

Unlocking Economic Gains: How E-commerce Enhances Efficiency, Productivity, and Market Access in Indonesia

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Objectives and Motivation

- To assess how e-commerce adoption impacts economic efficiency, productivity, and market access among Indonesian MSMEs.
- **Motivation:**
 - Indonesia's digital economy is projected to reach USD 146 billion by 2025.
 - MSMEs form 99% of businesses and employ 97% of the workforce.
 - Despite rapid digitalization, only 0.82% of e-commerce businesses export.
 - Need for evidence-based policy to address digital divide, financial literacy, and infrastructure gaps.

Data and Methodology

- Data Source: 2024 E-Commerce Survey by BPS Statistics Indonesia.
- Survey Coverage: 38 provinces, 365 districts/cities, 40,011 business units.
- Approach: Descriptive and inferential quantitative analysis and Binary logistic regression to assess revenue change drivers.
- Key Variables: Financial reporting, payment methods, digital training. Market access (domestic vs. international), productivity metrics.

Areas for Clarification

- Authors can develop clear hypotheses to be addressed in this paper, aligning with the key research objective. This can help align the paper with the authors' theoretical arguments.
- For readers' understanding, it would be better to clarify how the authors' proxy Efficiency, Productivity, and Market Access variables.
- The data used by the authors is rich and extensive on MSMEs with national and subnational coverage. The paper could benefit from this rich dataset.
- The authors' analysis focuses mainly on aggregate data, with limited attention to heterogeneity. Results can be strengthened by addressing heterogeneity (e.g., urban vs. rural, firm size, MSME type).

Clarifications on Methodology and Results

- Methodologically, firstly, using a table format would be more interactive for readers to clearly visualize the results instead of the direct reporting of the outcome from Stata.
- Estimation of likelihood and marginal effects from the logit model will be more useful. Some robustness checks would help in validating the results—alternative specifications – by type, size, and location.
- The authors specified a list of tables and figures in the paper; however, I failed to find it in the draft shared with me.
- **From the results, a few areas for clarification:**
 - **Training Paradox:** Digital marketing training is negatively associated with revenue—needs deeper explanation.
 - **Non-cash Payments:** Why are they linked to lower revenue? Consider user trust, infrastructure, or cost barriers.
 - **Financial Reporting:** Only 15% of firms keep records—what are the barriers?

Suggestions for enhancement

Policy Recommendations:

- a) Advancing on good survey of MSMEs, more actionable and prioritized interventions can be drawn.
- b) Recommendations can be more study-specific rather than general. Authors can align it with their own findings.
- c) Consider international benchmarking (e.g., ASEAN peers). Policy-relevant insights on MSMEs and digital transformation.