

From Village to World: MSME Transformation Through Digital Platforms in Indonesia

Intan Juniarmi¹

¹ Universitas Jambi, Indonesia

Email: intanjuniarmi@gmail.com

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ABSTRACT

This article discusses the transformation of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia through the use of digital platforms. With increasing internet access and the use of information technology, MSMEs can expand their market reach from local to global scale. This study analyzes various strategies adopted by MSMEs to adapt to digitalization, as well as the challenges faced, such as limited resources and digital literacy. The results of the study show that MSMEs that successfully carry out digital transformation not only increase their competitiveness but also contribute to national economic growth. By utilizing e-commerce, social media, and other digital platforms, MSMEs are able to create innovations and strengthen social networks that support the sustainability of their businesses. This article is expected to provide insights for stakeholders in formulating policies that support the digital transformation of MSMEs in Indonesia.

Keywords: Digital Transformation, MEMSs, E-commerce, Innovation, Digital Economy, Indonesia.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the Indonesian economy, contributing around 61% to Gross Domestic Product (GDP) and absorbing more than 97% of the national workforce (Ministry of Cooperatives and SMEs, 2022). In recent years, digital transformation has become a major focus for MSMEs to increase competitiveness and expand markets. The use of digital platforms provides wider access to consumers and enables MSMEs to reach global markets that were previously difficult to reach by conventional means. With the development of technology and increasingly better internet infrastructure, MSMEs now have greater opportunities to grow and innovate.

However, despite this great potential, digital transformation for MSMEs in Indonesia is not without challenges. Many MSMEs face barriers in adopting technology, including a lack of understanding of digital marketing, limited access to capital, and inadequate technological infrastructure (Prasetyo & Budi, 2023; Sari et al., 2023). In addition, cultural factors and low digital skills among entrepreneurs are also obstacles in implementing digital strategies (Halim et al., 2022). Therefore, it is important to understand the strategies that can be implemented by MSMEs in facing these challenges and taking advantage of the opportunities offered by digital platforms. This article aims to explore the journey of MSME transformation from the village level to the global market through the use of digital platforms, as well as provide recommendations for policies that can support the development of MSMEs in Indonesia.



METHODS

This article uses a qualitative approach to explore the transformation of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia through digital platforms. This method was chosen to gain an in-depth understanding of the experiences and challenges faced by MSME entrepreneurs in the digitalization process. Data were collected through in-depth interviews with 15 MSME owners who have successfully undergone digital transformation, as well as focus group discussions with experts in the fields of economics and technology. Interviews and discussions were conducted online and face-to-face, allowing researchers to collect rich and contextual data.

Data analysis was conducted using thematic analysis techniques, where the collected data was grouped based on key themes that emerged from interviews and discussions. Some of the themes explored included digital marketing strategies, barriers to technology adoption, and the impact of digital platform use on business growth. The results of the analysis are expected to provide a comprehensive picture of the MSME digital transformation process, as well as offer relevant recommendations for policies and practices in supporting the development of MSMEs in Indonesia.

RESULTS

The results of the study show that the digital transformation of MSMEs in Indonesia has had a significant impact on business growth and competitiveness. Most respondents reported an increase in market reach after adopting digital platforms, with more than 70% claiming that their sales increased substantially within six months of switching to e-commerce and social media. In addition, the use of digital platforms allows MSMEs to interact directly with consumers, which increases customer loyalty and facilitates faster feedback on products (Prasetyo & Budi, 2023).

However, this study also identified a number of challenges faced by MSMEs in the digital transformation process. Several respondents expressed difficulties in understanding digital marketing tools and limitations in human resources with adequate digital skills. In addition, barriers to access to capital for technology investment are an obstacle for many MSMEs, especially in remote areas (Halim et al., 2022). However, respondents who managed to overcome these challenges reported that support from the community and government, as well as training on digital skills, were very helpful in the transition process towards digitalization (Sari et al., 2023). This finding is in line with research by Nugroho et al. (2023) which shows the importance of collaboration between MSMEs and educational institutions in improving digital capabilities.

DISCUSSION

The digital transformation of MSMEs in Indonesia shows great potential in increasing competitiveness and market access, especially in the era of increasingly rapid globalization. By utilizing digital platforms such as e-commerce and social media, MSMEs can not only expand their market reach but also create closer relationships with consumers. A study by Prasetyo and Budi (2023) found that MSMEs that adopt digital marketing strategies can increase sales by up to 50% in a short time. This shows that digitalization is not just a trend, but a necessity for MSMEs to survive and thrive in increasingly fierce competition (Rachmawati et al., 2022).

However, this transformation process is not without challenges. Many MSMEs, especially those located in remote areas, still face obstacles in terms of digital literacy and access to adequate technology. This is in accordance with the findings of Halim et al. (2022), which highlighted that a lack of understanding of the use of digital tools hinders the effectiveness of marketing and business operations. In addition, the results of

research by Anggraeni and Lestari (2023) show that the lack of financial support and digital skills training are significant obstacles for many MSMEs. Therefore, support from the government and the private sector is very important in providing training and access to the necessary technology. In addition, collaboration with educational institutions can help improve the digital skills of MSME entrepreneurs, as expressed by Nugroho et al. (2023), so that they are better prepared to face challenges in the global market.

CONCLUSIONS

The digital transformation of MSMEs in Indonesia has opened up great opportunities for entrepreneurs to expand their markets and increase their competitiveness on a global scale. The use of digital platforms, such as e-commerce and social media, not only helps MSMEs reach new consumers but also increases interaction with existing customers. Research results show that MSMEs that successfully carry out digital transformation can experience significant increases in sales and create innovations in their products and services (Prasetyo & Budi, 2023; Rachmawati et al., 2022). This transformation also contributes to increasing local economic resilience by creating new jobs and strengthening business networks.

However, to achieve the full potential of this digital transformation, it is important for stakeholders including the government, educational institutions, and the private sector to provide the necessary support. Challenges such as limited digital literacy, access to technology, and financial issues must be addressed through comprehensive training programs and adequate funding initiatives (Halim et al., 2022; Anggraeni & Lestari, 2023). In addition, collaboration between MSMEs and educational institutions, as demonstrated by Nugroho et al. (2023), can help improve entrepreneurs' digital skills, so that they are better prepared to compete in the global market. With an integrated approach, MSMEs in Indonesia can take advantage of the digital transformation to strengthen their contribution to national economic growth.

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