

The Role of E-Commerce in the Success of Small and Medium Enterprises

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ABSTRACT

The purpose of this research is for analyzing the role of e-commerce in business success in Coblom Regency. The qualitative analysis method with the case study model is a research method applied in this research. The object of this research uses four micro-scale entrepreneurs who have used an e-commerce system to run their businesses. The role of E-commerce in Small and Medium Enterprises (SMEs) in Coblom Regency became the basis of the analysis process in this research. Based on the results of this research, it can be concluded that in general, the role of e-commerce can help entrepreneurs to improve their business development, this also applies to small and medium entrepreneurs. These roles include ease of communication, minimal capital, ease of marketing, and time efficiency. The results of the analysis have shown that e-commerce is still used by respondents for the role they have.

Keywords: E-commerce, SMEs, Business Development

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INTRODUCTION

In this modern era, the development of technology is accelerating and encompassing all activities of human life. The development of information technology is currently entering the joints of human life. Information Technology (IT) makes things easier and cheaper. The role of IT in the business is getting more powerful. This is indicated by the activeness of large multinational companies to use the internet and the website as a means of marketing their products. The use of the internet for companies today is necessary. Every company that wants to expand its marketing reach must have a website, which is a vehicle for promotion and transactions for the company.

The impact of technological developments in the economy field is that business is not only carried out in a small scope but extends to a large scope. The development of internet technology makes it possible to do business through the internet. E-Commerce payments have changed the business process in the world (Awa, et al., 2015). E-Business is a new business model that provides many significant benefits, such as saving costs for executing fast business transactions and encouraging business activities globally. Therefore, it is also removing barriers to market penetration. However, based on research conducted by Small and Medium Enterprises (SMEs), in Africa, SMEs move slower to adopt a phenomenon than large companies (Al-somali, et al., 2015)

E-Business is not only developing in large companies but also in SMEs. SMEs are an important part of the economy of a country or region, including in Indonesia. SMEs play an important role in absorbing new workers and businesses, SMEs also can increase the number of new business units to increase household income. It also has good business flexibility when compared to large-capacity business ventures. Previously, SMEs have not received full attention from the government. However, nowadays, the government is promoting programs to improve SMEs in Indonesia and give special attention to SMEs. The utilization of the internet is growing and increasingly known by many people because of its easy access and cheap internet connection. The utilization of the internet for various business activities is called E-Commerce. The activities conducted online include marketing, promotions, public relations, transactions, payments, and scheduling the delivery of goods as well as the possibility of many innovations about the development of E-Commerce technology itself.

A concept that can be described as the process of buying and selling or exchanging products, services, and information through information networks including the internet is called Electronic Commerce or E-Commerce (Ghiffarin, et al., 2019). E-Commerce can be done by SMEs to market their products in addition to expanding market access. E-Commerce for marketing SME products can give us several benefits because it is easier and more efficient. At first, E-Commerce was limited to large business organizations only. However, the benefits of E-Commerce have an important role for SMEs. There is some evidence that SMEs are getting a lot of benefits from E-Commerce. Moreover, most SMEs cannot get the benefits of the implementation of E-Commerce. This is good for small businesses because of reduced costs and provide better opportunities for SMEs.

Nowadays Email, Website, and E-Money become E-Commerce tools that are often used by SME companies. This can facilitate SMEs in dealing with consumers. Besides that, SMEs can also make savings transactions. One of the SMEs that concerns us is "Coffee Shop". It is because globally, Coffee Shop is classified as an expanding small business. Coffee Shop in the Coblong Sub-district, Bandung, West Java, is mostly found in almost every corner of the street. As SMEs, Coffee Shop owners must keep abreast of technological developments in the modern era by developing E-Commerce. Besides, Coffee Shop owners must pay attention to aspects of the lack of E-Commerce itself, for example, disruptions to the internet network also hinder payment transactions. Owners of Coffee Shop must also provide a stable internet for payment transactions so that consumers feel satisfied with the services provided by Coffee Shop. Companies must be able to adapt and realize that E-

commerce and social media have an important role to connect the company with its customers in order to increase the company's business growth online (CharoenSMEsongkol, et al., 2017).

Some economists say that E-Commerce must have a direction on intense competition in increasing the ability of consumers to gather product and price information (Williams, 2018). Individuals or businesses that are included in E-Commerce, both consumers and sellers, rely on internet-based technology to make payment transactions. It is because E-Commerce can do business anywhere and anytime. The power of E-Commerce can make geophysics disappear and make consumers and businesses potential customers (Williams, 2018).

E-Commerce gives producers choices about the scale and type of business that producers will develop. With the application of e-commerce technology, producers can choose to develop their target markets for the global or just focus on the local. The utilization of e-commerce in small and medium businesses can offer a quality and affordable product as well as be confident in dealing with competitors. The most important thing that must be considered is how small and medium businesses can offer and demonstrate services or products through their own websites and can be done through online sales (Kasemsap, 2016; Narimawati, et al., 2018). Market-oriented organizations recognize the importance of understanding their customers and competitors. Therefore, the failure to respond and identify competitive threats can make a serious impact on the organization. Competition is an important factor that can determine failure or success (Yang, et al., 2016; Xena, et al., 2019). Market-oriented organizations must recognize and understand how important their customers and competitors are.

The purpose of this research is for analyzing the role of e-commerce in business success in Coblong Regency. The qualitative analysis method with the case study model is a research method applied in this research. The object of this research uses four micro-scale entrepreneurs who have used an e-commerce system to run their businesses. The role of E-commerce in Small and Medium Enterprises (SMEs) in Coblong Regency became the basis of the analysis process in this research.

RESEARCH METHODS

The qualitative analysis method with the case study model is a research method applied in this research. The data collected by interviews with four Small and Medium Enterprises owners whose E-Commerce stability conditions varied, the owner determined as the sample for the simple research in this paper. The data obtained are discussed by comparing E-Commerce practices applied by Small and Medium Enterprises that have been discussed by experts before and analyzed from our perspective. This paper discusses the role of E-Commerce in Small and Medium Enterprises (SMEs) in Coblong District. The sample taken is the owner of Small and Medium Enterprises because Small and Medium Enterprises are easily found in Coblong Regency.

Although the business includes Small and Medium Enterprises, the owner must also pay attention to how the role of E-Commerce in the success of the business owned as well as pay attention to the dangers so that the business does not suffer losses. This paper is made with five main criteria as survey questions, namely:

1. On a scale of 1 to 5 (very unprepared, unprepared, mediocre, ready, very ready) how ready are your efforts to compete with similar SMEs?
 2. On a scale of 1 to 5, how ready is your business to make transactions using E-Commerce payments?
 3. On a scale of 1 to 5, how ready are you to face internet connection disruptions when consumers make payments?
 4. On a scale of 1 to 5, how ready is the role of E-Commerce in your business continuity?
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5. On a scale of 1 to 5, how ready are your efforts to create innovation in the technological development?

RESULTS AND DISCUSSIONS

Based on the results of interviews and surveys conducted of four Small and Medium Enterprises in the Coblong Regency, we found differences in data and readiness of SMEs in facing obstacles that may befall their businesses according to the survey questions conducted.

The data were taken with a simple interview and survey techniques for four SMEs. First, SMES A that has a permanent place of business, business license, and large-scale marketing turnover above fifty million rupiahs per day. Second, SMES B that has a shop and a turnover of between fifteen to twenty million rupiahs per day, and its production and marketing. Third, SMES C that has a permanent place of business, business license, a large-scale marketing turnover above eighty-five million rupiahs per day. Last, SMES D that has a business place and a turnover of between twenty to twenty-five million rupiah per day. The following are the results of the survey data that have been conducted can be seen in the table below.

Table 1. The comparison of the Role of E-Commerce in the success of 4 SMEs in the Coblong Regency

Success aspects of SMEs	Coffe Kamek A	Gedogan B	Janji Jiwa C	Kopi End- eus D
Readiness to compete with similar SMEs	5	5	5	5
Readiness to make transactions using E-Commerce payments	5	4	4	2
Readiness to face internet connection disruptions when consumers make payments	4	2	3	3
Readiness of the role of E-Commerce in business continuity	3	2	5	4
Readiness to create innovation in the face of technological development	2	4	3	1
Amount of	19	17	20	15
Percentage (In%)	76	64	80	60

All the interviewed SMEs are ready to compete with other similar SMEs because they already have knowledge about how to overcome competition between other SMEs. Among the four SMEs interviewed, only SMES D was not ready to conduct transactions using E-Commerce payments because SMEs D had no knowledge of how to use E-Commerce payments and did not keep up with technological developments while SMEs A, B, and C were ready to follow technological developments by making transactions using E-Commerce payments.

They also know the benefits of transactions using E-Commerce payments. Out of the four small and medium businesses, only SMES B who is not ready to face the internet connection disruptions when consumers make payments because SMES B will feel disadvantaged by internet connection interruptions while SMES A, C, and D are ready to face internet connection interruptions when consumers make payments due to the third SMEs understand the risks of payment transactions using E-Commerce.

SMES A, C, and D are ready for the role of E-Commerce in business continuity because they already know the benefits of having E-Commerce in their business, while SMES B is not ready because they do not want its business to fail by using E-Commerce in its business. SMES A and SMES D are not ready to create innovations for technological development because they only follow technological developments and do not want to learn more about technological developments, while SMES B and SMES C are ready. As previously known, SMES B does not know technological developments. Therefore, SMES B will learn and will take advantage of the importance of technological development, while SMES C feels they need to add technology knowledge because so far their business has been very profitable with E-Commerce.

CONCLUSION

Based on the results of this research, it can be concluded that micro small and medium businesses, especially Coffee Shops, need good risk management to anticipate obstacles that may arise in their business trips such as limited business premises, civil service police units that conduct raids, compete with similar micro-businesses, competing in product presentation, readiness to face the challenges of the globalization era, weather challenges in product marketing, had a loss, limited raw materials, the taste quality, and bankruptcy. Having good risk management guarantees the sustainability of the company's business.

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CONCLUSION

From the results of the research above, it can be concluded that e-advertising is very effective in influencing consumers. It can be seen from the terms of source information which indicated that social media has a very broad impact on information exposure toward consumer. In addition, advertisement exposure frequency and source of advertisement exposure indicated the similar results. Exposure of the e-advertisement increase the possibility to gain consumer which in turn can gain increased profit. However, since social media is two way communication channel, it need more attention in the proper combination of textual and visual content.

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