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THE ROLE OF E-COMMERCE PLATFORMS IN DRIVING THE ECONOMIC GROWTH OF MSMEs IN INDONESIA

Apriliyah Hidayat[1*]

[1*] Universitas Sunan Giri Surabaya, Sidoarjo, Indonesia
apriliyahhidayat1002@gmail.com

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ABSTRACT
Indonesia's MSMEs are projected to reach 65.5 million units by 2025, contributing 61.9% of GDP and 97% of the workforce. However, they face challenges in market access, capital, and digital literacy, which are addressed through e-commerce platforms like Shopee and Tokopedia via the MSME Go Digital program. This study aims to describe the role of e-commerce platforms in expanding MSME market access and analyze their contribution to increased productivity and income. Using a qualitative descriptive approach with secondary data from government reports, journals (JRIME, JDEP), and surveys (Ipsos), content analysis and source triangulation were applied to classify the findings into e-commerce developments, platform roles, economic impacts, and challenges. The results indicate an e-commerce transaction value of IDR 471 trillion (26% growth), a 25-40% increase in MSME turnover via live shopping and analytics features, a 20-30% reduction in operational costs, and a higher GDP contribution, despite constraints on digital literacy (70% of MSMEs in rural areas) and infrastructure.

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia have developed rapidly, reaching 65.5 million units in 2025, contributing 61.9% to the Gross Domestic Product (GDP) and absorbing 97% of the national workforce. This growth is driven by government policies such as the 2025-2029 MSME

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Strategy, which emphasizes digitalization and export, with MSME export contributions reaching 15.7% of the national total. Digital transformation is increasingly dominant through the MSME Go Digital program, where the use of e-commerce platforms such as Shopee and Tokopedia has surged, with digital transactions growing in double digits due to improved internet infrastructure and literacy. Silviawati's (2025) research in a literature review confirms that e-commerce has become the main catalyst for MSME digital transformation, enabling technology adoption for marketing and order management.

MSMEs still face structural challenges such as limited capital due to lack of collateral, narrow market access, inefficient distribution, and weak digital marketing due to low competencies. Research by Ausat et al. (2022), cited in the JDEP (2023) study, found a strong relationship between e-commerce and MSME growth, but infrastructure and digital literacy challenges hinder optimization, especially in rural areas. The IPSOS 2025 report also revealed that 71% of MSMEs choose e-commerce to expand their reach, even though import competition and declining purchasing power remain classic obstacles.

E-commerce has emerged as a strategic solution by expanding global markets, improving operational efficiency through digital payments, and boosting competitiveness through live shopping features and data analytics. A study at Brainy FEB Unpas shows that e-commerce significantly increases MSME revenues by accelerating capital turnover and customer loyalty. Research in JURDIP (2024) on Muslim fashion MSMEs in Medan Marelan proves an increase in annual turnover due to wide market access and ease of transactions. Likewise, correlation analysis in Eviews in JDEP confirms the positive impact of e-commerce transactions on MSME development.

The urgency of studying the role of e-commerce in the economic growth of MSMEs is becoming increasingly pressing amid the 20% export target by the end of 2025 and global competition. Solechan's research (year not specified, cited 33 times) through a literature review of 21 journals highlights digital transformation as the key to enhancing competitiveness, while Kurniawati et al. (2021) recommend literacy education and e-commerce mentoring. This study is necessary to measure the impact on GDP, employment, and addressing gaps such as infrastructure, as identified in the literature from UM Surabaya, which emphasizes the role of e-commerce in the success of MSMEs post-crisis. Therefore, previous research forms an empirical basis for inclusive policy strategies. This study aims to describe in detail the role of e-commerce platforms in expanding market access for MSMEs in Indonesia, as well as analyzing the contribution of e-commerce to improving the productivity and income of MSMEs.

METHODS

This study uses a qualitative descriptive approach with the aim of providing an in-depth depiction of the development of e-commerce in Indonesia

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and its impact on economic growth and the digitalization of MSMEs. This approach was chosen because it is capable of providing contextual and interpretative understanding of complex socio-economic phenomena such as the adoption of digital technology by MSME actors. The data used in this study are secondary data derived from various credible sources, such as reports from government institutions (Ministry of Cooperatives and MSMEs, DJKN, OJK Institute), academic research results from nationally and internationally indexed journals (JRIME, JDEP, MENAWAN, IDE), as well as publications from survey institutions such as Ipsos and LinkUMKM. These data sources were collected using documentation techniques by tracing literature, scientific articles, statistical reports, and official publications relevant to the research topic. Data analysis was conducted using content analysis methods to identify patterns, relationships, and key findings from various previous studies concerning e-commerce and SMEs. The collected data were then classified into four main discussion categories, namely: (1) the development of e-commerce in Indonesia, (2) the role of e-commerce platforms for SMEs, (3) the impact of e-commerce on the economic growth of SMEs, and (4) the challenges faced by SMEs in utilizing e-commerce. The source triangulation process was applied to ensure data validity by comparing findings from various studies and official institutional reports. The analysis was conducted holistically to produce a comprehensive synthesis explaining how the e-commerce ecosystem in Indonesia contributes to digital transformation and sustainable economic growth of SMEs.

RESULT AND DISCUSSION

E-Commerce Development in Indonesia

The development of e-commerce in Indonesia has experienced rapid growth along with the increasing number of internet users and the dominance of major marketplace platforms such as Shopee, Tokopedia, Lazada, and Bukalapak. In 2025, the value of e-commerce transactions is estimated to reach IDR 471 trillion with an annual growth of around 26%, while total digital transactions including payments have also surged significantly to reach trillions of rupiah. Indonesia has now become the second-largest e-commerce market in the world with millions of business actors and active consumers using the digital ecosystem for shopping and business. The number of MSMEs that have adopted digital technology continues to increase, with government data showing that around 27 million MSMEs were connected to digital platforms in 2024 and are targeted to increase to 30 million by 2025. National programs such as UMKM Go Digital encourage MSME actors to open online stores, use social media as a promotional tool, and integrate digital payments such as QRIS to facilitate transactions and increase business efficiency. The government's role is very strategic in building and supporting the e-commerce ecosystem in Indonesia. The government implements various policies such as expanding internet access in remote areas, providing digital literacy training, supporting payment digitization, and

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establishing regulations that strengthen the security and legal certainty of electronic transactions. Collaboration with various ministries and institutions is also carried out to create an inclusive, safe, and sustainable e-commerce business environment so that MSMEs can compete digitally and expand their market to the global level.

The Role of E-Commerce Platforms for MSMEs

E-commerce platforms play a crucial role in expanding market access for MSMEs in Indonesia by removing geographical barriers and opening up national to global reach. Safitri's (2025) research presented at the Usahid conference found that platforms such as Shopee and Tokopedia enable MSMEs in remote areas to reach millions of consumers, increasing sales volume by 25-30% through integrated shipping features. A study by JICN (year not specified) on Shopee also confirmed that this access empowers local artisans to compete internationally, with digital exports of MSMEs rising significantly post-pandemic. In addition, e-commerce improves MSME operational efficiency through digital payment systems such as QRIS, logistics integration with JNE or SiCepat, as well as order management automation. OJK Institute (2025) analysis on the global business scale strategy for MSMEs emphasizes that real-time logistics integration is the key to efficiency, allowing MSMEs to focus on production rather than administration. In supporting digital marketing, platforms provide features such as paid advertising, promotions, live shopping, and recommendation algorithms that enhance MSME product visibility and branding. MENAWAN study (year not specified) concludes that the "Proudly Made in Indonesia" program on Tokopedia strengthens customer loyalty and market trend adaptation. Rani (Ivet's thesis, year not specified) proves a significant increase in turnover through live shopping, where culinary and fashion MSMEs recorded sales conversions up to 40% higher.

E-commerce platforms also provide business analytics in the form of consumer data, sales trends, and market segmentation for data-driven decision making. The LinkUMKM (2025) study highlights that Shopee's dashboard helps SMEs optimize stock and pricing in real-time, improving forecasting accuracy. This feature encourages product innovation through consumer review feedback, facilitating demand-based customization. The JRIME (2025) study found that SMEs utilizing this data accelerate the innovation cycle, producing new product variants with a market acceptance rate 35% higher. Based on this, the multifaceted role of e-commerce is supported by previous research consistently showing the transformation of SMEs from local to globally competitive. The comprehensive IDE (2025) review emphasizes the key to success in digital literacy and adaptation of platform features for sustainable growth. These findings form the empirical basis for optimal SME strategies in the digital era.

The Impact of E-Commerce on the Economic Growth of SMEs

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The use of e-commerce has had a significant impact on the economic growth of SMEs in Indonesia, particularly in increasing revenue and sales volume. Research conducted by Ipsos in 2025 showed that around 65% of SMEs reported a considerable increase in profits after utilizing e-commerce platforms. This is due to the expansion of market reach, which was previously geographically limited, as well as features such as live streaming that increasingly attract buyers' interest and boost sales conversion. Additionally, JDEP research found a strong positive relationship between transactions through e-commerce and the growth of SMEs' sales volume, indicating the importance of digitalization in efforts to scale up businesses.

In addition to increasing revenue, e-commerce also provides significant efficiency in the operational costs of SMEs. Digital transaction systems eliminate the need for large physical stores and accelerate the payment and distribution processes. Research from the Directorate General of State Assets (DJKN) confirms that this can reduce marketing costs by 20-30%, thereby increasing the overall profit margins of SMEs. An Ipsos survey also revealed that 69% of SMEs feel the benefits of digital marketing through platforms such as Shopee, which allows for wider market penetration at relatively lower costs.

Another positive impact of e-commerce penetration is the creation of new jobs. The digitalization of MSMEs creates demand for workers in logistics, digital marketing, platform management, and business support fintech. The OJK Institute (2025) notes that this sector has successfully absorbed the majority of the national workforce, around 97%, and has also helped strengthen the national economic structure. The contribution of MSMEs to the country's Gross Domestic Product (GDP) has also increased significantly thanks to digital transactions, amounting to trillions of rupiahs each year. Another study at the University of Mataram shows that the role of MSMEs in GDP reaches 61.1%, driven by the adoption of e-commerce, affirming the importance of digital platforms as a driving force of Indonesia's economy.

Challenges for SMEs in Utilizing E-Commerce

SMEs in Indonesia face various challenges in utilizing e-commerce, starting from limitations in digital literacy and technology that hinder effective platform management. Jerkin's research (2025) found that 70% of rural SMEs have difficulty adopting analytics and online marketing features due to a lack of training, even though the Go Digital for SMEs program has been launched. In addition, inconsistent product quality and low packaging standards often trigger negative reviews, causing SMEs to be uncompetitive against imports. The Belajarlagi study (2025) highlights that quality certification becomes crucial for building consumer trust in marketplaces. Intense price competition is also a serious threat, where discount wars from large platforms force SMEs to reduce margins to unprofitable levels. UMSIDA analysis (2025) revealed that SMEs are trapped in the aggressive strategies of Shopee and Tokopedia, while imported products being 20-50% cheaper worsen the situation. Weak internet

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infrastructure in certain areas further exacerbates the problem, with low penetration outside Java hindering stable access for live selling. LIPI research (cited 2025) identifies this gap as the main obstacle to SME digitalization.

CONCLUSION

Research results show that the development of e-commerce in Indonesia is experiencing rapid growth along with the increasing number of internet users, ease of access to digital technology, and the dominance of major marketplaces such as Shopee, Tokopedia, Lazada, and Bukalapak. In 2025, the value of e-commerce transactions reached hundreds of trillions of rupiah with significant annual growth, making Indonesia one of the largest digital markets in the world. The increasing adoption of technology by MSMEs also shows a positive trend, with more than 27 million business actors having joined the digital ecosystem. Government programs such as UMKM Go Digital and the implementation of the QRIS payment system have proven to accelerate the digital economic transformation in the micro and small sectors. This study also found that e-commerce platforms play an important role in expanding market access, increasing operational efficiency, and supporting data-based product innovation. Features such as paid promotions, live shopping, and business analytics help SMEs increase revenue and strengthen competitiveness. Real-time logistics integration and digital payment systems reduce operational costs by 20–30 percent, while access to a wider consumer base contributes to increased sales volume and business income. The economic impact includes a higher contribution of SMEs to the national Gross Domestic Product (GDP) and the expansion of employment in the digital and logistics sectors.

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