



# Digitalization Strategy for MSME Development: Innovation, Partnership and Sustainable Solutions for Local Economy in Malang Regency

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ARTICLE INFORMATION	A B S T R A C T
<p>Received: July 25, 2023 Revised: Mei 17, 2023 Available online: July 30, 2024</p>	<p>This study aims to discuss the government's strategy and collaboration in developing digital-based MSMEs to restore the regional economy. The fundamental problems of MSMEs in Malang Regency Government are declining sales (44%); capital (27%); distribution (12%); difficulty in raw materials (9%), and experiencing production problems (8%) decline in MSME sales turnover reaching (77.6%); asset decline reaching (42.7%) and workforce reduction reaching (46.1%). This study uses a qualitative research method with primary and secondary data collection. The data analysis uses Miles Huberman's theory to analyze data and draw conclusions. The results of this study indicate that the Malang government's strategy for restoring the community's economy is through a collaborative approach with the private sector and the community. The collaborative strategy is realized through digitalization with the 'Pasti Bisa' application and virtual expo exhibitions to increase promotion and branding to increase business growth and improve the regional economy. Therefore, strategic partnerships and digital innovations encourage business growth and increase local revenue and stakeholder participation to improve transparency and accountability. Effective coordination between the government and private sector is often an obstacle to realizing a more robust and inclusive business ecosystem to enhance economic development.</p>
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## INTRODUCTION

This research discusses the development of MSMEs which has been the main problem in improving the community economy in Malang. MSMEs are form of business practice that is quite popular among the public. MSMEs also be referred to as business activities or businesses producing goods and services carried out by individuals, groups and business entities (Vii et al., 2008). The community are engaged in the MSMEs sector and even make MSMEs one of the driving wheels of the economy in the business sector, the MSMEs sector experiences a decline then the economy will automatically be affected. The important roles are also carried out by MSMEs such as providing employment, reducing poverty, unemployment, inequality in income distribution and overcoming the problem of excessive urbanization (Wulansari et al., 2017).

The decline in MSMEs marketing has an impact on MSMEs productivity and requires the regional government to create innovations as a form of solution to restore MSMEs productivity. MSMEs governance as a strategy is a step to regulate the MSMEs development process. Various obstacles faced by MSMEs such as limited capital, technology, difficulties in marketing, limited access to information about market opportunities, human resources (workforce), who have low soft skills. Therefore, local governments need to provide training or educate the community so that they can foster the entrepreneurial spirit of the community, capital for business development, and technological assistance in improving the quality and quantity of production.

In 2020, Indonesia and all countries faced the problem of disease outbreaks and this had an impact on all aspects of life, namely changes in activity patterns, health, education, economy,

social and politics (Sarwoko, 2009). This impact is also felt at the regional level included Malang Regency. Malang Regency is an area with a fairly good economy, but since the pandemic, the economy has experienced a decline. Many communities have experienced a reduction in employees and not only the MSMEs but also experienced a decline (Tirtana et al., 2020).

The government has issued an appeal to the public to stay at home and has had a significant impact on economic stability. The Policy of Enforcing Community Activity Restrictions has had a major impact on MSMEs. This policy has made it increasingly difficult for MSMEs. There have been changes in consumer purchasing patterns which of course have an impact on MSMEs businesses. The decline in buying and selling has an impact on the development of MSMEs. The capital issued by MSMEs may not operate and not return capital due to the absence of transactions (Hanim et al., 2022). Even though in a pandemic situation there are MSMEs that continue to produce the product, MSMEs exhibitions can be held freely these MSMEs sell and introduce their own handmade products. This situation means that people have to stay at home because of government restrictions and policies that urge people not to leave the house, making it impossible for consumers to stay outside the house for long just to buy a product. This makes MSMEs have to re-arrange their business strategies and they can accommodate the effects of existing problems and policies.

MSMEs are often trapped in problems with limited capital, production techniques, marketing, management and technology. In an effort to improve the capabilities of small businesses in order to expand their role in the national economy, integrated and sustainable development is needed to overcome these various

problems, especially those originating from limited knowledge, information and capital (Sulistyo, 2010). With the existing problems and policies, this has an impact, especially on micro business actors. Five factors are the cause of the decline in micro and ultra-micro business activities in Malang Regency, the first is declining sales as a result of people's purchasing power falling, the second is raw material difficulties, the third is hampered distribution activities, the fourth is financial shortages. Capital, and the last, micro business actors who have experienced production problems (Agus Supriyadi, 2020).

The MSMEs in Malang Regency has decreased to 425 thousand. The decline in the number of MSMEs has had a major impact on the community's economy, especially in villages (Fizriyani, 2020). The results of a study by the Regency Cooperatives and Micro Enterprises Service (CMES) on 686 MSMEs showed that the basic problems experienced by MSMEs in Malang Regency were as a result: Sales fell (44%), capital (27%), hampered distribution (12%), raw material difficulties (9%), and production problems (8%) decreased MSMEs sales turnover to (77.6%); the decrease in assets reached (42.7%) and the reduction in workforce reached (46.1%) (Islami et al., 2021).

Based on the conditions, the government acting as a facilitator should be able to immediately take action and create a strategy the condition of MSMEs in Malang to operate and develop in the midst of the rampant epidemic, the economic stability of Malang can still be maintained (Soedjito, 2018).

MSMEs must receive priority treatment because they support the economy in the Malang area and even nationally and also play an important role in expanding labor absorption (Budiarto et al., 2018). When the government provides strategies for developing MSMEs and assistance, this also help the government itself to improve the economy for the government. The Government support in the field also requires attention it is right on target and expectations. The government's efforts by Indonesia to develop MSMEs are competitive by providing facilities for MSMEs to go online to produce 8 million MSMEs that can enter the online market platform (Nilasari et al., 2019). The program proposed by the Malang Government is in the form of facilitating MSMEs providing a website and application via [umkm.co.id](http://umkm.co.id) and MSMEs can definitely (Compilation et al., 2021). The [umkm.co.id](http://umkm.co.id) website covers all MSMEs in Malang Regency at different scales; on the other hand, the MSMEs application can be reserved exclusively for MSMEs players who have successfully completed curation. Additionally, the government is getting ready to upgrade and participate in the digital market place. Trade transactions and social interaction could take place in the traditional or modern market that served as the interaction space between buyers and sellers in society (Helmi Supriyatno, 2021). There are several products, including 217 food categories, 120 fashion products, 96 beverage products, and 106 handcraft products, in the MSMEs "Pasti Bisa" application (Department of Communication and Informatics, 2020). Given the foregoing context, the research team is interested in carrying out additional studies on the topic of "Development of the Digital-Based MSMEs Sector to Improve the Economy in Malang Regency."

## METHOD

The type of research used is qualitative research. Qualitative research with descriptive and detailed analysis (Kusumastuti & Khoiron, 2019). This approach is subjective in practice, with a tendency to emphasize theory more and a more visible research process. According to Creswell (2016) defines qualitative

research as a research methodology that delves into the meanings of several persons or groups of individuals who are affected by social problems. Therefore, qualitative research in this instance can look at a single organization or service (the Malang Regency Cooperatives and MSMEs Service in this case), but it can also look at everything that might be connected to the Malang Regency government's development plan for MSMEs during the pandemic.

Additionally, two data sources—primary and secondary—are used in this study. The primary data itself takes the form of information obtained through in-person interviews with various parties, including staff members who work with MSMEs, MSMEs actors must be able in Malang Regency, and the heads of the Micro Business Empowerment Division and Cooperatives and Micro Enterprises Services in Malang Regency. In the meantime, secondary data can be found in publications discussing economic improvement and the development of the digitally-based MSMEs sector, as well as in the Strategic Plan of the Malang Regency Cooperatives and MSMEs Service.

Data collection techniques in this research include observation, interviews and documentation (Maulida, 2020). The focus of the research studied is the development of the digital-based MSMEs sector to improve the economy. The researchers carried out observations to obtain this data by observing the Malang Regency Cooperatives and Micro Enterprises Service which of course handles the development of MSMEs in Malang Regency.

In this research, the focus of the interviews is related to the development of the digital-based MSMEs sector to improve the economy in Malang Regency and this is of course carried out with the Head of Service and Head of Division of the Malang Regency Cooperative and Micro Enterprise Service, apart from that interviews will be conducted with MSMEs actors in Malang Regency with focus of the interview was related to the problems of MSMEs development. Documentation is a data collection technique by collecting and analyzing documents, both written, images and electronic. According to Sugiyono (2015:329), documentation is a method used to obtain data and information in the form of books, archives, documents, written numbers and images in the form of reports and information that can support research (Darmalaksana, 2020). In qualitative research methods, the results of the analysis do not depend on numbers but are based on data analyzed from various views. The research carried out included data collection, data preparation and data analysis activities (Huberman, 1992).

## RESULTS AND DISCUSSION

### Collaboration between Government and Private Sector to develop of Innovation

Collaboration is a form of cooperation, interaction and compromise that originates from several elements related to individuals, institutions and parties involved directly or indirectly who receive the consequences and benefits. The values that underlie collaboration are the same goal, common perception, willingness to process, providing mutual benefits, honesty, goodwill and community-based (Haryono, 2012). The formation of collaboration, whether carried out between individuals or between institutions or organizations, is very important (Choirul, 2020).

The government has a responsibility to ensure society welfare, governance and sustainability through policies, program

strategies and increased cooperation. The government policy to improve the economy of Malang Regency is carried out through the MSME digitalization program and in collaboration with stakeholders. The form of cooperation in developing programs is through the development of digitalization, branding, procurement of goods and services, and virtual expo. This cooperation has an impact on MSME governance, digital literacy, and increasing community welfare.

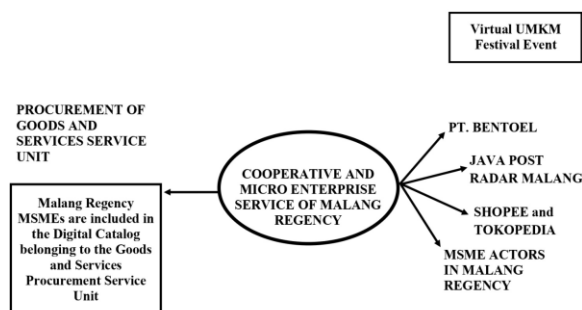


Figure 1. Collaboration process to improve of economic development

Collaboration process in local economic development is carried out with 3 private sectors, and MSME actors. The Cooperatives and Micro Enterprises Office of Malang Regency acts as the leading sector by carrying out the mission of improving the regional economy. The private sector provides digital-based services to facilitate branding, promotion and increase sales. Meanwhile, MSME actors are the beneficiaries of the digitalization program to increase product sales through the use of the MSME “Pasti Bisa” application which is used to promote of market products through digital catalogs.

Collaboration implementation between Malang Regency government and PT Bentoel to support economic growth. PT. Bentoel contributes to helping MSMEs through the donation of 75 laptop units as support for facilities and infrastructure in improving, restoring the economy of the community and MSMEs, as well as an opportunity to improve the digital economic sector.

Implementation of collaboration between the Malang Regency government and PT Bentoel to support economic growth. PT. Bentoel contributes to helping MSMEs in Malang Regency through the donation of 75 laptop units as support for facilities and infrastructure in improving, restoring the economy of the community and MSMEs, as well as an opportunity to improve the digital sector economy. In addition, collaboration was carried out with Jawa Pos Radar Malang through a product title program for shopping festival activities as an effort to develop branding and increase the selling power of MSME products.

The Malang Regency Cooperative and Micro Enterprises Office also collaborates with Shopee and Tokopedia as platforms that support the UMKM “Pasti Bisa” application. Shopee and Tokopedia are online transaction platforms used by many people in Indonesia. The impact of the collaboration with this platform is that local economic growth can be built and effective. The collaboration with Jawa Pos Radar Malang, PT. Bentoel, Shopee and Tokopedia were carried out at one time during the shopping festival activity through the Virtual Festival by involving Malang Regency UMKM actors as participants in activities carried out

by the Malang Regency Cooperative and Micro Enterprises Office.

The CMES Regency also carries out collaboration with the Goods and Services Procurement Service (GSPS) Unit by providing training for Malang Regency MSMEs actors so that they can be included in the Local E-Catalog owned by Malang Regency. The MSMEs actors can participate in becoming providers, goods and services and help the development of Malang Regency MSMEs, where their products can also be better by the wider community. The result of the collaboration with the GSPS unit is that there are 1,400 Malang Regency MSMEs who are included in the Local E-Catalog and become providers of goods and services.

The existence of a development model through online market provision and with the development model through the procurement of online markets and the UMKM “Pasti Bisa” Application owned by the Malang Regency Cooperative and Micro Business Service, the government provides facilities to improve the capabilities and competitiveness of UMKM. Through the UMKM Pasti Bisa application, UMKM can carry out promotions using digital marketing techniques massively. So that with collaboration with other parties, it also makes the strategy for developing and improving the local economy very appropriate and effective. Collaborating with other parties, the strategy carried out by the CMES is very appropriate to be implemented and the implementation of this collaboration can also facilitate the programs or strategies.

## Training and Coaching to Improving of Human Resources Quality and Capacity Development

### a. Digitalization Training to Improve the Economic Development

Digitalization of MSMEs is an effort to digitalize the marketing of MSME products as an effort to increase sales growth. The development of increasingly sophisticated technology has become an opportunity and challenge for the government and the community in marketing and selling their products online (KKN-DR Group of 200 Hinai Kanan Village, Langkat Regency, North Sumatra State Islamic University 2021, 2021). Digitalization is also leading to the convergence of information application products and processes that can perform a variety of audio-visual and computing functions (Wuryantai, 2013). Digitalization is the process of transferring media from printed form to electronic form (Asaniyah, 2017). Digitalization requires equipment such as computers, scanners, source media operators and supporting software (Sukmana, 2016).

Economic improvement is a change in level or improvement in conditions from a weak economy to a better economy or experiencing progress from the previous economy (Syamsiyah, 2018). MSMEs in Indonesia have an important role in national economic development, especially in economic growth and reducing unemployment, while also being able to encourage the acceleration of regional development (Siagian, 2021). According to Prof. Simon Kuznets, there are six characteristics of modern economic growth, namely the very fast growth rate of population and product per capita, the development of community productivity, rapid structural level growth, high levels of urbanization, expansion in developed countries, the flow of goods and capital. and people in various countries (Yunianto, 2021).

In improving the economy of Malang Regency, especially in the MSME sector, the CMES Regency certainly has ways to

overcome existing problems and has now entered Society 5.0. with modern technology and considerations in improving the economy (Sumadi, 2021). In order to support the economic improvement, the CMES is holding training for MSMEs and held by the CMES Regency is in the form of digitalization training, one of which is on boarding training for the MSMEs goods and services procurement service unit.

This digitalization training was carried out that the MSME actors who have met the criteria and provisions can be included in one of the goods and service providers in the Malang Regency Local E-Catalog which is managed by the GSPS Regency unit. This business is effective to be implemented and can take part in completing the needs needed by Malang Regency and develop their businesses.

The implementation of On Boarding training is a digitalization training for coaching MSMEs. The purpose of this coaching is for MSME actors in Malang Regency to understand the requirements to enter the digital storefront owned by the Goods and Services Procurement Service Unit. In addition, MSME actors are also taught how to enter and become one of the fillers of the storefront and providers of goods and services in the storefront owned by the Goods and Services Procurement Service Unit. The existence of this digital training is very helpful for MSME actors to increase marketing in economic development.

MSMEs have the potential to improve the community's economy, reduce unemployment rates, and have the potential to become a source of foreign exchange for the country. By utilizing digital marketing, business actors can increase their sales income. Of course, this is also supported by mastery of technology. Through the use of digital marketing, marketing in the micro, small and medium business sector is expected to maximize the community's economy so that it can grow inclusively and sustainably (Astuti & Kunci, 2021).

Digitalization is a key element in the development of MSMEs in Malang Regency, especially in the modern era that is increasingly digitalized. Traditional marketing of MSME products through limited local markets is now increasingly developing into digital platforms, such as e-commerce and "PASTI BISA" Application. The Malang Regency Government has encouraged MSME players to utilize digital technology to expand market reach, increase product visibility, and reduce dependence on conventional marketing. Through various training and digital infrastructure support, MSME players are encouraged to adapt to digital trends in order to compete in a wider market, both nationally and internationally.

However, the main challenge in the digitalization of MSMEs in Malang Regency is the limited access to technology and the ability of human resources which are still limited in several areas. Several MSME players, especially in rural areas, have not fully mastered the use of technology and digital platforms optimally. In addition, digital infrastructure, such as uneven internet access throughout the district, is an obstacle to accelerating the adoption of this technology. To overcome this, it is necessary to improve the quality of more structured digitalization training and increase internet access in remote areas. The government and the private sector can collaborate to provide solutions that support more inclusive digitalization.

Despite the challenges, digitalization remains a great opportunity for MSMEs in Malang Regency to strengthen their competitiveness. Digital marketing allows MSMEs to reach consumers more widely, introduce local products with e-commers. With the right marketing strategies and develop of

collaboration with stakeholders, such as optimizing application, using paid advertising, and utilizing social media effectively, MSMEs can maximize the potential of digital marketing. Support from the government and technology partners in the form of technical assistance and providing online marketing platforms will also play an important role in accelerating the strengthening of digital-based MSME marketing in Malang Regency.

#### **b. Increasing the capacity of MSMEs through character building development**

In entrepreneurship, character building development is needed for business actors. Character building development in MSMEs is important to prepare superior human resources in the digitalization era. Character building development will form human resources that can optimize technology into a business or business development. In addition, character building development is expected to be able to increase practical entrepreneurial insight for workers, provide benefits and development for business actors and the community. Character building development is also able to increase entrepreneurial productivity and be able to compete and innovate in the field of entrepreneurship.

The building character development carried out by the CMES is currently only providing short motivation and providing testimonials from MSMEs actors who have experienced the ups and downs of their business until the business is successful. But, building character development for MSMEs actors must be thought by the CMES Regency.

The development of character building for MSMEs can be thought about considered by the CMES. Building character development is one form of implementing factors that influence economic growth. One of the influencing factors is Human Resources. Human Resources itself is an indicator of economic development in a nation that is able to accelerate and even slow down the process of economic growth in a country (Ukkas & Kasran, 2023). The development of building character is also expected to be one of the steps to achieve increased economic growth literacy with new technology.

Character building development for MSMEs in Malang Regency is a crucial aspect in building business sustainability and competitiveness. Characters such as discipline, responsibility, creativity, and high work ethic are very important for business actors in facing the challenges and dynamics of a competitive market. The Government has attempted to provide training that not only focuses on technical skills, but also the formation of a strong entrepreneurial mentality through empowerment programs and entrepreneurship training. This approach aims to equip MSMEs with the values of integrity, leadership, and better adaptability.

However, the implementation of this character development still faces several challenges. One of the main challenges is the low awareness of some MSME actors about the importance of character values in the long-term success of their business. Many MSME actors are more focused on achieving quick profits than building a strong foundation of ethics and character, which are actually the key to business sustainability. In addition, character building development also requires a long-term and consistent approach, which sometimes gets less attention due to the lack of access to ongoing training and mentors who are able to guide them personally.

On the other hand, MSMEs with strong characters are better prepared to face business changes and challenges, such as

changes in market trends, increasingly fierce competition, and the impact of the economic crisis. A strong character allows business actors in Malang Regency to remain innovative, survive in difficult conditions, and be oriented towards sustainable growth. Therefore, the development of character building not only serves to improve the quality of individual business actors, but also has a positive impact on overall local economic growth in Malang.

**c. Fostering Entrepreneurship Insights for Malang Regency MSMEs**

The CMES is also improving the quality of human resources for MSMEs actors by fostering entrepreneurial insight. Training provided by the CMES and conducted to develop their businesses. The training program is also intended so that Malang Regency MSMEs can promote their products through modern markets or digital marketing, however, from the training carried out by the CMES Regency, it is still felt that there has not been a significant change but the Regency's MSMEs products Malang is becoming better known in the modern market. The training held by the CMES Regency is also a form of selection for MSMEs that can enter or pass the curation in the CMES Regency CMES "Pasti Bisa".

In 2021, the CMES has carried out a total of 52 training from June 2021 – September 2021. For example, various types of training include training in making processed agricultural food and drinks, training in making crafts, training in making various pastries and there is also technical guidance on business legality. These trainings were carried out by the CMES to bringing in various resource persons who were experts in their fields. The training was carried out at the Malang Regency PLUT-KUMKM Building. This training is a form of guidance from the CMES to MSMEs actors in developing entrepreneurial insight, the businesses owned by MSMEs actors can develop even more than before.

Determine factors the success and failure of a technical and managerial improvement program include the readiness of the participants or MSMEs who take part in the program in receiving the material provided during the training or program (Rohmah, Nuruli, 2018). The training can also be influenced by the usefulness of the training material provided and the readiness of the training provider in providing training, resulting in the fact that there has not been a significant change in MSMEs actors according to the CMES Regency of Malang and the economy entrepreneurs should always be enthusiastic and think ahead to improve themselves and rise from adversity (Hasan et al., 2021).

Entrepreneurial insight development for MSMEs in Malang Regency is an important factor in strengthening their ability to manage and develop their businesses sustainably. Entrepreneurial insight includes an understanding of innovation, risk management, marketing, finance, and the ability to adapt to market changes. The development program carried out by the local government, through entrepreneurship training and business mentoring, aims to improve managerial skills and provide a better understanding of how to take advantage of existing market opportunities. With this knowledge, MSMEs are expected to be more proactive in developing their businesses and optimizing regional potential.

**d. Business Planning and Marketing Strategy for MSMEs Regency of Malang**

In carrying out the development of MSMEs, Malang Regency has a business plan that is implemented the needs and interests of MSME actors. This business plan can answer the problems by MSME actors in Malang Regency. The business plan owned by the Malang Regency Cooperative and Micro Business Service as follow:

**Table 1.** Business Planning of the Malang Regency Cooperatives and Micro Enterprises Service.

MSME Problems	Action Planning	Strategy
MSME sales have decreased due to not being able to sell their products offline due to the Covid-19 pandemic.	Planning for digitalization for MSME players so that their businesses can continue to run.	Carrying out virtual exhibitions and a digital catalog application,
MSMEs still cannot run their businesses online.	Plan digitalization training for MSMEs players so they understand how to market products online.	Carrying out digitalization training, one of which is <i>On Boarding</i> training.
MSMEs still don't understand how to provide good packaging so that their products look attractive.	Plan training related to packaging so that products owned by MSMEs can look more attractive when marketed online.	Carrying out packaging training for MSMEs so that MSMEs' product packaging can look more attractive than before.

*Source: Data is processed from various sources*

In carrying out the implementation of marketing strategies, of course the CMES Regency of Malang must have a previous business plan. This business planning aims to ensure that the marketing strategy implemented by the CMES Regency of Malang can be better organized. The problems faced by MSMEs actors must of course be considered by the CMES Regency of Malang, the businesses and products owned by MSMEs actors can be better known by many people, not only in Malang Regency but also outside Malang.

Business planning carried out by the CMES plays a crucial role in creating an ecosystem that supports the growth and development of cooperatives and MSMEs in the region. This planning includes various strategic initiatives such as empowering business actors through training programs, access to capital, and market and technology development. In addition, the office also focuses on providing assistance to cooperatives and MSMEs to improve product quality and business management. This planning is designed to ensure that MSMEs not only grow in quantity, but also have the quality and competitiveness to survive in an increasingly competitive market.

However, the implementation of this business planning faces several challenges, especially related to equal access for all MSME actors, including those in remote areas. In addition, effective coordination between the Cooperatives Office and the private

sector or financial institutions is often an obstacle to realizing a stronger and more inclusive business ecosystem. Therefore, the sustainability of this planning program requires better cross-sector synergy, ongoing supervision, and comprehensive evaluation to ensure that the programs implemented can have a direct impact on the growth of micro businesses and cooperatives in Malang Regency.

The promotion and branding of MSMEs must be implemented, especially in the current era where we live side by side with technology, digitalization of promotion and branding is certainly very effective for MSMEs players. Through the internet, humans can access the outside world, exchange news with other people and get the goods or needs they want via the internet. MSMEs players could be implementing about good promotional strategies and branding of their production products to grow. The CMES is trying to help MSMEs in promoting their production goods through modern markets using digital marketing techniques.

### The Impact of MSMEs Development on Improving the Economy in Malang Regency

The development of MSMEs in Malang Regency has a significant impact on the local economy, especially in terms of increasing employment and poverty alleviation. By utilizing the potential of local natural and cultural resources, MSMEs in Malang Regency contribute to economic diversification, encouraging the growth of sectors. In addition, the development of MSMEs also increases community income and encourages innovation and entrepreneurship at the local level. However, challenges such as access to capital, technology, and marketing still require more attention from the government and related parties to ensure the sustainability and competitiveness of MSMEs in the wider market.

Development of MSMEs is an effort made by the government, business world and society to empower regency through providing facilities, mentoring guidance, strengthening assistance to grow and improve the capabilities and competitiveness of MSMEs (Adhiningsih et al., 2016). The development of MSMEs is very strategic in driving the national economy, considering that their business activities cover almost all business fields so that the contribution of MSMEs in increasing income for low-income groups (Anggraeni et al., 2013). The development of MSMEs carried out by the CMES Regency has also resulted in products owned by Malang Regency.

According to Law Number. 20 of 2008 that Development is an effort made by the Government, Regional Government, Business World and society to empower Micro, Small and Medium Enterprises through providing facilities, guidance, assistance and strengthening assistance to grow and improve capabilities. and the competitiveness of Micro, Small and Medium Enterprises (Law of the Republic of Indonesia Number 20 of 2008).

The improvement in the Malang Regency MSMEs economy cannot be seen directly, because MSMEs actors do not report their turnover. MSMEs actors who are independent and in running their business cannot be seen significantly, because sometimes they sell products according to existing orders. What can be seen from the development of digital-based MSMEs is that many Malang Regency MSMEs who have passed the curation already have legality in accordance with existing regulations. The

improvement that can be seen directly is from the administrative side.

Digital MSMEs development can be an alternative for developing MSMEs in the digital economy era. Developing digital MSMEs is also one of the strategies to save MSMEs so that they continue to exist (Raharja & Natari, 2021). Various MSMEs digitalization development programs can accelerate the digital transformation process in Indonesia's digital economic ecosystem, which can make MSMEs compete on the international stage (Arianto, 2020). There is a manifest function in the form of increasing the number of sales and turnover obtained by entrepreneurs through digital marketing, while the latent function is in the form of changes in the lifestyle of rural communities who have become consumptive since becoming acquainted with the world of the internet (Wastutiningsih & Dewi, 2019).

The development of MSMEs carried out by the CMES Regency of Malang has a good impact on the businesses they own, one of which is through digital training as well as digital exhibition events and the MSMEs application of "Pasti Bisa". MSMEs players felt an increase in sales compared to before after participating in the event and entering the MSMEs application of "Pasti Bisa". The products owned by Ayu Endah are increasingly known to the wider community than before.

### CONCLUSION

In developing the digital-based MSMEs sector to improve the economy in Malang, the CMES Regency of Malang is making strategic innovations to improve the economic value. The first is collaborating with the private sector to assist Malang Regency MSMEs. This collaboration is carried out so that the presence of third parties can at least slightly help existing problems. This form of cooperation obtained from third parties can assist both in terms of the knowledge provided and in material and financial.

The second strategy is promotion and branding, especially in the current era where we live alongside technology. The promotion and branding by digital is undoubtedly very effective for MSMEs players. The CMES Regency of Malang is trying to help MSMEs promote their production goods through modern markets using digital marketing techniques. The strategy of the CMES is have a Virtual Expo Exhibition and the MSMEs application "Pasti Bisa". The Virtual Expo Exhibition and the existence of the MSMEs website and application "Pasti Bisa" are new strategies for promoting and branding products owned by Malang Regency MSMEs.

The impact of developing MSMEs is significant because the economy of Malang Regency has increased. The development of MSMEs carried out by the CMES through training and coaching indeed produces effective results. The development of MSMEs carried out by the CMES has also resulted in products owned by Malang Regency MSMEs being looked at by Malang Regency government officials. The impact can be seen in the development of digital-based MSMEs. Malang Regency MSMEs that have passed the curation already have legality following the improvement of existing regulations from the administrative side.

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