



Effect of *E-Commerce* on Business Growth in MSME Entrepreneurs Jeans Cihampelas Bandung

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Abstract. For several years, e-commerce has become a significant concern for economic observers because it has an essential role in the digital era related to business growth. This study aimed to find out the description of e-commerce and business growth in MSME entrepreneurs Jeans Cihampelas and the description of e-commerce on business growth. A survey was conducted on SME Jeans Cihampelas entrepreneurs in Bandung City, with a population of 63 jeans entrepreneurs. The results of the study using path analysis revealed that e-commerce had a positive influence on business growth for MSME entrepreneur Jean Cihampelas, Bandung City. This is indicated by the value of $f_{count} > f_{table}$, which is $31.844 > 2.56$, which causes H_0 to be rejected. This means that e-commerce is a good trigger simultaneously for business growth. This shows that the better the knowledge about e-commerce, the better the growth of the Cihampelas jeans SMEs business in Bandung. Business processes at the MSME scale are expected to use an understanding of e-commerce as more incentives to increase business growth.

Keywords: e-commerce · Entrepreneurs

1 Introduction

Entrepreneurship is the value you need to start a business and grow it. The ability to come up with an innovative mindset and continue as an effective and resourceful way of creating new businesses or being effective and innovative in an organization is recognized in all business fields, especially in the economic field. The industrial revolution 4.0 encourages the economic sector to optimize financial flows from various fields due to advances inadequate technology. In today's challenges, the technology that fundamentally connects the digital-physical world is changing humanity to the extent that its transformation has a positive impact. Many business fields are driven by the rapid flow of technology and require the use of electronic media intermediaries, one of which is e-commerce.

An example of the application of developing technology is the use of *e-commerce*, where various features can help to sell products online. In using this technology, several parties participate, such as the role of government, consumers, and investors. With the

development of technology, such as the ease of accessing the internet and the features on the website, it is an added value for companies to improve their skills in terms of communication and marketing. For several years *e-commerce* has become a significant concern for economic observers because it has an essential role in the digital era related to business growth [1]. Business growth is the direction of business activities in general and activities to improve economic welfare. A country's economy can develop well if the total number of entrepreneurs is at least 2% of the country's population based on the trade law regulations of the Indonesian Ministry of Trade. Indonesia's economy grew slower in the fourth quarter. Structurally, there are no significant changes in Indonesia's primary sectors. The three largest sectors still consist of manufacturing, trade, and construction. During a period of 3 years, the annual production capacity decreased by 11.06%. This decrease in the amount of production capacity occurred due to a decrease in the business growth of Cihampelas jeans coupled with this *pandemic* so that the craftsmen decided to reduce the amount of production capacity, so many closed their businesses and turned to look for new opportunities or other professions that could increase their income.

E-commerce is a step to overcome the factors that affect business growth. Understanding e-commerce can provide new insights into how to market products, use electronic media intermediaries, and process business processes to achieve business growth. Existing scientific studies are in accordance with the development of the digital economy and require MSME actors to adapt to changes in the flow of technology that are increasing rapidly every year.

This study's formulation of the problem is as follows; 1). How is the description of e-commerce on the MSME Entrepreneur (Jeans Cihampelas Bandung, 2) How is the picture of business growth for the MSME Entrepreneur (Jeans Cihampelas Bandung, 3) How significant is the influence of e-commerce consisting of product, intermediary, and process on business growth in MSME Jean's entrepreneurs Cihampelas Bandung City either directly or indirectly. Based on an explanation of the condition of e-commerce on business growth. Thus, a research paradigm is drawn up clearly illustrated in Fig. 1.

Strategic management is a particular situation or development that includes commitments, decisions, and mandatory activities for companies to generate prosperity, and learn how to expand, grow, and develop a competitive advantage using strategic management development [2]. An effective strategic management process maintains new behaviors to find and follow competitive opportunities that were not identified or used in the previous period [2]. Strategic development and implementation do not guarantee. Continuous superior performance, as in strategic entrepreneurship, which applies the concept of the digital economy through online transactions. Even well-managed transactions can sometimes achieve skills in a short time due to bad conditions beyond

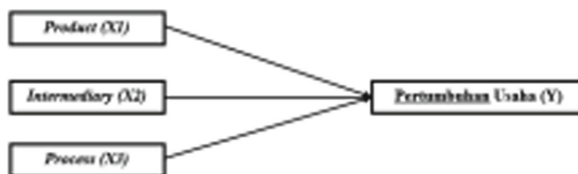


Fig. 1. Research Paradigm

management's ability to predict or react. E-commerce is a platform for digitally processing business activities. E-commerce has a positive effect on business growth, then [3] in his research mention that e-commerce and business growth are positively correlated.

E-commerce is a business process carried out online, including managing products, buying and selling transactions, promotions, product design, financial management, and implementing structured business system access. In the current digital era, many activities rely on internet connections, including those related to economic activities where e-commerce has an essential role in business aspects such as increasing income, managing business information systems, and structured management in growing the business of an MSME and other business actors. Which is engaged in various business fields.

Entrepreneurship is a process of creative activity in creating something that has a higher value and constantly optimizes all the power or effort that can be done. Such as devoting time, psychological funds, and receiving one's appreciation or satisfaction. Schumpeter (1934) mentions that entrepreneurship is a person's activity in introducing new products and services, new product production methods, and how to utilize suitable raw materials. Entrepreneur himself has a fairly broad meaning because it mentions a person or person who can seize various opportunities. Business opportunities, then these business opportunities are used as business fields by devoting all their time to creating business opportunities. This is in line with the opinion of Jean-Baptiste, a French economist, that entrepreneurs are people who have specific arts and skills in creating new economic ventures.

E-Commerce

In this case, E-commerce means carrying out business processes such as e-commerce, payments, and online delivery. E-commerce aims to increase sources of income obtained using the web or the internet with customers and business partners and can improve cost efficiency.

Turban in [4] defines e-commerce as a business activity such as selling goods, promoting goods, and designing market strategies depending on the management of effective leadership skills and authentic, charismatic, and transformational leadership styles. According to Tuban (2015) e-commerce has 3 dimensions, namely: 1) product; 2) intermediary, and 3) process.

Business

Growth is an internal process of developing a company and quality improvement and expansion of changes in size over a specified period. Business growth is the result of expanding demands for products or services, and the first result in sales growth and, consequently, investment in additional production factors to adapt to new demands associated with new markets. Growth is the result of the excellent administration of the resources and capacities that an entrepreneur uses to promote the growth of his business. The establishment of growth depends on identifying resource origins and capacities and learning on sustainable methods of profit accumulation and generation, coupled with examining how and when business industry resources are managed wisely. Growth is a sign of progress forward. The growth provides an image of stability for more established businesses to increase their network with customers, suppliers, financial institutions, and other businesses. It is clear that growth often increases market credibility, and associated

with it is a greater need, such as the number of additional business staff. Business owners need the skills to develop their businesses against these changes and get result.

2 Methods

This study was conducted to determine the effect of e-commerce on business growth. The independent variable contained in this study is the e-commerce dimensions of product, intermediary, and process. While the dependent variable is business growth with dimensions of excellent service, internal operations, sustained profitability, and finance externally. in this study is probability sampling by taking a sample of most Extreme Differences. The object/unit of analysis in this study is the entrepreneur of the Center for SMEs, Jeans Cihampelas Bandung. This research was conducted over less than one year. The sampling technique used was 63 people in the population. The data sources used consist of primary data derived from respondents' responses to the dimensions of e-commerce and business growth in MSME entrepreneurs Jeans Cihampelas Bandung and secondary data from several works of literature, articles, journals, and various other sources of information. Data collection techniques used are library research and field studies. Explanative data analysis using path analysis with the help of software SPSS (Statistical Product for Service Solution) 25.0 for windows.

3 Results and Discussion

3.1 Research Results

To measure how much influence e-commerce has on business growth for MSME entrepreneurs Jeans Cihampelas Bandung, as well as to test how e-commerce on business growth for MSME entrepreneurs Knit Binong Jati Bandung, calculations are carried out using path analysis with the help of software SPSS 25.0 for windows. The normality test is a requirement for the path analysis model. The normality test was tested using the Kolmogorov-Smirnov formula.

The significance value of the normality test of the research data is 0.200. This value is > 0.05 so that the data on the contribution of the influence of e-commerce to business growth can be determined by the coefficient of total determination. The research variable is stated to have a normal distribution of data so that the data can be used for analysis of track. Data that have been normally distributed will be tested to determine the effect of e-commerce on business growth. To obtain the path coefficient, the inverse correlation matrix is associated with the correlation between the independent variable (e-commerce) and the dependent variable (business growth). Coefficient the total determination or influence of the endogenous variables as a whole is 0.618 and if the percentage is 61%, it means that the influence of e-commerce on competitiveness is in the strong (Sugiyono, 2016).

The results of the test of the direct effect of product (X1) and intermediary (X2) process (X3) on business growth (Y) are the most dominant intermediary variable (X2). With the acquisition value of 0.326. While the variable that has the least dominant direct influence is process (X3) with a value of 0.295. The results of the test of the

indirect (X1) and intermediary (X2) process (X3) effect on business growth (Y), the most dominant is the leadership variable (X2) through (X1) or vice versa with a score of 0.062. While the variables that have overall test results provide significant results, so to find out whether each variable has an effect on job satisfaction, it can be tested partially. The least dominant indirect influence is systems (X3) through strategy (X1) or vice versa with the acquisition of values.

Probability (Sig) required program material variables < 0.05 , i.e. 0.000, the product is declared to have a significant effect on competitiveness variable. The probability value (sig) of the material delivery method variable < 0.05 , which is 0.000, then the intermediary is declared to have a significant effect to the variable of business growth.

The test for the F test taken from Anova with a probability level (Sig) = 0.000 because Sig > 0.05 then the hypothesis H_0 is rejected, it can be interpreted, simultaneously or entirely there is a significant influence between e-commerce on business growth in MSME entrepreneurs Jeans Cihampelas Bandung.

Leadership has obtained a value of t count (3,192) $>$ t table (2,656), a probability value (Sig) of 0.000, the H_0 hypothesis is rejected, it can be interpreted that the product has a significant effect on business growth.

3.2 Hypothesis Testing

Judging from the R^2 value for the dimensions consisting of leadership, strategy, and systems of 0.618, it means that e-commerce is able to affect business growth by 61%. Based on the results of the t-test, it can be seen that the effect of e-commerce on competitiveness is significant with a t-statistic value of 7.739 ($>$ 1.97). The probability value (Sig) of e-commerce is 0.000. Thus, the effect of product on competitiveness is significant with a t-statistic value of 2.852 ($>$ 2.656). The probability value (Sig) systems is 0.000. Thus, the hypothesis $H_a: > 0$ means that there is a positive influence from the process on business growth.

4 Conclusions

Based on the results of theoretical studies and the results of the research that has been done using descriptive analysis and explanatory using path analysis between the dimensions of e-commerce, namely product, intermediary, and process against business growth in central entrepreneurs MSME Jeans Cihampelas Bandung conclusions are drawn as follows:

1. The description of e-commerce can be seen from its dimensions consisting of product, intermediary, and process categories. Good dimension product has the highest perception rating, while the process has the lowest perception rating.
2. The description of Business Growth can be seen from its dimensions which consist of excellent service, internal operations, sustained profitability, and finance externally category high dimension excellent service or the act of starting a business has the highest perception rating, while sustained profitability has the lowest perception rating.

3. Based on the study's results, the dimension process on business growth had the lowest value. The dimensioning process has the lowest value. The value of the indirect effect of the combination of the process dimensions with other dimensions increases the value of the direct influence of the process.

The existence of this research is expected to be able to assist further researchers in researching e-commerce on business growth using either the same or different indicators from more diverse theoretical sources and on different objects because of the many limitations in this study, especially those related to research methods and data collection techniques.

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