



## Digitization of Business Administration as a Non-Formal Education Strategy in Improving the Administrative Competence of MSME Actors in Dumai City

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### ABSTRACT

Digitization of business administration not only plays a role as a business operational instrument, but also as a means of non-formal education in improving the administrative competence of Micro, Small, and Medium Enterprises (MSMEs). This study aims to analyze the role of digitalization of business administration as a non-formal education strategy in developing the administrative competence of MSME actors in Dumai City. This research uses a qualitative approach with a descriptive design. Data was collected through in-depth interviews, observations, and documentation studies of MSME actors who participated in or were involved in digital-based administrative learning activities. The selection of informants is carried out purposively by considering the variety of types of businesses and the level of utilization of the digital administration system. Data analysis is carried out through the process of data reduction, data presentation, and thematic conclusion drawn. The results of the study show that the digitalization of business administration functions as an effective learning medium in increasing the understanding, skills, and independence of MSME actors in business administration management. The implementation of digital administration encourages record-keeping order, business accountability, and administrative decision-making capabilities. This research makes a conceptual contribution to the study of non-formal education management, especially in the development of digital-based administrative education models for MSME actors.

### ARTICLE INFO

#### Article history:

Received

01 November 2025

Revised

05 December 2025

Accepted

10 January 2025

### Key Word

*Business Administration, Non-Formal Education, Administrative Competence, Administrative Digitalization, MSMEs*

### How to cite

<https://pusdikra-publishing.com/index.php/jsr>



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## INTRODUCTION

The development of digital technology has brought significant changes in various aspects of life, including in the management of business administration and non-formal education practices (Khairi et al., 2025). Digitalization is no longer understood solely as a tool to support business operations, but also as a means of learning that has the potential to increase the competence and capacity of human resources. In the context of Micro, Small, and Medium Enterprises (MSMEs), the digitalization of business

administration is a strategic need to create orderly, accountable, and sustainable business management in the midst of increasingly complex economic competition (Idris, 2025; Rasyadi, 2022).

MSMEs have an important role in the regional and national economy, especially as job providers and economic drivers of the community (Arifin et al., 2021). However, various studies show that one of the main problems faced by MSME actors is weak administrative competence, especially in financial recording, business archive management, and other administrative documentation (Ikhtiari et al., 2024). These limitations are often caused by low access to formal education, lack of continuous training, and low administrative and digital literacy among MSME actors.

From the perspective of education management, improving the administrative competence of MSME actors can be understood as part of non-formal education that aims to develop practical skills according to the real needs of the community (Famimsyina et al., 2025; Ramatni, 2024). Non-formal education has flexible, contextual, and problem-solving oriented characteristics, so it is relevant to be applied in capacity building of MSME actors. The digitization of business administration, in this case, can be positioned as a learning medium and strategy that allows the learning process to take place independently, applicatively, and sustainably.

The use of digital administration systems, such as financial recording applications, customer data management, and digital archives, not only increases business efficiency, but also forms a direct administrative learning process (learning by doing) (Benmakhlouf & Chouaou, 2024; Saffady, 2021). Through digital-based administrative practices, MSME actors indirectly develop understanding, skills, and professional attitudes in business management. Thus, the digitization of business administration has significant educational value in building the administrative competence of MSME actors (Nurliah et al., 2024).

Dumai City as one of the areas with a fairly dynamic growth of MSMEs faces similar challenges related to the administrative capacity of business actors. Various digitalization initiatives have been introduced, both through government programs, mentoring, and independent initiatives for MSME actors. However, studies that specifically place the digitization of business administration as a non-formal education strategy in the perspective of education management are still relatively limited. Most research tends to emphasize the economic and performance aspects of business, while the dimension of administrative education has not been explored in depth.

Based on this background, this study focuses on the analysis of the role of digitalization of business administration as a non-formal education strategy in improving the administrative competence of MSME actors in Dumai City. This research is expected to make a conceptual contribution to the development of non-formal education management studies, as well as provide practical implications for training

program designers, MSME facilitators, and policymakers in formulating contextual and sustainable digital-based administrative education models.

## **RESEARCH METHOD**

### **Types and Approaches to Research**

This research uses a qualitative approach with a descriptive design (Stanley, 2023). The qualitative approach was chosen to gain a deep understanding of the process, meaning, and experience of MSME actors in adopting the digitalization of business administration as part of the non-formal education strategy. The descriptive design is used to systematically describe the practice of administrative digitalization and its contribution to the development of administrative competence of MSME actors in Dumai City (Papakitsou, 2020).

### **Location and Research Subject**

The research was carried out in Dumai City, Riau Province, which is one of the areas with significant growth of MSMEs and has begun to adopt digital-based administrative practices. The subjects of the study are MSME actors who have implemented or are in the process of implementing digitalization of business administration. The selection of informants was carried out by purposive sampling by considering the criteria, namely active MSME actors, having experience using digital administration systems in business activities, and being involved in the learning process or administrative training, both formally and informally. To maintain the confidentiality of the respondents' identities, each informant in this study was given an informant code (IU), while the inclusion of the date in the interview excerpt indicated the time of the interview.

### **Data Collection Techniques**

Data collection was carried out through three main techniques, namely in-depth interviews, observations, and documentation studies. In-depth interviews were conducted in a semi-structured manner to explore the experiences, understandings, and perceptions of informants regarding the digitalization of business administration as a learning medium. Observations were made to directly observe digital administration practices applied in daily business activities. Meanwhile, the documentation study was used to examine business administration documents, training materials, and evidence of the use of digital administration systems relevant to the research objectives (Osborne & Grant-Smith, 2021).

### **Data Analysis Techniques**

Data analysis is carried out interactively and continuously from the data collection stage to the drawing of conclusions. The stages of analysis include data reduction, data presentation, and conclusion drawn. Data reduction is carried out by selecting and focusing data that is relevant to administrative competencies and digital-based

administrative learning processes. The presentation of data is carried out in the form of descriptive narratives and thematic groupings to facilitate understanding patterns and relationships between concepts. Conclusions are drawn thematically by considering the consistency of the findings and their relevance to the conceptual framework of the research.

### **Data Validity**

To ensure the validity of the data, this study applied source triangulation techniques and techniques. Source triangulation is carried out by comparing information obtained from various informants, while technical triangulation is carried out by comparing the results of interviews, observations, and documentation. In addition, the researcher also re-checks data to informants (member checks) to ensure the accuracy and credibility of the research findings.

### **Research Ethics**

This research was carried out by paying attention to the ethical principles of qualitative research. Each informant was given an explanation of the purpose of the research and was guaranteed the confidentiality of his identity. Informant participation is voluntary and the data obtained is used solely for academic purposes.

## **RESULTS AND DISCUSSION**

The results of the study show that the digitization of business administration has been used by MSME actors in Dumai City not only as a business operational tool, but also as a means of non-formal learning in improving administrative competence. This is reflected in the change in the perspective of MSME actors towards business administration after using digital systems. One of the informants stated:

*"I used to think that administration was just ordinary notes, but after using the application, I became more aware of the flow and knew what was important for my business."* (IU-01, March 12, 2025).

The understanding of the importance of administrative order was also expressed by other informants:

*"With the digital system, I became aware that recording cannot be arbitrary. Everything must be neat because later the results will be seen."* (IU-03, March 15, 2025)

Administrative digitalization is driving significant changes in the way MSME actors manage administrative activities. The digital system helps informants understand the administrative flow more systematically, as stated below:

*"If you use the application, the order is clear. From incoming and outgoing transactions, to reports, everything automatically becomes one flow."* (IU-05, March 18, 2025).

This process forms a practical and contextual learning experience (learning by doing), as expressed by the informant:

*"I learned administration not from theory, but directly from the practice of using applications every day." (IU-02, March 13, 2025).*

The results of the observation show that there is an increase in regularity and consistency in business administration management. MSME actors who previously did manual recording began to implement neater and documented recording:

*"Now that all the data is neatly stored, there are no more lost or scattered records like they used to be." (IU-04, March 16, 2025).*

The contribution of digitalization to the formation of administrative competencies, especially accuracy and accountability, can also be seen from the following statements:

*"With digital recording, I am more careful because if the wrong input is immediately visible." (IU-06, March 20, 2025).*

In terms of learning independence, administrative digitalization allows MSME actors to explore the system independently according to business needs:

*"If you don't understand, I try the application features first. It took a while to get used to it without always having to ask." (IU-07, March 22, 2025).*

However, this study also found obstacles in the digital-based administrative learning process, especially in the early stages of implementation. This was revealed by the informant:

*"At the beginning, I was a bit confused because I was not used to using the application, so someone needed to direct it first." (IU-08, March 24, 2025).*

The lack of continuous assistance has the potential to affect the sustainability of the use of digital administration systems, as conveyed by the following informants:

*"If there is no follow-up assistance, sometimes the application becomes rarely used because of the fear of making mistakes." (IU-09, March 26, 2025).*

## **Discussion**

The findings of this study confirm that the digitization of business administration has a strategic role in the context of non-formal education, especially in the development of administrative competencies of MSME actors. From the perspective of education management, administrative digitalization can be understood as part of a practice-based learning process that is oriented to the real needs of adult learners (Chan, 2021; Khumsamart, 2022). This is in line with the characteristics of non-formal education that emphasize flexibility, contextual relevance, and practical problem-solving.

The improvement in administrative order and accountability found in this study shows that digital administration practices not only have an impact on business efficiency, but also shape the professional attitude and administrative awareness of MSME actors (Omar et al., 2024). The learning process that occurs through the use of digital administrative systems strengthens cognitive competencies and administrative skills, while building systematic work habits.

From the perspective of adult learning theory, the results of this study indicate that the digitalization of business administration provides a relevant and meaningful learning experience for MSME actors. Learning takes place independently and based on direct experience, thereby increasing learning motivation and adaptability to change (Azis, 2024; Bakare et al., 2024). Thus, administrative digitization can be positioned as an effective learning strategy in competency-based non-formal education.

The findings regarding digital literacy constraints and limited mentoring show the importance of the role of non-formal education management in designing structured and sustainable administrative learning programs. The digitalization of business administration cannot be separated from policy support, mentoring, and learning design that is in accordance with the characteristics of MSME actors (Zahra, 2024). Without the right pedagogical approach, the use of administrative technology has the potential to be suboptimal.

Conceptually, the results of this study expand the study of non-formal education management by placing business administration as a strategic learning material for productive society. Administrative digitalization not only functions as a technological innovation, but also as an educational means that builds administrative competence, learning independence, and professionalism of MSME actors. Thus, the integration between business administration and digital-based non-formal education is a relevant and contextual approach in developing the capacity of MSMEs in the regions.

## **CONCLUSION**

This study concludes that the digitization of business administration plays a role as an effective non-formal education strategy in improving the administrative competence of MSME actors in Dumai City. The use of digital administration systems encourages regular recording, business accountability, and a more systematic understanding of business administration management.

The learning process takes place practically and contextually through direct experience (learning by doing), thereby increasing the learning independence of MSME actors in managing business administration. However, the limitations of digital literacy and the lack of ongoing assistance are still obstacles that need attention in the implementation of administrative digitalization.

Conceptually, this study emphasizes that the integration of business administration and digital-based non-formal education is a relevant approach in MSME capacity building, especially in building sustainable administrative competencies.

## **ACKNOWLEDGEMENT**

The author would like to thank all parties who have provided support and contributions in the implementation of this research. Thank you to MSME actors in

Dumai City who have been willing to be informants and share experiences during the data collection process. Appreciation is also given to those involved in business administration mentoring and training activities who have provided valuable information and support. Hopefully the results of this research can provide benefits for the development of business administration studies and non-formal education in the future.

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