

# The Effective Strategies in Developing Entrepreneurship and Innovation for Business Actors in Umbul Sari District Jember Regency

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**Abstract:** Entrepreneurship develops economic growth for business actors, especially MSMEs, in strengthening economic growth and creating added value in various industrial sectors. Entrepreneurship development strategies and competitive dynamics in creating an economy, especially for business actors, especially Micro, Small and Medium Enterprises (MSMEs). Effective strategies for developing entrepreneurship for MSMEs, especially novice entrepreneurs, to provide practical solutions to these problems. The research method used is a qualitative method. The development of effective strategies for MSME businesses for novice entrepreneurs in marketing their products is carried out by improving business management, digital marketing and product innovation. The results of these activities show an increase in understanding of the strategy for developing and using digital technology among MSME actors. In addition, the socialization carried out also found that there was an increase in understanding related to marketing strategies and also the development of MSMEs for entrepreneurs, especially beginners in Umbul Sari District, Jember Regency

**Keywords:** *Entrepreneurship, Development, Effectiveness, Socialization, Strategy and MSMEs.*

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## I. INTRODUCTION

Entrepreneurship plays a very important role in supporting people's lives and improving the national economy. Indonesia Goals in 2045 can be realized by supporting the development of entrepreneurship. However, this development effort must come from two parties, namely the government and the business actors themselves. Entrepreneurs should not only expect assistance and depend entirely on the government. Entrepreneurs must also continue to innovate, adapt to market changes and consumer behavior and especially try to keep up with technological developments and use technology as much as possible in running a business. Therefore, the development of entrepreneurship in increasing the growth of MSMEs is needed by implementing effective strategies in facing competition.

The competitiveness of MSME producers in the global market can be increased by implementing effective strategies in marketing their products. One of the implementations of strategies in the production process emphasizes aspects of adaptability, flexibility and innovation to respond to market

changes. Although it does not clearly state that it should be applied to the production section, this can be used as an important basis for organizations to develop adaptability, flexibility and innovation in carrying out production to meet market changes. The application of this concept allows business actors to create an environment that allows companies to move quickly, especially in terms of meeting the demands of a product's halal status, adapting (being flexible) to changes, namely the growing awareness of consumers about halal products, and producing innovations that are relevant to market demands. Changes here can be interpreted as market changes in the form of demands for fulfilling the halal needs of the community which are increasingly large.

Development Entrepreneurs who have a level of knowledge, skills, and mental independence in the business and corporate environment are known as entrepreneurial development. This may be very important, especially if the business involved is involved in social community activities and has a positive impact on the environment. Although there are similarities between conventional entrepreneurs and social entrepreneurs, both are assets and main components of

social entrepreneurship in society. Function as a determinant of regional growth in the development of community-based entrepreneurship. Social entrepreneurs whose activities involve the community and the surrounding environment, not all entrepreneurs can influence people's lives. Social entrepreneurs play a very important role in regional economic growth, especially the environment where they live, especially if what is produced is a product or service, then creativity and innovation will be needed in its creation (Diandra, 2019). The presence of new entrants to the market, either by new companies or old companies, almost always threatens existing competitors. This becomes highly competitive except in markets that are still very new, almost every market need has been met, either directly or indirectly, by existing companies. As a result, the competitive actions of new entrants are likely to provoke a competitive response from firms that feel threatened (Dess et al., 2019).

Entrepreneurial and innovation strategies are very important to be carried out by business actors, especially MSMEs. This is because phenomenon where Rita and Irma (2014) explained that the inability of MSMEs to increase competitiveness is due to MSMEs having various limitations, such as lack of ability to adapt to the environment, lack of agility in business opportunities, lack of creativity and innovation in anticipating various environmental challenges. In addition, internally MSMEs lack managerial and skill capabilities and lack of capital and markets (Tambunan, 2018). Second, the lack of working capital is still related to the first factor, due to not having good business financial records. Causing capital providers to be unable to accommodate the working capital needs submitted by MSMEs. As is known, banking as an official institution that operates with strict procedures, and as a financial institution that adheres to principles, banking always requires business financial reports in MSME working capital loan proposals. If all the requirements set are not able to, capital will be difficult. The third problem is about marketing performance which is still relatively high, especially during the pandemic. Low market understanding capacity. MSMEs cannot explain with certainty who the potential buyers of their products are. Consumer behavior in making purchasing decisions, and so on. As a result, MSME products receive less market attention. Meanwhile, MSMEs themselves rarely think about how to design a planned, structured, and market-oriented market strategy, resulting in a lack of focus in the product marketing system. The next obstacle is that MSMEs do not control the market in general. MSMEs do not carry out business activities at the level of managing them as a business. MSMEs only create activities that provide income to meet daily needs. In other words, it can be said that MSMEs carry out these activities as a livelihood. So the target is only to have money for daily shopping. This condition makes good managerial business management less than optimal.

Based on a deep understanding of entrepreneurial development strategies and competitive dynamics, it is hoped that effective methods can be found to motivate individuals and organizations to create new business opportunities and increase competitiveness in the market. Business model

innovation is a significant change in the way a business creates, delivers, and captures value. In the digital era, business model innovation often involves the use of digital technology to create more effective and efficient solutions. For example, the use of e-commerce platforms, mobile applications, and social media can help business actors reach a wider customer base and interact more effectively. Previous studies have shown that business model innovation can improve business performance. Iskandar and Putra (2023) found that digitalization and innovation in business models contribute positively to increasing revenue and growth of MSMEs in Indonesia. Similar results were also found by Kartika and Sari (2023) who stated that the adoption of marketing strategy can increase the competitiveness of business actors in the micro, small and medium categories. However, although the benefits of innovation are recognized, many actors still face obstacles in adopting technology and innovating. Based on this background, this article aims to determine the right strategy in developing business actor entrepreneurship in increasing innovation to face global competition.

## II. LITERATURE REVIEW

### ➤ *Entrepreneurship Strategy*

According to Jauch and Gleuck (Amirullah, 2015), strategy is a unified, comprehensive and integrated plan that links the company's strategic advantages with environmental challenges and is designed to ensure that the company's main objectives can be achieved through proper implementation by the company. Strategy is understood not only as various ways to achieve goals but also includes determining the various goals themselves. According to Chandler, strategy is a pattern that includes both planned strategies and strategies that were not originally intended by the company but became strategies that were considered and even chosen by the company to be implemented. Strategic management according to Ismail (2012), namely as a process of planning, directing, organizing and controlling various decisions and actions of the company's strategy with the aim of achieving competitive advantage. This strategic management is related to strategic decision making, namely various managerial decisions that will affect the company's existence in the long term. Strategic decisions can be taken by top management at the corporate level or at the business unit (division) level.

Entrepreneurship is the process of doing something new, creative, and different that creates added value. Entrepreneur, the English term for entrepreneur, was first used by French economist Richard Cantillon. According to French Richard, an entrepreneur is "an agent who buys means of production at certain prices in order to combine them". Not long after, Jean Baptista Say, another French economist, added Cantillon's definition with the idea of an entrepreneur as a leader. (Rahim and Basir, 2019). Entrepreneurial strategy is a plan of action or action taken by an entrepreneur to achieve his business goals. This strategy involves selecting goals, resources, and actions that will generate value for the company and help achieve the goals that have been set.

### ➤ Innovation

Innovation in products and processes is an essential element for the sustainability and growth of MSMEs. However, these companies often face resource constraints and operational challenges that can hinder their ability to innovate. To overcome these constraints, MSMEs need to adopt the right innovation strategies. These strategies include product innovation, process innovation, marketing innovation, and business model innovation. Implementing these strategies can help MSMEs differentiate themselves in the market, increase customer value, and capture new growth opportunities. (Lisias et al., 2022; Mistriani et al., 2020)

Innovation is one of the key factors in developing a business model, especially for Micro, Small, and Medium Enterprises (MSMEs). Innovation can be in the form of new products, production processes, technologies, or new marketing strategies. According to Schumpeter (2020) innovation is the main driving force of economic growth and business development. Innovative MSMEs tend to be more adaptive to market changes and are able to compete effectively in the digital era.

In general, innovation means an idea, product, technological information, institution, behavior, values and new practices that are not widely known, accepted and used or applied by the majority of citizens in a particular locality, which can be used to encourage changes in all aspects of community life in order to realize the improvement of the quality of each individual and all citizens concerned. The speed or slowness of acceptance of innovation by society depends greatly on the characteristics of the innovation itself.

### III. RESEARCH METHODS

This study used qualitative research that explains effective strategies in developing entrepreneurship and innovation of MSMEs. This is done by providing socialization about the right strategy for MSMEs for business actors in Umbul Sari District, Jember Regency. The method used in community service is lectures and counseling for socialization with food and beverage business actors in Umbul Sari District with the material that has been delivered in this community service activity in socializing effective strategies for developing food and beverage MSMEs, especially in Umbul Sari District in order to increase their innovation. The activities carried out include:

- Providing coaching and counseling as well as questions and answers about business improvement strategies.
- Providing coaching on developing entrepreneurship, focusing on improving product quality, expanding marketing networks, adding product variants, optimizing customer service, and maintaining good relationships with customers. In addition, it is important to continue learning and updating knowledge about business, as well as building a positive brand and image in the eyes of customers.



Fig 1 Counseling on Effective Development Strategies for Business Actors

### IV. RESULTS AND DISCUSSION

#### ➤ The Development Strategy Entrepreneurship of Business Actors

This Community Service Activity was carried out in Umbul Sari District, Jember Regency, where Umbulsari District, Jember Regency is approximately 44 km from the center of Jember Regency government which can be reached in 1 hour. MSMEs in the Umbul Sari District area produce a lot of food and drinks from fruits. Based on information obtained from surveys and direct interviews with residents of Mundurejo Village, so far these local fruits are still sold and consumed fresh or if processed, they are still limited to traditional cakes. Bananas and dragon fruit are types of fruits that are easily rotten without proper handling during post-harvest, so that their sales distribution cannot be expanded. Fruits including bananas, dragon fruit and oranges are fruits that can be processed into candy, fruit juice, jam, syrup, instant drinks, various dragon fruit snacks, dragon fruit sticks, and dragon fruit ice cream (Hidayat et al., 2018), jam, noodles and dragon fruit skin chips (Musdalifah et al., 2019). Meanwhile, bananas are processed into various food products that have a higher selling value, namely banana sale, banana flour, banana ice cream and pudding, sponge cake and banana dodol (Setiyoko and Astuti, 2019).

Food and beverage entrepreneurs in Umbul Sari District, Jember Regency still have obstacles in developing their businesses. Therefore, an effective strategy is needed in developing entrepreneurship to increase market share and business continuity. Entrepreneurs can act as independent individuals or as part of an organization in creating new businesses or developing innovations from their own ideas, and are willing to take risks to enter the market. Entrepreneurial competence is very important to support the development and application of entrepreneurial thinking in an organizational context (Ramadlani, 2023).

Entrepreneurship is a journey full of challenges and opportunities for business people. One of the main keys to achieving success in entrepreneurship is to design the right strategy. Entrepreneurial strategy is not only related to business planning, but also involves innovation, adaptation,

and the courage to face risks. First, in designing an entrepreneurial strategy, it is important to have a deep understanding of the market and customers. Careful market analysis will help entrepreneurs identify existing opportunities and understand the needs and preferences of potential customers.

Creativity and innovation are also important elements in entrepreneurial strategy. Entrepreneurs need to think outside the box to create unique products or services that meet market needs in ways that have never been done before. Innovation can involve developing new technologies, using environmentally friendly raw materials, or even new approaches to marketing and distributing products. By maintaining competitiveness and relevance in an ever-changing market, creativity and innovation are strong foundations for achieving success in entrepreneurship. (Noviani, and Wahida, 2022).

In addition, entrepreneurial strategies must also be flexible and able to adapt to changes in the business environment. The market is always fluctuating, and entrepreneurs need to be ready to change their strategies according to these changes. The presence of digital technology, global economic dynamics, and rapidly evolving consumer trends are some of the factors that influence changes in the business environment. By adopting an adaptive and responsive attitude to change, entrepreneurs can take advantage of new opportunities and keep their businesses relevant and sustainable in the long term. Entrepreneurial strategy is at the heart of business success. By understanding the market, innovating, and being flexible in the face of change, entrepreneurs can guide their businesses towards sustainable and competitive success in an increasingly complex market. The effective strategies for developing entrepreneurship involve several things, including improving product quality, expanding marketing networks, product innovation, risk management, and financial management. In addition, it is important to continue to follow market trends, establish strategic partnerships, and utilize digital technology. Effective strategies for developing entrepreneurship included:

- *Product Quality Improvement:*

The UMKM products offered have good quality and are in accordance with market needs. This can increase customer satisfaction and drive sales.

- *Marketing Network Expansion:*

Increase your business reach by collaborating with various parties, such as distributors, retailers, or online platforms.

- *Product and Service Innovation:*

MSMEs develop new products and services to remain attractive and relevant to changing market needs.

- *Risk Management:*

MSMEs are able to manage risks that may arise in business, such as financial risk, operational risk, or market risk.

- *Financial Management:*

MSMEs carry out thorough financial planning, including budget management, transaction recording, and financial performance analysis.

- *MSMEs are Able to Follow Market Trends*

MSMEs must follow developments in market trends and customer needs to adjust their business strategies and the products they offer.

- *MSMEs are Able to Establish Strategic Cooperation*

MSMEs are able to build partnerships with various parties who can help develop their business, such as suppliers, investors, or other strategic partners.

- *MSMEs Utilize Digital Technology*

MSMEs use digital technology to improve operational efficiency, reach wider markets, and improve the quality of customer service.

- *Innovation Strategy Businessment*

Innovation strategies for business actors include various efforts to increase competitiveness and business resilience in a dynamic market. This involves the development of new products, services, or processes, as well as the use of digital technology and data analysis to respond quickly to market changes. Important elements in a business actor's innovation strategy include:

- *Identify Opportunities:*

Conduct market, consumer trend, and technology analysis to identify gaps in the market and opportunities for innovation that can be realized.

- *New Product/Service Development:*

Creating a product or service that meets unmet customer needs or is better than competitors' products.

- *Process Innovation:*

Improve operational efficiency, supply chain and production processes to reduce costs and increase productivity.

- *Utilization of Digital Technology:*

Adopting technologies such as artificial intelligence, data analytics, and e-commerce to improve customer experience, operational efficiency, and competitiveness.

- *Collaboration and Partnership:*

Forming partnerships with other parties (e.g., universities, research and development, or other companies) to expand networks and resources.

- *HR Skills Enhancement:*

Provide employee training and skills development to support innovation implementation and adapt to technological changes.

➤ *Innovation Strategies that can be Implemented Included:*

• *Product Innovation:*

Developing new products that are more environmentally friendly, more cost-effective, or have more advanced features.

• *Service Innovation:*

Introducing customer service that is more personal, more accessible, or more integrated with the product.

• *Process Innovation:*

Using a more efficient inventory management system, implementing automation technology to increase productivity, or using data analytics to improve operational efficiency.

Innovation plays a crucial role in the development of MSME business models in the digital era. With innovation, MSMEs can increase competitiveness, operational efficiency, and market penetration. However, to achieve effective innovation, support from various parties is needed. Through the right strategy, MSMEs can utilize innovation as a major driver of business growth and sustainability in the digital era. The adoption of digital technologies such as e-commerce, social media, and digital marketing tools has helped MSMEs reduce operational costs, increase efficiency, and reach a wider market. The ability to innovate can be a determinant of the sustainability of a business in the face of fierce competition in the business world, especially when adopting an effective survival strategy.

## V. CONCLUSION

Based on the description of the results and discussion, the following conclusions can be drawn 1) The importance of entrepreneurship development strategies in the context of competitive dynamics to create sustainable innovation. First, a proactive approach to entrepreneurship development is key to facing the challenges of competition in a rapidly changing market. By increasing innovative capacity and creativity within the organization, MSMEs can gain sustainable competitive advantage; 2) .Given industry trends, market shifts, and competitor behavior, MSMEs can design timely and relevant entrepreneurial strategies. The ability to adapt quickly to changes in the business environment is essential to creating innovations that can differentiate MSMEs from their competitors; 3) The material presented in this service is very appropriate considering that currently MSMEs are facing very tight competition.

Recommendations for improving entrepreneurship development include: 1) For the Government as a) Conduct training or coaching on positive mental strength, financial management, financial management literacy, risk management training, promotional strategy and marketing strategy training, entrepreneurial management training. These trainings need to be carried out so that MSMEs have the competence and understanding of effective entrepreneurial strategies as one of the capabilities of good promotional strategies and marketing strategies; b) The training pattern

should be with a mentoring system involving academics. Trainings given to MSMEs should be routinely carried out. Training can be carried out at intervals and there is coordination and cooperation between the government and MSMEs can be maintained properly. 2) For MSMEs, it is recommended that MSMEs: 1) Striving to improve the development of entrepreneurial effectiveness strategies; 2) MSMEs should be able to help socialize the importance of innovation in facing global competition and 3) MSMEs can also collaborate with educational institutions or campuses to provide training and mentoring in addition to government officials.

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