
MICROECONOMIC MANAGEMENT TO ADVANCE COMPETITIVENESS IN THE BUSINESS WORLD

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ABSTRACT

KEYWORDS

Management;
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The role of a microeconomy is very influential on the people's economy because if the economy at the bottom is hampered, it will also be hampered by the progress of the nation. Microeconomics is the basis for formulating company policies on prices and wages in managing resources. However, microeconomic management is often not well organized and planned. Therefore, microeconomic management is needed in advancing the community's economy. The method used in this study is a descriptive method with a qualitative approach. The result of this study is that the benefits of management, in general, are a means of communicating company goals and the path to be taken to achieve these goals. Thus, various parties, especially those with direct interests, can better understand the business opportunities and challenges faced. They will have sufficient sensitivity to the business environment and at the same time have sufficient readiness if the company decides to make internal changes, strategic management is a process of planning, organizing, and coordinating, to achieve goals effectively and efficiently in business development.

INTRODUCTION

Microeconomics or microeconomics directly influences decision-making in terms of supply and demand for goods or services. So that the definition of microeconomics has the main purpose for companies, namely to analyze the market and how the mechanism is to form the relative price of products and services.

Talking about economic management cannot be separated from the development of the global economy and the competition of the business world to gain a competitive advantage. During this period, business organizations faced various challenges to survive (Fathurahman & Nugroho, 2010). The competitive environment in most countries and companies has changed because production has changed to be more technology-based and knowledge-based, and that competition has globalized and developed to be more innovation-based (Maryudi, 2017)

The role of microeconomics in business can help analyze market failures and explain theoretically the conditions in a perfectly competitive market. In fostering small and medium industry development, many face problems related to limitations in market access, sources of financing and capital, mastery of technology and information, limitations in organization and management, as well as the development of business networks and partnerships between existing economic actors (Jahidin, 2019). Microeconomics examines the behavior of sellers and buyers, including the interaction of both in the market of factors of production. Small Micro and Medium Enterprises Become the most important part of the economic system as a country that has a strategic function (Abdullah, Malik, Adan, & Dja'wa, 2021).

Production management is an activity to organize and coordinate the use of organizational resources effectively and efficiently to create and increase the use of goods and suits (Tahwin, Maslichan, & Suryandani, 2019). The benefits of microeconomics can be felt in everyday life. This economy is more used in a narrow scope or individuals, such as companies and households. Microeconomics focuses on individual decisions from both the household and corporate sectors.

However, for microeconomics in a business or company to run and be advanced, better management or management is needed. Moreover, Ari said, in today's digital era, management

can be easier and more effective. In today's digital era, MSME players will need the right information technology to be able to grow and compete in the current digital era (Febriyantoro & Arisandi, 2018). Micro-business actors can also have financial records in digital books on devices or mobile phones. Having better and documented financial management, both manual and digital, will make it easier for micro businesses to access services in the wider business ecosystem.

The objectives of microeconomics include analyzing the market mechanisms that shape prices relative to goods and services, as well as allocating limited resources among the many uses of alternatives, and analyzing market failures, ie. when markets fail to produce efficient results and describing the theoretical conditions required for a perfectly competitive market.

Based on the foregoing, the management of microeconomics aims to study the behavior of consumers and companies, determining the market price of goods and services. Therefore, this article on microeconomic management, examines how economic factors in business activities make decisions. How is a business management and financial management in microeconomic businesses? What is the strategy of Mikro economic business actors in their competition in the current digital era?

METODE RESEARCH

The method used in this study is the descriptive method. This method researchers use to attempt to describe or interpret what exists, either existing conditions or relationships, opinions that are growing, and processes that are ongoing and have developed. It then gives a clear and accurate picture of the material or phenomenon under investigation. This method is used to describe and simultaneously analyze the management of microeconomic businesses.

The research approach used in the preparation of this research is qualitative research, which is a research procedure that produces descriptive data in the form of observed written understanding. Because the research used fully emphasizes the collection of library data, this type of research is called library research.

RESULT AND DISCUSSION

The Role of Economic Actors in Business Activities in Decision Making

Entrepreneurship has long been an important concern in developing the socio-economic growth of a region. It is undeniable that entrepreneurship can help provide so many job opportunities, various consumer needs, service services, and grow the welfare and level of competition of a country (Umami, 2019) In addition, along with the development of globalization, entrepreneurship is also increasingly becoming an important concern in facing the challenges of globalization, namely global economic competition in terms of creativity and innovation.

This is because organizations that are skilled in innovating, successfully generating new ideas, gaining competitive advantage, and not being left behind in the world market continue to change rapidly to increase the competitive advantage of the company. Its implementation requires a mature strategy that has been decided by the management of the company, including preparing reliable resources and technological devices, and, human resources in the field of information technology. Build an information system to manage company operations (Pratama & Darma, 2014).

The fact that largest proportion of economic drivers in Indonesia are micro-entrepreneurs who can contribute to absorbing 97% of the workforce or 116.98 million people, and this is inversely proportional to the absorption rate of large economic players which is only the rest, which absorbs around 6.6 million people or only about 3% (Jamil, Mutmainnah, & Azizah, 2022). This fact of inequality should be considered by all stakeholders in economic policies directed more toward the micro-enterprise sector.

The important key is that various interested parties have the same focus on the policy products they do, namely accelerating the execution of programs in the context of microeconomic recoveries, such as relaxation programs, credit restructuring for business actors who experience

difficulties, assistance for credit in the form of interest subsidies, postponement of principal payments, and the provision of additional working capital loans,

The market has awakened managers and investors not to neglect the basic framework of business, however, business rules have not changed materially, and there is a set of business principles that can be applied at any time to various sectors of economists (Fathurahman & Nugroho, 2010) Managers and investors who ignore these business principles face great risk. Although these business principles can always be applied, very few managers and investors have a good enough understanding.

Micro, Small, and Medium Enterprises (MSMEs) must be able to compete in the international market so as not to be oppressed. Moreover, in this era of competition, MSME players should be literate in information technology (IT) to make it easier to market products abroad. It is noted that the number of MSMEs in Indonesia is quite large, with around 50 million MSME actors. In today's digital era, MSME players will need the right information technology to be able to grow and compete in the current digital era (Febriyanto & Arisandi, 2018).

MSME players find it difficult to get the right information technology solutions because MSME players do not have special staff who are experts in the dynamic field of information technology. Another obstacle, namely the large variety of technology products, makes MSME players confused about choosing the right solution. Therefore, MSME actors need guidance in choosing the right information technology according to their type of business and needs.

Digital marketing is one of the media that is often used by business actors because of the new ability of consumers to follow the flow of digitalization, some companies gradually began to leave the conventional marketing model / and switch to modern marketing. With digital marketing communication and transactions can be done at any time / real-time and can be accessed throughout the world, one can also see various goods through the internet, most information about various products is already available on the internet, and ease of ordering and the ability of consumers to compare one product with another.

Business actors must make a step in determining a decision. Because purchasing decisions are one part of consumer behavior. Consumer behavior is the act of being directly involved in obtaining and determining products and services, including the decision-making process of preceding and following those actions. There are 4 indicators in purchasing decisions, namely, According Needs, Benefits, Accuracy in buying products, and Repeat Purchases (Utomo, Julius Nursyamsi, & Aji Sukarno, 2023).

Consumer satisfaction is a feeling of pleasure or disappointment that someone arises after comparing the performance (results) of the estimated product against the expected performance or results, if the performance is below expectations, consumers are not satisfied, if the performance meets expectations, consumers are satisfied, if the performance exceeds expectations, consumers are very satisfied. Consumer satisfaction indicators are, Fulfillment of consumer expectations, Attitude or desire to use the product, Recommend to other parties, Quality of Service, Loyalty, Good reputation, and Location.

Business Management and Financial Management in Microeconomic Enterprises

Although the name is micro, small, and middle, it does not mean that this type of business does not require financial management. Financial management is an absolute thing for every entrepreneur to do across business scales. Starting from small, medium to large scale, it is mandatory to meta-do financial managers for their business. Because it becomes one of the first steps. It is enough to determine the success of business people.

Management skills are indispensable, especially Financial Management. Financial Management is one of the main parts of management science. In companies, financial management is related to making financial decisions (Umami, 2019).

Production management is sometimes carried out traditionally. The purpose of production is to increase the added value of goods and services to be higher through changing the form of raw materials to semi-finished goods or finished goods. This value is obtained by optimizing the use of production factors in the form of fixed property, (land, buildings, etc.), labor, capital, and entrepreneurship (Maryama, 2018). Thus, it is expected that in these production activities can be

obtained procedures for making goods and services properly and precisely in terms of the amount of time and price.

Meanwhile, a positive view of small and micro enterprises prioritizes the resilience and potential of small businesses even though they are not supported by government macro policies that prioritize large industries. related to business management, business planning, marketing strategy, financial management with a focus on understanding bookkeeping, and others to continue to provide opportunities by providing product introduction media by participating in various business product exhibitions on various occasions (Jamil et al., 2022) The potential of small businesses in this view is also divided between those that prioritize their potential for capital accumulation and support the macro economy, while other views see more the importance of small businesses to support the economy at the local level especially from marginalized groups, as an economic cushion for marginalized groups.

Pemahaman regarding Micro Business Management and Financial Management which is focused on administrative management related to cash flow management which has been carried out conventionally and is not recorded regularly and is still considered not a primary need, problems like this are common problems for micro businesses that only focus on production and marketing activities. Financial Management is one of the main parts of management science. In companies, financial management is related to making financial decisions (Umami, 2019) Management concept consists of production management, human resource management, marketing management, and financial management (Tahwin et al., 2019)

Financial ratios are the result of comparing the numbers listed in the financial statements, namely dividing one number by another (Sari & Nofiyanti, 2022). The final result of the ratio can be used as a basis for assessing management performance in a certain period whether it has achieved previously set goals, and to assess whether management can manage company resources efficiently to achieve company goals. Types of financial ratios consist of liquidity, solvency, profitability, and activity ratios.

Kasmir stated that the profitability ratio is a ratio to assess the company's ability to seek profits. This ratio also provides a measure of the level of management effectiveness of an enterprise. This is indicated by the profit generated from sales and investment income. The use of this ratio shows the efficiency of the company which can be expressed by *return on equity* (Kasmir., 2019).

Therefore, financial management has pragmatic benefits, especially for investors in analyzing the value of the company based on factors that can influence and moderate, and analysis of the value of the company from factors that are expected to directly affect or moderate.

Although the name is micro, small, and middle, it does not mean that this type of business does not require financial management. Financial management is an absolute thing for every entrepreneur to do across business scales. Starting from small, medium to large scale, it is mandatory to meta-do financial managers for their business. Because it becomes one of the first steps. It is enough to determine the success of business people. A business or business organization certainly requires good management and according to standards also meets the applicable code of ethics. Matters concerning the regulations of this business because business organizations need management, this management is the foundation for a business.

Microeconomic Business Strategies Like Competition in the Current Era

Business has become the most important part of the economic system as a country that has a strategic function that can make a real contribution to the life of the unitary state of Indonesia (Abdullah et al., 2021) In the study of microeconomic theory, to increase economic activities, appropriate strategy design is needed, one of which is through the application of strategic management in a more effective economy (Sholikhah, 2021).

David explains that strategic management is the art and knowledge of formulating, implementing, and evaluating cross-functional decisions that make the organization able to achieve its dreams (David, 2011). In addition, the benefits of strategic management in the economy can help business actors innovate to adapt to changes that occur because through

strategic management we can identify shortcomings and comparative advantages of a business with its competitors.

The main goal is for companies to objectively see internal and external conditions, so that companies can anticipate changes in the external environment (Sholikhah, 2021) In this case can be distinguished functions of management, consumers, distributors, and competitors. So, strategic planning is important to gain a competitive advantage and have products that are to consumer desires with optimal support from existing resources.

Strategic management, often also called policy (policy) or more simply known as 'strategy' is related to the direction of the organization, especially in business enterprises. Strategic management addresses subjects related to senior managers or anyone who is looking for reasons for success or failure in organizations. Company (Fathurahman & Nugroho, 2010). Companies have a choice to survive. That is what is said to be strategic which includes the selection of destinations, choice of products and services to be offered; design and configuration of policies that determine how the company is positioned to compete in the product market (e.g competitive strategy).

One of the steps taken by Indonesia based on the government's strategic plan to face the AEC is by strengthening the micro-business sector (Umami, 2019) The role of the government in shaping regulations and legislation on investment issues and business competition must be strengthened. The policy taken by the government will determine the victory or defeat of Indonesia in the era of AEC competition. On the other hand, the government must also facilitate the community in encouraging the growth of the quality of goods and services. The government must also realize that without the role of the community, especially business people, Indonesia will find it difficult to compete with other member countries.

One of the implementations of strategies in the company is by strengthening brand image, improving the quality of service and carrying out promotional activities through radio advertising, distributing flyers or brochures, installing banners, utilizing publicity, providing discounts (discounts), utilizing social media, and using direct and indirect distribution patterns (Tahwin et al., 2019).

This new wave era increasingly requires marketers to think about marketing with a low-budget high-impact strategy. The power of this era encourages marketers, in addition to acquiring new customers, also innovating to retain old customers, let alone potential ones. With Web 2.0, it has become easier for people to express themselves through social media. From here many marketers then began to penetrate the world of social media to attract and retain their customers because the marketing media is profitable for companies that are low budget, but the impact is very high (Febriyanto & Arisandi, 2018).

Based on the above, according to the author, the strategies of microeconomic business actors in their competition include:

1. Formulate Policy

Microeconomics can be the basis for formulating corporate policies related to prices and wages in resource management. The existence of microeconomic theory can be used as a source of information to study interactions in the market and how government interference can form strategic and innovative corporate policies.

2. Making Predictions

From the understanding of microeconomics, it has been explained, namely as a source of information on interactions in the market. So that with microeconomics, companies can develop strategies or predictions for the future. Microeconomics can help predict the possibilities that will occur in the market, for example in terms of product trends.

3. Understanding Consumer Behavior

Through microeconomics, companies can indirectly understand how consumer needs. Of course, this will affect the ability of the product or service to survive in the market.

4. Know the Turnover of Goods

Microeconomics can be a tool to know product turnover. If you want to survive in the market, then the company must keep the products sold to stay on track to avoid fraud from competitors.

5. Increase Company Productivity

Company productivity can be achieved with the encouragement of various aspects such as quality human resources, quality-assured products, and others. So increasing productivity can increase company profits to the maximum.

CONCLUSION

Based on the problems and discussions mentioned above, the following conclusions can be drawn: 1) The era of economic actors in business activities greatly determines the back and forth of the company, because the business actors must be able to formulate, implement and evaluate managerial decisions and actions that make the organization able to achieve goals effectively. Thus, various parties, especially those with direct interests, can better understand the business opportunities and challenges faced. They will have sufficient sensitivity to the business environment and at the same time have sufficient readiness if the company decides to make internal changes. 2) Management skills are indispensable, especially Business management and management. Management is one of the main parts of management science. In companies, financial management deals with making financial decisions. 3) The strategy applied in increasing competitive advantage against the company is by strategic maturity, which has been decided by the management of the company Among them are preparing my resources, technological devices, and reliable human resources in the field of information technology.

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