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Utilization of E-Commerce as a Strategy to Increase MSME Income in Jambi Province in Covid-19 Era

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ABSTRACT

Over the past two years, the whole world has been fighting the Covid-19 outbreak. Covid-19 has an impact on lifestyle changes for humans in the world. Social restrictions must be implemented for the purpose of reducing the outbreak of the epidemic. The impact of social restrictions has a negative impact on micro, small and medium enterprises (MSMEs) which experience a decrease in income until they experience bankruptcy. For this reason, MSMEs need a strategy to increase income during the Covid-19 period. E-commerce is the right strategy used by MSMEs to increase income so that MSMEs can survive in the Covid-19 era.

Keywords: MSME, E-Commerce, Income

INTRODUCTION

The first semester of 2020 was shaken by the presence of a new virus that changed lives and economies around the world. The virus is known as the covid-19 virus which was first encountered in the city of Wuhan, China. The presence of this virus has a negative impact on the economy of a country. The impact of the presence of this virus has made the government impose restrictions on movement and community activities. With this restriction, it has an impact on Micro, Small and Medium Enterprises (MSMEs), where MSME actors must spin their brains to survive the presence of this virus. Based on a survey conducted by Bank Indonesia, 87.5% of MSMEs were affected by the COVID-19 (Ika Purnama et al. 2021). Most MSMEs cannot survive and are forced to close permanently. This is in accordance with data from the Financial and Development Supervisory Agency (BPKP) which states that nationally 64 million MSMEs have been affected by the COVID-19 virus, especially for Jambi Province, there are 4,983 MSMEs affected.

MSMEs that do not survive the Covid-19 period are due to still using conventional methods in marketing their products and services. This can be seen from a survey conducted by Katadata (2020) that only 34.6% of MSMEs use e-commerce sales. The low number of MSMEs using e-commerce is due to the fact that not all MSME actors have adequate insight and knowledge to market products using e-commerce (Ika Purnama et al. 2021). In addition, the obstacles for SMEs in using e-commerce are the large costs incurred and the number of rules, transaction

security, logistics, internet access and infrastructure constraints (Rosnaini Daga, Bahtiar Maddatuang 2020). Other obstacles are due to inadequate infrastructure, legal structures, laws that are not in accordance with the times, to finance and capital (Kurnia et al., 2015).

MSMEs as a creative economy business which is a driving force for a country's economy must be able to survive in all situations, including during the Covid-19 period. The strategy used by MSMEs to survive the Covid-19 era is to make changes from conventional sales activities to sales activities using digital/online/applications. This is in accordance with the directives made by the President of the Republic of Indonesia, Mr. Jokowi, who suggested that MSMEs currently use e-commerce to increase their sales (Jokowi 2022). This is due to the rapid development of technology where the business environment cannot be separated from technology. The application of electronic equipment, telecommunications and the internet accommodates all business and production activities. The development of sales through e-commerce in recent years has shown rapid development (Hashim & Noor, 2014).

The use of e-commerce provides convenience in promoting products and services because it can reach consumers in introducing products and services without having to meet in person and providing convenience in (Lili Marlinah 2020; Pudjo Sugito & Kamaluddin 2021). In addition, e-commerce can optimize communication between producers, distributors, consumers, and even policy makers (Ha 2020). In other words, e-commerce is a strategy that can carry out marketing, sales, integration and attract new customers (Choshin & Ghaffari, 2017). Utilizing e-commerce can save time and costs, increase revenue and increase high competitiveness (Biagi & Falk, 2017; Saridakis et al., 2018, Qi et al., 2020). Based on the background of the research stated above, it makes researchers interested in conducting research on e-commerce in increasing the income of MSMEs during the covid-19 period.

LITERATURE REVIEW

E-commerce is often associated with the internet network, this is because by utilizing e-commerce means also using the internet network. Literally e-commerce can be interpreted as the use of communication networks and computers in carrying out business activities (Kurtz, 2016). Currently, business trade is growing rapidly due to the presence of information and communication technology. Many companies use their business activities digitally and online so that the use of e-commerce can reduce operational costs, make it easier for consumers to know products, prices, etc. In addition, it also makes it easier to connect consumers with company services (Waseem et al., 2019). Utilizing e-commerce can make it easier for MSMEs to access multiple markets and reduce MSME operational costs (Fatta et al., 2018; Waseem et al., 2019). E-commerce activities include the production, advertising, sale and distribution of products that are bought and sold on the internet, but delivered in real terms (Susanty et al, 2020).

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RESEARCH METHOD

This study combines two research approaches: qualitative and quantitative. The qualitative approach is carried out through literature studies while the quantitative approach is carried out through a survey using a structured questionnaire. This research will be conducted on UMKM in Jambi Province which consists of 9 regencies and 2 municipalities, including Jambi City, Sungai Penuh City, Batanghari Regency, Muaro Jambi Regency, Sarolangun Regency, Merangin Regency, Tanjabtim Regency, Tanjabbar Regency, Tebo Regency, Bungo Regency, and

Kerinci Regency. MSMEs in Jambi Province totaled 165,497 MSMEs. The research sample used random sampling method and obtained a research sample of 100 SMEs. However, at the time of returning the questionnaire, only 46 MSMEs returned the research questionnaire, so there were 46 research samples.

RESULTS AND DISCUSSION

General Descriptions

An overview of the number of MSMEs in Jambi Province registered with the Central Statistics Agency of Jambi Province in 2021 where there were 152,373 micro businesses, 107,708 small businesses, and the remaining 2,416 medium businesses. From these data it can be concluded that the largest MSMEs in Jambi Province are small businesses. Where the MSMEs managed to absorb a total workforce of 289,569 workers and managed to collect assets of Rp. 58,032,528,826,122 with a total turnover during 2021 of Rp. 309,081,091,202,058.

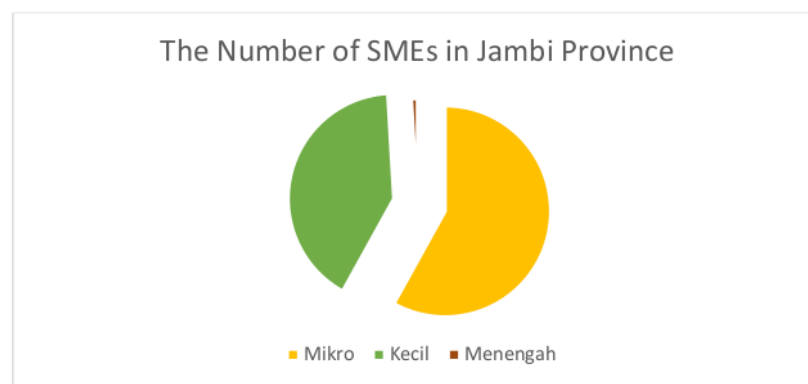


Figure 1. Number of SMEs in Jambi Province

Based on the answers from the respondents, it was found that most of them had an undergraduate education level of 22 people, followed by 21 high school graduates, and the rest were 3 D3 graduates.

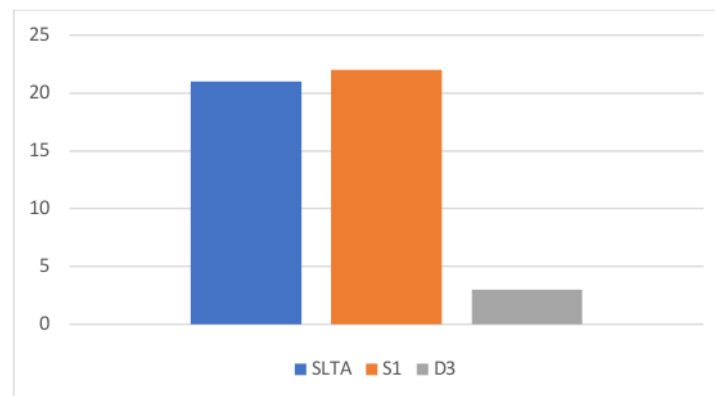


Figure 2. Educational Level

UTILIZATION OF E-COMMERCE AFFECTS REVENUE

The results of testing the validity and reliability of the instrument indicate that the instrument used in this study is valid and reliable, as indicated by the value of the item-total variable correlation coefficient greater than 0.3 and a significance less than 0.05. The results of the reliability test showed that the Cronbach alpha value for all variables used in this study was greater than 0.70. This is because the instrument used by the researcher has been used by previous researchers and has been tested for validity and reliability. The normality assumption test was performed on the residuals of the regression results. From the results of the Kolmogorov Smirnov test on the residuals of the regression results, it was found that the significance value was more than 0.05 so it could be stated that the residual data were normally distributed. The multicollinearity test resulted in a VIF value of less than 10, which ranged from 1.050 to 1.125, so it was proven that there was no serious multicollinearity. Heteroscedasticity test with the Glejser test showed a significance value of all variables above 0.05 which indicated there was no heteroscedasticity.

Based on the results of the linear regression test, the following results were obtained:

Table 10. Multiple Regression Test Results

	Coefficients	Standard Error	t Stat	P-value
Intercept	-0,11445	1,153357522	-0,09923	0,921429
Internet	0,591068	0,167827014	3,521886	0,001047
human resource capabilities	0,484299	0,28849795	1,67869	0,100639
managerial responsibility	1,866713	0,393431555	4,744696	2,43E-05

Table 2 Results of the Coefficient of Determination (R²)

Regression Statistics	
Multiple R	0,909277
R Square	0,826785
Adjusted R Square	0,814413
Standard Error	1,032953
Observations	46

Based on the results of multiple linear regression testing in Table 1, it can be formulated the multiple linear regression equation as follows:

$$Y = -0,11445 + 0,591068X_1 + 0,484299X_2 + 1,866713X_3 + \varepsilon$$

From the equation above, it can be explained that the regression equation constant (α) has a positive value of -0.11445 meaning that if the internet variables (X_1), human resource capabilities (X_2), and managerial responsibility (X_3) are equal to zero, then there is an effect on the income of MSMEs (Y) of -0.11445. Based on the results of multiple linear regression analysis shows that:

1. The results of testing the influence of the internet on MSME income can be seen from the p-value (0.001047) which is smaller than the error rate (0.05) which indicates that the internet has a significant effect on MSME income during the Covid period. The results of this study support research conducted by Mujiyana et al (2012), Reimers et al (2016), Harto et al (2019) suggesting that internet technology can be utilized to empower business interests for MSMEs. In addition, the use of the internet provides benefits and convenience for users who conduct online transactions and positively influences buyer interest in shopping for the products offered in small business management. This is reinforced by the results of the respondents' answers to the questionnaire that most of them actively use the internet to check orders to reply to incoming messages.
2. The results of testing the influence of human resource capabilities on MSME income can be seen from the p-value (0.100639) which is greater than the error rate (0.05) which indicates that human resource capabilities have no effect on MSME income. The results of this study support research conducted by Andhika Permana Putra and Syafrudin (2021) which results in that limited human resource capabilities are an obstacle in the use of e-commerce which affects MSME income, especially during the covid-19 period. Based on the results of the answers to this questionnaire, there are still many employees who do not require employees to have an understanding of the internet, technology applications, the use of related e-commerce to increase MSME income.
3. The results of testing the effect of managerial responsibility on MSME income can be seen from the p-value (2.43E-05) which is greater than the error rate (0.05) which indicates that managerial responsibility has no effect on MSME income. Based on the results of the research questionnaire, this is due to the fact that the owner has not maximized his responsibilities as a manager to employees who make mistakes. Research conducted by Ihza (2020) suggests that business owners should optimize their managerial abilities to give reprimands to my employees who are unfriendly or provide defective products to consumers.
4. Based on the results of the coefficient of determination in table 2, it is known that the coefficient of determination (Adjusted R²) obtained is 0.826785 which means that the independent variables (internet, human resource capabilities, and managerial responsibility) affect the dependent variable (MSME income) of 82%, while the remaining 13% is influenced by other factors outside the model.

CONCLUSION

This research shows that internet use has an influence on increasing MSME income, especially during the Covid-19 period. On the other hand, the ability of human resources and managerial responsibilities as components of e-commerce has no influence on the income of MSMEs during the Covid-19 period. For this reason, it is necessary to increase the ability of human resources in recruiting employees who understand how to run e-commerce. Managerial improvement in the use of e-commerce also needs to be improved.

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