

Original Article

# The Analysis of Preparation MSMEs Go Online

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**Abstract:** Purpose: To determine the readiness of Micro, Small, Medium Enterprises (MSMEs) to do their business on online platform. A google form questionnaire is employed to collect the data, and distributed with random sampling to 100 MSEMs as the sample. This study uses a descriptive quantitative approach by using Moderated Regression Analysis to test the influence of business strategy and resources on readiness of SMEs to Go Online with government support as the moderating variable. This study demonstrated that business strategy significantly influences whether SMEs are prepared to go online. Resources do not significantly affect how ready MSMEs are to go online. Government Support Significantly Modulates Business Strategy's Impact on MSME Online Readiness Significantly reducing the influence of resources on MSME readiness for the internet is government support.

**Keywords:** Business Strategy, Government Support, MSME, Online, Resources.

## I. INTRODUCTION

E-Commerce is growing in the business world, MSMEs have pretty good prospects and have the potential to support a large contribution on Gross Domestic Product, however the process of digitizing MSMEs in Indonesia still faces various problems. According to research by Deloitte Access Economics, 37% of MSMEs in Indonesia only have basic online marketing capabilities, such as computer access and broadband, and 18% of MSMEs have medium online capabilities because they can use websites and social media. This means that 36% of MSMEs in Indonesia still struggle with conventional marketing. Only 9% of businesses have strong digital marketing capabilities OJK-BCG (2020). The Covid-19 pandemic, which has not subsided since March 2020, has resulted in many layoffs occurring in many countries. Victims of layoffs generally turned to Micro, Small and Medium Enterprises (MSMEs), this can be seen from the increasing number of MSMEs from 2018 to 2021 which jumped from 26,700 to 105,785 MSMEs Coops (2021) .

There is great potential for MSMEs to contribute to the rotation of the economy and GDP. If the government succeeds in overcoming the problems faced by MSMEs in going online and succeeds in marketing quality MSME products through the digital market, it is not impossible that this sector's contribution to GDP will increase significantly. According to Syuhada and Gambett (2013) who conduct a research "Online Marketplace for Indonesian Micro Small and Medium Enterprises Based on Social Media" explain that a system design that solves the problem technological readiness and use of technology for the Indonesian MSME market or MSMEs in developing countries. Septyanto and Dewanto (2016) suggested how to create E-marketing Strategy for MSMEs in Indonesia. The output of their research is designing MSME e-marketing strategies, building MSME e-marketing portals with the waterfall model and Object Analysis Development. Accordingly, how e-marketing strategies can boost MSMEs in increasing sales is suggested.

Wirdiyanti (2019) concluded that implementing e-commerce are influenced by sales turnover, social media, duration and age of the business. From an inclusive financial perspective, it appears that the effect of e-commerce on business performance is represented by sales growth and competitive advantage encouraging financial inclusion for MSME actors. According to Prameswari, Suharto, and Afatara (2017), social media is the e-commerce medium that respondents use the most since it is simple to access. People are highly excited to use e-commerce, and many customers are beginning to shop online due to the convenience and time efficiency. Despite realising their enormous potential to establish and run enterprises, MSMEs still struggle owing to a lack of awareness and expertise of rapidly evolving technologies. Baktiono and Artaya (2016) explain that social media is appropriate for small businesses to use as a means of running an online business, namely Facebook, Twitter and Google.

Some motives of young entrepreneurs doing online business in building their business, namely getting as many customers as possible and earning income. Besides that, because conventional businesses are getting less visitors, business is busy at certain times (seasonal) Kurniawan and Wibowo (2015). Furthermore, Izzati (2015) mentions that motives for using

Gadgets by online business promotion on students the use of gadgets or smartphones to do online business because of the convenience, convenience, and simplicity in carrying out promotions and sales transactions of a product or item online. Joesyiana (2019) asserted that every online shop business must be able to provide information as clear as possible about the identity of products, as well as display attractive product photos to attract consumer interest. Therefore, MSMEs should be trained about e-marketing.

E-commerce, according to Sudaryono, Rahwanto, and Komala (2020), can help the Indonesian economy grow during the Covid 19 Pandemic. From their research it can be concluded that technology developments are becoming more sophisticated and it can be used as business tools such as online buying and selling process for modern entrepreneurs. Online trading can boost a person's or business's income, contribute to its success, and ensure its sustainability. In order to ensure the sustainability and growth of MSMEs' businesses during the COVID-19 Pandemic, the government should optimise the empowerment of MSMEs, according to some recommendations from Affandi et al. (2020). This can be done in a number of ways, starting with making credit restructuring and capital access more convenient for UMKM. Second, focusing on the infrastructure of computer technology and offering MSMEs training. Third, the success of MSMEs in competing in the global market during the present COVID-19 Pandemic would be impacted by government policies that consistently carry out and evaluate technological development for MSMEs. According to study, MSMEs will swiftly recover if the government steps in and supports them so they can deal with the present Pandemic's challenges. Additionally, it is advised that MSME be able to market their products online and offer them with a variety of inventions, creativity, appealing packaging, and, of course, product distinction.

Research conducted by Prasetyo, Setyadharma, and Kistanti (2020) found that Economic institutions, job opportunities, economic growth, human capital, and social capital are all aspects that have an impact on how competitive businesses are able to become. The competitiveness of businesses is negatively and significantly impacted by social networking variables. In the dual track approach, the contribution of social capital competencies is a key factor in boosting entrepreneurial competitiveness, while the contribution of human resource competencies is the main driver of quality economic growth. The recommended policy implications for reducing inequality and inequality call for strategies to enhance human resource skills and entrepreneurial social capital capabilities as major drivers and determinants of economic growth and business competitiveness.

Pitoyo and Riyanto (2022) explained that MSMEs, which before in 2018 were a company segment that enjoyed a considerable increase, are feeling the effects of the COVID-19 epidemic. One of the reasons MSMEs suffered during the COVID-19 pandemic was owing to changes in consumer behaviour brought on by the epidemic and their capacity to keep up with advances. The Darwinian theory, which explains the existence of evolution and calls for the capacity for adaptation in self-defense, is directly tied to very radical changes. In order to ensure business continuity in the face of the COVID19 pandemic, MSMEs have had to modify their business models to become digital-based enterprises.

The marketing efforts of MSMEs are positively impacted by digital marketing (Ariska, Purwitasari, and Yustie) (2022). Flexibility and efficiency are seen as having a good impact. Digital marketing allows for marketing operations to be carried out from any location and without having to bring things for customers to see. This is particularly beneficial for MSMEs' marketing efforts. Additionally, digital marketing can lower the expenses related to marketing initiatives. However, respondents reported that they had paid costs for internet quotas or subscriptions because digital marketing needs an online connection.

Information system in any business in very importance and urgent to be employed in order to compete in the tight market as mentioned by Supriyati, Mulyani, Suharman, and Supriadi (2022). The significance of developing information systems based on the creation of business models and integrating them into company operations is widely understood by enterprises. Enterprise information systems, business models, and enterprise business processes all depend on one another in contemporary systems. Information systems and business models are strongly influenced by one another. The balance between the three pillars of sustainable development—environmental, social, and economic—is what business models and information systems have managed to achieve.

Yulianti et al. (2022) asserted that social media platforms are noteworthy today, characterized by significant advancements in information and communication technologies. Therefore, SME marketing must be able to take advantage of Smart Phone Online- Based marketing through online digital media. Online Sales Applications, as well as promotion and marketing of SME products by utilizing Social Networks, so that they can become media that can represent products needed by consumers. One of the obstacles encountered by SMEs in the South Tangerang City area. This Community Service provides mentoring training for Micro, Small, and Medium Enterprises (MSMEs) online shops based on a creative digital economy in South Tangerang City. This community aims to increase MSME actors' income by training to create online stores, editing product photos, and expanding networks (networks), documentation, and publications. According to the activity's findings,

MSMEs and business actors in the creative sector can achieve their digitalization goals through digitising legal entities and the economy by creating and registering business entities, registering intellectual property rights online, and registering for online NIB (Business Permit Numbers). Additionally, risk-based business licencing is used with online Single Submission (OSS). Economic digitization can be achieved in the meanwhile by taking part in online and offline training, marketing online using social media like Instagram, Facebook, LinkedIn, TikTok, and the marketplace, and finding business advice on the official website of the government and on digital social media.

There are business opportunities in the Covid-19 era, the low involvement of MSMEs in online transaction turnover, and with government support for MSMEs resilience in the Covid-19 Era. Therefore suggested hypotheses are:

Hypothesis 1: Does Business Strategy affect the readiness of MSMEs to Go Online,

Hypothesis 2: Does resources affect the readiness of MSMEs to go online,

Hypothesis 3: Does government assistance lessen the impact of corporate strategy on MSMEs' readiness to go online

Hypothesis 4: Does government intervention lessen the impact of resources on MSMEs readiness to go online

The results of this research are expected contribute in giving input or suggestions for government in order to make better preparation of MSMEs to run business online. In addition, this can be used by writers and academics in holding community service programs, as reference material for assisting MSMEs in preparing themselves for online business.

## II. MATERIALS AND METHODS

This study used a descriptive quantitative method. Data were analyzed using moderated regression. The population in this study were 105,785 MSME players in the city of South Tangerang, the number of samples was calculated based on the Solvin formula with a 10% margin of error, a sample of 100 business units was obtained spread across 7 sub-districts, the sample was taken using the simple random sampling method. Using google form questionnaire to gather data from the sample. Linkert scale is used for scoring the questionnaires. Business Strategy and Resource are the independent variables, and Readiness of MSMEs Go Online is the dependent variable. Meanwhile Government Support is moderating variable. The effect of independent on dependent variables will be examined by multiple linear regression.

## III. RESULTS AND DISCUSSION

### A. Descriptive of respondent

The MSMEs as the respondents are spread across 7 sub-districts in the city of South Tangerang, Banten. It is possible to draw a conclusion from the questionnaire's responses that most of the business type at South Tangerang is culinary (47.5%) and fashion business groups (28.7%). Their businesses were established less than 5 years (77.2%) and spread across Ciputat (46.5%) and Pamulang sub-districts (29.3%). Business actors in general (85%) have undergraduate and high school education, and 61.4% of MSMEs have online businesses either through social media, marketplaces and some already have personal websites even though the number is very limited.

Table 1 describes that more than 83,2% are agree and strongly agree that business strategy is crucial for marketing their products, and ready Go Online. In Table 2 can be seen that 74,4% MSMEs are agree strongly agree that Resources is needed to support Go Online. The 67% of MSMEs are agree and strongly agree that support from governance will help them ready to go Online as shown in Table 3.

**Table 1: Respondents' Responses to Business Strategy Variables**

No.	Indicators for variables Business strategy	Percentage of Respondents Responses (%)				
		STS	TS	CS	S	SS
1	Use of E-Banking	3	1	9,9	38,6	47,5
2	Financing through Fintech	4	8,9	20,8	49,5	16,8
3	Using the Internet/HP/Laptop	1,9	1	4	39,6	53,5
4	Using social media WA/FB/IG/Twitter	2,9	0	4	39,6	53,5
5	Personal web	2	1	30,7	47,5	18,8
6	Evaluation and Improvement of products and services	1,9	2	2	53,5	40,6
	average	2,6	2,3	11,9	44,7	38,5

Description: STS = Strongly Disagree, TS = Disagree, CS = Fairly Agree, S = Agree, SS = Strongly Agree

**Table 2: Respondents' Responses to Resource Variables**

No.	Indicators for variables Resource	Percentage of Respondents Responses (%)				
		STS	TS	CS	S	SS
1	Understand Online Business	0	1	28,7	56,4	13,9
2	HP/PC/Laptop/Internet available	0	1,1	7,9	55,4	35,6
3	Business Space Available	2,9	3	21,8	51,5	20,8
4	Availability of Sufficient Capital	2	6	28	44	20
	Average	1,2	2,8	21,6	51,8	22,6

**Table 3: Respondents' Responses to Government Support**

No.	Indicators for variables Government Support	Percentage of Respondents Responses (%)				
		STS	TS	CS	S	SS
1	Loan Restructuring Facility at the Bank	5,9	17,8	41,6	24,8	9,9
2	Productive Banpres for Micro and KUR businesses	4,9	11,9	22,8	39,6	20,8
3	Business license relief and tax payments	1,9	5	14,9	35,6	42,6
4	Law on Job Creation and MSME Training	4	1	25	45	25
5	Tax Payment Relief	1,9	4	9,9	44,6	39,6
6	The MSME Digital Market	2	5	18,8	45,5	28,7
	Average	3,4	7,5	22,2	39,2	27,8

**B. Descriptive of statistical test and discussion**

From the regression test, determinant coefficient of adjusted R square is 58,5% (Table 4). This concludes that 58.5% of readiness MSMEs go online is supported by Business strategy and Resources, meanwhile the rest is explained by other factors.

**Table 4: Result of Determinant Coefficient****Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,776 <sup>a</sup>	,602	,585	2,786

a. Predictors: (Constant), Moderasi2, Strategi Bisnis, Sumber Daya, Moderasi1

**Table 5: t Test Result****Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5,935	2,478		2,395	,019
	Strategi Bisnis	,959	,301	,891	3,188	,002
	Sumber Daya	-,514	,459	-,264	-1,120	,265
	Moderasi1	-,028	,012	-1,036	-2,274	,025
	Moderasi2	,061	,019	1,461	3,190	,002

a. Dependent Variable: UMKM Go Online

Table 5 exhibit that the coefficients of the sig variable Business Strategy is 0.002 < 0.05. This indicates that Business Strategy significantly influences the on the readiness of MSMEs to go online, therefore Hypothesis 1 is confirmed, Meanwhile, the sig of e Resources is 0.265 > 0.05, and adduced that resource variable is considered does not affect the readiness of MSMEs to go online, hence Hypothesis 2 is rejected.

Regarding the moderating variable, in the table 5 describes that coefficients of the sig moderation1 value is 0.025 < 0.05 and the Sig moderation2 value is 0.002 < 0.05. This illustrates that the Government Support variable is able to moderate the effect of business strategy on MSME readiness to go online, as well as to moderate the influence of Resources on MSME readiness Go Online. Finally, Hypothesis 3 and Hypothesis 4 are accepted.

Business Strategy has a Significant Influence on the Readiness of MSMEs to Go Online, and this is in line with Septyanto and Dewanto (2016) where business strategy in marketing is needed in order to increase sales therefore go online is pertinent. In general, the readiness of Go Online for small micro businesses in Pamulang is 47.5% influenced by the payment traffic strategy using e-banking which makes payments easier and faster. 49.5% admit that Fintech facilitates and assists in financing, and more than 50% stated that the use of HP/Laptop/PC/Internet greatly facilitated running a business. Likewise with the existence of WA / IG / Twitter / FB / other Social Media Media, more than 53.5% felt the benefits were felt. Most small business actors (94.1%) agree that products and customer services need to be evaluated and improved. So it can be concluded that Business Strategy is very influential on the readiness of MSMEs to Go Online. The results of this study are in line with Wirdiyanti (2019) which states that e-commerce user decisions are influenced by sales turnover, social media, duration, and business age. Developing a strategy is an important thing that needs to be done from the start. The condition of the people who stay at home more because of the Covid pandemic requires business actors to think and have a strategy on how to determine the direction of the business, identify markets, competitors, customers and so on.

Resources does not have influence on the Readiness of MSMEs to Go Online. The results of the study stated that Resources did not affect the readiness of MSMEs to Go Online. This can be argued that the MSME actors had the readiness of the resources needed to Go Online. This is proven by 70.3% of Micro and Small Business actors understood online business, 91% respondents have HP/Laptop/PC/Internet, 72.3% have business places, and 64% have sufficient capital.

Government Support moderates the effect of Business Strategy on the readiness of MSMEs to Go Online in running business, and this is supported by Affandi et al. (2020). Government support is the hope of business actors to realize various business strategies, so that MSMEs are ready to go online. The government also keeps constructing IT infrastructure to lower the obstacles to connectivity encountered by MSME enterprises. MSMEs in all parts of Indonesia will be able to learn about market potential and marketing outreach if this is done. The Government anticipates that MSMEs can improve competitiveness and lower distribution and logistics costs through the development of the National Logistic Ecosystem and infrastructure, according to the Minister of Finance. ([kemenkeu.go.id](http://kemenkeu.go.id)). According to the 87.1% of business players in South Tangerang who use technology in their operations, technology is a crucial prerequisite for micro and small business actors. Accordingly, this can be concluded that government support has indeed strengthened the business strategy of business actors towards the readiness of MSMEs to go Online.

Government Support Moderates the Influence of Resources on MSME Readiness to Go Online. The government through the ministries and government agencies is working hard to restore the country's economy due to the COVID-19 pandemic which has not gone away. Some of the conveniences provided by the government to support community businesses or micro and small businesses include the ease of extending business licenses, lowering interest rates, cheap financing through People's Business Credit (KUR), and tax breaks. this is recognized by 73.3% of micro and small businesses in South Tangerang. The stronger the government's support, the more adequate the resources are, the more prepared MSMEs are to compete in online business. It can be concluded that government support strengthens the influence of resources on the readiness of MSMEs to go online (Grandón & Pearson, 2003); Feranita, Nugraha, and Sukoco (2019).

#### **IV. CONCLUSION**

Following is a conclusion that may be drawn from the analysis and discussion's findings: (1) Business strategy has a significant effect on the readiness of Micro Small Business Enterprises to Go Online. Business Strategy is a necessity for business actors in facing wider competition that is not limited by space and time. (2) The ability of Micro and Small Business actors to get online is unaffected by resources. This is due to the fact that small and microbusiness actors already have the resources necessary to get online. (3) Support from the government notably reduces the impact of Business Strategy on the Readiness of MSMEs to Go Online. (4) Support from the government notably reduces the impact of Resources on the Readiness of MSMEs to Go Online, this means that the need for Resources to Go Online can be fulfilled properly and easily if there is government support regarding the required capital and infrastructure, as policy the government regarding ease of licensing for business establishment or business extension, various kinds of training through pre-employment cards, loan restructuring and the provision of low interest loan for MSMEs (KUR).

#### **Interest Conflicts**

We declare that there is no conflict of interest concerning the publishing of this paper.

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