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ECONOMY AND ITS IMPACT ON PROFIT EARNINGS OF
BERKAH DELIVERY MSMEs**Evi Dwi Kartikasari^{1*}, Siti Afiqah Zainuddin², Amira Jamil³

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This work is licensed under [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/)**Abstract:**

The growth of a region can be seen through its economic growth. The Lamongan economy of Indonesia, based on the amount of Gross Regional Domestic Product based on current prices in 2022 reached Rp 45.44 trillion and based on constant prices in 2010 reached Rp 29.45 trillion. Lamongan's economy in 2022 experienced an accelerated growth of 5.56% after previously growing in 2021 by 3.43%. In terms of production, the Transportation Business Field experienced the highest growth of 15.82%. The digital era gave rise to the phenomenon of the digital economy which later became a trend in the development of the business world. Berkah Delivery is a pioneering MSME in Lamongan engaged in transportation and goods delivery services. Its activities utilize economic digitalization ranging from marketing, online service methods, and payments. This study is intended to examine how implementing the digital economy is carried out and how it impacts profit generation by minimizing operational costs. This research was conducted qualitatively descriptively with case studies and using literature studies. The results of the research are expected to contribute to the right discourse and recommendations for MSME players who implement the digital economy system as a business revolution. The result of this research is that Berkah Delivery Lamongan has utilized the digital economy with its marketing mechanism through social media. The service system also uses an order system through wa and for payment using digital wallets or via transfer. However, the implementation of economic digitalization has not been fully in-depth because of the lack of digital literature. Financial management and payroll systems are still carried out manually, but in this case, it is shown that the operational costs incurred

can be minimized because there is no need to provide physical space or operational maintenance of the building in its business.

Keywords:

Digital Economy, Profit, Earning, MSMEs

Introduction

The economy of a region is the main force in all welfare activities of its people. The digital era appears in the development of the business world through the digital economy (Chala and Poplavska 2020). The existence of digitalization has not been fully adopted by some business people, especially in MSME businesses (Morgan, Huang, and Trinh 2020). Lamongan Regency is recorded to have 7,635 MSMEs engaged in various business sectors. Economic growth data in Lamongan from 2021 to 2022 informs that the business field that experienced the highest growth acceleration was transportation, which was 15.82 percent. This needs to be given special attention in coaching so that the transportation business becomes more developed. People's habit of getting something instantly, without queuing is one of the opportunities in the transportation business, namely the provision of goods delivery services, shuttle services, and goods shopping services (Hasan et al. 2021). Berkah delivery is present in taking advantage of existing opportunities, namely by providing delivery services, shopping for goods, shuttles, and transportation rental. This delivery service is listed as a new startup MSME business that began to develop in 2021 and currently has a crew of 10 people. This blessing delivery business is managed by a student so the implementation of the digital economy should be very easy to adopt. The great potential of MSMEs must be balanced with good management capabilities from their business actors so that there is no failure in the business being run (Aryanto, Hanum, and Syaefudin 2023). Factors that influence the success of MSMEs in today's era include the ability to manage economic digitalization, reliable financial information, and well-managed accounting and management records to increase income (Iluwati, Sherly, and Febriana 2022). Adaptability in the digital era is the main factor needed to increase the profits and operating cost efficiency of MSMEs (Candraningrat et al. 2021). In addition, the use of the digital economy can be in the form of integration in financial management. The problem that often occurs is that most MSME actors have difficulty in implementing financial records for their business operations because there is still a lack of understanding of the basics of financial bookkeeping (Sularsih 2022). Most MSME actors only rely on memory so it often makes it difficult to record finances (Aprilia et al. 2020). This makes it difficult for business actors to know in detail the development of their business. Recording and track record of business performance to facilitate access to capital to expand profits. Technological advances in the digital era have the potential to develop more which is utilized by one of the MSMEs in Lamongan, namely Berkah Delivery, by utilizing marketing, ease of transactions, and financial records. Ease in recording finances and presenting financial reports digitally for MSMEs has been provided by various mobile applications (Harto, Komalasari, and Mustofa 2021). Accounting applications are made to make it easier for MSMEs to manage finances so that they can improve MSME performance. The purpose of this study is intended to examine how the implementation of the digital economy is carried out by MSMEs Berkah Delivery and how it impacts profit generation by minimizing operational costs.

Literature Review

Several points are referenced and discussed in this study, including MSMEs, the digital economy, and Profit earning.

Decision-Making Theory

This theory focuses on the process and activities related to decisions and includes three sub-theories, as follows (Tongdaeng and Mahakanjana 2022). Firstly, the rational-comprehensive theory aims to explain the decision process through a rationale that concerns the top goal of an organization. Secondly, the incremental theory aims to explain the decision-making process that can respond to the actual situation better than the rational-comprehensive theory. Thirdly, the mixed scanning theory originated from the belief that both previous theories have some weaknesses. This theory combines the strengths of the rational-comprehensive theory and the incremental theory. It can be said that executives tend to be rational persons and therefore that they can manage their organizations to fit the external environment to survive (Kitsios and Kamariotou 2021) based on the process of decision-making, which depends on the executive's perception of both positive and negative consequences for the organization, social expectations towards the organization, and the ability to control internal resources to overcome obstacles (Albukhitan 2020).

Understanding MSMEs

MSMEs are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-enterprises as stipulated in the Law (David et al. 2022). Small business is a productive economic business that stands alone and is carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or become part of it either directly or indirectly, from micro-enterprises or large businesses that meet the criteria for small businesses as referred to in the Law (Micro et al. 2024). The criteria used to define MSMEs as stated in Article 6 of RI Law Number 20 of 2008 are the value of net worth or the value of net worth. Property does not include land and buildings, places of business, or annual sales proceeds (Candraningrat et al. 2021). Micro enterprises meet the criteria of having a net worth of at most fifty million rupiah and annual sales of at most three hundred million rupiah. A small business is a business unit that has a net worth of more than Rp 50 million up to a maximum of five hundred million rupiahs and has annual sales of more than three hundred million rupiahs up to a maximum of two and a half billion rupiah (Nurmadi and Novietta 2023).

Understanding Digital Economy

The digital economy was first introduced by Tapscott (Setiawan 2018). According to him, the digital economy is a social phenomenon that affects the economic system, where the phenomenon has characteristics such as an intelligence space, including information, various access to information instruments, information capacity, and information processing. The components of the digital economy that have been identified for the first time are the ICT industry, e-commerce activities, and digital distribution of goods and services (Fuadi, Akhyadi, and Saripah 2021). The digital economy is all economic activities that utilize technological sophistication, namely the internet and artificial (AI) (Nata and Haryono 2022). The digital economy utilizes technology, and all processes in it can run faster and more efficiently. The digital economy is very different in concept from classical or conventional systems because it uses the help of advanced technology (Fuadi et al. 2021). The digital economy requires understanding the characteristics of winning the competition. The digital economy is the result of the transformation of traditional economic activities, products, and services into digital form. It is based on the internet and supported by electronic means (Nurmadi and Novietta 2023). The digital transformation of the economy has led to the creation of new business models, new products and services, and new ways of doing business. This digital economy is growing rapidly and is expected to continue in the coming years (Fuadi et al. 2021). The digital economy

works similarly to the traditional economy but with a few key differences, namely by producing goods and services that are exchanged for money. The difference is that products, channels, and currencies are digitized in the digital economy (Tongdaeng and Mahakanjana 2022).

Understanding Profit

Profit is the excess of total revenue compared to its total expenses. She also called net earnings or net earnings (Zulfa Irawati 1981). Operating profit is the result of the company's ongoing normal operations. Net profit is the positive difference in sales minus fees and taxes. Net income is presented in the income statement by juxtaposing revenue with expenses (Widyartati and Umkm 2017).

Table 1. Previous Research

No	Title	Author, Year	Research result
1	Development of the Creative Economy in the MSME Sector During the Covid-19 Pandemic	Hasan, Muhammad Noercahyo, Aji Rani, Annisa Etika Salshabilla, Natasha Alief Izzati, Siti Nusaibah (2021)	The results of this research show that there are various ways to develop the creative economy in the MSME sector during the COVID-19 pandemic, including by providing promotions for the products offered, product updates, improving services, and digital marketing.
2	Re-Evaluation of Regulations Regarding the Digitalization of Micro, Small, and Medium Enterprises in Increasing Competitiveness in the Digital Economy Era	Kurniaty, Rika Dewantara, Reka (2021)	The research results show that the challenge for MSMEs in adapting to the use of information technology in the digital economy era is the Mind Set of MSME actors who do not consider business digitalization or the Covid pandemic as a challenge or opportunity to carry out business development to improve welfare. The Government's role in this condition is very important to increase the inclusiveness of MSMEs in the digital economy
3	Scale Up Business and Digitalization of BUMDes Governance Retno Sembodo in Forming Community Economic Independence	Wardana, Wardana Fitrianna, Hafizh Suhartanto, Suhartanto (2022)	The result of the implementation of this service is an increase in the ability and insight of BUMDes manager Retno Sembodo and Baturetno village residents regarding organizational management governance, digital literacy, financial literacy, and entrepreneurial insight. The implication of the results of this service is the development of a BUMDes management guide model that can be used as a reference in the digital transformation process and increase the business scale of its business units.
4	The Influence of Digital Payment Gateway (OVO) on the financial	Umniyah, Dedi Mulyadi (2023)	Payment gateways provide tools to process payments between customers, businesses, and banks. Payment is the most important part of a transaction

	performance of MSMEs		between customers, businesses, and banking institutions that are both used
5	The Effect of Payment Gateway on the Financial Performance of MSMEs	Lestari, Deka Anggun Purnamasari, Endah Dewi Setiawan, Budi (2020)	The result of the t-test and the coefficient of the determination indicate that the Payment Gateway variable significantly influences the financial performance of SMEs measured by sales revenue.
6	Etc.		

Source: Some Previous Research Processed By Researchers, (2024)

Research Methods

This research was conducted qualitatively descriptively with case studies and using literature studies. The object in this study is Berkah Delivery which is an MSME in Lamongan. The reason for choosing the object of this study is because MSMEs in the type of transportation business in Lamongan are experiencing an increase in income, one of which is the Berkah Delivery MSME business which is a Startup MSME business founded by a young man with minimal initial capital until year to year there is an increase in turnover, the number of crew and the type of services offered. The research is carried out qualitatively to want to explore in-depth information on the object of research then it will be described by researchers in a language that is commonly understood after data reduction is carried out. Research data was obtained by interviews with owners, and crews of 10 Berkah Delivery customers who were taken randomly. After the data is obtained, a literature study is carried out on previous research with the same theme to explore information and add elaboration in the description of research data. The research data used is primary data. Research data was obtained through interviews with the owner and crew of 10 Berkah Delivery customers who were randomly taken. After the data was obtained, a literature study was carried out on previous research with the same theme to explore information and add elaboration to the description of the research data. Data analysis was carried out by data reduction. The stages are collecting data from informants in the form of interview data, then reducing it, selecting data that is by the required theme, and then presenting it by combining the data with a literature review, after that conclusions are drawn to be interpreted in the research results.

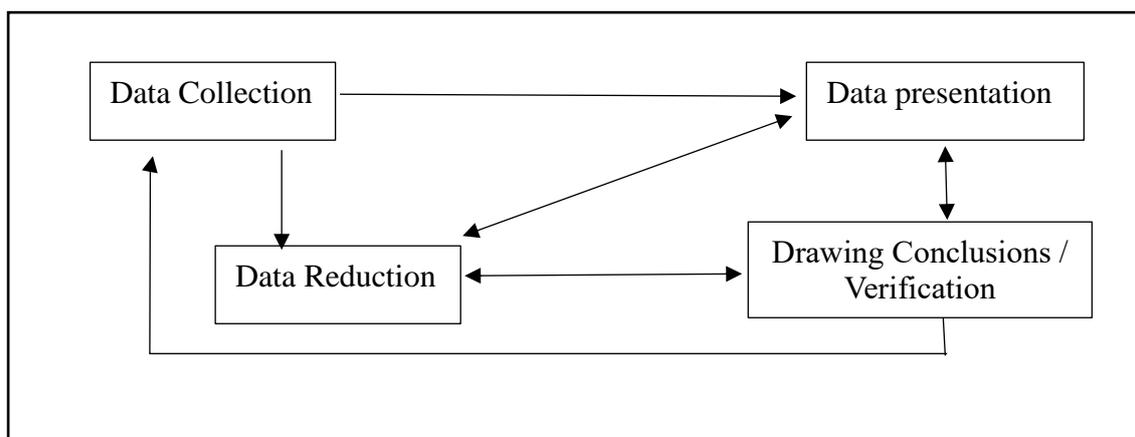


Figure 1. Data Analysis Process

Results And Discussion

This study is intended to examine how implementing the digital economy is carried out and how it impacts profit generation by minimizing operational costs. Based on the results of

research in the field of digital economy implementation conducted by MSMEs, Berkah Delivery Lamongan has utilized the digital economy with its marketing mechanism through social media. The marketing model carried out by MSMEs Berkah Delivery Lamongan is by making a design flyer and then placed in WhatsApp stories, Instagram, and web ads, Berkah Delivery will also store customer contact numbers which will then send messages in a flyer containing daily motivational sentences accompanied by a business logo. This is intended as a marketing strategy that seems polite but will be in demand by customers. The service system also uses an order system via WhatsApp or message delivery on other social media accounts, this is done to provide ease of service to customers and is considered faster to be served. In terms of financial technology, MSMEs Berkah Delivery Lamongan utilizes the lifestyle of the current era, namely the convenience of payment services using digital wallets or via transfer but also still accepts if customers want to pay in cash. Based on the results of the study, it is also known that the implementation of economic digitalization has not been fully in-depth due to the lack of digital literature and accounting. Financial management and payroll systems are still done manually. This is because the admin and crew recruitment system chooses the share from the bottom, namely where young people are willing to work hard without any special qualifications about understanding technology or accounting. In the aspect of the impact on profit generation, information on profits generated before utilizing digitalization in this economic activity was obtained with more than a 60% difference every month. This is because the operational costs incurred can be minimized because there is no need to provide physical space or operational maintenance of the building in its business, and in terms of promotion there is no need to print brochures or pay for paid advertising, but only by utilizing social media. Customers are also increasing because the payment options offered are considered to provide convenience for customers. Based on the results of the literature review, the results of the analysis of the Strategy for Empowering MSME Actors by utilizing the digital economy are as follows:

Table 2. Strategy Analysis Of MSME Empowerment Go Digital Through Social Action

No	Aspects	Analysis Results
1	Identification	<ul style="list-style-type: none"> a) Collaboration between the government, private sector, and self-help groups is needed in assisting MSME actors b) The social community contributes to the problems faced by MSME actors in the face of economic digitalization c) The concept of social entrepreneurship is oriented towards the problems faced d) MSME Volunteers are needed to assist business actors with digitalization
2	Opportunity and obstacle factors	<p>Chance:</p> <ul style="list-style-type: none"> a) Open wider market access b) Helping MSME Actors to upgrade c) Marketplace provides convenience for concernsments to buy products d) Changes in cement behavior provide market opportunities for MSME players <p>Obstacles:</p> <ul style="list-style-type: none"> a) Human resources are still low on understanding the digital economy

No	Aspects	Analysis Results
		<ul style="list-style-type: none"> b) Unsustainable training and lack of a supervision system as a follow-up result of training c) Uneven internet access
3	Empowerment strategy	<ul style="list-style-type: none"> a) Community participation-based approach to foster self-reliance b) Creating a social community platform to facilitate the needs of MSME actors as a forum for learning together c) Through the Digital Economy Clinic in the development of human resources in the use of technology
4	The pattern of coaching MSME actors to be able to implement the digital economy	<ul style="list-style-type: none"> a) Developing formal, non-formal, and informal education systems by designing curricula to the needs of developing the digital economy of MSME actors b) Improving digital literacy skills through the millennial generation as the main actor because they are more literate about technology and can be used as agents of change c) Conducting training, focus group discussions, courses, and ongoing technical guidance on coaching MSME actors d) Creating learning media in the form of online motivational videos to support independent learning for business actors e) Assisting in product marketing through applications regarding technical in the application of e-commerce f) Cultivating the entrepreneurial spirit of the millennial generation through entrepreneurial classes through training, seminars, technical guidance, and e-learning g) Conduct ongoing training and monitoring out of training

Source: Some Previous Research Processed By Researchers, (2024)

Conclusion

In this study, it was concluded that MSMEs Berkah Delivery Lamongan have followed the digital economy. The implementation in its activities is carried out very simply, namely in the aspect of marketing by utilizing social media, and financial technology services in accepting customer payments have a choice of digital wallets. However, in its business activities, the digital economy has not been applied to financial reporting or business performance. So far, all reporting, both financial and performance, is still done manually so that it still allows human error and the practicality of supervision cannot be done. By utilizing the digital economy, it is conveyed that business operational costs can be reduced to increase operating profits. There is a savings of 30% reducing operational costs when the digital economy is implemented. Net profit in a business automatically increases due to reduced operational costs. It is hoped that the "Berkah Delivery" business can take advantage of the digital economy in terms of financial recording so that control carried out by the owner can be carried out easily so that when financial problems occur they can be immediately detected and resolved. The literature review of previous research conducted on MSMEs is summarized in 4 aspects, namely identification,

opportunities and obstacles, business expansion strategies, and plans for coaching patterns that can be done to maximize the digital economy. In this case, there needs to be intervention from the local government and the MSME community to provide technology literacy and financial literacy education so that both can be applied optimally in running a business to increase operating profits. The contribution of this research is that theoretically, it can increase knowledge in implementing decision-making theory in solving problems of digital economic phenomena to maximize the profits of a business. The prices of the objects studied can be used as material for future evaluation so that the profits achieved can be maximized, namely by maximizing the use of the digital economy through the adoption of technology from operational activities, activity reporting, and supervision. Suggestions for further research on the same theme are that a more in-depth study be carried out regarding the problems of implementing the digital economy and other factors related to profit generation, to get a more precise picture of the research results.

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