

# Journal of Business, Economics, and Social Science Review

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## **Sustainable Business Strategy Through Product Innovation in VCO Start Businesses**

Tri Yulianti M. Londol, Sulaiman Miru, Asngadi

## **Performance Management Strategy to Increase Employee Motivation in Cripscot Businesses**

Muhammad Fauzi, Harnida Wahyuni Adda, Idris, Nur Riski Islianty

## **Implementation of Digital Marketing as a Marketing Strategy for VCO Star MSMEs**

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## **Increasing The Efficiency of Employment Administration Through Human Resource Management Practices at CV Sofie Local Food**

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Wiri Wirastuti

## **Analysis of Brown Sugar MSME Income in Lembantongoa Village, Palolo District, Sigi Regency**

Muhammad Mukram, Ira Nuriya Santi, Zakiyah Zahara, Sri Wanti

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### **ABOUT JOURNAL**

**Journal of Business, Economics, and Social Science Review (JBESSR)** is a scientific journal published by the Global World Scientific which aims to publish articles of empirical and theoretical studies on business, economics, and social science. The fields of business, economics, and social sciences have a lot of overlap because business and economics is basically a part of social activity and is influenced by social dynamics. Some aspects in which business, economics, and social sciences are interconnected include: Human Resources Management (HRM), Marketing and Consumers, Business Ethics, Business Economics, Business Communication, Organizational Development and Change, Economics Industrial Relations, financial and capital market, and Product Development and Innovation. Combining business, economics, and social science helps organizations understand their social context, conduct their operations in an ethical and sustainable manner, and effectively achieve their business goals in society. Editors accept articles in English or Bahasa and were not delivered or published in another journal. Determination of the article that appeared determined by expert editors review results through double blind review process. JBESSR focuses related on various themes, topics and aspects business, economics, and social science, including (but not limited) to the following topics: Human Resource Management (HRM), Financial Management, Behavioral Finance, Marketing Management, Strategic Management, Digital Business, Organizational Behavior, Operations Management, Change Management, Knowledge Management, Entrepreneurship, Capital Market.

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## EDITOR'S INTRODUCTION

Dear readers,

**Journal of Business, Economics, and Social Science Review (JBESSR)** is published fourth a year, in February, May, August, and November. JHCSE is published with reference to the Periodical Accreditation Guidelines (Permenristek Dikti RI No. 9 Tahun 2018) as well as the JHCSE Article Writing Guidelines included at the end of this journal. JBESSR aims as a media of information and exchange of scientific articles between teaching staff, alumni, students, practitioners and observers of science that covers a lot of common problems or issues related to business, economics, and social science. Therefore, the Journal of Business, Economics, and Social Science Review accepts articles from Indonesian authors and other countries that have not been offered for publication elsewhere. The first issued in February 2024, the Journal of Business, Economics, and Social Science Review publishes new editions fourth a year in February, May, August, and November. Journal of Business, Economics, and Social Science Review has published electronic (PDF) versions.

Journal of Business, Economics, and Social Science Review (JBESSR) Volume 1, Issue 1, February 2024 published five scientific articles on various interesting topics with qualitative analysis, quantitative analysis, and teoritical review. Journal topics published in this number consist of Sustainable Business Strategy Through Product Innovation in VCO Start Businesses; Performance Management Strategy to Increase Employee Motivation in Cripscot Businesses; Implementation of Digital Marketing as a Marketing Strategy for VCO Star MSMEs; Increasing The Efficiency of Employment Administration Through Human Resource Management Practices at CV Sofie Local Food; Analysis of Brown Sugar MSME Income in Lembantongoa Village, Palolo District, Sigi Regency.

Journal of Business, Economics, and Social Science Review (JBESSR) is in the process of being indexed by crossref, SINTA Riset Dikti, IPI, GoogleScholar, and Directory of Open Access Journals (DOAJ), Dimension, Road, One Search. We are waiting for the participation of readers to submit the best articles for us to publish in subsequent editions.

Happy reading,

Editorial Team

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### Sustainable Business Strategy Through Product Innovation in VCO Start Businesses

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#### ABSTRACT

This research analyzes VCO Star's sustainable business strategy and product innovation. This research uses a qualitative approach with a SWOT analysis. The research was conducted at the VCO Star company, Central Sulawesi. This research shows that a sustainable business strategy through VCO Star product innovation is in the form of creating new products that will continue to develop. Currently, the VCO Star company has launched a new product in the form of VCO Star Body Wash, which is based on coconut oil, and these VCO Star products will continue to be developed to meet the needs of the people of Palu City. BMC is an effective management tool that positively impacts business growth, brand image, and long-term relationships with consumers and business partners. These steps create a solid foundation for VCO Star to face changing market dynamics and build a sustainable future.

#### INTRODUCTION

Increasingly tight market competition requires companies to have the right marketing strategy to face competitors (Nasir, 2019). If a company cannot survive in competition, it is certain that the company will experience losses. In competing, marketing strategy has an important role in avoiding losses. The marketing strategy that the company hopes for is how to increase the number of product sales according to the target (Zhang & Duan, 2010). The long-term business success that a company hopes for is when the business can provide value benefits to customers on an ongoing basis. Providing sustainable benefit value means maintaining the company's marketing performance on an ongoing basis (Rather, 2019). The company's long-term focus is carried out in stages to improve marketing performance, and efforts to increase the company's competitiveness can be made by focusing on market needs.

A sustainable business strategy integrates economic, environmental, and social objectives into a company's goals and activities. It plans to create long-term value for the company, its stakeholders, and society (Sjoen et al., 2023). This shows that the strategy is developed and implemented in such a way that it can meet the needs of the business world and stakeholders today

while protecting, preserving, and enhancing the natural resources they will need in the future(Long, 2020).

Product innovation can be the real implementation of an idea into a product or product process. In addition, product innovation is innovation used throughout a company's operations, where new products are created and sold, including functional process innovation(Ernawati, 2019). The aim of implementing product innovation is to improve consumer purchasing decisions. For example, the main advantage of motorbikes is as a means of transportation. Motorbikes are offered with innovations such as fuel efficiency, spacious trunks, and more. Innovation metrics include product quality, variety, style, and design(Hasbullah & Munchtar, 2022).

The decline in business innovation is the main cause of problems that occur in the business world, both small and medium-scale businesses(Wulandary et al., 2021). Maximizing innovation and business creativity is one of the biggest challenges for each company's environment because every business strives to optimize innovation; this business creativity is the biggest challenge for each company itself.(Asngadi et al., 2020). Increasing productivity must be accompanied by sales of people's plantation harvests through post-harvest processing so that sales are not raw materials but semi-finished products or ready-to-consume products.

Central Sulawesi, specifically Palu City, has considerable potential as a coconut logistics center. Even though it does not have enough coconut plantation land, Palu City is one of the main points on the coconut route from various regions in Central Sulawesi. Virgin Coconut Oil is becoming one of society's secondary needs because of its benefits(Wulandary et al., 2021). Virgin Coconut Oil (VCO) is a product of processed coconut meat in the form of a clear, tasteless liquid with a distinctive coconut aroma. VCO is obtained by processing coconut milk using several methods, namely the step heating method, oil scavenging method, and fermentation method.

According to the Central Statistics Agency (BPS), Central Sulawesi is one of Indonesia's largest coconut-producing regions. In 2021, Central Sulawesi was ranked fifth with a total production of 199,200 tons. One of the VCO businesses in Palu City is VCO Star, which is a coconut oil-producing company. The marketing strategy is through social media such as Instagram, WhatsApp, and others. The VCO Star marketed consists of various types; one is VCO Star Body Wash, which contains the benefits of brightening the skin, reducing inflammation, minimizing dark spots or uneven skin tone, hydrating the skin, stopping damage caused by free radicals, and helping prevent infection. This VCO Star has also been clinically tested to be halal, so it is safe for use on the face, hair, and other skin parts.

Research Nester's predictions regarding VCO marketing conditions are emerging as a reality in the Indonesian market(Mela & Bintang, 2021). In 2020, since the COVID-19 pandemic occurred, the marketing of VCO in Indonesia has revived because people are trying to find alternative health products to increase the body's resistance to dangerous viruses. Research results Ramesh (2020)shows that VCO plays a role as an antiviral caused by SARS Coronavirus-2 (SARS-CoV-2) or what is more popularly called COVID-19. This is supported by Mela and Bintang (2021), who state that VCO is an additional supplement for COVID-19 patients. A company must create innovation in each product so that consumers feel comfortable with existing products. Innovation as New Product Development is product development, product modification, and new brands that companies develop through their research and development efforts(Kotler & Armstrong, 2014).

Try to exploit these abundant resources to benefit the community, both in the fields of health and beauty, and help improve the economy. Even though demand for VCO is increasing, VCO Star faces global challenges such as climate change, scarcity of natural resources, and regulatory pressures related to sustainability. However, this challenge also allows VCO Star to build the image of a company that cares about the environment and is committed to sustainable production. To overcome these challenges, VCO Star views product innovation as the main key to developing a sustainable business strategy. Through research and development, the company is committed to creating VCO products that not only provide maximum health benefits but are also produced in an environmentally friendly manner.

Focusing on product innovation, VCO Star is expected to achieve a competitive advantage. By adopting a sustainable business strategy through product innovation, VCO Star hopes to maintain its business growth while positively contributing to the environment and consumer welfare. Based on the explanation above, this research aims to determine the sustainable business strategy and product innovation of VCO Star in Palu City and to analyze the business models that can be implemented.

## **RESEARCH METHOD**

This research uses a qualitative approach, where researchers conducted research at the VCO Star company in Central Sulawesi, specifically in Palu City. According to Sugiyono (2018), qualitative research is carried out by examining natural conditions. Researchers act as key instruments and explain conditions objectively and based on theory in the form of real facts (Neuman, 2014). Data collection techniques are carried out to obtain information that becomes a reference for research, which is processed into primary and secondary data. Primary data was obtained from observations and surveys by observing the research site and recording the symptoms found in the field. Observations were made on the Instagram account @vcostar.sulteng, an agent selling various VCO Star products. Interviews were conducted via Whatsapp media with VCO Star agents to find out in detail about VCO Star products in the form of several questions asked by researchers. The subjects in this research are VCO Star business actors in Palu City.

## **RESULTS AND DISCUSSION**

The company name "VCO STAR" is taken from the abbreviation of the business product "Virgin Coconut Oil," and "STAR" in Indonesian means Star, which means great and high achievements, many things, and pride. VCO STAR is an abbreviation for a successful VCO company that benefits many people, and is proud to lead this company. The marketing strategy is through social media such as Instagram, WhatsApp, and others. The VCO Star marketed consists of various types; one is VCO Star Body Wash, which contains the benefits of brightening the skin, reducing inflammation, minimizing dark spots or uneven skin tone, hydrating the skin, stopping damage caused by free radicals, and helping prevent infection.

VCO STAR operates in the health and beauty sector; this business was chosen because the raw materials are abundant and easy to obtain. According to the Central Statistics Agency (BPS), Central Sulawesi is one of Indonesia's largest coconut-producing regions. In 2021, Central Sulawesi was ranked fifth with a total production of 199,200 tons. VCO is coconut oil that is processed without heating, so the composition and properties of the oil do not change. VCO has several advantages, including low saponification levels, peroxide levels, free fatty acids, and even higher antimicrobial properties, apart from frying. Food, VCO also plays a role in preventing heart disease, cancer, and diabetes, improving digestion, strengthening the immune system, and preventing HIV and SARS virus infections. VCO contains several compounds that are beneficial for the body, such as medium chain fatty acids, which are digested by the body so they are not stored, as well as antioxidants, such as tocopherol and beta-carotene, which help prevent premature aging and maintain body health.



Source: @vcostar.sulteng, 2023

**Figure 1. Example of VCO STAR Products**

SWOT analysis systematically identifies various elements in a company, such as strengths, weaknesses, opportunities, and threats. SWOT analysis is used by managers to quickly create a high-level picture of a company's strategic situation. SWOT analysis is a descriptive situation analysis technique that uses strengths, weaknesses, opportunities, and threats as a tool and groups them according to their roles. SWOT analysis only describes the current situation and does not function as an analytical tool that can solve current problems. The results of the SWOT analysis used by the VCO Star company are as follows:

**Table 1. SWOT Analysis Results of the VCO Star Company**

Analysis	Items
Strength	<ol style="list-style-type: none"> <li>1. VCO oil is a product of inadequate equipment and health conditions</li> <li>2. Has a potential workforce. Limited production quantities. It contains VCO oil, which is more transparent than other VCO oils. Marketing is still ongoing around Palu City</li> <li>3. The fermentation method is used to produce products and products that have a long shelf life</li> <li>4. The manufacturing process is still manual</li> <li>5. No preservatives are used in the product</li> <li>6. The price is cheap compared to other VCO products.</li> <li>7. The product has an NIB and a Halal label. The size of VCO oil varies depending on the size.</li> </ol>
Weakness	<ol style="list-style-type: none"> <li>1. Inadequate equipment</li> <li>2. Limited production quantities</li> <li>3. Marketing is still carried out around the city of Palu</li> <li>4. The production process is still manual</li> </ol>
Opportunities	<ol style="list-style-type: none"> <li>1. The development of information about VCO as a health product both on the Internet and in several library publications</li> <li>2. A very abundant supply of raw materials.</li> <li>3. Product without preservatives</li> <li>4. Marketing development for VCO oil products has the potential to be sold outside the Palu city area.</li> <li>5. Waiting for the halal licensing process</li> </ol>
Threats	<ol style="list-style-type: none"> <li>1. Many VCO oils already have a halal label and are being bought and sold.</li> <li>2. Consumers prefer plastic packaging (bottles) compared to glass bottles</li> <li>3. Lack of public information about the benefits of VCO</li> </ol>

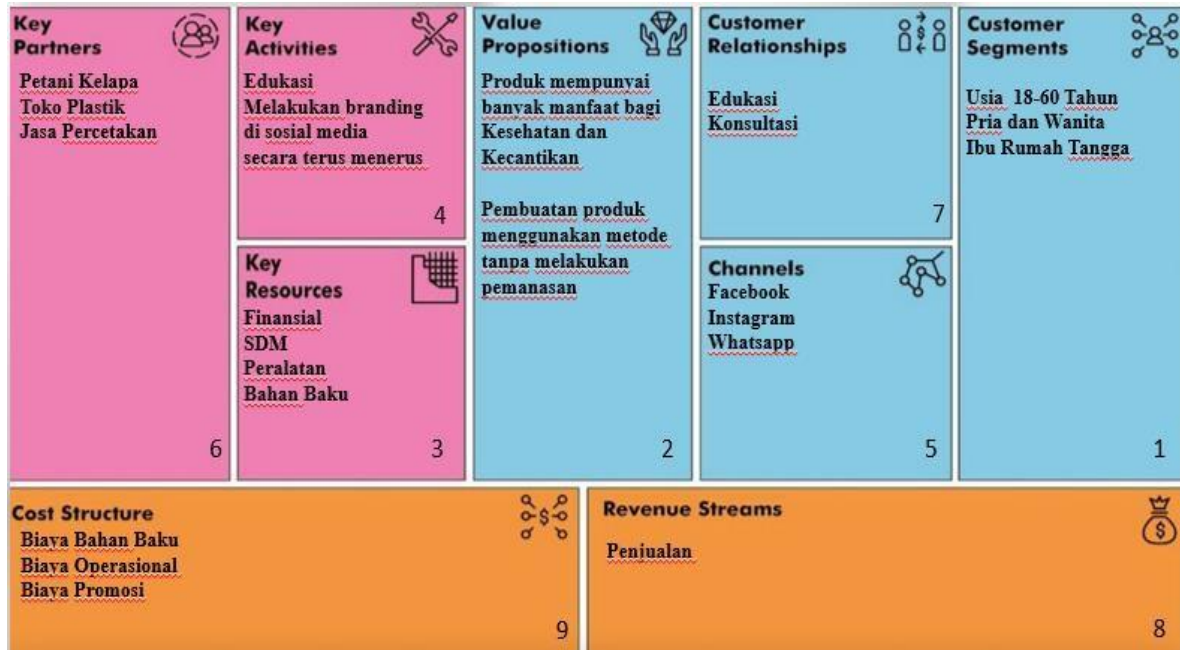
Source: Analysis results, 2023

VCO Star needs to carry out optimal marketing strategies to overcome challenges and take advantage of existing opportunities. The marketing strategy that has been carried out at the VCO Star company is as follows:

1. Product (Product)  
The product must come from fresh raw coconut materials to produce high-quality oil and is packaged in 125ml and 250ml bottles.
2. Price (Price)  
The packaging size of each product must provide easy accessibility for use. Considering this, the price of the VCO STAR product is IDR 25,000 for the 125ml size and IDR 50,000 for the 250ml size. Generally, these prices are much cheaper than those of other competitors in Central Sulawesi.
3. Promotion (Advertising Promotion)  
VCO STAR carries out advertising in two ways, namely offline and online. Offline methods include, for example, distributing brochures directly to consumers in crowded places or placing banners at sales locations or certain events. The online method is carried out via social media: Instagram, WhatsApp, Facebook, TikTok. To help potential consumers understand the product and build a relationship of trust, VCO Star must offer free samples and special offers for purchasing our products at the events and exhibitions we participate in. Apart from that, VCO Star must be able to attract the target audience's attention, especially affiliated agencies, in carrying out promotions that introduce products directly to agency heads and strengthen image and cooperation, for example, pharmacies, restaurants, souvenir shops, and supermarkets in Palu.
4. Placemen  
VCO Star has a strategic location for sales and production activities. The sales place is on Jl. Kunciotutu Lrg. Pakora 2 No. 16, Mayor of Vatulemo Square. The production site itself is on Jl. Kunciotutu Lrg. Pakora 2, the location itself, is quite strategic because it is in the middle of the city.
5. People  
Currently, VCO Star has quite good human resources. However, employee recruitment plans will be made if demand increases.
6. Process  
The importance of creating a comfortable shopping experience for consumers means that VCO Star needs to carry out a transparent production process by sharing documentation in production process activities to provide education.
7. Physical Evidence  
VCO Star products are physically placed in the display case to facilitate the sales process.

Strategy is a keyword in business because strategy is an important factor in business development if a business wants to survive and remain competitive. How does a company leverage its employees to create innovations that differentiate it from its competitors and meet its customers' needs? In this case, the business strategy is closely related to the canvas business model. Business Model Canvas (BMC) analysis is considered effective because it explains thoroughly not only the value and products provided but also from the perspective of marketing, human resources, finance, etc. (Bertels et al., 2015). BMC is a tool for exploring business model innovations focused on sustainability (Sparviero, 2019). Through BMC, business actors can obtain an overview of their company and all related elements in a complete and detailed format. BMC helps entrepreneurs understand how functions, activities, processes, and other business management components relate. This business model is intended to ensure long-term sustainability. Four objectives drive business model innovation: addressing unanswered market needs, bringing new technologies, products, or services to market, improving, building, or transforming existing markets with better business models, and creating new markets.

The BMC management concept aims to manage the strategic development of a sustainable and competitive corporate structure amidst changes in the volatile and unpredictable market environment.(Fritscher & Pigneur, 2014). Electronic commerce is a new system or paradigm in the business world that moves the traditional trading paradigm to electronic commerce through ICT (Information and Communication Technology) or Internet technology. Nine boxes represent important elements common to all business models, namely as follows.



Source: Analysis results, 2023

Figure 2. Business Model Canvas for VCO Star Company

**Customer Segmentation (Customer Segments)**—The customer segment component describes a specific group of people or organizations a company wants to reach or serve. Customer segmentation describes how a company can target its business activities to select the most potential customer segments by consumer goals. The VCO Star company targets customer segmentation in the form of men and women with an age range of 18 years to 60 years. In this case, it can be seen that customer segmentation starts from teenagers, adults, and those who have professions such as farmers, employees, traders, ornamental plant sellers, and homemakers. The target market for the VCO Star company is the people in Palu City, and we are targeting prospective consumers who are minimalist because it is based on affordable product prices.

**Value Propositions**—Value proposition components represent a combination of products and services that create added value for a specific customer segment. The value proposition describes how the company provides the best value to customers in line with the company's value proposition. For businesses with loyal customers, this can benefit them in the future. At the VCO Star company, several value propositions are implemented, namely that VCO Star products have many benefits for health and beauty.

**Key Resources**—key resource components that describe the key assets required for the business model to function. Key resources are assets that a company uses to support its business activities. Every business model requires critical resources, including how a company creates and delivers value propositions, enters markets, maintains relationships with customer segments, and generates revenue. Primary resources can be physical, economic, intellectual, or human. The company may own critical resources, lease them, or acquire them from key partners. The VCO Star company's main resources are trusted raw material suppliers, competent workers to process VCO, and practical and modern production equipment.

*Main Activities (Key Activities)* –The main activities of the VCO Star company are promotions on various social media accounts, providing direct education to consumers every time they make a sale, and carrying out sales and promotions at every event or event that presents many people as potential consumers.

*Channels*–Channel components describe how a company communicates and reaches customer segments to provide a value proposition. These channels describe how businesses reach consumers through their communication and sales channels. Communication, sales, and distribution channels are the relationships between businesses and customers. Channels are customer touch points and play a critical role in every incident a customer experiences. Most companies use intermediaries and distribution channels to bring their products to market. The social channels or media we use to market VCO Star products are Facebook, Instagram, and WhatsApp, which are the channels or media we use to reach target consumers and introduce and build the brand to the public/consumers.

*Key Partnerships*–the most important partnership component that describes the network of suppliers and partners that make a business model successful. Companies enter into partnerships for various reasons, forming the basis of many business models. One of the partnerships that business people can establish within their company is marketing channels and sales agents. Therefore, a primary partnership is a partnership between a company and another party to support the business activities it carries out. Besides implementing good customer relationship management, marketers must also implement good partner relationship management. The main partnerships in the VCO Star company are Coconut Farmers, Rio Digital Printing, and Toko Plastik. Coconut farmers sell coconuts to be produced into oil, Rio Digital Printing is a place to print product labels, and plastic shops sell various plastics for packaging VCO Star products.

*Customer Relations (Customer Relationships)*–Customer relations function as a tool to communicate customer needs so that the company can continue to realize their needs. Customer relations is managing detailed information about each customer to maximize loyalty. Customer relations is designed to help a company better understand its customers, increase the value of its services, and build deeper customer relationships. As for efforts to establish close relationships with consumers, the VCO Star company carries out education regarding the introduction of VCO, which functions for health and beauty, as well as implementing a method by using confidence intervals, which is done using marketing emails (product, price, promotion, and distribution) directly during carfree day as well as to establish close relationships with consumers.

*Income Streams*– a revenue stream component representing the amount of money a company makes from each customer segment. Revenue streams are key elements that businesses need to optimize to achieve maximum profits. When customers are at the center of your business model, revenue streams are its lifeblood. Sales of Virgin Coconut Oil, the raw material for which is coconut, is easily obtained at a very affordable price in the community. From raw materials that can be obtained easily and at very affordable prices, we can reduce the product's production costs so that it can become a better source of business income.

*Cost Structure (Cost Structure)*–The cost structure represents a company's costs in carrying out its business activities. These cost structure components represent the highest costs in operating a business model and creating and delivering value, maintaining customer relationships, and generating revenue costs a lot. The cost structure describes what costs must be incurred to carry out the business activities. The cost structure at the VCO Star company is procurement of tools to make VCO, procurement of raw materials, labor costs in making VCO, and budget preparation for marketing and promotion.

Based on the explanation above, the sustainable business strategy through VCO Star product innovation is creating new products that will continue to develop. Currently, the VCO Star company has launched a new product in the form of VCO Star Body Wash, which is based on coconut oil, and these VCO Star products will continue to be developed to meet the needs of the people of Palu City. The findings highlight various aspects that strengthen the growth and sustainability of VCO Star.

This research reveals that consumer awareness about health and sustainability is increasing, creating significant opportunities for VCO products. Consumers are increasingly inclined to choose natural products, and product innovation emphasizing health benefits can be a key driver of VCO Star's business growth. Implementing sustainable business strategies through product innovation has positively impacted the VCO Star brand image. Consumers are likelier to choose products from companies that demonstrate awareness and responsibility for environmental issues. This provides benefits in building long-term consumer loyalty.

Companies can continue to increase their product innovation efforts to respond to changing market dynamics. In addition, business sustainability through sustainable practices can be a foundation for building partnerships and establishing close relationships with customers and other stakeholders. Thus, the findings of this research provide a strong basis for VCO Star to continue developing sustainable business strategies through product innovation. By combining health, sustainability, and innovation, companies can play a stronger role in the competitive VCO market and build a sustainable future. By integrating sustainable business strategies through product innovation into the Canvas Business Model, VCO Star can design a balanced, profitable business model that aligns with modern consumers' needs and values.

## **CONCLUSION**

This research provides an in-depth look at how VCO Star has successfully integrated sustainability and product innovation into its business strategy, using the BMC Business Model as an effective management tool. Implementation of this strategy has a positive impact on business growth, brand image, and long-term relationships with consumers and business partners. Thus, creating a solid foundation for VCO Star to face changing market dynamics and build a sustainable future is important.

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### Performance Management Strategy to Increase Employee Motivation in Cripscot Businesses

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#### ABSTRACT

This research aims to analyze performance management strategies that can increase employee motivation in the Cripscot business. This research uses a qualitative approach by combining literature study, participant observation, and semi-structured interviews. The variables studied involve leadership, supervisory supervision, and employee work motivation. The findings of this study highlight the vital role of clear goal setting, regular feedback, fair performance appraisals, and recognition of achievements in creating a work environment that supports motivation. This strategy not only improves productivity but is also key to retaining and attracting the best talent. Additionally, the integration of technology, such as digital platforms and data analytics, can enrich performance management, creating greater responsiveness and effectiveness. These conclusions provide practical direction for organizational leaders to design relevant and adaptive approaches.

#### INTRODUCTION

Today's positive and sustainable growth has required companies to ensure human resources have the experience, skills, and qualifications to operate effectively in a dynamic and increasingly complex environment (Lena Ellitan, 2002; Parinsi & Musa, 2023). Performance management and employee motivation are two crucial aspects in ensuring the success of a business. Along with growth and competition in the business world, the various resources owned by companies must be able to manage human resources to produce optimal achievements (Parinsi & Musa, 2023). However, in reality, many companies still do not realize the importance of human resources for the survival of the company. There are still many companies that consider HR to be the most important organizational asset because HR is what drives and makes other resources work.

The strategic importance of human resources primarily aims to provide added value for the company so that the company can face increasingly fierce competition. The strategic role of HR in

business organizations can be elaborated in terms of resource theory where one of the company's functions mobilizes all the resources it has to deal with market interests as the main external factor (Yuniarsih & Suwatno, 2011). In addition, technological developments and market dynamics require businesses to remain innovative and responsive to change (Witasari & Gustomo, 2020). Considering productivity continues to grow positively, employee management factors have been considered to have an impact on employee work motivation (Suyanto, 2012).

This research seeks to focus on an in-depth understanding of the impact of leadership and supervision on employee motivation which is the basis for developing appropriate management strategies, especially in Cripscot businesses. Employee motivation has an important role in achieving optimal performance, and effective management strategies can be the key to success in creating a productive work environment (Young et al., 2020). Increasing employee motivation is not just an effort to maintain productivity, but is also a strategic step to increase job satisfaction, loyalty, and overall performance (Mihreza & Armanu, 2014).

Various factors influence employee motivation, including the work environment, organizational communication, incentives, and career development opportunities (Rahman & Shanjabin, 2022). Performance management strategies are the basis for achieving optimal levels of motivation (Robbins & Galperin, 2010). Effective performance management includes setting clear goals, regular feedback, fair performance appraisals, and recognition of achievements. This research aims to investigate the most effective performance management strategies to increase employee motivation. Having a deep understanding of the relationship between performance management and motivation can help organizations identify areas of improvement, design appropriate training programs, and create a work environment that supports employee growth (Mihreza & Armanu, 2014).

This research is expected to provide practical guidance for organizational leaders and human resource managers to develop and implement effective performance management strategies. In addition, it is hoped that the results of this research can contribute to human resource management literature by exploring new insights regarding the dynamics between performance management and employee motivation. The importance of this research is also related to the changing dynamics of the modern labor market. Moreover, globalization and rapid changes in various industrial sectors have pushed organizations to retain their best employees. Increasing employee motivation through effective performance management strategies is expected to be a strategic tool in winning the competition to obtain and retain the best talent.

## **RESEARCH METHOD**

This research was conducted qualitatively by conducting a literature study to collect relevant information about performance management strategies that can be implemented in a company. This research focuses on the Cripscot company. Next, researchers will use a qualitative approach to analyze the data collected (Neuman, 2014). Data was collected by involving direct observation techniques of employee work activities, as well as semi-structured interviews with Cripscot employees, as previously conducted by (Adda et al., 2022; and Mas'ud & Susilo, 2023).

## **RESULTS AND DISCUSSION**

In the current era of competitive competition, companies must be able to develop rapidly so that company goals can be achieved (Wulandari et al., 2023). With this intense competition, innovative resources are needed to help companies achieve their goals and compete in this competitive world. Employee knowledge and abilities can direct a company to achieve competitive advantage (Afriyie et al., 2020). Every organization relies on capabilities and knowledge to survive in a competitive environment.

One of the most important factors in achieving success in an organization is effective performance management. According to Kotler & Armstrong (2014), performance refers to the results or work products related to the organization's strategic goals, customer satisfaction, and impact on the economy. In this research, the findings provide in-depth insight into the influence of performance management strategies on employee motivation in the Cripscot business.

*First*, Team leadership in the Cripscot business shows that team leadership has a positive impact on employee motivation. This can be seen during research that employees respond positively to a leadership style that provides support, provides clear direction, and creates a conducive work environment.

*Second*, Supervision has been carried out effectively to assist employees in improving their skills and performance, thereby making a positive contribution to motivation. Apart from that, it was also found that employee work motivation was influenced by several factors, including recognition, incentives, and career development opportunities. This increase in work motivation is then linked to increased individual and team performance.

These two findings can be strategic steps in performance management by involving a combination of supportive approaches, providing regular feedback, and employee development planning. This strategy is designed to motivate employees, improve performance, and create a positive work environment (Nurmansyah et al., 2023). The implementation of effective performance management strategies has been proven to have a positive impact on Cripscot's business by increasing employee motivation, productivity, and product quality, creating a competitive advantage in the market.

This finding is also in line with research conducted by (Riyanto et al., 2014) The strategy to improve employee performance and motivation is to increase leadership training and supervision in strengthening skills, motivating and directing employees. This training can include effective communication techniques, constructive supervision strategies, and an increased understanding of employee needs and expectations. In addition, companies can also consider expanding recognition and reward programs for employee contributions. Recognition programs may include financial awards, public recognition, or opportunities for clear career development. With better recognition, employees will feel appreciated and motivated to make the best contribution to the company.

On the other hand, a supportive work environment is also an important factor in increasing employee motivation. Cripscot companies can prioritize a work environment that is collaborative, and inclusive and provides support for employee professional growth and development. This can be done through training programs, team-building activities, and strengthening a company culture that motivates innovation and collaboration. This strategy requires accuracy in evaluating and periodically updating the performance management strategies that have been implemented. With continuous updates, companies can adapt performance management strategies according to needs and changes in the work environment (Riel et al., 2009).

These strategic recommendations are expected to create a work environment that motivates, supports growth, and improves overall employee performance. Performance management strategies have a very vital role in achieving business goals, especially in increasing employee motivation and achieving a balance between organizational needs and individual satisfaction. One of the advantages of the performance management strategy at Cripscot is the focus on product excellence. Chocolate banana chips as the main product require high creativity in the manufacturing process and innovation in flavor variations. The uniqueness of this product, combined with an economical price and free of preservatives, makes it attractive to consumers.

However, the weakness Cripscot faces is the lack of sufficient experience in running a business. Snack food businesses tend to have a high level of competition, and lack of experience can be an obstacle in dealing with market dynamics. Apart from that, food products also have the potential to be easily duplicated by competitors. Therefore, Cripscot needs to develop a strong differentiation strategy to maintain market share and competitive advantage. In facing market opportunities, especially through digital marketing and attractive promos, Cripscot can expand consumer reach. Utilizing social media can be an effective means of interacting with customers and

increasing product visibility (Anwari et al., 2016). However, it is important to remember that the threat of consumer indifference remains a factor that must be anticipated.

The emphasis on aspects such as setting clear goals, regular feedback, fair performance appraisals, and recognition of achievements shows that a holistic approach to performance management can create a work environment that supports employee motivation. Through this strategy, organizations can provide clarity regarding expectations, provide needed support, and celebrate achievements, all of which can increase employee motivation and commitment levels. The era of globalization and rapid change requires organizations to not only adapt but also be innovative in creating a work environment that supports employee growth and development. A wisely implemented performance management strategy can help an organization not only retain its best talent but also become a desirable place to work for ambitious individuals.

## **CONCLUSION**

Based on the results of this research, performance management strategies play a crucial role in increasing employee motivation at Cripscot. Inclusive leadership, quality supervisory supervision, and motivational factors, such as recognition and incentives, form the foundation of an effective strategy. High motivation has a positive impact on productivity, product quality, and the company's competitive advantage. Concrete recommendations for Cripscot management include improvements in leadership training and supervisory supervision, evaluation of recognition and incentive systems, and development of more specific performance management strategies. In facing the ever-changing dynamics of the food industry, flexibility and responsiveness to change are the keys to maintaining competitive advantage. An in-depth understanding of the factors that influence employee motivation can be the basis for further steps aimed at creating a dynamic, innovative, and highly competitive work environment in the future.

This research makes a significant contribution to the understanding of the relationship between performance management strategies and employee motivation. This discussion underscores the importance of a holistic approach to performance management, highlights the relevance of this research in addressing modern organizational challenges, and explores the potential for transformation through technology integration. Thus, the results of this study not only provide new insights for organizational leaders and human resource managers but also contribute to the human resource management literature as a whole.

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**Implementation of Digital Marketing as a Marketing Strategy for VCO Star MSMEs**

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Micro, Small, and Medium Enterprises (MSMEs) are not only the main economic pillars in Indonesia but also play a significant role in building and developing economic growth in the country. One strategy that can be implemented to advance MSMEs is through digital marketing. This research aims to reveal the various digital marketing strategies implemented by VCO Star MSMEs. The research method is a descriptive qualitative approach, focusing on VCO Star in Mantikulore District, Palu City. Research findings show that VCO Star uses digital marketing by implementing several strategies, such as posting products on social media such as Facebook, Instagram ads, and WhatsApp statuses. However, this research also reveals that VCO Star has not used influencers as a digital marketing tool, causing a lack of public trust in the product and its impact on sales and reach of desired target consumers. Apart from that, VCO Star business actors have yet to utilize popular marketplace platforms such as Shopee, Tokopedia, and Lazada, which can benefit from reaching a wider market.

**INTRODUCTION**

The shift in data-based business and marketing strategies encourages companies to utilize technology, especially in marketing (Kumar et al., 2021). Significantly, marketing communication methods that were previously traditional and conventional have now been integrated into the digital realm (Suriadiman et al., 2023). Digital marketing is key to increasing customer engagement and interaction, managing the marketing mix, and implementing marketing communications (Peter & Dalla Vecchia, 2021). However, there needs to be more alignment in companies' communication modes, where, although more and more are turning to social media to interact and create value, companies still use both digital and traditional sales communication tools (Fraccastoro et al., 2021). So, by utilizing the Internet as a marketing tool, businesses achieve financial success and strengthen communications through utilizing online visibility and sales channels, including advertising on social media. This method has proven effective in reaching various markets and supporting business expansion (Pitaloka & Kardoyo, 2023).

Digital marketing is a marketing strategy that adopts sophisticated digital technology. In this context, digital marketing involves interactive and integrated marketing activities, facilitating engagement between producers, market intermediaries, and potential consumers (Urva et al., 2022). Digital marketing includes using electronic technology, especially information technology, to support various business processes, including buying and selling products, services, and information. Digital marketing aims to increase demand and provide customer service with a digital approach (Noviana et al., 2022). In general, digital marketing is a popular form of marketing, widely used to promote products or services and reach consumers through digital channels (Rahmanda, 2023).

Digital marketing is a form of marketing through internet access, social media, and other digital devices (Ahmas et al., 2022). Although the literature on micro, small, and medium enterprises (MSMEs) is limited in studies comparing companies from different countries, some studies suggest that the relationship between strategic orientation and digital marketing tactics can impact business performance, and the effect may be moderated by the economic context of the country's market certain (Goldman et al., 2021). The hope is that digital marketing can be an effective tool for business actors, especially MSMEs, to promote and market their products and services. More than that, digital marketing can open opportunities to new markets previously limited or closed, overcoming obstacles such as limited time, distance, and conventional communication methods (Zhang & Erturk, 2022).

The variety of social media continues to grow today. The popularity of platforms such as Facebook, TikTok, Instagram, and others is widely used for product marketing activities (Sundaram et al., 2020). Digital marketing involves various sectors of the economy, including retail stores, online banking services, transportation, hotel bookings, money transfers, and online payments (Ashrafuzzaman et al., 2022). The benefits gained from implementing digital marketing include reaching a wider market efficiency in marketing costs and opening up opportunities to run campaigns without being limited by space and time. This means that digital marketing is real-time, allowing entrepreneurs to respond to interest and feedback from the target market immediately. So, quick decisions are made regarding adjustments to advertising content strategies in the hope of getting better results and faster responses. Therefore, the strategic role of digital marketing is crucial in attracting consumers' attention and guiding them to communicate electronically and conventionally (Denny et al., 2022).

Various studies regarding digital marketing have been carried out previously (Ahmas et al., 2022; Pitaloka & Kardoyo, 2023; Suriadiman et al., 2023). Research by Pattoka and Kardoyo (2023) found that sales will increase when marketers utilize technology. However, this research needs to reveal the impact of using social media in marketing. Then, research Suriadiman et al. (2023) also found that digital literacy in marketing had a positive impact. However, this research needs to show the implementation of social media. Therefore, this research considers the implementation and impact of social media use within a marketing strategy framework. The success of digital marketing depends not only on technology or digital literacy alone but also on skills in integrating social media effectively. Understanding and analyzing the impact of using social media platforms can optimize their strategies to achieve maximum results, which is one of the strategies in digital marketing.

Digital marketing strategies using social media are very important for marketers to expand networks and create competitive advantages for business actors. According to Ketter and Avraham (2021), There are two digital marketing strategies: a media strategy that emphasizes the important role of social media and a message strategy that emphasizes the importance of the marketer's image or product. Apart from that, digital marketing utilizes internet technology, which makes consumers comfortable in terms of ease of access and practicality (Nafsi & Kusuma, 2023). Therefore, within the framework of a digital marketing strategy, the role of social media is very significant because it allows marketers to interact directly with audiences, create relevant content, and take advantage of the various features offered by these platforms. Digital marketing strategies are not only limited to social media but also include message strategies that aim to build a positive image for marketers or products. This means that creating a strong message that is in line with

brand values is the key to creating a positive appeal in the eyes of consumers. So, internet technology in digital marketing opens up opportunities to provide a more efficient and satisfying shopping experience, making ease of access and practicality an important element in gaining consumer trust.

This research study focuses on MSMEs operating in the Palu City area, Central Sulawesi. Palu City has abundant natural resources that can be developed through entrepreneurial activities (Bachri & Adda, 2017). On the other hand, Central Sulawesi is also known as one of the largest coconut producers in Indonesia, as recorded by the Central Statistics Agency (BPS) (Marwahti et al., 2023). The main factor that supports the growth of MSMEs in this area is the abundant availability of coconut raw materials. This phenomenon has resulted in increased diversification of processed coconut products and the establishment of various businesses in this sector. Therefore, this research mainly focuses on VCO Star, one of the MSMEs operating in Central Sulawesi.

As a seller of virgin coconut oil (VCO) and body wash, VCO Star emphasizes using natural raw materials to ensure the safety of its products. Not only that, but the prices offered by VCO Star are more affordable than its competitors. At first, VCO Star focused sales on offline or direct methods, which required extra effort and time to distribute its products. To overcome this challenge, VCO Star took strategic steps by creating social media accounts and joining the marketplace, making it easier for customers to order products and get detailed price information.

Not only does the existence of social media accounts and marketplaces increase accessibility, but it also provides opportunities for VCO Star to educate consumers about its products in more detail. Facing the era of digitalization that increasingly dominates business, VCO Star is expected to be able to adapt to digitalization needs. Internet utilization is key in business development, and transformation towards internet-based business inevitably becomes necessary. This research aims to evaluate the implementation of digital marketing by VCO Star and identify obstacles that may be faced during the process.

## **RESEARCH METHOD**

This research uses a descriptive qualitative approach, which focuses on exploring social phenomena and developing a specific understanding of a particular problem (Ulfatin, 2013). Qualitative research methods are defined as research procedures that produce descriptive data in the form of written or spoken sentences from the subject and behavior that can be observed (Murdiyanto, 2020). The data collection process involves a combination of structured interviews, in-depth interviews, and observations of business actors. The type of interview is semi-structured and open, allowing flexibility in approach (Sulandjari & Suparwata, 2023). The informants in this research are VCO Star business actors who have successfully and effectively adopted information technology. The research was conducted at VCO Star, located in Mantikulore District, Palu City.

An in-depth interview and observation were conducted on VCO Star business actors. Before starting, preparation involves formulating questions and identifying informants who have insight into the research topic. The first step is obtaining consent and ensuring the informant understands the interviewer's identity. Several questions are designed to give direction to the interview. The focus then shifted to digital marketing strategies using semi-structured questions. Followed by validation of research findings with informants and exploration of potential obstacles in implementing digital marketing strategies. Discussion of potential solutions and plans for VCO Star is an important part. After the interview, the data transcription process was carried out, and the findings were reflected for future research development.

## **RESULTS AND DISCUSSION**

### ***Results***

Informants were asked to explain the steps in the digital marketing process implemented by VCO Star. This interview design aims to detail the experiences and actions taken by business actors related to obstacles or successes in digital marketing. The information obtained is expected to provide in-depth insight into the marketing strategies used by VCO Star and how they overcome

various challenges in the digital realm. Every stage of the digital marketing process, whether related to social media, chat platforms, or marketplaces, is the main focus of gaining a comprehensive and in-depth understanding from the perspective of business actors.

*Technological developments and their impact on digital marketing.* VCO Star has used various social media in its marketing process. Business actors stated that this aims to enable them to communicate interactively with consumers. This interaction is an opportunity for VCO Star to promote its products.

*"We use social media, especially Facebook and Instagram, to promote our products. We also actively use chat platforms such as WhatsApp and Instagram direct messages to interact directly with consumers."*

(Informant 1, VCO Star business actor)

*Effectiveness in digital marketing.* Other informants also stated that business actors trust social media as an effective marketing medium. Social media has a positive impact. As a result, the social media strategy has had quite a significant impact.

*"We believe that social media is effective for creating awareness, communicating directly with consumers, and promoting products. So far, we feel this strategy has delivered positive results."*

(Informant 2, VCO Star business actor)

*Strategy to increase consumer confidence.* VCO Star business actors also realize that consumer trust is very important. One way to increase consumer trust is by using influencers in digital advertising. VCO Star entrepreneurs realize that, by using influencers, their products will become more widely known. Additionally, utilizing the marketplace is also important in reaching a larger market.

*"Yes, we found some flaws. One of them is not yet using influencers as digital advertising, which can increase consumer trust. Apart from that, not yet marketing products through marketplaces such as Shopee, Tokopedia, or Lazada is also an obstacle because it can expand market reach."*

(Informant 1, VCO Star business actor)

In line with the results of this interview, business actors, as marketers, have realized the importance of using technology in marketing (Urva et al., 2022). However, on the other hand, VCO Star business actors also realize that marketplaces can also be promising apart from social media. In line with the findings of this research, the use of marketplaces is considered to have the ability to expand market reach (Hodijah et al., 2023). Apart from that, the use of influencers as "advertisements" is also expected to have a positive impact on reaching consumers.

### **Discussion**

Technological developments have emphasized that business actors, including VCO Star, adapt to the marketing process. Digital marketing now optimizes social media, chat platforms, partnerships with marketplaces, and various other platforms, making it easier for business actors to attract consumer attention and interact directly (Noviana et al., 2022). The research results on VCO Star show the implementation of digital marketing strategies through social media, especially on Facebook and Instagram. Both platforms effectively promote VCO Star products and interact directly with consumers. Chat platforms, such as Whatsapp and Instagram direct messages, are also commonly used by consumers and considered easy by MSME business actors.

Based on research by Sundaram et al. (2020), the marketing strategy confirms the effectiveness of digital marketing in attracting consumers. The benefits are not only limited to promoting products but also providing complete information, creating awareness of the company and products, and being a data source for market research. Therefore, using social media, such as Instagram, Facebook, and WhatsApp, as a sales platform is the right step.

Research interviews also revealed areas for improvement in VCO Star, especially in implementing digital marketing strategies. The lack of use of influencers in digital advertising means

that public trust in products is affected, impacting sales and the reach of target consumers. Additionally, VCO Star must take advantage of popular marketplaces such as Shopee, Tokopedia, and Lazada, which can benefit market expansion, increase revenue, and reduce marketing costs. Using a marketplace is also recognized as making administration and transaction management easier.

## **CONCLUSION**

Facing technological developments, business actors, such as VCO Star, have successfully adapted digital marketing processes. This strategy involves utilizing social media, especially Facebook and Instagram, which have proven effective in promoting products and interacting directly with consumers. The effectiveness of digital marketing can be seen from its positive impact, in accordance with previous research findings. However, the interview also highlighted shortcomings, such as the lack of use of influencers and optimal penetration through leading marketplaces. Business actors realize the importance of consumer trust, encouraging them to consider the use of influencers and the potential of marketplaces as strategic steps in expanding market reach. So, adapting to technological developments and utilizing various platforms is the key to digital marketing success for business actors.

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### Increasing The Efficiency of Employment Administration Through Human Resource Management Practices at CV Sofie Local Food

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#### ABSTRACT

This research explores Human Resource Management (HRM) Practices in MSMEs. The research study was conducted at one of Palu's typical souvenir shops. Research shows that implementing strategic management decisions improves performance and develops employee potential. SOPs and digitization of employee data provide internal efficiency and positive contributions to the local economy. It is necessary to optimize SOPs, improve HRM practices, and emphasize training to develop technical skills and motivate employees, especially those who have just joined. By implementing appropriate SOPs and HRM practices, MSMEs can continue to develop, contribute positively to local economic growth, and maintain Palu's culinary cultural heritage. This research is expected to expand the literature on developing HRM practices in MSMEs, especially in Indonesia.

#### INTRODUCTION

To increase the competitiveness and quality of a company, improving and developing employee performance is also a priority and challenge that must be faced in welcoming the era of globalization (EY Putri et al., 2022), Especially since the COVID-19 pandemic occurred. Human resource management (HRM) is key to maintaining performance and good employee relations (Imbron & Pamungkas, 2021), especially in employment.

As an incomparable resource, employment requires fostering efforts, direction, and protection to create well-being related to their work (Amelyawati et al., 2023). So, efforts are needed to develop, direct, and protect workers to create prosperity related to what they do (Sinaga & Zaluchu, 2003), for example, in an employment contract agreement, such as fixed working hours and salary (Rusilowati, 2020).

Employment is generally managed by human resource management (HRM). HRM is very necessary to ensure the continuity of the organization. HRM is part of the strategic planning process. The implementation of the Company's transformation process in achieving competitive advantage is supported by sources of competitive advantage, which include physical resources, financial resources, structure and organizational process systems, and human resources (HR) (Permadi, 2023). HRM as a whole is the determination and implementation of various activities, regulations, and various other programs that aim to produce employees or workers who are skilled and have quality (EA Putri et al., 2022). So, it requires practice in its application.

HRM practices describe management processes that enable an organization to gain valuable knowledge, influence innovative activities, and improve overall performance (Singh et al., 2021). Supporting factors for efficient Human Resource Management (HRM) practices involve HRM practices, Human Resources (HR) tools, and learning culture (Subramanian & Suresh, 2022). HRM practices include recruitment and selection, training and development, and participation and rewards (Simbolon et al., 2021). The goal is to create a competitive advantage for the Company, including job security, selectivity in recruitment, information exchange, employee participation and empowerment, training and skills development, incentive systems, competitive wage settings, and promotions (Pfeffer, 2001).

Based on current developments in the literature, HRM practices analyze productivity, turnover rates, and financial performance and how they relate (Nurjaman et al., 2020). Therefore, HRM practices are related to the Company and the relationship between employees and the Company. The work environment also influences employee welfare and their desire to remain in the Company (Pebria & Syaebani, 2023). However, HRM practices in Micro, Small, and Medium Enterprises (MSMEs) involve various workforce and human resource management activities on a smaller business scale (Herliyani et al., 2023).

Several studies have been conducted on the relationship and application of HRM practices (Nurjaman et al., 2020; Pebria & Syaebani, 2023; Simbolon et al., 2021). For example, research by Nurjaman et al. (2020) states that to improve company performance in global competition, the Company's approach must be strategic in considering current developments. However, this research did not look at a smaller company scale regarding implementing HRM practices. Then research by Prabria and Syaebani (2023) also found that the implementation of HRM practices can also be supported by the work environment, which will influence whether employees will stay in the Company, especially in beauty clinics. However, this research only focuses on companies operating in the services sector. The potential for growth of MSMEs in Indonesia can realize economic growth in Indonesia (Zia, 2020) with the increasing number of job opportunities available, especially in Palu. Because the Palu city government appreciates local products created by the community, they can increase regional income (Risnawati et al., 2022).

The increasing increase in MSMEs cannot be separated from the role of business creativity in competing (Nurcahyanti & Ruscitasari, 2022). Therefore, this research aims to fill the knowledge gap regarding Human Resource Management (HRM) practices at the Micro, Small, and Medium Enterprises (MSME) scale. Although previous research has revealed a relationship between the implementation of HRM practices and company performance, more information is still needed related to the implementation of HRM practices in MSMEs, the main players in economic growth in Indonesia.

This research was conducted at CV. Sofie Local Food, a typical Palu souvenir shop, is central to promoting and preserving local culinary riches. This shop plays a role in the local economy and maintains culinary cultural heritage; however, with rapid business growth, CV. Sofie Local Food needs help to manage labor administration, especially with manual processes that may be less efficient considering the growing scale and complexity, increasing demand, and product diversification.

Facing continuously developing business dynamics, digitizing human resource management is an urgent need (Muliawaty, 2019), especially in administration, which includes all structuring activities related to implementing an organization's administration. The process aims to provide

meaningful information for those who need it or determine policy (Dewi, 2020). Therefore, the implementation of HRM Practices at CV. Sofie Localfood is expected to provide the latest solutions to increase administrative efficiency, positively impact productivity, and improve the quality of company services. Increasing the labor administration's efficiency provides internal benefits and contributes to economic and social development in Palu.

This research aims to evaluate the employment administration process at CV. Sofie Localfood and designing the more efficient implementation of HRM Practices. Specific objectives involve applying theoretical knowledge, identifying solutions to administrative challenges, and making a practical positive contribution to CV Sofie's local food. This is expected to make a positive contribution to CV. Sofie Localfood through innovative ideas and a deep understanding of market trends and customer needs. With proper implementation, it is hoped that it will make a real contribution to improving the employment administration performance of CV Sofie Local Food, support the Company's sustainable growth, and positively impact the local community in Palu.

## **RESEARCH METHOD**

This research uses a qualitative approach to understand the phenomenon deeply through interpretation and descriptive analysis (Ardiansyah et al., 2023). In Participatory Observation (Achjar et al., 2023) on CV. Sofie Localfood, the researcher, is directly involved in the daily activities of these MSMEs. This method allows researchers to observe and understand the operational context of CV in depth. Sofie Local food and dynamics that may not be revealed through interviews or documentary studies alone. By being present directly at the location, researchers can feel the business atmosphere, observe interactions between employees and customers, and gain insight into the challenges that MSMEs may face in their daily activities. Participatory observation is an effective approach to understanding business realities at CV. Sofie Localfood.

## **RESULTS AND DISCUSSION**

This research comprehensively evaluates the employment administration process at CV Sofie Local Food. The evaluation results show that although the manual process has been running well, there is potential to increase efficiency, especially in recruitment, training, performance evaluation, and employee data management. The importance of increasing efficiency is seen as a response to CV business growth. Sofie Localfood continues to develop and diversify its products.

More than effective manual processes are required to manage increasing scale and complexity. Therefore, implementing HRM Practices (HRM) in digitalization is considered a relevant and timely solution(Wahyudi et al., 2023). The implementation of HRM practices has had a positive impact on several critical aspects of human resource management at CV. Sofie Local food, which can be seen in Table 1.

**Table 1. Implementation of HRM Practices**

<b>No.</b>	<b>Types of HRM Practices</b>	<b>Description and Suggestions</b>
1	Training Aspects	Increased employee effectiveness and involvement in advancing service quality The positive impact can also be seen in employee performance evaluations, which can now be done more objectively and measurably.
2	Employment Administration Efficiency	Using computer equipment so that inputting the required broadcast data can be used for sales systems and serving customers over a long period. The age range of workers in this Company includes two male workers aged 25-50 years, then added with five female workers aged 23-50 years.

No.	Types of HRM Practices	Description and Suggestions
3	Introduction to HRM Practices	Integration with existing systems such as payroll and performance appraisal

Source: Primary data, 2024

Based on the implementation of HRM Practices in Table 1, it can be concluded that CV. Sofie Localfood has stronger management in making strategic decisions to improve individual performance and develop employee potential. Furthermore, improving employee data management through digitalization provides information that is more accurate and easily accessible. The importance of increasing the efficiency of labor administration is not only internal to CV operations. Sofie Local food also positively impacts economic and social development in Palu by increasing job opportunities and supporting local entrepreneurs. Sofie Local food can be the main pillar in encouraging sustainable growth and positively impacting local communities.

Therefore, it is necessary to carry out job training and improve certain aspects, which can be the first step in creating productive employee performance and a high work ethic, especially for new employees who join this Company, which can be seen in Table 2.

**Table 2. Support Needed in HRM Practices**

No.	Regarding	Description and Suggestions
1	Skills and competencies	Learn about the latest methods, more efficient processing techniques, and the latest industry trends that can improve product quality Training can provide an understanding of procedures and compliance with applicable food regulations
2	Adapt to change	Reduces resistance to change and increases acceptance of innovation
3	Increased productivity	Highly educated workers tend to be more productive. With the help of training, business processes can be better understood, and daily tasks become more efficient.
4	Understanding new systems	Reduce uncertainty and ensure that the system is fully exploited.
5	Improving occupational safety and health	Understanding of cleaning methods, safe use of equipment, and food handling.
6	Understand roles and responsibilities	Deepen the work context, which includes Teamwork and contribution to overall company goals. The importance of training lies in the ability to make employees understand the Company's expectations for individuality and Teamwork Employees learn to communicate with colleagues, communicate effectively, and integrate into a collaborative work environment

No.	Regarding	Description and Suggestions
7	Reduce error rate	Reduce the risk of errors in production processes, management, and other tasks
8	Implementation of Employee Attendance Procedures	The main director carries out the recruitment process directly, and employee data collection uses fingerprints.

Source: Primary data, 2024

Table 2 shows that training is about developing technical skills and building employee motivation and loyalty. By better understanding collective responsibility, teams can work synergistically, create a positive work culture, and strengthen corporate identity. Training helps employees understand the positive impact of their contribution to the Company's vision and mission, creates a sense of ownership of their work, and increases motivation to achieve higher performance. Thus, training forms a strong basis for improving individual and team performance, leading the Company toward collective success, and creating a work culture that focuses on collective success. As a valuable investment in human resource development and achieving company goals, structured training provides short-term benefits and builds a solid foundation for long-term growth and sustainability.

Meanwhile, some things need to be improved on the CV. Sofie Localfood, so the implementation of HRM practices can run more optimally, as shown in Table 3.

**Table 3. Evaluation results of HRM practices among employees**

No.	Evaluation	Description and Suggestions
1	Employee attendance and punctuality	Production employees must attend and leave the work environment at specified times. It is not permitted to represent, sign someone else's attendance register, or provide false information. Lateness and absence are considered a violation of the rules unless there is an acceptable reason. Absent employees must notify them via SMS or telephone, and permission must be given the day before. Production starts at 07.00 WITA, and other activities are carried out before working hours or during breaks.
2	SOP and work culture	Implementing SOPs is the key to creating a disciplined and efficient work culture. The SOP includes timeliness, prohibition of providing false information, handling delays, and structuring production time. Following SOPs helps ensure effective HR management, productivity optimization, and sustainable growth.
3	The urgency of SOPs in employee discipline policies	Attendance and punctuality Restrictions on representation and signing of attendance lists Transparency and accountability Discipline for tardiness and absence Effective communication Production time management

Source: Primary data, 2024

The attendance and punctuality of employees at CV Sofie Local Food are strictly regulated, ensuring production employees attend and leave the workplace according to a predetermined schedule. The prohibition on representing or providing false information and disciplinary action against delays is an integral part of the Company's Standard Operating Procedures (SOP). Implementing this SOP covers attendance and punctuality and includes prohibitions against actions that could disrupt employee transparency, accountability, and discipline. SOPs are operational guidelines and the key to establishing an efficient and disciplined work culture. By following SOPs, companies can manage human resources effectively, increase productivity, and create a solid foundation for sustainable growth. Therefore, SOPs have a high urgency in employee discipline policies, forming the basis for achieving the Company's long-term success.

## **CONCLUSION**

This research emphasizes that managing labor administration can influence organizational performance and employee welfare. The Company shows commitment through regular monitoring and evaluation to ensure compliance with labor regulations and adjust policies according to business needs. For example, setting working hours, managing absences, and clear health and leave policies. Implementing HRM practices is a strategic step in improving workforce management. Evaluation and analysis of management processes, adjustments to HR Practice functions, and their implementation positively impact operational efficiency and data accuracy and reduce the risk of human error. The prohibition against misrepresentation, providing false information, and discipline against delays shows the Company's commitment to maintaining sustainability and sustainable growth. Therefore, SOPs have a high urgency in employee discipline policies, providing a strong basis for achieving long-term company success.

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**Analysis of Brown Sugar MSME Income in Lembantongoa Village, Palolo District,  
Sigi Regency**

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**ABSTRACT**

Calculating the cost of production is an important thing to pay attention to because competition between MSMEs is increasing in producing quality products at fairly competitive prices. This research aims to determine how HPP is calculated to determine the income of brown sugar MSMEs. The data used is primary data and secondary data. The research was conducted on brown sugar MSMEs in Lembantongoa Village, Palolo District, Sigi Regency. Research shows that the basic price of brown sugar production is Rp. 910,000 per production with a selling price of Rp. 15,000/kg, income reaches Rp. 1,125,000. The importance of managing production costs is to set competitive selling prices in the market and continue to monitor and optimize production costs to increase efficiency and profits. Apart from that, setting selling prices that are in line with market prices is a critical step to maintaining product competitiveness.

**INTRODUCTION**

Concerns about the market economy have become a frightening specter for business actors in Indonesia; the cause is the weak competitiveness of local industry, which erodes the potential of local entrepreneurs and several Micro, Small, and Medium Enterprises (Ramadani & Arfida, 2017). Industrial growth amidst the threat of limited raw materials and minimal protection through policy means it is necessary to increase the quality and quantity of production, and one way that can be taken is to increase productivity and business efficiency (Serrasqueiro et al., 2023). Increasing farmers' income and welfare often comes with the problems of relatively low farmer knowledge, limited capital, limited arable land, and a lack of farmer skills, which will later affect farmer acceptance (Adda et al., 2022).

Central Sulawesi is a province with much biodiversity, which has the potential to be developed in developing, especially in the agricultural industry. The brown sugar manufacturing industry is one of the industrial developments carried out by the Lembantongoa community. This industry utilizes small-scale sugar palm, coconut, and palm trees, or what is usually called a home industry. Lembantongoa Village is one of the brown sugar-producing areas in Palolo District. Even though the processing process is still traditional, Lembantongoa brown sugar is famous. Some people make brown sugar. However, most people who make brown sugar live or are in remote locations, so they have limited information.

Income from product sales and costs for sacrifices that must be made by the business to produce or produce goods will determine the actual cost price. Income is an increase in assets, which increases owners' equity, but not due to an increase in new capital from the owner and not an increase in assets caused by an increase in liabilities (Saragih et al., 2018). Meanwhile, costs are the acquisition price that is sacrificed or used in order to obtain income and will be used as a reduction in income (Habibu et al., 2022).

The value-added production process can increase economic growth for local communities, considering that economic growth has become an interesting issue in the last few decades (Siska et al., 2023). Therefore, MSMEs must pay attention to every cost incurred in their production activities. Based on the information obtained, the number of sales of brown sugar has increased from year to year. However, the brown sugar industry in Lembantongoa Village has not recorded and categorized the correct production costs for its business. In this business unit, the owner only records the amount of money received and spent, the number of goods sold or purchased, and the amount of debt or receivables without classifying the amount of funds spent on production costs.

The importance of cost-of-production analysis must be considered. The cost of production includes all costs involved in the production process, including raw materials, labor, energy, and other production factors (Rapii et al., 2023). The greater the business capital used, the greater the income earned. Capital and income have a very close relationship, so if there is a shock to the capital, it will have a greater impact on income (Aaliyah & Witiastuti, 2015). A decrease in capital will result in a decrease in income below capacity. The role of capital in production capacity is very large because capital is a very important production factor. The problem of capital shortage can be viewed from two aspects: the lack of capital funds available in society and the lack of capital funds to finance the formation of new capital. The limited capital tools of the economy can be seen from the limited infrastructure and the limited modern machines available. This situation has very serious implications for the economy, which will cause some economic activities to have low productivity so that the income earned will also be low (Polandos et al., 2019).

Lembantongoa Village, located in Palolo District, Sigi Regency, has great potential in brown sugar production through micro, small, and medium enterprises (MSMEs). Brown sugar is a traditional product that is important to the local economy. Even though it has great potential, the welfare of brown sugar MSMEs in Lembantongoa Village is still a major concern. The growth of brown sugar MSMEs in Lembantongoa Village can be identified as part of local economic development efforts. However, factors such as fluctuations in raw material prices, changes in government policies, and infrastructure constraints may affect the income of brown sugar MSMEs. Therefore, an in-depth analysis of the income of brown sugar MSMEs in Lembantongoa Village is relevant to understanding the challenges and opportunities faced by these business actors.

This research considers the important role of brown sugar MSMEs in supporting the economic sustainability of Lembantongoa Village. Increasing MSME income can have a positive impact not only on the income level of individual business actors but also on the welfare of society as a whole. Therefore, an analysis of the income of brown sugar MSMEs in Lembantongoa Village will provide insight into current economic conditions and a basis for developing policies that support the growth and sustainability of MSMEs at the local level. Through this research, it is hoped that solutions or recommendations can be found to help local governments, economic development institutions, and MSMEs increase the income, productivity, and sustainability of brown sugar MSMEs in Lembantongoa Village.

## RESEARCH METHOD

This quantitative descriptive research determines locations or samples using purposive sampling techniques. This research was conducted in Lembatongoa Village, Palolo District, Sigi Regency. Respondent sampling was carried out using the census method, which is a research method that involves conducting complete investigations and interviews (Sugiyono, 2017). The respondents involved were ten brown sugar processing business actors. The data analysis used in the research is cost, revenue, and income analysis, as carried out in previous research (Habibu et al., 2022).

## RESULTS AND DISCUSSION

The brown sugar business is classified as a hereditary business carried out in Lembatongoa Village. The research results show that the brown sugar business is the main business for brown sugar entrepreneurs because it can provide direct income that brown sugar artisans can enjoy. The raw material for producing brown sugar is sap from tapping taken from sugar palm trees. Then, the palm sugar owner performs the tapping twice daily, namely in the morning and evening. The palm tree that provides the main ingredient needed for making palm sugar is palm sap, which has produced flower bunches and has gone through the process of beating the base of the bunch until the bunches are ready to be cut to allow the sap juice to come out which is the main ingredient of palm sugar.

Then, the need for raw materials in producing palm sugar is not only sapped but there are complementary raw materials used by palm sugar entrepreneurs in Sidoan Village, such as Kemiri, which, of course, must be present in processing sap into palm sugar. The function of this ingredient is to speed up the thickening process, which then hardens and becomes hard palm sugar. Candlenuts are needed when cooking sap. If these ingredients are absent, the sap will not thicken and form palm sugar.

Calculating the cost of production is an important thing to pay attention to because competition between MSMEs is increasingly tight in producing quality products at fairly competitive prices. (Purwanto & Watini, 2020). The production cost components consist of raw materials, direct labor, and factory overhead costs. Information on using ten cans of sap water in one production at a price per jerry can of Rp. 50,000, other raw materials are candlenuts, which are used as much as 1 kg for Rp. 35,000. So, the raw material costs can be calculated as follows:

**Table 1. Raw Material Costs**

<b>Raw Material Costs</b>	<b>Amount</b>
Nira Water	Rp. 500,000
Candlenut	Rp. 35,000
<b>Total Raw Material Costs</b>	<b>Rp. 535,000</b>

Source: Secondary data, 2023

The labor used in making brown sugar is one person with a wage of Rp. 250,000 per production. Factory overhead costs used are plastic wrapping and firewood. The details are as follows:

**Table 2. Factory Overhead Costs**

<b>Factory Overhead Costs</b>	<b>Amount</b>
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Firewood	Rp. 100,000
Cost of depreciation	Rp. 25,000
<b>Total Factory Overhead</b>	<b>Rp. 125,000</b>

Source: Secondary data, 2023

Based on the information obtained, the cost of production for one production of brown sugar can be calculated as follows:

**Table 3. Factory Overhead Costs**

<b>HPP</b>	<b>Amount</b>
Raw Material Costs	Rp. 535,000
Direct labor costs	Rp. 250,000
Factory Overhead Costs	Rp. 125,000
<b>Cost of goods sold</b>	<b>Rp. 910,000</b>
Production Amount	75 Kgs
<b>Cost of Production / Kg</b>	<b>Rp. 12,133</b>

Source: Secondary data, 2023

Based on the calculation results, the cost of production is Rp. 910,000. Each production can produce 75 kg of brown sugar, so the cost of production is Rp. 12,133/Kg. so that the selling price determined follows the market price of Rp. 12,133/Kg. Assuming sales per unit is Rp. 15,000, then the business income per production is Rp. 15,000 x 75, which is Rp. 1,125,000.

These findings indicate that the industrial world understands that calculating the cost of production is a crucial factor that influences the sustainability and profitability of a business. This also applies to brown sugar production, where entrepreneurs must carefully consider production costs to set a competitive selling price. Based on the research results, it was found that the basic price of brown sugar production was Rp. 910,000. In this research context, the production cost obtained was IDR—910,000, including various cost elements such as raw materials, labor, electricity, and other production factors. An in-depth analysis of these cost components is important to ensure that all aspects of production are managed efficiently. By knowing the cost of production, entrepreneurs can identify potential savings and increase production efficiency to increase profit margins.

*Interestingly* –The research results show that each production can produce 75 kg of brown sugar. Thus, it can be calculated that the cost of production per kilogram of brown sugar is IDR. 12,133. This is key information in determining a selling price strategy. Even though the cost of production per kilogram has been included, entrepreneurs need to consider other factors such as distribution costs, marketing, and desired profits. In facing the market, brown sugar entrepreneurs must follow market price trends.

The research results show that the determined selling price is Rp. 15,000 per kilogram, which is in line with market prices. Setting prices that suit the market is a smart step to maintain product competitiveness. However, entrepreneurs must also consider product uniqueness, quality, and branding factors to provide added value and differentiate their products. It is important to remember that although this number reflects rough income, entrepreneurs must consider all costs and obtain sufficient net profits to maintain business continuity. Therefore, cost management strategies and selling prices must be balanced to achieve optimal profits.

Based on previous research, the business world is increasingly developing, and more and more competitors cannot be avoided (Wibawa et al., 2021). The existence of competition makes companies face various opportunities and threats both from within the country and abroad. Competitors in business require entrepreneurs to understand what is happening in the market and what consumers currently need. Entrepreneurs also need to know so they can compete with other

companies. Business pressure from strong competitors indirectly affects the marketing performance experienced by Micro, Small, and Medium Enterprises (MSMEs).

Therefore, Micro, Small, and Medium Enterprises, including brown sugar businesses in Sigi Regency, are the largest segment for economic actors. Small industry plays a very important role as a tool to help society as a solution to survive the economic crisis. MSME players can help the government reduce the number of unemployed people. So, in Indonesia, small businesses are often associated with government efforts to reduce unemployment, fight poverty, and equalize income.

## CONCLUSION

Research shows that the basic price of brown sugar production is Rp. 910,000 per production (75 kg). With a selling price of Rp. 15,000 per kilogram, income reaches Rp. 1,125,000. The main conclusion from this analysis is the importance of managing production costs in order to set competitive selling prices in the market. Entrepreneurs must continue to monitor and optimize production costs to increase efficiency and profits. Apart from that, setting selling prices that are in line with market prices is a critical step to maintaining product competitiveness. However, other factors, such as product quality and marketing strategy, are important in attracting consumers.

Success in the brown sugar industry depends not only on calculating the cost of production but also on a holistic strategy involving cost management, wise pricing, and a focus on added value to the product. With this approach, entrepreneurs can achieve business sustainability and strengthen their position in the market. The results of this research highlight the importance of calculating the cost of production in the brown sugar industry. Entrepreneurs must understand cost components thoroughly and implement wise selling price strategies to remain competitive. Entrepreneurs can achieve long-term success in the brown sugar industry by considering market prices, product quality, and marketing strategies.

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