Marketplace governance in the context of empowering MSMEs inside the realm of online shopping

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ARTICLE INFO

ABSTRACT

The development of online markets in Indonesia that sell imported goods at low prices has caused many MSMEs to go collapse. To accelerate the Sustainable Development Goals, especially achieving the goal of “a country without poverty, no hunger, creating decent jobs and economic growth as well as a healthy and prosperous country,” MSMEs need to be protected from these problems. This study aims to analyze the prospects for the development of online shopping and its impact on MSMEs and propose improvements to marketplace governance. Method research includes interviews, secondary data studies, literature reviews, and meta-analyses. Research results show that online shopping is a need for future society; the marketplace is increasing in terms of numbers, consumers, and transaction value. The number of MSMEs experiencing collapse has increased due to the inability to compete with marketplace players. It is necessary to improve marketplace governance through regulations to protect MSMEs. Current laws only protect consumers, not yet protect MSMEs. Through marketplace governance, it can empower MSMEs to overcome and prevent poverty and hunger, create decent jobs and economic growth, have a healthy and prosperous life, and accelerate the achievement of the SDGs.

Kata Kunci

Pasar online
Pemberdayaan UMKM
Tujuan pembangunan berkelanjutan

Tata kelola marketplace dalam perspektif pemberdayaan UMKM di Era Belanja Online. Berkembangnya pasar online di Indonesia yang menjual barang impor dengan harga murah menyebabkan banyak UMKM yang bangkrut. Untuk mempercepat Tujuan Pembangunan Berkelanjutan, khususnya mencipta tujuan “negara tanpa kemiskinan, tanpa kelaparan, menciptakan lapangan kerja yang layak dan pertumbuhan ekonomi serta negara yang sehat dan sejahtera”, UMKM perlu dilindungi dari permasalahan tersebut. Penelitian ini bertujuan untuk menganalisis prospek perkembangan belanja online dan dampaknya terhadap UMKM serta mengusulkan perbaikan tata kelola lokapasar. Metode penelitian meliputi wawancara, studi data sekunder, tinjauan literatur, dan meta-analisis. Hasil penelitian menunjukkan bahwa belanja online merupakan kebutuhan masyarakat masa depan; lokapasar meningkat dalam hal jumlah, konsumen, dan nilai transaksi. Jumlah UMKM yang mengalami kebangkrutan semakin meningkat akibat ketidakmampuan bersaing dengan pelaku lokapasar. Perbaikan tata kelola lokapasar perlu dilakukan melalui regulasi untuk melindungi UMKM. Undang-undang saat ini hanya melindungi konsumen, belum melindungi UMKM. Melalui tata kelola lokapasar dapat memberdayakan UMKM dalam mengatasi dan mencegah kemiskinan dan kelaparan, menciptakan lapangan kerja yang layak dan pertumbuhan ekonomi, memiliki kehidupan yang sehat dan sejahtera, serta mempercepat pencapaian SDGs.

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10.22219/jcse.v4i3.29432 http://ejournal.umm.ac.id/index.php/jcse jcse_umm@gmail.com 602
INTRODUCTION

The background to this research departs from the facts about online shopping, which has now become an alternative means of shopping for the public. The facilities offered by online shopping are very diverse. Many people state that online shopping is the easiest way to get the goods they need (Harahap & Amanah, 2018). In online shopping transactions, consumers can look for lower prices for goods, are free to bargain on prices, choose goods, and ultimately get goods efficiently in terms of time, cost, and energy. That attracts consumers to choose online shopping as an alternative shopping (Rachmarwi, 2018). Therefore, every day, there are more and more online business people, followed by an increase in consumers (Choiri, 2020).

Historically, online shopping has become a social phenomenon before the COVID-19 pandemic, as evidenced by Bank Indonesia data showing that online shopping transactions in Indonesia reached 75 trillion rupiah in 2016 (Nababan, 2017). Furthermore, during the COVID-19 pandemic emergency, the volume of online shopping increased significantly. One marketplace, Shopee, for example, experienced an increase in transactions during the 2020 pandemic by almost 130% compared to transactions the previous year. Public activity in online shopping increased sharply during the Covid-19 pandemic emergency. However, when the emergency period of the COVID-19 pandemic ended, people’s habit of shopping online did not end but, on the contrary, continued to increase, as evidenced by the increase in the number of marketplaces. And the number of electronic money users. In 2022, an electronic financial institution, Kredivo, has more than 6 million customers spread throughout Indonesia, and it is estimated that the number of customers will increase by 70% in 2023 (Rustagi, 2023). This increase in the number of electronic money customers is an indicator of the increase in the number of online shopping customers.

Recently, the TikTok marketplace has become very popular and has been able to replace several of its competitors. TikTok carries various models of online marketing innovation. The innovation model offered by TikTok can attract consumers’ attention. In 2021, Tiktok offers several marketing innovations in the form of cashback, significant discounts, giveaways, and video testimonials from buyers from public figures, especially artists or celebrities (Priatama, Ramadhan, Zuhaida, Akallil, & Kulau, 2021). In 2023, Tiktok will produce innovations in live streaming marketing called “Tiktok LIVE” and Selebgram’s. Selebgram’s is an online sale that involves public figures on the Instagram application as marketers in their marketing program. Tiktok LIVE’s marketing innovation combined with Selebgram’s can increase Tiktok’s sales volume, as evidenced by the high interest in repeat purchases from its customers (Siregar & Harita, 2022). At the same time, celebrity endorsements attract public attention and are expected to increase product awareness. Celebrity endorsers have been proven to attract consumers to purchase goods used by celebrities (Nurman & Engriani, 2020).

This phenomenon has resulted in MSMEs, most of which still carry out conventional trading, experiencing collapse. MSMEs, which have become online traders, need help to compete with TikTok because they cannot involve celebrities in sales. (Ramadani & Syariati, 2020) Unable to compete with the very cheap and high-quality selling prices of TikTok goods, which are imported. That has also caused more than 56% of Toto clothing traders in Jakarta’s Tanah Abang market to close permanently (Arini, 2023).

Indonesia is committed to implementing the 2030 Agenda to achieve the Sustainable Development Goals through determination Presidential Regulation Number 59 of 2017 regarding Implementation of the Achievement of Sustainable Development Goals (SDGs) (Kusumaningdyah, 2022). In this context, MSMEs are expected to support the achievement of the SDGs’ economic pillars, which at least include solving the problems of poverty and hunger, creating decent jobs and economic growth, and realizing a healthy and prosperous life. The problem in this context is that when online shopping proliferates, the sales turnover of MSMEs falls permanently. Thus, of course, it hurts job losses. MSMEs in Indonesia absorb a significant number of workers. In 2017, micro businesses were able to absorb around 107.2 million workers (89.2%), while small businesses were 5.7 million (4.74%), and the number of medium businesses was 3.73 million (3.11%). Meanwhile, for large businesses absorbing a workforce of around 3.58 million people, Indonesia’s combined number of MSMEs absorbs around 97% of the national workforce. In contrast, large businesses only absorb around 3% of the total national workforce (Marlinah, 2020).

Based on the problem description above, this research study focuses on: (1) what are the prospects for the development of online shopping in the future? (2) What is the impact of the development of online shopping on MSMEs? This study aims to analyze the prospects for online shopping development, technological developments, and social transformation toward society 6.0. This research also critically analyzes the impact of online shopping on the existence of MSMEs, considering that the role of MSMEs in supporting the national economy is enormous. In the end, this research recommends policy proposals that need to be taken by the government in terms of marketplace governance to empower MSMEs in the era of online shopping, which is predicted to become a culture in the future.

The novelty of this research lies in its focus on efforts to present the latest data as well as analyze the development of online shopping in Indonesia, which will occur in 2023, when this research was conducted, followed by an analysis of the destruction of MSMEs as a result of digital marketing strategies implemented by online business actors. The novelty of this research also lies in the research objective of proposing marketplace governance to empower MSMEs in the online
shopping era, where marketplace governance through regulations to empower MSMEs has yet to exist, considering that the current marketplace governance only focuses on efforts to empower consumers.

**METHOD**

This research is a qualitative descriptive study (Creswell & Poth, 2017) on the development of e-commerce in Indonesia and the implications this has for MSMEs. The data collection technique used was interviewing (Mann, 2016) with key informants, secondary data studies (Fusch & Ness, 2015), which have been collected by several institutions, literature studies (Islami, 2018) and (Firman, 2013) which are used and developed by researchers whose research results have been published in scientific journals, and uses meta-analysis methods (Retnawati, Apino, Kartianom, Djidu, & Anazifa, 2018) in collecting and analyzing data by relying on secondary data from several institutions and research data from previous researchers.

![Steps of Meta-Analysis](Image)

Based on Figure 1, the sequence of steps in meta-analysis includes issue identification, looking for pertinent literature, evaluating potentially suitable studies, classifying and assessing studies, merging findings from various studies using meta-analysis, presenting and sharing results, and revising or re-examining data.

First, in the initial stage, the researcher formulated the main problems faced by MSME actors. Problems faced by MSMEs as a result of the development of marketplaces and the online shopping phenomenon. Second, researchers conducted a literature review by conducting a study of previous research publications regarding the development of the marketplace concept and the online shopping phenomenon. Third, researchers select data and concepts from the literature review. Researchers choose data that is relevant to the marketplace and online shopping problems. Fourth, researchers collect main data. The main data is collected by selecting data that is most relevant to the marketplace and online shopping problems. Fifth, researchers conduct analysis and discourse. Researchers conduct discourse between conceptions and theories. Researchers also carry out discourse between conceptions and theories with the data that has been collected. Sixth, the researcher prepared a description version of the research report and a published article version. Seventh, in the final stage, the researcher carried out revisions based on updating the data. Revisions were made because new data developments were discovered before this article was published. A new policy has been formulated that regulates electronic trade transactions.

**RESULTS AND DISCUSSION**

The government of Indonesia decided to use digitalization as a tool for the effective development of MSMEs as a nation that has ratified the SDGs. Priority strategies include growing the market share of MSME products abroad, adding production facilities, enhancing product quality, and optimizing internet marketing techniques (Idah & Pinilih, 2019). The launch of the "100,000 MSME movement" and the "MSME Go Online" program together in 30 districts/cities in Indonesia to make Indonesia the "Digital Energy of Asia." The challenge for MSMEs is how to deal with strategies to fill the needs of the domestic and global markets. How MSMEs have technology-based entrepreneurship strategies and maintain local wisdom. The opportunities provided by the government will be helpful and beneficial for MSMEs (Marlinah, 2020).
MSMEs in the national economy play a vital role. More than 90% of the Indonesian workforce works in the MSME sector. Data from the Ministry of Cooperatives and MSMEs shows that the contribution of MSMEs to gross domestic product (GDP) in 2017 reached 60.34%. MSMEs need to be empowered so that economic growth is of higher quality and seen as a solution to economic disparities (Abbas, 2018).

Based on the Central Bureau of Statistics survey, the survey identified various pain points and issues faced by MSMEs based on their priorities, including lack of capital, marketing difficulties, and fierce commercial competition. Digital marketing strategies using social networks and websites for SMEs are essential because they can provide knowledge (Ramadani & Syariati, 2020). Multi-stakeholder research in most Indonesian provinces shows that trading is not only done in traditional markets but also using widely available technology and trading applications (Maksum, Sri Rahayu, & Kusumawardhani, 2020). With the increasing development of technology, many online shopping sites have merged many online stores into one site, helping buyers quickly get the products they want through many attractive promotions. When MSMEs fail to keep up with these business developments, they are outdated, and therefore, their products are uncompetitive and challenging to market. However, in some regions, MSMEs are instructed to promote products outside the region using online applications or e-commerce (Susandi & Sukisno, 2017).

**Selebgram’s and Online Shopping**

Instagram is a popular social media application and is very popular among smartphone users. Krieger and Systrom created and launched Instagram on October 6, 2010 (Berkowski, 2016). Celebrity endorsers (selebgram’s) were born from this social media. Selebgram’s has at least 20,000 followers. Followers usually watch creative content on selebgram’s posts. So, a celebrity’s influence on their followers is whether they agree or disagree with a particular idea. Therefore, a celebrity can act as an Influencer whose services can be used by online business agents to promote their products. Selebgram’s trend has become more popular since this social media gained fame, which has triggered the development of various online stores on Instagram. The popularity and attraction of being followed by many people makes selebgram’s trusted to promote a particular product. Promotional activities on Instagram carried out by celebrities are called endorsements, which are paid at varying rates according to their level of popularity (Octarina, Alfath, & Ulfa, 2020).

Previous researchers who have researched selebgram’s and online shopping have found several benefits online business owners obtain when using selebgram’s services. (Octarina et al., 2020) A number of these benefits are presented in Figure 2.

![Figure 2. The Benefits of Using Selebgram’s as a Promotional Method in e-Commerce](Image)

Source: (Octarina et al., 2020), was modified
Figure 2 illustrates several conveniences and benefits online business people obtain if they use selebgram’s services as promotional media. The benefit of the main goal is that marketplaces can achieve high levels of profit and develop rapidly. In further developments, live streaming appeared in promotions, which positioned Selebgram’s as figures in the form of Instagram Direct Messages (DM) and live streaming on every platform owned by e-commerce players (Priatama et al., 2021).

**E-Commerce and Marketplace**

E-commerce is an electronic purchasing transaction carried out through online media. E-commerce is also a business process that utilizes electronic technology to connect business people, consumers, and the general public through electronic transactions in obtaining goods, services, and information online. Due to the ease of using the internet to conduct e-commerce, many people choose it as their method of choice (Irawati & Prasetyo, 2022). Several e-commerce platforms, including marketplaces, websites, and social media, can be used for online transactions. Of these platforms, the one most frequently used by Indonesians is the marketplace, ranked below websites and followed by social media (Sirclo, 2020).

E-commerce is now increasingly widespread and is no longer dominated by the island of Java. In 2017, customers from the Java region accounted for 70% of all e-commerce transactions, compared to only 30% from other regions outside Java. However, in 2022, e-commerce distribution in Indonesia will expand to other provinces in Indonesia and areas outside Java. That is due to infrastructure access continuing to develop so that the distribution of information and communication becomes more accessible for people to access in all regions (Sirclo, 2020).

Etymologically, the word "marketplace" comes from English, namely from the words "market," which means market, and "place," which means a location. In this context, a marketplace is where business actors operating in the economic sector can conduct purchase and sale transactions for various goods or services (Ira, 2023). The results of research conducted by (Irawati & Prasetyo, 2022) show that the marketplace is the most trusted platform for trading (97% of respondents), while only 91% and 82% of research respondents trust websites and social media for trading.

In 2019, many social media experts predicted that TikTok would become "The Big New Media." The number of downloaders of this application supports this. The page databoks.katadata.co.id (2020) states that the Tiktok application received more than 2 billion downloads in the first three months of 2020. Twelve million United States users used this application in March 2020, and a total of 52.2 million users globally (Weiss, 2020); this makes the Tiktok application the application with the highest number of downloads for the non-gaming category in the first quarter of 2020 (Leskin, 2020). Apart from that, the time spent opening the TikTok application has also increased. For example, users in the United States spent an average of 8 hours on the Tiktok application during March 2020, 10.8% more than the time spent in January 2020 (Weiss, 2020). The highest total downloads were in Indonesia, with 11% of total downloads, followed by Brazil, with total downloads of 9%.

TikTok is now a social media platform or application with the most incredible power to attract consumer attention. As it develops, the Tiktok application is used not only for entertainment and visual communication but can also be used as a new digital transaction. Research conducted by (Dewa & Safitri, 2021) with the title "Using Tiktok Social Media as a Media for Promotion of the Culinary Industry in Yogyakarta During the Covid-19 Pandemic (Case Study of the Tiktok Javafoodie Account)" shows that Tiktok is the most popular marketplace in e-commerce.

There are indications that the marketplace that has succeeded in leading this market (Tiktok) consistently innovates in communicating with customers (Romo, Garcia-Medina, & Romero, 2017). The results show that the strategies used in digital marketing, such as storytelling techniques, are becoming one of the keys to digital marketing for TikTok. Apart from that, (Hayu, 2019) wrote about the importance of "Smart Digital Content Marketing," including social media optimization content, endorsements, unboxing, hashtags, testimonials, promos, challenges for consumers, and live shopping relationships with consumers through scheduled and scheduled interactions.

**Marketplace Development and Implications for MSMEs**

TikTok is a social media that initially only provided a place for its users to express and be creative through video content (Arrofi & Hasfi, 2019). TikTok users originally came from teenagers and young adults (around 16-24 years). They are a potential market share for product marketing through online shopping (Rasyid, 2020). The use of the TikTok media platform is growing, and it is also used for marketplaces as a digital marketing medium. That is because the TikTok application has diverse features that can make content more interesting for marketing purposes. TikTok will boost online sales transactions starting mid-2023 (Mustajab, 2023).
Figure 3 presents information that, based on Market Insights statistical data, the number of e-commerce users in Indonesia will reach 178.94 million people in 2022. This number has increased by 12.79% compared to the previous year, which was 158.65 million users. By the end of 2023, it is projected to reach 196.47 (Mustajab, 2023). Looking at the trend, e-commerce users in Indonesia continue to increase. This trend of increasing the number of e-commerce users is predicted to continue for the next four years. In 2027, it is estimated that the number of e-commerce users in the country will reach 244.67 million people. Meanwhile, Bank Indonesia noted that the value of e-commerce transactions in Indonesia will be IDR 476.3 trillion in 2022. This value was obtained from 3.49 billion transactions in e-commerce throughout that year. The value of e-commerce transactions in 2022 is 18.8% higher than the previous year, which amounted to IDR 401 trillion. This figure is considered spectacular even though it is still below Bank Indonesia’s target of IDR 489 trillion (Mustajab, 2023).
Based on Figure 4, Kredivo's collaboration survey with Katadata Insight Center (KIC), of the 6,403 Indonesians surveyed, the majority, or 60.9%, used the service PayLater with funds above IDR 500 thousand in 2023. That is recorded in the report entitled Indonesian e-Commerce Consumer Behavior 2023: Economic Recovery and Post-Pandemic Shopping Trends. The proportion of consumers using PayLater with funds above IDR 500 thousand has increased in the last two years. It was recorded that the proportion of respondents who used PayLater with funds of IDR 500 thousand-IDR 1 million increased from 24.1% in 2022 to 28.5% in 2023. This figure is even higher than in 2021, only 24.7% (Annur, 2023b). Furthermore, the proportion of PayLater respondents was Rp. 1 million. 2.5 million also increased from 14.2% in 2022 to 20.2% in 2023. Likewise, the proportion of respondents who used PayLater with funds, as shown in Figure 4 is IDR 2.5 million, increasing from 2022 4.6% to 12.2% in 2023 (Annur, 2023b).

"Consumers using PayLater who spend IDR 500 thousand or more when shopping online tend to increase. "According to the Kredivo and KIC teams, this is because PayLater offers various conveniences, one of which is payment flexibility." This convenience helps consumers in managing their financial balance. That also helps consumers with limited funds spread their purchases over several payment terms when needed. "Conversely, consumers who spent IDR 500,000 or less decreased compared to the previous year". That can be seen in the graph in Figure 4. Kredivo and KIC conducted this survey with 1,679 PayLater user respondents spread across various regions in Indonesia (Annur, 2023b).

In the Watch, Chat, Read, Shop-Consumer Pulse Report March 2023 edition, the Katadata Insight Center (KIC) research institute recorded the frequency of shopping online in several countries. According to the report (Figure 5), Vietnam is a country that spends intensively online, with the highest daily rate in Southeast Asia and the highest of the 13 surveyed countries. As many as 12% of total respondents in Vietnam admitted to shopping online almost every day. Most, or 46% of Vietnamese respondents, usually shop online at least once per week. Next in line is Indonesia, with 10% of respondents shopping online almost daily, 37% shopping online weekly, and 36% at least once monthly.

Meanwhile, in Malaysia, only 7% of respondents shop online almost every day. The majority, or 36% of Malaysian respondents, shop online monthly. Likewise, in the Philippines and Singapore, most respondents shop online monthly, with the proportions as shown in Figure 5, regarding the categories of goods that are most often purchased when shopping online indicate that the food and beverage category is the most purchased, with a proportion of 57% of total respondents in 13 countries. Next is the household needs type with a percentage of 54%, and fashion & beauty products at 51%. This survey involved 6,479 respondents spread across Asia Pacific (China, Indonesia, Malaysia, Thailand, Vietnam, Hong Kong, Japan, Philippines, Taiwan, India, South Korea, Singapore) and the United States. Data was collected in March 2023 using a survey method online from the dedicated Rakuten Insight panel (Muhamad, 2023c).
The report on survey results from the Central Bureau of Statistics as illustrated on Figure 6 (Research Result of (Muhamad, 2023b) presents data about the number of MSMEs that still need to do so-commerce in 2022. The biggest reason (78.12%) is more comfortable selling directly (offline). As for MSMEs who admitted that they were not interested in online sales, the proportion reached 29.94%. Then, MSMEs who did not switch to e-commerce because they felt they needed more technological knowledge or skills, as much as 27.83% (Muhamad, 2023b).

Figure 7. Obstacles Faced by E-Commerce Business Actors in Indonesia
Source: Research Result of (Muhamad, 2023a)
The Central Statistics Agency's survey report, entitled *Statistics e-Commerce 2023* (Figure 7), shows around 31 thousand business units of e-commerce those surveyed needed more capital. That was the obstacle most often faced. During 2022, 36.84% of business actors will need more money. The next obstacle is a lack of demand, with a proportion of 35.26%, followed by a lack of skilled labor at 9.98%. Apart from that, some perpetrators-commerce local people, feel that their business is hampered due to limited internet access, limited delivery services, fraud in the buying and selling process, and other obstacles, as seen in Figure 7 (Research Result of (Muhamad, 2023a)).

According to a report titled *Indonesian e-Commerce Consumer Behavior 2023: Economic Recovery and Post-Pandemic Shopping Trends*, the increase in activities outside the home makes people pay more attention to their appearance, and thus, the need for products is increasing.

![Figure 8. Types of Goods and Services in Online Shopping Transactions in 2023](source)

The data in Figure 8 shows that out of 1,491 users in Indonesia, the majority, or 66.4%, use this service to shop for fashion products regularly online. That highly correlates with data showing that 72% of MSMEs that went bankrupt were those with clothing trading business types (Annur, 2023a).

**Marketplace Governance for Empowering MSMEs**

One of the challenges MSME businesses face in today's increasingly competitive e-commerce environment is that many MSMEs still need to utilize e-commerce for business. (Ajija, Hartadinata, & Sulistyowati, 2021) Even though MSME players know the enormous potential for e-commerce development, most have yet to use e-commerce effectively for various reasons, for example, a lack of understanding and expertise regarding current technological developments (Ainy, 2020). In terms of business expansion to penetrate the online shopping market, it is essential to meet consumer needs and advance MSMEs. E-commerce has played an important role in the country’s economy, including in the growth of MSMEs (Prameswari, Suharto, & Afatara, 2017).

The United Nations Development Program almost always explains that in the digital era, it is essential for governments to establish policies based on social entrepreneurship, which focuses on people-centered development within a human development framework. Rapid technological change, especially digital technology, has an impact on human development prospects (SHANMUGARATNAM, 2023); it consists of programs that seek to increase and generate market-based revenues for financially sustainable businesses while also aiming to solve social problems. This concept is called social entrepreneurship. Therefore, social entrepreneurship is an alternative way to minimize the negative impact of a production-based development approach (people-centered development) by viewing social and economic goals as equally important (Poon, 2020). This conception of social entrepreneurship needs to be the basis for the government to manage the development of e-commerce, including marketplaces, which no one can stop (Garrigós Simón, González-Cruz, & Contreras-Pacheco, 2017).
The most relevant governance to address the rapid development of e-commerce and the growth of several marketplaces from a social entrepreneurial perspective is protection through regulation, which emerged as a concept initially used in policy discourse (Jordana, Bianculli, & Fernández-i-Marín, 2015). The banking world, for example, carries out projects for regulatory governance (OECD/KDI, 2017) has published a report on how to improve governance by introducing regulations. Meanwhile, the banking world emphasizes good management and the role of government in regulating transparency and accountability. Most research concerns how these regulations enable and constrain action or how they are created, reproduced and changed to empower communities that need them (Kjaer & Vetterlein, 2018).

The community (including MSMEs) needs good services according to the concept of smart governance, namely government governance that aims to serve the needs of the community, is responsive in problem solving, committed to reducing disparities, increasing the professionalism of the apparatus in empowering the community through sophisticated technology (Haryati, 2023a). There are three essential determinants in governance: rules, resistance, and responsibility (Kjaer & Vetterlein, 2018). An explanation of the three determinants is presented in Table 1.

Table 1. Determinant of governance

<table>
<thead>
<tr>
<th>Number</th>
<th>Determinant</th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>Rules</td>
<td>Such policy issues are subject to rules and regulations continually created and replicated by pertinent parties. However, they are also under dispute, and resistance-based actors have occasionally been able to alter them more severely. Finally, the normative environment that justifies what constitutes responsible behavior is present during these conflicts over the dominant regulatory system.</td>
</tr>
<tr>
<td>2</td>
<td>Resistance</td>
<td>The potential of regulatory governance to respond to structural pressures, the general volatility and contingency emanating from &quot;the market,&quot; and other changes about, for example, technological developments, is referred to as resistance, which is the second dimension. Resistance can appear in various ways when it comes to organized political processes, governance networks, and civil society. However, resistance also manifests itself in less structured ways, such as within businesses, international organizations, and local environments on a micro level.</td>
</tr>
<tr>
<td>3</td>
<td>Responsibility</td>
<td>Responsibility highlights the normative underpinning of rules and thereby tackles the issue of regulatory governance's legitimacy. The justifications for rules and regulations are founded on beliefs and worldviews. How policy problems are identified and described affects recommendations for solving them, opening up the field of potential policy solutions.</td>
</tr>
</tbody>
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Source: (Kjaer & Vetterlein, 2018) (modified)

Based on the description in Table 1, it is known how (Kjaer & Vetterlein, 2018) presented the results of his research on the actions of government officials who carry out marketplace governance, that three determinants must be passed. The three determinants are rules, resistance, and responsibility. (Kjaer & Vetterlein, 2018) Expressly notes that resistance is an explicitly managed determinant, especially if the sector that focuses on governance has a high potential for conflicts of interest between communities.

MSME governance in the era of online shopping is directly related to the aim of empowering MSMEs, where, in reality, some MSMEs have the potential to experience a "deprivation trap" (Gascon & McIntyre-Mills, 2018). In Chambers’ opinion, an assumption can be made that in the context of marketplace development, MSMEs in Indonesia are currently facing a deprivation trap, which can also be interpreted as a "disempowerment trap." (Gascon & McIntyre-Mills, 2018). Firmly states that a poor or powerless community can experience a deprivation trap when facing shocks, for example, a competitive situation. Through Figure 9, Chamber illustrates five situations that can cause a community in a state of disempowerment to experience a deprivation trap.
From the community empowerment theory perspective, MSMEs in the e-commerce era are in 5 unfavorable situations. Powerlessness is a multidimensional phenomenon. Helplessness is an integrated concept with five dimensions (Gascon & McIntyre-Mills, 2018) namely: (1) lack of ownership, (2) powerless, (3) vulnerability in facing emergencies, (4) dependency, and (5) isolation both geographically and sociologically. Helplessness is not only limited to living with a lack of money and low-income levels but also concerns other social aspects. (Purwana, Rahmi, & Aditya, 2017) stated that the digital world is predicted to become essential for all human activities, including business activities for MSMEs, which can become an entry point for MSMEs to become empowered. If the wave of technological development destroys MSMEs, it is very ironic. It is a sign that governance needs to be improved (Yazid Bustomi, Rohaeni, & Aryanto, 2021)

Barus (2020) stated that MSMEs should be able to coexist with technology so that they can adapt to industrial developments in the community 6.0 era. Apart from that, the conclusions of the research results (Amelia, Prasetyo, & Maharani, 2019) stated that a particular strategy is needed to increase the competitiveness of MSMEs by utilizing information and communication technology to face increasingly fierce business competition. MSME players are expected to be able to utilize technology as widely as possible so that their businesses can develop quickly. (Lubis & Junaidi, 2016) explained in their research report that to achieve competitiveness, MSMEs must make changes to continue to operate and develop, namely by utilizing information technology. The rapid development of technology and information has impacted human life, especially the business world, and not vice versa. An organization/company needs to have a competitive advantage if it wants to continue to exist in the Community 6.0 era, with the assumption that humans need to be able to live side by side with technology (which is always developing), because the development of information and communication technology has proven to be a determinant of the direction of social change and the transformation of a person’s life. society (Haryati, 2023a) and when MSMEs do not have the expertise to do so, the state needs to come up with policies aimed at increasing the digital capacity of MSMEs. However, if the opposite happens, namely that MSMEs experience destruction due to technology, it is deemed necessary to carry out governance through state intervention.

The Inability of MSMEs to Compete in The Marketplace

Exceptional Staff to the Minister of Cooperatives and SMEs for Empowerment of the Creative Economy of the Ministry of Cooperatives-UKM, Fiki Satari, said that his party had received complaints from business actors regarding imported products sold by TikTok Shop (Hikam, 2023). That research found data that the influx of imported goods being traded on the TikTok Shop caused many MSMEs to go collaps, even though these MSMEs only started to recover when the COVID-19 pandemic was over. Several findings show that the imported goods sold by TikTok at low prices have killed MSMEs.

Data of Table 2 presents the results of interviews with key informants who work as academics in digital marketing and digital communications.

Figure 9: Deprivation Trap, Chambers Version (1983)
Source: (Gascon & McIntyre-Mills, 2018)
Table 2. Interview Results with Key Informants (Academics)

<table>
<thead>
<tr>
<th>Number</th>
<th>Name &amp; Skills</th>
<th>Informant's opinion</th>
<th>Proposed Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sulistyowat, E. (Digital Marketing Specialist)</td>
<td>&quot;MSME business actors collapse because they could not compete on price with imported goods sold cheaply on the TikTok Shop platform. At least 70 MSMEs have submitted complaints to several media, especially those in the convection category and clothing traders because they cannot compete on price and quality. Many imported clothes are sold on TikTok at low prices of up to IDR 15,000. I suggest stopping the practice of online trading in imported goods by TikTok.</td>
<td>TikTok and other online traders are prohibited from selling imported goods. Regulations are needed regarding the appropriateness of prices for goods sold online.</td>
</tr>
<tr>
<td>2</td>
<td>Widodo, S (Digital Communication Specialist)</td>
<td>When the goods traded by MSMEs cannot compete, regardless of imported or local interests, and cannot compete in providing digital services or digital communications in the marketing process. It is almost certain that MSMEs will experience defeat in the online trading mechanism. &quot;The solution at the upstream level is that regulations need to be issued to protect MSMEs, while the answer at the downstream level is to increase digital capacity and change the mindset among MSME players so that they are better prepared to enter the era of online shopping.</td>
<td>There is a need to improve marketplace governance. Establishing an Online Trade Complaints Institution that manages Online Complaint Applications is necessary.</td>
</tr>
<tr>
<td>3</td>
<td>Viana. N (Consumer Behavior Expert)</td>
<td>Consumers can make shopping transaction decisions that are most beneficial to themselves, for example, choosing quality goods at the cheapest prices. However, if the increase in online shopping volume destroys MSMEs, then the government needs to intervene to protect MSMEs by also protecting consumers.</td>
<td>State intervention is needed to protect consumers and MSMEs.</td>
</tr>
</tbody>
</table>

Source: Primary data, interview results, 2023 (data is concluded)

Based on the results of interviews with key informants in this research (table 2), the key informants each provide opinions according to their respective expertise. The solutions they propose to face the problems faced by MSMEs are very relevant to the concept proposed by (Octarina et al., 2020) which is stated in the publication of their research results entitled "Criminal Responsibility Of Business Agents On Selebgram’s (Celebrity Endorsers) Product Promotion." In essence, they propose regulations, government intervention, and improvements to marketplace governance that not only protect consumers but also empower MSMEs to face transformation in online commerce and strengthen the online shopping culture.

Data in Table 3 presents the results of a meta-data study, which is the bureaucrats’ response to the destruction of MSMEs caused by losing competition with online traders. This data was collected from several online media reports.

The results of a study on bureaucrats’ responses to the destruction of MSMEs in the era of online shopping are explained in Table 3. These officials responded following their respective authorities, including i) Issuing regulations governing online trading, ii) Increasing the quality and quantity of digital capacity–building programs for MSME actors, and iii) Overseeing the implementation of MSME protection regulations so that these regulations can be implemented. He is perfecting local market governance in the era of online shopping. That is in line with the opinion of (Ramadani & Syariati, 2020) in the publication of their research results, "Digital Economy and Business Competition as Drivers of MSME Income," that improving good digital economic governance can encourage the increased success of MSMEs. This thesis is also supported by opinions of (Haryati, 2023b) that the success of promoting the future is determined by the level of digital literacy; this means that a high level of digital literacy is beneficial in terms of time efficiency, helps effectiveness in learning new knowledge, cost efficiency, makes work safer, helps get the important information, makes it easier to build relationships and networks or human capital, helps make quality decisions, helps create the best performance, makes it easier to serve others and can even influence the world.
Table 3. Bureaucrats’ Response to the Destruction of MSMEs in the Era of Online Shopping

<table>
<thead>
<tr>
<th>Number</th>
<th>Name, Department &amp; News Source</th>
<th>Bureaucrat Opinion</th>
<th>Action plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hasan, Z. Minister of Commerce</td>
<td>The government should regulate and organize so that e-commerce and marketplaces can optimally develop products made in Indonesia. This arrangement does not harm e-commerce. We want the trade ecosystem through e-commerce to benefit MSMEs and create e-commerce development forward</td>
<td>Has issued Minister of Trade Regulation Number 31 of 2023 concerning Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Trading Through Electronic Systems</td>
</tr>
<tr>
<td>2</td>
<td>Masduki, T. Minister of Cooperatives and SMSEs</td>
<td>It welcomes the Minister of Trade Regulation Number 31 of 2023 issuance concerning Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Trading Through Electronic Systems. According to him, this is a fundamental step to protect the products of the local country. The hope is that this will also increase the competitiveness of MSME products.</td>
<td>The Ministry of Cooperatives and SMSEs is increasing the quality and quantity of digital capacity-building programs for MSME players.</td>
</tr>
<tr>
<td>3</td>
<td>Riyanto. B Head of the National Legal Development Agency, Ministry of Law and Human Rights</td>
<td>Referring to the Regulation of the Minister for Empowerment of State Apparatus and Bureaucratic Reform Number 51 of 2020 concerning Functional Positions, the task of the Functional Position of Legal Analysis is to carry out analysis and evaluation in the field of statutory regulations and unwritten law, the formation of statutory regulations, legal issues, supervision of implementation of statutory regulations, agreement documents and implementation of agreements, legal services, licensing, legal information, and legal advocacy. All legal regulations need to be supervised in their implementation to follow the objectives of promulgating these legal regulations. Legal Analysis needs to oversee the implementation of the Minister of Trade Regulation Number 31 of 2023</td>
<td></td>
</tr>
</tbody>
</table>

Source: Result of Meta-Data results, Online News, 2023 (data is concluded)

CONCLUSION

It is estimated that online shopping will become a need for society and a shopping culture for people in all strata. With the impact of online shopping becoming a culture, MSMEs must have digital and creative capabilities in creating innovations, both product innovations and digital marketing strategy innovations, adapting to technological developments. If MSMEs cannot do this, then MSMEs will experience destruction. The government needs to increase its commitment to improving market governance.

Implication: Minister of Trade Regulation Number 31 of 2023 concerning Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Trading Through Electronic Systems has been issued. The Minister of Cooperatives, Micro, Small, and Medium Enterprises Regulation regarding the Digital Capacity Building Program for MSMEs will be published soon. Adequate supervision of the implementation of these laws and regulations is required. If market management were initially aimed more at protecting consumers, then it would also be necessary to protect MSMEs in the future.

This research has not been able to explore the opinions of MSME actors through direct interviews with them or through observations of the conditions of the destruction of MSME businesses, so it cannot describe the data and analyze the level of destruction they experienced. This research has yet to conduct interviews with local market consumers, so researchers have not been able to present consumer suggestions and input.

ACKNOWLEDGEMENTS

We want to thank the Chancellor of the University, Dr. Soetomo, and the Head of the East Java Province Regional Research and Innovation Agency, who has provided financial support and facilities to support the implementation of this research.
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