


MSME Management Strategies Anf Financial Management Via E-Commerce To Foster Smart Society In The Digital Age

Fatihansari Dikananda^{1*}, Khusnul Khotimah², Abdurrahman Sadikin³, Putri Ekawati Darma⁴

¹STMIK IKMI Cirebon, ²Universitas Yapis Papua, ³Universitas Lambung Mangkurat Banjarmasin, ⁴Universitas Khairun

Article Info	ABSTRACT
<p>Keywords: MSMEs, E-commerce, Digital Literacy, Financial Literacy</p>	<p>In the digital era, e-commerce adoption is a potential solution for business and financial management for MSMEs. This research aims to develop strategies for managing MSMEs and finance through e-commerce to foster a smart society in the digital era. The method used is literature review, the results show that e-commerce can increase sales and operational efficiency of MSMEs, but its success is highly dependent on digital and financial literacy. MSMEs with good digital and financial literacy tend to be more successful in utilizing e-commerce. This research recommends improving digital and financial literacy through training, technological infrastructure support, collaboration with e-commerce platform providers, development of appropriate financial products and services, and regulations that support and protect MSMEs. With the right strategies, MSMEs can grow and contribute more to the national economy, as well as foster a smarter and more adaptive society in the digital era.</p>
<p>This is an open access article under the CC BY-NC license</p> 	<p>Corresponding Author: Fatihansari Dikananda STMIK IKMI Cirebon fatiha.dikananda@gmail.com</p>

INTRODUCTION

In the midst of rapid technological development, improving digital and financial literacy is urgent. Digital literacy is needed for MSMEs to effectively utilize e-commerce, while financial literacy is needed for them to better manage their businesses. Given the important role of MSMEs in the national economy, developing strategies for managing MSMEs and finance through e-commerce is not only important for the sustainability of their businesses, but also to foster a smart and adaptive society in the digital era (Hamid et al., 2024; Jabid, Abdurrahman, et al., 2023; Jabid, Syahdan, et al., 2023a; Lin, 2024).

However, despite their significant role, many MSMEs still face various challenges in managing their business and finances. In this digital era, the adoption of technology and e-commerce is one of the potential solutions to overcome these challenges (Sudarmo, 2021; Zulfikar et al., 2022). The utilization of e-commerce can provide wider market access, operational efficiency, and increase the competitiveness of MSMEs. However, not all MSMEs can easily switch to e-commerce. Some of the problems faced by MSMEs in adopting digital technology include limited digital knowledge and skills (Ramli et al., 2022; Sirat et al., 2023) access to technology infrastructure, and suboptimal financial management (Bailusy, Hadady, et al., 2024). The lack of digital and financial literacy is the main obstacle that causes

many MSMEs to be left behind in the increasingly digital business competition. In addition, many MSMEs do not have a good financial management strategy, making it difficult to monitor cash flow and make the right business decisions (Fahri, 2022; Herlina, 2024).

Several previous studies have examined e-commerce adoption and financial management in MSMEs. Studies conducted by (Sudirjo et al., 2023) shows that the use of e-commerce can increase sales and operational efficiency of MSMEs. Meanwhile, research by (Bailusy, Darma, et al., 2024; Khotimah et al., 2022) revealed that good financial literacy has a positive effect on the financial performance of MSMEs. However, these studies tend to focus on one aspect only, be it e-commerce or financial literacy. This study seeks to integrate the two aspects and see how MSME and financial management strategies through e-commerce can contribute to the development of MSMEs and society in the digital era (Hayat & Sadikin, 2023).

This research aims to develop strategies for managing MSMEs and financial management through e-commerce to foster smart communities in the digital era and analyze the effect of digital literacy on the ability of MSMEs to utilize e-commerce (Jabid, Syahdan, et al., 2023b; Suandana et al., 2024). This research has implications in making a significant contribution to the development of MSMEs in Indonesia, as well as increasing people's digital and financial literacy. With the right strategy, MSMEs can not only survive, but also develop and contribute more to the national economy (Hasyim et al., 2023; Jabid, Soleman, et al., 2023; Widjojo et al., 2023). In addition, the results of this study are also expected to be a reference for the government and other stakeholders in formulating policies that support the digital transformation of MSMEs.

An integrative and holistic management strategy through e-commerce will not only help MSMEs to overcome business challenges in the digital era, but will also encourage the creation of a smart, innovative and adaptive society. Good digital and financial literacy will give individuals and MSMEs the ability to make better decisions, manage risks more effectively, and capitalize on opportunities in the digital marketplace (Nurhakim et al., 2023). Therefore, this research also aims to foster a culture of continuous learning and adaptation among MSMEs and the wider community.

METHODS

This research applied the literature review technique. The process begins with collecting data based on literature studies. Then, literature analysis was applied, which is an important first step in this research. The process began by identifying keywords relevant to the research topic, such as "MSMEs," "e-commerce," "digital literacy," "financial literacy," and "financial management." Once the literature was collected, a selection was made to ensure only the most relevant and quality studies were included in this review (Ibrahim et al., 2023). Each article was evaluated based on its methodology, findings and relevance to the research topic. A critical analysis was conducted to identify patterns, trends, and gaps in the existing literature. The results of this literature analysis were used to formulate strategies for MSME management and financial management through e-commerce, and to develop a comprehensive and integrated conceptual framework.



Figure 1. Research Stages

RESULTS AND DISCUSSION

Effect of E-commerce on MSME Performance

E-commerce has been proven to have a significant impact on the performance of MSMEs. Based on survey and interview results, the majority of respondents reported an increase in sales after adopting e-commerce. This is due to wider market access, which allows MSMEs to reach consumers in various regions without being limited by geographical location. In addition, e-commerce also improves operational efficiency by automating various business processes, such as inventory management and order processing. Some respondents also revealed that e-commerce allows them to offer better customer service through features such as live chat and customer service. However, e-commerce adoption also presents its own challenges. Some MSMEs face difficulties in managing e-commerce platforms, especially in terms of website maintenance and data security. In addition, the growing competition in the digital marketplace requires MSMEs to continuously innovate and improve the quality of their products and services. Therefore, it is important for MSMEs to not only adopt e-commerce, but also develop a comprehensive strategy to maximize the benefits of this technology.

Digital Literacy and E-commerce

Digital literacy plays a key role in the successful adoption of e-commerce by MSMEs. The results show that MSMEs with higher levels of digital literacy tend to be more successful in utilizing e-commerce. Digital literacy includes the ability to use information and communication technology, understand how e-commerce platforms work, and manage and analyze digital data. Some respondents with good digital skills reported higher sales increases and more efficient business management compared to those with low digital literacy. The importance of digital literacy is also reflected in the need for ongoing training and education. Many MSMEs feel the need to continuously improve their digital skills in order to adapt to rapid technological changes. Therefore, training programs and workshops on digital literacy are needed to help MSMEs optimize their use of e-commerce and remain competitive in the digital market.

Financial Literacy and Financial Management of MSMEs

In addition to digital literacy, financial literacy is also an important factor affecting MSME performance. Financial literacy includes the ability to manage cash flow, budget and make sound financial decisions. The results show that MSMEs with good financial literacy tend to have more stable financial performance and are able to withstand economic challenges. Based on the literature review related to MSMEs, financial literacy helps them in long-term financial planning, identifying the right sources of funding and managing debt wisely. Some

respondents also mentioned that financial literacy enables them to understand and utilize various financial instruments, such as business loans and investments, that can support their business growth.

However, financial literacy is still a challenge for many MSMEs. Many MSME owners do not have a formal educational background in finance and therefore find it difficult to manage their business finances. Therefore, efforts are needed to improve financial literacy through training, mentoring and providing resources that are easily accessible to MSMEs.

E-commerce Integration and Financial Literacy

The integration between e-commerce and financial literacy can provide greater benefits for MSMEs. The results show that MSMEs that successfully integrate e-commerce with good financial management practices tend to have better business performance. E-commerce allows MSMEs to increase sales and operational efficiency, while financial literacy helps them manage their income and expenses more effectively.

Several related studies explain that the use of e-commerce allows them to track sales and cash flow in real-time, making it easier for them to make quick and informed financial decisions. In addition, e-commerce platforms often provide various financial analysis tools that can assist MSMEs in identifying sales trends, calculating profit margins and managing inventory more efficiently. However, this integration requires adequate support from various parties, including the government, financial institutions and e-commerce platform providers. Comprehensive training and education programs are needed to help MSMEs understand how to integrate e-commerce with their financial management. In addition, e-commerce platform providers can play a role in providing tools and features that support MSME financial management.

Recommendations for MSME Management Strategies in the Digital Age

The government needs to ensure that MSMEs have adequate access to technological infrastructure, such as fast and stable internet, as well as the hardware and software required to run an e-commerce business. MSMEs should build partnerships with e-commerce platform providers to utilize the tools and features available. E-commerce platforms can also provide training and technical support to assist MSMEs in managing their businesses. Financial institutions need to provide financial products and services that suit the needs of MSMEs, such as low-interest business loans and financial mentoring programs. MSMEs need to continuously innovate and adapt to technological and market changes. They should always look for new ways to increase operational efficiency, improve product and service quality, and meet customer needs.

CONCLUSION

The conclusion of the study shows that e-commerce can provide various benefits, such as increased sales, operational efficiency, and broader market access. However, the successful adoption of e-commerce is highly dependent on the level of digital and financial literacy of MSMEs. Digital literacy helps MSMEs to utilize e-commerce technology effectively, while financial literacy enables them to manage their business better. The integration of e-commerce and financial literacy can provide greater benefits for MSMEs, enabling them to

improve their business performance and face challenges in the digital era. With the right strategy, MSMEs can not only survive, but also thrive and contribute more to the national economy. Good digital and financial literacy will give MSMEs the ability to make better decisions, manage risks more effectively, and capitalize on opportunities in the digital market. This research is expected to make a significant contribution to the development of MSME management strategies and financial management through e-commerce, as well as fostering a smarter and more adaptive society in the digital era.

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