

# Implementation of Management Economics in MSMEs in the Digital Era

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## ABSTRACT

Digital MSMEs in Indonesia are facing new dynamics amid rapid technological transformation. This study aims to evaluate the extent to which managerial economic principles have been applied in the management of digital-based MSMEs. Using a Systematic Rapid Review approach to analyze five academic articles published in 2024, the study finds that managerial capability and e-commerce utilization are dominant factors in improving efficiency and competitiveness. The findings also reveal significant challenges such as low managerial and digital literacy, and suboptimal policy support. Therefore, a sustainable strategy emphasizing managerial training, data utilization, and cross-sector collaboration is needed to enhance MSME performance in the digital era.

## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in national economic development. Not only are they the largest contributor to Gross Domestic Product (GDP), but they are also a key pillar in job creation and poverty alleviation. According to data from the Indonesian Banking Development Institute and Bank Indonesia (2015), this sector contributed more than 59.08 percent to GDP, or approximately IDR 4,869.57 trillion, and recorded annual growth of 6.4%. Furthermore, MSMEs also contributed 14.06% of total national exports. This fact confirms that MSMEs are not merely complementary, but rather the main foundation of the Indonesian economic system. However, developments marked by digitalization and technological disruption have presented new challenges for MSMEs. Business actors are required to manage their businesses more efficiently, adaptively, and data-driven. In this context, a managerial economics approach has become increasingly relevant. Managerial economics is the application of economic theory and analytical methods to business decision-making to achieve efficiency, optimization, and business sustainability (Hantono & Selvia Fransisika Wijaya, 2025). Principles such as marginal analysis, demand elasticity, and cost-benefit analysis should be the foundation of every managerial process, including at the small and medium-sized enterprise level.

The digital transformation triggered by the COVID-19 pandemic has accelerated the shift of MSMEs to online platforms such as social media and e-commerce. MSMEs that are able to utilize digital technology have significant potential to create jobs, increase competitiveness, and expand economic inclusion (Bahrudin & Rahman, 2024). However, many MSMEs still lack the capacity to apply managerial economic principles in their daily practices. Issues such as low financial literacy, lack of managerial training, and limited access to information are real obstacles in the field (Caroline & Murtiningsih, 2024). Given this urgency, a literature review is crucial to understand the extent to which managerial economic principles have been implemented by digital

MSMEs in Indonesia. This study aims to conduct a Systematic Rapid Review of academic literature published between 2020 and 2025 to identify trends, challenges, and strategies for effective and sustainable business management in the digital era.

METHODOLOGY

This study uses a **Systematic Rapid Review (SRR)** to examine the implementation of managerial economics principles in digital MSMEs in Indonesia. The SRR approach was chosen because of its ability to synthesize evidence efficiently and systematically (Garritty et al., 2024). The main research question is how managerial economics principles are applied by digital MSMEs in Indonesia, as well as trends, challenges, and effective management strategies in the academic literature from 2020 to 2025. Inclusion criteria include journal articles and conference proceedings discussing managerial economics in digital MSMEs in Indonesia, published between 2024 and in Indonesian. Other publications, such as opinion pieces or unpublished theses, as well as publications that are not openly accessible, will be excluded.

A literature search was conducted on Google Scholar using the *Publish or Perish v8 application* , using keywords such as "managerial economics," "MSMEs," "digital," and "Indonesia." Focusing on digital MSMEs is important given their potential to increase competitiveness and economic inclusion (Bahrudin & Rahman, 2024). The data were then synthesized narratively and thematically to identify effective patterns and strategies. The review results will be presented comprehensively, covering the selection process, study characteristics, a synthesis of findings, as well as practical implications and recommendations.

RESULTS AND DISCUSSION

This study examines five scientific articles relevant to the implementation of managerial economic principles in the context of digital MSMEs in Indonesia.

No	Author (Year)	Research Location	Number of Respondents	Focus of Findings
1	Ndraha et al., (2024)	National (general)	150	The challenges of digitalization, low digital literacy
2	Nurdyanto et al., (2024)	Mamuju	365	Financial literacy, digital literacy in MSME managerial capabilities
3	Talahi & Ie, (2024)	North Sulawesi	50	Digital transformation and entrepreneurial character
4	Zed et al., (2024)	Bekasi Regency	100	Managerial & e-commerce capabilities improve performance
5	Huda & Wijaya, (2024)	Padang City	100	Managerial, customer orientation, and e-commerce improve performance

Table 1. Summary of 5 Articles

A summary of the five articles is presented in Table 1, including authors, research locations, number of respondents, and the focus of key findings. Through a thematic analysis of the literature published in 2024, several patterns were identified that illustrate the extent to which managerial economics principles have been implemented by MSMEs. In general, digital

transformation and managerial economics principles have proven crucial factors in improving the performance and resilience of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Across the five articles reviewed, there is consistent finding that various managerial aspects, including capital, literacy, market orientation, competitive advantage, and the use of digital technology, significantly influence MSME success.

#### 1. Level of Implementation of Managerial Economics in MSMEs

Managerial skills have been shown to play a fundamental role in driving the performance of digital MSMEs. Studies by Zed et al. (2024) and Huda & Wijaya (2024) consistently emphasize that capital, managerial skills, customer orientation, and competitive advantage have a significant positive influence on MSME performance. This underscores that thorough business planning, effective resource organization, and strategic decision-making are the main foundations of adaptive business management. MSMEs that possess the skills to read market conditions, manage information, and utilize technology effectively tend to be more resilient in facing digital challenges. Furthermore, Nurdyanto et al. (2024) show that financial literacy and digital literacy significantly contribute to improving MSME managerial skills, which in turn impacts business performance. This confirms that understanding financial aspects and digital skills are essential prerequisites for effective MSME management in the modern era.

#### 2. The Role of E-Commerce in Increasing Efficiency and Market Reach

E-commerce has emerged as a key driver of MSME digitalization. Findings from Huda & Wijaya (2024) and Zed et al. (2024) show that the use of digital platforms can boost operational efficiency, expand market reach, and increase customer engagement. This aligns with the principles of managerial economics, where cost efficiency and data-driven decision-making are key to business sustainability. Furthermore, Ndraha et al. (2024) reinforce this argument by highlighting how the digital economy, through the adoption of technologies such as e-commerce, plays a crucial role in MSME growth. This demonstrates that digitalization not only improves internal efficiency but also opens up opportunities for MSMEs to access broader markets.

#### 3. Challenges of Implementing Managerial Economics in the Digital Era

Despite the enormous potential of digitalization, the implementation of managerial economics principles faces various obstacles. Low managerial and digital literacy, limited capital, and minimal technical support are the main challenges faced by MSMEs. Ndraha et al. (2024) noted that most MSMEs still do not fully understand the importance of analysis-based approaches, such as cost-benefit calculations or demand planning. As a result, decision-making is often intuitive or based on experience, rather than based on data and structured analysis. This highlights the gap between the potential and realized benefits of implementing managerial economics principles.

#### 4. The Role of Government Support and Entrepreneurial Character in MSME Resilience

A study by Talahi & Ie (2024) highlighted that entrepreneurial characteristics—such as innovation, resilience, and adaptability—contribute significantly to the success of MSMEs in navigating the digital era, particularly in building resilience. On the other hand, although the government has provided various forms of training and mentoring, their synergistic effect on accelerating MSME digitalization is still not optimal. These findings indicate that successful digital transformation requires a balance between external government support and internal business readiness. Furthermore, the importance of strong relationships with partners is also emphasized as a supporting factor.

#### 5. Managerial Implications and Sustainable Strategy

Integrating managerial economic principles into digital MSMEs is not simply about technology adoption; it also concerns how business actors design business strategies, manage risks, and achieve operational efficiency. Therefore, training focused on improving managerial capacity, mastering digital data analysis, and strengthening customer orientation is crucial. MSMEs that are able to adopt an analytics-based approach and long-term strategies will have a stronger competitive advantage and be able to adapt to a dynamic business environment. Collaboration between the government and the private sector is also crucial in overcoming the challenges of digital literacy and infrastructure, which remain obstacles.

Overall, MSMEs that demonstrate optimal performance are those that not only possess adequate capital and strong managerial capabilities but are also adaptive to digital change. They must be customer-centric, capable of creating competitive advantages, and supported by a digital ecosystem that enables access to e-commerce platforms and improves digital literacy. Challenges related to digital literacy and infrastructure remain obstacles that need to be addressed through systematic and sustained collaborative efforts.

## CONCLUSION

Based on a thematic analysis of five relevant scientific articles published in 2024, it can be concluded that the implementation of managerial economic principles and adaptation to digital transformation are key factors significantly influencing the performance and resilience of MSMEs in Indonesia. Factors such as capital, managerial capabilities, financial and digital literacy, customer orientation, competitive advantage, and e-commerce utilization have been shown to have a positive and significant influence on MSME success. Managerial capabilities, strengthened by financial and digital literacy, form a strong foundation for efficient strategic and operational decision-making. Although e-commerce has become a key driver of efficiency and market reach, challenges such as low managerial and digital literacy and limited infrastructure remain significant obstacles. While government support plays a direct role in increasing MSME resilience, its moderating effect on the influence of digital transformation and entrepreneurial character has not shown significant consistency, indicating that success requires a balance between external support and internal business readiness. MSMEs that are able to integrate analytical approaches with digital strategies will have a strong competitive advantage in the digital economy era.

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