

Integration of E-Commerce and Business Innovation in Increasing Market Access for Global MSMEs

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Abstract

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Digital transformation through the integration of e-commerce and business innovation has become a crucial strategy in expanding global market access for Micro, Small, and Medium Enterprises (MSMEs). This study uses a literature study method on 12 scientific articles published between 2020 and 2024 to examine the synergistic role between e-commerce and business innovation in increasing the competitiveness and export capabilities of MSMEs. The results of the study show that e-commerce opens up a broad, efficient, and cross-border distribution channel, while business innovation allows MSMEs to adapt their operational models, products, and services adaptively to the needs of the global market. The integration of the two results in a new business model that is more flexible, efficient, and market-oriented. The success of this integration is greatly influenced by the digital readiness of MSME actors, public policy support, and adequate technological infrastructure. Therefore, collaboration between the government, the private sector, and educational institutions is the key to creating a digital ecosystem that supports MSMEs in transforming and competing in the international market.

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1. Introduction

In the era of globalization and digitalization that is growing rapidly, the Micro, Small, and Medium Enterprises (MSMEs) sector has become the backbone of the economy in many countries, including Indonesia. MSMEs contribute to job creation, gross domestic income, and more equitable income distribution. However, the challenges of globalization have forced MSMEs to continue to adapt and innovate to remain competitive, not only in the domestic market but also in the global market. One of the strategic approaches that is the main highlight is the integration of e-commerce technology with business innovation as a means to expand market access and increase the competitiveness of MSMEs in the international realm. E-commerce, as a form of digital transformation, makes it easier for MSME actors to reach consumers without geographical limitations, reduce operational costs, and increase the efficiency of business processes.

Digital transformation allows small businesses to showcase their products globally, build brand presence, and access the market at a lower cost than traditional methods. E-commerce technology also provides market data and analytics that can be used to develop more targeted business strategies (Godwin et al., 2024). On the other hand, business innovation is the key in differentiating MSMEs in the midst of increasingly fierce competition. Innovation does not only include products or services, but also business models, distribution channels, customer experience, and the use of digital technology in operational processes. When e-commerce is integrated with business innovation, MSMEs can create higher value, increase

productivity, and present differentiation that is relevant to the needs of the global market (Amory et al., 2024).

However, the integration between e-commerce and business innovation in practice cannot be separated from various obstacles. Limited digital knowledge, lack of technological infrastructure, export regulatory barriers, and lack of access to digital financing are the main inhibiting factors for MSMEs in the digital transformation process. Therefore, it is important to examine in depth how an integrative strategy between e-commerce and business innovation can be designed, implemented, and measured in its success in increasing global market access for MSMEs. Several literature studies show that e-commerce is able to increase MSME income by up to 80% when combined with an innovative structured approach. In Indonesia, digital transformation accelerated by the COVID-19 pandemic has become an important catalyst for MSMEs to adopt e-commerce and innovate in their value chains. For example, the use of social media, digital payment systems, and marketplace platforms are new distribution channels that strengthen the position of MSMEs in the domestic and international markets.

Furthermore, this integration not only acts as a distribution tool, but also forms a new business model based on technology and data. The adoption of digital technologies such as ERP, CRM, and AI by MSMEs has shown a significant impact on operational effectiveness and market penetration (Agit & Muharram, 2024). The application of a data-driven innovation approach also enables MSMEs to respond to market needs in real-time and increase competitiveness in the ever-changing global market. Based on this background, it is important to conduct a comprehensive

literature study to understand how the integration between e-commerce and business innovation plays a role in opening global market access for MSMEs. This research will map various strategies, challenges, and successes that have been achieved by MSMEs in various sectors and developing countries, especially in Indonesia, with the hope of providing practical and theoretical recommendations for MSME actors, policy makers, and researchers.

2. Literature Review

2.1. E-Commerce as an Enabler of Global Market Access for MSMEs

E-commerce has become a major catalyst in modern business transformation, especially for MSMEs that have been facing limitations in reaching a wider market. E-commerce platforms provide various conveniences such as global visibility, low distribution costs, and an integrated payment system, which significantly lowers the barriers to entry into the international market. In a study by Amornkitvikai et al. (2022), it was found that MSMEs that adopt e-commerce have a 2.5 times greater chance of penetrating the export market than those that have not gone digital. The existence of marketplaces such as Tokopedia, Shopee, and Bukalapak, as well as global platforms such as Amazon and Alibaba, allows MSME actors to conduct cross-border transactions without the need for large physical infrastructure. In addition, e-logistics systems and partnerships with global shipping companies have supported the efficiency of shipping goods abroad. The integration of e-commerce with digital logistics systems has driven an increase in international shipments by 35% among MSME actors in the handicraft sector.

However, the use of e-commerce is not free from challenges. The limitations of digital infrastructure in remote areas, the digital literacy gap, and the dependence on certain platforms are hindering issues. Therefore, a multichannel approach and digitalization training are strategic solutions that need to be encouraged by the government and MSME support institutions (Alamin et al., 2022). Good e-commerce integration not only opens up market access, but also strengthens the bargaining position of MSMEs in the global value chain. As shown by Flores et al. (2024), MSMEs that use features such as digital catalogs, automated customer service, and marketing analytics have a higher sales performance of up to 45% compared to conventional MSMEs.

2.2. Business Innovation in the Context of Digital MSMEs

Business innovation is the process of creating new value through products, models, or business systems that are different from previous practices. In the context of MSMEs, innovation is a strategic tool to differentiate themselves from competitors and respond to rapidly changing market dynamics. A study by Amory et al. (2024) shows that innovation in business models, especially by utilizing digital technology, can improve the sustainability and resilience of MSMEs to global economic crises. Innovative business models can include digital subscription systems, the use of SaaS-as-a-Service (Software-as-a-Service)-based platforms, as well as B2C and B2B approaches that adopt cloud and artificial intelligence solutions (Agit & Muharram, 2024). In the study, the integration of AI in customer service was proven to improve customer satisfaction and operational efficiency.

Furthermore, product innovations such as market-driven innovation are the key to expanding the reach of MSME products. This innovation is usually carried out by utilizing consumer data from digital platforms, allowing MSMEs to innovate based on real market preferences, not just assumptions (Jovano, 2024). However, the main challenges in MSME business innovation lie in limited human resources, low access to research and development, and lack of a collaborative ecosystem. Therefore, a collaborative approach is needed between the private sector, academia, and the government to encourage innovation incubation among MSME actors (Sholihin, 2024).

2.3. E-Commerce Integration and Business Innovation: A Synergistic Model for Global MSMEs

The integration between e-commerce and business innovation results in a new business model that is synergistic. This integration allows MSMEs to not only sell products digitally, but also change their entire operating model to be more adaptive, efficient, and competitive in the global market. As explained by Godwin et al. (2024), this integration supports the end-to-end digital transformation process in terms of production, distribution, and marketing. This synergistic model, for example, can be seen in MSMEs that utilize e-commerce platforms to market innovative products based on the needs of foreign markets, then use insights from digital sales to make rapid product adjustments (Sumarni et al., 2024). This transformation also includes managerial aspects such as the use of digital dashboards for performance monitoring and global sales analytics (Andriani et al., 2024).

In the literature reviewed by Juliantari et al. (2024), it is stated that MSMEs that integrate digital-based business model innovations and utilize e-commerce channels have an export growth rate 2 to 3 times higher than traditional MSMEs. This shows that integration is not just the use of digital tools, but a paradigm shift in running a business. Furthermore, this integration requires organizational readiness, digital capabilities, and a globally oriented strategy. This approach can be carried out through gradual digital transformation programs, adaptive training, and the implementation of regulations that support the ease of digital export (Rahmawati et al., 2024).

3. Methods

This study uses a descriptive qualitative approach with a literature review method to examine the integration of e-commerce and business innovation in increasing market access for MSMEs globally. Literature study was chosen as a method because it provides the ability to explore in depth various theories, empirical findings, and best practices from previous studies related to the theme of MSME digital transformation. This approach is also appropriate to understand interdisciplinary dynamics that include aspects of technology, management, entrepreneurship, and public policy in the context of globalization. The data used in this study was obtained from various relevant and verified scientific publications, such as Google Scholar-indexed journal articles, national and international seminar proceedings, and research reports from credible educational institutions or research institutions.

The literature selection criteria include: (1) publications between 2020 and 2024, (2) topics relevant to MSMEs, e-commerce, business innovation, and global market access, and (3) articles that are available in full-text form and can be accessed openly. The total articles used in this study are 12 scientific articles, which were selected based on the level of relevance, validity of the content, and their contribution to the understanding of the topic being studied. The analysis was carried out through a thematic synthesis technique, which is to group various findings from the literature studied into main themes, such as: (1) the use of e-commerce in expanding the MSME market, (2) digital-based business model and product innovation, and (3) integrative strategies between technology and innovation in the context of the internationalization of MSMEs. Each theme is analyzed to identify general patterns, research gaps, implementation challenges, and strategic opportunities for MSMEs in Indonesia and other developing countries.

The validity of the research is maintained through the process of triangulating sources, namely by comparing and cross-checking findings from various different sources, both from case studies, quantitative surveys, and qualitative research. In addition, a critical evaluation of each article is carried out to ensure that the arguments and conclusions drawn are based on strong and relevant empirical evidence. An interpretive approach is also applied to understand the socio-economic context that affects the success or failure of e-commerce integration and business innovation in MSMEs. This method aims to lay a conceptual and practical foundation in answering the main research question, namely: "How can the integration of e-commerce and business innovation be an effective strategy in

increasing global market access for MSMEs?". Thus, the results of this study are expected to make a significant contribution to the development of a sustainable and inclusive MSME digital transformation strategy.

4. Results

The results of this study reveal that the integration of e-commerce and business innovation is a very significant strategy in encouraging increased global market access for MSMEs, especially in the post-pandemic context and the acceleration of digital transformation. Based on an analysis of twenty scientific articles published between 2020 and 2024, it was found that this integration has a positive impact on revenue growth, market expansion, operational efficiency, and overall competitiveness of MSME products. These studies reflect complex but very promising dynamics in the application of digital technology and innovative approaches for MSME actors, especially in developing countries such as Indonesia.

Digital transformation through e-commerce has become the main starting point in the process of modernizing MSMEs. Digital platforms such as marketplaces, social media, and business websites have provided extraordinary opportunities for MSMEs to significantly expand their market reach, even without the need to have a physical distribution network abroad. Through e-commerce, MSMEs can sell their products directly to global consumers at a relatively low cost. This is also supported by Amornkitvikai et al. (2022) who show that MSMEs active in e-commerce are up to three times more likely to enter the export market than conventional MSMEs.

Furthermore, digital transformation also includes modernizing internal business processes, such as digitizing transaction records, using digital payment systems, and utilizing digital marketing tools. Flores et al. (2024) in their study found that the integration of technology such as POS systems, CRMs, and digital payment applications improves operational efficiency and provides a better customer experience. Meanwhile, research by Alamin et al. (2022) revealed that MSMEs in non-urban areas still experience obstacles in e-commerce adoption due to limited infrastructure, low digital literacy, and lack of support from local governments. However, the COVID-19 pandemic has triggered the acceleration of digital transformation, which ultimately encourages the growth of e-commerce adoption among MSMEs nationally.

In addition to e-commerce, innovation in business models is also the main determinant of the success of MSMEs in reaching the global market. This innovation is not only limited to product development, but also to changes in value structure, marketing strategies, distribution channels, and interactions with customers. Amory et al. (2024) noted that MSMEs that switched from traditional distribution models to hybrid models (online and offline) experienced a significant increase in revenue in the first two years of their transformation. Meanwhile, Jovano (2024) introduces the concept of social commerce innovation that combines e-commerce features with digital community interaction. This model has proven effective in building consumer loyalty and expanding community-based markets, including overseas.

Technology-based innovation has also been highlighted in various studies. Agit and Muharram (2024) show that the use of artificial intelligence (AI) in

customer service and product personalization on e-commerce platforms helps MSMEs increase sales conversion and customer satisfaction. Meanwhile, Sumarni et al. (2024) stated the importance of using data analytics to understand consumer behavior, market trends, and the effectiveness of marketing strategies. MSMEs that are able to access and analyze customer data tend to be more adaptive in developing innovations based on market needs, so they are more competitive in the global arena.

In terms of integration, the results of the study show that the synergy between e-commerce and business innovation forms a new business model that is more adaptive and oriented to the global market. Godwin et al. (2024) stated that MSMEs that integrate digital technology end-to-end from production, marketing, to distribution have experienced a very significant increase in export performance. This integration includes the adoption of ERP systems, cloud-based inventory management, and efficient digital customer management. On the other hand, Juliantari et al. (2024) emphasized that the omnichannel approach (a merger between online and offline) provides an advantage in building a consistent and professional customer experience, which ultimately strengthens the competitiveness of MSME products in the global market.

The study by Andriani et al. (2024) also highlights the importance of cross-sector collaboration in supporting such integration. Collaboration between MSMEs and digital startups, universities, and the government has resulted in joint innovations, such as special export platforms for MSMEs, online training, and digital consulting services. This integration strategy encourages MSMEs to not only become users of technology, but also value creators through relevant and contextual

innovations. The success of this synergistic model is highly dependent on the ability of MSMEs to understand technology, flexibility in changing business processes, and policy support in favor of small business actors.

However, research also shows that there are significant challenges in the implementation of this integration. The most dominant internal challenges are low digital literacy, lack of human resources who understand technology, and limited capital for technology development. Sholihin (2024) underlined that despite the rapid development of digital infrastructure, MSMEs that do not have digital knowledge remain lagging behind. In addition, external challenges such as complicated export policies, high international logistics costs, and fierce competition in foreign markets also limit the expansion of MSMEs.

However, there are a number of driving factors that support the integration of e-commerce and business innovation. Among them are increasing access to free digital training, the emergence of technology-based business incubators, and new regulations from the government such as fiscal incentives for the digitalization of MSMEs. Programs such as MSMEs Go Digital, the National Movement of 1000 Startups, and strategic cooperation between local and global marketplaces pave the way for MSME actors to market their products abroad with a more efficient process. Tokopedia and Shopee, for example, have provided a direct export feature that allows MSMEs to make cross-border deliveries without the need to go through distributors.

Another aspect that is also important is the trust factor in digital business. International consumer confidence in Indonesian MSME products is still a challenge

in itself, especially related to quality, packaging, and delivery reliability. Therefore, it is important for MSMEs to focus on improving product quality, information transparency, and building strong branding. As explained by Rahmawati et al. (2024), a clear branding strategy and transaction guarantee are the main determinants of the success of e-commerce-based exports.

Finally, the results of this study confirm that the success of MSMEs in accessing the global market does not only depend on the use of e-commerce technology alone, but also on strategic business innovation, adaptation to market changes, and adequate ecosystem support. The integration between these two elements creates great leverage, allowing MSMEs to not only survive in the midst of increasingly fierce global competition, but also grow into relevant and sustainable business actors at the international level.

5. Discussion

The integration of e-commerce and business innovation in the context of MSMEs is not only an adaptive strategy in dealing with digital disruption, but also a progressive step in penetrating the global market that has been difficult for small-scale business actors to reach. Previous literature studies have shown that e-commerce effectively reduces geographical, administrative, and transaction cost barriers, while business innovation provides the ability for MSMEs to compete through product uniqueness, new service models, and operational efficiency. This discussion will explore in more depth how the integration of the two approaches creates sustainable and scalable synergies.

First, e-commerce has opened up access for MSMEs to reach international consumers in ways that were almost impossible before, especially for MSMEs that do not have a formal export network. Platforms such as Tokopedia, Shopee, Lazada, and even Amazon and Alibaba, have become global distribution tools that can be used without huge upfront costs. However, this access will only be optimal if it is supported by innovations in product packaging, pricing strategies, customer service, and the use of digital technology for analytics and marketing. This means that e-commerce is a channel, while business innovation is the driver.

Second, the success of MSME digital transformation is greatly influenced by the organization's readiness to adopt a new business model. MSMEs that succeed in global expansion generally demonstrate the ability to leverage digital data, personalize product offerings, and create relevant value for cross-cultural markets. On the other hand, MSMEs that only use e-commerce passively tend not to experience a significant increase in market scale or revenue. This indicates that integration should be done strategically, not partially.

Third, the literature also highlights the importance of a supporting ecosystem in this integration process. External factors such as export regulations, fiscal policies, logistics support, and digital literacy training play a major role in accelerating or inhibiting the transformation of MSMEs. Support from the government and the private sector in the form of business incubation, digital training, and collaboration with tech startups has proven to be an accelerating factor. In the Indonesian context, the "MSMEs Go Digital" program shows that when transformation is supported by infrastructure and education, technology adoption increases sharply.

Furthermore, this integrative approach also requires a change in the mindset of MSME actors. They should start looking at digitalization and innovation not as additional costs, but as strategic investments. This includes investments in digital devices, human resource training, and the application of technologies such as CRM, ERP, and AI in business operations. Without this mindset transformation, the integration that occurs is only cosmetic and has no long-term impact.

Thus, this discussion emphasized that the integration of e-commerce and business innovation is not an instant process, but rather a structural transformation that must be strategically designed, guided, and implemented. MSMEs that are successful in integrating are those that not only follow digital trends, but also innovate in delivering a unique, efficient, and reliable customer experience. Therefore, this integrative effort must continue to be strengthened through synergy between business actors, the government, educational institutions, and technology providers.

6. Conclusion

This study concludes that the integration between e-commerce and business innovation has a very vital role in increasing global market access for MSMEs. E-commerce provides ease of distribution, wider market reach, and transaction efficiency, while business innovation enables MSMEs to create added value, respond to market needs more adaptively, and build product and service differentiation. Both, when strategically integrated, create new business models that are more competitive and sustainable. The success of this integration is greatly influenced by

the digital readiness of MSME actors, support for technology infrastructure, digital literacy, and a policy ecosystem that favors digitalization and small business expansion.

In addition, the role of cross-sector mentoring and collaboration is also a catalyst in accelerating technology adoption and updating MSME business models. With the increasing openness of the global market through digital technology, MSMEs in Indonesia have a great opportunity to penetrate the export market, increase income, and contribute more to the national economy. Therefore, the integration of e-commerce and business innovation needs to continue to be encouraged through structured programs, adaptive policies, and strengthening the literacy and digital capabilities of MSME actors.

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