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The Role of Digital Technology in the Development of Small and Medium Enterprises (SMEs) in Makassar

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Abstract

This study aims to analyze the role of digital technology in the development of Small and Medium Enterprises (SMEs) in Tidung, Makassar. In today's digital era, the adoption of digital technologies such as online marketing, e-commerce, and social media has become a crucial factor in driving the growth of SMEs, improving operational efficiency, expanding market reach, and fostering product and service innovation. This research employs a descriptive qualitative approach to deeply understand the utilization of digital technology by SMEs in Tidung, focusing on the benefits gained and the challenges faced in the digitalization process. The findings reveal that although SMEs in Tidung experience significant benefits from adopting digital technologies, such as increased market visibility and operational efficiency, challenges such as limited resources, infrastructure, and low digital literacy remain major obstacles. Therefore, enhancing digital literacy and improving infrastructure support are necessary to accelerate digitalization among SMEs. This study is expected to provide valuable insights for policymakers and SME practitioners to optimize the use of digital technology to achieve sustainable growth and enhance their contribution to the local and national economy.

Keywords: Digital technology, Small business, Medium Enterprise.

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INTRODUCTION

Small and Medium Enterprises (SMEs) play a significant role in supporting the Indonesian economy, both through their contribution to the Gross Domestic Product (GDP) and in terms of job creation. According to data from the Ministry of Cooperatives and SMEs in 2023, the SME sector accounts for around 60% of the total national GDP and absorbs more than 97% of the workforce. In Makassar City itself, SMEs are experiencing rapid growth in various business fields, such as trade, culinary, and creative industries. One of the SMEs that has experienced significant development is Tidung SMEs, which focus on the trade and culinary sectors. However, in the midst of the rapid development of digitalization, Tidung SMEs still face challenges in the use of digital technology as a business development strategy (Putri et al 2023).

In the digital era like now, technology plays a crucial role in strengthening the competitiveness of a business. Digitalization provides various conveniences for SMEs, such as optimizing marketing through e-commerce and social media, improving the efficiency of business management with a digital financial system, and expanding access to customers (Sholihin 2024).

Despite offering various benefits, the adoption rate of digital technology by SMEs in Makassar City is still uneven (Handayani, 2023). Based on data from Bappelitbangda South Sulawesi (2023), only 40% of SMEs have used digital financial management systems, while 55% of business actors still have difficulty accessing digital training that suits their needs. According to the study et al (2024), the use of digital technology by Tidung SMEs is generally still limited to marketing activities through social media, while its application in other fields such as digital financial management and business data analysis is still relatively minimal. Some of the main obstacles that hinder the adoption of this technology include the low level of digital literacy, limited funds, and uneven access to technological infrastructure.

Although various studies have highlighted the benefits of digital technologies such as e-commerce and social media in the development of SMEs, most still focus on more urbanized areas in terms of infrastructure and digital literacy. There have not been many studies that specifically examine how SMEs in areas such as Tidung who are in the midst of urbanization and limited infrastructure deal with digital transformation in daily practice.

This study aims to analyze how digital technology impacts the development of Tidung SMEs in Makassar. This research also aims to examine the benefits felt by SMEs in the use of digital technology, as well as identify the main obstacles that arise during the digital transformation process. By exploring these challenges, this study seeks to design a strategy that can be applied to encourage increased adoption of digital technology among SMEs. It is hoped that the results of

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this research can produce more appropriate solutions, so that SMEs are able to adapt to the digital era in a sustainable manner and make a more optimal contribution to economic growth, both at the local and national levels.

The Role Of Digital Technology In The Development Of Smes

According to Sifwah et al (2024), digital technology has a very important role in encouraging the transformation and development of SMEs, especially in the midst of the current digital era. The use of technology such as digital marketing, e-commerce platforms, and social media provides opportunities for SMEs to reach a wider market, increase efficiency in business operations, and create innovations in the products and services offered. However, according to (Auliya 2024), the adoption of digital technology often faces various obstacles, such as a lack of understanding of digital literacy, limited access to technological tools, and a lack of structured training. Therefore, strengthening digital literacy and active involvement of various stakeholders are the main factors in optimizing the use of digital technology for SMEs.

Digital Transformation And Its Impact On The Performance Of Smes

According to Angelia Putriana (2023), digital transformation refers to the comprehensive application of digital technology in various aspects of business operations, which fundamentally changes the way SMEs run their businesses and deliver value to customers. This process involves the use of various technologies, such as management information systems, online commerce platforms (e-commerce), and social media, to increase efficiency, expand market access, and strengthen business competitiveness. The application of digital technology also faces various obstacles, including limitations in terms of resources, lack of supporting infrastructure, and low levels of digital literacy. (Nashir & Prasetiyo 2025).

The Impact Of Digitalization On Technological Innovation In Smes

According to Nazar and Tertia Salsabila (2024), Digitalization allows SMEs to develop unique resources that can increase productivity and efficiency, as well as provide a competitive advantage. Through the use of digital technology, SMEs have the opportunity to develop more innovative business models, improve product quality, and accelerate the development and innovation process. However, limitations in terms of resources and infrastructure are still the main obstacles in the digitalization process, (Octiva et al 2024).

According to Rianto (2017), Rappaport states that empowerment is a process that allows

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individuals or groups to control their lives. In the context of SMEs, small business actors who are not able to take advantage of digital technology can be empowered through external support such as training and collaboration with those who are more tech-savvy. The findings of this study prove that when SMEs receive assistance, they are able to develop even though they do not master technology at first.

RESEARCH METHODS

` This study uses descriptive qualitative, which aims to analyze phenomena in depth by providing systematic, factual, and precise descriptions of the facts and relationships between the phenomena being studied. A qualitative approach was chosen to thoroughly explore the use of digital technology by Tidung SMEs in Makassar, including the benefits obtained and the challenges faced in the digitalization process.

This research was carried out at UKM Tidung, Makassar City. This location was chosen because Tidung SMEs are one of the business actors that are quite developed and are in the process of digital transformation. The research was conducted during April – May 2025, by adjusting the schedules of the business actors who were the resource persons.

Data Collection Techniques

1. In-depth interview: Interviews were conducted with 5-10 active business actors in Tidung SMEs who have been running a business for more than two years.
2. Observation: The researcher directly observed the operational activities of SMEs, especially related to the use of digital tools or platforms in business activities.
3. Documentation: Collection of secondary data from documents, reports, or digital promotional materials owned by SMEs, as well as government policies related to the digitization of MSMEs.

RESULT

This research involves 10 Tidung SMEs in Makassar who have adopted digital technology in running their businesses. Here is a description of the main findings based on interviews and observations. Use of Digital Technology: Most Tidung SMEs (70%) report that they have leveraged digital platforms such as e-commerce, Grab, and GoFood to market their products. They find it very helpful when it comes to expanding their market reach, especially by using an e-commerce platform that allows them to access a wider range of customers. Use of Digital Promotion, Some SMEs have also used promotions through social media, such as Instagram and Facebook. They feel

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that these digital promotions help attract more customers' attention and increase the visibility of their products. Challenges in Business Development, However, many SMEs (50%) report that despite using digital technology and promotions, they have not experienced significant growth in their business. They face stiff competition, especially from other SMEs that also use the same technology. This causes them to find it difficult to differentiate themselves from competitors and expand the market, and for Quality Products Without the Utilization of Technology There are also SMEs who sell high-quality products, but they have difficulty using technology. Although the products sold are in good demand, they feel constrained by a lack of understanding of technology and digital marketing. This resulted in them having difficulty in expanding the market even though their products had great potential to grow.

Overview of Technology Utilization by Tidung Makassar MSME Actors

This research involved 10 Tidung SMEs engaged in the culinary and trade sectors in Makassar City. The majority of them are home-based micro business actors with a business period of more than two years. In their daily operations, most business actors have realized the importance of digital technology to support product marketing and sales activities, although its application still varies greatly depending on the level of understanding and access to technology.

Mrs. Astuti herself said "usually I use my cellphone to sell on wa or fb usually mom hahaha I send pictures to customers if for that gofood blm use ka because wa sm fb is quite na help" in essence she already knows smartphone technology but can't use an e commerce application yet

Same as Pakde: "I really want to go GoFoof GoFood, I sell it through wa if there is a new order there because I also usually go around here anyway so if you don't use it" is the same as Mrs. Astuti (Geprek chicken seller) if she only uses wa to receive orders and doesn't need an e-commerce apk like GoFood because she feels that passing through wa alone is enough.

Different from Ibu Sari: "I have registered on GrabFood with GoFood, assisted by my son because in the beginning, thank God, I can now accept orders from there, even though not many people really thought so. But it's okay, slowly dlu" Ibu Sari (a yellow rice seller) herself has succeeded in using e-commerce even though she said that not many people have ordered through e-commerce because it is still gradual

Now for Reno and Ayna to say "yes, it helps me a lot with technology now since the GoFood apk is running smoothly, so for me it's very useful for digital technology in the current era" this is said to be the same as Reno and Ayna have the same answer if they succeed in utilizing digital technology in the current era.

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Utilization of Social Media as an Online Marketing Tool

Social media is the most widely used digital platform by Tidung SMEs. WhatsApp, Facebook, and Instagram are used to upload product images, provide pricing information, and establish direct communication with customers. For example, Mrs. Astuti and Pakde rely on WhatsApp to receive orders. They feel that the medium is effective enough to interact with regular customers. However, they have not taken advantage of features such as promotional status, broadcasts, or digital catalog management. This shows that their approach is still simple and has not yet led to a structured online marketing strategy.

Other actors such as Kak Reno and Kak Ayna have used social media to build business identities consistently. They regularly post food content, customer testimonials, and daily promotions. As a result, they admitted to experiencing an increase in orders, especially during active promotional times.

Use of E-Commerce and Digital Platforms

In addition to social media, some SMEs have also used e-commerce platforms such as GrabFood and GoFood. Mrs. Sari is one of the business actors who successfully registered her business to the service with the help of her son. Although orders have not stabilized, their product presence on digital platforms has opened up access to a wider market.

Kak Reno and Kak Ayna also said that the use of the GoFood application helps speed up the transaction process and increase the possibility of getting new customers. They also begin to understand the importance of attractive ratings, reviews, and menu photos to increase visibility in the app.

DISCUSSION

Overview of Technology Utilization by Tidung Makassar MSME Actors

This study shows the dynamics of the use of digital technology by Small and Medium Enterprises (SMEs) in the Tidung area, Makassar, especially those engaged in the culinary and trade sectors. The majority of respondents are home-scale micro business actors with an operational duration of more than two years. In their daily activities, it can be seen that they have an awareness of the importance of digital technology, especially in marketing and sales activities, but the application of this technology is still very varied, influenced by age factors, digital literacy, and social environmental support. From the interviews conducted, the responses of SMEs can include

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Utilization of social media as an online marketing tool

This category is business actors such as Mrs. Astuti and Pakde, who are aware of the importance of digital technology but have not implemented e-commerce platforms optimally. They still rely on WhatsApp and Facebook as marketing and transaction media, because they feel that they have had enough of these methods. Astuti's mother revealed, "I usually use my phone to sell on wa or fb... Send Send Pictures to Customers... "I don't want to be a part of the BJP because it is not enough to support the BJP." This shows a lack of technological literacy that hinders business expansion through more sophisticated digital platforms.

A similar attitude can be seen in Pakde, a geprek chicken seller, who stated: "tena ku issengi that GoFoof GoFood I sell through wa... It's not going to happen." This indicates that even though technology is available, there are still obstacles in terms of mastery of skills or trust in the technology. According to (Qaiyim Asy'ari et al 2022) in the journal Journal of Management and Entrepreneurship, many micro business actors still consider social media as the maximum form of technology utilization, even though there is still greater potential than e-commerce.

Utilization of e-commerce and digital platforms

In this group there are perpetrators such as Ibu Sari, a yellow rice seller, who have started using platforms such as GrabFood and GoFood. She was assisted by her son in the registration process and initial operations: "I have registered on GrabFood with GoFood, assisted by my son... Slow down." Although the orders are not yet high, Ibu Sari is already in the early adoption stage of technology, which shows readiness to integrate her business digitally. This reflects the model of innovation diffusion put forward by Everett Rogers, in which early adopters (early adopters) play a crucial role in the spread of technology in local communities.

The category includes business actors such as Kak Reno the third and Kak Ayna, who stated that digital technology greatly helps their business: "since the GoFood apk is smooth, orders continue to come in." They have made optimal use of the e-commerce platform and felt it optimally and felt the benefits in increasing sales. This proves that if used well, digital technology can be a catalyst for the growth of micro businesses.

Fierce competition is one of the main factors that affect their success. The large number of players using the same technology makes the market even more saturated, making it difficult for SMEs to stand out and get greater profits. In addition, another interesting finding is the existence of SMEs who have quality products but cannot make optimal use of technology. This shows that although high-quality products have great potential, the inability to utilize technology

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can be a serious obstacle in their business development.

Based on the results of the study, most of Tidung SMEs have used social media such as WhatsApp, Facebook, and Instagram as the main means to promote their products. The platform is used to upload product photos, communicate with customers, and receive direct orders. For example, Mrs. Astuti and Pakde prefer to use WhatsApp because they feel that it is quite effective and easy to use. This approach falls into the category of informal online marketing, which, although limited, still helps to maintain relationships with consumers.

Business actors such as Mrs. Sari, Kak Reno, and Kak Ayna have started to take advantage of e-commerce platforms such as GoFood and GrabFood. They have made progress in market access and ease of transactions, especially since they have been assisted by family members to register products and understand the flow of the system. This shows that e-commerce has great potential in expanding the Tidung SME market, but technical support and mentoring are needed to encourage its wider utilization.

CONCLUSION

Based on the results of a study involving 10 Tidung SMEs in Makassar, it can be concluded that the use of digital technology plays a very important role in the development of small and medium enterprises (SMEs). Most SMEs have used digital platforms such as e-commerce, Grab, GoFood, and social media to market their products, which has been proven to expand market reach and increase product visibility. However, although many SMEs have adopted digital technology, most of them still have difficulties in facing increasingly fierce competition. This difficulty hinders their development due to the saturated market and the presence of many competitors who also use similar technologies.

In addition, there are SMEs who have high-quality products but have difficulty in utilizing technology optimally. These constraints hinder their potential to develop further, even though the products they offer have a great chance of success in the market. Overall, while digital technology can support the development of SMEs, factors such as digital skills and the ability to adapt to digital markets are key to success.

SUGGESTION

My suggestion as a student, hopefully in the future the MSME office, or related institutions, can provide more frequent training or direct assistance to MSME actors, especially those who do not understand how to use technology and e-commerce applications. The problem

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is that many people actually want to learn, they just don't know where to start or there is no one to guide them. In fact, if they are helped just a little, they can really participate in developing like those who already understand technology. So it would be nice if there was a program that was routine and directly touched MSME actors in the field. And for MSME actors who already understand technology and have started using e-commerce, don't stop there. Try to keep learning and exploring the features in applications like GoFood, GrabFood, or other marketplaces so that your business grows. If possible, also help other MSME actors who do not understand who knows they can develop together. The problem is that now technology has become a necessity, not just a complement.

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