

# The Effectiveness of East Java Online Shopping (JATIM BEJO) in Encouraging the Participation of Local Micro, Small, and Medium Enterprises (MSMEs)

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## ABSTRACT

**Objective:** This study aims to evaluate the effectiveness of the East Java Online Shopping Program (JATIM BEJO) in encouraging the participation of local Micro, Small, and Medium Enterprises (MSMEs) as a response to the economic downturn caused by the Covid-19 pandemic. **Method:** A descriptive qualitative approach was applied, using Subagyo's four indicators of effectiveness in Budiani (2007) – target accuracy, program socialization, goal achievement, and program monitoring – as the analytical framework. **Results:** The findings reveal that JATIM BEJO has succeeded in increasing MSME participation in digital platforms, thereby expanding market access and supporting economic resilience. However, challenges persist, including limited understanding among MSME actors regarding program benefits and administrative barriers that restrict broader participation. These issues highlight the need for more intensive socialization and technical assistance to ensure inclusive involvement. **Novelty:** This study contributes by emphasizing JATIM BEJO as a regional digital innovation that not only facilitates economic recovery but also provides a strategic model for empowering MSMEs in the post-pandemic era, underscoring the importance of adaptive policy design and continuous program evaluation for sustainable local economic development.

## INTRODUCTION

The Covid-19 pandemic that has hit almost the entire world has had a significant impact on all aspects of life. In Indonesia, almost all sectors have felt the impact of Covid-19, especially in terms of the economy, which has been an important pillar for society. This pandemic has caused a significant decline in the economic sector in Indonesia, including the Micro, Small, and Medium Enterprises (MSMEs) sector which is a crucial element in the movement of the national economy [1].

The Covid-19 pandemic has had a significant impact, many micro businesses have experienced obstacles in market access, given the social restrictions implemented during the pandemic [2]. These obstacles include decreased sales, decreased business capital. The decline in sales was due to a lack of production innovation, the absence of halal testing on products, not joining an institutional community, digitalization, and poor administration, for business sustainability [3]. The low level of money related education in MSMEs has an affect on credit assimilation by the keeping money division, so that it becomes a major obstacle that MSME actors must face including constrained working capital, human assets, item and innovation development and promoting, but what often occurs in the field is the problem of capital as a cliché reason why many MSMEs do not develop [4].

This condition is also felt by MSME actors in East Java Province. The decline in the number of MSMEs has an impact on the economy of East Java, which has decreased by 2.39 percent in 2020 (BPS 2021). This is due to the strategic role of MSMEs in the economic sector in the region. According to information from the Ministry of Communication and Information of East Java Province, the contribution of MSME actors to the GRDP of East Java Province reached 56.93 percent [5]. The number of MSMEs in East Java based on the 2021 Economic Census and the 2018 Inter-Census Agricultural Survey reached 9.78 million. Of the total, the agricultural sector covers 5.16 million (52.8%), while the non-agricultural sector amounts to 4.61 million (47.2%). In the non-agricultural sector, the wholesale trade business sector and the repair and maintenance of cars and motorbikes dominate with a total of 2.068 million MSMEs (44.78%) [6].

Meanwhile, the processing industry covers 853.9 thousand MSMEs (18.49%), and the provision of accommodation and food and beverages reaches 819,483 MSMEs (17.74%). In addition, there are 12 other sectors that contribute 18.99% of the total [7]. Complete details of the number of MSMEs per business sector can be seen in Table 1.

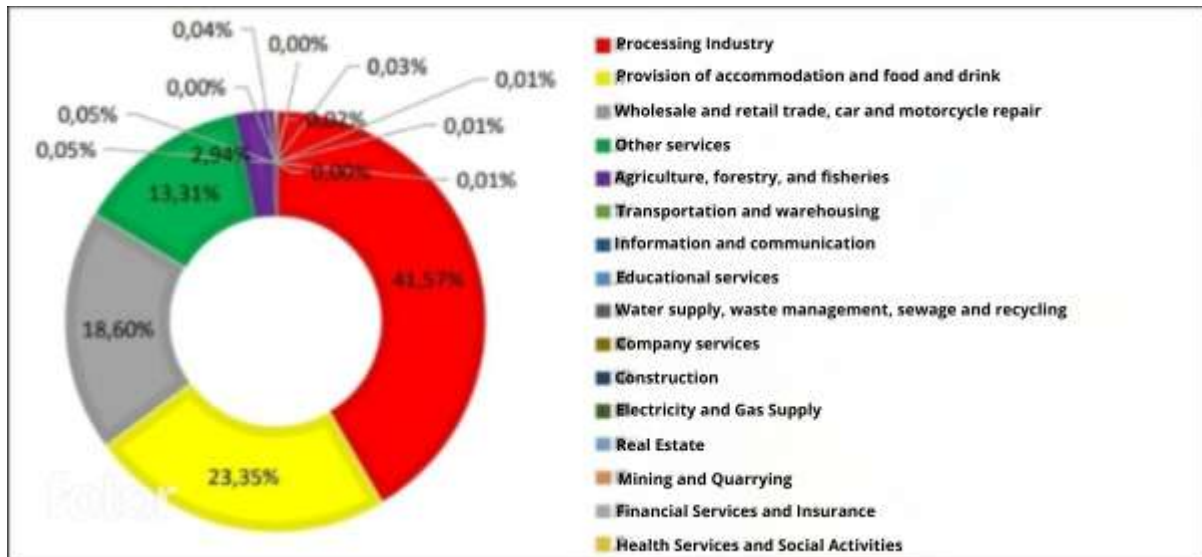
**Table 1.** Number of MSMEs in East Java based on Business Sector

<b>Business Field</b>	<b>Number of MSMEs</b>	<b>Note</b>
Agriculture, Forestry, and Fisheries	5.163.979	SUTAS 2021
Mining and Quarrying	27.169	SE 2021
Processing industry	853.974	SE 2021
Electricity and Gas Procurement	4.443	SE 2021
Water Supply, Waste Management, Waste and Recycling	17.214	SE 2021
Construction	41.748	SE 2021
Wholesale & Retail Trade; Automobile and Motorcycle Repair	2.068.040	SE 2021
Transportation and Warehousing	164.037	SE 2021
Providing Accommodation and Food and Drink	819.483	SE 2021
Information and Communication	112.052	SE 2021
Financial Services and Insurance	19.441	SE 2021
Real Estate	18.838	SE 2021
Service Company	66.426	SE 2021
Education Services	112.411	SE 2021
Health Services & Social Activities	36.148	SE 2021
Other services	256.859	SE 2021
<b>Totally</b>	<b>9.782.262</b>	

Source: BPS East Java (processed by researchers), 2021

East Java Province, the proportion of micro businesses is the largest, which is 93.37 percent of the total MSMEs or 9.13 million businesses; small businesses are 579,567 businesses or around 5.92 percent, and medium businesses are 68,835 businesses or 0.70 percent. The characteristics of MSMEs in East Java show that the majority of businesses

are micro, which generally have limited capital and resources [5]. The research results show that there are 4 main sectors affected, namely: (1) Manufacturing industry 41.57 percent, (2) Provision of accommodation and food and beverage 23.35 percent, (3) Wholesale and retail trade, car and motorbike repair 18.6 percent, and (4) Agriculture, forestry and fisheries 2.94 percent [8].



**Figure 1.** Distribution of MSMEs Impacted by Covid Based on Business Field  
Source : BPS, 2021

From the description and images presented, it can be concluded that the sector most affected by the Covid-19 pandemic in East Java is the processing industry, with a proportion of 41.57 percent. This sector is very dominant because it is the largest part of the regional economic structure, followed by the accommodation and food and beverage provision sector (23.35 percent) and wholesale and retail trade, car and motorcycle repair (18.6 percent) [8]. Furthermore, in the processing industry, the food and beverage processing sector is the most affected, contributing 97 percent of the total business in this sector.

This shows that MSMEs in the food and beverage industry are very vulnerable to changes caused by the pandemic, while other sectors such as fashion and handicrafts have a much smaller contribution. Thus, there is an urgent need to provide special support to the most affected sectors, especially the processing industry, so that they can recover and adapt to existing challenges [8].

Therefore, the provincial government is faced with the current global challenge in formulating policies for MSMEs in East Java. New innovations are needed to face the challenges of limited life due to the Covid-19 pandemic [7]. Innovation is the key to the success of an organization; without innovation, the organization will lose dynamism and cannot develop. Digitalization is a relevant innovation in the current era with the principles of ease, speed, and no limits in its use [9].

Supporting Presidential Instruction No. 6 of 2001 on Telematics (Telecommunications, Media, and Informatics), which mandates that government representatives utilize telematics technology to speed up the democratic process and promote good governance, then concrete digitalization innovation is the use of B2B (business to business) platforms, which are now standard in government environments to meet the needs of goods and services [10]. The commitment to e-government development was strengthened again with the emergence of Presidential Instruction No. 3 of 2003 concerning National Policy and Strategy for e-government Development, which instructed each government agency to formulate a strategy for their respective agency environment [11]. Then, Indonesia Presidential Regulation Number 16 Year 2018 concerning Government Procurement of Goods and Services became the main reference for the Electronic Procurement System (SPSE), which determines the use of e-marketplaces to provide technical infrastructure and transaction services for Ministries or Regional Government Institutions and Service Providers [12].

In line with this concept, the East Java Provincial Government has established a new policy which is a form of innovation in the Procurement of Goods/Services Bureau of the East Java Provincial Secretariat through the East Java Online Shopping Application (Jatim BEJO). This program is the utilization of *e-commerce* in the form of online stores for the procurement of goods and services of the Government in East Java Province as a way to optimize the East Java BEJO program. This program is also an effort by the East Java Provincial Government to help market products owned by MSME actors in East Java. The form of application of this program is, where OPDs in the East Java Provincial Government will help to buy MSME products. Transactions are directly transferred in a program by marketing MSME business products [6].



**Figure 2.** Flow of Procurement of Goods and Services via the East Java BEJO Application

Source: East Java BEJO Socialization, East Java Provincial Government, 2024

The program initiated by the East Java Government is an effort to increase the role of MSME actors and transparency and accountability in the procurement of goods and services. In accordance with its vision, procurement of goods and services is the realization of transparent, accountable and credible procurement transactions of goods or services, competing fairly and not discriminatory in order to realize good governance and clean government[13].

Business people in East Java are expected to join online store platforms like Jatim Bejo for several very important reasons. First, this platform offers funding facilities for MSMEs, which can help them to develop their businesses. In addition, joining Jatim Bejo allows MSMEs to enter the digital world, expand their market reach, and increase sales. The speed of the payment process is also an added value, facilitating transactions between sellers and buyers[13].

Furthermore, business actors who are members can connect with local banks, which offer various conveniences in accessing financial services. The existence of this platform also guarantees compliance with tax regulations, so that business actors can run their businesses more calmly. There are various options for online negotiations that make it easier for business actors to interact with customers. In addition, Jatim Bejo also provides various payment methods, providing flexibility for consumers. With all these features and benefits, Jatim Bejo functions as part of a national program to support and strengthen MSMEs in facing challenges in the digital era[7].

The hope is that the East Java BEJO Program will give all business actors the same opportunity to compete and synergize through online shopping. The East Java BEJO program will also support the growth of MSMEs in East Java. Including helping MSME actors, especially those who have become providers in the East Java Provincial Government environment who are experiencing limited capital. To achieve optimization of the goods and services procurement program by empowering these MSME actors, the East Java Provincial Government issued a Circular Letter from the Governor of East Java on February 23, 2021 with Number 027/2337/022.1/2021 concerning the implementation of the East Java Bejo program[6].

However, despite its many advantages, this platform has not been used optimally because one of the main challenges is the lack of understanding and digital skills among MSMEs. First, many business actors are still hesitant to switch to an online system due to a lack of knowledge about how to operate the platform. Second, concerns about the security of online transactions are also a factor that makes business actors reluctant to join, considering that the value of procurement transactions tends to be large. In addition, the pattern of procurement of goods by the government so far has been in the form of non-direct installments, so business actors must at least have a large enough bridging capital while waiting for the installments to be disbursed.

Third, the obstacles faced by business actors related to price negotiations are also a significant challenge. Many MSME actors feel less confident in determining competitive prices, especially when dealing with larger buyers, such as government agencies. They

are often worried that the prices they offer are not attractive enough or too high compared to offers from other providers. Fourth, the tendency to assume that the registration process and submission of documents to join as a business actor in the Jatim BEJO application is quite complicated is also a barrier. Many MSME actors feel burdened by the various administrative requirements that must be met, such as business legality documents, business permits, and other requirements. The complex process of collecting and filling out documents often makes business actors feel difficult, especially for those who do not have an administrative background or experience in managing official documents. This can cause frustration and reduce motivation to join the platform.

Research conducted by Binti Azizatun Nafiah et al. (2021) assessed that Jatim Bejo contributed to increasing demand for MSME products, although it still faced obstacles such as a lack of effective socialization and limited number of integrated MSMEs. The lack of knowledge and skills of MSME actors in utilizing the service environment or servicescape to increase marketing reach resulted in suboptimal product sales turnover, so MSME development was needed. Research conducted by Mohammad Nauval Dwi Prabowo and Gading Gamaputra (2023) stated that the implementation and socialization program of Jatim Bejo went well and had a very good impact on MSME actors in Mojokerto Regency. The implementation of policies implemented by the Mojokerto Regency Communication and Information Office has met three indicators of ideal policy implementation. Renata Winna Pramudita and Suci Megawati's (2023) research confirms that so far the implementation of the Jatim Bejo application has gone well in terms of implementation and targets, but there are obstacles in terms of policy and environment, such as limited Budget Implementation Documents (DPA), slow response from providers, and confusion regarding taxes, as well as lack of socialization and understanding of policies to service providers.

This means that from the three studies above, there is a gap that shows that, although the Jatim Bejo program shows great potential in supporting the growth of MSMEs in East Java, there are several aspects that still show less than optimal implementation effectiveness. Previous studies have identified that the main obstacle lies in the lack of socialization and understanding among business actors, as well as challenges in policy and environmental aspects that hinder implementation.

The urgency of this research is to understand the effectiveness of the East Java Online Shopping (JATIM BEJO) program in encouraging local MSME participation. This program has the potential to be a catalyst for regional economic growth through the digitalization of MSME marketing and trading processes. However, there are obstacles in its implementation that require a comprehensive evaluation to ensure the success of its implementation. This study focuses on using four indicators of the effectiveness of the theory from Subagyo in Budiani (2007), namely target accuracy, program socialization, goal achievement, and program monitoring to measure the success of the JATIM BEJO program. Target accuracy measures whether the program has reached the target group, namely local MSME actors. Program socialization focuses on conveying information

about JATIM BEJO to the community, especially MSME actors. Goal achievement measures whether the expected results, such as increasing MSME participation, have been achieved. Program monitoring includes a continuous monitoring process to ensure the program runs according to plan. The novelty of this study lies in the systematic approach to evaluating the effectiveness of this innovation program with a focus on socialization, policies, and participation of MSME actors. By analyzing how better socialization can increase the involvement of MSME actors, as well as exploring the relationship between existing policies and the real needs of business actors. The formulation of the research problem is how effective the East Java Online Shopping (JATIM BEJO) program is in encouraging the participation of local MSMEs.

## RESEARCH METHOD

This study employs a qualitative descriptive approach. Maleong (2010) states that the qualitative method is a scientific approach that emphasizes a close communication process between researchers and the phenomenon under study in order to comprehend a phenomenon in natural social contact. Using this method, issues pertaining to East Java Online Shopping's efficacy are examined (JATIM BEJO) in Encouraging Local MSME Participation. The research location as a place to conduct research on accurate events or incidents according to the actual conditions, namely at the East Java Provincial Goods and Services Procurement Bureau. The location was chosen because it observed indications of problems related to the effectiveness of the East Java Online Shopping (JATIM BEJO) program that was implemented. The research focuses on target accuracy, goal achievement, program socialization, and program monitoring, all of which are outlined in Subagyo's theory of effectiveness in Budiani (2007). The informant determination method employed in this study was purposive sampling, which is the process of choosing sources or informants whose objectives align with the research theme because they are thought to possess the data required for the study.

The informant determination technique applied is based on purposive sampling technique, meaning that data collection is carried out by considering the suitability of certain criteria. The informants who provide information related to the situation and conditions in the field include the Jatim Bejo Program Coordinator of the Procurement of Goods and Services Bureau of the Regional Secretariat of East Java Province, staff of the Procurement of Goods and Services Bureau of the Regional Secretariat of East Java Province, and MSME business actors (providers) who are members of the Jatim Bejo online application. Furthermore, the types of data that the author uses in this study are primary data and secondary data. Primary data is presented verbally and does not use numbers, and includes a general description of Jatim Bejo (JATIM BEJO), namely an explanation of the effectiveness of East Java Belanja Online (JATIM BEJO) in encouraging the participation of local MSMEs, while secondary data is indirect data in the form of books, scientific journals and supporting documents. The data collection technique used in this study is through the stages of observation, documentation, interviews and recordings. The data obtained were then analyzed using the analysis model (Miles &

Huberman, 2014) with four stages, namely data collection, data reduction, data presentation and drawing conclusions.

## RESULTS AND DISCUSSION

### *Results*

Effectiveness is a concept that refers to the level of success of an action, program, or organization in achieving its stated goals. In general, effectiveness reflects the relationship between the results achieved and the planned goals. In other words, a program or policy is considered effective if the results are as expected. One concrete manifestation of the role of the East Java Provincial Government in encouraging public welfare and increasing economic growth is through the Jatim Bejo Program. This program aims to support the digitalization of Micro and Small Enterprises (MSMEs) through a direct shopping mechanism by Ministries/Institutions/Regional Apparatus (K/L/PD) with a maximum transaction value of IDR 200,000,000 (two hundred million rupiah) to MSMEs that are members of the LPSE Online Store. Launched on November 19, 2020, the Jatim Bejo Program is also part of the Proudly Made in Indonesia Movement as a government effort to overcome the impact of COVID-19 on the economy, especially for MSMEs. In more detail, to find out the effectiveness of the Jatim Bejo Program in Empowering MSMEs in East Java, the author describes it by referring to the theory of effectiveness from Subagyo in Budiani (2007) which includes indicators of target accuracy, program socialization, goal achievement, and program monitoring as follows.

#### **1. Accuracy of Program Targets**

The target of the program is one of the indicators of program effectiveness according to Subagyo in Aninaa (2023) [14], This indicator provides an overview of the extent to which a program can reach the right participants as targeted as previously determined. In the implementation of the Jatim Bejo Program, the targeted beneficiary group (KPM) is Micro, Small, and Medium Enterprises (MSMEs) throughout the province of East Java. The targeted beneficiary group includes various business sectors, such as culinary, crafts, and services. This target is set to reach business actors who have the potential to grow but often face challenges, such as market access and capital. However, from interviews with several informants, it was revealed that many MSME actors have not received access to information about this program, so they cannot take advantage of the opportunities available. This was specifically revealed by Mr. Nanda as the Head of the Jatim Bejo program acceleration team as follows:

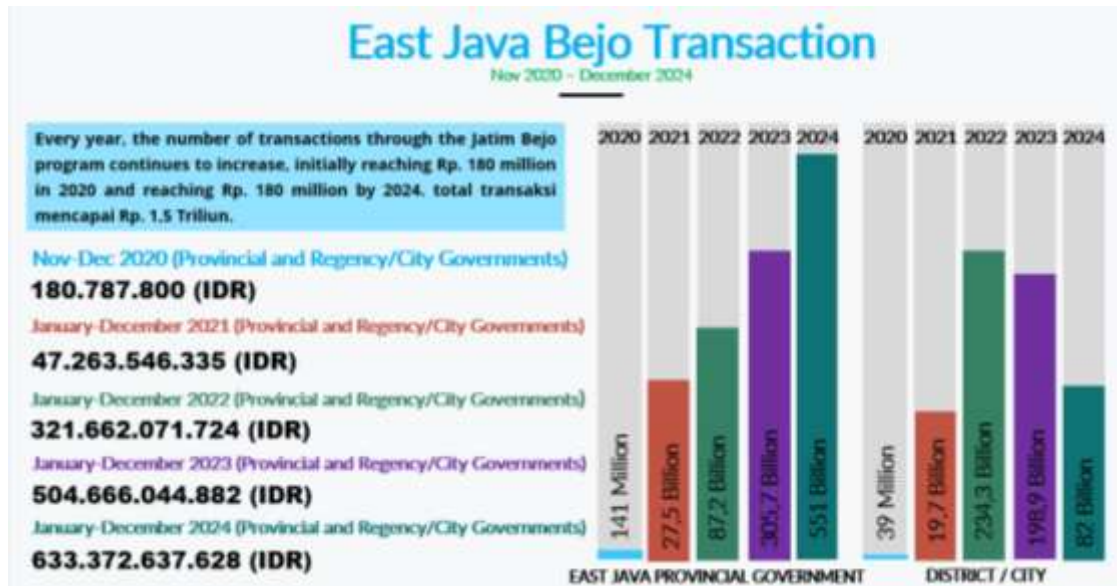
*"Our target is of course MSMEs that are indeed potential. First, the legalization is clear, the goods are of high quality, and fall into the category of small or micro MSMEs. Because they are the MSMEs that are the backbone of the regional economy."*

The description of the interview results shows that although the Jatim Bejo Program has a clear structure in delivering information and implementing technical guidance, there are still challenges in reaching all targeted MSME actors. From the description and completeness of the required letters, it can be seen that small-scale MSMEs are the target of the Jatim Bejo Program. Based on data from the BPS of East

Java Province, the number of small-scale MSMEs is 115,414, while Micro-scale MSMEs are 862,057. Meanwhile, the fundamental difference between small-scale and micro-scale MSMEs lies in the turnover (annual income) and net worth of the business. Micro MSMEs have a maximum turnover of IDR 300 million and a maximum net worth of IDR 50 million, while Small MSMEs have a turnover of more.

This situation shows that there is still an uneven distribution of MSMEs that are members of Jatim Bejo, first, although the scale of the MSMEs designated is the scale of small and micro MSMEs, there has been no evaluation of whether all of these sectors really need/have the potential for this program. In addition, the risk of exclusivity is also an important concern. Many MSMEs that are not involved in existing networks or that have not had the opportunity to interact with related agencies may be marginalized. MSMEs that are only known by the agency and have established cooperation tend to be prioritized, while new business actors or those that are less connected to the system may lose the opportunity to participate in this program.

In accordance with the objectives of Jatim Bejo itself, namely as a supporter of MSME growth including helping MSME actors to be able to help with the procurement of goods by the government. So, of course the impact of the program is on increasing the income of Jatim Bejo members themselves. From data from the LKPP (Goods and Services Procurement Agency) of East Java Province since early November 2020 to the January-December 2024 period, it is claimed that the value recorded is 1.5 trillion.



**Figure 3.** Diagram of the Number of Shopping Transactions in East Java Bejo  
Source: East Java BEJO Socialization, East Java Provincial Government, 2024

From this data, it shows that the monthly details in the November-December 2020 period, transactions for the East Java Provincial Government reached IDR 141 million. In 2021, the number of transactions for the East Java Provincial Government increased to IDR 267,546,335, while the Regency/City only recorded IDR 50,664,064. The increase continued in 2022, with the East Java Provincial Government recording IDR 321,672,641

and the Regency/City IDR 66,684,482. 2023 showed more significant transactions, namely IDR 504,666,084 for the East Java Provincial Government and IDR 162,194,132 for the Regency/City. In 2024, the East Java Provincial Government recorded transactions of IDR 892,132,628, compared to IDR 192,197,124 for the Regency/City. This shows that the East Java Provincial Government has a larger number of transactions compared to the Regency/City each year. This means that if it is based on location, it means that the MSMEs that contribute a lot to the procurement of goods and services are still around the cities surrounding Surabaya, because the location of the East Java Provincial Government office is in Surabaya City.

This means that if the target is to increase the income of MSMEs in East Java, then there needs to be a more inclusive strategy to reach MSME actors in wider areas, especially outside the satellite cities of Surabaya. The Jatim Bejo program must consider more evenly distributed mentoring and training in various regions, so that MSMEs in other districts can also participate and benefit from government procurement of goods. In addition, network development and market access for MSMEs in remote areas must be improved so that they are not left behind in getting existing opportunities.

Thus, the success of this program is not only measured by the high number of transactions, but also by how many MSMEs from various locations can be involved and feel the positive impact. Increasing MSME income evenly throughout East Java will create a stronger and more sustainable economic ecosystem. Therefore, it is important for the organizers to continue to evaluate and adjust the program to suit the needs and characteristics of each region, so that all MSMEs have the same opportunity to develop and contribute to the regional economy.

## **2. Program Socialization**

Socialization is an imperative organize that too decides the victory or failure of a program. Because no matter how good the program is, on the off chance that it isn't driven by the capacity of the organizers to conduct socialization to the target community, its benefits will not be felt. According to Subagyo in Budiani, (2007) Socialization is the capacity of program organizers to conduct socialization so that data approximately the execution of the program can be passed on to the community in common and the target program members in specific.

Based on the field facts found by the author when conducting an interview with Mr. Andyka as staff of the Bureau of Procurement of Goods and Services of the Regional Secretariat of East Java Province and also deputy coordinator of the East Java Bejo program, who stated:

*"We also have obstacles when holding socialization or guidance, sometimes the letter can not be delivered, we have prepared a schedule but not 100% come, sometimes the letter has been delivered to us, for example, it has been more than 1 week and they have not informed us, then we have prepared but some have lost news, in terms of human resources, we also have few people who handle this platform, only me and Mr. Nanda, but there is an IT party from outside who helps us. This socialization and guidance is in the form of an introduction to the marketplace, creating an*

*account, showing the transaction flow as well as the flow when there are additions and changes to the marketplace features."*

The results of the interview showed that, first, the socialization was carried out through technical guidance held in various regions, with the requirement for participants to bring important documents such as NPWP and NIB. This guidance was divided into several sessions, depending on the needs, and was carried out at the beginning and end of the month, especially in February and March. Second, the socialization process began with the sending of letters from the Regency/City Office, followed by announcements via social media and news. Mr. Nanda organized this event by dividing participants into four sessions in order to accommodate more people. However, they faced several obstacles, such as the absence of participants which did not reach 100% even though the schedule had been prepared. Third, monitoring and evaluation were carried out periodically to see the performance of transactions in the marketplace and the number of MSMEs that were included in the program. Mr. Nanda also ensured that MSMEs who wanted to participate met the requirements set, and did not accept participants carelessly. To support this process, external IT parties assisted in technical aspects. Fourth, they also brought in parties from the marketplace to provide direct consultations, so that MSMEs could overcome the problems they faced. This socialization model has proven to be effective, as seen from the increase in the number of providers joining Mbizmarket from year to year, as well as the increase in total transactions of the Jatim Bejo program which reached IDR 1.5 trillion in 2024. New features such as free shipping have also attracted many providers to join, showing that the socialization carried out not only reaches, but also provides added value for MSME actors.

However, the Jatim Bejo Program faces several obstacles that hinder the effectiveness of socialization and participation of MSMEs. First, the limited number of participants is a significant challenge, where not all invitees attend, and often there are participants who do not give news after receiving the invitation letter. This results in a lack of expected involvement in technical guidance. In addition, limited human resources are also an obstacle, because there are only two people, namely Mr. Nanda and Mr. Andyka, who handle the platform, with assistance from external IT. Finally, according to the description in the background, administrative problems are also a barrier, where requirements such as NPWP and NIB are often incomplete, thus hindering the participation of MSMEs who want to join the program. These limitations need to be overcome so that the program can run more effectively and achieve its goals in empowering MSMEs.

## ***Discussion***

### **1. Achievement of Program Objectives**

The goal achievement indicator is used to determine the extent to which the program results match the previously set program goals. In terms of goals, there are 5 main goals of the Jatim Bejo Program, namely: (1) Encouraging MSMEs to Go Digital, (2) Making Procurement More Inclusive, (3) Increasing the Use of Domestic Products, (4) Utilizing the Marketplace in Government PBJ, (5) Increasing Transparency and

Accountability of PBJP. From these goals, answering the first goal point, namely encouraging MSMEs to Go Digital, according to an interview with Mr. Nanda as the Jatim Bejo coordinator, stated:

*"The number of MSMEs joining Mbizmarket from year to year has increased, reaching 5,404 Providers (MSMEs) in 2022, 7,241 Providers in 2023, and 8,055 Providers in 2024. Meanwhile, the Free Shipping new feature published in 2023 has 494 Providers joining, and in 2024 it will reach 2,043 Providers."*

The results of this interview show that so far the Jatim Bejo Program has succeeded in encouraging MSMEs to switch to digital platforms, with a significant increase in the number of providers from year to year. The increase in the number of providers on Mbizmarket which reached 5,404 in 2022, then increased to 7,241 in 2023, and is projected to reach 8,055 in 2024, reflects the increasing enthusiasm and participation of MSME players. In addition, the launch of the Free Shipping feature in 2023 also showed a positive impact, where 494 providers joined the feature, and this number increased drastically to 2,043 providers in 2024.

This achievement shows that the program has not only succeeded in increasing the number of MSMEs registered on the digital platform, but also in providing attractive incentives for them to utilize the services offered. Thus, the Jatim Bejo Program contributes to accelerating the adoption of digital technology among MSMEs, which in turn can improve their competitiveness and market access. However, to ensure the sustainability and effectiveness of the program, it is important to continue to evaluate and adjust based on the needs and challenges faced by MSMEs in the field. Then the second objective, which seeks to make procurement more inclusive, the following is an interview with Mr. Andyka, who stated the following:

*"To achieve the goals and provisions of our program, we also conduct periodic checks on the MSME group, whether the requirements to join the program are complete or not, because we also don't just accept MSMEs who want to join this program, there are those who don't have a NPWP and NIB, so they automatically can't join, we also always bring in parties from the marketplace to stay in the office, consult on problems from the MSME side, our informal party is also there to monitor the transactions."*

The results of this interview show that the statement shows the commitment of the East Java Bejo Program team to ensure that only qualified MSMEs can join the program. The process of periodically checking the completeness of documents such as NPWP and NIB is an important step to maintain the quality and legality of participants. However, this approach also has several weaknesses. First, the strict requirements can result in a number of MSMEs that have potential, but do not yet have complete documents, being marginalized. This can create a gap in access to the program for business actors who may need more support, but do not have the resources to meet these administrative requirements.

In addition, although bringing in parties from the marketplace to provide consultation is a positive step, its effectiveness is highly dependent on the ability and readiness of MSMEs to utilize the service. If MSMEs do not fully understand the benefits

of consultation or if they do not have previous experience in transacting in the marketplace, then the assistance may not have a significant impact. Therefore, it is important for the program to implement a more inclusive approach, which does not only focus on administrative requirements, but also provides more comprehensive training and mentoring for MSMEs, so that they can be better prepared and able to actively participate in the digital ecosystem offered. Then the third objective, the Jatim Bejo Program seeks to increase the use of domestic products, related to the interview conducted by Mr. Nanda, stating that:

*"Yes, we are implementing instructions from above, the point is how to make MSMEs more alive and empowered, from a community perspective. So, for example, MSME products are from within the country and are used domestically by all groups. For the matter of products, it has export quality, yes, it is better. But the most important thing is that Jatim Bejo must empower MSMEs so that their products meet SNI standards and are accepted, used by all groups, the trial is entered into the Jatim Bejo application, if used by the government, so the government's partner product, at least there is validation that the product is worthy..."*

From the results of the interview with Mr. Nanda, it indicates that the Jatim Bejo Program has a clear focus on increasing the use of domestic products, while empowering MSMEs to remain competitive in the market. By emphasizing the importance of products that meet SNI standards, this program seeks to ensure that local products are not only of high quality but also acceptable to various groups, including the government. Product validation through the use of the Jatim Bejo application as a platform to bring together MSMEs with the government is a strategic step, because it can provide official recognition for the products produced.

The next goal of the Jatim Bejo program is to utilize the Marketplace in the Government's PBJ (Procurement of Goods and Services). So far, this program has attempted to integrate digital platforms as the main means in the procurement process, which is expected to facilitate access for MSMEs. By utilizing the marketplace, it is hoped that small business actors can more easily submit bids and participate in government tenders, thereby increasing their chances of getting contracts. However, although this goal is promising, there are several challenges that need to be considered. First, many business actors are still hesitant to switch to an online system due to a lack of knowledge about how to operate the platform. Second, considering the value of procurement transactions tends to be large. Added to this, the pattern of procurement of goods by the government so far has been in the form of non-direct installments, so that business actors must at least have a large enough bridging capital while waiting for the installments to be disbursed. Third, the price negotiation process tends to be tough with the government looking for products with minimum value but maximum quality, while MSME profits are very small compared to the operational conditions they must do. Fourth, the licensing bureaucracy, which is quite complicated, makes MSME actors tend to lose motivation when working with the government. This is not to mention the tax deductions from MSME profits which make profits even thinner. According to Mr. Nanda, he

acknowledged that these obstacles are fundamental challenges in the Jatim Bejo Program, the following is the interview:

*"We understand, and we do not turn a blind eye to these obstacles. But we cannot solve this situation immediately, it requires a series of complex ecosystems to support MSMEs to advance and develop. starting from mentoring, education, policy support to capital support. That is indeed the weakness of the Jatim Bejo Program. The sustainability plan is still lacking in the future. But we can't stop at a mindset of shortcomings. Because while we are running, we try to make improvements here and there so that this program is even better and MSMEs are helped a lot, one of which is becoming a partner of the Government's PJB as a start."*

From what was conveyed by Mr. Nanda, it can be concluded that the obstacles faced by the Jatim Bejo Program are indeed complex and require a comprehensive approach to overcome them. He showed awareness of the existing challenges, as well as the importance of building a supportive ecosystem for MSMEs. Mentoring, education, policy support, and capital are crucial aspects that need to be considered so that MSMEs can participate effectively in government procurement of goods and services.

However, while acknowledging these obstacles is a positive step, it is important to ensure that concrete action plans are made to systematically address each challenge. Simply acknowledging the existence of a problem without taking concrete steps to resolve it will not be enough to bring about the desired change. Overall, while Mr. Nanda has shown a commitment to making improvements, it is important for the Jatim Bejo Program to develop a long-term plan that includes concrete steps to address the challenges, so that the goal of utilizing the marketplace in Government PBJ can be achieved effectively and sustainably. Finally, the fifth goal of the Jatim Bejo program, namely Increasing Transparency and Accountability of PBJP, from the results of an interview with Ms. Alice from CV Kreativiko stated that:

*"Actually, the Jatim Bejo program is good, ma'am, the system is good because it accommodates entrepreneurs who have integrity and complete documents, so they can avoid corruption, what is not good is that there are individuals. Actually, all agencies must go to Jatim Bejo, all East Java that has cooperation (work) must join this program. I said that Jatim Bejo is good so that the government's transactions are with real people, ma'am, not fake people, so you have a food and beverage business, your food and beverage business is truly official with NPWP, SIUP, PKP, and there are price standards. Jatim Bejo does have good goals such as avoiding corruption, collusion, etc. "*

In line with the statement, the results of the interview with Mr. Djalarudin Moekhsin from CV. Adhi Hidayah Catering emphasized that:

*"In terms of supervision, it is easier in Jatim Bejo, if we click on the data, it has been saved. The government can see where the funds go. The shopping is clearly worth how much, how is the tax payment, everything is already in the system. Actually, the Jatim Bejo program is good because the economy is currently down. If business here is quiet, where can it run to? The government, right? If in the government, the need for food is still there. In Jatim Bejo, marketing can be wide open. All government agencies in the province of East Java can see the products."*

The results of this interview indicate that it has significant potential to improve transparency and accountability in government procurement of goods and services. Ms. Alice highlighted that the system implemented can accommodate entrepreneurs who have integrity and complete documents, so as to minimize corrupt practices and abuse of authority. By ensuring that only qualified entrepreneurs can participate, this program aims to create a cleaner and fairer business environment. However, although the statement describes the positive side of the program, there are still several challenges that need to be faced. First, although there is a good intention to avoid corrupt practices, there is still the possibility of individuals in the field who can hinder this goal. Therefore, a stricter monitoring system is needed to ensure that all transactions are carried out in accordance with the rules and no deviations occur.

From the description of the program objectives with field practices, this indicator shows that the achievement of the East Java Bejo Program objectives can be seen through the five main aspects that have been set. First, encouraging MSMEs to Go Digital shows positive results with an increase in the number of providers in Mbizmarket from 5,404 in 2022 to 8,055 in 2024. This shows the enthusiasm of MSMEs to switch to digital platforms. Second, in making procurement more inclusive, this program sets strict requirements for membership, which while maintaining quality, also has the potential to exclude MSMEs with incomplete documents. Third, increasing the use of domestic products reflects a focus on quality products according to SNI standards, but marketing challenges still need to be overcome so that these products can be accessed more widely. Fourth, utilizing the marketplace in the Government's PBJ shows good intentions, but many business actors are still hesitant to switch to an online system and face capital constraints and complicated bureaucracy. Fifth, increasing transparency and accountability of PBJP is stated as a good goal, but there is still a need to strengthen supervision so that corrupt practices can be minimized. Overall, although the Jatim Bejo Program shows progress in achieving its goals, existing challenges require more attention to ensure the sustainability and effectiveness of the program in the future.

## **2. Program Monitoring**

The program observing is one of the pointers of program effectiveness according to Subagyo in Budiani (2007), specifically exercises carried out after the program is executed as a shape of consideration to program members. Ideally, the implementation of a program must be accompanied by monitoring or supervision so that it runs according to the target targets that have been set and achieves the program's objectives. So that in carrying out monitoring, there are also efforts made to the findings or problems that occur so that the program can run optimally and fully benefit the community. As the results of an interview with Mr. Andyka as staff of the Bureau of Procurement of Goods and Services of the Regional Secretariat of East Java Province and also the deputy coordinator of East Java Bejo stated that:

*"Monitoring is carried out every year, we see what the transaction performance is like in the marketplace, the marketplace reports to us, how many MSMEs are included, informal evaluation of the system."*

The results of the interview show that the monitoring process of the Jatim Bejo program is carried out systematically and periodically to ensure the effectiveness of program implementation. Based on the interview results, the steps in the monitoring process include: First, through annual evaluation activities, where every year, the team evaluates transaction performance in the marketplace. They collect reports from the marketplace to find out how many MSMEs are registered and how much transaction value is generated. From this data, a non-formal evaluation of the system is then carried out regarding obstacles or needs for improvement.

Second, conducting Periodic Check activities, where the Team conducts periodic checks on the MSME groups that wish to join, ensuring that all requirements, such as NPWP and NIB, have been met. This aims to ensure that only MSMEs that meet the criteria can participate in the program. This means that every MSME that joins Jatim Bejo are MSMEs that do meet certain requirements and standards based on the criteria set by the East Java Provincial Procurement of Goods and Services Agency. According to the results of an interview with the MSME provider, Mr. Sofyan from Elmara Catering stated that:

*"The East Java Provincial Goods and Services Procurement Bureau always monitors us through the system there, so if there are those who join but do not meet the applicable requirements, we will automatically be notified and given directions, not only that, for example, if there are those who have not paid taxes, it will be visible there systematically in the projections."*

Third, through scheduling or tentative consultation and mentoring activities, which function to support MSMEs, parties from the marketplace are invited to be in the office to provide consultations related to problems faced by MSMEs. This helps MSMEs understand the transaction flow and maximize their potential on the platform. Fourth, through informal monitoring activities, which are carried out in addition to formal evaluations, informal monitoring is also carried out to monitor developments and problems faced by MSMEs in implementing the program. This approach allows the team to immediately identify issues and provide solutions directly. However, in the field from the results of observations and interviews, researchers found the fact that the Jatim Bejo Coordinator Team is still small and still focuses a lot on internal and development of the Jatim Bejo application and has not been able to embrace all MSMEs due to limited human resources, mobilization and reach. This condition shows that although the monitoring system that has been built is good, it will be difficult to achieve the targets to help MSMEs develop further through Jatim Bejo. Limited human resources and reach will make this program run less than optimally. Then, there needs to be policy support to make this program more attractive to many MSMEs to join, of course by considering aspects of licensing, mentoring and good direction.

From the results of the discussion above, it shows that the Jatim Bejo program is a very good program as a government effort to increase the income of local MSMEs to succeed and empower the community at the grassroots level, but of course the government as the program and policy maker should consider other accompanying matters so that this program can achieve its own goals. The most basic thing is to increase

the number of HR personnel who focus on recruiting MSMEs to be more involved in the Jatim Bejo program, then facilitate mentoring and so that MSME actors can take care of permits in accordance with the Jatim Bejo goods and services procurement standards. Furthermore, based on BPS data, in 2023 the number of small-scale MSMEs was 115,414, while Micro-scale MSMEs were 862,057, while in an interview with Mr. Nanda, he stated that the MSMEs that joined from year to year had increased in Mbizmarket in 2022 reaching 5,404 Providers (MSMEs), in 2023 there were 7,241 Providers, and in 2024 there were 8,055 Providers. This means that there is a disparity between the number of MSMEs in the field and the MSMEs that have joined the Jatim Bejo Program. Of course, this raises a question in itself why there are more MSMEs that have not joined if the main goal of Jatim Bejo is to increase the income of local MSMEs.

Furthermore, if the main objective of the Jatim Bejo Program is to increase the income of local MSMEs, then an in-depth analysis is needed regarding the factors that hinder MSME participation in this program. The disparity between the number of existing MSMEs and those that are included in the program indicates significant challenges that need to be addressed. One factor that may be a barrier is the lack of understanding about the benefits and process of joining Jatim Bejo. Many MSMEs may not be aware of the potential benefits they can gain from participating in this program, or feel that the process required to join is too complicated. Therefore, it is important to increase socialization and education efforts regarding this program so that more MSMEs are informed and motivated to join.

In addition, access to assistance also needs to be improved. The program must provide sufficient resources to assist MSMEs in managing permits and meeting the requirements set. This is important so that MSMEs feel supported and are not hampered by complicated bureaucracy. Furthermore, the addition of human resources focused on MSME development is also very crucial. With more trained and dedicated workers, the program can be more effective in reaching and supporting MSMEs in the field. A larger and more skilled team will be able to better communicate with business actors, provide direct assistance, and help them overcome the challenges they face. Finally, the program must create more attractive incentives for MSMEs to join. For example, providing better access to financing, free training, or other facilities that can increase their competitiveness. With these steps, the Jatim Bejo Program can be more effective in reducing the gap between the number of existing MSMEs and those that are members, and truly empowering communities at the grassroots level to achieve their desired goals.

## CONCLUSION

**Fundamental Finding :** The East Java Online Shopping Program (JATIM BEJO) demonstrates significant but not yet optimal effectiveness, as evidenced by the increase in MSME participation from 5,404 providers in 2022 to 8,055 in 2024 with a transaction value of 1.5 trillion rupiah, yet a substantial gap remains compared to the total 977,471 micro and small-scale MSMEs in the region. **Implication :** These results highlight the

urgent need for comprehensive socialization strategies, enhanced managerial human resources, and simplified administrative requirements to broaden inclusivity, particularly for MSMEs lacking formal documents such as NPWP and NIB. **Limitation :** The study is constrained by its reliance on Subagyo's four indicators of effectiveness, without delving into wider socio-economic dimensions or the long-term implications of JATIM BEJO on regional economic resilience. **Future Research :** Further studies should investigate the structural and contextual barriers hindering MSME participation, assess the program's direct impact on MSME income growth, and formulate an integrated evaluation model that incorporates geographical, sectoral, and demographic variations to better measure the sustainability and scalability of digitalization programs in East Java.

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