

The Role Of Digital-Based Economy In Indonesia's Economic Growth

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Abstract - The objective of this study was to determine the partial and simultaneous influence of e-commerce transaction value, internet user numbers, and employment on Indonesia's economic growth. The study used secondary data from library research. The research was associative with a quantitative approach.

The research population is 38 provinces in Indonesia and the sampling technique The sample used a census method. The results of partial hypothesis testing at the 5% significance level indicate that e-commerce transaction value and employment have a significant positive effect on Indonesia's economic growth, while the number of internet users has a negative effect. The results of simultaneous testing at the 5% significance level indicate that e-commerce transaction value, internet users, and employment have a significant positive effect on Indonesia's economic growth.

Keywords: e-commerce transaction value, number of internet users, employment work and economic growth

I. INTRODUCTION

The development of the digital economy based on *the Internet of Things* (IoT) in the era of the industrial revolution 4.0 has opened up new opportunities in the field of trade and has bridged the interests of consumers, producers and markets globally. ^[1] where previous activities were separate but now can be integrated so that it is easy and cost-effective ^[2]. Internet users in Indonesia are above 60%, in Singapore above 80%, in Malaysia and Brunei above 70% and in Laos and Cambodia still below 20% ^[3]. The development of digital business in Indonesia The 2019-2020 period was very large, with the number of internet users reaching 196.71 million out of a total population of 26.91 million, according to a survey by the Indonesian Internet Service Providers Association (APJII). The entry of *e-commerce* And availability *platform* Digital business in Indonesia has transformed the way people conduct business and consume, even threatening large *retailers*. The digital world not only offers significant opportunities and benefits for the public and business interests ^[4] but also provides challenges to all life to improve quality and efficiency ^[5]. The existence of technology Information Communication (ICT) contributes significantly to Gross Domestic Product (GDP) and the number of jobs in Indonesia. as well as increase growth economy ^[6].

E-commerce, one of the digital technology industries experiencing significant growth in Indonesia, is predicted to continue to increase annually. The annual increase in *e-commerce transaction values in Indonesia from 2017 to 2020 indicates that more people are conducting digital economic transactions through e-commerce.* ^[7]. *E-commerce* continues to grow, impacting employment and wages directly and indirectly, creating jobs and job losses. Technological developments that are not balanced with the quality of human resources according to market needs are a challenge in themselves, as Indonesia enters the demographic bonus era with a productive age population of 70.72% of the total population and a productive age of 15-64 years ^[8].

Employment problems in Indonesia include low quality of labor, the number of labor force is not comparable to job opportunities, uneven distribution of labor, unemployment and Termination of Employment (PHK) and low wages.

The main challenges to digital transformation include limited knowledge of how to use digital technology and *platforms*, difficulty finding digital *platforms*, and the lack of a digital marketing strategy to expand market networks. Other obstacles to digital technology adoption include a lack of public understanding of digital finance, particularly among people in remote areas, unequal internet connectivity across Indonesia, and transaction fees and limits. These barriers hinder the development of Indonesia's digital business ecosystem, necessitating a *cashless policy* to achieve this more quickly.

Based on The description above formulates the research problem, how do the value of *e-commerce* transactions, the number of internet users and employment absorption influence Indonesia's economic growth partially and simultaneously? The aim of the research is to determine the influence of *e-commerce* transaction value, number of internet users and employment absorption. on Indonesia's economic growth partially and simultaneously.

Economic growth is a process of increasing *output* per capita in the long term, influenced by the population, the amount of stock of goods capital, land area, natural wealth and technology used^[9]. The growth process is fundamentally a creative destructive process where new products are developed and old ones become obsolete.^[10] New production techniques introduced require new skills and make old skills less useful^[11]. According to endogenous theory of technological change for economic growth with technological innovation and government policies influencing long-term growth^[12]. Disruptive innovation theory includes product innovation and business models^[13]: *new market* disruptive innovations are always priced lower, although not necessarily cheaper in absolute terms^[14].

Digital business (*e-commerce*) as an initiative to change the perspective of sales transactions buy and payments from conventional to digital transactions via internet networks and computer devices^[15] and *e-commerce* is a product of trading goods/services using computer networks^[16]. *E-commerce* is through media where goods/services with economic value are designed, produced, advertised, cataloged, inventoried, purchased/shipped^[17]. *E-commerce* is the process of sending information, services, products, payment flows via telephone, internet networks and other digital media.^[18] *E-commerce* is a form of trading several products and information with internet network access.^[19] *E-commerce* is a part of *e-lifestyle* that allows trade transactions to be carried out *online* from all angles^[20]. The impact of *e-commerce* will occur in the process of reducing transaction costs, increasing access to market information, intensifying competition, better allocation of resources, increasing competitiveness and innovation to compete in the global market^[21].

The workforce is defined as every individual/resident aged 15 years and over who can perform work to produce goods/services to meet individual and public needs. Employment status includes freelancers, contract workers, and permanent workers [22]. Labor absorption is seen from the large number of people working in various business fields due to the demand for labor, and increases in labor demand depend on derived demand [23]. Workers who are employed and absorbed in the economic sector have an impact on producing large quantities of goods and services, thereby increasing economic growth [24]. Government regulations regarding e-commerce are regulated in [25], with consideration for the implementation of its provisions [25].

The research hypothesis is a tentative answer to the research problem and must be proven [26]. The research hypotheses are as follows:

H1: The value of e-commerce transactions is suspected to have a significant positive effect on Indonesia's economic growth.

H2: The number of internet users is suspected to have a significant positive effect on Indonesia's economic growth.

H3: The absorption of labor is suspected to have a significant positive effect on Indonesia's economic growth.

H4: It is suspected that the value of e-commerce transactions, the number of internet users, and employment absorption have a significant positive effect on Indonesia's economic growth.

II. RESEARCH METHOD

All method study This use ^[26], this type of research is associative with a quantitative approach. The study used secondary data, the ratio data type sourced from *library research*. The study population was 38 provinces in Indonesia and the sample was census or total. Method data collection in this study nature *library research* And *documentary study*. The data processing method is inferential statistics. so that a multiple linear regression equation is obtained. Partial and simultaneous tests are carried out at $\alpha = 5\%$.

III. RESULTS AND DISCUSSION

Data analysis, as stated in the research title, did not utilize instrument testing or classical assumption testing because it utilized secondary data collected from credible national data centers such as the Central Statistics Agency (BPS) and Bank Indonesia (BI). The processed data are presented in Table 3.1 below.

Table 3.1. Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std.Error	Beta		
1(Constant)	-63.209	85,451		-.723	.000
Transaction Value <i>E-</i>	.126	.1 54	.919	.816	.000
<i>Commerce</i>	-.297	. 271	-2,060	-1.095	. 000
Internet Users	1,206	. 1486 6	1,164	.811	.000
Labor Absorption					

a. Dependent Variable: Economic Growth

Source: Processed Secondary Data, 2025

Based on Table 3.1 above shows the multiple linear regression equation $Y = -63.208 + 0.126X_1 - 0.297X_2 + 1.206X_3 + e$. Results test hypothesis on level 5% significance for The t- test shows that the value of *e-commerce* transactions and employment absorption have a significant positive effect on growth. economy while the number of internet users has a significant negative effect on Indonesia's economic growth. The results of the F test show that the value of *e-commerce transactions*, amount internet users and the absorption of influential energy significantly positive on Indonesia's economic growth because the significance value is $0.000 < 0.05$. Mark *Adjusted R Square* like on table 3.2 below :

Table 3.2. Model Summary

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate
1	.411 ^a	.169	.247	2,516

Source: Processed Secondary Data , 2025

Table 3.2 above shows a correlation value of $R = 0.411$, meaning that the variables of *e-commerce transaction value*, number of internet users and employment absorption are related to Indonesia's economic growth of 41.1%, which is moderate, while the remaining 58.9 % is related to other variables that are not included in the research model. *The R Square* value = 0.169 means that the variables of e-commerce transaction value , number of internet users and employment absorption influence Indonesia's economic growth by 16.9% while the remaining 83.1% is influenced by other variables not included in the research model. *The Adjusted R Square value of 0.247* means that the variables of e-commerce transaction value , number of internet users and employment absorption are able to explain Indonesia's economic growth by 4.7% while the remaining 75.3% is explained by other variables not included in the research model.

IV. CONCLUSION

The conclusions of the research results are as follows:

1. The value of *e-commerce* transactions has a significant positive effect on Indonesia's economic growth.
2. The number of internet users has a significant negative impact on Indonesia's economic growth.
3. Labor absorption has a significant positive effect on Indonesia's economic growth .
4. The value of *e-commerce* transactions , the number of internet users and employment absorption have a significant positive effect on Indonesia's economic growth.

A Confession

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Conflict of Interest

We, the research team, declare that there is no conflict of interest related to the results of this research.

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