

ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia play an important role in the national economy, contributing significantly to job creation, income generation, and overall economic growth. The world is witnessing a rapid digital revolution, this includes Indonesia. This digital revolution has fundamentally reshaped how MSMEs operate, interact with customers, and compete in the marketplace. Embracing technological advancements becomes crucial for MSMEs to thrive and stay competitive. The adoption of digital technology by MSMEs is an important factor in increasing competitiveness and ensuring its sustainability in a rapidly changing market environment. The use of digital technology in MSMEs is fully supported by the government in the implementation of Gerakan Nasional Bangga Buatan Indonesia dan Blueprint System Payment Indonesia (BSPI) through the Quick Response Code Indonesia Standard (QRIS) by Bank Indonesia as an effort to accelerate the digitalization of the payment system.

The main objective of this study is to examine the impact of digitalization on the performance of MSMEs in Indonesia, with a focus on how the adoption of e-commerce and QRIS affects MSMEs overall sales performance. The study aims to provide insights for the current digital adoption among MSMEs and identify the influence of these digital tools in improving sales performance of MSMEs. This research also seeks to explore the potential of MSMEs in this current digitalized era and offer recommendations to support MSMEs growth nationwide. To achieve this goal, this study uses a quantitative analysis method.

The quantitative component focuses on statistical analysis of the e-commerce and QRIS utilization among West Java MSMEs, MSMEs sales performance, and MSMEs competitive advantages in digitally active MSMEs. The analysis method in this study uses non-probability sampling, especially a convenient sampling method to collect data from 400 MSME owners/actors in West Java. The data was collected with a survey strategy and conducted in a non-contrived setting. This study uses SPSS version 29 for data processing including validity testing, reliability testing, descriptive analysis, and three classical assumption tests which include normality, multicollinearity, and heteroscedasticity. In this study, a t-test, path analysis, and sobel test were carried out on hypothesis testing.

The study highlights that MSMEs that have successfully integrated digital technologies experienced improved business performance, including increased sales, expanded customer base, and improved operational efficiency. This study also proves the mediating role of competitive advantage which significantly and positively affects sales growth in MSMEs. The results of this study indicate the influence of partial mediation, namely complementary mediation.

By exploring the utilization of e commerce and QRIS, this research seeks to provide a detailed understanding of how these digital tools can be harnessed effectively within the MSME sector to enhance their competitive advantage which then could improve their sales performance. This is particularly pertinent as MSMEs are critical contribution as the growth engine for the economy, considering their contribution toward the GDP. The successful integration of these digital tools

is envisioned to support the government's goal to promote the digitalization of MSMEs across Indonesia, which currently still progressing. The findings in this research aims to ensure that MSMEs can fully take advantage of the opportunities presented by the digital tools such as e-commerce and QRIS, thereby contributing to sustainable economic growth in Indonesia.

Key Words: Competitive Advantage, E-Commerce, MSMEs, QRIS, Sales Performance