

The 2nd International Conference on Business and Banking Innovations (ICOBBI)
“Nurturing Business and Banking Sustainability”
Surabaya, 14th - 15th August 2020

Proceeding Book of
The 2nd International Conference on Business and Banking Innovations
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“Nurturing Business and Banking Sustainability”
Surabaya, 14 - 15th August 2020

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FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 2nd International Conference on Business and Banking Innovations (ICOBBI) with the topic “*Nurturing Business and Banking Sustainability*”. This proceeding contains several researches articles from many fields in Marketing, Management Technology, Finance, Banking, Human Resources Management, Information System Management, and Islamic Economics.

The 2nd International Conference on Business and Banking Innovations was held on 14th – 15th August 2020 by virtual (online) meeting and organized by the Master Management Study Program of STIE PERBANAS Surabaya in Collaboration with six Higher Education Institutions in Indonesia and five Universities from Asia countries. Keynote speakers in this conference were: Prof. Angelica M..Baylon, Ph.D (Director of the Maritime Academy of Asia and the Pacific, Philippines), Chonlatis Darawong, Ph.D. (Head of the Master of Business Program Sripatum Chonburi University - SPU Graduate School Bangkok, Thailand), Prof. Madya Dr. Reevany Bustami (Director of Centre for Policy Research and International Studies Universiti Sains Malaysia), Associate Prof. Dr. Ellisha Nasruddin (Graduate School of Business Universiti Sains Malaysia), Associate Prof. Pallavi Pathak Ph.D. (School of Management Sciences, Varanasi, India) and Prof. Dr. Tatik Suryani (Head of the Master of Management Study Program of STIE Perbanas Surabaya, Indonesia).

I would like to give high appreciation to the Rector of STIE Perbanas Surabaya for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the six universities, namely Universitas 17 Agustus Surabaya, Universitas Surabaya, Universitas Dr. Soetemo Universitas Dian Nuswantoro Semarang, STIE 66 Kendari, Institut Institut Bisnis dan Keuangan Nitro Makassar which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <https://pascasarjana.perbanas.ac.id>.

Chair of the Master Management Study Program
STIE Perbanas Surabaya

Prof. Dr. Tatik Suryani, M.M.

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E-Marketing Adoption as an Alternative Solution For Micro Small Medium Enterprise (MSME) Fight Back The Covid-19

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ABSTRACT

This research aims to explore the process of e-marketing adoption by micro small medium enterprise (MSME) in Central Java to fight back the of Covid-19's business impact. The research type is explorative qualitative research. The subject is Apparel micro small medium enterprise (MSME) in Central Java. The data collection technique uses non-probability sampling (snowball technique). The analysis begins from data reduction, presenting data, and summarizing. The result shows that adopting e-marketing can help micro small medium enterprise (MSME) retain their existing customers. Adopt e-marketing can provides more alternative solutions for MSMEs to offering their products/services and it provides new methods for customers to online shopping. Adopt e-marketing makes micro small medium enterprise (MSME) and customers easier for transaction process, so the customer satisfaction can well preserved. E-marketing adoption is an effective alternative solution for micro small medium enterprise (MSME) to increase their existence and competitiveness in the industry for now and future.

1. INTRODUCTION

The first case of Covid-19 in Indonesia began with a Japanese who was also laid off because the company did not get income and sales according to the pandemic. As a result, many families had difficulty fulfilling their daily needs because they could not work and had no income. The Covid-19 pandemic that is currently ongoing and widespread, including in Indonesia After that there have been many new cases in Indonesia affected by the Covid-19 virus (The Organisation for Economic Co-operation and Development, 2020). The government immediately responded with the Lockdown and Large-Scale Sosial Restriction policy to break the chain of the spread of Covid-19, as a result of which the impact was most felt in the economic field of many workers who could not work as usual and were often laid off. The MSME sector really needs special attention from the government because it is the largest contributor to GDP and be a mainstay in absorbing labor, substituting the production of consumer goods or semi-finished goods (Amri, 2020).

The things that we need to be considered when a case is an epidemic is the availability of personal sanitary equipment and personal protective equipment for medical personnel whose numbers are increasingly limited. As a form of contribution, several crowdfunding platforms have started to carry out donation and fundraising activities with the aim of handling Covid-19 (Worldometers, 2020). The Covid-19 pandemic has had a significant impact on various sectors, especially the economy whose scope is global. This is supported by Government Regulation Number 21 of 2020 concerning Large-Scale Social Restrictions (LSSR) with the intention of limiting needs and is expected to remain at home. This also has an impact on the limited operations of MSMEs and fewer consumers who shop directly compared to normal days (Bahtiar & Saragih, 2020). During the COVID-19 pandemic, business activities carried out by some MSME players did not run as usual and even had to temporarily stop business activities during the pandemic period due to several reasons related to decreased purchasing power, quiet market share, and other constraints in production and distribution process (Pakpahan, 2020). Besides, the pandemic has also changed the purchasing behavior of consumers who increasingly use e-commerce as an alternative shopping solution. Micro Small Medium Enterprise (MSME) entrepreneurs must also can adjust to these conditions so be able to survive in the industry and increase their competitiveness so they don't go bankrupt. The new marketing system by utilizing technology

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is a new obstacle for MSMEs in marketing their products because it is related to understanding and also the ability to apply these technologies.

E-marketing is at a strategic level as a complement to traditional marketing and business strategies. The improvement of the marketing system through the e-marketing technology can be utilized by Micro Small Medium Enterprise (MSME) entrepreneurs so that they can continue to compete in the industry because they are able to reduce marketing operational costs and help Micro Small Medium Enterprise (MSME) entrepreneurs expand market share through easy data access and wider market reach (Qashou & Saleh, 2018). With the existence of alternative solutions to take advantage of technology, it is expected to have a significant impact on the business continuity of Micro Small Medium Enterprise (MSME) entrepreneurs. Based on the above background, this study aims to explore the process of adopting e-marketing in Micro Small Medium Enterprise (MSME) entrepreneurs to fight the impact of the covid-19 business.

Setiowati et al. (2015) stated that it is necessary to educate Micro Small Medium Enterprise (MSME) owners or managers about the potential benefits they will gain by applying cost-effective e-marketing adoption capabilities to their business. To improve the competitiveness of Micro Small Medium Enterprise (MSME), the Indonesian government facilitates the training of Micro Small Medium Enterprise (MSME), including e-marketing training. Rao & Rajeswari (2020) said that marketing activities include communication, coordination, and organizational management. The adoption of e-marketing by Micro Small Medium Enterprise (MSME) found that only a fraction (less than 10%) of MSMEs continued to adopt e-marketing after training from the government. The main reason for at least adopting further is the lack of ability of Micro Small Medium Enterprise (MSME) to align their business and information technology. E-marketing is considered effective to be applied by Micro Small Medium Enterprise (MSME) to the market their products. The one of the competitiveness that must be owned by Micro Small Medium Enterprise (MSME) is the mastery of information technology.

The use of social media is considered to have a positive impact on a business, in particular, it can reduce substantial marketing costs and improve good relationships with customers (Afifah et al., 2018). Kumar et al. (2015) stated that with the help of appropriate information technology, marketing activities can be transformed into activities that are very profitable for the company because with information technology, time and place constraints can be minimized. In addition, E-Marketing is carried out to increase the company's brand image because it makes the company always be remembered by its customers (top of mind). This strategy analysis aims to produce a system that can help companies serve customers by providing easy access to information through existing facilities so that they can attract and retain customers to continue using the company's products.

2. LITERATURE REVIEW

Adoption is the decision-making process to accept or reject an innovation. Adoption is a human mental process of knowing, knowing and adopting innovation. Adoption is the process of starting and issuing ideas until they are accepted by society. Adoption can be defined as the process of accepting innovation in the form of attitudes, knowledge, and skills in a person after he / she has accepted the innovation. The adoption of innovation is very much determined by the ability of the adopters such as knowledge, motivation, and attitude as a mental process in making decisions to adopt (Rao & Rajeswari, 2020). The manifestation of adoption can be seen through the behavior, methods, and technology used by the adopter. The five stages of adoption, namely (Hardilawati, 2020) (1) awareness or awareness of the latest conditions; (2) interest or growing interest to find out more; (3) evaluation or make an assessment of the innovations presented; (4) try to applied the innovations; (5) the adoption or process of accepting, implementing, and making innovations offered based on the successes achieved during the experimental process.

The factors that influence a person in adopting innovation are the area of the farm, the wider the area, the faster the adoption is because it has better economic capacity; income level; courage in facing risks; age; and activities in finding new information. The role of an extension agent greatly affects the speed of innovation adoption (Mohan & Ali, 2019). Having a sense of trust with extension workers can make someone jointly contribute to creating a stronger community. The easier the new technology can be put into practice, the faster the innovation can be adopted by society. Communication media that can be used are interpersonal channels, media, mass, and media forums. E-marketing is a form of business from a company to market its products and services and build relationships with customers through the internet. This form of marketing

is basically a very large public site on a computer network of different types and comes from various countries around the world to one another into a very large information container (Fathimah & Nurlinda, 2019). E-marketing creates a fundamental change in behavior in businesses and consumers alike. The introduction of cars and phones reduces the need for a channel approach. E-marketing uses the internet as a platform that allows companies to adapt to customer needs, reduce transaction costs, and allow customers to move any-time and anywhere without worrying about place and time (Hanum & Sinarasri, 2017). With the existence of e-marketing, the market segmentation is getting wider, because the marketing reach is getting wider. E-marketing does not limit the extent of marketing reach because all consumers around the world can access it easily. With a faster and easier time cycle, marketing strategies can be developed more quickly. Information that can be obtained quickly and easily can improve the company's strategy to be further improved. So that marketing can be done more transparently. The integration between the company's marketing strategy and the internet marketing strategy has an impact on minimizing operational costs (Wirdiyanti, 2019).

Micro Small Medium Enterprise (MSME) is an independent productive business unit, which is carried out by individuals or business entities in all economic sectors. In principle, the distinction between Micro Enterprises (UMi), Small Business (UK), Medium Enterprises (UM) and Large Enterprises (UB) is generally based on the initial asset value (excluding land and buildings), the average turnover per year or the number of permanent workers (Slamet et al., 2017). In Indonesia, the definition of MSME's entrepreneurs based on the Constitution of the Republic of Indonesia Number 20 of 2008 as follows:

- Micro enterprises are productive businesses owned by individuals and / or individual business entities that meet the criteria for micro enterprises as regulated in the law.
- Small Business is a productive economic business that stands alone, which is carried out by an individual or a business entity that is not a subsidiary or branch of a company that is owned, controlled, or is a part, either directly or indirectly, of a medium or large business that meets the criteria of a small business as referred in the Law.
- Medium Business is a productive economic business that stands alone, which is carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or is part of, either directly or indirectly, with a Small or large business with a total net worth or annual sales proceeds as regulated in the Law.

Tabel 1. Classification of MSMEs

BUSINESS SIZE	TOTAL ASSETS	REVENUE
MICRO	≤ 50 MILLION RUPIAH	≤ 300 MILLION RUPIAH
SMALL	50 - 500 MILLION RUPIAH	≤ 3 BILLION RUPIAH
MEDIUM	500 JUTA - 10 BILLION RUPIAH	2,5 - 50 BILLION RUPIAH

Source: Constitution of the Republic of Indonesia No. 20 of 2008.

The backgrounds of small entrepreneurs are more diverse than micro entrepreneurs, although their economic background is also the main reason, some others have a more realistic background by looking at future business prospects with limited capital constraints. One of the characteristics of Micro Small Medium Enterprise (MSME) in Indonesia and in other developing countries, is that they are usually the same group of industries, located close to each other in an area. Geographical grouping according to this group, within industrial literatures or Micro Small Medium Enterprise (MSME), is called a cluster. In Indonesia, many Micro Small Medium Enterprise (MSME) activities, which are spread across regions have been going on for generations, and generally, each region has its own specialization of Micro Small Medium Enterprise (MSME). However, micro, small and medium enterprises actually have better performance than large businesses. This can be seen from its ability to pay off debt servicing obligations (Supriyati & Iqbal, 2013).

In general, small businesses have the characteristics of having an individual business form and not yet having a legal entity, weak business legality aspects, simple organizational structure with non-standard division of labor, most of which do not have financial reports and do not separate personal wealth from company assets, quality low management and rarely have a business plan, the main source of capital is personal capital, limited human resources (HR), and the owner has a strong inner bond with the company, so that all company obligations are also the owner's obligations. This condition results in weak business networks and limited ability to penetrate and diversify markets, small economies scale making it difficult to reduce costs, and very small profit margin (Dlodlo & Dhurup, 2010).

3. RESEARCH METHOD

This type of research uses qualitative exploratory. This method is used to identify the e-marketing adoption process for Micro Small Medium Enterprise (MSME) to fight the impact of the Covid-19 business. The type of data is primary data which is the direct answer from the informant regarding the e-marketing adoption process. The data collection technique is by using the interview method. The sampling design uses non-probability sampling (snowball), a method used to identify, select and sample within a network or chain of continuous relationships. Data analysis techniques with data collection, data reduction, data presentation and drawing conclusions. A list of interview questions asked, there are:

- How do you find out about e-marketing?
- What do you do after getting enough information regarding e-marketing? Are you immediately interested in adopting?
- What attracted you and then decided to adopt e-marketing?
- What are the stages of making e-marketing? Are you building your own or using a vendor?
- What are the benefits of adopting e-marketing?

4. RESULTS AND DISCUSSION RESULTS

This section is divided into two parts. The first part contains a general description of the respondent's answer to each interview question asked. The second part describes the discussion of the results of research on the adoption of e-marketing in Micro Small Medium Enterprise (MSME) to fight the impact of the Covid-19 business.

- How do you find out about e-marketing?

In general, knowledge about the existence of e-marketing is obtained from another entrepreneurs, business partners and independent searches. From the information obtained from fellow entrepreneurs, their business partners, it makes Micro Small Medium Enterprise (MSME) entrepreneurs want to adopt e-marketing such as using social media such as Facebook, Instagram, Websites and Whatsapps. This is because the internal and external environment is very helpful in stimulating Micro Small Medium Enterprise (MSME) entrepreneurs to adapt and try to add comprehensive insight into e-marketing.

- What do you do after getting enough information regarding e-marketing? Are you immediately interested in adopting?

All entrepreneurs agree that the adoption of e-marketing is not done outright. There is a time lag, the average time required for respondents to adopt e-marketing is more than one month after getting enough information and being able to understand the e-marketing marketing system. Some of the reasons expressed include the absence of comprehensive knowledge of what social media are classified as e-marketing that can support their use in business management strategies, the need for implementing capital, as well as the benefits and risks that are obtained when implementing them into the company. This is natural because as a business owner must consider wisely before making decisions that have an impact on business continuity, it takes time to understand a new alternative in running the marketing system.

- What attracted you and then decided to adopt e-marketing?

All entrepreneurs show a desire for the development potential of an increasingly broad market share, keep existing customers from being lost, and have a new company novelty of technological sophistication as it adapts to the times. This belief should be owned by MSME entrepreneurs so that they can return to normal operations as soon as possible, and even increase the company's capacity to a higher level.

- What are the stages of making e-marketing? Are you building your own or using a vendor?

MSMEs entrepreneurs implement e-marketing with the help of colleagues, family or people around who provide information about media that can be used as e-marketing. After that, they start developing the e-marketing media by themselves or ask their employees, so they can achieve the predetermined targets. The e-marketing media that is often used by Micro Small Medium Enterprise (MSME) entrepreneurs is based on social media such as Facebook, Instagram, Whatsapps, and Websites.

- What are the benefits of adopting e-marketing?

Micro Small Medium Enterprise (MSME) entrepreneurs feel the benefits include of existing customers feel more comfortable shopping and accessing information of the company without come to the location, Micro Small Medium Enterprise (MSME) entrepreneurs also feel the benefits of being better known by a

busier audience into one country, and the competitiveness of Micro Small Medium Enterprise (MSME) entrepreneurs is increasing by going online and posing a threat to larger companies in the same industry.

DISCUSSION

a. Initiation Phase

The initiation phase consists of activities related to recognition of needs, awareness of existing innovations and identifying appropriate innovations. In this phase the informants learn about the existence of innovation, study the innovation itself, consider its suitability with their organization, communicate with other parties. The development of technological knowledge in this case refers to the search for information, there is how informants know about the beginning of e-marketing. Based on the answers, the development of technological knowledge comes from the environment and individuals. The environment in question is business partners, business associates and family, while individuals come from self-awareness. The information seeking and information processing are very important, this can reduce uncertainty when the adoption process will take place. Information that comes from the internal environment, there is information obtained from individuals themselves by seeking information from various sources, the development of technological knowledge obtained by individuals themselves will facilitate business activities. Meanwhile, the external environment will make prospective adopters / non-adopters more confident to decide. The information can provide an overview of how technology adoption is carried out. The external environment in the results of this study are business partners, fellow umbrella craft entrepreneurs. When technology has been adopted, is the market ready to accept it, otherwise the application of new technology, especially e-marketing, is futile, because the market does not respond. So that informants need to ascertain whether market conditions are ready to accept it, in order to get the benefits and objectives of implementing e-marketing in the business.

b. Decision Making Phase

With e-marketing, Micro Small Medium Enterprise (MSME) entrepreneurs want to attract consumers who come from outside cities and different provinces and even abroad, this is what encourages MSME entrepreneurs to adopt e-marketing. When consumers search using the internet by entering keywords, their store or brand will appear on the search page and can be an alternative choice for consumers to shop anytime, anywhere. The e-marketing function for MSME entrepreneurs is also one of the media to develop a company so that it can continue to survive in the industry. In addition, if Micro Small Medium Enterprise (MSME) entrepreneurs adopt e-marketing it can help companies minimize operational costs, because everything is diverted online, so costs are only allocated to the supply of raw materials. Access to data needed by Micro Small Medium Enterprise (MSME) is also easier because the internet helps them obtain the necessary data, starting from market data, the number of competitors, and suppliers that are more potential than today.

c. Outcomes Phase

In the process that has been taken, that is the adoption of e-marketing, Micro Small Medium Enterprise (MSME) entrepreneurs revealed that most of the adopters continued the adoption because the benefits that informants expected before adopting were fulfilled after adopting e-marketing. The benefits felt after adopting e-marketing was the company has orders from customer more than before, the brand and the products are not only known by local customers, but nationally and abroad. Besides, Micro Small Medium Enterprise (MSME) entrepreneurs also get benefit from adopting e-marketing for the novelty of technology in companies that have never been owned and increased industrial competition because Micro Small Medium Enterprise (MSME) entrepreneurs becomes more competitive.

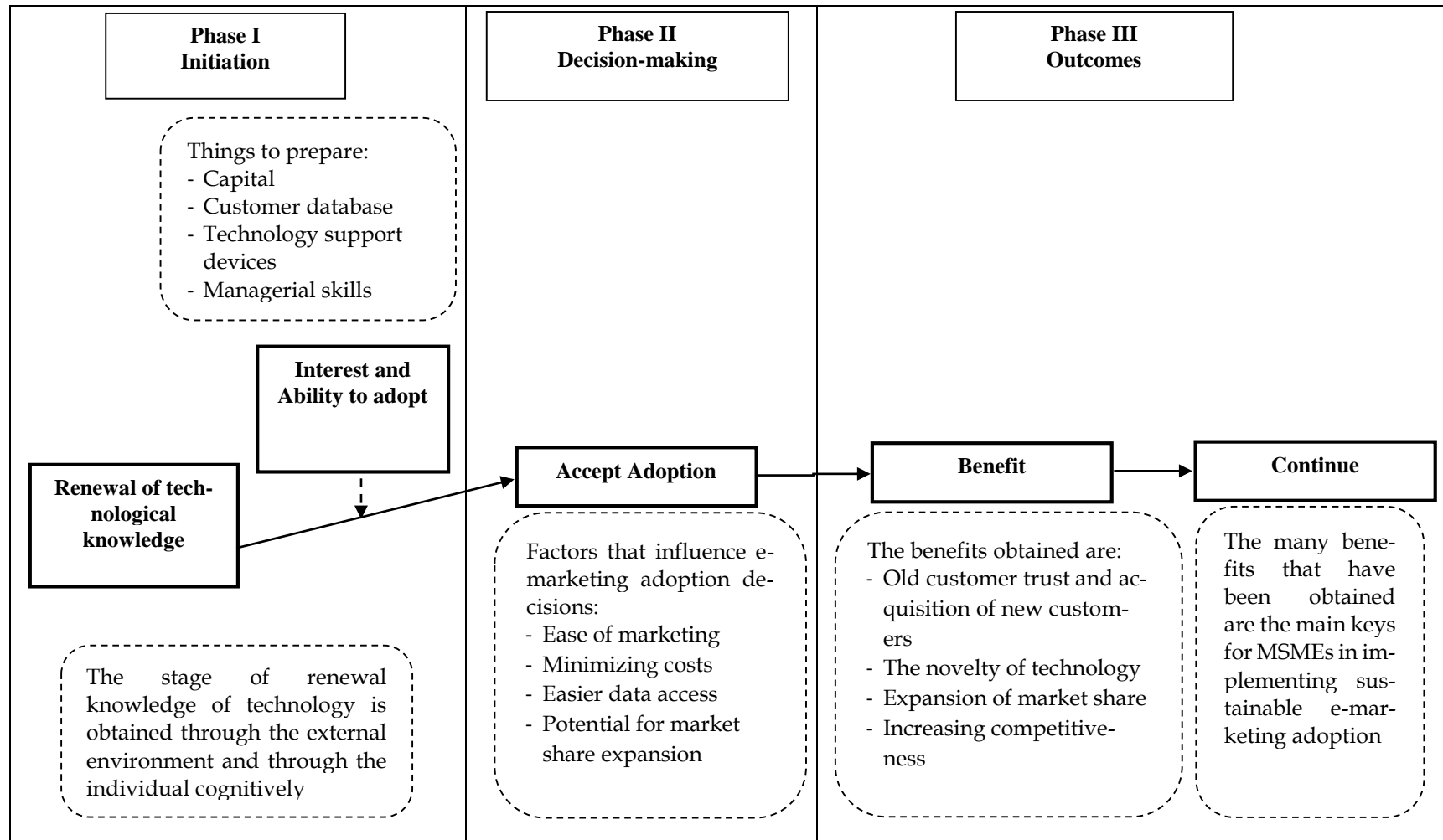


Figure 1. The e-marketing adoption process (sustainable)

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

CONCLUSION

Micro Small Medium Enterprise (MSME) entrepreneurs obtain more information related to understanding and the process of adopting e-marketing through external sources such as colleagues, family, and other external environments. The process of e-marketing information transformation, Micro Small Medium Enterprise (MSME) entrepreneurs exchange information each other and motivate to adopt e-marketing. The factor that encourages Micro Small Medium Enterprise (MSME) entrepreneurs to adopt e-marketing is that entrepreneurs can expand market reach in various regions in Indonesia and abroad, minimize operational costs, and increase competitiveness. With the existence of e-marketing, it is facilitate the sale and purchase transaction services, as well as facilitate entrepreneurs in promoting product and company brands to consumers.

IMPLICATION

The results of this research can contribute to the development of technology-based marketing management. These results also strengthen some of the findings of previous studies and at the same time can be used as a source of reference for further research. For entrepreneurs, this research can be used as a consideration to determine policies in the process of adopting e-marketing so that later it can run smoothly, can make it easier for entrepreneurs to run a business, and help Micro Small Medium Enterprise (MSME) entrepreneurs improve their competitiveness and existence in the business world. For the government, this research can be used as a study material as well as a description of the situation, so that the government is able to determine policy direction and design training programs for entrepreneurs to increase the competitiveness of Micro Small Medium Enterprise (MSME) through the development of e-marketing adoption.

SUGGESTION

Entrepreneurs are expected to improve skills in mastery of e-marketing technology so that they can overcome problems and find solutions more quickly. Entrepreneurs can increase their knowledge about e-marketing by participating in relevant workshops and training, so they can respond and adapt to information technology innovations.

LIMITATIONS

This research only involved a few cities as samples due the risk of Covid-19 and this research only uses qualitative method to explore the Micro Small Medium Enterprise (MSME) entrepreneurs situation.

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