

The potential of Gen Z as an agent of change in optimizing MSMEs performance: a study on Anggode Coffee

Wiwik Maryati^{1*}, Dina Eka Shofiana², Ida Masriani³

^{1,2}Business Administration Study Program, Faculty of Business, Languages, and Education, Unipdu

³Management Study Program, Faculty of Business Economis, Universitas Jambi

Abstract

The digital era has made access to business management opportunities easier and faster. MSMEs are required to respond to this by implementing digital-based change management in their business activities, including the creative economy business Anggode Coffee. The problem that occurs in this cafe business is weak financial management which has an impact on the discontinuity of business management. This is because financial management is not carried out in a standardized manner because business activities have not utilized digital technology. In order to maintain business continuity, business actors have begun to shift from manual financial management to using digital finance. This was responded to positively by human resources in the cafe because they have also felt difficulties in financial management. This study aims to explore change management related to the potential of human resources at Anggode Coffee in optimizing MSME performance.

The research method uses qualitative with the subject of research being the owner and employees of Anggode coffee. The results of the study show that the performance of Anggode coffee has increased from previously using simple financial management that has not been standardized to now using digital finance. The average human resources of Anggode coffee are teenage workers called Gen Z. Of course, this makes them very familiar with technology and easy to use. It doesn't take long for them to adapt to digital finance, so that the performance of Anggode coffee's business also improves through the role of Gen Z as an agent of change. Therefore, the role of Gen Z human resources as an agent of change that determines business continuity, human resources recruitment should be taken from Gen Z. This is in accordance with the needs of the digital era that demands technological adaptation for MSMEs. This study examines the performance of MSMEs only in the financial aspect, therefore in further research, the role of Gen Z can be studied as a determinant of the performance of marketing and production aspects.

Keywords:

Agent of change; Anggode coffee; financial digitalization; Gen Z.

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*Wiwik Maryati
Email: wiwikmaryati75@gmail.com

INTRODUCTION

The rise of digital technology today can be said to be one form of change management in the business world. This is as stated by Wibowo (2016:241) that change management is intended to provide the necessary business solutions successfully. This phenomenon needs to be addressed with the rise of the business world which is starting to shift orientation in carrying out its business activities, starting from improving its management with the use of digital-based tools to marketing activities and establishing business partnerships. Technology itself has changed behavior, where people will be moved how to utilize technology if they do not want to be called people who are left behind. This is also the case in the creative industry such as the cafe business.

Most of the cafe entrepreneurs are the young generation called Gen Z who are almost certainly able to use technology. Generation Z who are observant of technological developments will seize this opportunity to start a business or run their business to get optimal results. Of course, this will further increase the enthusiasm for entrepreneurship among the younger generation. So far, entrepreneurship has indeed been a driving force for a country's economy. Entrepreneurship has the potential to effectively improve the welfare of Gen Z through its contribution to economic growth and equitable economic growth (Maryati and Masriani, 2019). Increased economic growth will also have an impact on reducing unemployment and poverty rates. Therefore, this digital era needs to be addressed by making it a strategy to strengthen the economy.

Anggode Coffee is one of the contemporary cafes in Jombang city because the cafe design is colored with ethnic nuances. The business management in this cafe has experienced a shift in orientation from the original traditional management to digital-based management. This is shown from financial management starting to use digital-based financial applications, as well as for marketing already utilizing social media such as WhatsApp, Facebook and Instagram. This shift in orientation can of course be done by Anggode cafe considering that almost all human resources (HR) there are not only the owner is Gen Z who is quite literate in technology. The role of Gen Z is what determines the performance of the cafe business. Gen Z is seen as an agent of change from the original simple Anggode management to modern management by utilizing technology to carry out business activities. Therefore, the problem that will be studied in this article is to what extent can the role of Gen Z as an agent of change optimize the performance of the Anggode coffee business.

LITERATURE REVIEW

Gen Z is a consumer group that has high purchasing power. They also have a more optimistic outlook and are more socially aware and open to trying new experiences including in the use of technology (Mandhlazi et al., 2013). This age group is categorized as an adult age group. Adulthood according to Mustafa (2006) is divided into 3 periods, namely early adulthood (age 18-25 years and ending at 35-40 years), middle adulthood (age range 35-40 years and ending at around 60 years), late adulthood (old age). In this study, the discussion focuses on the early/early adulthood age group where self-adaptation to new

life patterns and expectations has occurred in this period. The millennial generation or echo boomers are terms often used for generation Y where this generation can be said to be the dominant segment because it is known for the diversity within it (Solomon, 2009).

According to Hawkins and Mothersbaugh (2010), in general, the majority of the millennial generation have entered the workforce or are still studying. The level of education of this generation is relatively high so that the level of income also follows. The use of technology, e-mail, telephone and short message service (SMS) as a means of communication can also be done by this generation. Furthermore, Hawkins and Mothersbaugh (2010) stated that the 18 to 29 year old age group has gone online more than 90%, where the previous generation had a lower percentage. Likewise, the use of telephone services such as SMS to the internet has been led by the 18 to 24 year old age group. Media and TV programs such as MTV, Maxim, American Idol, Big Brother 4, and also CSI are also enjoyed by this generation. Therefore, this generation is also called the millennial generation that dominates the use of technology access, the role of Gen Z as an agent of change is also very possible because one of the factors that triggers change is technology. Furthermore, Hussey (2000) stated that the era of change triggered by, among other things, increasing technology has opened up wider opportunities for business growth.

Change agents are people with the power and skills to facilitate and guide change efforts, helping organizations shift to new ways of doing things (Herlina, et al. 2022). As a study conducted by Beswick (2014) explains that as members of an organization, Gen Z hopes to be able to co-create, co-innovate, and make meaningful changes to the company. Innovation is a character embedded in Gen Z and is a catalyst for achieving organizational innovation. As an innovative generation, Gen Z longs for renewal from the organizations where they work (Han, 2020) and expects alignment of values for innovative work styles.

RESEARCH METHOD

This study uses a qualitative research design by analyzing the achievement of the use of digital financial technology by the Gen Z workforce. The location of the study was carried out at the Anggode cafe business located in Sembung village, Perak district, Jombang regency with the research subjects being the owner and HR of Anggode cafe who were taken purposively in this case the research subjects numbered 10 people. Data collection was carried out by means of observation, focus group discussions (FGD), interviews and documentation. The data analysis technique in this study used descriptive analysis with data analysis steps according to Hesse and Biber (2011:302-315) as follows: step 1: data preparation phase; steps 2 and 3: exploration and data reduction phase; and step 4: interpretation phase.

FINDINGS AND DISCUSSION

Anggode Coffee is a business that was established on April 10, 2023. The name Anggode is taken from Javanese, which if translated, the full name is “Anggep Omah Dewe” “(make yourself at home)” where the owner actually wants consumers who come to Anggode to be comfortable enjoying the cafe atmosphere, feeling like they are at home. Judging from the human resources at Anggode Coffee, all of them are still productive teenagers, both owners and human resources who are in direct contact with consumers such

as baristas. This opens up opportunities to overcome business management problems, especially those related to the use of technology in the financial aspect. Teenagers are very likely to adapt to the use of technology because they are a generation that is literate in technology. All Anggode activities are possible if covered in finances based on digital technology because there are sales, shopping and inventory management activities. However, these activities were previously only carried out manually without the use of digital technology. This is because the optimization of the human resources aspect has not been carried out even though the human resources in the cafe already have jobs according to their respective duties.

Judging from the organizational structure of Anggode cafe, the direct command line is held by the owner who is responsible as the leader/director of the cafe. This is of course reasonable considering that this cafe is a personal business so that all responsibility is directed to the owner as top management. This cafe also uses the role of a consultant in this case, serving as a provider of considerations, input or suggestions related to business management. The existence of this consultant is because when starting a business, the consultant who already had a cafe business was the one who accompanied the initial process when establishing the cafe and became Anggode's partner in fulfilling logistics and providing barista skills. Therefore, even though Anggode cafe can now run the business independently, the role of a consultant is still needed for business partnerships.

At the middle management level, there are human resources and production divisions as well as marketing divisions, while there is no finance division. This is because the owner himself directly holds the financial authority even though the responsibility for recording and reporting finances is carried out by the finance staff. The bookkeeping carried out in this cafe is still simple, although it has used a counting machine in sales transactions, it is limited to a counting tool for each incoming transaction. The chain of command from middle management goes directly to employees consisting of 1 finance staff, 3 barista employees, 1 parking and security employee and 2 cleaning employees.

All Anggode employees are residents around the Perak Jombang sub-district, this is done because the Anggode owner seeks to optimize the human resources in the area as an effort to minimize the unemployment rate. When starting the business, the Anggode owner did have the desire to establish Anggode not only for profit oriented, but also to provide benefits to the surrounding community, namely creating jobs. The employee recruitment and selection process is carried out directly by the owner. Likewise, the training given to baristas is also carried out directly by the owner where the owner receives private barista training from business partners who are also given the task of being Anggode consultants.

Referring to the arrangement of the organizational structure that is already quite possible, of course the potential of this business also allows it to develop better, especially in the arrangement of financial performance. This is then realized by implementing digital-based financial management. Financial management is no longer done manually, but has used a financial application that contains various business activity features ranging from sales, spending, inventory management to employee attendance features. Employees related to these business activities are given training related to the use of financial

applications. It doesn't take long for the training and mentoring given to employees, only 2 times the human resources training there can use the application.

The impact of training and mentoring digital-based financial applications is that it can increase the capacity of Anggode coffee's human resources. The increase in capacity is shown from those who initially did not know how to record each sales transaction in the financial application, how to spend inventory/materials and how each transaction is automatically entered into the financial report will become aware and have an awareness of the importance of digital-based financial management. After human resources knows and understands the digital financial application, they will try to be able to use the financial application. This is shown by the activity of reporting cafe performance using the application and is no longer done manually. Of course this shows an increase in cafe performance. The increase in cafe performance shows that the role of Gen Z human resources is indeed effective as an agent of change in the organization.

This is as per the study by Herlina, et al. (2022) which states that Gen Z as agents of change are people with the power and skills to facilitate and guide change efforts, helping organizations to shift to new ways of doing things. Likewise, research from Beswick (2014) explains that as members of an organization, Gen Z hopes to be able to co-create, co-innovate, and provide meaningful change to the company. Innovation is a character embedded in Gen Z and is a catalyst for achieving organizational innovation

CONCLUSIONS

Based on the explanation of the research results, it shows that Anggode coffee's performance has increased from previously using simple financial management that has not been standardized to now using digital finance. Anggode coffee's human resources are mostly teenage workers called Gen Z. Of course, this makes them very familiar with technology and easy to use. It didn't take long for them to adapt to digital finance, so that Anggode coffee's business performance also improved through the role of Gen Z as an agent of change. Therefore, the role of Gen Z human resources as agents of change that determine business continuity, human resources recruitment should be taken from Gen Z. This is in accordance with the needs of the digital era which demands technological adaptation for MSMEs.

LIMITATION & FURTHER RESEARCH

This study only examines the role of Gen Z as an agent of change that determines the performance of MSMEs, especially in the aspect of financial management. The determinant of MSME performance is not only in the financial aspect, therefore in further research, the role of Gen Z as an agent of change that determines the performance of other aspects such as marketing and production can be studied. This is because all aspects of management can be done digitally. In the aspect of digital marketing, it can be used to brand MSMEs so that this will also have an impact on improving MSME performance.

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