

## DIGITAL TRANSFORMATION POLICY IMPLEMENTATION MODEL FOR MICRO, SMALL, AND MEDIUM ENTERPRISES IN GARUT REGENCY

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### Abstract

Study This aiming analyze implementation policy digital transformation in Micro , Small and Medium Enterprises Medium Enterprises (SMEs) in the Regency Garut which has not been walk in a way effective . This matter cause MSME performance is not optimal, and low resilience in face competition business . The approach used is qualitative , with data obtained through observation , interview deep , and documentation . Data analysis using scenario planning method and Miles' interactive model and Huberman , as well as theory implementation policy from Ripley and Franklin (1986). Results study show that MSMEs in the Regency Garut Not yet capable maximize digitalization Because a number of obstacles , such as difficulty access to capital, limitations material standard , and challenge in adopt digital technology . Factors This bother improvement performance of MSMEs in general effective And efficient . Researcher Also find that two parameters of the “What's Happening and Why” principle does not walk with good , that is the complexity of government programs And factors external that is not under control . For overcome weakness said , research This offers a more policy model comprehensive through approach partnership And harmonization strategic , as effort For increase effectiveness And efficiency implementation policy digital transformation in the Regency Garut .

**Keywords** : Policy Implementation, Digital Transformation, Micro, Small and Medium Enterprises

### A. INTRODUCTION

The term "digital transformation" is used in academia to describe organizational transformation influenced by digital technology, where this transformation is the result of changes caused by technological advances both in the organizational environment and within the organization itself (Widnyani et al., 2021). Digital transformation and business innovation change customer expectations and behavior, and put pressure on traditional companies and market disruption (Suasih et al., 2022). These changes in customer needs and behavior force companies and general administration to excel in digital transformation, so that many business sectors require digital change and transformation in the processes carried out by organizations or companies (Verhoef et al., 2021).

Over the past decade, more and more countries have begun implementing digital transformation. Improving governance through digitalization not only impacts businesses, but also increases citizen engagement and drives economic growth (Alvarenga et al., 2020). Digital transformation has emerged as a term that describes the shift from digitalization efforts to a complete overhaul of policies, processes, and services to create a simpler user experience for citizens, as well as meet changing user needs (Mergel et al., 2018).

Entering the Industry 4.0 era, there has been an increase in the role of digital technology to the point where it can affect almost all sectors including the economic sector, and the term digital economy emerged. This digital economy continues to grow throughout the world, including Indonesia, as evidenced by the increasing number of internet users (Rahayu, Nina, et al, 2023). The development of the digital economy has occurred significantly, especially after entering the Covid-19 pandemic, causing business actors to innovate to align with new consumer habits (Pramono et al., 2022). This can be seen where until March 2021, 4.8 million Indonesian micro, small and medium enterprises (MSMEs) have joined various marketplaces (Aysa, Imma Rokhmatul, 2021).

The Indonesian government pays serious attention to accelerating digital transformation by formulating the 2021-2024 Indonesian Digital Roadmap consisting of 4 pillars, namely digital infrastructure, digital government, digital economy, and digital society (Sujono & Layli, 2022). The acceleration of digital transformation is supported by the National Digital Economy Framework, the National Medium-Term Development Plan (RPJMN) 2020-2024, the Strategic Plan of the Ministry of Cooperatives and Small and Medium Enterprises 2020-2024, and the Strategic Plan of the Ministry of Communication and Informatics 2020-2024 (Indonesia, 2020). The Indonesian government seeks to utilize the digital economy to increase upstream-downstream efficiency and aggressively contribute added value to the processing industry to the economy (Windusancono, 2021).

Based on the Regulation of the Minister of Communication and Informatics of the Republic of Indonesia Number 2 of 2021, one of the work programs that is prioritized in the Indonesian Digital Economy is the digitalization of MSMEs, namely MSME *Go-Online* or MSME Go-Digital (Muzdalifah et al., 2020). Where this program focuses on *scaling up* MSMEs from micro and small businesses to medium businesses by adopting digital technology. This program is in line with the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 5 of 2021 concerning changes to the strategic plan of the ministry of cooperatives and small and medium enterprises for 2020-2024, where there are strategic targets, namely the transformation of micro businesses from informal to formal and the growth of productive entrepreneurs (Mirani et al., 2022).

In Indonesia, MSMEs have played a very important role in the economy, where almost all businesses in Indonesia are included in the category of small and medium enterprises and micro businesses. Based on the Ministry of Cooperatives and SMEs (2021), in 2020, MSMEs were recorded at 65,465,497 units and contributed 60.51% to Indonesia's Gross Domestic Product (GDP) of over US\$ 1 trillion, and this GDP is a very large figure (World Bank, 2021). In addition,

according to the Ministry of Cooperatives and Small and Medium Enterprises (SMEs), in 2019, MSMEs had also absorbed 96.92% of the Indonesian workforce, MSMEs absorbed around 119.6 million workers, which is a significant percentage of the total workforce in Indonesia.

The impact of digital transformation on MSMEs is increasing agility and changing their business models quickly (Putra et al., 2023). Other impacts of digital transformation on MSMEs are being able to change internal operations and procedures, increase efficiency and effectiveness of performance, reengineer business models, mitigate risks, and ensure the survival of the company (Saariko et al., 2020)).

Adoption of digital technologies has been shown to increase the resilience of small and medium-sized enterprises (SMEs) during crisis situations in developing countries (Corvello et al., 2020), meaning that companies can use digital technologies to help improve their resilience. Digital transformation provides more access for SMEs, allowing them to quickly transform their businesses during a crisis, without large initial investments, and remain resilient throughout the business process. Digital transformation provides SMEs with new options with low investment to market their products and promote their brands (Bacq, Sophie et al., 2020).

Digital transformation in MSMEs is very important and has an important role in the economic life of a country, so the success of MSME digital transformation requires stages of implementation, one of which is in the form of a policy model (Ulas, 2019 ). The implementation of Regional Government Policies will be ineffective and inprofessional if they do not have proper planning. This is related to one another, namely the performance management of policy actors and policy implementation in society (Lei et al., 2023).

This study uses the theory of Policy Implementation from Ripley & Franklin (1986) to assess the implementation which states briefly that there are two main points of assessing implementation. One approach focuses on compliance, whether the implementer complies with the specified procedures, schedules, and restrictions. The compliance perspective prepares a model of correct implementation behavior and measures actual behavior towards it. The second approach that assesses implementation is to ask how it is implemented. What is achieved? Why? This perspective can be characterized as inductive or empirical. Also related to the central question is what happened? and why?. The Implementation of the Garut Regency Regional Government Policy in digital transformation in MSMEs, shows that the program is handled by the designated regional work unit, a program to increase the scale of micro businesses to small businesses, integrate it with the national MSME Go-Digital program, and determine regulations with regional regulations and regent regulations which are the legal umbrella.

## B. METHOD

This study uses a qualitative research approach. To gain a deep understanding of the dynamics and process of implementing digital transformation policies in MSMEs in Garut Regency. This study uses a descriptive method to provide a systematic and factual picture of the conditions of implementing digital transformation policies in MSMEs in Garut Regency. The descriptive method is used to describe the conditions, challenges, and opportunities faced by

MSMEs in adopting digital technology, both in terms of government support and infrastructure and human resource readiness. Data collected through direct observation, in-depth interviews, with key stakeholders, and collection of policy-related documents (Moleong, 2014). In data analysis, this study uses three main approaches, namely the Miles & Huberman (1984) interactive model, inductive reasoning, and scenario analysis. These three approaches are used sequentially and complement each other to achieve a deep understanding of the implementation of digital transformation policies in MSMEs in Garut Regency. scenario analysis method, and the Miles and Huberman interactive model which are designed to project various future possibilities based on the data that has been collected and to provide a systematic framework for analyzing qualitative data. Through this approach, research aims to identify and evaluate the possible outcomes of implemented policies, taking into account various internal and external factors that may influence their effectiveness.

### C. RESULT AND DISCUSSION

#### **Implementation Policy Digital Transformation in Micro , Small and Medium Enterprises in the Regency Garut**

Regency Garut show commitment Serious in developing Micro , Small and Medium Enterprises Medium (MSMEs) through various initiatives , especially in matter digital transformation . Steps This directed For speed up growth economy public in a way significant . With digitalization economy This , UMKM can focus on marketing product globally , expanding range market , and increase Power competition they . Cooperation between Government Regency Garut And Representative of Bank Indonesia (BI) Province West Java in field capitalization become Wrong One step important in support digitalization of MSMEs. Digitalization program the planned economy by BI aims For speed up growth economy in the MSME sector . Through cooperation In this , BI plays a role active in give solution for Government Regency Garut in overcome problem economy public post COVID-19 pandemic .

Data from the Central Statistics Agency (BPS) of Garut Regency, the number of existing MSMEs reached 53,431 units, Garut has absorbed a lot of workers, reaching 97% of the total workforce in the region. The growth of MSMEs in Garut Regency also has a significant positive impact, as evidenced by the increase in MSME turnover from IDR 1.56 trillion to IDR 1.79 trillion in one year. With various efforts made by the Garut Regency Government, it is hoped that MSMEs can continue to grow, make a greater contribution to the regional economy, and provide significant benefits to the local community.

The use of digital technology has opened up valuable opportunities for Micro, Small and Medium Enterprises (MSMEs) to increase their competitiveness in today's fierce market. This is important for MSMEs because this sector is considered the backbone of the economy that is vital to the stability and economic superiority of a country. However, MSMEs still face significant challenges, such as limited access to marketing and finance, lack of management skills, limited access to the latest technology, and an imbalanced relationship with large companies. In addition, the adoption of digital technology has also encouraged the emergence of a new business model

known as the sharing economy. This business model allows the allocation of resources across various sectors, including tourism, hospitality, financial services, and transportation, through online platforms.

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The presence of social media removes the limitations of time and place, making it a crucial strategy in increasing sales of products and services. Society is currently in an era of a new economy and a digital economy, where adaptation to a practical, easy, and fast system has become a necessity. Social media is a very relevant solution in this regard, especially in the trade sector. In this context, MSMEs and home businesses can utilize social media as a tool to expand market reach, promote products or services, and interact directly with potential customers. Thus, social media is not only a platform for sharing information, but also an effective means of developing MSME businesses and helping people adapt to ongoing economic and technological changes .

The initiative taken by the Department of Industry, Cooperatives, Small and Medium Enterprises (UMKM) to initiate digital product marketing activities is very relevant to the development of the increasingly digitalized business era. This step recognizes the importance of adapting to information technology in increasing the competitiveness and sustainability of MSMEs in the midst of a rapidly changing market. Some benefit from initiative as where explained previously is :

1. **Access to A Bigger Market Area** : With utilizing social media And *e-commerce* as a marketing platform , UMKM actors can reach more market wide in a way geographical And demographics . This opens up opportunities to increase sales and grow their business.
2. **Direct Communication with Consumers** : Social media allows SMEs to interact directly with their consumers. This allows them to get direct feedback, understand consumer needs and preferences, and build stronger relationships with their customers.
3. **Providing More Comprehensive Information** : Through social media and *e-commerce* , MSMEs can provide more comprehensive information about their products and services.

They can use attractive images, videos, and descriptions to attract consumer interest and explain the advantages of their products.

4. **Information Technology Training and Education** : In addition to facilitating digital marketing, this initiative also aims to provide training and education on information technology to MSMEs. This helps them to become more digitally literate and optimize the use of technology in their businesses.

Although some MSMEs may still maintain traditional business patterns, this initiative can help them to switch or integrate digital marketing strategies into their business models. Thus, they can remain competitive in an increasingly digitalized market and take advantage of the opportunities offered by information technology for sustainable business growth. Therefore, there are steps in product digitalization marketing aimed at empowering MSMEs to have the ability to master information technology and use social media as a means of product marketing.

To improve the quality of Human Resources (HR) of MSME actors in mastering digitalization, especially marketing products and analyzing market characteristics. It is necessary to involve academic experts and KADIN practitioners in coaching and training activities including Commission B of the Garut Regency DPRD, so that stakeholders transform digitally towards MSMEs. The digitalization product marketing pattern reflects the commitment of the local government in supporting innovation and digital transformation in the MSME realm. Thus, it is hoped that this activity will not only be a step towards digitalization, but also open the door for MSME actors to compete and develop in the midst of the ever-growing digital era.

As a joint effort from various parties and the implementation of the right strategy, MSMEs can take advantage of the potential of digitalization to develop their business and remain competitive in an increasingly digitally connected market. The use of digital marketing by MSMEs is very necessary. Moreover, almost all aspects of life are now digital-based so that the use of digital media properly by MSMEs will increase their competitiveness amidst today's business competition. Digital marketing has a significant impact on increasing MSME income. MSMEs are greatly assisted in all aspects of their business activities by utilizing digital marketing. Now the digital marketing that is most widely used by MSMEs is *e-commerce*, *Facebook*, *Instagram*, and *Tik Tok* as a product catalog, while *WhatsApp Business* is the main media for communication/chat with customers.

For MSMEs, to start and dive into digital marketing does not have to start from the technical aspect, but rather from the mindset and belief that need to be motivated with various activities and training. In addition, mentoring also needs to be done so that MSME units can recognize and adapt to digital technology knowledge so that they can implement it in marketing their products optimally. With a holistic approach and adequate support, MSMEs can build a strong foundation to succeed in digital marketing and utilize the potential of technology for their business growth.

## **Factors That Become Obstacle in Implementation Policy Digital Transformation in Micro, Small and Medium Enterprises Middle School in Garut Regency**

### **1. Difficulty in accessing capital factors**

The classic obstacles that have occurred in the MSME world are negative issues of difficulty in accessing business capital, which slightly hampers the implementation of digital transformation policies for MSMEs in Garut Regency. The results of the analysis in the field that occurred in the MSME world are not entirely true, that MSMEs find it difficult to obtain various business capital. MSME business capital in Garut Regency is not difficult to obtain, ranging from soft loans to grants available from local, provincial, and central governments as well as the banking world such as BI, BRI, BNI, BJB, Bank Syarial, and Cooperatives.

Related to the digital transformation policy of MSMEs to develop businesses through this global network, some MSMEs still have difficulty in adopting digital technology due to the lack of supporting facilities or the low ability to catch up with technology, which affects the improvement of their performance in the era of globalization. The entry of MSMEs into the global network, inevitably must be able to overcome various challenges in cyberspace, and must optimally utilize the opportunities offered by digitalization. Currently, digitalization is a must in various business and business sectors so that business development is much broader, especially in access to developing marketing for various products or network marketing by utilizing existing technology. The digital transformation carried out by MSMEs can improve business performance so that MSMEs can get improvements such as increased productivity, getting new consumers, overcoming competition, and developing product innovation.

The Garut Regency Government recently through the Garut Cooperatives and Small and Micro Enterprises Service (Diskop UKM), in collaboration with Bank BJB Garut, handed over social assistance (bansos) to strengthen capital for 490 business actors. The handover of this social assistance was symbolically handed over by the Deputy Regent (Wabup) of Garut, dr. Helmi Budiman. The assistance is intended for people who really need it and as capital for MSMEs. The number of recipients of social assistance in the 2022 budget year ranges from 1 to 2 million rupiah depending on the level of need.

The banking sector and the regional government of Garut Regency are committed to continuing to provide encouragement in various forms to business actors so that they can survive and continue to develop their businesses through programs that have been provided by the district government and stakeholders who have collaborated with the regional government such as BJB PENTas (Strengthening the National Economy, Resilient and Prosperous). All of this aims to build and accelerate the growth of a business idea to achieve success independently .

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## 2. Availability of materials factor

The factor that is an obstacle in the implementation of the digital transformation policy for MSMEs in Garut Regency is the availability of raw materials for production which are scarce in the market so that the price of raw materials is high and not comparable to production for market demand. MSME production with all its limitations is not easy to increase the price of production results because it is still at the lower middle market level. The scarcity of raw materials for MSME production is a problem because it will be related to the production results and prices produced by MSME production/craftsmen so that when the price of raw materials soars, not a few MSME production in Garut Regency stop production, this is actually what the local government must fight for to handle the raw material price policy so that MSMEs can continue to produce and the results can be marketed through global networks with the support of digital transformation policies for MSMEs.

Currently, Garut Regency has 7 (seven) superior commodities, namely; 1) leather tanning, 2) leather crafts, 3) garut dodol, 4) natural silk cloth, 5) bamboo weaving, 6) fragrant root oil, and 7), garutan batik, which are currently being developed through MSMEs. Regional superior products are one of the determinants of strengthening regional competitiveness. Therefore, good management is needed and until now it is still difficult to develop rapidly. This obstacle should be the local government in the midst of MSMEs to provide solutions for the progress of MSMEs so that they are no longer in a coma. In reality, the effectiveness of business continuity in the seven superior commodities is difficult to know because not all MSMEs are formal companies registered with the Garut Regency Trade and Energy and Mineral Resources Office. A total of 9,070 MSME units that registered as formal companies are only around 12,433 MSME units. This means that around 72.95% of whose business continuity effectiveness can be formally known by the Garut Regency Trade and Energy and Mineral Resources Office. Seeing the conditions as described above, it is increasingly clear that the effectiveness of the sustainability of MSME businesses in Garut Regency is relatively low.

The results of the analysis of the digital transformation policy, especially in the implementation of MSME development, have not been maximized, as indicated by the overlapping implementation of policies and the low active role of MSMEs in participating in development programs implemented by the relevant agencies. From the results of field observations of the performance of institutions related to MSMEs, it can be concluded that the problem related to overlapping policies in MSME development seems to be caused by a lack of coordination between the Cooperatives, MSMEs, and Baitul Maal wat Tamwil (BMT) Office in Garut Regency with the Industry, Trade, Energy, and Mineral Resources Office. Although both have a role in MSME

development, the process of issuing business permits is still in the Industry, Trade, Energy, and Mineral Resources Office .

The relatively low growth of MSMEs in Garut Regency is also influenced by the low absorption of MSME labor (HR), the relatively low work productivity factor, and its location is unknown because not all MSMEs are formal companies. The phenomenon of the still low productivity factor of MSMEs as a whole cannot be separated from the quality and competence of HR. In general, MSMEs still face low quality HR, such as lack of HR skills and lack of entrepreneurial spirit, low mastery of technology and management and market information that must shift to digital transformation in the era of globalization.

### **3. Difficulty factors in adopting digital technology**

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The low productivity factor of MSMEs as a whole cannot be separated from the quality and competence of human resources in the field of digital technology capabilities. So in general, in adopting digital technology, MSMEs still have difficulty due to the lack of quality human resources in the field of digital technology. To catch up, the role of the local government must be present among them to bridge these weaknesses, namely with policy steps and constructive training from MSME actors throughout the jurisdiction of Garut Regency.

The weak mastery of digital technology, management, and market information by MSMEs is a serious obstacle to their development. This inability is influenced by the lack of human resource competence, which is often correlated with the level of education. Many workers in MSMEs only have a basic or secondary education background, such as graduating from Elementary School (SD), Middle School (SMP) and High School (SMA).

The difficulty in knowing the location and whereabouts of MSMEs is due to the fact that not all MSMEs are registered as formal companies. This is related to the problem of legality of business entities and incomplete licensing procedures, lack of healthy business competition, and lack of business location planning and implementation of MSME empowerment through regional autonomy. All of these challenges make it difficult for MSMEs to develop optimally and access the resources needed to improve their performance.

## **An Effective Model in Implementing Digital Transformation Policy in Micro, Small and Medium Enterprises in Garut Regency**

### **1. Compliance Principle**

#### **a. Implementor Behavior**

The results of the analysis of the level of implementer compliance with the consistency of the policy of understanding transparency of information delivered in an accountable manner, so that it has an impact on the process of improving the performance of MSME businesses. Fatmawati Pua Upa (2023) in her research stated that the behavior of an Implementer must be in accordance with the Vision and Mission and Standard Operating Procedures or implementation instructions and technical instructions, the statement can be interpreted that the implementer must be able to work in accordance with the vision -mission and their duties in order to be accountable. The results of this analysis agree with the opinions of public administration and policy experts who generally agree that the level of implementer compliance with policy consistency, understanding transparency, and delivering information in an accountable manner greatly influences the improvement of MSME business performance .

The results of this analysis are in line with the opinions of public administration and policy experts who generally agree that the level of implementer compliance with policy consistency, understanding of transparency, and delivery of information in an accountable manner greatly influences the improvement of MSME business performance. In addition, the principles of justice and participation applied to all MSMEs also determine the quality of the implementation of MSME digital transformation policies to be better. Thus, this condition shows that the implementation of MSME digital transformation policies can affect the performance variables of MSME businesses. This means that the implementation of policies on MSMEs carried out by local governments is getting better. In the end, the MSMEs that are expected in the future are MSMEs that are able to compete internationally with capabilities in terms of both human resources and products that can compete with other countries

#### **b. Policy Implementer Understanding**

The results of the analysis of the implementation of digital transformation policies and MSME development indicate the need for emphasis on focus and effectiveness in their implementation. Although there are many development, training, and education programs offered, MSME participation in these programs is still low. One of the causes of low participation is the overlapping MSME development policies, which require MSMEs to choose between agencies implementing the program. This can be confusing and make it difficult for MSMEs to utilize available resources effectively. In addition, the low motivation of MSME actors or owners to attend development programs is also an important factor.

The low level of MSME development indicates that their business performance is not optimal. One indicator is that the management of MSME business management in Garut Regency still tends to be traditional and hereditary. This is because many MSMEs are family businesses that are managed from generation to generation, with managerial skills formed through experience and passed down from generation to generation. In fact, they only need to be directed for better

development on a global scale by improving existing human resources. Of course, the concept is with various coaching and training using existing technology that they are familiar with, so that when it is implemented they do not feel foreign, but are familiar with it and this will further facilitate the acceleration of digital transformation.

## 2. The principle of What's Happening and Why

### a. The Profusion of Actor

Accountable policies have a basis of justice in implementation and have implications for many actors involved (The Profusion of Actors) and active participation of the community in MSMEs to play a role in the process of implementing digital transformation policies so that their targets and objectives can be achieved. The implementation of MSME policies will have an impact on the effectiveness of business continuity to be better. The results of the analysis show that the governance of MSME owners can be said to be quite good, this is evidenced by the planning of products to be produced adjusted to consumer tastes or market segmentation. The application of technology in the production process has also been running well where all production components can work smoothly in increasing productivity. Business growth and marketing, both aspects can be said to be running optimally even though they must continue to be developed so that they can support the improvement of better MSME business performance throughout Garut Regency .

The local government in transforming this digitalization has several different views in the application of regulations in the jurisdiction of Garut Regency. Its implementation has not reached the expected level. This shows that there is potential for improvement in the implementation of digital transformation programs, including increasing accessibility and efficiency in the use of facilities such as packaging houses for MSME actors that need to be encouraged again by the Garut Regency local government.

### b. The Multiplicity and Vagueness of Goals

MSME business performance must have clear goals and objectives that are more measurable. Clarity of goals will have an impact on the effectiveness of MSME business continuity. If business performance runs optimally, improvements in aspects such as operational efficiency, good financial management, effective marketing, and product or service innovation will encourage optimal MSME business continuity. Digital transformation plays a key role in increasing the competitiveness and sustainability of MSME businesses. By adopting digital technology, MSMEs can improve operational efficiency, increase market access, and expand their geographic reach. Investment in digital transformation not only helps MSMEs survive in a competitive market, but also provides a strong foundation for their growth and expansion both locally and internationally. Through digital transformation, MSMEs can easily adapt to business changes and take advantage of new business opportunities.

Based on the analysis results, it is known that not all MSME owners have the same ability to increase their company's productivity. There are several factors that influence this difference, one of which is the level of experience in running a business that varies between one owner and another. Experience in running a business is the main factor that influences the ability of an MSME owner to manage and increase company productivity. This experience enriches knowledge and

skills in facing various challenges and opportunities that arise in running their business. MSMEs that have extensive experience may be better able to identify creative and effective solutions to increase their business productivity.

c. The Proliferation and Complexity of Government Programs

The local government policy on digital transformation of MSMEs in terms of development and complexity of programs for MSME owners is in accepting the presence of current digitalization because in general MSMEs in Garut Regency are still dominated by traditional and hereditary MSMEs. The ability to accept the conditions of digital modernization in the MSME management system is difficult and requires sufficient time for socialization, so it is less effective if implemented quickly. A persuasive approach or social tradition approach is needed because there are some old MSME owners who are reluctant to accept changes in their management system, on the grounds that they are comfortable and accustomed to running their business and have succeeded in developing their business. This view is certainly different from the young MSME managers in the second and third generations. They are more accepting of changes in their management system by carrying out technological transformation and digitalization in managing their business in general, they develop faster, because their mastery of market segmentation is wider.

The results of the analysis in the field, the ineffectiveness of the implementation of the digital transformation policy for MSMEs related to the development and complexity of the program because they have to deal with the old or conventional business traditions that have been running for decades by MSMEs. Some are of the view that the shift to digitalization will not only change the old pattern to the new one, but also face high costs in technology procurement, require new human resources, its implementation takes a long time because it must be trained, and drastically change the old traditional pattern which will disrupt their business performance. The fear of the MSME mindset must be input for the local government to find other solutions so that they can accept it because it is for mutual progress and will improve welfare. Based on the results of the analysis, it can be concluded that the implementation of the MSME digital transformation policy from the aspect of the development and complexity of the program in Garut Regency has not been effective. The steps taken by the local government, such as business incubation programs, mentoring, training, and cooperation with related parties such as BRIN, as well as helping to improve product quality and global marketing of superior products (branding) that have been owned by MSMEs in Garut Regency.

d. The Participation of Governmental Units at All Territorial Levels

The progress of MSMEs in Garut Regency requires participation in all government units, because it concerns the digital transformation policy that is currently being promoted by the local government so that MSMEs play a bigger role in the international arena. Participation in all government units to build MSMEs in Garut Regency can encourage investment in the economic sector and also encourage sustainable urbanization, in creating a conducive economic environment with policy support to affiliate with digital transformation. The results of the field analysis of MSMEs in Garut Regency in terms of participation in all government units must be carried out

wholeheartedly by local government officials and there is good coordination with relevant agencies so that programs that support digital transformation do not run alone, in order to foster all the diverse efforts in MSMEs. Especially human resources as creative drivers of MSMEs in implementing digital models to switch from traditional management to digital systems that have been the basis for MSMEs.

The Garut Regency Government in implementing the MSME digitalization program has utilized the smart service platform. The platform is in a special application that is a tool for MSMEs to market their products both domestically and abroad. Not all orders can be made through a special application because there are several factors. As an alternative, orders can also be received via the WhatsApp application. It is important to note that if orders are not made through a special application because the Garut Regency Government cannot monitor orders from MSME actors. The application for MSMEs can only be obtained for those whose businesses have been registered with the Garut Regency Industry, Trade, and Energy and Mineral Resources Service. This allows the local government to monitor the development and progress of MSMEs.

e. The Uncontrollable Factors That Affect Implementation

MSMEs cannot be separated from efforts to expand their business scale, especially in uncontrolled factors that affect the implementation of MSME digital transformation policies, they find it difficult to move faster than being left behind. Often these factors hit MSMEs due to the lack of coordination, communication, and collaboration of related agencies so that local government programs that support digital transformation become ineffective. The imbalance in coordination is a new problem in MSMEs because it affects the uncontrolled implementation in making the digital transformation policy a success in Garut Regency. Many MSME business actors have the ability to produce quality products that are able to compete in the market. However, their difficulties are uncontrolled factors that affect the implementation of the digital transformation policy in marketing products that are the mainstay of MSMEs. Limited networks and market access cause production results to not be sold optimally, which ultimately fails to increase production capacity, due to uncontrolled factors that affect the implementation of the digital transformation policy to be ineffective and a burden on MSMEs .

The ability of technology cannot be denied because it is a digital era, technological developments have changed human lifestyles. Even in a transaction in today's society, online shopping is preferred. As a business actor, of course, you must follow these developments. Technology is increasing rapidly and affects many ways, including MSMEs. The development of technology, online systems, and transactions increases materials while using them. If buyers cannot do digital marketing or IT, of course it will have a negative impact, such as difficulty in increasing. There are many things that can be utilized by technology, such as expanding networks, developing businesses, and increasing sales. The use of cashier applications such as Majoo is one solution for MSMEs who want to grow.

Ripley and Franklin's policy implementation theory provides a strong foundation in understanding the compliance mechanism and dynamics of policy implementation. However, in the context of complex digital transformation involving various stakeholders, this theory has

limitations. To overcome these weaknesses and ensure the successful implementation of digital transformation policies in Micro, Small, and Medium Enterprises (MSMEs) in Garut Regency, a more comprehensive Strategic addition is needed. Therefore, the addition of Strategic Partnerships and Strategic Harmonization is very important

#### 1. Strategic Partnership

This strategic partnership includes collaboration between government, private sector, educational institutions, and communities that have the potential to drive the implementation of digital transformation policies. Strategic partnerships allow for more efficient resource allocation, knowledge sharing, and broader support for MSMEs, this is motivated by the Weaknesses of Ripley and Franklin's theory in focusing on the importance of external relations making this partnership essential. Strategic partnerships ensure that all relevant actors are involved and contribute synergistically to policy implementation. Strategic partnerships hold an important essence in gaining a company's competitive advantage. In tight business competition, the ability to partner with other companies is a solution to the problems faced. Especially for Micro, Small and Medium Enterprises (MSMEs), in Garut Regency, companies will not be able to survive if they do it alone. Strategic partnerships create a collective effort with partners through relational capabilities based on trust and commitment to continue to move forward.

Strategic partnerships can be built by utilizing existing business networks, the strength of both internal and external networks plays a role as a support system that can overcome the lack of resources owned by the company. The increasingly dynamic business environment of Micro, Small and Medium Enterprises (MSMEs) in Garut Regency encourages MSMEs to develop certain capabilities that can improve innovation performance. Strategic Partnerships can bridge various business opportunities both internally and externally. Transfer of knowledge and expertise is the key to accessing resources used by Micro, Small and Medium Enterprises (MSMEs) in Garut Regency to continue to innovate. Therefore, partnership capabilities can be a strategic asset for the company to be able to create shared value in an effort to increase business growth .

#### 2. Strategic harmonization

This Strategic Harmonization focuses on the alignment and coordination between various policies, programs, and initiatives related to digital transformation. Strategic harmonization avoids overlap and ensures that all efforts are moving in the same direction. This Strategic Harmonization is considered important because, Ripley and Franklin's theory does not emphasize enough the importance of harmonization between policies. Without Strategic Harmonization, digital transformation efforts can become fragmented and ineffective. The addition of this variable ensures that all policy and implementation steps support each other and achieve the desired goals. By adding Strategic Partnership and Strategic Harmonization, the policy implementation model can be more comprehensive and effective in addressing the complexities and challenges faced in implementing digital transformation policies in MSMEs. It also ensures that all stakeholders are constructively involved and all policies and programs are aligned towards the same goal.

Strategic Partnership and Strategic Harmonization are expected to provide a new way to evaluate and implement policies in the context of digital transformation in MSMEs. These two

variables can add a layer of in-depth analysis to the Ripley and Franklin Implementation model by focusing on crucial aspects that are often overlooked in traditional policy implementation. By exploring the internal and external dynamics that influence policy success, this study is expected to provide more effective and practical direction for policy makers and MSME actors to achieve better results in digital transformation. These two variables also strengthen the understanding of how policies can be designed and implemented to achieve optimal compliance and results in the specific context of MSMEs.

#### D. CONCLUSION

The Implementation of the Digital Transformation Policy in Micro, Small and Medium Enterprises (MSMEs) in Garut Regency has not been fully implemented effectively. This means that Micro, Small and Medium Enterprises (MSMEs) in Garut Regency have not been able to help the community optimally, so that Micro, Small and Medium Enterprises (MSMEs) can continuously develop human resource skills and abilities in the field of digitalization so that Micro, Small and Medium Enterprises (MSMEs) in Garut Regency increase effectively and efficiently and are able to compete and survive in an increasingly competitive business world. There are inhibiting factors in the Implementation of the Digital Transformation Policy in Micro, Small and Medium Enterprises in Garut Regency, namely the difficulty of accessing capital, the availability of materials and the difficulty of adopting digital technology, so that the Implementation of the Digital Transformation Policy in Micro, Small and Medium Enterprises still faces difficulties related to improving the performance of Micro, Small and Medium Enterprises in Garut Regency effectively and efficiently. There is an effective model in the implementation of the Digital Transformation Policy in Micro, Small and Medium Enterprises in Garut Regency by looking at the Compliance Principle and the What's Happening And Why Principle. (What Happens and Why). There are two (2) parameters of the What's Happening And Why Principle that have not provided an effective contribution to the implementation of the Digital Transformation Policy in Micro, Small and Medium Enterprises, namely The Proliferation and Complexity of Government Programs , and The Uncontrollable Factors That All Affect Implementation (Uncontrollable Factors That Affect Implementation)

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