

# Analysis Of The Impact Of Using E-Commerce In Increasing Sales Turnover Of Micro, Small And Medium Enterprises In Padangsidempuan City

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## **Abstract.**

*This study aims to determine what are the impacts of using E-Commerce in increasing MSME sales turnover. This study uses a qualitative approach that is descriptive analysis. The data collection techniques used are observation, interview and documentation techniques. The research subjects were 5 MSME actors in the city of Makassar. The results showed that there are two impacts of using E-Commerce, namely positive impacts and negative impacts. The positive impact is the use of E-Commerce, namely, the store can be accessed 24 hours, provides security and convenience in the transaction process, eases promotions so that it can help communicate faster with customers and can access the global market and can satisfy customers and of course can increase sales turnover. Meanwhile, the negative impact is that if the goods are damaged, the goods can be checked and result in losses in shipping and packing costs, the number of rivals, admin fees charged to buyers and sellers, the COD system that makes sellers feel disadvantaged because the funds are released after the goods arrive.*

**Keywords:** E-Commerce, Sales Turnover, MSME

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## **I. INTRODUCTION**

Empowerment of micro, small and medium enterprises (MSMEs) is a strategic step in improving and strengthening the basic economic life of the majority of the Indonesian people. The empowerment of MSMEs is directed at building independence and competitiveness through creating a conducive business climate, applying science and technology, and strengthening economies of scale. The empowerment of MSMEs is also used to increase its contribution to improving the economy both in poverty alleviation and the creation of jobs (Anonimius, 2015). In addition, the development of the large role of MSMEs is shown by the large number of business units and their contribution to employment. Besides having a significant role in the economy, in the current era of globalization, MSMEs must be able to face high business competition and global challenges, such as increasing product and service innovation, developing human resources and technology, and expanding the marketing area. In addition, there are classic problems that MSMEs always face.

These problems include capital problems (both initial, operational capital, and capital for long-term investment needs), marketing difficulties and limited human resources (Hendriani, 2012). The use of information technology, especially the E-Commerce system, is considered as one of the solutions that can be used to help

improve and develop MSMEs. An important factor in the use of E-Commerce is to increase the ability to get feedback from customers quickly, besides that it can also save costs for marketing. Without the use of the E-Commerce system, it is believed that MSMEs will weaken in their marketing. Fatmariansi (2011) in his research shows that the higher the adoption of E-Commerce system information technology in MSMEs, the higher the performance of these MSMEs. Another study conducted by Sevitan (2011) shows the magnitude of the simultaneous influence of E-Commerce on sales volume by 90.9% and the rest is influenced by other factors. Another study conducted by Maryama (2013) stated that the biggest benefit of using E-Commerce is to increase sales turnover by 31%.

Karagozoglu and Lindell (2004) suggest that E-Commerce has a positive impact on customer base development (marketing function) and has no significant impact on purchasing management. The Ministry of Communication and Information (Kominfo) stated that currently there are still many micro, small and medium enterprises (MSMEs) that have not joined E-Commerce. Of the 58 million MSMEs in Indonesia, only 8 million MSMEs have joined E-Commerce. Entering the 4.0 era, micro, small and medium enterprises (MSMEs) seem to be required to develop competitiveness through the use of digital platforms, including for SMEs in the city of Padangsidempuan. Unfortunately, only 10% of the ecosystem in the segment classified as MSMEs only uses technology to support their business activities.

The limited resources to support digital-based capacity development are one of the obstacles, including aspects of capital, promotion to strengthening the quality of competitive products. Referring to the data from the Makassar City Cooperatives and MSMEs, the number of MSME actors so far is 16,492 who are engaged in various sectors. Electronic commerce (E-Commerce) is a concept that can be described as the process of buying and selling goods on the internet, or the process of buying and selling products, services and information exchange through information networks including the internet (Suyanto, 2003). Another opinion by Grandon and Pearson (2004), defines E-Commerce as the process of buying and selling products or services of electronic data networks via the internet. Furthermore, Turban (2004) defines E-Commerce as the process of buying and selling or exchanging goods, services and information using computer network media.

## II. METHODS

In this study, the researcher used a qualitative approach with descriptive qualitative methods. Qualitative research uses data that is stated verbally and the qualifications are theoretical. Descriptive qualitative method studies the existing problems and working procedures that apply. This qualitative descriptive study aims to describe what is currently happening. In it there are attempts to describe, record, analyze and interpret conditions that are currently happening or exist. Data collection

techniques used are observation, interview and documentation techniques. The research subjects were 5 MSME actors in the city of Padangsidempuan.

### III. RESULT AND DISCUSSION

Based on the results of interviews that the positive impact of using E-commerce, namely, stores that can be accessed 24 hours, provide security and convenience in the transaction process, facilitate promotions so that they can help communicate faster with customers and can access global markets and can satisfy customers and of course can increase Sales turnover. Furthermore, based on the results of interviews that the negative impact of the use of E-Commerce, namely if the ordered goods are damaged, the goods can be canceled and result in losses in shipping and packing costs, the number of competitors so that consumers will be more careful in choosing products both in terms of price and in terms of quality. , there are admin fees charged to buyers and sellers as well as various easy and simple ways, namely the COD method in the payment process, which benefits the buyer but on the other hand the seller feels disadvantaged because the funds are released after the goods arrive in the hands of the consumer. The turnover referred to in this study is the sales turnover that the company has obtained per month. In accordance with the theory of Chaniago (2002), which says that the total amount of income obtained from the sale of an item or service within a certain period of time. The sales turnover from the interviews can be seen in Table 1.

**Table 1.** Sales Turnover

No	Name	Business Name	Turnover before using E-commerce / month	Turnover after using E-commerce / month
1	Abdul Rahmad	Rumah Aneka Bumbu	Rp. 4.000.000,- to Rp. 5.000.000,-	Rp. 4.800.000,- to Rp. 6.000.000,-
2	Hani Anggraini	Beauty Shop	Rp. 4.000.000,- to Rp. 5.000.000,-	Rp. 5.200.000,- to Rp. 6.500.000,-
3	Andi	Rizki <i>Computer</i>	Rp. 7.500.000,-	Rp. 20.000.000,-
4	Sri Indiriyani	Hijab <i>Fashion shop</i>	Rp. 1.000.000,-	Rp. 1.5000.000,-
5	Siti Nur Rahmini	Siti <i>Outfit</i>	Rp.6.000.000,- to Rp. 20.000.000,-	Rp.7.500.000,- to Rp. 25.000.000,-

#### **Positive impact**

In accordance with the results of the first positive impact interview with the use of E-Commerce, namely the store can be accessed 24 hours, this is relevant to the theory of E. Turban (2012), which states that E-Commerce has benefits and advantages for various parties, namely:

(1) For companies: (a) Availability of national and international markets; (b) Reduction of international costs, distribution and retrieval of information.

(2) For the public: (a) Unlimited access to a large number of products and services, 24 hours a day; (b) Provide information services easily and conveniently, to people in cities, villages and various countries.

Furthermore, the positive impact with the use of E-Commerce is to provide security and convenience in the transaction process, where this impact is felt, including saving promotion costs and increasing transaction speed. This will ultimately increase the competitiveness of MSMEs (Mastisia, 2019). Furthermore, the use of E-Commerce can certainly help reduce costs and can convey detailed information about products and special prices given to consumers online and facilitate the transaction process without having to come to the store directly so that they can compete with similar stores and get good results. maximized (Maulana et al, 2015). In addition to the positive impact felt by MSME actors, their income is increasing, their products will be more easily recognized by consumers making it easier to get customers according to the results of interviews that the next positive impact is, simplifying promotions so that they can help communicate faster with customers and can access global market and can satisfy customers and of course can increase sales turnover.

This is relevant to the theory of Spicaalsmilia and Robahi (2007), which shows that the biggest benefit of using ECommerce in companies is that it can increase sales turnover by a percentage of 31%, the next benefit is an increase in the number of customers by a percentage of 25% and the next is expansion. business reach and promotion facilities with 16% as well as new business opportunities and customer satisfaction with the same percentage of 5% and the last is the ease of relationship relations, which is only 2%. Furthermore, the use of information technology, especially the e-commerce system, can have a positive impact on MSMEs in terms of marketing and operations. In accordance with the theory of Karagozoglu and Lindell (2004), suggests that E-commerce has a positive impact on the development of the customer base (marketing function) and does not have a significant impact on purchasing management. Meanwhile, according to Love and Irani (2004) argued that E-Commerce helps MSMEs to know the benefits in operations, namely to help improve overall performance. Thus, MSMEs will benefit in terms of promoting their business and can also expand their business globally to expand their business network.

### **Negative impact**

In accordance with the results of the interview, the first negative impact with the use of E-Commerce is that if the goods ordered are damaged the goods can be canceled and result in losses in shipping and packing costs, so this can result in losses for MSME business actors where this error is caused by human factor or system error. This is in accordance with the theory of Agung (2015), which states that unexpected losses are caused by deliberate interference, dishonesty, improper business practices, human factor errors or system errors. According to Agung (2015), the negative impacts

are: (a) Direct financial loss due to fraud. A fraudster transfers money from one account to another or has replaced all existing financial data; (b) Theft of valuable confidential information. Disturbances that arise can reveal all such confidential information to unauthorized parties and can result in great losses for the victim; (c) Loss of business opportunity due to service interruption. This error is a non-technical error such as a sudden power outage; (d) Use of access to resources by unauthorized parties. Suppose a hacker program (hacker) who managed to break into a banking system and then move a number of other people's accounts to his own account; (e) Loss of trust from consumers. This is due to various factors such as deliberate efforts by other parties to try to undermine the company's reputation; (f) Unforeseen losses. Caused by deliberate interference, dishonesty, improper business practices, human factor errors or system errors.

Then the next step is the number of competitors so that consumers will be more careful in choosing products both in terms of price and in terms of quality, where the large number of business actors results in the creation of many competitors so that business actors are required to create innovations that are better than their competitors in order to be able to maintain their business and especially their customers. In addition, the forms of competition that often occur are the entry of new entrants, the threat of substitute products, the bargaining power of suppliers and competition between competitors. This reflects that the threat of competition is not only limited to fellow companies in the existing industry, but also comes from customers, suppliers, substitute products and potential new entrants (Mastisia, 2019). Furthermore, this is in accordance with Rahmidani's theory (2015) that there is tight competition for suppliers/vendors. Next is the admin fee charged to buyers and sellers.

This statement is relevant to Rahmidani's theory (2015), which says that users are subject to transaction fees and implementation or advertising costs can be high. Where in this case each E-Commerce has a different admin fee. For Shopee the admin fees have three levels according to their status, namely, the first is Seller is a status that is usually used for sellers who are just starting to sell at Shopee where the admin fee = (original price of the product-product discount and/or discount voucher borne by the seller) x 0,5%. Furthermore, Star Seller is a seller who has met the criteria and has been set at Shopee where the admin fee is = (Original price of the product-product discount and/or discount voucher borne by the seller) x 1.5%. Then the third is Shopee Mall which is a type of seller or status The highest level for shopee sellers at this time, to get this kind of status, there will be some very important things to be prepared, namely the condition is a Certificate of Intellectual Property Rights which is in the form of a trademark or trademark certificate. Where the admin fee = (Original price of the product, product discount and/or discount voucher borne by the shopee mall seller) x 5%, then Tokopedia has admin fees based on the type of store, where the type of store is the Official Store which has the right to use five store admins for free, Power Merchant you can use 1 store admin for free and the last is the Regular Merchant

which will be charged if you use the store admin, the fee is 150 thousand / 3 months. Then for the admin fee for the transaction for the Bukalapak partner, it will be removed starting on Thursday, 9 May 2019, where the admin fee is 5% for the transaction for the Bukalapak partner.

Lastly, regarding the negative impact of using E-Commerce, namely the existence of various easy and simple ways, namely the cash on delivery (COD) method. Where COD is a payment method that is generally carried out when the seller and buyer are in the same city or at a close distance so that the seller can immediately receive payment in cash when the goods are received by the buyer. However, this method still has drawbacks for both sellers and buyers (Jihan Alhabsyi et al., 2014). The problem that often occurs in COD is when transactions are carried out at the location, where they do not know the conditions of the strategic COD place in terms of security and feasibility with certainty, other than that There is a problem with the COD location selection factor which is determined unilaterally, so that the risk of crime becomes even greater and can threaten the safety of both the seller and the buyer (Labib, 2018).

Based on the sales turnover table, it can be seen that all parties involved in E-Commerce get greater profits. Based on an interview with Mr. Abdul Wahab, the income from his business increased from 4-5 million per month to 4.8 million-6 million per month, which means that every month there is an increase of about 20%. Mrs. Hasryanti's income has increased by around 30%, from 4-5 million to 5.2 million-6.5 million per month. Meanwhile, based on an interview from Mr. Hendra, his income from his business increased from 7.5 million to 9 million per month, which means that every month there is an increase of about 30%. The income of Sry Mulya's mother has increased by about 20%, from 1 million to 1.2 million per month. Meanwhile, based on an interview from Mrs. Siti Fajriani, her business income increased from 6-20 million to 7.5-25 million per month, which means that every month it has increased by around 25%. This shows that the use of E-commerce can increase the sales turnover of MSME actors by 20% - 30%. This is relevant to the results of research conducted by Maryama (2013), that the biggest benefit of using E-Commerce is to increase sales turnover by 31%.

#### **IV. CONCLUSION**

1. Based on the results of interviews and discussions that have been described, the author has several conclusions on the results of this study, namely as follows:

2. 1. From the interviews, it was found that the positive impact of using E-Commerce, namely, stores that can be accessed 24 hours, provide security and convenience in the transaction process, simplify promotions so that they can help communicate faster with customers and can access global markets and can satisfy customers and of course can increase sales turnover.

3. 2. From the results of interviews it has been found that the use of E-Commerce also has a negative impact, namely if the goods are damaged the goods can be canceled and result in losses in shipping and packing costs, the number of competitors, the admin fees charged to buyers and sellers, the COD system which makes the seller feel disadvantaged because the funds are released after the goods arrive.

4. 3. From the results of interviews it has been found that the use of E-Commerce can increase sales turnover by 20%-30%.

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