

THE ROLE OF E-COMMERCE IN BUSINESS DEVELOPMENT IN MSMEs IN THE EAST MEDAN REGION

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Abstract: This research aims to determine the role of e-commerce in business development in MSMEs in the East Medan region. The research approach used is a qualitative approach. The data sources used are through observation and interviews, descriptive data analysis techniques. Respondents in the research were conducted by conducting interviews with MSME owners in the East Medan District. The results of this research show that the role of *e-commerce* for MSMEs, it is able to increase MSME business income with ease of digital transactions, making it easier for consumers to make transactions, making it easier to market business products and being able to expand market access. Obstacles in implementing e-commerce on the security of personal information data of MSMEs.

Keywords: Merce E-Commerce, Markets and Products.

Introduction

Currently digitalization is popular in the form of e-commerce which can support MSME players in marketplaces, social media or other digital software which functions to promote MSME products so that their products are easily known to the wider public. Efforts are being made to help MSMEs related to e-commerce (Shopee and Tokopedia). Through the program and the responsibility is to help MSMEs to be ready to face the digital and online era through community service activities in the form of socialization/education and digital marketing training with e-commerce applications and also as a business opportunity, the scope is wide, cost savings are one of the advantages of e-commerce (Ekayanti et al., 2022)

But that mindset changes when you use a marketing platform like Shopee or Tokopedia. Previous obstacles were successfully overcome and business processes became easier and more efficient. The target market is getting wider and can even reach all of Indonesia. The use of technology by consumers through online shopping will greatly influence business development, if traditional traders, especially MSMEs (Micro, Small and Medium Enterprises) do not handle it well then sales will decline over time because there will be fewer of them competing with online stores (Supriyanto & Hana, 2020)

E-commerce offers an alternative business system that is increasingly in demand along with the development of information and communication technology. It is not surprising that the value of e-commerce in Indonesia is relatively increasing every year. U M KM should consider this option to start or become more serious in e-commerce (Islam & Sumatra, 2021). Currently there is a shopping system that is developing rapidly with online shopping service. the service

providing extraordinary benefits to traders and the community as a consumer. In this way, online store users receive a variety of profitable offers and facilitate business. This indirectly contributes to the economic growth of the community compared to live or offline events (Putranto & Rani, 2022)

MSME players certainly need equipment or goods related to e-commerce, so obtaining them requires costs or investment, and often becomes an obstacle for MSMEs from a financial perspective. Additionally, this study is also a must for aspiring or new traders in the industry. Many of them are still thinking about how much it will cost if they use e-commerce as a promotional tool or means. Therefore, it is necessary to study or analyze the costs related to MSME e-commerce in order to evaluate the e-commerce they implement. The internet trend has become a basic need for everyone, almost everyone can fulfill their needs via the internet. The desire to continue using the Internet in general is getting bigger, and the number of Internet users around the world continues to increase, using it for various things, including selling or buying (Marendra et al., 2022)

MSMEs have an important role in the Indonesian economy for both economic growth and energy consumption. MSMEs have great potential to create new jobs and reduce unemployment taxes. However, one of the challenges is that MSMEs face more and more income problems, strengthening their business and surviving in increasingly fierce competition (Mardiani et al., 2023)

Most MSMEs in the East Medan Region implement e-commerce selling products in the food, beverage and sectors bag seller. The results of e-commerce platform market research were carried out by looking for a lot of visitor information, the number of active users who use each platform's online store, the number of downloads for each e-commerce platform on the Appstore and Playstore as well as the advantages and disadvantages of each platform. MSMEs in the East Medan area use 4 platforms namely Shopee, Grab, Gojek and TikTok Shop because they are relatively and easier to use, the level of customer satisfaction. The platform is quite high and has a large variety of products, especially for Nasi Padang sellers, bag sellers and coffee shops.

Literature Review

According to Loudon (1998), the definition of E-Commerce is a transaction process carried out by buyers and sellers in buying and selling various products electronically from company to other company using a computer as an intermediary for the business transactions carried out. Meanwhile, according to Kalakota and Whinston (1997) E-commerce is an online shopping activity using the internet network and the transaction method is through digital money transfers. E-commerce dimensions or indicators are processes that have several indicators which include: process, marketing and payment (Teresya et al., 2022)

E-commerce is one way for micro, small and medium enterprises (MSMEs) to market their products in addition to expanding market access. Micro, small and medium enterprises (MSMEs) must see the benefits of e-commerce for easy and efficient market access. This condition requires micro, small and medium enterprises (MSMEs) to choose those that are efficient and achieve their goals. E-commerce marketing allows micro, small and medium enterprise (MSME) traders to communicate directly with their buyers so they can generate more profits (Avriyanti, 2019). E-commerce has two macro components, namely online shopping management and social relationship management. Online store management consists of catalogues, shopping carts, discounts, customers, sellers, checkout, orders, shipping and payment management. In relationship management, components consist of social listings, system recommendations, ratings, product reviews, and relationship management (Supriyati et al., 2016)

E-commerce also facilitates producer marketing reducing the costs of business and marketing activities. So if MSMEs can make maximum use of e-commerce technology as a

marketing tool, this could be a solution for developing marketing to increase the competitiveness of MSME products. The buying and selling process in an online shopping system is different from the buying and selling process. All processes are traditional, starting from searching for information about goods or services if necessary, placing an order and making payments electronically via the Internet (Suyanto & Purwanti, 2020)

Many businesses and consumers take advantage of e-commerce, in fact this kind of service is what many people are after because of the convenience it offers. Companies can fulfill all consumer desires. The use of e-commerce is that the use of the Internet for payment transactions is increasingly growing in Indonesia. Entrepreneurship is considered important, this is indicated by the increasing number of entrepreneurs who use e-commerce in their companies (Dharma et al., 2022).

Micro, small and medium enterprise (MSME) activities are businesses that are able to expand employment opportunities and provide comprehensive financial services to the community and can play their role in the process of equalizing and increasing community income, increasing economic growth, and they have a role in creating national stability. Micro-enterprises also make many mistakes, one of the main pillars of the national economy which must be maintained to obtain important opportunities, support, protection and development as wide as possible as permanent supporters without community economic life groups ignoring the role of large state-owned companies and institutions (Weya et al., 2020)

MSME performance can be measured using two dimensions, namely: (1) Financial Efficiency, namely performance measurement based on market performance in terms of profits and increase in assets obtained. (2) Non-financial results, namely performance measurement based on market expansion, product quality measurement, human resource improvement, consumer satisfaction, reputation and social contribution (Lie et al., 2022)

There are four types of e-commerce, namely Business to Business (B2B), Business to Consumer (B2C), Consumer to Consumer (C2C), Consumer to Business (C2B). First, Business to Business (B2B), namely business partners who know each other and have established long-standing corporate relationships, exchange information that is repeated and mutually agreed upon. The model commonly used is peer to peer where processing takes place. Intelligence can be shared by both traders. Second, Business to Consumer (B2C), which is open to the public where information can be shared publicly. Also, the services used are also intended for many people. The services you use are subscription based, so the manufacturer must be able to meet consumer demand well. The system approach is client-server. Third, Consumer to Consumer (C2C), which is a business model where the website in question not only helps promote products but also supplies them with online money transfer services. In this case there are 2 (two) indicators. The most important thing for a marketplace website: a) The website in question must facilitate all online transactions. b) Can be used by individual sellers. In what activities should transaction funds be used to secure online transactions as a third party account? The seller receives payment only when the goods have been received by the buyer. While the buyer has not received the goods, the seller cannot pay the sales proceeds and if the product does not reach you to the buyer, the money that has been paid will be returned to the buyer. Fourth, Consumer to Business (C2B), which is different from business to consumer (B2C), in consumer to business, consumers (individuals) act as value creators where companies become electronic consumers (Rehatalanit, 2021)

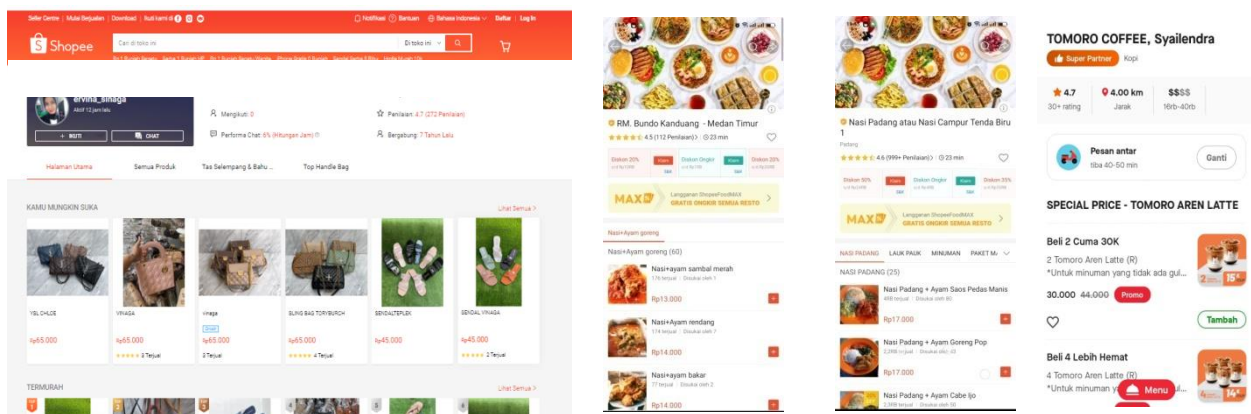
E-commerce from an Islamic perspective, Islam is a religion that regulates all aspects of life, including buying and selling activities (muamalah). There are several contracts/agreements that Islam uses in buying and selling transactions, such as bai'as-salam, bai'al-istisna and bai'muajjal. The following is an explanation of the three agreements:

a) Bai' as-salam, sale and purchase agreement where the goods will be sent if the initial payment has been made in full. According to Haris (2014), As-salam or as-salaf buying and selling payment methods is busy, if the delivery of goods is delayed, it can be interpreted as Assalam meaning delivery.

b) Since Bai' al-Istisna, the sale and purchase agreement where the buyer sends an order to the seller of goods and pays for the goods at the time of ordering or according to the contract made by the buyer and seller Bai' al-istisna is a special agreement of Bai' as-salam according to Jumhur Fuqaha -Malikiah, Syi'ah da Hanballah- because the specific availability of goods is not yet available and usually this type is used in production. However, there are differences in payments when bai' as-salam. If payment is to be made early, Bai' al-Istisna can delay or speed up the payment according to the agreement between the two. seller and buyer.

c) Bai'muajjal, a sales contract in which the buyer and seller agree to postpone payment. Based on the explanation of the three contracts, electronic trading tends to have similarities with the Bai' Assalam contract if you look at the payment at the start of the transaction and delivery or delivery. delayed goods Islam is a religion that provides convenience for humans, there are only a few regulations regarding buying and selling transactions, buying and selling transactions. Islam also has unreasonable restrictions on buying and selling transactions involving usury, gharar, fraud, coercion, maisir and haram. The following explains the prohibited elements in buying and selling transactions, namely: Usury, Gharar, Deception, Force, Maisir and Haram. There are three elements in conventional transactions, e-commerce and bai' as-salam in causing transactions to occur, namely: a. Transaction parties , b. View transactions , c. Transaction object _ (Sara & Fitriyani, 2020)

Figure 1 . Product display on the Shopee e, Shopee Food and Grab platforms



Method

Article writing method This method uses qualitative methods. Next, in the research tool preparation stage, the researcher sketched questions respondents. Researchers at the observation and interview stage conduct research to collect information Which analyzed with the manager MSMEs using e-commerce for product marketing. After interviews and observations, researchers analyzed the data.

The location of this research is East Medan District, which is wrong one sub-district in the province of North Sumatra , in Medan City . The respondent selection technique is to identify the most important respondents. Respondents recommend other potential respondents (snowball). The selection of respondents stops when their answers are relatively the same, so that the results of observations and interviews can be dismissed. Furthermore, the number of respondents interviewed were 3 MSME business actors in the East Medan Region.

Results and Discussion

This discussion describes the research work process, starting from observations and interviews and ultimately producing a complete picture of the answers to questions from the research problem.

1. The role of e-commerce in developing MSMEs

MSME e-commerce can increase economic growth because it is a way for MSMEs to market their products and expand market access. MSME players need to carry out various innovations to create quality products that can be marketed through e-commerce. If the product is of high quality, it will automatically encourage consumers to buy via e-commerce, so that electronic payments become a habit over time and can create a less cash society which previously used a cash payment system which had limited efficiency due to its acquisition. Administration costs are relatively high, expensive, there is a risk of it being easily lost, stolen or counterfeited.

E-commerce has a very important role for entrepreneurs. According to them, e-commerce helps reduce capital costs. Plus, they only require basic internet skills. E-commerce can also be applied to the marketing and distribution of products or services on a large scale. Entrepreneurs rely on internet marketing or e-commerce because online marketing saves time and the business can be managed anywhere and at any time. Many entrepreneurs start using e-commerce after starting their business. In this case, the role of electronic shopping in reducing the company's minimum initial capital has a very large impact. Apart from that, online shops can also reduce operational costs, so that without an electronic shop, entrepreneurs will incur costs by renting or buying a shop building, and using an online shop can make it easier to market or expand a product or service.

In addition, e-commerce has the ability to increase its market share and reduce marketing costs, and entrepreneurs are also aware of the role of e-commerce in business development. This is shown by how easy it is for entrepreneurs to market their products or services. The products or services offered are not only domestic or local, but can be marketed abroad or exported. In addition, as market share increases, e-commerce can reach unsold areas.

The role of e-commerce for entrepreneurs is related to expenses. In general, overhead is often referred to as operational costs, where a business does not need to spend money to advertise or present the products or services it offers and can run its business 24 hours a day. Employers don't need it. Time constraints on e-commerce marketing. Because, the online shopping system works 24 hours a day. Apart from that, online stores can also support finding new suppliers, these suppliers can be said to be suppliers of products offered when the store is selling or offering products that it does not have.

The role of e-commerce in marketing the products or services offered is very important. For example, businesses advertise different images of the products and services they offer and add information about those products or services. Apart from that, you can serve consumers or customers more sensitively and satisfactorily through e-commerce. Because, e-commerce can bring together sellers and buyers without having to meet face to face. In this way, there is intense interaction between sellers and buyers which can increase consumer confidence in producers.

Less important is the role of e-commerce in the revenue generated. Businesses earn more revenue from e-commerce. This is because online shop marketing is very broad so that it attracts the attention of consumers to use the products or services offered. In addition, an entrepreneur who is the only supplier in an area can make a profit in an area where his product or service is not yet offered. This causes revenue growth from year to year.

2. Barriers to implementing e-commerce

Important obstacles faced regarding personal data security. We are often asked to enter personal information in stores or other online businesses. Stronger regulations are needed to make the market more accountable for consumer personal data to prevent misuse by irresponsible parties.

The security of online buying and selling transactions is also still a major concern. There are still many fake offers and online shopping frauds that make people hesitate to shop online. Marketplaces such as Shopee, Grab, Gojek and Tiktok have become trusted and responsible e-commerce media. However, there is no consumer protection when it comes to transactions carried out by traders using social media and personal websites. People must choose carefully from trusted online sellers.

Admin costs for companies operating in the e-commerce sector are still not the same. This causes traders to fight over state regulations which are still unclear regarding taxes. Previously, taxpayers were offline entrepreneurs and complained about online entrepreneurs whose tax regulations were not clear. Tax rules now apply to online transactions. However, there is no equality between e-commerce operators in the market and on social media. The most important thing here is that e-commerce must be able to develop for the development of Micro, Small and Medium Enterprises (MSMEs). Local Indonesian products must be able to compete with imported products. However, for now, it seems that the majority of online MSMEs in Indonesia are just resellers of imported goods. Indonesian e-commerce operators are just resellers by foreign traders and that actually increases imports of goods.

Conclusion

E-commerce is a transaction process carried out electronically by buyers and sellers using a computer as an intermediary. This includes processes such as marketing and payments. E-commerce is useful for micro, small and medium enterprises (MSMEs) to expand market access and communicate directly with buyers. It also reduces the costs of business and marketing activities. The use of e-commerce is growing in Indonesia and is considered important for entrepreneurship.

MSMEs play an important role in expanding employment opportunities and providing financial services to the community. Their performance can be measured based on financial efficiency and non-financial results. There are four types of e-commerce: Business to Business (B2B), Business to Consumer (B2C), Consumer to Consumer (C2C), and Consumer to Business (C2B). Each type has its own characteristics and purpose.

From an Islamic perspective, Islam regulates buying and selling activities, including e-commerce. There are several contracts/agreements used in buying and selling transactions, such as bai'as-salam, bai'al-istisna, and bai'muajjal. Islam prohibits elements such as usury, gharar,

fraud, coercion, maisir, and haram in buying and selling transactions. Providing convenience for people and having regulations to ensure fair and ethical transactions.

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