

The Utilization of E-Commerce to Improve The Competitiveness of Msmes inPajagalan Village, Sumenep District

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ABSTRACT

With the increasingly rapid development of technology and information, people are familiar with the internet and need constant access to it. A new lifestyle is emerging, namely shopping on the internet or e-commerce. E-commerce is not only used by large corporations but also by micro, small and medium businesses. The research was conducted to determine the benefits of e-commerce to increase the competitiveness of MSMEs in Pajagalan village, Sumenep sub-district, Sumenep district. Using descriptive research methods with qualitative analysis. The findings show that MSME revenues increase through e-commerce, making the products sold more widely known and attracting customers more easily. Therefore, e-commerce makes it possible to save advertising costs and increase transaction speed. Therefore, it will increase the competitiveness of MSMEs in Pajagalan Village, Sumenep District, Sumenep Regency.

Keywords: *Technological Developments; e-commerce; MSMEs*

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INTRODUCTION

Because technology and information are increasingly advancing and developing, society is now familiar with the Internet and is required to always access it. The Internet was once referred to as an advanced virtual technology, but it has now become a reality. With the abundance of modern devices today, including smartphones, netbooks, laptops, and various others, we have successfully created a lifestyle. A new lifestyle that is emerging is shopping using the internet, also known as e-commerce.

E-commerce is a transaction process where many products are sold electronically from one company to another by buyers and sellers, using computers as intermediaries in the transactions conducted. E-commerce is one branch of electronic business with network technology and also uses database technology and electronic mail, as well as product delivery systems and other non-computer-based technologies. Payment methods. The utilization of e-commerce is highly necessary in the business world, as businesses must constantly keep up with global developments, where problems are becoming more complex, competition is getting tougher, and continuous creative actions are essential.

Micro, Small, and Medium Enterprises (MSMEs) must utilize information technology as part of their business methods for the development of their businesses in Indonesia. Currently, the primary challenge facing the development of processing businesses in Indonesia is the difficulty they encounter in marketing their products. Indonesian entrepreneurs currently face two main challenges in international trade: gaining increased market access and enhancing competitiveness. The use of information technology in marketing small business products is an effort to expand market access for those products.

MSMEs are more flexible compared to large corporations. The presence of MSMEs in Pajagalan Village, located in Sumenep Regency, has a significant impact on the economic sector of Sumenep Regency. SMEs in Pajagalan village are developing very rapidly. A well-known form of MSME in the village of Pajagalan is the production of Madura-style fish paste. This product is not only sold in the Sumenep area but also in various regencies of East Java. Although the marketing of SMEs in Pajagalan village is very good, these SMEs have not yet adopted e-commerce. The elimination of e-commerce will negatively impact competitiveness, causing companies that rely on e-commerce (online business) for effective and efficient marketing to fall behind. Given the increasingly tight business competition and the minimal utilization of e-commerce in the development of MSME businesses, research on the use of e-commerce to enhance the competitiveness of MSMEs in Pajagalan Village, Sumenep District, Sumenep Regency, is necessary.

Theoretical Study

Definition of Micro, Small, and Medium Enterprises (MSMEs)

MSMEs is an abbreviation for Micro, Small, and Medium Enterprises. This term refers to the small and medium business sector, both in terms of the number of employees, turnover, and assets owned. Here are some general characteristics of MSMEs.

1. Micro Enterprises: Companies with fewer than 10 employees and assets not exceeding Rp 50 million (in Indonesia; may vary in other countries).
2. Small Enterprises: Companies with 10 to 50 employees and assets ranging from Rp 50 million to Rp 500 million (in Indonesia).
3. Medium Enterprises: Companies with 51 to 300 employees and assets ranging from Rp 500 million to over Rp 10 billion (in Indonesia).

MSMEs play an important role in the economy because they absorb a large portion of the workforce, support local economic growth, and encourage innovation and creativity at a smaller and more flexible scale compared to large companies.

E-Commerce for Marketing Micro, Small, and Medium Enterprises (MSMEs)

E-commerce expands market access and serves as a means for SMEs to sell their products. SMEs must recognize the benefits of e-commerce in providing easy and efficient market access in line with the globalization era they will face. This condition requires SMEs to choose effective businesses that can achieve their goals. Marketing with e-commerce allows MSME entrepreneurs to communicate directly with buyers and achieve higher profits.

E-commerce for marketing MSME products offers advantages and benefits because it is cost-effective and efficient. Moreover, access to e-commerce is unlimited. If a business has e-commerce, consumers can access the products displayed on the Internet from anywhere in the world, as long as there is Internet access in that area. The more frequently your address is accessed, the higher your potential income. Electronic commerce (e-commerce) is a concept that can be described as the process of buying and selling goods over the Internet or the process

of buying, selling, or exchanging products, services, and information through an information network that includes the Internet.

Barriers and Opportunities of E-Commerce

Various obstacles in its implementation can be technical and non-technical, and require extensive cooperation between the government, e-commerce developers, business stakeholders, and consumers. These obstacles are categorized as follows:

1. Government support. There are no policies supporting the development of e-commerce, no transparency in the deregulation of information technology systems, especially the Internet, which is crucial for the growth of e-commerce, and improvements in the e-commerce system. Customs system, government support is still unclear, and deregulation of imports and exports.
2. Slow infrastructure development. The existing infrastructure is still lacking and unevenly distributed throughout Indonesia. The government must seriously strive in a programmed manner to gradually build good infrastructure so that the Indonesian people can gradually use the Internet at low and affordable prices as a result of the development of information technology.
3. Lack of human resources. Indonesia lacks a workforce that truly understands the entire e-commerce system and masters not only the technical aspects but also the non-technical aspects such as the banking system, commercial transactions, and the applicable legal system.
4. Support from financial institutions such as banks and insurance companies. Not many banks have established an "electronic banking" system. However, it is still difficult for banks in Indonesia to conduct transactions in foreign currencies, especially in small amounts, and it is still difficult for banks in Indonesia to conduct transactions in other currencies, particularly in small amounts, and online transactions that indicate they are actually based in Indonesia are still challenging.
5. Improvement of the existing trade system. The government places great importance on deregulating the trade system to sufficiently support the development of SMEs and the development of a good and safe transportation network without causing disruptions to transportation routes and related institutions such as ports, border gates, and opportunities for international airports. And most importantly, deregulation in the fields of customs and taxes supports the development of the e-commerce system.

On the other hand, if we look at the existing opportunities, they actually generate a unique energy and enthusiasm among all parties involved, and e-commerce brings new challenges to the previous backwardness in all sectors, namely; 1) The large population of Indonesia still provides a market share that can be exploited. 2) Improvement of the existing trade system. With many islands throughout the archipelago, e-commerce becomes the best way to expand business between them. 3) Utilizing numerous natural resources can yield high-quality and unique products. 4) There are many customs and cultures. These attributes can become a source of inspiration for the development of the handicraft industry and, if managed well, will become a source of trade and tourism.

E-Commerce to Enhance the Competitiveness of MSMEs

E-commerce can be a significant advantage in enhancing the competitiveness of SMEs. Below is a list of some of the main benefits.

1. Wider market reach: Through e-commerce, MSMEs can reach potential consumers in various locations, even abroad, without having to have a physical store in each location.
2. Lower Operational Costs: Compared to physical stores, e-commerce stores tend to have lower operational costs because there are no rental fees or other operational costs associated with them.
3. More effective marketing: E-commerce platforms offer sophisticated and measurable marketing tools such as paid advertising and search engine optimization (SEO) that allow SMEs to reach their target audience more effectively.
4. Customer analysis and understanding: E-commerce allows SMEs to collect valuable customer data, such as purchase preferences and shopping behavior, which can be used to enhance sales and marketing strategies.
5. Ease of Transactions: Customers can easily purchase and pay online, adding convenience and speeding up the transaction process.
6. Competitive Advantage over Competitors: By investing in e-commerce, SMEs can remain competitive against large competitors that already have a strong online presence.

However, to succeed in e-commerce, SMEs need to pay attention to aspects such as online transaction security, efficient inventory management, and responsive and high-quality customer service.

The Role and Utilization of E-Commerce in MSMEs

E-commerce plays an important role in enhancing the potential and competitiveness of micro, small, and medium enterprises (MSMEs). Some roles and uses of e-commerce in MSMEs are listed below.

1. Expanding distribution networks: E-commerce allows MSMEs to build relationships with various stakeholders such as logistics providers, mass markets, and other distribution agents to expand their product reach.
2. Reducing operational costs: E-commerce helps MSMEs reduce operational costs, such as rent for physical locations and stores, excess inventory costs, and expensive advertising costs.
3. Increasing business efficiency: The use of e-commerce enhances the efficiency of sales, payment, and product delivery processes, allowing MSMEs to focus on improving the quality of their products and services.
4. Easier transactions: E-commerce increases customer convenience and satisfaction by allowing customers to transact easily anytime, anywhere, through their computers or mobile devices.
5. Access to data and analytics: E-commerce platforms provide data on buyer behavior, product preferences, and market trends that help MSMEs make better decisions regarding business development.
6. Fostering product innovation: By receiving direct feedback from customers through e-commerce platforms, MSMEs can better respond to market needs and develop new products or refine existing ones.
7. Reducing dependence on traditional sales: E-commerce offers an alternative for MSMEs to rely solely on traditional sales through physical stores and traditional distribution channels.

For small and medium enterprises, the utilization of e-commerce not only serves as a tool to increase sales but also to enhance operational efficiency and competitiveness in the digital era. However, to successfully use e-commerce, SMEs must pay attention to the right online marketing strategies, effective supply chain management, and mastery of the right information technology.

METHOD

The research method used in this study is descriptive. The descriptive method is used to describe phenomena or activities that are observed systematically and in detail. This research focuses on the activities of small and medium enterprises that utilize e-commerce to strengthen their competitiveness. Data analysis was conducted qualitatively, and the author elaborated on the respondents' answers and presented them in the form of tables and graphs. This approach allows for the examination of the characteristics, opinions, and experiences of the MSME managers in Pajagalan Village, Sumenep. In this study, face-to-face interviews were chosen as the primary data collection technique. This methodology allows the author to obtain detailed information directly from the UMKM managers, thereby gaining a better understanding of how e-commerce is utilized to enhance the competitiveness of UMKM in the region. By using this approach, it is hoped that this research can offer an in-depth primer on e-commerce practices to improve the competitiveness of UMKM in Pajagalan Village, Sumenep.

RESULTS AND DISCUSSION

Desa Pajagalan in the Sumenep District, Sumenep Regency, is dominated by fishermen and farmers. Because of its strategic location on the coast, Pajagalan Village has rich marine resource potential. One of the potentialities of Pajagalan Village is the MSMEs that have developed very well and stand out. The Madura Fish Paste MSME is the one I have chosen as the subject of my article due to its great potential for development. Here is a list of small MSMEs in the village of Pajagalan:

Table 1. List of MSMEs Pajagalan Village

NO	Owner or Business Name	Product	Production Capacity/Week
1	"Petis Barokah"	Fish Sauce	200 kg
2	"Petis Ikan Cakalan"	Fish Sauce	25 kg
3	Erna	Fish Sauce	50 kg
4	"Petis Maduraku"	Fish Sauce	60 kg
5	"Petis Enak"	Fish Sauce	150 kg
6	Sulastri	Fish Sauce	30 kg
7	"Petis Ikan Tongkol"	Fish Sauce	100 kg
8	UD.Rohati	Fish Sauce	60 kg
9	Nanik	Fish Sauce	15 kg
10	Jumiati	Fish Sauce	40 kg
11	Lastri	Petis Ikan	20 kg

Source: Interview's result, processed data

However, e-commerce is still rarely utilized as a medium for advertising and marketing. This trend is evident in places where most of the consumers come from the village itself or within the city. Here is the information related to the utilization of e-commerce by MSMEs in Pajagalan Village:

1. Utilization of E-commerce: a) Currently, only about 20% of the buying and selling process of MSMEs in Pajagalan Village is conducted through e-commerce platforms such as Shopee, Facebook, and Instagram. b) The remaining 80% still relies on direct sales in traditional markets. This is because direct selling is thought to be faster and easier to meet buyers.
2. E-commerce Media Used: a) MSMEs in Pajagalan Village use various e-commerce platforms, including Shopee, Facebook, and Instagram. b) Users consider Facebook's presentation and learning flow the easiest, making it one of the most commonly used media platforms.
3. Challenges and competitiveness. a) Despite the great potential of e-commerce, its utilization remains limited. The challenges include very tight online business competition. b) MSMEs are faced with the challenge of enhancing their competitiveness by utilizing e-commerce more effectively, while also considering the preferences and purchasing habits of local consumers.

The development of appropriate strategies and a deep understanding of local market needs and behaviors can help SMEs in Pajagalan Village optimize their e-commerce potential and significantly increase market penetration.

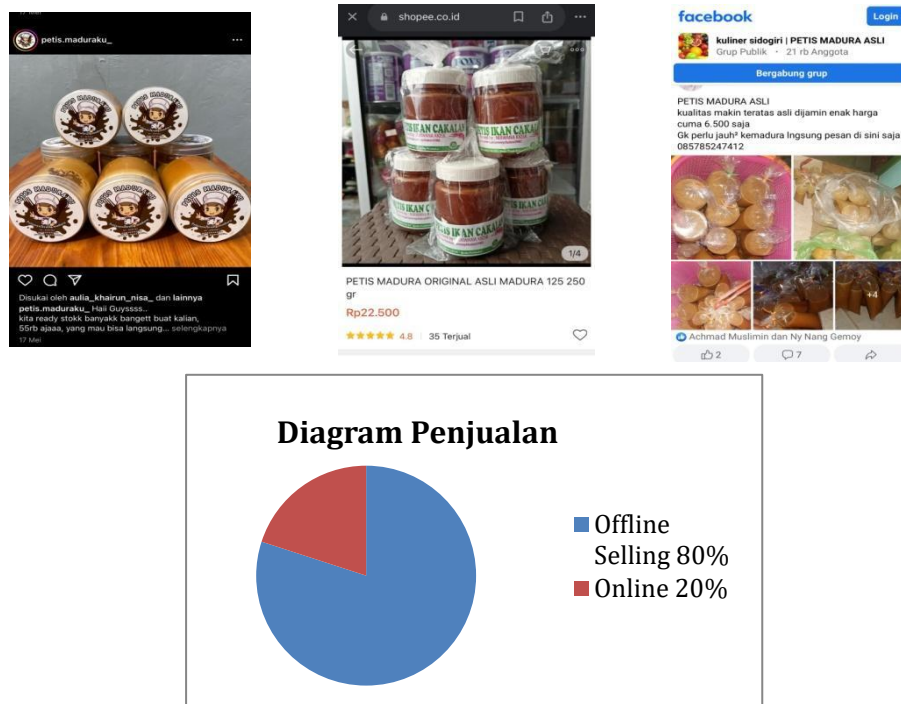


Figure 1. MSME's Product

The factor that most influences the utilization of e-commerce by MSMEs in Pajagalan village is that e-commerce can facilitate product promotion and marketing. Without continuous advertising and marketing of products, businesses become stagnant in the increasingly fierce business competition. UMKM actors are also aware of the need to keep up with increasingly modern developments and the rising demand for enhanced creativity and innovation in business operations. The hope of building a business also becomes a factor that helps MSME actors gain benefits from e-commerce. The minimal limitations of space and time in the digital world create opportunities for them to sell their products to the global market. Another factor that encourages SMEs to use e-commerce is its ability to build a brand, approach customers personally, communicate quickly, and satisfy customers through faster service.

On the other hand, the factors hindering the use of e-commerce include high competition in the online business world, low trust between sellers and buyers, and the lack of knowledge and understanding of e-commerce among MSMEs. The lack of network access for trade and e-commerce is one of the factors that can hinder MSMEs in Pajagalan Village, Sumenep District, Sumenep Regency, from fully utilizing the potential of e-commerce.

The use of e-commerce for MSMEs in Pajagalan Village has significant positive and negative impacts.

Positive Impacts: 1) Increased Market Reach: By utilizing e-commerce, MSMEs can reach a wider market, including outside the city and even beyond the island of Java. This opens up new opportunities to increase sales and revenue. 2) Increased Competitiveness: Participating in e-commerce helps SMEs to enhance their competitiveness. By selling products online, they can offer them to a wider range of consumers, not just the local market. 3) Innovation and Technology Adaptation: The use of e-commerce encourages SMEs to innovate in packaging, marketing, and product delivery. This can help them improve efficiency and service quality.

Negative Impact: 1) Increasingly Intense Competition: In the world of e-commerce, competition becomes more intense because everyone has access to sell their products. This forces SMEs to be more creative in their marketing strategies and product differentiation. 2) Vulnerable to Fraud and Plagiarism: E-commerce increases the risk of fraud and plagiarism of similar ideas or products. SMEs need to be vigilant against these practices and take steps to protect their intellectual property rights.

CONCLUSION

Conclusion

Despite the challenges, the utilization of e-commerce by MSMEs in Pajagalan Village has enormous potential to enhance their competitiveness and product exposure both nationally and internationally. The right strategies in managing e-commerce, including risk management and product innovation, can help SMEs to thrive and survive in an increasingly competitive market.

Suggestion

To enhance the visibility of MSME products, stronger partnerships with various e-commerce platforms, both local and international, are expected. Additionally, collaboration with well-known e-commerce platforms can introduce local products from Pajagalan Village to a wider market. Programs like "joint promotions" or "highlighting local products" could be a solution to increase the sales of MSME products.

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