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"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

The Effect of Cost Efficiency, Consumer Trust, Benefits and Risk of Using E-Commerce on Msme Performance**Hernano Wahyu Faturrohman^{1*}, Endnag Dwi Wahyuni¹, Agustin Dwi Haryanti****¹Afifah Salsabila¹**¹Universitas Muhammadiyah Malang

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Email: hernano1201@gmail.com*ABSTRACT**

This study aims to find empirical evidence of the effect of Cost Efficiency, Consumer Trust, Benefits and Risks of Using e-Commerce on MSME Performance. The object of this research is all SMEs in Malang City. The sampling technique used the purposive sampling technique with a total sample of 100 MSME actors. Data analysis techniques using the SPSS method. The results of this study indicate that the cost efficiency and benefits of using e-commerce have a significant effect on MSME performance, while consumer trust and the risk of using e-commerce do not affect MSME performance.

Keywords: Cost Efficiency, Consumer Trust, Benefits and Risks of Using e-commerce, MSME Performance

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INTRODUCTION

Data from the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) for March 2021, the number of MSMEs has reached 64.2 million with a contribution to the Gross Domestic Product (GDP) of 61.07 percent or IDR 8,573.89 trillion. In addition, MSMEs also make a significant contribution to employment compared to large businesses. In running a business, many MSMEs are still conventional in carrying out the process of production, packaging and marketing of their products.

Along with technological developments, MSMEs must also be able to maximize the role of technology. (Australia & Economics, 2015) explained that technology has become one of the main factors driving business productivity over the past few years. further, in a survey conducted by Deloitte Access Economics, companies with websites, social media and mobile applications or so-called e-commerce are very important to the success of companies. Using e-commerce will enable MSMEs to expand their business reach, be able to penetrate new market segments, increase marketing and sales efficiency and improve business operations.

One function of using e-commerce is business efficiency. Both material (cost) and immaterial (effort and time) efficiency. On the other hand, using telephone and internet companies can also be used as a means to offer and promote goods or services, and it is hoped that this will have an impact on prices being cheaper than traditional methods.

Consumer trust is formed in two ways, directly and indirectly. In direct formation, consumer trust is formed without previous events, trust is formed before we make an attitude or decision, especially when consumers process information, or information from producers directly, namely advertisements or news information from other consumers. In indirect formation, that is, if one situation (eg, attitude) leads to the creation of another condition (eg, belief). In the example, consumers first buy a new product and then form beliefs and subsequent behavior (Mowen & Minor, 2002). In online transactions, an important factor that makes a business run smoothly and successfully is trust. With trust, business actors can be trusted by their customers.

The growth of the Internet provides great opportunities for the development of more advanced businesses quickly, to be competitive and successful. Business operations can be carried out easily and efficiently by using internet media. The internet is used by MSMEs as the main means of marketing their products or services, the aim is to increase the number of customers and reduce costs, as well as develop an efficient value chain. (Day & Bens, 2005). Technological advances and strong company competitiveness have forced MSMEs to update their sales system so they can compete in today's technological era. (Wirapraja & Aribowo, 2018).

Risk is a negative consequence that must be accepted due to uncertainty in decision-making, so the perception of risk is a way to make consumers aware of possible losses, and the results to be received from their decisions due to uncertainty in decisions.

E-commerce is expected that MSME actors can increase their product range. However, the use of e-commerce also has risks, which can hinder users from shopping on e-commerce. Indirectly it can be said that several factors can reduce risk, namely improving the quality of service, and the products or services offered following consumer expectations. Thus it is expected to increase profitability. (Alwendi, 2020).

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Based on the description and phenomenon above, the researcher wants to empirically prove the effect of cost efficiency, consumer confidence, and the benefits and risks of using e-commerce on the performance of MSMEs in Malang City.

METHOD

This type of research uses quantitative research with an associative approach. The research data used are primary. The population in this study were MSME actors in Malang City, using the purposive sampling technique, the total sample obtained was 100 MSME actors. The data collection technique uses a questionnaire that is distributed online to MSME actors using a Google form sent via social media, measuring the questionnaire using a Likert scale. The following are operational definitions and variable measurements used in this study:

- a) Independent Variable (X1) namely Cost Efficiency. It is said to be efficient and effective if a good job in terms of time, cost and quality can be completed as planned (Ravianto, 2014). The cost efficiency variable is measured by a tool developed by Chong and Chan, (2012) using the following indicators: e-commerce is more profitable than conventional marketing, MSMEs can avoid unnecessary costs and time using e-commerce, cost-effective trade (time and effort in marketing, branding, and customer service).
- a) Independent Variable (X2) namely Consumer Trust. Consumer trust is the willingness of consumers to transact with other parties and believes that the other party will do something as desired/expected. To measure this variable, researchers apply the instrument developed by (Koufaris & Hampton-Sosa, 2002) by using indicators: being trustworthy, prioritizing customer interests, maintaining a good reputation and high involvement, trusting the information provided and paying attention to customer conditions.
- a) Independent Variable (X3), namely the benefits of e-commerce. The benefit of e-commerce is that sellers can provide product sales solutions without being affected by regional boundaries. The convenience of e-commerce that allows sending goods through expeditions is very beneficial for both parties. E-commerce can achieve international or cross-border business expansion.
- b) Independent Variable (X4), namely e-commerce risk. The main risk of e-commerce is a transaction security risk. on line. While uncertainty about the outcome may arise at the time of the transaction, what the user feels will affect the intention to use (Shomad, 2012). When making online transactions, one tends to see a risk if there is an inconclusive result when the transaction is made. To measure the risk variable, researchers take inspiration from (Pavlou & Fygenson, 2006) using indicators: financial risk, security risk, and product risk.
- a) Dependent Variable (Y), namely MSME Performance. (Srimindati, 2006) states that performance is the operational effectiveness of the organization which is determined periodically, and has been previously determined based on the goals, standards and criteria of the organization and its employees.

One of the indicators of increased performance can be seen in the increase in sales. Performance means something produced by an organization or entity in the form of value or achievement as measured by comparing various standards in a certain accounting period. To measure performance variables, researchers adopted Ainin et al., (2015) using indicators: increased sales transactions, increased sales volume, increased sales inquiries, and increased number of customers.

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Then the data were analyzed using the SPSS 25 program. Several stages in analyzing the data were data quality test (validity and reliability test), descriptive statistical analysis, classical assumption test, and hypothesis testing with the coefficient of determination test, F test, and t-test.

RESULT AND DISCUSSION

The population in this study were SMEs in Malang City, sampling was carried out using a purposive sampling method, and based on predetermined criteria, a sample of 100 SMEs was obtained. Researchers collected data by distributing questionnaires online through the WA group, personal chat, and Instagram stories, and by asking friends for help to disseminate the questionnaire.

1. Data Quality Test

To ensure that the data obtained is truly valid and reliable, the researchers conducted validity and reliability tests. Based on the results of the validity test, it can be seen that all r count values are more than the r table (0.1966), so all items are declared valid and can be used in this study. After doing the validity test for each item, and then carrying out a reliability test using Cronbach's Alpha and the results obtained were 0.880. If this value is greater than 0.60, it can be concluded that the questionnaire is declared reliable.

2. Classical Assumption Test

According to Sunjoyo, et al (2013) the assumption test is a statistical requirement that must be met in multiple linear regression analysis based on OLS or Ordinary Least Square. The assumption tests that are commonly used are the normality test, multicollinearity test, and heteroscedasticity test.

In this study, the Kolmogorv-Smirnov residual normality test was used with the provision that if the significance value is more than alpha 5%, it can be concluded that the data is normally distributed, and the normality test results obtain the Asymp value. The sign (2-tailed) is 0.200, so it can be said that the data is normally distributed. To detect the presence of multicollinearity symptoms in the research model can be seen from the Variance Inflation Factor (VIF) value. If $VIF < 10$, it can be concluded that there is no multicollinearity among the independent variables (Wibowo, 2012), the results of the multicollinearity test for all variables have a VIF value of less than 10, which means that in this regression model, there is no multicollinearity. While the heteroscedasticity test used the Scatter plot method, the results showed that the points spread over the value of 0 and did not form a certain pattern, based on this it could be concluded that there were no symptoms of heteroscedasticity in this study.

3. Hypothesis Test

Testing the hypothesis in this study can be seen from the results of multiple linear regression analysis. The results of multiple linear regression calculations with the SPSS program in this study are as follows:

Table 1: Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	2,969	2,194	
Cost efficiency	0,436	0,155	0,264

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Trust	0,185	0,129	0,144
Benefit	0,652	0,190	0,362
Risk	0,083	0,071	0,092

Source: Processed data, 2022

Based on the table above, the regression equation in this study can be made as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

$$Y = 2,969 + 0,436 + 0,185 + 0,652 + 0,083 + e$$

Coefficient of Determination (R²)

The coefficient of determination (R Square) measures how much the percentage of independent or independent variables influences the dependent or dependent variable in percent units in a research regression model. The test results for the coefficient of determination in this study can be seen from the Adjusted R Square value of 0.748 or equal to 74.8%. This figure implies that the variable cost efficiency, consumer confidence, benefits and risks of using e-commerce simultaneously affect the performance of SMEs by 74.8%, while the remaining 25.2% is influenced by other variables not examined.

F test

The F test is used to determine the effect of the independent variable on the dependent variable in a simultaneous study. In the F test, this study will use a significance value of 5% or 0.05. The results of the F test in this study show an F value of 21.068 with a significance level of 0.000, so it can be concluded that the hypothesis is accepted or in other words, the variables of cost efficiency, consumer confidence, benefits and risks of using e-commerce simultaneously have a significant effect on MSME performance.

t-test

The t-test aims to determine the effect of the independent variables on the dependent variable in a partial study. The t-test in this study uses a significance value of 5% or 0.05. The results of the t-test in this study can be seen in the following table.

Table 2: Test Results t

Model	T	Sig.
(Constant)	1,354	0,179
1		
Cost efficiency	2,814	0,006
Trust	1,432	0,155
Benefit	3,429	0,001
Risk	1,161	0,249

From the table above it can be explained that part there is a significant effect of the variable cost efficiency and the benefits of using e-commerce on the performance of MSMEs, while the variables of consumer confidence and the risk of using e-commerce do not affect the performance of MSMEs.

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DISCUSSION**1. Effect of Cost Efficiency on MSME Performance**

Based on the results of the tests that have been carried out, show that cost efficiency affects the performance of MSMEs, as evidenced by a significance value of 0.006 which is smaller than the alpha of 5%. Seeing that the current condition of MSMEs is declining due to the pandemic, MSMEs prioritize increasing their sales rather than the costs of using e-commerce, and because they see more about how to get customers and increase sales so that later they can improve the performance of MSMEs by using e-commerce in help with marketing.

The results of this study strengthen the results of the study (Day & Bens, 2005), which states that most MSMEs use e-commerce as the main means of marketing their products or services, which aims to increase the number of customers and receive positive promotions from one person to another and can reduce costs and develop an efficient value chain. The results of this study are also in line with previous research conducted by Ainin et al., (2015) which stated that cost-effectiveness has a significant effect on the use of social media.

1. The Effect of Consumer Trust on MSME Performance

The trust variable in this study is measured using trust indicators, which include confidence in using e-commerce. Based on the results of the tests that have been carried out, show that the trust variable does not affect MSME performance as evidenced by a significance value of 0.155 which is greater than the alpha of 5%. Respondents tend to consider it normal to use e-commerce for sales transactions.

2. The Benefits of E-Commerce on MSME Performance

Benefit variables in this study are measured using indicators of e-commerce use which include marketing, communication, seeking information, and customer relations. Based on the results of the tests that have been carried out, show that the variable use of e-commerce affects the performance of MSMEs. This is because respondents feel that the use of e-commerce can improve marketing, communicate and develop relationships with customers and can search for information, which can improve performance in SMEs. Seeing the current declining conditions of SMEs, the use of e-commerce is urgently needed to help SMEs survive. Using e-commerce can make SMEs able to compete with other SMEs to get customers and increase sales which can later affect the performance of these SMEs. Then the test results in this study are in line with and support previous research conducted by Hanum and Sinarasri, (2017) which showed that the use of e-commerce has a positive and significant effect on MSME's performance, and is also in line with Fatmariansi's research, (2011) which shows that the more the higher the use of e-commerce in SMEs, the higher the performance of these SMEs.

3. E-Commerce Risks on MSME Performance

The risk variables in this study are measured using risk indicators, which include financial and security risks in using e-commerce. Based on the results of the tests that have been carried out, show that the risk variable does not affect the use of e-commerce. This happens because respondents believe that e-commerce has a low risk and feel safe using e-commerce in transactions. After all, it has features and a high level of data security. Based on these results, it means that the higher the risk of using e-commerce, it will affect the use of e-commerce, which if the risk is higher, it causes a person to have higher fear when transacting online, and vice versa, if the risk is low, it does not affect use. e-commerce and will make someone sure to use it. Then the test results in this study are in line with and

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support previous research, namely research conducted (Ariwibowo & Nugroho, 2013) dan (Pavlou, 2003) which shows that risk harms the use of e-commerce for transactions.

CONCLUSION

Cost efficiency affects the performance of MSMEs, this is because respondents can reduce costs incurred in using e-commerce, because respondents assume, costs for using e-commerce can increase product sales. The benefits of using e-commerce affect the performance of MSMEs, this is because respondents said that the use of e-commerce greatly impacts their sales activities, and can improve the performance of MSMEs.

Meanwhile, consumer trust does not affect the performance of MSMEs. Likewise, the risk of using e-commerce does not affect the performance of MSMEs because respondents believe that e-commerce has a risk-minimizing system in using e-commerce for transactions.

In this study there were several limitations, where researchers could not reach all MSMEs in Malang City because there were difficulties in reaching respondents during the Covid-19 pandemic and could not distribute questionnaires directly, therefore the questionnaires were sent online. Because the data collection used an online questionnaire researchers could not control and see when the respondents filled out the questionnaire.

And researchers provide recommendations for future research development, namely for further researchers to expand research by not only focusing on one area and researchers can add variables outside the variables in this study related to the use of e-commerce on MSME performance. So that it can provide better research benefits and more in-depth explanations.

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