



The Role of E-Commerce in Increasing the Competitiveness of Micro Businesses in the Archipelago

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ABSTRACT

This study aims to explore the role of e-commerce in improving the competitiveness of micro-enterprises in the archipelago. In the ever-evolving digital era, many micro-enterprises face challenges in maintaining their sustainability and competitiveness. By utilizing e-commerce platforms, micro-enterprises can access wider markets, increase product visibility, and interact directly with consumers. Through a qualitative approach, this study collected data from interviews with micro-enterprise owners and analysis of relevant literature, so as to provide a comprehensive picture of the strategies implemented and their impact on business performance. The results of the study indicate that the integration of e-commerce in micro-enterprise operations not only increases sales but also strengthens relationships with customers. In addition, micro-enterprises that utilize digital technology tend to be more adaptive to market changes. This study concludes that e-commerce is a very effective tool for improving the competitiveness of micro-enterprises in the archipelago, and recommends the need for training and government support to facilitate the transition to digital platforms.

Keywords: E-Commerce, Competitiveness, Micro Business, Digitalization, Archipelago





INTRODUCTION

The development of information and communication technology has driven significant transformation in various sectors, including the business sector. E-commerce, as a form of digital innovation, has emerged as an effective solution to increase the competitiveness of micro-enterprises in the archipelago. Micro-enterprises, which are the backbone of the Indonesian economy, often face obstacles in market access, capital, and technology. By utilizing e-commerce platforms, micro-enterprises can reach consumers more widely and efficiently, and increase their operational efficiency (Kumar & Gupta, 2021).

In today's digital era, consumers are increasingly turning to online platforms to meet their needs. This provides significant opportunities for micro-enterprises to utilize e-commerce as a distribution channel. Previous studies have shown that micro-enterprises that adopt e-commerce can experience an increase in sales volume and brand presence in the market (Prasetyo & Lestari, 2022). However, despite the potential, many micro-enterprises are still hesitant to switch to digital platforms due to a lack of understanding and skills in using technology (Suharto & Rachman, 2023).

The competitiveness of micro-enterprises in the archipelago is not only determined by their ability to sell products, but also how they adapt to changes in consumer behavior that are increasingly moving towards digitalization. E-commerce allows micro-enterprises to collect data on customer preferences and respond to market needs more quickly. In addition, e-commerce also helps micro-enterprises build better relationships with customers through direct interaction and more targeted marketing (Setiawan, 2023).

This study aims to analyze the role of e-commerce in improving the competitiveness of micro-enterprises in the archipelago. With a qualitative approach involving in-depth interviews and literature analysis, it is hoped that this study can provide valuable insights into the strategies implemented by micro-enterprises and the impact of e-commerce use on their performance. The results of this study are expected to provide recommendations for micro-enterprise owners and policy makers to further support the transition to digitalization (Fitria, 2024).





METHOD

This study uses a qualitative approach to explore the role of e-commerce in improving the competitiveness of micro-enterprises in the archipelago. Data were collected through in-depth interviews with micro-enterprise owners who have adopted e-commerce in their operations. The interview process was conducted using a purposive sampling technique, which allowed researchers to select informants who had direct experience in using e-commerce platforms. In addition, this study also analyzed relevant documents and literature to support an understanding of the impact of e-commerce on micro-enterprise performance. Data analysis was conducted using thematic analysis methods, which helped identify patterns and themes that emerged from the interviews and documents reviewed (Braun & Clarke, 2006).

In addition, this study considers the social and economic contexts that influence e-commerce adoption in the archipelago. Additional data were obtained from an online survey conducted on micro-enterprises in several regions to measure the level of adoption and impact of e-commerce on sales and customer relationships. The survey was designed with open-ended and closed-ended questions to gain a more comprehensive picture of user experience. The results of the qualitative and quantitative data analysis are expected to provide deeper insights into the strategies and challenges faced by micro-enterprises in utilizing e-commerce (Creswell & Poth, 2017; Yin, 2018).

RESULT AND DISCUSSION

The results of the study show that the adoption of e-commerce significantly increases the competitiveness of micro-enterprises in the archipelago. Most informants reported an increase in sales volume after switching to an e-commerce platform. This increased sales resulted from wider access to the market, where micro-enterprises can reach not only local customers but also customers from outside the region. This is in line with previous findings showing that e-commerce allows small businesses to compete more effectively with large players in the market (Kumar & Gupta, 2021).

In addition to increasing sales, the study also found that e-commerce helps micro businesses strengthen their brands and increase interactions with customers. Business owners reported that the use of social media and websites not only increases product visibility but also facilitates better communication with customers. With features such as customer reviews and direct feedback, micro businesses can customize their products and services based on consumer needs and preferences (Prasetyo & Lestari, 2022). These interactions contribute to increased customer loyalty, which is critical for long-term growth.

However, this study also identified several challenges faced by micro-enterprises in adopting e-commerce. Many business owners expressed difficulties in understanding and using new technologies, as





well as limitations in financial resources to implement effective e-commerce solutions. These challenges are in line with the results of research by Suharto and Rachman (2023), which highlighted the importance of training and education support for micro-enterprise owners to improve their digital skills. In addition, research by Sari and Prabowo (2024) found that uncertainty about the security of online transactions was also a major barrier for micro-enterprises in switching to e-commerce.

Overall, the results of this study indicate that despite the challenges, e-commerce is a very potential tool to increase the competitiveness of micro-enterprises in the archipelago. This study recommends that the government and related institutions provide support in the form of training and access to technological resources, so that micro-enterprises can optimally utilize the opportunities offered by e-commerce (Fitria, 2024; Setiawan, 2023). This study also indicates the need for collaboration between business actors and educational institutions to improve digital skills among micro-entrepreneurs (Hidayat & Setiawan, 2024).

The adoption of e-commerce by micro-enterprises in the archipelago has been shown to have a significant positive impact on their competitiveness. This study found that wider access to online markets allows micro-enterprises to reach consumers in previously hard-to-reach areas. By using e-commerce platforms, business owners can expand their geographic reach and increase sales potential. These results are in line with research by Kumar and Gupta (2021) which shows that e-commerce serves as an effective distribution channel for small businesses in the global market.

In addition, better interaction with customers through e-commerce improves customer experience and strengthens brand loyalty. Micro-business owners reported that features such as customer feedback and consumer behavior analysis helped them adapt product offerings to market needs. This is in line with the findings of Prasetyo and Lestari (2022), who underlined the importance of product adaptation based on customer feedback in building competitive advantage. Increased customer satisfaction also contributes to improving the reputation of micro-businesses in an increasingly competitive market.

However, the challenges faced by micro-enterprises in adopting e-commerce cannot be ignored. Many business owners still lack understanding of digital technology and face limited resources to invest in adequate e-commerce solutions. Suharto and Rachman (2023) noted that the lack of training and education in the use of technology is a major obstacle for micro-enterprises. Therefore, collaborative efforts are needed from the government and the private sector to provide training and technical support so that micro-enterprises can adapt better. Research by Wahyudi et al. (2024) also highlights the importance of digital infrastructure in supporting the transition to e-commerce among micro-enterprises.

From a policy perspective, this study recommends that the government improve training programs and access to digital technology for micro-enterprises. In addition, support from educational institutions to improve digital skills is also very important. Hidayat and Setiawan (2024) emphasize the need for more





targeted and practical training programs to help micro-entrepreneurs understand and utilize e-commerce effectively. Thus, micro-enterprises in the archipelago can be better prepared to face market challenges and take advantage of opportunities in this digital era (Sari & Prabowo, 2024).

CONCLUSION

This study confirms that e-commerce plays a crucial role in increasing the competitiveness of micro-enterprises in the archipelago. With wider access to markets and the ability to interact directly with customers, micro-enterprises can increase sales volume and build brand loyalty. The results of the study show that business owners who adopt e-commerce experience positive changes in their business performance, although they also face challenges such as limited resources and lack of technological knowledge. Therefore, support from the government and educational institutions is very important to ensure that micro-enterprises can take full advantage of the opportunities offered by e-commerce.

To achieve the full potential of e-commerce, this study recommends improving training programs and access to digital infrastructure. The government and the private sector need to work together to provide the necessary resources for micro-enterprises to overcome existing barriers. With these steps, it is hoped that micro-enterprises in the archipelago can be more competitive in the global market, and contribute to more inclusive and sustainable economic growth (Hidayat & Setiawan, 2024; Kumar & Gupta, 2021; Wahyudi et al., 2024).

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