

## Enhancing The Digital Competencies of MSME Actors Fostered by Rumah BUMN Yogyakarta

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### Abstract.

*This community service (PKM) program aimed to enhance the digital competencies of micro, small, and medium-sized enterprises (MSMEs) fostered by Rumah BUMN Yogyakarta in response to rapid technological developments and increasing demands for digital transformation. Limited understanding of digital marketing, the use of e-commerce platforms, and social media management has been a major barrier preventing MSMEs from expanding their market reach and improving competitiveness. Through a training and mentoring program covering basic digital literacy, social media optimization, marketplace introduction, and digital content creation techniques, participants were equipped with practical skills that could be directly applied to their businesses. The program employed an implementation method based on interactive discussions between business actors and resource persons. Evaluation results indicated improvements in participants' knowledge and skills in leveraging digital technologies for promotion and business management. In addition, participants were able to develop more effective digital marketing strategies tailored to the characteristics of their respective products. This program is expected to strengthen MSMEs' capacity to adapt to the digital business ecosystem and to support local economic growth in Yogyakarta.*

**Keywords:** Digital competence; MSMEs; digital marketing; Rumah BUMN Yogyakarta and community service (PKM).

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### I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are widely recognized as a fundamental pillar of Indonesia's economy. Beyond their role as drivers of local economic activity, MSMEs contribute to innovation, employment opportunities, and the strengthening of national economic resilience. However, MSME development increasingly faces complex challenges in the era of globalization and rapid digitalization. Intensified competition, fast-paced technological change, and rising consumer expectations require MSMEs to adapt quickly and continuously upgrade their capabilities. Digital transformation is not merely the adoption of tools, but a broader organizational change process shaped by strategy, structures, practices, and institutional environments, which can strongly influence whether transformation efforts are successfully legitimized and sustained. [1],[2],[3].

In practice, MSMEs continue to face persistent constraints such as limited capital, restricted access to formal financing, and weak marketing networks. These long-standing barriers are now compounded by emerging issues, particularly low digital literacy, limited managerial capacity, and minimal use of information technology in business operations. As a result, many MSME owners rely heavily on experience-based management without adequate managerial competencies. Weak financial management, limited marketing strategy, and insufficient communication and collaboration skills can hinder business growth, reduce competitiveness, and increase the risk of stagnation. Evidence from Indonesia during the pandemic highlights that MSMEs' digital transformation trajectories are closely tied to their ability to adopt e-commerce and manage adaptation challenges, reinforcing the importance of structured capacity-building support. [4].

**Fig 1.** Lecture-Based Method: Delivery of Training Materials by the Resource Person



Within this context, Rumah BUMN Yogyakarta plays a strategic role as a platform for MSME coaching, empowerment, and mentoring. As a training and business incubation center, it provides access to knowledge, capability strengthening, and business networking facilitation for its assisted MSMEs. One key issue observed is the limited managerial skill set, limited ability to leverage digital technology, and low levels of soft skills such as communication, creativity, and collaboration constraints that directly affect productivity and competitiveness in both local and wider markets. Therefore, strengthening human resource competencies becomes essential not only through hard skills (e.g., financial management, digital marketing, and operations management) but also through soft skills that support long-term business sustainability [1],[2],[3],[4].

Accordingly, the Community Service Program (PKM) conducted by lecturers and students from the Management Study Program at UNIBI in Rumah BUMN Yogyakarta is expected to strengthen MSME capacity in both technical and managerial aspects through an educational and applied approach. The program is designed to address MSME challenges by ensuring that participants not only understand concepts theoretically but also apply them directly to their businesses. Digital marketing, in particular, is commonly discussed as a practical pathway for MSMEs to improve performance by expanding market reach and enhancing customer engagement when implemented appropriately [5]. With improved human resource competencies, assisted MSMEs are expected to increase productivity, expand markets, strengthen competitiveness, and contribute more substantially to regional economic growth. Ultimately, capacity-building for MSME actors is not only a business development effort, but also a strategic initiative to reinforce Indonesia's broader economic structure through empowerment of one of its most critical economic backbones [1],[2],[3],[4],[5]

## II. METHODS

The program method was implemented through several systematic stages to ensure that MSME challenges related to low digital competence could be accurately identified and addressed. The first stage involved problem identification through interviews with the management of Rumah BUMN Yogyakarta and assisted MSME owners to capture their key needs and constraints, particularly regarding digital marketing and the use of technology. The second stage was problem analysis, which focused on categorizing the main issues and formulating relevant solutions. The third stage was program design, including the development of training materials. The fourth stage was program implementation, conducted through interactive training sessions delivered by resource persons from the Management Study Program of Universitas Informatika dan Bisnis Indonesia.

The fifth stage was evaluation, which included assessing improvements in participants' skills, collecting feedback, and generating recommendations to support program sustainability. Through this procedure, the program was expected to be effective, well-structured, and targeted. The activity was conducted at Rumah BUMN Yogyakarta, located in Kota Yogyakarta, Daerah Istimewa Yogyakarta. Rumah BUMN Yogyakarta serves as an MSME empowerment and development center that focuses on strengthening entrepreneurs' capacities in managerial practices, marketing, digitalization, and product development. Available facilities, such as training rooms and access to technology, supported the effectiveness of the community service program. The target participants were MSMEs fostered by Rumah BUMN Yogyakarta, consisting of micro and small entrepreneurs from various sectors, including culinary businesses, handicrafts, fashion, and other creative products. Most participants faced limitations in using digital technologies for both marketing and business management. In general, the participants were independent business owners operating with limited capital, demonstrating strong motivation to grow, yet requiring improved digital and managerial skills to remain competitive in the digital economy era.

## III. RESULT AND DISCUSSION

This Community Service Program (PKM) focuses on enhancing the digital competence of MSME owners fostered by Rumah BUMN Yogyakarta through a structured series of training, mentoring, and evaluation activities on the use of digital technologies for business development. The program strengthens

key capabilities in digital marketing, content creation, social media management, and the effective use of marketplace platforms. Digital competence is defined as a set of knowledge, skills, and attitudes required to use digital technologies effectively to achieve specific objectives, including economic activities.<sup>1</sup> In the MSME context, digitalization is widely recognized as a critical foundation for business transformation and more effective modern marketing strategies, particularly as digital channels reshape customer access, engagement, and competitive positioning [6],[7]. The activity was conducted on 16 September 2025 and implemented in sequential stages problem identification, needs analysis and solution formulation, training material design, training implementation by facilitators, and outcome evaluation and follow-up.

This phased approach aligns with participatory community development principles, emphasizing systematic and collaborative processes to strengthen program relevance, effectiveness, and sustainability [6]. This program was initiated because MSME owners fostered by Rumah BUMN Yogyakarta commonly face barriers such as low digital literacy, limited understanding of digital marketing, and insufficient preparedness to compete in the digital economy. Empirical studies indicate that MSME digitalization can improve business performance when supported by key resources such as IT capability, employee skills, and digital strategy [6]. Evidence also suggests that digital marketing adoption and its associated practices (e.g., online advertising, social media marketing, SEO, and customer engagement) contribute positively to SME performance [9]. From a Resource-Based View perspective, digital capability can be conceptualized as a valuable organizational competence that supports sustained competitive advantage [10]. Additionally, broader scholarship highlights that digital transformation changes how firms innovate, develop entrepreneurial opportunities, and build market-facing value in technology-enabled ecosystems [6]. The target participants were MSME owners fostered by Rumah BUMN Yogyakarta, representing micro and small enterprises that had not fully utilized digital technologies in marketing and business operations. Strengthening human capital capacity is a core element of community empowerment within a community-based development framework [8].

The implementation team consisted of lecturers and students from the Management Study Program of Universitas Informatika dan Bisnis Indonesia who served as program designers, trainers, and technical mentors. The program reflects the university's Tri Dharma contribution through direct community engagement aimed at improving MSME capabilities. The activity took place at Rumah BUMN Yogyakarta in Kota Yogyakarta, a long-established MSME development center providing training and mentoring facilities that support effective knowledge transfer. The team conducted preliminary observations and interviews with MSME participants and the management of Rumah BUMN Yogyakarta to identify gaps in digital competence, constraints in technology use, and barriers to online marketing. This stage follows a needs assessment rationale to ensure that interventions are targeted and aligned with participant needs [11]. Issues related to digital literacy, digital marketing, and online branding were mapped using the digital competence framework and MSME digital adoption perspectives [5]. Training materials were developed based on contemporary marketing principles and practical guidance for applying digital channels to build customer value and market reach [13].

Content also incorporated evidence on social media advertising features that influence consumer engagement and purchase intention, supporting more effective campaign planning [14]. The modules emphasized practical use of platforms commonly adopted by MSMEs (e.g., WhatsApp Business, Instagram, TikTok, and marketplace tools), adjusted to participants' baseline skills to improve learnability and implementation. Delivery included interactive sessions on fundamental digital marketing concepts, case-based discussions, and mentoring to develop each participant's tailored digital strategy. The approach is consistent with adult learning (andragogy) principles, emphasizing participatory learning and practical application [15]. Competence improvement was evaluated through pre-post assessment, structured observation, and participant feedback. The evaluation also considered changes in participant confidence to apply digital skills, consistent with self-efficacy principles linking mastery experiences to stronger behavioral capability and productivity [16].

#### IV. CONCLUSION

The program outcomes indicated meaningful improvement in participants' understanding of digital marketing and their ability to operate digital platforms (e.g., setting up business profiles, creating basic content, and scheduling posts). These results align with research demonstrating that MSME/SME digitalization and digital marketing practices contribute to stronger business outcomes when supported by strategy and capability development [7], [9]. The program also appeared to increase participants' confidence in implementing online promotion, which is consistent with self-efficacy theory stating that practical skill development strengthens confidence and sustained action [16]. From a Diffusion of Innovation perspective, the training facilitated movement from early-stage awareness toward adoption, where technology is used more routinely and sustainably in business activities [17]. Overall, the program helped MSME participants establish a stronger foundation of digital capability to expand market access, improve promotional effectiveness, and enhance competitiveness in the digital economy [6], [7].

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