

## **The Function of E-Commerce in Banggai Regency's Micro, Small, and Medium Enterprises**

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### **Abstract**

In this study, the influence of e-commerce adoption on SMEs in Banggai Regency during the new normal era of Covid-19 was examined. Implementing online shopping, having a strong financial foundation, and maintaining business continuity are the research variables. In the research method, quantitative research is employed, and the reliability of the data, the coefficient of determination, the traditional hypothesis, and the hypothesis are all tested. Implementing the sampling strategy of purposive sampling. 101 participants made up the research sample. The study's findings indicate that financial literacy and e-commerce adoption both significantly improve business continuity. Because the financial literacy of MSME actors significantly affects the sustainability of their firms, the study's findings may have consequences for the government, actors, and potential MSME players.

Keyword: E-Commerce; Literasi; Keuangan; Kelangsungan; Usaha.

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### **INTRODUCTION**

One of the driving factors of economic growth in Indonesia is the local economic sector driven by entrepreneurs, especially small and medium-sized enterprises. (UMKM). Small and medium-sized enterprises (SMEs) can play a role in driving the economy of a country. (Carter, & Evans, 2010). However, the competition and business development among UMKM today is felt increasingly tight and fast not only in Jabodetabek, but also in some of the capital districts of the province among them is the Banggai district, so requiring UMKM perpetrators to be able to use the resources that exist with the secretive possible so that the work carried out must still exist and have an effective level of sustainability.

Here are the criteria of business that are included in small and medium-sized enterprises that have been regulated in the law No. 20 in 2008.

Table of 1. Classification of UMKM criteria based on asset and turnover per year

No.	Description	Criteria	
		Assets	Turnover
1	Micro business	Maximum 70 Million	Maximum 450 Million
2	Small business	>70 million - 700 million	>450 million - 3,5 billion
3	Medium Business	700 million -12 billion	3,5 billion - 65 billion

From the development side, UMKM often has barriers or obstacles. This is due to various conventional problems that cannot be solved comprehensively (closed loop problems), such as SDM capacity problems, ownership, financing, marketing and various other problems related to business management, so that UMKM is difficult to compete with large companies. (Abor dan Quartey, 2010).

This research focuses on the sustainability of small and medium-sized enterprises in the new normal era of covid-19 pandemic in Banggai district. Between business survival and profitability are two things that have a very close relationship, so it is necessary to carry out further research on the rate of profitability of small and medium-sized enterprises new normal pandemic covid-19 in Banggai district. The Covid 19 pandemic has spread all over the world, including Indonesia. Banggai district is one of the districts in Indonesia that also feels the impact of Pandemi Covid 19 this. For that, it is necessary to hold further research.

## RESEACH METHOD

This study uses quantitative methods by testing hypotheses that would explain the phenomenon forming the relationship between variables.

### A. Population and Samples

The population in this study is the UMKM in Bualemo district of Banggai, Based on the sample determination criteria there are 101 UMKM that meet the criteria so that the samples used in this research are as many as 101 respondents.

### B. Methods of Data Collection

Data collection is done using a questionnaire. The data collection is carried out by sharing the questionnaire to UMKM perpetrators online throughout the Bualemo district of Banggai. The results of the questionnaire are tested for validity and reliability, as well as a classic assumption test.

### C. Method of Hypothesis Testing

The data analysis method used in this study is double regression analysis, and moderation regression analyses with the approach of absolute differential interactions.

$$K_u = \alpha + \beta_1 IEC + \beta_2 LK + e \dots\dots\dots$$

where :

A = constant = constant

$\beta_1$  = e-commerce implementation regression coefficient  $\beta_2$  = financial literacy regression

IEC = e-commerce implementation variable LK = financial literacy variable

E = error term, that is, the rate of error in the research.

## RESULT AND DISCUSSION

### A. The research instrument

Research tools are the media in data collection. A questionnaire is reliable if the answer is consistent when the same question is asked at different times. To test the quality of the data obtained from the application of the instrument, then treated validity test, and reliability test with the following explanation:

#### a. Determination Coefficient Test

The model test performed to see whether a regression model is fit or not is performed using a determination coefficient. The determination coefficient is used to look at the ability of independent variables in describing dependent variables, where the Adjusted R Square value that approaches one then the independent variable provides almost all the information needed to predict variation of dependant variables. The results of the determination coefficient between e-commerce impelmentation and financial literacy against the sustainability of UMKM can be seen in the following table.

Table 3.1 Determination Coefficient Test

Model	R Square	adjusted Square	R	std. Error of the Estimates
1	,612 <sup>a</sup>	,375	,360	2,700

Processed Data, SPSS 2023

From the results of the analysis using the SPSS 24 program, it can be seen that the coefficient of determination of Adjusted R Square is 0.410. The magnitude of the coefficient of determination is equal to 41%, which means that the variables of implementation, e-commerce and financial literacy can affect the sustainability of micro, small and medium enterprises, while the remaining 58% is influenced by other variables outside this study.

#### b. Multicollinearity Test

This multicollinearity test is needed to test the regression model, it is found that there is a correlation between the independent variables. A good regression model is that there is no correlation between the independent variables or the occurrence of multicollinearity.

Table 3.2 Multiconerity Test Results

Variable	tolerance	VIF	Information
e-implementation commerce	.770	1,299	Free from Multicollinearity

<b>Literacy finance</b>	.770	1,299	Free from Multicollinearity
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Source: Data processed by SPSS, 2023

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One way to detect whether there is a multicollinearity problem is to look at the VIF if the VIF value is less than 10 and the Tolerance value is above 0.10, then there are no symptoms of multicollinearity and vice versa. Based on the test results shown, the tolerance value of the independent variable is not less than 10% or 0.1 and the Variance Inflation Factor (VIF) value. Everything is less than 10 which means there is no multicollinearity between the independent variables. Table 4.2 gives all VIF values below 10 or tolerance values above 0.1. This means that there are no symptoms of multicollinearity in this study.

### d. Multiple Regression Analysis

The regression equation can be seen from the table of Coefficient test results based on the output of SPSS version 24 for the two variables, namely e-commerce implementation and financial literacy, shown in table 4.3 below:

Table 3.4 Multiple Analysis Test Results

Model	Unstandardized		standardized	t	Sig.
	B	std. Error	Coefficients		
			Beta		
			s		

	20207	2,579			7,836	.000
<b>1 (Constant)</b>	.324		.054	.560	6013	.000
<b>Implementation</b>						
<b>E-commerce</b>	.037		.031	.112	1,206	.000
<b>Literacy</b>						

e. Testing the hypothesis (Uji t)

The t-test was carried out to find out the impact of the variable implementation of e-commerce, and financial literacy on the sustainability of a UMKM enterprise in a partial way. (Sendiri-sendiri). The t test is done by comparing the value of its significance. If the significance value is  $<0.05$ , the effect is said to be significant, and if the value of significance is  $>0.05$ , it is said that the impact is not significant. Based on Table 4.3, it appears for e-commerce implementation (IEC) to be less than a significance value of  $0.000 < \alpha 0.05$ . So the variable Implementation of E-commerce has a significant positive impact on the continuity of UMKM (KU) business partially. Significant value of the variable Financial Literacy (LK)  $0.000 < \alpha 0.05$ . Thus, financial literacy variables have a positive and significant influence on the partial sustainability of UMKM (KU).

B. Discussion

E-commerce that is implemented by micro, small and medium enterprises is expected to be able to continue their business even in the midst of the Covid-19 pandemic, especially in the new normal era of the Covid-19 pandemic as it is today which has resulted in government policies to limit people's mobility starting from the PSBB ( Large-Scale Social Restrictions) to PPKM (Restrictions on the Movement of Community Activities) which reach levels, so that the implementation of e-commerce and financial literacy owned by MSME actors can continue to run their business resulting in business performance that does not drop too much and of course it is expected to continue can create the continuity of the business of MSME actors in Banggai Regency.

## CONCLUSION

This study has limitations, namely only examining the variables of e-commerce implementation on business continuity. By only using the population of MSME actors in Bualemo District, Banggai Regency, for further research this research can be developed by examining other variables such as customer service, use of accounting information and so on which can affect business continuity, as well as using broader population data.

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