensive. In fact, if you already have legality, then the opportunity to develop their business will be wider. Of the 210 members of the UKM in Kenongo Village, only 13 have legality.

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