

UTILIZATION OF E-COMMERCE FOR MSMEs, COMMUNITIES, AND GOVERNMENT DURING THE COVID-19 PANDEMIC

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Abstract

The impact of the COVID-19 pandemic on Indonesia and the rest of the world is enormous. One of the affected parties is Micro, Small, and Medium Enterprises (MSMEs), so the people's economy in this business is significantly threatened. Therefore, there needs to be an effort to improve the Indonesian people's economic condition, especially MSME business players. One of the steps that can be taken to solve this problem is to use e-commerce. This research will be carried out using a qualitative approach. The study results found that three factors can be used to take advantage of e-commerce, namely organizational characteristics, environmental characteristics, and leadership characteristics. In addition, this study also found the benefits of using e-commerce for MSME actors, the community in general, and the government.

Keywords: *E-commerce, Covid-19 Pandemic, Micro, Small and Medium Enterprises (MSMEs), Technology Acceptance Model (TAM).*

A. INTRODUCTION

The pace of development of Information Technology (IT) is undeniable. The fields of business, social, IT developments provide enormous benefits and make it easier for people to conduct business transactions and communicate (Cerruela Garcia et al., 2016). Information Technology (IT) plays a role in improving the quality of the community's economy. The pace of IT provides development opportunities in the economic sector. It increases social interaction towards a more advanced direction through the technology offered and provides opportunities for all parties to share information and knowledge (Dwyer, 2015).

The Ministry of Cooperatives and MSMEs revealed a growth in the number of entrepreneurs from 1.6% to 3.1% of the existing population-based on BPS data processing (Singh et al., 2018). The population of entrepreneurs supports the creation of jobs and the economy's pace because they can see opportunities and create new businesses. Especially today, in starting a business, there are almost no obstacles (Bruton et al., 2015).

But there is a difference with today. The International Labor Organization (ILO) surveyed the impact of the Covid-19 pandemic on 571 Micro, Small, and Medium Enterprises (MSMEs) (Kusumaningrum et al., 2020). Through a survey that has been carried out, it was found that 70% of MSMEs experienced production stops due to Covid-19. On the other hand, the Minister of Cooperatives and MSMEs stated that the Covid-19 pandemic had a significant impact on the sustainability of MSMEs (Restrepo-Morales et al., 2019). It was further disclosed that MSME actors were constrained from the health side of cash flow, which required laying off workers, constrained by supply and lack of consumer purchases. From these problems, support is needed to increase sales and cash inflows (Maksimov et al., 2017).

The emergence of the e-commerce market has created vast market opportunities for retailers and logistics service providers, can increase purchase and sales satisfaction, and can

facilitate the ability of logistics service providers to manage greater (Reinartz et al., 2019). Even though the Covid-19 pandemic is hitting, internet access can still be used. The world of e-commerce is wide open for MSME players to increase their sales (Darmini, 2018). MSMEs are indirectly forced to change the way they transact, which was initially offline, then during this pandemic, it turned to online. E-commerce is believed to increase sales of MSME actors (Loewe & Rippin, 2015).

Through the discussion above, the researcher then intends to examine the use of e-commerce during the Covid-19 pandemic for MSMEs, the community, and the government.

B. LITERATURE REVIEW

1. E-Commerce

Electronic commerce, or in other words, e-commerce, carries out activities related to buying and selling by utilizing internet facilities (Kwilinski et al., 2019). It also carries out fund transfers, marketing services, or goods activities. Through e-commerce activities, companies have the opportunity to get as many consumers as possible (Olah et al., 2019).

E-commerce is a phenomenon currently happening in the development of technological advances. E-commerce has shifted aspects of daily life and has also attracted the interest of many researchers in studying various aspects related to the adoption of the use of online shopping (Lin et al., 2016). Information systems research has explored consumer behavior in terms of online shopping.

Suyanto describes several types of e-commerce:

- a. Business to business (B2B). Process transactions and interactions between companies
- b. Business to consumer (B2C). Business people who are directly involved with the seller and the buyer.
- c. Consumer to consumer (C2C). Direct interaction between the seller as the business holder and the individual as the buyer.
- d. Consumer to business (C2B). A business person conducts a transaction with another company (Setiana & Maysarah, 2019).

Having the opportunity, e-commerce has significant advantages compared to traditional transactions, offers reduced transaction costs, and provides convenience for all consumers (Nisar & Prabhakar, 2017). During the Covid-19 pandemic, e-commerce can accelerate business development and accelerate operational adjustments (Long, 2019).

C. METHOD

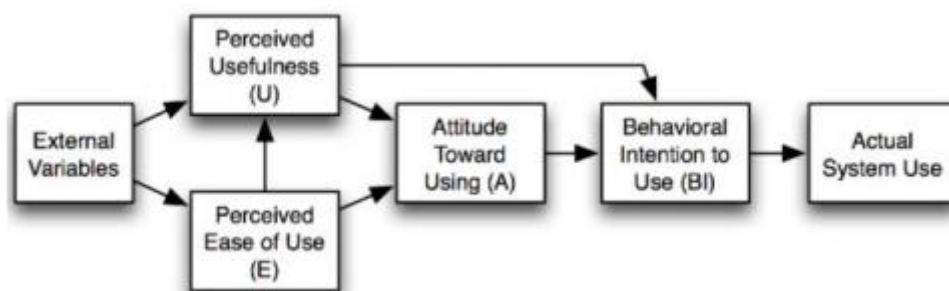
This research will use a qualitative approach as the method of analysis. The data sources come from various previous studies and studies that are still related to the use of e-commerce during the Covid-19 pandemic. After the data has been collected, the next step is to analyze it so that conclusions can then be drawn.

D. RESULT AND DISCUSSION

1. Technology Acceptance Model (TAM)

In explaining a person's acceptance of using an information technology system, the Technology Acceptance Model (TAM) model can be used. Fred Davis introduced this theory, where the TAM model can analyze what factors can impact the acceptance of a system

(Marangunic & Granic, 2015). TAM theory explains that someone who wants to use the system can be determined based on the ease of use (perceived ease of use) and perceived usefulness (perceived usefulness). The system will be used if it has positive benefits for its users.



Picture 1. Technology Acceptance Model (TAM)

Davis describes the five constructs of TAM:

- Perceived ease of use, someone believes that using technology can make it easier and more effective and efficient in using time or energy.
- Perceived usefulness, it is believed that technology can improve performance.
- Attitude toward using, attitude in the form of acceptance or rejection of someone using technology.
- Behavioral intention to use, the desire to use technology.
- Actual technology usage, someone's real action in using technology (Kim & Woo, 2016).

Park researched the adoption of multimedia learning technology using TAM and concluded that multimedia technology is very suitable for learning. Research has been carried out on several factors that influence the acceptance of technology, both multimedia technology, the Xamin operating system, which is intended for SMEs in Iran, acceptance of ERP, e-government, service bundles, mobile libraries, including perceived ease of use, perceived usefulness, attitude, intention, and actual system use.

2. Organizational Characteristic

Tornatzky and Fleischer developed a TOE conceptual framework that presents the dimensions of the organizational context that influence corporate adoption and new innovations (Chatzoglou & Chatzoudes, 2016). The main focus is how the technology that exists within the organization and the innovations available outside the organization affect the innovation adoption process. Arpaci assumes the TOE framework that the adoption process within the organization is effectively determined by internal and external factors of the organization (Ndekwa & Katunzi, 2016).

To prove the theoretical and empirical strength of the TOE framework, analyzes have been carried out in a variety of different contexts. Kuan & Chau confirmed to investigate the adoption of complex information system innovations, and they used the TOE framework (Jia et al., 2017). Lian uses the TOE framework to see what factors influence the hospital's decision to adopt computers in hospitals. The role of the TOE framework is also confirmed when analyzing information and communication technologies.

Organizational size is a significant factor influencing technology adoption. An enormous scope affects the demand for the use of information technology. Salwani's research

results suggest that a sizeable organizational scope requires the organization to use information technology (Chang et al., 2015).

The introduction of new information systems fundamentally changes the way organizations solve problems resulting in a new information systems culture. In management policy, organizational culture is proven to have an important role. Corporate culture can impact the development and implementation of new information systems. Furnell & Thomson suggested that the system's culture affects the adoption of information system security (AlHogail, 2015).

3. Environmental Characteristic

The external environment provides opportunities (information, resources, technology) and constraints (regulation, restrictions on capital or information). Adopting innovations can be a means for organizations to take advantage of opportunities in the external environment. The quality of online service is an essential factor contributing significantly to customer satisfaction. The quality of information can affect e-commerce users to customer satisfaction. The system is said to be of high quality if it benefits its users. The quality of information systems is related to the ease, accessibility, and acceptance of information systems.

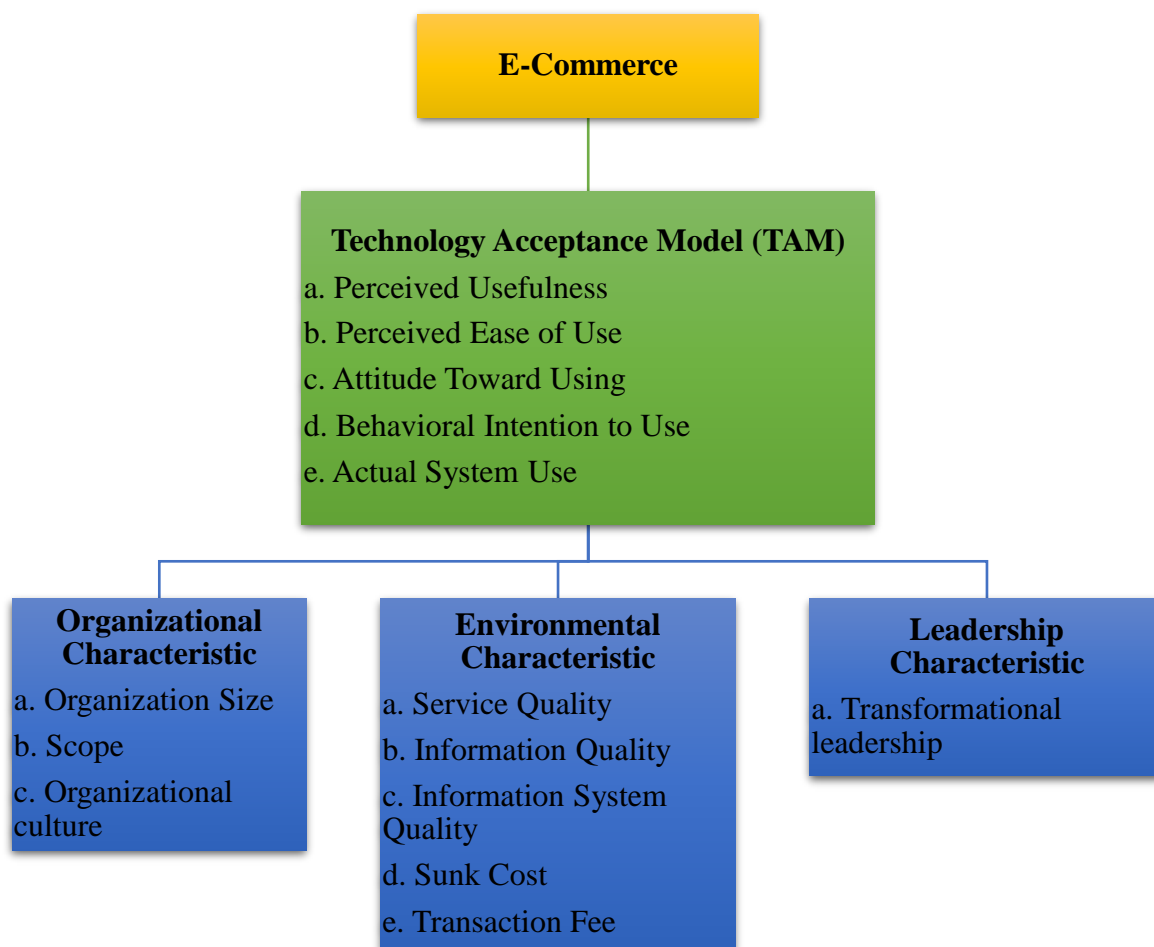
One of the main categories of SQB is a psychological commitment which includes the sunk costs of social norms and attempts to be in control. Sunk costs are importantly related to the resistance of decisions to using information systems due to adapting to new systems. Lin & Chen argue that sunk cost behavior can occur when a company wants to adopt a new system service because it can improve its infrastructure (Urbinati et al., 2019).

Transaction costs are benefits felt by users and will switch from the status quo to a new information system. Lin & Chen argue that the cost (transaction cost) can be a particular concern by a manager in considering new information technology.

4. Leader Characteristic

Transformational leadership creates challenges and expectations for higher performance. Bass describes transformational leadership by dividing it into four factors, namely charisma, inspirational motivation, intellectual stimulation, and individualized consideration.

Elkhani stated that transformational leadership has a role in making decisions to use information systems, so leaders must inspire their subordinates to be more active in using new technologies (Turner, 2019). Transformational leadership is closely related to the adoption of information systems innovation.



Picture 2. A Model for E-Commerce Adoption in Supporting the Development of MSMEs during the Covid-19 Pandemic

5. The Role of E-commerce During the Covid-19 Pandemic

E-commerce has an essential role for the economy in Indonesia, from businesses, consumers to the government.

a. The role of e-commerce for business people

1). Provide convenience in conducting transactions

The work from home and social distancing policies are still being implemented in Indonesia. The teaching and learning process is also carried out online, and the government always urges people who have no interest to stay at home and avoid crowded places. This policy was carried out with the hope of breaking the chain of the spread of COVID-19. This has led to a decline in sales in various fields, through e-commerce making it easier for people to shop online. E-commerce helps businesses to generate income easily while still adhering to health protocols. Currently, many offline business actors use e-commerce to sell online to increase their sales.

2). Increase marketing reach.

Through e-commerce, business actors have the opportunity to market their products more efficiently with greater reach overseas. Business actors can also take

advantage of this opportunity for various kinds of products needed during the COVID-19 pandemic, such as hand sanitizer, hand wash, and masks. E-commerce also provides an opportunity for the products being sold to be known by more potential buyers.

3). Attracting investors to invest.

E-commerce has an attraction for foreign investors to invest so that business people have the opportunity to be able to improve their business. E-commerce has excellent opportunities in the future. Even Indonesia is predicted to have good e-commerce potential in the future

b. The role of e-commerce to consumers

1). Provide convenience in conducting transactions

By using e-commerce, transactions become more comfortable and secure, namely by complying with health protocols and complying with government policies. Transactions become more convenient, and the process is faster. Consumers can manage purchases to payments independently.

2). Save transportation time and effort.

E-commerce makes it easy for consumers to choose products, both goods and services online. Consumers don't have to bother with transportation costs to visit offline stores. Consumers also don't need to be afraid of being charged expensive shipping fees because many online shopping platforms are now supported with the free shipping feature. Through e-commerce, consumers no longer need to waste time going to offline stores.

3). Easier delivery of goods.

Delivery of goods is now made easier because the seller can create a customer database. Consumers can buy goods anywhere and anytime because e-commerce has provided both products and services for 24 hours. Consumers do not need to bother going out of the house to visit an offline store. By using e-commerce, consumers only need to order everything online, and the courier will send the package to their doorstep.

c. The role of e-commerce on government

1). Income from value-added tax (VAT).

Issuance of Government Regulations. Substitution for the Law is one of the government's efforts to anticipate a decrease in tax revenue after providing assistance to help businesses affected by COVID-19. Through this regulation, both goods and services sold through foreign platforms and do not have a physical property in Indonesia will be subject to a VAT of 10%.

2). Assist the government in reducing unemployment.

The existence of e-commerce helps reduce unemployment because it attracts people to do business in an easy way with small capital. In addition, the creativity of the community is also increasing. Through e-commerce, people who are just starting a business can market various products well.

E. CONCLUSION

The digital era creates enormous opportunities, especially in the business world, in developing various software platforms to improve business performance. The birth of multiple platforms makes it very easy for business people to introduce their business and even make transactions. MSMEs can compete by utilizing and using internet technology. The internet application has a significant impact and benefit in the business world. Using e-commerce can increase sales of goods and services and compete with other businesses. The utilization of e-commerce can market physically or digitally with various products and services. It is not impossible during the Covid-19 pandemic for MSME actors to be forced to adopt e-commerce to revive sales enthusiasm and cash flow. Various studies have been carried out before the Covid-19 pandemic that e-commerce is beneficial in the buying and selling process. E-commerce is increasingly popular and has a significant impact on increasing sales results.

This conceptual framework presents several factors that can influence the adoption of e-commerce, including organizational characteristics, external influences, and leadership. Satisfaction and benefits felt in adopting e-commerce can be measured using the Technology Acceptance Model (TAM). MSME actors must be able to take advantage of these factors in adopting technology, especially e-commerce. For organizational culture, sunk costs, transaction costs, and transformational leadership need to be studied further concerning information technology. This is because there is still a lack of literature that discusses this matter.

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