The Challenges of Leadership in Indonesia in Implementing the Digital Transformation of Community 5.0 in the Context of Improving MSME Capacity

Mohammad Aliardo
Institut Ilmu Sosial dan Manajemen STIAMI, Indonesia
Correspondent: aliardo.mohammad@gmail.com

ABSTRACT: The development of information and communication technology, which has now entered the industrial revolution 4.0, has received a new challenge, namely society 5.0 as conveyed by Japanese Prime Minister Shinzo Abe in 2017, which is to combine all aspects of people's lives in the development of digital technology intelligence. The COVID-19 pandemic is a momentum for disruption and changes in people's lifestyles on a larger scale towards a digital society. Leadership is one of the factors that will encourage or hinder the implementation of the digital transformation of society 5.0, including in terms of increasing the capacity of MSMEs in Indonesia. This study uses a qualitative research method, namely by making direct observations and using a question form.

Keywords: Activity-Based Costing, Activity-Based Management, Cost Efficiency.

INTRODUCTION

The development of information and communication technology, which has now entered the industrial revolution 4.0, has received a new challenge, namely society 5.0 as conveyed by Japanese Prime Minister Shinzo Abe in 2017, which is to combine all aspects of people's lives in the development of digital technology intelligence (Deguchi et al., 2020; Potočan et al., 2021). This development will certainly change or disrupt every aspect of people's lives, including aspects of government, business aspects, education aspects, health aspects and even aspects of people's daily social life (Ghosh et al., 2022; Rahmawati et al., 2021).

In Indonesia, disruption has occurred and has even become a phenomenon with the emergence of the Gojek application and various online selling marketplaces, but even so, it has not completely changed people's lifestyles (Azizah & Adawia, 2018; Fitriani, 2021). The COVID-19 outbreak is a pandemic that not only affects aspects of education but also all aspects of people's lives in the world, especially in Indonesia (Marsiding, 2021; Muhajir, 2020). The COVID-19 pandemic is a momentum for disruption and changes in people's lifestyles on a larger scale. This is partly due to the massive and rapid spread of the COVID-19 outbreak and the high mortality rate, so the government implements social restriction policies in various sectors of people's lives (Muhyiddin & Nugroho, 2021; Tuwu et al., 2021).
These social restrictions disrupt various fields, including in the fields of government, education, business, health, and people's lifestyles. In the government sector, some activities are shifted by maximizing the use of digital technology and the internet through work from home or working from home. In the field of education, the government applies online learning patterns or through online media. Likewise in the business sector because many outlets have to close during the pandemic. Including the behavior patterns of people who have started to get used to shopping, working, learning through online media and applications (Mustakim, 2020; Wilson, 2020).

Micro, Small and Medium Enterprises (MSMEs) as one of the important pillars in the economy in Indonesia, also experience and face the challenges of disruption and changes in people's consumption patterns that are currently happening (Nordhagen et al., 2021; Trinh et al., 2020). Many MSMEs have had to close their businesses due to declining purchases and are still dependent on offline sales (Arianto, 2020). In fact, MSMEs play an important role in determining Indonesia's economic growth and development. They account for 99.9% of all businesses/enterprises in the country, provide 94.21 percent of jobs, almost half of the country's GDP, and 14–15 percent of total direct exports (Pranata, 2022).

This is an important note, that increasing the capacity of MSMEs by utilizing digital technology in the form of training, marketing, bookkeeping, including financial transactions and others, is a demand in the current era of disruption that needs to be facilitated by the government (Bai et al., 2021; Permara et al., 2019).

But will the momentum of covid 19 and the disruption that occur will be able to encourage digital transformation towards society 5.0 in Indonesia and increase the capacity of MSMEs digitally? this cannot be separated from the leadership and goodwill of Indonesian leaders towards the ideals and visions of Indonesia to be achieved.

1. Leadership and Change
Leadership is a person's ability to influence a group of people who have the same needs and direct them so that they are willing to do the work according to their direction and ultimately achieve the goals that have been set together (Getol, 2012).

Like leading an orchestra or band, a leader knows when a certain player should be dominant and when he should be soft, what instruments need to be at the front, and when to be behind (Adhi, 2017). The duties and functions of public organizations are not easy, because the success of the service is largely determined by the quality of the leader's work (Amrullah & Riani, 2018; Hasvim & Nurkidin, 2020).

Leadership is one of the factors that will encourage or hinder the implementation of the digital transformation of society 5.0 (Nusantara, 2019). Changes that are successfully carried out in a planned and systematic manner cannot be separated from the role of a leader. In fact, many references and real experiences show the role of leaders as a determining factor for the success of an organization, when going through difficult times in change (Tjitra et al., 2012).

2. Indonesian Challenge
Indonesia has a long list of handicaps, infrastructure is a major problem today and will become more serious in the future. It does not take a genius to understand that Indonesia needs to spend more resources on infrastructure development (Samirin, 2014).
According to Oxford Dictionaries, infrastructure is the basic physical and organizational structure and facilities (e.g. buildings, roads, power supplies) needed for the operation of a society or enterprises (Lubis, 2015).

Talking about infrastructure in the context of digital technology, of course, it cannot be separated from internet technology. Internet technology is a data network that is able to connect the whole world, disguise the boundaries of space and time, and enable various electronic activities such as e-commerce and public data services. With a variety of conveniences and facilities offered, the internet has become an important element in the modern world of communication. With the widespread use of the internet by the public, backbone traffic becomes congested and connection quality becomes a challenge. Internet access providers, both network operators and service providers (Internet Service Providers) competitively provide services with a variety of Quality of Service (QoS) for network traffic (Schauffel et al., 2021; Torkayesh & Torkayesh, 2021).

However, internet access in Indonesia is still considered slow and expensive. The results of measurements conducted by Google on the speed of opening the web on desktop computers and mobile devices in 50 countries in April 2012, Indonesia is the country with the slowest internet speed when accessing via desktop with an average web page loading speed of 20.3 seconds, compared to the fastest is Slovakia with an average speed of 3.3 seconds. If using a mobile device, Indonesia's ranking is better than 50 other countries where in Indonesia it takes an average of 12.9 seconds to open a web page via a mobile device, compared to South Korea's fastest with an average of 4.8 seconds and the slowest is North Korea and United Arab Emirates with an average of 26.7 seconds (Ruth, 2015).

There are five digital economic challenges:

1. Cyber Security Issues, Cyber security is still a major challenge in various countries in terms of the digital economy. Likewise with digital investment in the Indonesian economy. As a developing country with great opportunities, Indonesia has an increasing flow of online transactions every year. This will be a new loophole for irresponsible parties to attack the cyber world. Even our country has experienced 1,225 billion cyber attacks every day.

2. Competition is getting tougher, the digital economy is also bringing tougher market competition. The development of e-commerce seems to be a tap for products from other countries to enter Indonesia easily. As a result, even if local products do not develop, they will be eroded by products from other countries which tend to be sold at affordable prices. For example, the flood of products from China, Singapore, and Japan. Plus, currently there are still minimal products from MSMEs that are included in the realm of e-commerce.

3. Human resource development. The next challenge in facing digital investment in the Indonesian economy is human resources. This is certainly a homework for governments in developing countries such as Southeast Asia, including Indonesia. In 2017, as reported by Kompas.com, Google said that in Southeast Asia, professional resources in boosting the growth of the digital economy were still minimal.

4. Availability of qualified internet access. Similar to the development of human resources, another factor that is no less important is infrastructure. In this case, the important point is the availability of qualified internet access in almost all areas.

5. Regulations that have not kept up with the times. Another challenge is regarding the existence of regulations and legal bases that need to be designed to keep up with the times. The classic law which states that the law always limps to catch up with the times may apply if the rules of
the game regarding the digital economy in Indonesia are not handled optimally (Badan Koordinasi Penanaman Modal Indonesia, 2021).

In general, digital infrastructure is in the form of physical infrastructure, namely communication networks such as optical cables, BTS (base transceiver station), to satellites. It also requires non-physical infrastructure such as radio frequency spectrum and satellite orbits (European Commission, 2017). Digital economy infrastructure is very important to be built and taken seriously, if Indonesia wants to get big profits, especially if it wants to become a major player in the digital economy that is taken into account by the international community (Astuti, 2019).

3. MSME Capacity Building

Glendoh in Trimurti explained that in general the number of small businesses is very large in all countries but their contribution to the value of GRDP is very small because problems that are still inherent include the average level of education and skills of small business actors in general so that productivity and business performance are also low (Nasution, 2018). Some of the obstacles faced by small entrepreneurs are limitations in the areas of capital, market access, access to applied technology, business management and the lack of an entrepreneurial work ethic among small business actors. Most people run businesses in a traditional way, so it's hard to thrive. This happens because of ignorance of the importance of managing a business professionally. The main key to success in developing a business is in business management. Many businesses have gone bankrupt because of poor business management. It doesn't matter how much business capital you have, it will eventually run out if you can't manage it properly. National economic growth could increase if MSMEs increased their business capacity. The reason is that the number of MSMEs in Indonesia is 99.97% with a workforce absorption of 97% and a contribution to the national GDP of 60% (Gaol & Meidiyustiani, 2018; Malahayati et al., 2021).

METHOD

1. Research Methods

This study uses a qualitative research approach. Qualitative research is research based on post-positivism philosophy which is used to examine the condition of natural objects where the researcher is the key instrument and the research results emphasize meaning rather than generalization (Sugiyono, 2019). Qualitative research is a research procedure that produces descriptive data in the form of written or spoken words from people and the behavior they observe (Moleong, 2018).

This study uses the Qualitative Research method, namely by direct observation and using a question form to the participants of the online MSME Capacity Building consultation clinic organized by the Stiami Institute in collaboration with the DKI Jakarta Provincial Tourism and Creative Economy Office and the MSME community who are members of Jakpreneur (the MSME Community that operates is in DKI Jakarta).

The main consideration of using this qualitative method is to uncover phenomena that occur in the real world, through data collection as it is (naturalistic). Qualitative research is naturalistic inquiry, because the data collection strategies used are interactive to discover the natural flow of the events and processes (Syaefullah, 2015).
2. Data collection

Data collection is a process of data procurement (Primary) for research purposes. Data collection is a very important step in the scientific method (Hamilton & Finley, 2019, 2020). In general, the data collected will be used. In general, the data collection methods can be divided into several groups, namely:

1. Direct observation method
2. Method by using questions.
3. Special methods.

Direct observations and questions were carried out at online consultation clinic sessions which were held on April 29, 2021, May 27 2021, and June 28 2021, on 26 Participants of the MSME Capacity Building Consulting Clinic, each of which was divided into 7 areas to be consulted, namely reporting finance, tax reporting, HR, Digital Marketing, Marketing, Branding, and packaging, accompanied by approximately 2 consultant lecturers in each group. Questions and answers to participants were carried out using the google form media which were distributed at the end of the activity.

RESULTS AND DISCUSSION

Based on the questions and direct observations that have been made, the authors can describe the results of the policies of the leadership at the Stiami Institute and the DKI Jakarta Provincial Tourism and Creative Economy Office to collaborate in organizing online business consulting activities, which are called the MSME Online Consulting Clinic, using the media zoom meeting with the public. MSME actors in DKI Jakarta who are members of Jakpreneur as an alternative due to social restrictions caused by the COVID-19 pandemic in Indonesia.

In addition, based on the data that the authors obtained through direct observation, all MSME capacity building participants who took part in the MSME capacity building consultation activity used electronic devices connected via the internet independently in their respective places.

<table>
<thead>
<tr>
<th>Consulting field</th>
<th>Number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>8</td>
</tr>
<tr>
<td>Digital Marketing</td>
<td>7</td>
</tr>
<tr>
<td>Human Resource Management</td>
<td>2</td>
</tr>
<tr>
<td>Branding</td>
<td>3</td>
</tr>
<tr>
<td>Packaging</td>
<td>1</td>
</tr>
<tr>
<td>Tax reporting</td>
<td>3</td>
</tr>
<tr>
<td>Finance report</td>
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Of the 26 participants who took part in the online MSME capacity building consultation activity, all participants stated that the benefits of the online MSME capacity building activity were very good and provided quite good benefits. This can be seen from the answers of all participants who stated that although the consultation was carried out online, the interaction between the consultant lecturers and the MSMEs of the consultation participants could run very well and quite well.

Based on the author's direct observation, several obstacles in consulting clinic activities include:
Several participants in the online MSME capacity building consultation activity experienced several internet network connection problems while participating in the activity. Several Consultant Lecturers who accompanied the online MSME capacity building consultation activities experienced several internet network connection problems when providing consultations to the participants of the activity. Some of the organizing committee for MSME capacity building consultation activities conducted online experienced several internet network connection problems when participating in these activities.

Based on the data above, the use of digital communication technology equipment or devices has become a common thing for MSME actors in DKI Jakarta Province and with the COVID-19 pandemic, people are increasingly accustomed to using digital communication technology devices.

In addition, based on questions posed to MSME actors in DKI Jakarta who participated in increasing the capacity of MSMEs in DKI Jakarta through the MSME Online Consultation Clinic, it showed that, despite a change in pattern, prior to the pandemic and social restrictions, consultations were carried out offline or face-to-face. face to face or meet physically, then changed to online, most of them stated that they still get the maximum benefit. Then the change in interaction patterns from offline or meeting in person to online or remotely mostly stated very well.

In addition, the online activity was attended by these participants and gained enthusiasm from all participants. This was proven by the statement of willingness from all participants to take part in the continued online MSME consultation session held by the Stiami Institute in collaboration with the DKI Jakarta Provincial Tourism and Creative Economy Office.

Furthermore, regarding complaints in the implementation of activities from a total of 26 MSME participants in DKI Jakarta who participated in increasing MSME capacity in DKI Jakarta through the MSME Online Consultation Clinic, some participants complained about the lack of consultation time and suggested that the consultation time be increased. Based on the author's observations, the lack of consultation time for some participants was caused by participants experiencing internet connection problems and consulting lecturers who experienced several internet connection problems so that during the consultation session there were questions or answers that were not conveyed from both participants and consultant lecturers of the MSME Online Consulting Clinic.

**CONCLUSION**

That the process of digital transformation of society 5.0 has started and can be implemented at least for MSME actors in DKI Jakarta. With the COVID-19 pandemic, it can accelerate the process of digital transformation of people in DKI Jakarta in particular and in Indonesia in general. However, the maximum use of digital technology by the public is still constrained by the feasibility and readiness of communication technology infrastructure (such as a stable internet connection) in Indonesia, especially in parts of DKI Jakarta. Therefore, the process of digital transformation of society 5.0 must also be followed by the policies of government leaders to encourage and prioritize the development of digital communication technology infrastructure, so
that there is a synergy between the desires and demands of the times towards society 5.0 with the capabilities and capacities of the available infrastructure.

In addition, in the context of the digital transformation of society 5.0, future Indonesian leaders must also set an example for the community to start using digital technology in daily activities that are currently available and make policies to change work culture, which is usually done offline, now cultivate online work activities.

REFERENCES


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