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The role of E-Commerce for micro, small and medium enterprises during the post-covid 19 pandemic normalization period

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Abstract

At this time many people have lost their identity because of the Covid 19 pandemic which is increasingly worrying the people's minds. There have been a lot of death rates for the elderly which has increased since 2020 when the corona virus entered Indonesia. The Covid 19 pandemic is not only unsettling for big companies but also very troubling for MSMEs whose economy has declined during the pandemic. During the current pandemic, many MSMEs are using e-commerce, even during the post-Covid 19 normalization period. There are more and more MSMEs using it. Besides being time efficient, using e-commerce can help make

transactions faster and more effective. Consumers also become more familiar with the details of all products in certain MSMEs. E-commerce itself is a buying and selling activity via the internet. With the existence of e-commerce based applications, it is hoped that sales volume can increase and have more revenue. This paper describes how E-commerce plays a major role in MSMEs in Indonesia as well as the e-commerce applications for MSMEs actors who are new to digital during the post-COVID-19 normalization period.

Keywords: MSMEs, e-commerce, Covid 19, Normalization

1. Introduction

The Covid 19 pandemic is a virus outbreak originating in China that can cause death for anyone suffering from this virus. Many students and university students who temporarily being out of school and conducting online learning systems nowadays. In addition, many workers or employees were laid off. The impact of this pandemic also occurs on Micro, Small and Medium Enterprises in Indonesia. Since the enactment of the Large-Scale Social Restriction (*PSBB*), people are no longer doing their activities outside their homes. All activities are carried out only from the home. This can reduce the consumers of MSME which are currently running or have just started their business. Even though it has come to normalization period, people are still worried if they buy a product from outside their house. During the normalization period, the death rate and the number of people exposed to Covid 19 increased even though they had gone through strict health protocols. For example, like culinary MSMEs, many people are afraid to leave the house to buy food because there will be many interactions with other people that make it easier for the virus to attack their immune system.

Therefore, the role of E-commerce is very necessary for MSMEs. E-commerce is an activity of buying and selling via the internet network. To increase sales, MSMEs must switch from a traditional system to an electronic system, namely e-commerce. An example of e-commerce is buying and selling online at a market place such as Tokopedia, Traveloka, Shopee, Bukalapak, Lazada, Zalora etc. Internet banking and SMS banking are also included in e-commerce. Not only those application based ones, cable TV and internet providers such as indovision, indihome, BigTV etc. are also types of e-commerce. Moreover, currently the number of people using the internet and smartphones is increasing. The sophistication of technology is what makes individual people very enthusiastic about the applications on their smartphones. With the existence of e-commerce, MSME businesses are greatly helped today.

2. Literature Review

According to a research (Kala'lembang 2020) ^[2] on the technological sophistication of the current digital era, there are many business opportunities that create various software platforms to improve the quality of business performance. Many useful platforms have been created for introducing and promoting a product. Online payment instruments are also increasingly being created to make it easier for business people and customers who want to make buying and selling transactions. All of these things can be called e-Commerce.

E-Commerce according to (Loudon 1998) is an activity of buying and selling transactions between sellers and buyers electronically using a computer device as an intermediary through the internet network. The existence of Covid 19 has increased public knowledge about internet. Tokopedia and Shopee themselves are platforms often used by business people to increase customers with their respective strategies. This is very useful for MSMEs that do not have sufficiently large capital. By registering a business in e-commerce applications such as Bukalapak and others, it will make the consumers easier to know more about the products during the current pandemic. According to his research (Jauhari 2010)^[1] by utilizing technological developments and information, it can increase the competitiveness of MSMEs to get a lot of customers. It is necessary to increase the development of software or e-commerce applications in order to increase sales volume during the current pandemic or normalization period. By implementing normalization at this time, there are also many business actors who have started to open their businesses and apply the traditional transaction system, transacting with customers directly. This can increase competitiveness among MSMEs in Indonesia. However, not a few people are also accustomed to staying at home such as students who are very familiar with the internet, and are reluctant to leave the house since the covid 19 pandemic has been completely. The fear of an increase in the mortality rate perspective during the normalization period cannot be eliminated from the people's minds. Therefore, e-commerce users are increasing all the time. (Rahayu *et al*, 2017)^[5]. Said that utilizing e-commerce technology as means to promote an UMKM product can increase income and sales volume. This increase will develop the MSME business itself and make consumers easily and quickly know about our products' detail. Some researchers show their research results that the effectiveness of using e-commerce is considered very high for the purpose of increasing sales volume and promoting products to consumers (Yap 2002)^[7]. According to a research conducted by (Wijaya A, 2021)^[6] Tokopedia is an e-commerce platform that is often used by MSME entrepreneurs. In running a business we must innovate in terms of marketing strategies and the product itself, for example by utilizing advertisements on Tokopedia. Based on his research (Wijaya A, 2021)^[6] states that an MSME called Gulaliku can increase sales revenue in this way.

3. Method

This paper is based on the current literature review method regarding the role of e-commerce in Micro, Small and Medium Enterprises which will greatly help MSME actors to make their performance effective through the e-commerce platform. This is aimed to make it easier for consumers to know more about the products although they are only selling their products from home or from a distance. MSME actors will also get an increase in profit even though the Covid 19 pandemic is still rampant in Indonesia. Besides, online payment also makes consumers easier to overcome their fear of leaving the house. We all also know, since the Covid 19 outbreak, internet users or online platforms have greatly increased. The data used in this research are scientific articles and case studies obtained from several literature.

4. Discussion and Result

4.1 E-Commerce during Normalization Period

Electronic commerce in general is a buying and selling activity between consumers and sellers of a product through social media platforms with internet networks. E-commerce according to (Karmawan 2010)^[3] is an electronic-based business mechanism in individual business transactions with digital networks as an intermediary for the buying and selling products between business to business and business to consumers. This is considered to be efficiently solving all problems at a time and place that has become dominant. Even though it has entered the normalization period when it is permissible for all activities outside the home to be carried out with strict health protocols, there are still many obstacles to be faced. Not only obstacles, the publics' fear about the soaring death rate in the normalization period is also very disturbing for the Indonesian people. Of course, currently e-commerce is more often used by millennials who are very familiar with the social media because they are still learning through online platforms, even though they are entering normalization period, so they spend a lot of time on their smartphones. Some e-commerce applications are currently continuously updating their application system, so that anyone who upgrades the quality of the application will really enjoy the service features provided.

4.2 The Role of e-Commerce for MSMEs

During this post-Covid 19 period, e-commerce made MSMEs easier to make buying and selling transactions faster with external parties than using the door-to-door or one-to-one relationship method. So, any MSMEs that input their products through the e-commerce platform can increase their own MSMEs income. Not only platforms such as social media, but online transfers via internet banking media are also widely practiced during the current Covid 19 pandemic. The habit of Indonesian people who are easily adapting makes them now reluctant to leave their house and they prefer to do their activities inside their house. It therefore makes social media users increase. Marketing strategy through social media can make MSMEs entrepreneurs successful during or after the Covid 19 pandemic. Millennials are the people who make the most transactions through e-commerce. Therefore, MSME business actors can adopt e-commerce applications and carry out advertisements on platforms that are often used by millennials.

4.3 Advantages and Disadvantages of Using E-Commerce

Examples of e-commerce applications include Bukalapak, Tokopedia, Shopee, Traveloka, Kaskus, internet banking, SMS banking, Indovision, Indihome, Firstmedia, BigTV, MyRepublic and others that we often encounter on our smartphones.

There are several advantages including

1. Simplifying communication between producers and consumers
2. Simplifying the promotion of a product
3. Getting a wide market reach
4. Making online payments easier
5. Simplifying the process of transactions
6. Improving the performance or income of business actors

In addition, there are also some disadvantages of e-commerce, including

1. Society will continue to depend on information technology
2. The customer cannot directly try or touch the product
3. Color and quality are not necessarily the same as what it is in the picture
4. There is loss of privacy, territorial coverage and identity of a country

4.4 Running Business in Shopee Platform for MSMEs

The following article contains how business actors who are newbies in using Shopee use it to promote and sell their MSMEs products to consumers who see or are interested in buying.

1. The first step is to open the application and register by using their active email and phone number. After that, they should select the profile section and "start selling" on the top view. Before they fill in the information about their business or product, they should first set the shop delivery service settings as shown in the figure below.

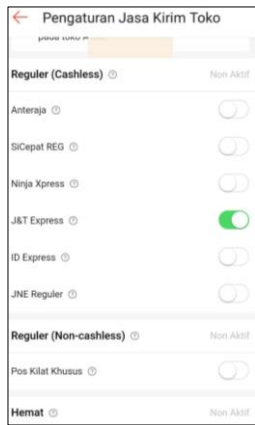


Fig 1

2. After that they will find the added product view. Here they fill in the identity of their product and shop or business according to the appearance of their actual product. They can also choose a category that suits their product.

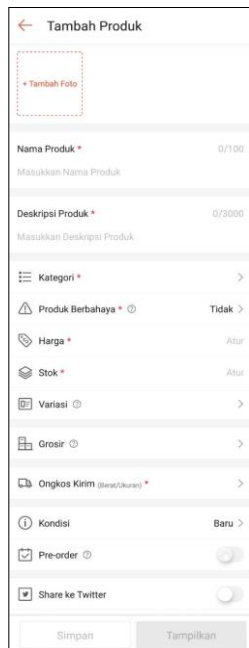


Fig 2

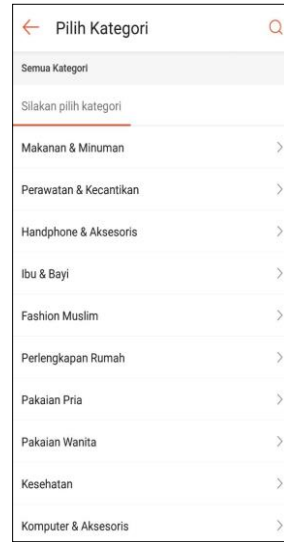


Fig 3

3. If a product has many variants or types, both in terms of color and shape, they can choose to add variations according to the product inventory and choose what shipping cost they want to set. After that they can click and select save and then product sales can be done through Shopee.



Fig 4

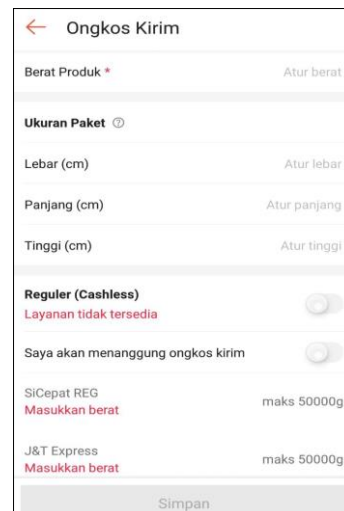


Fig 5

5. Closing

The normalization period is still the same as the Covid 19 pandemic period, even though we have been allowed to leave the house by performing strict health protocols. However, the death rate from exposure is still increasing. This has resulted in people anxiety about the corona virus which makes people still afraid to leave the house or do outdoor activities as usual. During the pandemic, users of e-commerce applications such as Shoppe, Tokopedia and others also increased both in terms of MSME business actors and consumers themselves. Especially for millennials now who are very familiar with the social media, they have a lot of interest in a product and tend to have an interest in purchasing and re-purchasing. This can open opportunities for MSMEs business whose incomes are decreasing during the pandemic. This can also develop MSMEs which are new to e-commerce system. Therefore, e-commerce plays a major role in the success of MSMEs in the present, especially for business actors who still have a little knowledge of technology.

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