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Jabatan : Kepala LPPM
Instansi : Universitas Wiraraja

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Jabatan : Staf Pengajar Fakultas Ekonomi dan Bisnis
- Nama : Imam Darul Firmansyah, S.E., M.Ak.
Jabatan : Staf Pengajar Fakultas Ekonomi dan Bisnis

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UTILIZATION OF ECOMMERCE IN INCREASING MSME COMPETITIVENESS IN SUMENEP DISTRICT

by Moh. Kurdi

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UTILIZATION OF ECOMMERCE IN INCREASING MSME COMPETITIVENESS IN SUMENEP DISTRICT

1-Moh. Kurdi, 2-Imam Darul Firmansyah
kurdi.em@gmail.com1, imamdarul@wiraraja.ac.id
Management Studies Program Faculty of Economics and Business
Accounting Studies Program Faculty of Economics and Business
Wiraraja University

Abstract. The very rapid role of technology at this time makes entrepreneurs clean up in making marketing breakthroughs and is required to always innovate the products produced. This technological development requires entrepreneurs to take part in the development of this technology which is commonly known as e-commerce. Utilization of this technology must also be carried out in micro, small and medium enterprises (MSMEs) so that they can increase the competitiveness of these UMKM products. This research was conducted to identify the use of e-commerce in increasing the competitiveness of MSMEs in Sumenep Regency, especially in Sumenep City and Manding Districts. The results of this study indicate that the use of e-commerce can increase income, have a wider market reach and can save costs. Thus, this will have an impact on increasing the competitiveness of micro, small and medium enterprises (MSMEs) in Sumenep Regency.

Keywords: E-Commerce; Competitiveness; UMKM;

1. INTRODUCTION

The very rapid role of technology at this time makes entrepreneurs clean up in making marketing breakthroughs and is required to always innovate the products produced. This technological development requires entrepreneurs to take part in the development of this technology which is commonly known as e-commerce.

According to [1] "Information technology performs high-speed computing and communication for data, voice and video". At this time, in carrying out daily activities, it is always supported by information technology, from meeting daily needs such as finding food, clothes, pulses, information for shopping, even being used as a tool to run a business or business. This is not only done by small entrepreneurs but also big companies. Almost all large companies use information technology and utilize information technology as a supporting tool for all business activities that are managed both offline and online.

Apart from simplifying and accelerating the communication and information process, information technology is also utilized in business or business activities. Many communication and information tools are used in business activities, such as telephone, fax, sms, e-mail, website and others. So that came the term "e-commerce". Ecommerce (electronic commerce) is the process of buying and selling transactions using electronic devices, such as telephone and internet [2].

In meeting daily needs, at this time, technology support will never be separated. At this time many people access the internet either for fun or entertainment, doing work or fulfilling their daily needs.

In line with the development of existing information technology, the level of business competition is increasingly attractive. This is not only on the offline market but also on the online market. So that the competition created between business people is very competitive. Thus all business people are required to be more creative, innovative, and always provide the best from the products sold in order to compete. Not limited to products that must be considered, but also must think about the strategies that will be used to achieve the goals of the company. Because at this time, many large companies have used the internet or what is commonly known as e-commerce.

E-commerce is a modern, non-face business model (does not represent business people physically), and is non-sign (does not use the original signature). The trading system used in e-commerce is designed to sign electronically. The signing is designed from purchase, inspection, and delivery. In the e-commerce business, the availability of correct and accurate information about consumers and companies is an absolute requirement [3].

E-commerce is an online channel that can be reached through a computer channel, which is carried out by business people in carrying out their business activities and is used by consumers to obtain information using computer assistance, which in the process begins with providing information services to consumers in determining choices [4]. Meanwhile, e-commerce is the process of buying and selling and marketing goods and services through electronic systems, such as radio, television and computer networks or the internet [5].

The use of e-commerce is a must in the business world, given the increasingly complex problems, increasingly mushrooming competitors and demands to always follow developments in the global world, which requires always acting [6].

At this time the use of e-commerce is not only used by large companies, but also small companies are already using e-commerce including micro, small and medium enterprises (MSMEs). Because the use of e-commerce can make it easier for consumers to get goods that are suitable even at very affordable prices.

At this time, micro, small and medium enterprises (MSMEs) have a very important role in the development of the economy in Indonesia. Because micro, small and medium enterprises (MSMEs) are considered capable of accelerating the overall growth of the Indonesian economy, both urban and rural. With the existence of micro, small and medium enterprises (UMKM) it can provide job opportunities for the community.

Micro, Small and Medium Enterprises (MSMEs) have become an important part of the national and regional economic systems capable of accelerating economic growth through the mission of providing business and

employment opportunities, increasing community income, playing a role in increasing foreign exchange earnings and strengthening the national economic structure [7].

In the perspective of its development, SMEs can be classified into 4 (four) groups, namely Livelihood Activities, Micro Enterprise, Small Dynamic Enterprise and Fast Moving Enterprise [8].

There are three reasons that underlie micro, small and medium enterprises (MSMEs) that are considered very important, namely (1) the performance of MSMEs tends to be better in producing a productive workforce; (2) as part of the dynamic, MSMEs often achieve increased productivity through innovation and technological changes; (3) because it is often believed that MSMEs have advantages in terms of flexibility over large enterprises [9].

Along with the increasingly fierce business competition and the lack of use of e-commerce in the development of Micro, Small and Medium Enterprises (MSMEs), it is necessary to conduct a more in-depth study of the use of e-commerce in increasing the competitiveness of MSMEs. So this research is aimed at finding out

the increasingly high business competition and the minimal use of e-commerce in the development of MSME business, so an in-depth study of increasing the competitiveness of MSMEs becomes an important thing. Therefore, this study is aimed at identifying the impact obtained from the use of e-commerce in increasing the competitiveness of MSMEs in Sumenep Regency, especially in Sumenep City and Manding Districts. So it is expected that the results of this research can become a reference and guideline for MSME players to make good use of e-commerce.

2. RESEARCH METHOD

This research is a descriptive study conducted to provide a detailed description of a symptom or phenomenon with the aim of finding out how to increase the competitiveness of MSMEs through the use of e-commerce.

The data collection process is carried out on primary data and secondary data. Primary data collection is done by using a questionnaire technique, which is in the form of a list of questions / statements that are distributed to respondents to be filled in according to the circumstances and perceptions of the respondents with 60 MSMEs as respondents.

3. RESULTS AND DISCUSSION

There are so many Micro, Small and Medium Enterprises (MSMEs) in Sumenep Regency. This is a huge potential for improving the economy in the Sumenep Regency. The number of MSMEs in Sumenep Regency as a small one only takes advantage of developments in information technology, one of which is e-commerce. Of the many MSMEs that exist in this study, it is only focused on the existing 60 MSMEs, this is due to time constraints. From the many

results of the research conducted, it was found that Micro, Small and Medium Enterprises (MSMEs) in Sumenep Regency did not only use marketplaces such as Bukalapak, shopee, lazada, and tokopedia but also used marketplaces provided by social media, such as Facebook, Instagram and whatsapp.

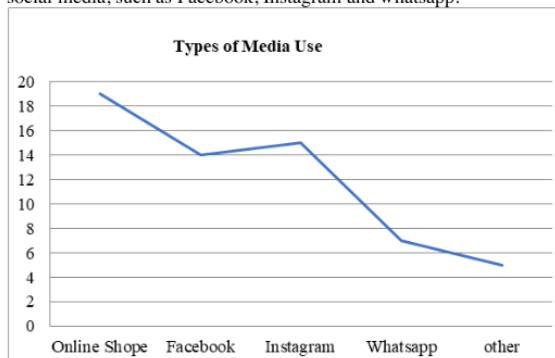


Fig. 1. Types of Media Usage

From the picture above, it can be explained that most of the MSME actors in Sumenep Regency use the Online Shop media more. This is because at this time many people are familiar and make online shops a tool to meet their daily needs. Meanwhile, for the second position, UMKM players prefer to use Instagram, then continue with Facebook, WhatsApp and others (blog, telegram, line and twitter).

The use of e-commerce media in business is considered very important to sustain and encourage business progress. The use of e-commerce is considered the most efficient in reducing promotion and marketing costs. In addition, the use of e-commerce is due to the desire of MSME players to develop their businesses and promote and market their products.

In general, the condition of MSME players in Sumenep Regency will develop and compete if they use e-commerce. To maximize the use of e-commerce, it is necessary to use the right strategy.

Based on the results of the analysis that has been done previously by researchers, there are several positive impacts produced by Micro, Small and Medium Enterprises (MSMEs) in Sumenep Regency in the use of e-commerce including a very wide market reach, efficient use of costs and increasing income for MSME players in Sumenep Regency. Meanwhile, the negative impact that is felt is the existence of very tight competition, the limited availability of information technology devices and consumers' doubts about the seller and the goods purchased.

In the use of e-commerce, MSME players in Sumenep Regency cannot run well, this is due to several inhibiting factors in its use. There are several inhibiting factors in the use of e-commerce including (1) tight

competition, (2) limited IT facilities, (3) trust of sellers and buyers, (4) expensive shipping costs, and (5) consumer doubts.

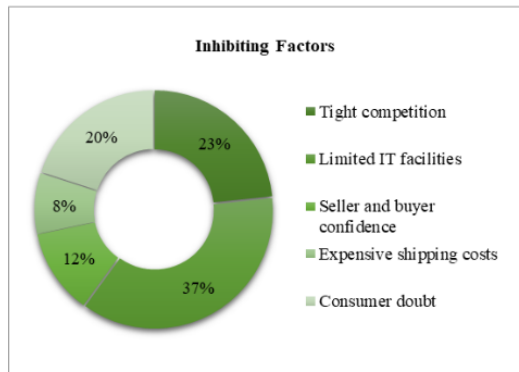


Fig. 2. Barriers to MSME e-commerce

From the picture above, it can be explained that the availability of information technology devices is the biggest thing in the use of e-commerce in Micro, Small and Medium Enterprises (MSMEs) in Sumenep Regency. This is because the MSME actors have not prepared information technology tools, besides that, there is also the limitation of the internet network which is not evenly distributed in every region in Sumenep Regency.

Apart from the obstacles, the use of e-commerce on MSMEs in Sumenep Regency also has positive and negative impacts. Of these two impacts can be seen in the image below:

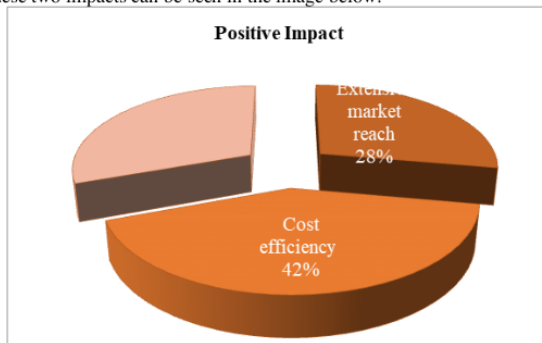


Fig. 3. Positive Impacts of E-Commerce Utilization

From the picture above it can be explained that the positive impact that MSMEs in Sumenep Regency get by utilizing e-commerce are cost efficiency, with the use of e-commerce for MSME players in Sumenep Regency can drain promotional costs and marketing costs which so far require a lot of money. So with the use of e-commerce, UMKM players in Sumenep Regency can save on usage and spend less. So that it also has an impact on increasing the income or income of MSME players in Sumenep Regency. In addition, the market reach of the product has also increased from previously only districts or even districts, with the use of e-commerce that can more reach other districts or even across provinces.

From this positive impact there is also a negative impact felt by MSME players in Sumenep Regency by utilizing e-commerce. This negative impact can be seen from the image below:

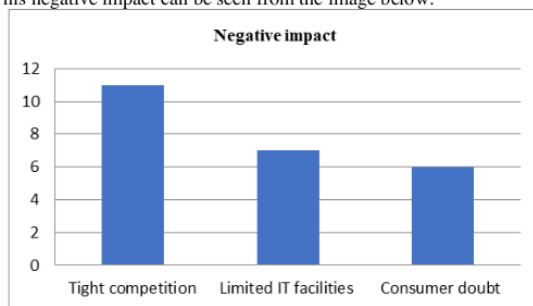


Fig. 4. Negative Impact of E-Commerce Utilization

From the results of research conducted, the biggest negative impact of the use of e-commerce is in very tight competition. Because by using e-commerce all the same products will be easy to find, so this has triggered MSME

players in Sumenep Regency to continue to innovate on the products they produce. In addition, MSME actors in Sumenep Regency also experience limited information technology facilities, because not all areas of Sumenep Regency have a comfortable and stable internet network.

The last negative impact is consumer doubt, this doubt also triggers consumers to cancel purchases, so it is necessary for MSME actors in Sumenep Regency to continue to monitor the products being sold, thus the time needed is also very much consumed on the product. Meanwhile, the results of the research conducted said that of the two impacts (positive and negative) there were more positive impacts generated by the use of e-commerce by MSME actors in Sumenep Regency. So that this can be a strategy for developing business and promoting products.

4. CONCLUSIONS AND SUGGESTIONS

From the results of the research conducted, it can be concluded that the use of e-commerce in SMEs in Sumenep Regency has inhibiting factors, namely (1) tight competition, (2) limited IT facilities, (3) trust of sellers and buyers, (4) Expensive shipping costs, and (5) consumer doubt.

In addition, by utilizing e-commerce carried out by MSME players in Sumenep Regency, it can have the following positive impacts: (1) Very wide market coverage, (2) Cost efficiency, and (3) Increasing income. Meanwhile, the resulting negative impacts are: (1) tight competition, (2) limited IT facilities, and (3) consumer doubts. Of the two impacts (positive and negative), there are more positive impacts generated by the use of e-commerce by MSME players in Sumenep Regency.

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