



Online Business Innovation Strategies In Local Communities In Increasing Economic Competitiveness

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Abstract: This research investigates the impact of online business innovations on improving the economic competitiveness of local communities. Using a mixed-method approach, data were collected through surveys, interviews, and observations from 50 participants in rural areas. The findings indicate that adopting e-commerce platforms and enhancing digital skills significantly increased market reach and income. The study highlights the role of collaboration between stakeholders in fostering sustainable economic growth.

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I. INTRODUCTION

The development of digital technology has changed the global economic landscape, including in Indonesia. In recent decades, digitalization has played a pivotal role in creating new opportunities in various sectors, including trade, services, and manufacturing. According to a report, McKinsey & company (2013), Indonesia has a huge potential for the digital economy with a projected value of reaching USD 130 billion by 2025. However, this potential has not been fully utilized by the local community, especially micro, small and medium enterprises (MSMEs).

The rapid development of information and communication technology (ICT) has drastically changed the way of doing business around the world, including in Indonesia. In recent years, online-based businesses or e-commerce have become one of the main pillars of the global economy, including in the context of the local economy (Hardiyono et al., 2024). People in regions, both cities and villages, are increasingly utilizing digital platforms to market their products and services, as well as interact directly with consumers (Furwanti et al., 2024). This has a significant impact on increasing economic competitiveness, especially in local communities. Therefore, it is important to learn how online business innovation strategies can be implemented within local communities to improve their economic competitiveness (Philip et al., 2017).

MSMEs contribute 60.50% to the national gross domestic product (GDP) (Ministry of Cooperatives and SMEs 2023). However, many of them face challenges in dealing with digital technology. Factors such as low digital literacy. Lack of access to technological infrastructure, and limited resources are the main obstacles, this challenge is further exacerbated by the impact of the COVID-19 pandemic, which forced many MSMEs to switch to digital platforms in a short period of time without adequate preparation (Saad et al., 2024).

A literature review shows that technology-based business innovation can be an effective solution to improve the competitiveness of MSMEs. Kotler and Keller also mentioned that the ability to adapt to digital technology will be a key factor in the economic growth of communities in the modern era (Philip et al., 2017). However, previous research has focused more on the urban sector or large companies, while studies on local communities in rural areas are still very limited. In fact, local communities have unique characteristics, such as limited resources and high dependence on social interaction, therefore, a more inclusive and contextual approach is taken to help local communities utilize digital technology in developing their businesses (Latiep et al., 2024).

This research aims to fill this gap by exploring online business innovation strategies that can be applied by local communities in rural areas (Rachman et al., 2023). The main focus is to understand the impact of digital training, the use of E-commerce platforms, and the collaboration of business actors on increasing economic competitiveness (Chaffey et al., 2019). The research also aims to provide practical recommendations for stakeholders, including the government and academics, to support the sustainability of digital-based economic development programs (Mentzer, 2004). With demikian, this research not only provides theoretical contributions but also practical benefits for local communities and stakeholders. This article consists of several parts, starting from the methodology of the research, to a conclusion that provides an overview of the impact of online business innovation on the economic competitiveness of local municipalities (Hardiyono et al., 2023).

Along with the importance of online business innovation, success in improving economic competitiveness depends not only on the adoption of technology alone, but also on understanding how to design the right strategy according to local market conditions (Indriasari et al., 2023). This research aims to explore various innovation strategies that can be applied by online business people in local communities to increase their economic competitiveness. This research is also expected to provide recommendations for the government, business actors, and the community in creating a more inclusive and sustainable digital business ecosystem at the local level (Ansar et al., 2024). By understanding the dynamics and challenges faced by local business actors, this research is expected to contribute to regional economic development and strengthen economic resilience at the community level through the use of technology and online business innovation (Indriasari et al., 2024).

II. RESEARCH METHODOLOGY

This research was carried out as part of Community Service (PKM) which focuses on the transfer of knowledge to MSME actors in Sukamaju Village, the program aims to increase the economic competitiveness of the local community through online business innovation strategies.

The research population is 75 MSME actors in Sukamaju Village who are engaged in handicrafts, culinary, and service businesses. From the total population, I selected 50 business actors as a sample with the purposive sampling technique, the sampling criteria include, have an active business for more than 1 year, be willing to participate in all stages of the program, including training, simulation, and mentoring, have no prior digital skills or are just starting to use technology in business. Sample compensation includes:

- 1) 25 handicraft business actors: They produce barang such as woven bags, bamboo crafts, and jewelry.
- 2) 15 culinary business actors: This business includes regional food and local catering.
- 3) 10 service business actors: For example, sewing services and event decoration service providers.

The selection of 50 samples was carried out to instill the diversity of business sectors that can represent the local community in Bone Village.

III. RESULTS AND DISCUSSION

The results of the study revealed various positive impacts of the implementation of online business innovation strategies on the local community in Sukamaju Village. This research discusses three main aspects: increasing digital literacy, expanding market reach, and challenges faced by participants during the program.

1) Prior to the implementation of the program, the results of the questionnaire showed that only 20% of the total 50 participants had a basic understanding of digital marketing and e-commerce. Most participants, especially those over the age of 40, rely solely on conventional means such as direct sales or through word-of-mouth recommendations.

After the training, there was a significant increase in the level of digital literacy of participants. As many as 85% of participants are able to use social media such as Instagram and Facebook for product promotion. They have also begun to utilize marketplace platforms such as Tokopedia to reach a wider range of consumers. Observations during the training showed that practical approaches, such as

simulations of e-commerce account creation and product uploads, greatly helped participants understand the concept of digital technology. One of the participants, Mr. Sugiarto, reported that he is now able to manage orders online more efficiently.

2) Expanding Market Reach and Increasing Turnover

This program has succeeded in expanding the market reach of MSME actors. As many as 60% of participants reported a 30% increase in sales within two months of the program. This data was supported by an analysis of questionnaires and in-depth interviews that showed that participants could now sell their products outside the Bone Village area.

For example, one of the participants from the food sector, Mrs. Lina, stated that her products are now ordered by consumers in nearby cities after she marketed her products through Tokopedia and took advantage of more attractive product photos. Questionnaire data shows that participants from the food sector experienced the highest average increase in turnover, which was 35%, compared to the handicraft sector (28%) and services (25%).

3) Infrastructure and technology challenges

Although this program has provided positive results, several obstacles still arise during its implementation. The biggest challenge is limited internet access in some parts of Sukamaju Village. Some participants, especially those in suburban areas, have difficulty accessing a stable network to manage their online stores.

In addition, the results of the interview revealed that around 15% of participants did not have adequate technology devices, such as smartphones that support e-commerce applications. To overcome this obstacle, some participants took advantage of devices borrowed from family members or relatives.

4) Collaboration Between Business Actors

The results of the study also showed the emergence of collaboration between participants during the implementation of the program. For example, craft and food groups work together to create a combined product in the form of snack packages in local woven baskets. This collaboration not only increases sales, but also strengthens the sense of solidarity among local business actors.

An interview with one of the participants from the service sector, Ms. Rina, revealed that this kind of collaboration provides new opportunities to promote their products simultaneously on social media. Participants also shared their experiences and strategies that they successfully implemented during the mentoring.

5) Program Impact Evaluation

The results of the evaluation survey showed that 90% of the participants were satisfied with the program, mainly because of the practical approach used during the training. Most participants stated that they needed a more in-depth follow-up program, particularly in terms of digital stock management and customer loyalty improvement strategies.

In addition, the increase in digital literacy that occurs is also the basis for planning further training in the future. Participants suggested that local governments invest in improving internet infrastructure to support the wider application of digital technology.

The results of this study support the previous literature which stated that digital technology can have a significant impact on the competitiveness of MSMEs. Kotler and Keller (2016) mentioned that digital marketing is one of the most effective strategies to reach a wider market. In the context of Sukamaju Village, this strategy has proven successful with an average turnover increase of 30% in all sectors. However, these results also show that the success of online business innovation depends not only on training, but also on the supporting infrastructure. Schwab (2017) emphasized the importance of equal internet access as a prerequisite for optimizing digital technology.

The collaboration between business actors that emerged during this program also shows the potential for community empowerment in creating economic synergy. This is in line with the principle of community empowerment which encourages cooperation to achieve common goals. The results of this research make an important contribution to the development of online business innovation strategies in local communities. However, to achieve greater impact, closer cooperation between academia, government, and local communities is needed in providing ongoing support.

IV CONCLUSION

This research proves that the implementation of online business innovation strategies has a positive impact on the local community. The training and mentoring program has been proven to be able to improve participants' digital literacy and online marketing skills. Additionally, the use of e-commerce platforms and social media helps to expand market reach, increase revenue, and create new economic opportunities. However, the study also revealed that the success of the program is greatly influenced by adequate infrastructure support and access to technology. Collaboration between participants during the program shows strong community empowerment potential to support sustainable economic growth. These results form the basis for the development of similar programs in the future, with a focus on improving technology support and more in-depth training.

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