

Transforming MSME business capabilities through multi-aspects of managerial mentoring: A case study of Moms Nastar Banyuwangi



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ABSTRACT

This study evaluates the implementation of a mentoring program designed to enhance the competitiveness of Moms Nastar, a home-based pastry MSME in Banyuwangi Regency, Indonesia. Conducted as part of the Managerial Insight Development course in the Master of Management Program at the State University of Malang, the program addressed key business challenges, including limited product innovation, weak branding, the absence of business legality, underutilized digital marketing, inadequate human resource management, and the lack of financial record-keeping. Adopting a community-based intervention approach, the mentoring focused on five strategic areas: product innovation, business identity and legal registration, digital marketing optimization, human resource development, and basic financial management. The outcomes demonstrate notable improvements in product diversification, business branding, legal compliance, digital market presence, operational efficiency, and financial management practices. These enhancements contributed to increased business capacity and broader market reach, highlighting the effectiveness of integrated managerial assistance in supporting MSME development. The study contributes to the literature on entrepreneurship and MSME empowerment by demonstrating how structured mentoring can strengthen business sustainability and competitiveness through the application of practical management principles.

Keywords: *MSMES; Product Innovation; Branding; Digital Marketing; Business Management*



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INTRODUCTION

MSMEs are a strategic sector in the Indonesian economy because they play a role in absorbing labor and driving economic growth in the community.(Kurniawati, & Dewi, 2022) However, many MSMEs still operate conventionally and face various limitations, particularly in product innovation, branding, digital marketing, and business management, resulting in low competitiveness (Safitri, et al, 2023). This condition is increasingly challenging amidst the rapidly growing competition in the culinary business and changes in consumer behavior in the digital era (Wulandari & Hardiansyah, 2022). Product innovation is an important factor in maintaining business continuity because it can increase added value and meet consumer preferences (Ariani & Malik, 2021).

Meanwhile, branding and business legality, such as having a Business Identification Number (NIB), play a role in strengthening the identity and credibility of MSMEs in the eyes of customers (Ramadhani & Sari, 2022). On the other hand, digital marketing has become a necessity for MSMEs because it can expand market access and increase business visibility through more effective and efficient online platforms (Rahayu, et al, 2023). In addition to marketing and innovation factors, improving internal management aspects such as strengthening human resources and financial records are also important foundations that determine the ability of MSMEs to survive and develop sustainably (Putra, & Nurhayati, 2021). Strengthening business capacity through good management practices is believed to be able to increase the economic independence of the community and the sustainability of MSME businesses (Winarno et al., 2023). Unfortunately, most MSMEs still do not implement good financial management, making it difficult to measure business performance (Suryani & Rudianto, 2021).

This situation is also experienced by the Moms Nastar MSME in Banyuwangi Regency, which since its establishment in 2020 has only produced one type of product without innovative variants. The business lacks a brand identity, has not optimally utilized digital marketing, business legality is incomplete, and all production and distribution activities are carried out by the owner alone. These problems prevent the business from increasing capacity and expanding market share optimally. Based on this background, a comprehensive mentoring program is needed in the development of product innovation, branding, digital marketing, human resource capacity building, and financial management implementation. This research and mentoring is expected to be an effective strategy to increase the competitiveness of the Moms Nastar MSME and contribute to the literature on MSME development based on community empowerment and digital transformation.

This study aims theoretically to contribute to the advancement of knowledge in the fields of MSME management, entrepreneurship, and community empowerment by examining the implementation of product innovation, branding, digital marketing, business legalization, human resource development, and financial management to enhance MSME competitiveness. Furthermore, the study is expected to enrich the literature on digital transformation and community empowerment strategies for sustainable MSME development. Practically, this study aims to assist Moms Nastar MSME in Banyuwangi Regency through comprehensive mentoring in product innovation, brand development, business legalization, digital marketing, human resource capacity building, and financial management implementation. These initiatives are expected to improve business performance, expand market reach, strengthen competitiveness, and ensure long-term business sustainability.

LITERATURE REVIEW

MSMEs

Micro, Small, and Medium Enterprises (MSMEs) are businesses with little initial capital, little assets, and a limited workforce. The capital or workforce is defined by public authorities or other agencies for specific purposes. Therefore, it can be concluded that MSMEs are small-scale or limited businesses with little initial capital and a limited workforce. However, MSMEs strive to continuously maintain customer satisfaction (Alimudin et al., 2019).

Digital Marketing

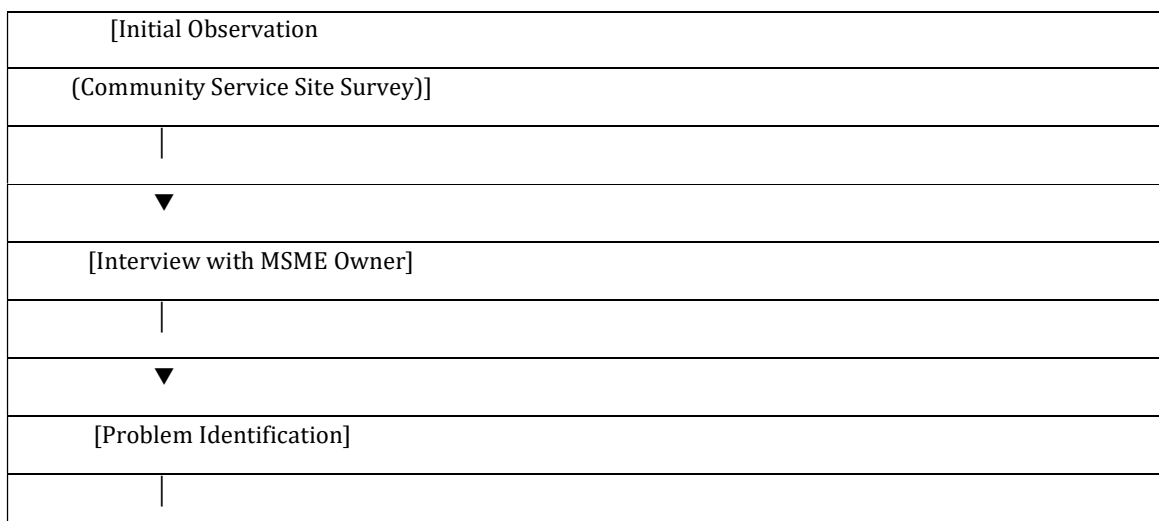
Digital marketing is a modern and promising form of marketing that can improve a company's business performance (Hadiyati et al., 2024). The advantage of this strategy is that it allows advertisers to communicate directly with potential customers without the constraints of time and geographic location (Nurcahyo, 2018). Digital marketing is a marketing strategy that utilizes electronic devices such as personal computers, smartphones, and mobile phones to engage stakeholders in the marketing process. In practice, digital marketing techniques are able to integrate several aspects of existing marketing communications and conventional media channels, thereby expanding the marketing mix (Firmanda & Lukiastruti, 2021).

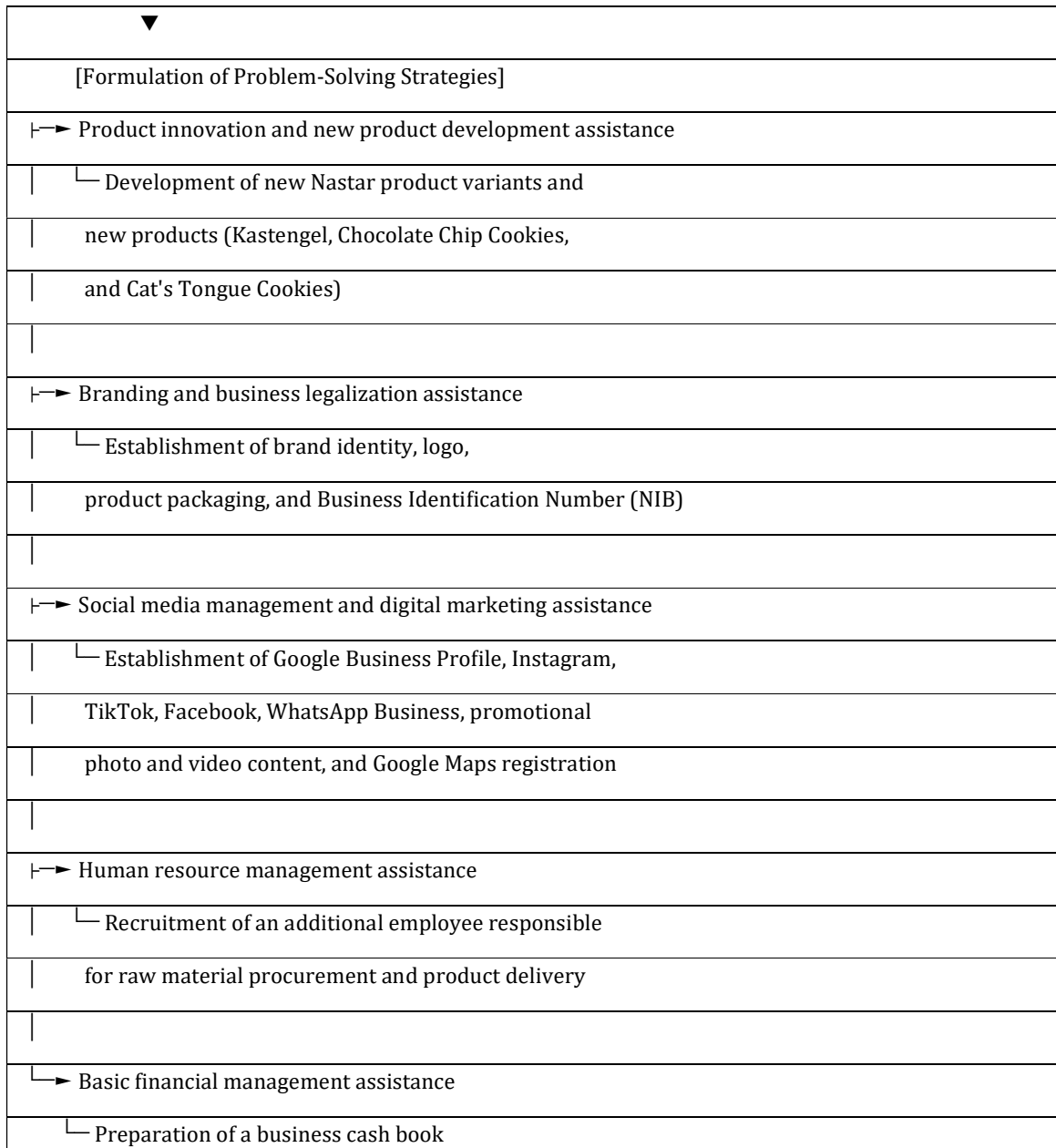
METHOD

This research uses a qualitative approach with participatory methods (Sugiyono, 2015), as MSME development requires direct owner involvement in every mentoring process to ensure the solutions implemented truly meet business needs. The qualitative approach allows researchers to understand business conditions in depth through direct interaction in the field (Creswell, 2014).

The application of participatory methods is also in accordance with the objectives of empowering MSMEs which emphasize collaboration to increase the capacity of business actors in a sustainable manner (Chambers, 1994). Visually, the implementation process of this mentoring method is depicted through a flowchart showing the stages, from needs identification to outcome evaluation.

This diagram serves as a guideline for organizing the sequence of mentoring activities so that each step is interconnected and contributes to achieving the goal. The flowchart of the Moms Nastar MSME mentoring method can be seen in Figure 1.





Source: Processed by the Author, 2025

Figure 1
Flowchart of Mentoring Activities

Data collection was conducted through observation, in-depth interviews, and activity documentation. Observations were conducted to observe production, marketing, and business management processes. Interviews were used to explore obstacles, needs, and expectations of business owners. Documentation was conducted through photos, videos, and recordings of the progress of the mentoring program. All data were analyzed using descriptive-qualitative techniques through data reduction, data presentation, and drawing conclusions, which served as the basis for designing mentoring strategies (Miles & Huberman, 2023).

The mentoring program is implemented through several stages. The first stage involves initial observation and investigation to obtain a picture of the actual business conditions. The next stage involves identifying problems in product innovation, branding, business legality, digital marketing, human resources, and financial management. Based on the identification results, a mentoring plan is developed, containing objectives, activity formats, implementation timelines, and desired outcomes. The program is then implemented in stages, involving business owners in every activity, from product innovation and branding to marketing digitalization, improving human resource management, and training in simple financial records. After the entire program is implemented, monitoring and evaluation are conducted to assess the impact of the mentoring on increasing business capacity and to serve as a reference for follow-up actions to ensure the business can develop independently.

RESULTS AND DISCUSSION

Moms Nastar's MSME mentoring activities have resulted in several achievements that indicate an increase in business capacity in the aspects of products, marketing, governance, and business development readiness.

Product Innovation

Before the mentoring, Moms Nastar only produced one standard-shaped nastar variant. After the mentoring, the business successfully developed five new product variants, including shell-shaped and corn-shaped nastar, as well as three other types of cookies: kastengel, choco chip, and cat's tongue. This innovation has had a positive impact on increasing customer interest, especially from new consumers interested in trying product variations. This development aligns with efforts to increase the competitiveness of MSMEs through the diversification of household food products.

Based on the discussion that the researcher argued, it is in line with research according to Ori et al., (2019). The government has made efforts to improve the performance of the MSME sector by issuing various regulatory supports and incentive programs for MSMEs, including tax breaks, capital assistance, and training. However, these efforts cannot be maximized without a strong commitment from MSME owners to continuously develop their learning capacity and innovate. Innovation is key for companies seeking to survive in today's competitive environment. Various studies have shown that learning factors and product-market orientation are strategies that can be used to stimulate organizational innovation.

Branding and Business Legality

The mentoring results indicate that the business now has an official identity in the form of the trade name "Moms Nastar" and a business logo. Furthermore, the business's legality, in the form of a Business Identification Number (NIB), has been successfully issued, enhancing its credibility. With a visual identity and formal legality, customers have a higher level of trust and businesses are ready to enter a wider market.

Based on the discussion, research shows that SME products often lose out to corporate products in a highly competitive market. Yet, in terms of quality and value, the products are not significantly different or even superior to corporate products. This can occur due to strong corporate branding, and many SMEs still don't understand the importance of branding for the products they sell. Consequently, SMEs often neglect it. When purchasing SME products from stalls or shops, the brand identity often lacks a strong sense of identity. For example, the packaging appears plain and unattractive.

Sometimes, the production address is not even listed. Yet, branding is a crucial factor in product sales and is crucial for business success. Therefore, to win the market, SMEs are required to implement strong branding for their products to achieve positive sales value. Therefore, several methods are being implemented to ensure strong branding for SMEs in Kenongo Village (Dewi, 2021).

In addition, legally according to Dewi, (2021) this demonstrates that to further increase consumer trust in the products and businesses of MSMEs, product and business legality is necessary. Of the 210 registered MSMEs, only 13 have product legality. Legal assistance is still underway for MSMEs willing to manage their legality. This activity is in collaboration with the Cooperatives Office to promote business legality.

Digital Marketing

Digital marketing support was a key achievement of this initiative. Google Business, Instagram, TikTok, Facebook, and WhatsApp Business accounts were created and optimized to introduce products to a wider range of consumers. Business locations were also listed on Google Maps, facilitating customer access. This strategy expanded market reach from relying solely on word-of-mouth recommendations to a more competitive digital-based marketing strategy.

Based on the results of the understanding of community service carried out by researchers, it is in line with research according to Rafiah & Kirana, (2019) states that the development of digital media supports all business activities, especially in terms of marketing and product promotion. One of the digital media considered most effective in supporting digital marketing in the current era of globalization is social media.

In response, various social media platforms continue to update to support the needs of business actors in utilizing social media as a digital marketing medium. For example, Instagram has developed the Instagram for Business feature. The Instagram for Business feature is claimed to be able to maximize marketing and product promotion owned by business actors. The feature, which provides various services that facilitate consumer and business owners to interact, as well as facilitate business owners in analyzing the market, has become one of the online-based marketing media that can be used for free.

Strengthening Human Resources

HR management assistance resulted in the addition of seasonal staff to support operational processes, particularly in raw material purchasing and product delivery. This change resulted in increased time efficiency and increased production capacity. This strategic step prevented service degradation when demand increased significantly.

Based on the findings of this study, continuous capacity-building programs are recommended for MSME workers to strengthen their managerial and entrepreneurial competencies. This recommendation is consistent with the findings of Nurani et al., (2021), who emphasized that strengthening human resources through character development, resilience building, effective business strategies, and digital marketing competencies can significantly improve business performance and increase sales.

According to the observations of the Community Service Implementation Team, it seems that the participants were very enthusiastic and serious in participating in this event fully. In this activity, participants were predominantly female (90%), the age of the participants was mostly between 41-50 years, the types of businesses were Culinary (65%), Fashion (27.5%), Event Organizer (5%) and Trade (2.5%). The position of Business Actors was generally Owners (95%), in terms of business aspects, especially

knowledge about digital marketing, only 5% were good, then Business Actors (MSMEs) who were able to use digital marketing in their business were only 10%, MSMEs who were able to use Social Media in their business were only 15%. Most MSME Participants (82.5%) hoped that this training would increase knowledge related to mental strengthening, enthusiasm to adapt to digital marketing and increase their networks and business volume well.

Simple Financial Management

Business owners have successfully implemented manual financial record keeping that separates personal and business funds. This recording system helps owners assess operational costs and calculate profits more accurately. This change lays the foundation for building more professional business governance.

Based on the findings of this study, continuous training in financial management is essential to strengthen the financial literacy and managerial capacity of MSME owners. Such training should be facilitated by local government or village authorities to support sustainable business development and improve financial decision-making. This finding is consistent with Kurniasih et al., (2023), who reported that financial management training conducted in Balairejo Village successfully met participants' expectations and contributed to improving the financial management capabilities of MSME actors.. Participants' responses indicated that the financial management training was very well received, especially by the women's farmer groups (KWT) in Balairejo Village. Participants were very enthusiastic about the material presented, as evidenced by their active participation in asking questions.

The mentoring results demonstrate that a participatory approach can improve MSMEs' capabilities in facing business development challenges through innovation and digital transformation. Progress in five key areas demonstrates that MSMEs can increase their competitiveness when provided with mentoring that focuses on improving managerial knowledge and utilizing technology.

CONCLUSION AND SUGGESTION

The Moms Nastar MSME mentoring program, implemented through a participatory approach, has significantly improved business capacity across various managerial aspects. Product innovation increases variety and attracts new markets, while branding and legalization strengthens the business's identity and credibility. Furthermore, optimizing digital marketing through various online platforms provides broader market reach and increases business visibility. Human resource management assistance also allows for increased operational efficiency through the involvement of seasonal support staff. Simplified financial record-keeping helps business owners control costs and more accurately measure business performance.

Based on these achievements, this multi-faceted mentoring can be an effective model for empowering MSMEs to sustainably transform in the face of the competitive dynamics of the digital era. Going forward, further development strategies such as e-commerce-based marketing innovation, new product diversification, and advanced management literacy training are highly recommended to enhance Moms Nastar's broader and more professional competitiveness.

Based on the findings of this study, several recommendations are proposed to support the sustainable development of Moms Nastar MSME. First, the business should expand its marketing activities through e-commerce platforms and online marketplaces, as these platforms provide broader market access, integrated transaction systems, and

greater opportunities to increase sales. Second, continuous product diversification should be pursued to respond to changing consumer preferences, attract new customer segments, and reduce dependence on a single product line, thereby strengthening business resilience. Third, advanced training in business management, including digital marketing analytics, inventory management, customer relationship management, and financial planning, should be provided to enhance managerial competencies and support evidence-based decision-making. Finally, regular monitoring and evaluation of the mentoring outcomes should be conducted to ensure the sustainability of the implemented improvements, identify emerging challenges, and facilitate continuous business development. Implementing these recommendations is expected to enhance the competitiveness, adaptability, and long-term sustainability of Moms Nastar MSME in the increasingly competitive digital business environment.

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