

# The Government's Role in MSMEs Development Through E-Commerce in Sumenep Regency

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**Abstract.** The use of information technology is increasingly popular, one of which is the internet. With the use of the internet, it automatically provides great opportunities for the development of the digital economy in society. Internet users in Indonesia in 2020 reached 196.7 million people, this number has increased by around 25.5 million users compared to 2019. This is a huge potential, when viewed from the marketing potential. This becomes attractive for MSME players to make sales online or through e-commerce. The use of e-commerce for MSME players requires support and policies from the government to continue to develop. This is necessary to protect and prevent unfair business competition. This researcher uses a qualitative descriptive method to describe the role of government. The results of the research show that the role of the government in the development of MSMEs in Sumenep Regency has been going well. This can be seen from the efforts made by the government to develop MSMEs through e-commerce. These efforts have had a huge impact on the development of MSMEs through e-commerce. This can be seen from the ease of licensing, business development, capital assistance and expansion of market share.

**Keywords :** Government; MSME Development; E-commerce

## 1 Introduction

Micro, Small and Medium Enterprises (MSMEs) is a pillar of the economy in Indonesia. In 2018, the number of MSMEs in Indonesia reached 99.99% of the total businesses in Indonesia and contributed 57.3% of the total Gross Domestic Income. This shows that MSMEs are the driving force of the economy and make a significant contribution to the Indonesian economy. MSMEs are also labor-intensive businesses, so they are able to absorb labor so that this is very helpful for the government to overcome the number of unemployed in Indonesia [1].

MSMEs in Indonesia have an important contribution to support the economy. The main driver of the economy in Indonesia has been the MSMEs sector. In addition to playing a role

in national economic growth and employment, MSMEs also play a role in the distribution of development results and are a driving force for the growth of national economic activity.

In brief, it can be concluded that MSMEs are the main pillars of the Indonesian economy. The main characteristic of MSMEs is their ability to develop flexible business processes at relatively low costs. The presence of MSMEs is not only in order to increase income but also to distribute income. This is understandable because the MSMEs sector involves many people with various businesses. The growth of information technology in these two decades has developed rapidly, triggering changes in various aspects of society from social to economic and political aspects. The existence of information technology at this time has a very important role in human life. The development of information technology continues to experience extraordinary developments [2].

Information technology has spread in various fields of life, one of which is business. The increasingly massive development of information technology can simplify the process of selling and marketing goods and services without being bound by space, distance and time. Information technology capabilities that make it possible to share various kinds of data such as text, graphics, sound, video, and animation have made many changes in the field of economics and business. One of the applications of information technology in business is electronic commerce (e-commerce) [3].

In line with the development of existing information technology, the level of business competition is increasingly attractive. This is not only on the offline market but also on the online market. So that the competition created between business people is very competitive. Thus all business people are required to be more creative, innovative, and always provide the best of the products being sold in order to compete. It is not limited to products that must be considered, but also must think about the strategies that will be used to achieve the goals of the company. Because at this time, many large companies have used the internet or what is commonly known as e-commerce [4].

One of the keys to the success of micro, small and medium enterprises is the availability of a clear market for MSMEs products in addition to promotion, branding, and interest in entrepreneurship [5]. Meanwhile, the fundamental weaknesses faced by MSMEs in the marketing sector are low market orientation, weakness in complex and sharp competition and inadequate marketing infrastructure [6]. Facing an increasingly open and competitive market mechanism, market control is a prerequisite for increasing competitiveness [7]. Therefore, the role of government is needed in encouraging the success of MSMEs to expand market access through the provision of web-based information technology facilities that can be used as a medium for global business communication.

Efforts to help MSMEs have been made by the government since the last few years, particularly by the Ministry of Cooperatives and Small and Medium Enterprises and the Ministry of Communication and Informatics. In 2018, involving the Marketplace, there were 4,914,413 MSMEs that have gone Online through On Boarding activities to the Marketplace. The Ministry of Communication and Information, and stakeholders (mainly marketplace managers) in March 2017 recruited 100,000 MSMEs in 30 cities to go online. Through this program, the government is committed to online 8 million MSMEs by 2020. This effort will of course greatly help MSMEs to survive the COVID-19 pandemic. This responsibility does not belong only to the government. Higher education also has a responsibility to help MSMEs be ready to face the digital era and do business online, through community service activities [1].

The development of MSMEs in Sumenep Regency will never be separated from the role of the local government. The role of local government is very important in developing MSMEs. This is because the local government is the policy maker.

## **2 Research Methods**

In conducting research, researchers used qualitative descriptive research methods, this qualitative descriptive study aims to describe record, analyze and interpret conditions that currently occur or exist. In other words, this qualitative descriptive study aims to obtain information about the existing situation.

## **3 Results and Discussion**

From the results of the research conducted it was said that the role of the government should really be able to touch the MSMEs actors in Sumenep Regency. The presence of the government is not only for policy makers but also in all sectors. From the results obtained, it says that the role of the government in developing MSMEs in Sumenep Regency has been carried out well. The role that the government plays in developing MSMEs in Sumenep Regency is by accelerating licensing, business development, capital assistance and expanding market share. the acceleration of licensing carried out by the Sumenep district government as an effort to make it easier for MSME players to take care of business permits so that they can freely and calmly carry out business activities. This policy is carried out in the form of local government concern for the existence of MSMEs in Sumenep Regency.

Bahtiar said that there was PP no. 80 of 2019 can bring legal certainty to e-commerce activities that are oriented towards consumer protection. However, several things must be considered in implementing this PP, one of which is points related to licensing. PP PMSE states that business actors are required to have a business license to conduct online trading [3]. The role of the government in providing guidance to MSMEs players is a form of protection for MSMEs players. From the results of the research conducted, it can be said that this role has not been carried out properly by the Regional Government of Sumenep Regency through the Office of Cooperatives and Micro Businesses to MSMEs actors. This is in line with the results of research conducted by Haris and Puspaningrum which stated that the MSMEs coaching carried out by the Sumenep Regency Cooperative and UMKM Office has not been running optimally [8].

The role of the government in conducting coaching is considered to be not good because some of the obstacles include human resources, the readiness of MSMEs actors, and existing facilities. Human resources are an obstacle to empowerment because the quality of human resources is less productive and innovative in doing business and giving a touch to the products produced. Bariqi said that human resources are company assets that must be maintained and developed so that they can make an optimal contribution to the sustainability of the company itself [9].

The readiness of MSMEs actors also plays a role in inhibiting the guidance carried out by the Sumenep Regency Government through the Cooperative and MSMEs Service. The unpreparedness of the MSMEs actors is shown by their seriousness in implementing the results of the coaching they get. So this will have an impact on why the coaching carried out by the Department of Cooperatives and MSMEs for MSMEs players is not optimal. While the next factor is the facilities, this is very important to its existence. Because the existing facilities are inadequate, one of them is the internet network.

The internet network is needed by MSMEs players to carry out marketing, promotion and sales to consumers by utilizing existing e-commerce. Until now, it is difficult for MSMEs players to access the internet network so that the implementation of marketing through e-

commerce cannot run well and according to expectations. Internet network readiness and availability is only limited to certain areas, for example only in urban areas and around sub-district offices or village halls for remote and inland areas. One of them is the unequal infrastructure that allows for smooth internet access. One of the causes of this unequal internet access is the relatively high cost of internet penetration [10].

Tone said that developing e-commerce activities requires more support from various infrastructure and support systems than conventional trading activities. Reliable and secure hardware and software are needed, communication infrastructure is also needed so that small entrepreneurs and consumers can take full advantage of e-commerce [11].

The role of the Sumenep Regency Government that has been carried out through the Office of Cooperatives and Micro Enterprises is the provision of capital assistance. Providing capital assistance has become a common role and is often carried out by both central and local governments. Efforts to ensure the progress and development of MSMEs are also programmed by the Ministry of Finance through the Decree of the Minister of Finance. The decree requires State-Owned Enterprises to set aside 1-5% of company profits for the Development of Small Businesses and Cooperatives [12]. This is done as an effort to support the development of MSMEs so that they can compete with large companies. Because at this time not only MSMEs are using e-commerce but large companies are also eyeing and using e-commerce to develop and maintain companies.

The program provided by the Sumenep Regency government to help advance and develop MSMEs, namely through the Regional Owned Enterprises (BUMD), Sharia People's Financing Bank (BPRS) Bhakti Sumekar, providing loans without collateral to MSME players, as well as deferring loan time to MSME players in the Regency Sumenep.

The results of the study show that the next role that has been carried out by the Sumenep Regency Government is to carry out promotions and networks to reach the market expansion of products from MSMEs in Sumenep Regency. One thing that is often done is displaying MSME products in exhibitions. In addition, the local government helps MSMEs players by accommodating and helping to promote the results of MSMEs products through the MSMEs clinic of the Office of Cooperatives and Micro Enterprises of Sumenep Regency. In addition, through the Communication and Informatics Office of Sumenep Regency, launched a market place program for Micro, Small and Medium Enterprises (MSMEs) entrepreneurs in Sumenep Regency. The use of market place is used to make it easier for traders to market their products online. This market place is an effort by the Sumenep district government to provide education to MSMEs players using e-commerce.

#### **4 Conclusion**

The role of the government in developing MSMEs through e-commerce in Sumenep Regency has been doing optimally. Although not everything is going well, but overall it is quite good. The role of the Government of Sumenep Regency is not only carried out by the Cooperatives and Micro Enterprises Office but also the role of all stakeholders in Sumenep Regency.

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