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Enhancing Digital Skill Understanding to Support Product and Marketing Innovation for Embroidery and Snack MSMEs within the Pajarakan Maju Small and Medium Industry (IKM) Cluster, Probolinggo Regency

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Abstract

MSMEs play a crucial role in supporting both regional and national economic growth. However, the advancement of digital technology requires MSME operators to possess an adequate understanding of how technology can be leveraged for business development. A persistent challenge for MSMEs is a limited understanding of the digital skills that can be utilized to foster product innovation and enhance marketing efforts. This situation was observed among MSMEs belonging to the IKM Pajarakan Maju group in Probolinggo Regency—specifically Lili Bordir, Cindy Bordir, and Holifah Keripik. This community service initiative aimed to enhance MSME operators' understanding of the importance of digital skills in supporting product innovation and business marketing. The activity was conducted through a collaboration between Universitas Hafshawaty Zainul Hasan (UNHASA) and Universitas Pembangunan Nasional "Veteran" Jawa Timur (UPNVJT), employing a participatory approach that included observations, field visits, sharing sessions, interactive discussions, and evaluations. The results indicate that MSME operators gained valuable insights into using digital media for promotion, the importance of establishing a business identity on digital platforms, and opportunities for product innovation enabled by digital technology. Furthermore, the activity raised participants' awareness regarding the necessity of adapting to technological advancements to boost business competitiveness. Thus, this community service initiative has made a positive contribution to improving MSME

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operators' digital skills, serving as a foundational step toward developing businesses that are more adaptable to the evolving digital economy.

***Keywords**: digital skills, MSMEs, product innovation, digital marketing, community service.*

I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) constitute a sector that plays a strategic role in supporting national economic growth. MSMEs contribute to job creation, the equitable distribution of income, and the strengthening of regional economies through their various business activities. Furthermore, MSMEs demonstrate a relatively strong ability to adapt to changing economic conditions, making them a key pillar of sustainable economic development (Angraini et al., 2024; Sitompul et al., 2025).

The advancement of digital technology has brought about significant changes in business models and consumer behavior. Today, consumers tend to utilize the internet and digital media to seek product information, compare alternatives, and even complete purchase transactions. These shifts compel businesses to integrate digital technology into their operations in order to maintain and enhance their competitiveness (Arsyad et al., 2023; Paransa, 2024).

Digital transformation for MSMEs is not merely about the use of technology; it also encompasses the ability of business owners to leverage that technology to support operational and marketing activities. A crucial factor in the success of digital transformation is digital skills. These skills include the ability to use digital devices, access information, manage digital content, communicate via digital platforms, and utilize technology to support business development (Tamyiz et al., 2025).

Various studies indicate a positive relationship between digital skills and improved MSME performance. Business owners with a strong understanding of digital tools tend to find it easier to access market information, reach a wider consumer base, and develop more effective marketing strategies compared to those who still rely on conventional marketing methods (Hidayat & Kusuma, 2020; Rahman & Faridi, 2023).

One form of digital technology utilization widely adopted by MSMEs is digital marketing. Digital marketing enables business owners to introduce their products to a

wider audience at a relatively affordable cost. Through social media, online marketplaces, and various other digital platforms, MSMEs can engage with consumers, enhance product visibility, and expand their market reach beyond geographical limitations (Paransa, 2024; Sindi & Wafa, 2024).

Nevertheless, various studies indicate that many MSMEs still face challenges in the digital transformation process. Low digital literacy, limited human resources, a lack of understanding regarding digital marketing strategies, and insufficient ability to utilize various digital features are common obstacles encountered by MSMEs (Angraini et al., 2024; Arsyad et al., 2023). These conditions result in the use of digital technology failing to deliver an optimal impact on business development.

Previous community service activities have also demonstrated that enhancing understanding of digital skills helps MSME operators grasp the various opportunities for leveraging digital technology to support their business activities. The guidance and education provided to MSMEs have proven effective in raising business owners' awareness regarding the importance of digital marketing, social media management, and technology-driven innovation for business development (Sindi & Wafa, 2024; Wulandari et al., 2023).

IKM Pajarakan Maju is an MSME group based in Probolinggo Regency that encompasses various business sectors, including embroidery crafts and snack production. The partners involved in this community service initiative are Lili Bordir, Cindy Bordir, and Holifah Keripik. Preliminary observations by the service team revealed that these three MSMEs possess significant business potential but face challenges in leveraging digital technology for marketing and business development. Promotional activities currently rely heavily on repeat customers, word-of-mouth recommendations, and communication via messaging apps. While social media is being used, it has not yet been optimally utilized as part of a sustainable marketing strategy.

Given these circumstances, efforts are needed to enhance the understanding among MSME operators regarding the importance of digital skills in supporting product innovation and business marketing. Consequently, a community service team from Hafshawaty Zainul Hasan University (UNHASA) and Universitas Pembangunan Nasional “Veteran” East Java (UPNVJT) conducted a community outreach initiative

featuring visits and a sharing session themed "Digital Skills for Innovation." This activity aimed to improve MSME operators' understanding of digital technology utilization, thereby supporting product innovation, expanding market reach, and enhancing business competitiveness in the digital era.

II. METHOD

This community service activity is a collaborative effort between Hafshawaty Zainul Hasan University (UNHASA) and Universitas Pembangunan Nasional "Veteran" Jawa Timur (UPNVJT), carried out with MSMEs supported by the IKM Pajarakan Maju group in Probolinggo Regency. The participating partners—Lili Bordir, Cindy Bordir, and Holifah Keripik—represent the embroidery and snack food business sectors.

The method employed in this activity is a participatory approach involving observation, field visits, sharing sessions, and interactive discussions with partners. This approach was selected because it facilitates a two-way exchange of knowledge and experience between the community service team and MSME operators, allowing the activities to be tailored to the partners' specific needs and challenges (Wulandari et al., 2023). Furthermore, the interactive discussion method is considered effective for enhancing participant understanding, as it enables partners to relate the material being discussed to their actual business operations (Sindi & Wafa, 2024).

The activity was conducted in person through site visits to the MSME locations, followed by a sharing session and discussion with the business owners. Prior to the activity, the community service team coordinated with the management of IKM Pajarakan Maju to gain an overview of the business conditions and the needs of the partner enterprises targeted by the initiative.



Figure 1. Workflow for the Implementation of Community Service Activities

The first stage begins with observations and preliminary discussions with MSME owners to identify their business conditions, current marketing practices, and the extent to which digital technology is utilized to support business operations. This stage aims to understand the challenges faced by each MSME so that the topics addressed during the activities can be tailored to the partners' specific needs.

The second stage involves visits to the partners' business locations to gain a deeper understanding of the business characteristics and the potential of each MSME. These visits also serve as a means to foster more intensive communication between the community service team and the business owners, thereby creating an atmosphere conducive to open discussion.

The third stage was conducted through a sharing session themed "Digital Skills for Innovation." The activity was interactive, involving an exchange of experiences and discussions between the community service team and MSME players. Topics covered included the importance of digital skills for business development, the use of social media for promotion, shifts in consumer behavior in the digital era, and opportunities for product innovation through digital technology. The sharing session format was selected because it effectively fosters active participant engagement in the learning process and the exchange of experiences (Arsyad et al., 2023).

The final stage is the evaluation of the activity, conducted through discussion and Q&A sessions to gauge participant responses to the event. Evaluation also involves observing participant engagement levels throughout the activity and their ability to identify opportunities for leveraging digital technology in their businesses. The

evaluation results serve as a basis for assessing the participants' level of understanding regarding the material covered during the community service activity.

III. RESULT AND DISCUSSION

This community service initiative was carried out with MSMEs belonging to the IKM Pajarakan Maju group in Probolinggo Regency—specifically Lili Bordir, Cindy Bordir, and Holifah Keripik. The project was a collaborative effort between Hafshawaty Zainul Hasan University (UNHASA) and Universitas Pembangunan Nasional “Veteran” East Java (UPNVJT), centered on the theme "Digital Skills for Innovation." Implementation involved on-site visits to each MSME, followed by sharing sessions and interactive discussions regarding the use of digital technology to support business development.

In the initial phase, the community service team observed and assessed the business operations of each partner. This activity aimed to gain insight into marketing patterns, the use of digital technology, and the challenges faced in business development. The observations revealed that Lili Bordir and Cindy Bordir offered high-quality embroidery products and maintained a relatively stable customer base, while Holifah Keripik successfully marketed its snack products to local consumers. However, the use of digital technology to support marketing activities was not yet optimized.



Figure 2. Community Service Team Visit to MSMEs Fostered by IKM Pajarakan Maju

Initial findings indicate that the three MSMEs possess distinct business characteristics yet face relatively similar challenges regarding digital marketing. Product promotion relies heavily on repeat customers, recommendations from previous consumers, and communication via messaging apps. While some partners utilize social media, it has not yet been strategically leveraged for marketing and brand development.

Table 1. Results of the Initial Condition Assessment of Partner MSMEs

Nama UMKM	Business Fields	Initial Condition
Lili Bordir	Embroidery Craft	Promotion is still driven primarily by repeat customers and recommendations from previous consumers.
Cindy Bordir	Embroidery Craft	Social media channels are already in place but have not yet been optimally utilized as a marketing medium.
Holifah Keripik	Snack	Marketing still focuses on the immediate surroundings and local customer networks.

These findings indicate that while MSME operators are indeed familiar with digital media, their usage remains limited to communication functions and has not yet been integrated into a comprehensive business strategy. This situation aligns with research by Angraini et al. (2024), which identifies a lack of proficiency in leveraging digital technology for business growth as a primary obstacle to MSME digital transformation. Consequently, opportunities to expand market reach and enhance business competitiveness have not been fully realized.



Figure 3. Initial Observation and Discussion with Partners

Based on the findings from the identification process, the community service team conducted a sharing session themed "Digital Skills for Innovation." The activity focused on enhancing MSME owners' understanding of the importance of digital skills in navigating shifting consumer behaviors and the growth of the digital economy. Topics covered included the use of social media for promotion, the importance of establishing a digital business identity, customer communication strategies, and opportunities for product innovation enabled by digital technology.

Throughout the event, participants demonstrated great enthusiasm for the material presented. Various questions were raised regarding the use of social media for promotion, the creation of engaging content, and strategies for introducing products to a wider consumer base. The high level of participation indicates a significant need for digital capacity building among MSMEs. These findings support the results of the community service initiative by Wulandari et al. (2023), which showed that MSME players have a strong interest in digital marketing training, as it is perceived to help expand market reach and enhance business competitiveness.



Figure 3. Pelaksanaan Sharing Session Digital Skill for Innovation

Through interactive discussions, participants gained an understanding that digital technology serves not only as a means of communication but can also be leveraged to build a business image, enhance product visibility, and expand marketing reach. Social media is considered one of the most accessible platforms for MSMEs to adopt, given its relatively low cost and ability to reach a wider consumer base. Paransa (2024) explains that the effective use of digital marketing can help MSMEs increase product exposure and strengthen customer relationships.

In addition to addressing marketing aspects, this activity emphasized the importance of innovation in business development. MSME operators gained insight into the fact that innovation is not limited to creating new products but can also be achieved through product design improvements, packaging enhancements, service quality upgrades, and product adjustments tailored to market needs. Leveraging digital technology enables business owners to access information on market trends and consumer

preferences, which can serve as a basis for decision-making in business development. This aligns with the views of Gaol et al. (2024), who stated that digital literacy plays a crucial role in helping MSMEs understand market opportunities and create innovations that better meet consumer needs.



Figure 4. Discussion and Experience Sharing with MSME Players

Overall, the results indicate an improvement in participants' understanding of the importance of digital skills in supporting product innovation and business marketing. Participants began to recognize that digital technology can be leveraged to expand market access, enhance customer communication, and strengthen business competitiveness. These findings align with research by Tamyiz et al. (2025), which states that improved digital literacy and skills serve as a crucial foundation for supporting the digital transformation of MSMEs and enhancing business owners' adaptability to market developments.

Through a combination of on-site visits, sharing sessions, and participatory discussions, this community service initiative has positively contributed to raising awareness among MSME players regarding the importance of leveraging digital

technology. Although it has not yet reached the stage of technical assistance, the activity successfully broadened business owners' perspectives on the various opportunities available through digital skills to support sustainable product innovation and business marketing.

IV. CONCLUSION

The community service initiative carried out by the team from Universitas Hafshawaty Zainul Hasan (UNHASA) and Universitas Pembangunan Nasional "Veteran" East Java (UPNVJT) for MSMEs belonging to the IKM Pajarakan Maju group in Probolinggo Regency was successfully executed through a combination of observation, site visits, sharing sessions, and interactive discussions. The activity involved three MSMEs—Lili Bordir, Cindy Bordir, and Holifah Keripik—representing the embroidery craft and snack food sectors.

The results of the activity indicate that while most MSME players are familiar with digital technology, its use remains limited to communication and has not yet been fully leveraged as a planned marketing strategy. Through a sharing session themed "Digital Skills for Innovation," participants gained insights into the importance of digital skills in supporting business marketing, strengthening business identity, communicating with customers, and developing product innovations that meet market needs.

This activity resulted in an improved understanding among MSME players regarding opportunities to leverage digital media for business promotion and development. Furthermore, it fostered awareness among business owners of the importance of adopting technology to navigate shifting consumer behaviors and the evolution of the digital economy. Participant enthusiasm during the discussions demonstrated that the need for enhancing digital capabilities remains significant within the MSME sector.

Overall, the community service activity themed "Digital Skills for Innovation" made a positive contribution to enhancing the knowledge and awareness of MSME players regarding the importance of digital skills as a factor supporting product innovation and business marketing. The understanding gained is expected to serve as a starting point

for MSME players to optimize their use of digital technology in sustainably boosting business competitiveness.

V. RECOMMENDATION

Based on the activities already conducted, a follow-up program is required—one that is more practice-oriented and focused on implementation support—to ensure that the understanding gained by MSME players can be tangibly applied to their business operations. This support could focus on managing business social media, creating digital promotional content, developing brand identity, product photography, and leveraging digital platforms to expand marketing reach..

Furthermore, sustained synergy among higher education institutions, local governments, IKM (Small and Medium Industry) administrators, and MSME players is essential to support the digital transformation of micro and small enterprises. Continuous collaboration is expected to strengthen the digital capabilities of MSME players, enabling them not only to grasp the importance of digital technology but also to implement it effectively to foster product innovation, enhance marketing efforts, and boost business competitiveness.

For future community service activities, it is recommended to incorporate periodic mentoring and evaluation programs so that the impact of applying digital skills on business development can be measured more comprehensively. In this way, the activities will not only enhance understanding but also foster changes in business practices, making them more adaptable to technological advancements and market demands.

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