

Online Business Development And Contribution Toward Local Economic In Rural Areas

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Abstract

Online business have become one of the most trending form of business nowadays, this form of business require very little cost of operation. Despite of its advantage in term cost, online business require its owner to have a technology readiness in order to successfully operate the business. There numerous factor that ensure the success of online business, factors such the design of promotion site, quality of services, and the method of payment is very important for the success of online business. There are also few aspect to pay attention to before building and in process of developing online there are also few aspect that is fundamental for this form of business. These factor are including early market research, market and digital literacy, starting point and innovation, choice of product, tracking and monitoring, and lastly business partnership. Its important to note that the right decision should contribute to positive impact as well. The purpose of this paper is to discover the influence of numerous factors affecting the success of online business. Further, this paper will also explain how online business have contribute to local economic especially in rural areas. The finding of this paper are expected to contribute in further development of online business especially in rural area where people aren't yet familiar with digital transformation.

Keywords :

Online Business, Digital Literacy, Digital Transformation, Innovation, Service Quality

INTRODUCTION

Online business aren't so much different from the normal business, the main different are its platform, which in this case online business conducted more modern

way of transaction where everything is online, these method doesn't require any direct contact between buyer and seller, and also doesn't require any use of physical money. Meanwhile offline or traditional business require all this such buyer should present in location during the transaction also require them to pay using cash. Despite of its convenience many people still doubt the level of security of online business, this happen due to many frauds case in the recent years, fraud case such the arrived item isn't in a good condition, or blank item, or even worse different in image and different upon arriving.

But despite this fraud case, many people consider online business is very good and convenience especially for those whose are lazy to go outside. Not only that, online business also able to provide support toward Micro, Small, and Medium Enterprises (MSMEs). The form of support of online business toward MSMEs can be seen in its adaptation of method, technology have provide us with many ways to use them, the one that can harness it to its finest commonly known as creative or known as innovation. MSMEs are a form business, which with the help of technology become online business, even though there are a pure of online business such as one that weren't present any form of physical store, this form of business usually work as third hand seller which it didn't stock any item and only direct the order to the first hand upon its name to the buyer. The implementation of technology in helping to develop more modern MSMEs, since MSMEs is one of the engine for national economic, its expected if the MSMEs are rising then it would potentially be able to employ more people, especially those with very little level of education or the one that doesn't have the luxury of high education, through training and human development program, a competent human is an asset for employment expansion especially on electronic-based business or commonly known as online business (Haryadi et al., 2021).

However in order to make this happen, first the businessman needed to understand the concept of good business, after excellence product, quality services become one most important aspect to develop, with good service quality certainly a company can achieve high customer satisfaction, but other than that, factors such security, information availability, shipping, time, quality and pricing are also fundamental part in order to successfully operate online business (Vasic et al., 2019) Another thing about online business are its technology readiness, the

customer isn't all the same, some customer were elderly people, which can be assume not all of them have the same technology readiness, technology readiness can be define as competencies which not only covered the physical assets, but also many other asset that are linked to the main asset and act as its assistance requirement. Technology readiness will then determine the direction of a company going forward, technology readiness will determine whether or not the company will be able to cope with diversity of condition especially when the environment have encourage the company to adopt electronic based method on their business and even to the next level (Priambodo et al., 2021). Not only does technology readiness have to become the aspect of consideration but, in fact technology readiness will have enhance the intention of customer to shop in online business. This are made possible by the level of information gathering are created by the ability to technology in a right, hence user can read, and consume information to then be implemented in their everyday, one of them being shopping online (Chang & Chen, 2021). It can't be denied that form of business such SMEs whether its online based or offline will provide contribution toward local economic, this are made possible by the advantage of the business itself, the business doesn't require high qualification such master degree or doctoral degree. Therefore, this form of business is also potentially going to boost the employment opportunity, of course in order to make it more successful the support of the government its also fundamental, such policy to help stimulate, encourage and offer support with a particular strategy they've build in advanced (Gherghina et al., 2020)

Despite of all this empirical evidence and formulation, there are several other factors in process of online business development. Factors that are most important especially for individual or micro business is their quality of service, many example of a business that goes down because their reputation aren't so good among people and spread fast over time. In big city many people prefer online shopping, but despite of that fact, people in rural area have also reach out to technology and develop technology readiness, some even have already harness the internet to business purpose. This paper purpose in discovering the reflect of online business development and how have the online business contribute to local economic, especially in rural area.

METHODS

This research is qualitative research, using case study type of research, this paper focuses on people that have started online business or already have the online business and in process on upgrading or developing their business to a bigger business. In the process of collecting data for this paper, the chosen method is open interview toward the respondent with qualification above to make sure the purpose of this paper are meet by the end of research. The data collected in this paper will be interpret using empirical and earlier study to support the finding of this paper and to provide suggested development for the next research in the future.

Its important to notice that this research is conducted in few village in the regency of Sidenreng Rappang, to be exact it can be said that this research conducted in three village around regency of Sidenreng Rappang which is village of Amparita, Massepe and Bilokka, the sample taken into consideration for this paper is those whose have engage in activity of online business, which to be specific, the owner of online shopping. In total the sample collected for interview is in total of 30 people, its also important to note that the question in this paper in the process of interview will be related to online business especially its development process and its contribution toward local economic according to the respondent perspective.

RESULTS AND DISCUSSION

1. The Development of Online Business

The term online business is modern saying for MSMEs that use more modern method of promotion, payment, and distributing item, over the year, online business become more and more advance, in late 2010 social media have affected and change the human behavior, at first social media such Facebook, Instagram and many more were build to connect people from all around the world, however over time people start to harness the social media to promote their item, during this time many micro businessman/woman stock item and promote it using social media. This improvement in modern market were not the final, with rising number of internet user, online shopping platform then introduce all around the world, in Indonesia it was something new, people were having a hard time believing the system at first, especially since the application require the buyer to pay full price without a solid statement of money back guarantee. The more modern form of

online business is now reflected in its flexibility, feature such reseller, drop shipper and many other have made more convenience form of business, these are a very great advantage due to its no item stock requirement, reseller will distribute the item from main company but with the policy of only pay the amount of item they manage to sell. Then even more flexible system are provided known as drop shipper, this method require none of stocking item, require none advanced payment, and only require the seller to create interesting promotion to attract buyer, the buyer that conduct transaction through drop shipper will be receive by the drop shipper and the reported to main company which then require them to send the item in the name of the drop shipper.

Online business however require someone to at least able to operate smartphone, laptops or any other device to connect to the internet, according to the interview conducted in order to provide result for this paper, 23 respondent stated that they manage online business through social media, at first they didn't know how to operate mobile devices, but they learn from young people such teens, this shows the need of digital literacy in order to operate online based activity including business. Since the COVID-19 pandemic in the recent year (2019) the need for digital literacy have been increasing, due to the lockdown policy, people are require to stay home and go out as little as possible, this also make online based transaction a need. Therefore, at this time digital literacy become important specially to shop for daily need such as food. Recent studies stated that its important to have sufficient digital literacy which can be develop through few aspects as following (1) culture awareness; (2) cognitive thinking; (3) constructive behavior; (4) communicative activity; (5) responsibility; (6) creativity; (7) critical; and (8) socially responsible, throughout this aspect it will help to develop digital literacy that can led to many advantage such as able to create innovation, and online business needs innovation and creativity (Williams et al., 2022).

The next thing to address is how the respondent have already understand their marketing field on specific items, some are selling clothes, some sells beauty product and cosmetic and some other sells food. As digital literacy define as the ability to use technology, digital marketing literacy focuses on how to use technology in term of marketing items, its important to understand that this aspect is one of main force for development of online business, recent studies are inline with the result of this paper stating that its important to have certain market area of

marketing to avoid homogeneity on product which can cause disadvantage (Moorthy & Sahid, 2022). Numerous of training program have been in order to improve entrepreneurship among people, according to respondent government also give form of training so do university student during their community service program, respondent stated that its given positive impact and able to make them understand more about online business, it can't be neglected that digital literacy its important for the development of entrepreneurship and online business, and in its process it will also develop creativity and innovation to numerous of new idea potentially making a future for online business especially in rural areas (Waluyo et al., 2022).

Next important things to pay attention is the technology readiness, its important to note that pointless situation when the seller have already master technology but have no customer due to the low level of technology readiness of the buyer. Technology readiness is concept of customer behavior which some segment of population or customer have demand the adoption of new technology in business, as we know today electronic everything have been a demand, people like to do something without too much movement like online shopping. In the implementation of online business, the problem most online entrepreneur faced these days is the lack of understanding of using mobile application or simply the mobile phone itself, and its important to note that technology readiness cannot happen without the initiative behavior of customer or user to change their lifestyle (Wiese & Humbani, 2020). The finding of this paper are neglect this empirical evidence in some way, which according to respondent that their order doesn't always come directly from customer. Sometimes the kid ordered for their parents and also sometimes friend to friend, this situation consider to be one of the main factor that keep the business running.

Even though online transaction can be done through other people or so called thirdhand transaction, it can't be said that technology readiness is not important especially in online business development, empirical studies have analyze the need for technology readiness, more importantly technology readiness will influence the intention of purchasing certain item, interest toward one item cannot be realize if one doesn't know how to get it, therefore the ability for someone to use technology have open opportunity for online business that sell the related item to be able to promote their item and acquire a customer (Pham et al., 2020).

The importance of technology readiness can be seen in more modern country, many countries have already tried to develop AI-based store and AI-based everything, AI stands for Artificial Intelligence, this form of technology require no human to operate which in order to implement AI-based store, the customer will have to have high digital literacy and high technology readiness (Pillai et al., 2020). Even though the object in this research are still far from what so called AI operate online business, its important to understand that technology cannot be neglected any longer and people must develop technology readiness as soonest as possible in order to keep up with the emerging modern world today.

Another aspect that are important toward online business development is the quality of service, which as we know, online business doesn't have common ability to provide offline services, therefore its important to improve the aspect of services even though through online platform, since the E-Services quality purpose is to make online transaction easier, efficient and effective. Empirical study have provide evidence for service quality toward online business, stating that application were easy to access, the information are protected and the ability to provide what the user need are all the aspect that influence customer satisfaction (Cahyanti et al., 2022). Inline with this earlier studies, another paper have provide evidence that customer satisfaction through service is very important to build the image of their business, service quality will not only make the customer satisfy but also loyal (Apriandi et al., 2022). Its important to pay attention to this aspect especially in order to make the online business popular and attract the interest of many, for start it can be build by the respond, customer will prefer the shop that have responsive owner, and owner that could provide solution if come upon any problem, unresponsive owner often take this lightly but the customer are certainly not satisfy with this behavior (Yunitasari et al., 2022)

2. The Contribution of Online Business Toward Local Economy

After providing evidence of how resident of rural have adapt and develop online business, this paper also questions the contribution of online business toward local economy, according to all the respondent there are some that have benefited from this form of business but there is also some that manage to at least make a living from this business. The respondent stated that not all the shop have same amount of customers which some customers even prefer offline shopping or buying from the bigger platform. Term 4.0 era are identical with technology based

productive activity such industry and department store, during this time there are many opportunities created, through electronic based business, due to its flexibility and reliability the online business were manage to contribute toward customer needs, and also due to its simplicity such non large capital needed, online business can be establish by anyone, therefore its really needed to build entrepreneurship regarding how much can it contribute in the future, especially toward employment opportunities and expansion (Kurniawati et al., 2020). Aspiration on encouraging online business to contribute toward local economy and even larger economy, these are also regarding the employment opportunities. Its being said that college student that have the capability to teach about electronic based business are recommend to return to their hometown to build online business training to develop entrepreneurship among resident, these are advantageous especially for village whose already have traditional branded homemade product (Huang et al., 2022). It is many aspect that can help in building online business in rural area in order to harness its benefits and thus making contribution toward their village and even regency. Factor such emerging electronic product influence people to think creatively and to use television media for promotion. Identification of benefits and disbenefits of the business sure will give an analysis of potential profit if manage correctly, and lastly the original product, as said above that village with homemade product should find a way to build brand image for those products, thus this will help in promoting local economic development (Phelps et al., 2022).

Empirical and recent studies also provide evidence for local economic development through online business, according to one of the empirical studies, the paper present three main findings which are (1) household with younger household head are often the one that actively participate in online business; (2) there is an indication that household that conduct or own online business have higher income than the one that are not; and (3) it stated by the household member that online business have given many benefits and if it were conducted by more than one household they've usually form a partnership (Luo & Niu, 2019). Inline with this paper there also a finding about the form of online business have also involving the role of government, especially ICT department, their role is to ensure that information and communication technology are spread equally and people have the requirement readiness for basic technology operation (Wei et al., 2020).

Other than that, in order for online business to keep on giving contribution its important for the government to support in many kind of ways, such policy implication toward online business development and promotion of online services, policy that being said are in form of funding that specially on develop online business. Its being said that online business have manage to reduce the number of poverty by providing employment opportunities for anyone who are willing to learn and work (Liu et al., 2022). Other contribution that are possible with the presence of online business is the partnership between regions, as we know that online business have provide us with flexible method of transaction and distributing items. These are less known but the item that are being distribute have come from some of local industry in the rural area, which this become a contribution toward local economy and erases the logistical barriers and provide long term partnership for many industry (Couture et al., 2021).

This paper also provide the statement of respondent saying that since COVID-19 Pandemic its become easier for them to sell online due to the changing behavior of customer. Other statement are regarding the daily need of the online business owner, stating that since they started or establish online business, they've manage to get more sufficient income and have overcome several problem that earlier have become financial problem. Lastly the respondent stated that many form transaction have conducted, even though there are some people who isn't fluent in using internet, friends and family manage to help them to buy things online without any trouble, non-web user buyer usually contacted the owner via cellphone or by thirdhand which are the close friend of the online business owner.

CONCLUSION

After performing this research there are several findings to note as conclusion. The first finding is indicating that all aspect of online business development are related to technology usage, but its also neglected by the answer of the respondent that some buyer weren't able to use technology fluently but still manage to shop online, even though, it can't be said that aspect such technology readiness and digital literacy isn't important for the development of online business. The second finding stated that online business have been able to help many owner in term of financial aspect and in term of everyday life, its also said by the respondent that government and college student through community service program and many

training are involve in the development of online business in rural area.

As a recommendation for the research, its important to note that this paper have only 30 sample, its recommend that in the research it would be nice to add more sample and more variable and develop a rare hypothesis in order to discover new finding and research novelty

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