Digital Transformation for Micro, Small, and Medium Enterprises to Develop Sustainable Community-Based Marine Tourism

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Abstract

Marine tourism is a leading commodity in Indonesia, including East Java Province. However, many believe that tourism development can cause multiplier effects on social, economic, culture, industry, and technology. Therefore, Community-Based Tourism development is needed to suppress the negative effects of those phenomena. Tourism development can be supported by MSMEs (Micro, Small, and Medium Enterprises), but unfortunately, they were paralyzed due to the Covid-19 pandemic at the beginning of 2020. During this unfortunate time, all sectors were forced to stop their activities. In this case, digitalization is a strategy that MSMEs must take to maintain the continuity of marine tourism in the new normal. This study aims to discover the role of MSMEs, the role of youth, and the digitalization process in developing marine tourism objects at Bangsring Beach. This qualitative descriptive study was conducted by interviewing the surrounding community at Bangsring Beach (Banyuwangi, East Java). The results showed that MSMEs and youth played a role in developing marine tourism objects on Bangsring Beach. Furthermore, the youth dominated the digitalization process of this development.

Keywords: CBT; youth; MSMEs; marine tourism

Introduction

Marine tourism is the leading sector in the Indonesian economy (Ali et al., 2020; Sayogi, 2017). It is reported that the tourism sector increased by 8.4%, and its contribution grew by 91.6% in 2016. Tourism also gained IDR 184 trillion from foreign exchange and absorbed 6.2% of labor (Ministry of Tourism of the Republic of Indonesia, 2017). Tourism development provides a
multiplier effect (Saputra & Rodhiyah, 2016). In East Java Province, tourism development has been formulated in the 2019-2024 Medium-Term National Development Plan (Rencana Pembangunan Jangka Menengah – RJPM). Improper management in this sector will trigger new problems for the community and the environment (Kurniawati et al., 2020). However, it can be suppressed through the Community-Based Tourism (CBT) method (Acha-Anyi et al., 2021).

CBT can increase empowerment and improve community welfare (Kurniawati et al., 2020). MSMEs affect 99.99% of the Indonesian economy (Kurniawati & Siddiq, 2020) and support tourism development (Sidiq & Resnawaty, 2017). MSMEs are intended to create an independent, advanced, fair, and prosperous society supported by qualified and competitive human resources (Ministry of Cooperatives and MSMEs of the Republic of Indonesia, 2019). We believe that youth is adaptive human resources and the front liner of economic and tourism development. Their knowledge of technology is a stimulus for such advancement (Prabawati, 2019). Unfortunately, the older people, aged 40 to 50, dominate MSMEs—they have minimum knowledge of technology (Kurniawati, 2020).

The issue is worsened with the Covid-19 pandemic. In addition, several government policies such as work from home (WFH) regulation, social distancing implementation, large-scale social restriction (Pembatasan Sosial Berskala Besar – PSBB), and closing several social facilities inhibit the state’s economy and community activities (Government Regulation of the Republic of Indonesia Number 21 of 2020). Moreover, the closing of tourism objects has affected tourism actors, including MSMEs. Nevertheless, after the new normal era, the tourism objects in several areas have been reopened.

The recovery process in the new normal era requires extra time and energy. Nowadays, tourism managers are challenged (Lewis et al., 2021) with the shifting pattern of tourists’ behavior who often use technology to find tourism-related information and transactions. The adoption of information technology and innovation can increase the competitiveness of MSMEs. As a result, MSMEs will be able to survive this pandemic. Another study revealed that digital access could minimize the impact of the pandemic and become a driving strategy for survival (Mandiri Institute, 2020). The study entitled “MSMEs Digitalization by Youth for the Development of Sustainable Community-Based Marine Tourism at Bangsring Beach in the New Normal” was carried out to analyze the role of MSMEs, the role of youth, and the digitalization process in the development of marine tourism objects at Bangsring Beach.

**Literature review**

**MSMEs and youth**

MSMEs are described and regulated in Law Number 2 of 2008. MSMEs refer to an individual-owned business entity standing independently and are not a subsidiary or branch of a company owned and controlled either directly or indirectly by medium or large businesses. MSMEs are classified based on sales turnover and the number of workers. Seen from the sales turnover, Micro Enterprises have a maximum turnover of IDR 300,000,000, Small Enterprises have a maximum turnover of > IDR 300,000,000 – IDR 2,500,000,000; while Medium Enterprises have a maximum turnover of > IDR 2,500,000,000 – IDR 50,000,000,000. Referring to the total workforce, Micro Enterprises have one to four employees, Small Enterprises have five to 19 employees, and Medium Enterprises have 20 to 99 employees (Law of the Republic of Indonesia Number 20 of 2008).

MSMEs are integral parts of a community’s economic activity supporting a nation’s welfare. Several studies describe MSMEs as the shadow economy (Suyanto, 2014). However, MSMEs positively contribute to the country’s economy (Elgin & Erturk, 2019). In terms of quantity, MSMEs are the most dominating business sector in Indonesia (99.9%). In 2018,
Indonesia had 64.1 million MSMEs (or 99.99% of the industry), and the number continued to grow. MSMEs also contributed to employment for 116.9 million (61.07%), which helped to increase GDP (Gross Domestic Product) by IDR 8,573,895,000 (61.07%) per year. The contribution of MSMEs in non-oil and gas export activities was recorded at IDR 293,840,000,000 (14.37%) (Thaha, 2020). With that number, MSMEs become the business sector that has the highest contribution to Indonesia’s GDP. Due to the extensive positive impacts mentioned above, MSMEs are the most strategic business sector that can be developed (Kurniawati, 2020). In the economic sector, MSMEs act as (1) main actors, (2) the most dominant job provider, (3) the key in community empowerment, (4) the primary developer of the local economy, (5) the creator of new markets as a source of innovation development, and (6) the most significant contributor to state revenue through export activities (Mandrysz, 2020; Tefera & Dlamini, 2021).

MSMEs and youth also have a strategic role in developing a country, including the development of the Indonesian economy and tourism. Youth is defined as citizens aged between 16 to 30 years old representing a critical period of growth and development (Regulation of the Minister of Youth and Sports of the Republic of Indonesia Number 32 of 2016). Youth is also regarded as the front liner of a nation’s development. Indonesia, to date, is dominated by youth. The youth’s superiorities, including its knowledge and understanding of today’s development, especially in terms of technology, are expected to be the catalyst in developing the nation. It is believed that youth have various potentials, great fighting power, big enthusiasm, much energy, creativity, innovative ideas, and a flexible lifestyle that can be developed and fostered in a better direction. In addition, youth can be a liaison between local potential and tourism (Hiryanto et al., 2016).

**Digitalization of MSMEs**

In this digital era, every individual and business entity is required to use technology. Qamari et al. (2020) pointed out that innovations were created to provide many positive benefits. Digitalization has disrupted the conventional trading system, leading to new complexities (Novita et al., 2021). Nevertheless, the application of digital technology offers many advantages, such as (1) expanding market reach, (2) reducing the allocation of infrastructure costs, (3) minimizing budget expenditures, and (4) providing more affordable prices to customers (Wijoyo & Widiyanti, 2020). Digitizing the system can be done through social media such as Instagram, Facebook, Twitter, Whatsapp, Path, LinkedIn, and email (Matura et al., 2021) added that it was possible to carry out digitalization with the help of search engines like Yahoo and Google or other platforms such as blogs and websites (Qamari et al., 2020). Therefore, it can be said that the proliferation of online markets has shifted people’s references and shopping patterns (Rohimah, 2019).

**Sustainable marine tourism in East Java**

Ali et al. (2020) wrote that Indonesia was a unitary state with long coastlines. With this geographical condition, marine tourism in Indonesia deserves to be developed because it holds enormous potential. Marine tourism consists of swimming, diving, sailing, surfing, fishing, and other marine-related activities as the main attraction in coastal ecosystem areas (Kesuma, 2019). The Office of Culture and Tourism of East Java Province focuses on marine tourism development both on the north and south coastlines of East Java. The south side stretches from Pacitan, Trenggalek, Blitar, Malang, Lumajang, and Banyuwangi. Meanwhile, the north coastline covers Probolinggo and Madura (KOMPAS, 2016).

Sustainable marine tourism does not deplete the economic, social, cultural, and environmental resources. Over the past few decades, sustainability has become the focal point
of the world in tourism development. Sustainability is not just about controlling and managing the negative impacts of industry (Matarrita-Cascante et al., 2010). It aims to economically and socially benefit local communities, increase awareness, and support environmental conservation (Kurniawati et al., 2020).

**Community-based tourism (CBT)**

Tourism cannot be separated from the role of local communities in the development process. Community-Based Tourism (CBT) is closely related to sustainable tourism development (Prabawati, 2019). It creates a management model considered capable of suppressing the negative impacts of tourism development on the environment and culture. In addition, CBT is expected to positively impact the economy of the surrounding community (Kurniawati et al., 2020). This concept can maximize profits for the surrounding community by making local communities the subject of economic and tourism activities (Arintoko et al., 2020; Litheko & Potgiter, 2021). In addition, the community has a vital role as a job provider and can increase people’s income through their entrepreneurial activities (Mearns & Lukhele, 2015).

The Long-Term Development Plan (Rencana Pembangunan Jangka Panjang – RPJP) of Indonesia focuses on CBT and its sustainability. Besides minimizing damage to the environment and local culture, CBT is also expected to optimize visitor satisfaction and maximize long-term economic growth. Some of the keys in regulating sustainable tourism development through CBT are assistance from the government, community participation, and stakeholders’ contribution. This well-established synergy can be seen in fair profit sharing, sustainable use of local resources, as well as institutional strengthening (Nurhidayati, 2012).

**Note on methodology**

This study was qualitative-descriptive that used for a descriptive study. This type of research is used in social phenomenology. Qualitative-descriptive is a research method that moves on a simple qualitative approach with an inductive (Yuliani, 2018). This flow starting with process or explanatory event that can finally be drawn a generalization which is a draw conclusions from the process (Kim et al., 2016). The data collection techniques were divided into two parts: primary and secondary data. Primary data are collected directly in the field through observations, field measurements, documentation, and interviews. Interviews were done at Bangsring Beach (Banyuwangi, East Java Province) involving the community around the area. The instruments used to measure and collect primary data were qualitative questionnaires, a camera, and a recording device. Secondary data were obtained from a second source or information such as literature complementary to primary data. In this study, the secondary data were obtained from relevant agencies regarding the development of the Bangsring Beach Tourism Area (Banyuwangi, East Java Province) through documentation.

**Results**

Banyuwangi is one of the regencies in East Java Province with tourism potential of significant impact on regional progress. Banyuwangi also becomes a favorite destination for foreign tourists, and many tourist attractions in Banyuwangi have an international reputation. In addition, Banyuwangi is widely known for its natural scenery, making this regency one of the favorite tourist destinations in East Java.

Bangsring Beach, Bangsring Village, Wongsorejo District, Banyuwangi Regency, East Java Province is located at approximately 8°4’10.29” South Latitude and 114°25’23.26” East Longitude. The beach is in the Bali Strait and is approximately 10 kilometers north of Ketapang Harbor. Bangsring Village is famous for its marine tourism managed by local fishermen who call themselves Bunder, standing for Bangsring Underwater. Next to Bangsring Beach, there
is Tabuhan Island, famous for its natural beauty. It takes 30 minutes from Bangsring Village to reach Tabuhan Island using a fishing boat (Hindrawan, 2016).

Before 2008, most fishermen at Bangsring Beach caught fish and took coral reefs using bombs, trawls, and poison. As a result, a lot of coral reefs and small fish were damaged from the bombing. The fishermen at that time had realized that their hunting method would damage the environment, but they kept doing that because it was their livelihood. Mr. Sukirno, the chairman of “Samudra Bakti” and manager of Bangsring Beach, said that, before 2008, the people could do fish bombing without being afraid of being arrested by the authorities because they paid extortion to certain people for protection. Therefore, to change these harmful and destructive actions, the government needs to provide an equivalent solution as a substitute for their livelihood.

Mr. Sukirno added that Bangsring Beach was established in 2008 when the local people started to change their mindset—they realized that it was crucial to preserve nature. As a result, they changed their livelihood from coral reefs and ornamental fish hunters using bombs and trawls to conservation actors. These fishermen named their tourism awareness group “Samudra Bakti”. At that time, Mr. Zainal, another local fisherman, noticed that those methods had damaged the ecosystem, not only the broodfish but also the eggs. Mr. Zainal and other fishermen realized that bombing, trawling, and poisoning would threaten the ecosystem and the sustainability of their livelihoods due to the long growth and recovery of coral reefs and fish. In 2014, the community of Bangsring Beach started to build floating houses, replant coral reefs, farm ornamental fish, and plant pine trees around the coast to prevent abrasion. This effort cannot be separated from the community’s participation because some of the lands around the tourism area used to be private properties of the people.

Discussion

The role of MSMEs in developing marine tourism objects at Bangsring beach

Economic movement through MSMEs is one of the components that support the development of marine tourism. It also applies to marine tourism at Bangsring Beach, Banyuwangi, with its potential to be developed. As a developing tourism object born on the initiative of the local community, most of the business and business actors in the development of Bangsring Beach marine tourism are MSMEs. Community involvement as MSMEs’ actors in Bangsring Beach emerged since the establishment of this marine tourism. Currently, MSMEs in Bangsring Beach provide attractions, food and beverages, souvenirs, and guest houses. The attraction and guest house are run under “Samudra Bakti” management, while the food, beverage, and souvenir sellers are managed personally by each owner. All of these businesses are established on the private property of the owner. Apart from working as MSMEs actors in Bangsring Beach, “Samudra Bakti” members are also chili and onion farmers and consumption fish fishermen.

There are 20 stands of MSMEs selling food and beverages. Freshly caught seafood is the main menu offered at Bangsring Beach altogether with other menus. Young coconut is tourists’ favorite drink. The young coconut comes from the community gardens around Bangsring Beach. However, the community only sells food and beverages to date, serving only basic menus such as grilled fish, fried squid, fried shrimp, and so on. MSMEs at Bangsring Beach also sell souvenirs, yet only two souvenir shops are available in the area. The products offered are snorkeling accessories, t-shirts, shorts, children’s clothes, hats, glasses, key chains, shell crafts, and many more. Unfortunately, the local people cannot create varied items as souvenirs because of their limited skills and knowledge. In this case, the community buys souvenirs from wholesalers.
The role of youth in developing marine tourism objects at Bangsring Beach

The establishment of Bangsring Beach marine tourism cannot be separated from the initiative of the youth. Most of the ornamental fish and coral fishermen started their careers from a young age. One of them is Mr. Busairi, who started taking corals and hunting ornamental fish through diving since he was 16 years old. In 2007, Pilang, an NGO from Bali, and Pelangi, an NGO from Jakarta, approached the ornamental fish and coral-fishing group. As a result, in 2008, 30 fishermen agreed to stop hunting corals and become conservation activities hoping to avoid criminal sanctions.

The development of Bangsring Beach marine tourism is dominated by fishermen groups who are members of “Samudera Bhakti”. Most of them are local youth who specifically handle entrance tickets, attractions management, and guest houses. The study found that the youth initiated the development of marine tourism objects at Bangsring Beach. At the beginning of the establishment, the focus of Bangsring Beach was beach tourism, conservational activities, and snorkeling. Then, in 2014, floating houses began to be included, and in 2018, diving activities began to open. The development of marine tourism at Bangsring Beach can grow well due to youth willing to become volunteers. At first, the active participation of the community started because of feeling guilty for damaging their surroundings. They wanted to protect the nature they once destroyed. Over time, the youth carried the promotion and marketing of conservational and educational activities independently. They visited some institutions to introduce their conservation movement, including diving activities. Mr. Busairi, as a dive master at Bangsring Beach, decided to take a diving certification at his expense and personal initiative. After obtaining his diving license, Mr. Busairi established a diving center at Bangsring Beach.

The digitalization process in the development of marine tourism objects at Bangsring Beach

The current industrial revolution forces all sectors to adapt very quickly, including the marine tourism industry. Technology nowadays is mandatory. Technology is the entire means to provide goods or services for the survival and comfort of human life. Technology in tourism also continues to develop along with human needs asking for fast access. According to the United Nations Conference on Trade and Development in 2004, accessing information technology can be done through various media such as mobile phones, internet channels, Global Positioning System (GPS), digital cameras, digital radios, and digital media players. In the tourism business, information technology facilitates communication which includes 1) publication, 2) potential regional marketing, 3) data management, 4) tourism business operations, and 5) management information system.

The application of digital technology is found to influence all parties involved in tourism development. For example, with information technology, tourism managers might achieve: 1) efficiency in managing company capacity, 2) effective interaction and product socialization, 3) revolution in tourism product intermediation, and 4) communication and promotion. As for tourists, information technology 1) can save time, energy, and costs, 2) is helpful to look for tourist destination information, 3) provides promotion on tourism products, 4) become a source of ideas for various tourism activities, 5) gives pictures of the destinations, and 6) helps to make a reservation (Mahadewi, 2018).

Research by Deloitte Access Economics (2015) underlined that consumers become increasingly accustomed to making decisions based on digital content and buying goods online. This pattern also occurs in MSMEs that focus on supporting the tourism sector. It offers a challenge but also a promising business opportunity for MSMEs in Indonesia. Based on this matter, this research seeks to formulate a strategy to digitalize MSMEs to support MSMEs development. Besides that, it is hoped that this study can be used as input for MSMEs.
actors in implementing digitalization for their business. We agree that MSMEs can use digital technology to support the buying and selling process, product exchange, service provision, and information dissemination via the internet.

The most common media used in this digitalization process is social media such as WhatsApp, Facebook, Instagram, websites, blogs, e-money providers, and many more. At Bangsring Beach, it can be seen that the MSMEs actors have tried to apply digital technology in their business. However, their digitalization effort still at a very basic level that they only use WhatsApp to create stories for their business. Worse is that some even have no specific schedule to do so because of limited capability or time. MSMEs also use e-money, such as QRIS, in a short time because business owners still prefer the direct payment method.

On the other hand, the tourism awareness group consists of marine tourism activists at Bangsring Beach responsible for providing attractions, entrance tickets, and guest houses. In contrast to the MSMEs actors, the tourism awareness group is dominated by young people. As explained before, youth have more knowledge and skills related to digital technology reflected in their use of digital media such as Instagram, Facebook, the Bangsring Underwater website, and WhatsApp.

As a technology-sensitive generation, the young generations use digital media to educate and disseminate information concerning marine tourism objects. At Bangsring Beach, several tourism activities become the leading content uploaded in the digital media. Snorkeling, diving, feeding fish, planting coral, and so on are believed to make people interested in tourism. The youth focuses on updated activities as content to develop in social media platforms. Their concern about the current Covid-19 pandemic makes them find creative ideas. The creation of a fish apartment in the form of the Covid-19 virus, named Domus Coronavirus, is a breakthrough in recovering the Bangsring Beach marine tourism paralyzed during the pandemic. Those young people promote this movement through Instagram, Facebook, and even television. This method is proven to be able to return the interest of visiting tourists. Apart from being a medium for information dissemination, marketing, and educational purpose, youth members of tourism awareness groups also use digital technology for reservations and payments. For example, when tourists are interested in booking a guest house, reservations can be made via WhatsApp and payment can be made via transfer. This method is not only used to promote the guest house but also to introduce other tourism activities.

**Conclusion**

The development of marine tourism will be a success if various parties support it. Communities, which in this case are youth and members of the MSMEs, are supporters in the development process. The tourism objects at Bangsring Beach, Banyuwangi, were established and developed with the help of youth and MSMEs. In this era, digital technology holds an essential role in the development of tourism objects. MSMEs and youth contribute to the development of tourism objects at Bangsring Beach through the digitalization process. However, it is found that youth dominates the whole digitalization process.
Acknowledgment
The researcher expresses their appreciation to all parties who have provided support for the completion of the writing of this research paper. Researchers express their deepest gratitude to the Universitas Negeri Malang. It is hoped that the results of this study can provide benefits to the MSMEs community.

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