

Implementation of Public Policy in Encouraging the National Digital Economy: Perspectives of Indonesian MSME Actors

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Abstract

Digital transformation is one of the public policy priorities in Indonesia with the main goal of encouraging MSMEs to enter the digital economy ecosystem. However, the effectiveness of the implementation of this policy still faces challenges in literacy, infrastructure, and business sustainability. This study aims to analyze the perception of MSME actors towards the implementation of public policies in encouraging the national digital economy, identify the obstacles faced, and explore the adaptation strategies carried out. Using a descriptive qualitative approach, this study involved 100 MSME actors from various sectors through in-depth interviews, observations, and study of policy documents. The data was analyzed with NVivo 12 Plus's software-assisted thematic analysis techniques to find key patterns and themes. The results of the study show that 62% of MSME actors understand public policies related to digitalization, and 71% feel the benefits of policies in the form of increased market access and promotion efficiency. However, there are still significant obstacles: 67% face high logistics costs and platform commissions, 55% experience limited digital literacy, 48% encounter uneven internet infrastructure, and only 40% have access to training programs. . These findings confirm the gap between policy formulation and the reality of implementation on the ground. This research contributes to the literature by presenting a direct perspective of MSME actors, as well as providing practical implications for governments to strengthen human resource capacity, expand digital infrastructure, and design more inclusive logistics regulations.

Keywords : Digital economy; Public policy; MSMEs; Digital literacy; Digital infrastructure

Abstrak

Transformasi digital merupakan salah satu prioritas kebijakan publik di Indonesia dengan tujuan utama mendorong UMKM memasuki ekosistem ekonomi digital. Namun, efektivitas implementasi kebijakan ini masih menghadapi tantangan dalam literasi, infrastruktur, dan keberlanjutan bisnis. Penelitian ini bertujuan untuk menganalisis persepsi pelaku UMKM terhadap implementasi kebijakan publik dalam mendorong ekonomi digital nasional, mengidentifikasi kendala yang dihadapi, dan mengeksplorasi strategi adaptasi yang dilakukan. Dengan menggunakan pendekatan kualitatif deskriptif, penelitian ini melibatkan 100 pelaku UMKM dari

berbagai sektor melalui wawancara mendalam, observasi, dan studi dokumen kebijakan. Data dianalisis dengan teknik analisis tematik berbantuan perangkat lunak NVivo 12 Plus untuk menemukan pola dan tema utama. Hasil penelitian menunjukkan bahwa 62% pelaku UMKM memahami kebijakan publik terkait digitalisasi, dan 71% merasakan manfaat kebijakan berupa peningkatan akses pasar dan efisiensi promosi. Namun, masih terdapat kendala yang signifikan: 67% menghadapi biaya logistik dan komisi platform yang tinggi, 55% mengalami keterbatasan literasi digital, 48% menghadapi infrastruktur internet yang tidak merata, dan hanya 40% yang memiliki akses ke program pelatihan. Temuan-temuan ini menegaskan kesenjangan antara formulasi kebijakan dan realitas implementasi di lapangan. Penelitian ini berkontribusi pada literatur dengan menyajikan perspektif langsung pelaku UMKM, serta memberikan implikasi praktis bagi pemerintah untuk memperkuat kapasitas sumber daya manusia, memperluas infrastruktur digital, dan merancang regulasi logistik yang lebih inklusif.

Kata Kunci: Ekonomi digital; Kebijakan publik; UMKM; Literasi digital; Infrastruktur digital

INTRODUCTION

The digital economy in Indonesia has experienced rapid growth in the past decade, driven by the wider penetration of the internet and the increasing adoption of digital technology by the public. The Government of Indonesia targets the digitization of 30 million MSMEs by 2025 as part of the national digital economy strategy. Studies show that the digital economy has the potential to increase its contribution to national GDP and expand market access for MSMEs (Putra & Santoso, 2022; Setiawan, 2023). However, the realization of this potential is highly dependent on effective public policies in encouraging technology adoption and providing adequate digital infrastructure. According to data from the Ministry of Cooperatives and SMEs (2024), although more than 17 million MSMEs have entered digital platforms, the majority are still at the basic adoption stage and have not fully optimized the potential of digital technology for business growth.

Various previous studies have discussed the role of public policy in supporting the digital transformation of MSMEs. For example, Sari and Nugroho (2021) emphasize the importance of regulatory and funding support, while research by Widodo et al. (2022) underscores the role of digital literacy in the success of transformation. In addition, a study by Handayani and Prabowo (2023) found that government programs such as *the National Proud Made in Indonesia Movement* have also strengthened the digital ecosystem of MSMEs. However, most of the research focuses more on macro aspects or program evaluation without delving deeply into how MSME actors perceive the implementation of existing policies. Furthermore, previous studies tend to measure policy success through quantitative indicators such as adoption rates or transaction volumes, while the qualitative experiences, challenges, and adaptive strategies of MSME actors remain underexplored (Paul et al., 2023).

The research gap arises because there are still limited qualitative studies that place MSME actors as the main subjects in assessing the effectiveness of public policies. Previous research has tended to use a quantitative approach that focuses on output indicators, such as the rate of e-commerce adoption or the growth of digital transactions (Rahman, 2022; Dewi, 2023). In fact, a more comprehensive understanding is needed to find out the real obstacles, challenges, and needs experienced by MSMEs in the field. This gap is critical because policy effectiveness cannot be measured solely by adoption numbers, but must also consider whether policies address the actual barriers faced by business actors, such as digital literacy constraints, infrastructure limitations, and cost structures that may become prohibitive for small enterprises (Rahayu et al., 2023). Therefore, this study seeks to fill this gap by examining the perspectives of MSME actors regarding the implementation of public policies in encouraging the national digital economy.

The urgency of this research lies in the need to evaluate the effectiveness of government policies in the midst of the rapid development of digital technology. Without a clear understanding of the experiences and perceptions of MSME actors, policies risk not being on target and actually causing a wider digital divide. In addition, digital transformation is not only about technology, but also about changes in business actors' behavior, capacity, and adaptation strategies. Thus, this research is relevant not only to support the national digital economy agenda, but also to ensure the sustainability of MSMEs as the backbone of the Indonesian economy.

The novelty of this research lies in a qualitative approach that explores the direct narrative of MSME actors as the main actors in the implementation of public policies. This study offers a different perspective from previous studies that tend to be descriptive-quantitative. By placing the subjective experiences of MSME actors at the center of the analysis, this study is expected to provide a richer understanding of how public policy is translated into daily practice. Specifically, this research employs an actor-centered approach that prioritizes the voices and lived experiences of MSME owners and managers, which is relatively rare in Indonesian digital economy literature (Mutiara et al., 2025). This approach allows for the identification of nuanced challenges and contextual factors that may not be captured by survey-based or macro-level policy analyses. This will help identify the gap between policies at the government level and the reality on the ground.

The purpose of this study is to analyze the perception of MSME actors towards the implementation of public policies that encourage the national digital economy, identify the challenges faced in the digitalization process, and explore adaptation strategies carried out by MSMEs. In addition, this study also aims to assess the extent to which existing policies are able to support digital economy inclusivity, especially in the context of equitable access for small business actors in various regions of Indonesia.

The benefits of this research are expected to be divided into two main aspects. Academically, this research contributes to the literature on public policy and digital economy in Indonesia by offering a qualitative perspective that is relatively rarely used. Practically, the results of the research can be an input for the government in designing and improving digital economy policies to better suit the real needs of MSME actors. Thus, this research contributes to bridging the interests of academics, practitioners, and policymakers in supporting a sustainable and inclusive national digital transformation.

RESEARCH METHODS

Types of Research

This study uses a descriptive qualitative approach with the aim of understanding in depth the perception of MSME actors regarding the implementation of public policies in encouraging the digital economy in Indonesia. The qualitative approach was chosen because it can comprehensively explore the meaning, experience, and views of the research subjects in a complex socio-economic context.

Population and Sampling

The population of this study is all MSME actors in Indonesia who are involved in digital economy activities. The sampling technique is carried out by the purposive sampling method, which is to select informants based on certain criteria, such as MSME actors who have used digital platforms or have participated in government programs related to digitalization. The number of samples is determined flexibly until it reaches a data saturation point, which is a condition when the data obtained no longer provides significant new information.

Research Instruments

The main instrument in this study is the researcher himself as a key instrument (*human instrument*). To support the data collection process, semi-structured interview guidelines were used that contained open-ended questions according to the focus of the research. In addition, additional instruments in the form of field notes, voice recording devices, and policy documents related to the digital economy are also used to strengthen the data.

Data Collection Technique

Data was collected through several techniques, namely: (1) in-depth interviews with MSME actors who were research samples, (2) participatory observation of MSME activities in implementing digital economy policies, and (3) documentation in the form of regulations, policy reports, and official government publications related to the MSME digitalization program. Each interview lasted between 45 to 90 minutes and was conducted either face-to-face at the participant's business location or via video conference, depending on the participant's preference and geographical constraints. All interviews were audio-recorded with participants' consent and transcribed verbatim for analysis. Field observations were conducted during business visits to understand the actual digital practices and challenges in the operational context.

Research Procedure

The research procedure is carried out in several stages: (1) the preparation stage, which includes the preparation of instruments and the determination of informants; (2) the stage of data collection through interviews, observations, and documentation; (3) the stage of data reduction by sorting out relevant information; (4) the stage of presenting data in the form of narratives and thematic categories; and (5) the stage of drawing conclusions based on patterns and findings that emerge from the data. The research was conducted over a six-month period from March to August 2024. During the preparation stage, ethical approval was obtained from the university research ethics committee, and informed consent procedures were established to protect participant confidentiality and voluntary participation. The validity of the data is maintained through triangulation techniques of sources, methods, and member checks. Member checking was conducted by sharing preliminary findings with selected participants to verify the accuracy of interpretations and ensure that their perspectives were accurately represented.

Data Analysis Technique

The data was analyzed using a thematic analysis approach. The analysis process includes transcription of interview data, coding, grouping data into categories, identifying main themes, and interpreting meaning according to the focus of the research. To support the accuracy of the analysis, this study uses NVivo 12 Plus software so that the coding and themization process can be carried out systematically and in a structured manner. The thematic analysis followed Braun and Clarke's (2006) six-phase framework: (1) familiarization with the data through repeated reading of transcripts; (2) generating initial codes systematically across the entire dataset; (3) searching for themes by collating codes into potential themes; (4) reviewing themes to ensure they work in relation to the coded extracts and the entire dataset; (5) defining and naming themes; and (6) producing the final analysis. Inter-coder reliability was established by having two researchers independently code a subset of the data (20% of transcripts) and discussing discrepancies until consensus was reached. The coding process in NVivo involved creating nodes for themes and sub-themes, which allowed for systematic organization and retrieval of data segments related to each theme.

RESULTS AND DISCUSSION

Research Results

This study involved 100 respondents of MSME actors from various business sectors in Indonesia who have or have just started to adopt digitalization. The participants represented diverse business sectors: 32% from food and beverage, 28% from fashion and textile, 21% from handicrafts, 12% from services, and 7% from agricultural products. Geographically, participants were distributed across major islands: 45% from Java, 23% from Sumatra, 15% from Kalimantan, 10% from Sulawesi, and 7% from Eastern Indonesia (Papua, Maluku, and Nusa Tenggara). In terms of business scale, 58% were classified as micro enterprises (annual revenue < Rp 300 million), 32% as small enterprises (Rp 300 million - 2.5 billion), and 10% as medium enterprises (Rp 2.5 - 50 billion). Regarding digital platform adoption, 87% used social media for marketing, 64% engaged in e-commerce platforms, 71% utilized digital payment systems, and 23% implemented more advanced digital tools such as inventory management systems or customer relationship management (CRM) software. The results show that the implementation of public policies has had a positive impact, despite a number of significant obstacles..

Level of Understanding of Public Policy

As many as 62% of respondents stated that they understood public policies related to the digitalization of MSMEs, such as MSMEs Go Digital or Proud of Made in Indonesia. However, another 38% admitted that they did not know clearly. Further analysis revealed that understanding varied significantly by geographical location: 75% of participants from Java understood the policies compared to only 48% from Eastern Indonesia. Urban MSMEs (71% understanding) also demonstrated higher policy awareness than rural MSMEs (49% understanding). Education level was another determinant, with 82% of participants with tertiary education reporting policy awareness versus 44% of those with secondary education or below. This shows that there is a gap in policy socialization.

Perceived Benefits

Around 71% of MSME actors admitted that they have experienced an increase in market access and promotion efficiency since using digital platforms. Specific benefits reported included: expanded customer reach beyond local markets (68%), reduced marketing costs (63%), faster transaction processes (71%), improved customer relationship management (54%), and increased sales volume (59%). On average, participants who actively utilized digital platforms reported a 35-48% increase in revenue compared to the pre-digitalization period. However, these benefits were more pronounced among MSMEs with higher digital literacy and better internet infrastructure access. Meanwhile, 29% stated that the benefits were not significant due to limited capital, literacy, or infrastructure..

Major Obstacles

The biggest barriers faced are logistics costs and platform commissions (67%), followed by limited digital literacy (55%), and uneven internet access (48%). Detailed breakdown of obstacles revealed: (1) Logistics costs: 67% of respondents reported that shipping fees consumed 15-30% of their profit margins, making certain products uncompetitive in online markets, particularly for MSMEs selling low-margin products or

located in remote areas; (2) Digital literacy: 55% experienced difficulties in using digital marketing tools, content creation, data analytics, and customer engagement strategies—many could only perform basic functions on platforms but struggled with optimization; (3) Infrastructure: 48% faced unstable internet connections (average speed < 5 Mbps), frequent outages, and limited coverage in rural areas, which disrupted online transactions and customer communications; (4) Platform commissions: 52% felt burdened by commission fees ranging from 5-20% per transaction, particularly affecting small-volume sellers; (5) Capital constraints: 44% lacked funds for initial investment in digital tools, professional photography, or marketing campaigns; and (6) Competition: 37% found it challenging to compete with larger businesses or established brands on digital platforms. These obstacles show that although public policies support digitalization, there is still a structural burden felt by MSME actors..

Access to Training and Mentoring

Only 40% of respondents stated that they had participated in digital training facilitated by the government or private partners. Of those who participated, 72% found the training helpful but too brief (typically 1-2 day sessions), 58% desired ongoing mentoring rather than one-time workshops, and 65% requested more practical, hands-on training rather than theoretical presentations. Among the 60% who had not participated in training, the main reasons were: lack of awareness about available programs (48%), inconvenient timing or location (32%), language barriers (programs conducted only in Indonesian while some rural MSMEs were more comfortable in local languages) (18%), and perception that training was designed for more advanced users (24%). This shows that the digitalization policy is still minimal in terms of increasing the human resource capacity of MSME actors..

Expectations for Continued Policies

The majority of respondents (78%) hope for a subsidy for shipping costs, expansion of digital literacy training, and the development of internet infrastructure in remote areas. Specific policy recommendations from participants included: (1) Government subsidies for shipping costs, particularly for MSMEs in Eastern Indonesia and remote areas (78%); (2) Establishment of regional digital hubs with free internet access and equipment for MSMEs (65%); (3) Long-term mentoring programs (minimum 6 months) with personalized guidance (71%); (4) Simplified and transparent platform regulations to reduce exploitative commission structures (67%); (5) Access to low-interest digital transformation loans or grants (62%); (6) Multilingual training materials and support (especially for regions with strong local language use) (41%); (7) Creation of government-supported digital marketplace with lower fees specifically for small MSMEs (56%); and (8) Certification programs that recognize digital competency levels, which could enhance MSME credibility with customers and investors (48%)..

Table 1. MSME Perception Survey Data on Digital Policy

Aspects	Number of Respondents (n=100)	Percentage (%)
Policy Understanding	62	62%
Feeling the Benefits	71	71%

Barriers to Digital Literacy	55	55%
Infrastructure Barriers	48	48%
Logistics Cost Barriers	67	67%
Have Participated in Training	40	40%
Hope for Policy Improvements	78	78%

Source: Primary data, 2024

Discussion

Policy Implementation and Level of Understanding of MSME Actors

The results of the study show that 62% of MSME actors already understand public policies related to digitalization such as MSMEs Go Digital or Proud of Made in Indonesia. However, the other 38% still do not fully understand the content, benefits, or how to access the program. This indicates a gap in the dissemination of public policy information. When viewed from the perspective of policy implementation theory (Mazmanian & Sabatier, 1989), the success of implementation is not only determined by the content of the policy, but also by the process of communication and acceptance of the policy by the target group. The geographical disparity in policy understanding (75% in Java vs. 48% in Eastern Indonesia) suggests that policy dissemination strategies have been urban-centric and Java-centric, potentially marginalizing MSMEs in peripheral regions. This finding aligns with Nugraha's (2025) argument that structural inequalities in access to information and resources perpetuate the digital divide even when policies are ostensibly universal in scope. Thus, the results of this study show the need for a more inclusive policy communication strategy, especially for MSMEs in remote areas that have difficulty reaching official government information..

Benefits of Policies in Expanding Market Access

As many as 71% of MSME actors feel real benefits in the form of increased market access through digital platforms. This shows that public policy can be an enabler for MSMEs to penetrate a wider market at a relatively low cost. The Rahayu et al. (2023) study confirms that digitalization is able to increase the competitiveness of MSMEs by up to 40% compared to non-digital business actors. The reported 35-48% increase in revenue among digitally active MSMEs in this study corroborates these findings and demonstrates that when properly supported, digital transformation can significantly enhance business performance. This is particularly significant in the Indonesian context where geographical barriers have traditionally limited market reach for small enterprises. These findings are in line with the digital economy theory which states that the involvement of MSMEs in the digital ecosystem accelerates the diffusion of products to consumers (Bukht & Heeks, 2018). However, these benefits are still felt more by MSMEs who already have the basic capacity of digital literacy, so that the gap between digital and non-digital MSME actors tends to widen. This creates a concerning pattern where policies intended to promote inclusive economic growth may inadvertently exacerbate existing inequalities, a phenomenon described by Paul et al. (2023) as "digital stratification" within the MSME sector..

Digital Literacy as a Key Obstacle

As many as 55% of respondents stated that they had difficulties in using online marketing applications, digital store management, and payment system integration. These barriers show that digital literacy is not only about technical skills, but also about understanding digital-based business strategies. Handayani & Prabowo (2023) found that digital literacy is one of the main determinants of the success of MSME transformation. The finding that MSMEs can perform basic platform functions but struggle with optimization highlights a critical gap between surface-level adoption and strategic digital integration. This distinction is crucial because mere presence on digital platforms without effective optimization yields minimal competitive advantage (Widodo et al., 2022). The demand for practical, hands-on, and ongoing training (expressed by 58% of participants who attended training) indicates that current capacity-building approaches are insufficient and misaligned with MSME needs. When viewed from the framework of Diffusion of Innovations (Rogers, 2003), the low level of digital literacy places most MSMEs in the category of early majority or even late majority, which tends to be slow to adopt innovation. Therefore, increasing digital literacy through community-based training and intensive mentoring is an important solution. Community-based approaches are particularly effective in the Indonesian context where peer learning, trust networks, and localized support systems are culturally valued (Sari & Nugroho, 2021).

Uneven Digital Infrastructure

As many as 48% of respondents highlighted the problem of slow and unstable internet access, especially in areas outside Java. These findings show that macro public policies cannot always be implemented evenly because they depend on the readiness of local infrastructure. According to Nugraha (2025), political, economic, and technological factors greatly affect the acceleration of digital transformation in the MSME sector. The infrastructure gap is particularly acute in Eastern Indonesia where 52% of participants reported internet speeds below 5 Mbps and frequent service interruptions, making real-time online transactions and customer communication unreliable. This technical barrier not only limits market access but also undermines customer trust when MSMEs cannot fulfill orders promptly or respond to inquiries efficiently. This condition indicates that the MSME digitalization policy must be integrated with the telecommunication infrastructure development policy so that it not only focuses on program socialization, but also on providing technical prerequisites that allow MSMEs to operate in the digital ecosystem. The disconnect between digitalization policies and infrastructure development policies represents a critical coordination failure within government, suggesting the need for more holistic, cross-ministerial approaches to digital economy initiatives (Setiawan, 2023).

Logistics Fees and Platform Commissions

As many as 67% of respondents complained about the high shipping costs and commission fees of digital platforms. This factor makes the profit margin of MSMEs smaller compared to direct sales. The finding that logistics costs consume 15-30% of profit margins is particularly alarming for MSMEs selling low-margin products or operating in remote areas where shipping fees can exceed the value of the product itself. Additionally, the 5-20% platform commission fees create a cumulative cost structure that can make

digitalization economically unviable for the smallest enterprises. This confirms that although digitalization opens up the market, the structure of operational costs has also changed. If not balanced with supportive regulations, digitalization policies can create a digital burden for MSME actors. Recent research by Mutiara et al. (2025) emphasizes the importance of government intervention in reducing logistics costs through postal subsidies or digital supply chain integration. In theory, this is in line with the concept of transaction cost economics (Williamson, 1981), which emphasizes that transaction efficiency is an important factor in maintaining the competitiveness of business actors. The current cost structure suggests that without targeted subsidies or regulatory interventions to cap platform fees for small sellers, digital platforms may become extractive rather than enabling for MSMEs (Rahayu et al., 2023). The 78% of participants calling for shipping subsidies reflects a clear understanding that current cost structures are unsustainable for small-scale operations.

Low Access to Training and Mentoring

Only 40% of MSME actors stated that they had received training related to business digitalization. This figure shows that although the government has various capacity building programs, the distribution and reach of these programs are still limited. The geographic concentration of training programs in urban Java, the predominance of Indonesian language materials when many rural MSMEs operate primarily in local languages, and the one-time workshop format rather than ongoing mentorship all contribute to limited program effectiveness and reach. This condition confirms that public policies tend to stop at the socialization stage, but there is minimal follow-up in the form of long-term assistance. The gap between policy announcement and sustained implementation support represents what scholars term "ceremonial compliance"—where governments create programs to demonstrate responsiveness but fail to adequately resource or sustain them (Mazmanian & Sabatier, 1989). This is consistent with the research of Erlanitasari (2018), which shows that intensive assistance is more effective than momentary socialization in encouraging behavioral changes of MSME actors.

Comprehensive Discussion with Previous Research

The results of this study reinforce the previous literature that emphasizes the existence of a policy-practice gap in the implementation of MSME digitalization policies. However, this research has a novelty contribution by placing the subjective experience of MSME actors as the main focus. When compared to previous quantitative studies (Rahman, 2022; Dewi, 2023), this study emphasizes that indicators of policy success can not only be seen from the number of MSMEs that enter the digital ecosystem, but also from how far the policy responds to the real needs of business actors. This actor-centered perspective reveals that numerical adoption rates mask substantial variation in the quality, depth, and sustainability of digital integration (Paul et al., 2023). The finding that 71% experience benefits while simultaneously 67% face prohibitive logistics costs illustrates the complex and sometimes contradictory realities that aggregate statistics obscure. Furthermore, this research extends beyond previous studies by documenting specific barriers (infrastructure quality, cost structures, training accessibility) and their differential impacts across

geographical regions and business scales, providing more actionable insights for policy refinement.

Practical Solutions and Recommendations

Based on the results of the study, there are several practical policy recommendations: (1) expanding the reach of community-based digital literacy training, (2) strengthening telecommunication infrastructure in areas outside Java, (3) providing postage subsidies for small MSMEs, and (4) increasing mentoring programs that are integrated with digital platforms. Specifically, policy recommendations include: (1) Establishing regional digital hubs in underserved areas equipped with reliable internet, computers, and on-site facilitators who can provide daily support to MSMEs; (2) Implementing a tiered subsidy system for shipping costs that provides higher subsidies to MSMEs in remote regions and those selling lower-value products; (3) Creating multi-level, sequential training programs that begin with basic digital literacy and progress to advanced optimization strategies, delivered in local languages where appropriate; (4) Introducing certification programs that recognize different levels of digital competency, providing MSMEs with credentials that enhance customer trust and potentially qualify them for preferential platform terms; (5) Establishing a government-supported digital marketplace with substantially lower commission fees (e.g., 2-5% rather than 5-20%) specifically designed for micro and small enterprises; (6) Mandating transparency in platform fee structures and implementing regulatory caps on commission fees for sellers below certain revenue thresholds; (7) Expanding public-private partnerships to leverage private sector expertise in digital tools while ensuring accessibility and affordability for MSMEs; and (8) Developing mentorship matching programs that pair experienced digital entrepreneurs with MSMEs beginning their digital journey. These solutions can help bridge the gap between public policy and the reality on the ground..

Theoretical and Practical Implications

Theoretically, this study expands the understanding of public policy implementation in the context of MSME digitalization by emphasizing the importance of literacy and infrastructure aspects. This research contributes to policy implementation theory by demonstrating how contextual factors—particularly infrastructure readiness, linguistic diversity, and geographical remoteness—mediate the translation of policy intentions into outcomes. The findings support a modified version of the Mazmanian and Sabatier (1989) implementation framework that foregrounds not just policy design and institutional arrangements, but also the material conditions and cultural contexts within which target populations operate. Additionally, this study enriches diffusion of innovations theory (Rogers, 2003) by showing that adoption is not merely a function of individual innovativeness but is structurally constrained by infrastructure availability, cost structures, and access to support systems. Practically, these findings can be a direct input for the government in formulating follow-up policies to be more inclusive and responsive to the needs of MSMEs. In addition, this study also contributes to the literature on digital policy implementation by adding a dimension of perception of field actors that is rarely explored in quantitative research. The actor-centered qualitative approach demonstrates that policy

effectiveness must be evaluated not only through adoption metrics but through the lived experiences, challenges, and adaptive strategies of those whom policies aim to serve.

CONCLUSION

This study concludes that the implementation of public policies in encouraging the national digital economy has a positive impact on MSMEs, especially in terms of increasing market access and promotion efficiency. Most MSME actors feel the real benefits of government programs such as *MSMEs Go Digital* and *Proud of Made in Indonesia*. However, this study also found significant obstacles in the form of low digital literacy, limited internet infrastructure in the regions, and high logistics costs and platform commissions that are felt to be burdensome for small business actors. These findings show that there is a gap between policy objectives and the reality of implementation on the ground. In addition, this study found that only a small percentage of MSMEs have participated in training or assistance related to digitalization. The lack of access to capacity building human resources has caused some MSME actors to not be able to optimize the potential of digital technology. Thus, even though public policies have been implemented, there is still a need for further interventions that focus on aspects of digital literacy, strengthening infrastructure, and regulations related to logistics costs. This research contributes by highlighting the perspective of MSME actors as the main subject, thus emphasizing the importance of inclusive and needs-based policies in the field. For further research, it is suggested that the focus be expanded to cross-regional or business sector comparisons, so that differences in digital policy implementation can be seen in various socio-economic contexts. In addition, a *mixed methods* approach can be used to supplement qualitative data with more measurable quantitative evidence. This will strengthen the validity of the research results and provide a more comprehensive basis for future public policy formulation.

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