Abstract. This paper is intended to map the MSME development efforts carried out in Hargorejo Village, Kokap Sub-district, Kulonprogo Regency, Special Region of Yogyakarta (DI Yogyakarta). This urgency was initiated by the potential of the Penggung Village which has natural wealth in the form of bamboo and coconut trees which are a source of income for MSMEs in the region. However, based on the observations and interviews that have been conducted in Penggung Village, several aspects have become problematic for the MSME actors in product management, product marketing, financial management and the lack of community support for the progress of MSMEs. The aspects of product management are closely related to product diversification, minimal use of technology, and limited knowledge of product management. Meanwhile, the aspects of product marketing include narrow target markets, limited ability of MSME actors to operate digital marketing and unattractive packaging. The aspect of financial management is caused by the low ability and understanding of MSME actors in making simple bookkeeping. The aspects of lack of community support are found in advancing and supporting the competitiveness of MSMEs through participation in MSME activities. These aspects are problems that are relatively disruptive to the growth of MSMEs.

Keywords: forest farmer, financial, MSME

1 Introduction

Administratively, Kokap Sub-district is one of the 88 villages located in Kulon Progo Regency, and has an area of 300 hectares. Meanwhile, geographically, Kokap Sub-district is included in the hilly area. Penggung Hamlet is located in Hargorejo Village of Kokap Sub-district, Kulonprogo Regency. Based on the obtained data, Penggung Hamlet has potential in the field of craft. The potential of Penggung Village includes small-scale SME home industries such as gula semut (natural granulated coconut sugar), besek (covered square basket of plaited bamboo), and craft bags. The majority of the Penggung community works as a farmer, and there is also a forest farmers group (KTH) and women farmers group (KWT). This paper report written in order discusses how the development will be carried out regarding MSME governance in Penggung Hamlet. Empowerment of rural communities through MSMEs aims to enable the utilization of the community’s capabilities by involving the village government and other parties in the village development process as well as increasing the capacity and quality of human resources in Penggung Hamlet. This development also has a role in growing and developing the ability of MSMEs to become formidable and independent businesses. The second is increasing the role of MSMEs in regional development, creation of employment, income distribution, economic growth, and

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alleviation of people from poverty. A good regional development process must not forget all the progress and results that have been achieved, especially in the economic sector, and will be guaranteed to develop if it is brought within the framework of a modern system so that it can keep up with developments. Especially, special attention needs to be given to the development of community enterprises which are the micro, small, and medium enterprises (MSMEs) sector.

2 Methodology

2.1 Challenges

The observations and interviews that have been conducted in Penggung Hamlet found several aspects causing MSME problems. The first aspect causing this problem to occur is the production aspect which includes several things such as weaknesses in product diversification, minimal use of technology, and also lack of knowledge about product management. The second reason causing the problem is the marketing aspect. This aspect of marketing includes a limited percentage of the market to be controlled. People who do not understand technology information will not run the marketing media optimally. The packaging to sell is less attractive. The financial aspect becomes the fourth factor in this problem. This is because MSMEs still lack understanding related to the application of simple bookkeeping. The last aspect is human resources, namely the lack of interest of the community to participate in the MSME activities. These aspects are quite problematic and interfere with the growth of MSMEs.

2.2 Opportunities

With the existence of a number of obstacles, it is necessary to recommend efforts or strategies to improve the performance of creative industry of MSMEs, among others by:

a. Improving the performance of MSMEs in the marketing aspect. This can be done by expanding the marketing area and market access in a way which utilizes information technology such as the Internet to find out various kinds of market information. In addition, with the beneficiaries of IT, relationships can be established with prospective customers in various regions. Penggung Hamlet of Hargorejo has potential in MSME management. If explored further, some MSMEs have enormous potential to be developed into various diversified products, which are presented with various functions and shapes as well as different and attractive packaging goods so that they can have high selling power.

b. Improving the performance of MSMEs from the aspect of human resources. This is done by actively participating in training activities organized by government and private agencies to increase motivation and the work ethic of MSMEs.

2.3 Goals Statement

Based on these problems, a business governance strengthening program was implemented in terms of human resources, production, and marketing through workshops. That was done based on several considerations due to time constraints to implement these activities and also the lack of resources. The management of MSMEs will support the better economic potential of Penggung Hamlet of Hargorejo Village. This program aims to:
a. Identify problems regarding MSME management  
b. Create the formation of MSME management  
c. Human resource management

2.4 Objects Location

The Penggung Hamlet is located above Wates Square on a plain that is not too high and it has cool air. The average air temperature in this hamlet is 27-29º C. This hamlet of Hargorjo Village is located at coordinates 07°52'16" south latitude of 110°06'38" east longitude. Administratively, Penggung Hamlet is part of the Kokap Sub-district, Kulon Progo Regency, Province of the Special Region of Yogyakarta. The boundaries of the Penggung Hamlet area are as follows:

a. Northside: Hargowilis Sub-district and Kalirejo Sub-district, Kokap Sub-district.  
b. Eastside: Karangsari Village, Pengasih District.  
c. Southside: Tawangsari Village, Pengasih District.  
d. Westside: Kulur Village, Temon District, and Hargomulyo Village, Kokap Sub-district.

Penggung Hamlet is a highland area which is at an altitude of 40-300 m above sea level. This hamlet is very suitable for planting coconut trees and teak trees.

3 Results and Discussion

Several problems are still being faced by MSMEs in Penggung Hamlet covering aspects of product management, business financial management, and product marketing. This program provides several innovations to minimize the problems faced and contribute to advancing MSMEs in Penggung Hamlet of Hargorejo Village.

a. Organization Development

MSME’s development program as an instrument to increase people's purchasing power will eventually become a safety valve from a monetary crisis. The development of MSMEs is very strategic in driving the national economy, considering that their business activities cover almost all business fields, so the contribution of MSMEs is very large for increasing the income for low-income groups of people. In developing MSMEs, the steps used are not merely steps that must be taken by the government and are only the responsibility of the government. The MSMEs as an internal party that is being developed can take steps together with the government. Because of the potential, they can create creative businesses by utilizing the facilities provided by the government. In Penggung Hamlet, MSME is developing the process of bamboo trees into crafts that have a higher value. In addition, this hamlet also has an industry in the form of gula semut which comes from processed coconut. This potential will be maximized if it is accompanied by a structured and coordinated organizational development.

Organizational development according to Siagian in Eviana et al. (2022) is interpreted as a set of concepts, management theories, tools, and techniques for developing long-term planning that links the relationship between work groups and individuals with structural change. Changes in the dynamic business climate force MSMEs to adapt to change by identifying opportunities and threats (Biondi et al., 2012). MSMEs must have strategies and techniques to transform their organizations to be more constructive within the internal
organization. This effort is called organizational development which includes the main organizational aspects, namely superiors as managers and subordinates or staff as executors. The attitude of superiors and staff greatly influences the organizational development of a business (Karakaya & Yılmaz, 2013). Weisbord in Sadalia et al. (2022) revealed that organizational development in business contributes to increasing effectiveness which consists of several dimensions, namely setting business goals, structure, leadership, and improving business management mechanisms. A structured organization can help MSME actors deal with the problems that occur in the entrepreneurial sector at the MSME level. According to Ikhsani & Santoso (2020), several problems are mostly faced by MSMEs, namely limited human resources in mastering technology, financial management, and business planning which are also faced by the MSMEs in Penggung Hamlet.

This problem is very risky to disrupt the stability and existence of the MSMEs in Penggung Hamlet, especially since the area has promising business potential based on the utilization of natural resources in the form of coconut and bamboo trees. Processed coconut is useful as a basic ingredient for making daninira which is the liquid secreted from the flowers of trees from the palm family, such as coconut. The following are some of the advantages of brown sugar compared to granulated sugar (cane sugar) or other sweeteners:

a. It tastes sweet and has a delicious distinctive aroma (sap aroma).

b. It contains minerals.

c. The sugar content (sucrose) is smaller.

d. It contains thiamine, riboflavin, nicotinic acid, ascorbic acid, protein and vitamin C.

e. It can be used for the treatment of asthma, anemia, and leprosy, and accelerating the growth of children.

f. It is good for relieving coughs accompanied by fever.

g. It is good for early food for typhoid sufferers.

h. It is good for diet, reduces pancreatic heat, strengthens the heart, and helps teeth grow so that they are strong.

Meanwhile, bamboo trees are used to make handicrafts in the form of besek. Besek has a great opportunity to become a superior product of the village as a result of handicrafts home industry (Ardiana, 2022). Besek is a container made of braided bamboo that forms a woven pattern. It has a basic rectangular shape and has two parts, namely the bottom as a container and the top as a cover. Besek is a pre-modern cultural work. The term pre-modern used is in accordance with the understanding used by Jakob Sumardjo, namely where people still believe in mystical elements and adhere to transcendental-supernatural beliefs. Each space and time have a different value for pre-modern society and each of them has a meaning.

This basket contains heavy food as a thank you to the invitees. Besek as an object that exists in the culture of the Sundanese people has an aesthetic value that can be observed as an object that gives meaning to every era where it is used. Aesthetic values that are part of cultural objects are elements that enhance the quality of these cultural objects. The aesthetic value of besek can be studied to find out the meaning given. Besek is a cultural work of pre-modern society, so the way to study the aesthetic value and meaning of besek must be adapted to the mindset of pre-modern society.

b. Digital marketing development

Penggung Hamlet is a mountainous area, so it is a coconut tree-producing area and has the most bamboo trees. Therefore, in that area, there are many bamboo crafts better known as besek which are usually used for food as a token of gratitude to the people who have come to an event. People earn income by making bamboo crafts of besek. As an area
with high natural wealth and the potential to drive the village economy, MSMEs in Penggung Hamlet need to digitize their efforts to introduce products and improve marketing performance. This digitalization process is the key to modernization which has an impact on the economy and other social life (Rivza et al., 2019).

However, most MSMEs in Penggung Hamlet are not familiar with the use of digital technology in running their business. There are many reasons underlying the limitations of MSME actors to digitize their businesses, and the most prominent reasons are limited resources and competence (Grooss et al., 2022). Limited resources include supporting digital infrastructure such as the availability of network penetration and supporting devices. Limited digital infrastructure places MSMEs to take high risks to use it (McFarlane et al., 2022). Meanwhile, competency limitations are related to the low ability of MSME players to operate digital devices, both hardware and software. Digitalization has become a hot issue in the industrial sector in recent years generating delays in MSME growth which has an impact on productivity (Maier, 2018). Productivity in this case has a broad meaning, and one of which is the productivity of marketing performance which is commonly referred to as digital marketing.

Digital marketing is a technological development that cannot be avoided in the current era of globalization and technological advances. Almost all lines of life have adopted the digital world. The digital world is predicted to be a crucial point for all human activities, including business activities. Digital marketing is promotional activities and market search through online digital media by using a means such as social networking. The virtual world now no longer only connects people with devices, but also people with other people around the world. Digital marketing, which usually consists of interactive and integrated marketing, facilitates interaction between producers, market intermediaries, and potential consumers.

The platforms that are often used in digital marketing are social media or social networks. Available social networks sometimes have different characteristics. The development of digital technology has made it possible for MSME players to market their products online and make transactions through the online banking system as well. The use of digital marketing has several advantages, including:

- Targets can be set according to domicile demographics, lifestyles, and even habits.
- Quickly visible results so that marketers can take corrective action or change if something is not appropriate.
- Costs are much cheaper than conventional marketing, and wider reach because it is not limited geographically.
- It can be accessed at any time and is not limited in time.
- Results can be measured, for example: the number of website visitors and consumers making purchases online.
- Campaigns can be personalized.
- It can accommodate interactive communication.

One of the digital marketing platforms that is currently widely used is Instagram. Instagram is a social media platform with many followers and a very wider reach, so it is very effective for promoting products. Instagram can convey messages through pictures and videos (Purboyo et al., 2022). The Instagram algorithm can compile big data according to user needs. The way this algorithm works is categorized into several classifications such as interactions, hashtags, Instagram stories, posts, and reposts. This algorithm will be processed through interaction intensity which has a greater chance that the content will be seen by more users (Agung, 2019).
Interactive communication facilitated by Instagram is also able to increase public engagement by up to +6% compared to other social media platforms (Haenlein et al., 2020). The high interactivity of Instagram is the background for various business organizations to use it as a marketing medium to reach their target consumers (Mou, 2020). Instagram can also build brand equity in the minds of consumers so that it can become an effective marketing medium (Park & Namkung, 2022). Brand equity itself can contribute to accommodating information through electronic word of mouth (e-WOM) and can attract customer intentions (Aji et al., 2020). Digital marketing posts can also be attached with an integrated link to attract the attention of Instagram users to see them further (Simona Vinerean & Alin Opreana, 2019).

The besek MSME group already has an Instagram account, but the quality of promotional content on Instagram is still not attractive and interactive. One strategy for successful promotion via Instagram is good quality photos and videos so that they can spark the attention of Instagram users to be interested in products through these images and videos (Khairil Hamdi, 2019). Instagram social media management skills are also needed to maximize this platform in product marketing. With the use of this digital platform, it is hoped that each MSME will develop further in terms of marketing to reach further consumers. This digital platform is also able to assist consumers in obtaining information regarding the desired product so that it is possible to reach MSMEs in Penggung Hamlet.

4 Conclusion

The main purpose of this program is to help improve MSME governance in the Penggung Hamlet of Hargorejo Village, Kulonprogo Regency. This program is carried out to find solutions to the problems faced by MSME actors in the region including product management, financial management and product marketing. This program forms a breakthrough in the form of organizational development for MSME actors in Penggung Hamlet so that they can assist in a structured business management mechanism to overcome product management and financial management problems. To improve product marketing performance, this dedication helps to optimize marketing through digital transformation. Digital marketing is implemented on Instagram because this platform is considered effective as a marketing medium with high user intensity and communication interactivity built into it. Product evaluations delivered through e-WOM attract customers to try the products being marketed. Moreover, the Instagram algorithm based on user interaction will make it easier for consumers to find products through their activities on Instagram. This program also helps MSME actors in Penggung Hamlet of Hargorejo Village to take and post high-quality photos and videos to attract consumers. It is also important to attach links related to product information to digital marketing content to increase consumer interest in buying related products. The innovation provided through this dedication is expected to be able to help MSME actors in Penggung Hamlet of Hargorejo, Kulonprogo Regency to increase their productivity which has a positive impact on the village economy and the local community.

References


