



The Role of E-Wallets, Service Quality, and Social Entrepreneurship in Enhancing Business Competitiveness

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Abstract

Purpose: This paper investigates the impact of using e-wallets, service quality, and social entrepreneurship on the competitiveness of MSMEs participants.

Method: This study used a sample of 105 respondents who were active members of MSMEs in Sukun Market. These respondents ranged in age from 17 to 72 years old, indicating a broad spectrum of age groups and experiences, which provides a broad understanding of the demographic involved in MSMEs within this area. The method employed in this research included validity and reliability tests to examine the research instrument: a questionnaire, determination coefficient (R-Square), F-Square testing, and hypothesis testing. The testing was conducted using simple regression analysis.

Result: The result of the study indicates that the use of e-wallets, service quality, and social entrepreneurship has a 66 percent influence on the competitiveness of MSMEs participants. Therefore, the variables have a positive and significant effect on the competitiveness of MSMEs participants in Sukun Market, Tanjungrejo Village, Malang City.

INTRODUCTION

Indonesia's technological advancement has become more sophisticated thanks to the 4.0 revolution. One of these advancements is the widespread use of smartphones. On the other hand, individuals can also reap many benefits and conveniences from technological advancements. One of the global phenomena is the rapid growth of e-commerce in developing countries, driven by advancements in both industrial and financial technologies. This progress encourages micro, small, and medium-sized enterprises (MSMEs) to develop and innovate investments using financial technology, commonly known as e-wallets, which are digital wallets. However, its growth objectives still need to be fully met as offline and online e-commerce payments still have a significant difference.

To protect customers' data in e-commerce, essential supporting systems such as data-based transmission and electricity are required. (Scott et al., 2021) The blockchain system can provide a secure database and safeguard data distribution. Studying e-commerce with specific features, intelligent technology networks, and internet-based operating devices is essential, mainly when these devices are utilized within society to capture consumer intent.

The onset of digitization through the internet has accelerated the flow of globalization and shifted payment systems from manual transactions to internet-based ones. This has led to a reliance on electronic money for transactions (Jati, 2015). Currently, digital wallets and online transaction methods have addressed issues related to cash management and remote transactions. The increasing reliability of electronic payments, coupled with the expanding internet services and delivery networks, instills confidence in the future of non-cash transactions. Digital wallets, commonly known as e-wallets, are software that enables individuals to use linked bank cards, balances, and savings accounts from wallet providers or new liquidity and credit products, to make payments on their computer or mobile device (Dewanty & Mustofa, 2023). MSME participants use e-wallet as a digital investment tool to facilitate consumer payments. E-wallets are also utilized as an alternative payment method based on technology with QRIS codes.

Indonesia's most popular fintech service is electronic money or e-wallet payments, followed by web-based investments and recent payment services (Silvia, 2023). Due to the increasing use of non-cash transactions, electronic money transactions in the Indonesian retail market increased by 173% in January 2020. Surprisingly, electronic money transactions amounted to only Rp 15.8 trillion in January 2020. Subsequently, electronic money transactions increased by 128.7% compared to the previous year in the second quarter of 2021. The availability of various types of non-cash payment services such as OVO, GoPay, ShopeePay, LinkAja, DANA, QRIS, and others supports this increase. According to CNBC Indonesia, digital wallets are now used everywhere for in-person and online payments. In mid-2021, OVO became one of the independent apps with 20.8 million monthly users, followed by Dana and LinkAja. However, ShopeePay has 10 million monthly users, with an awareness rate of 93.9%, while other e-wallets, such as DANA (92.3%), ShopeePay (82.7%), and LinkAja (72.7%).

Based on (Gunawan & Winarti, 2022), which shows data from Bank Indonesia, people use digital wallets more often when shopping online than bank accounts. Generally, MSMEs in Indonesia use five digital wallet applications to accept payments from the public: ShopeePay, OVO, Go-Pay, DANA, and LinkAja. In 2020, ShopeePay became the most frequently used digital wallet for shopping, especially in MSMEs, with 34%. OVO followed them with 28%, Go-Pay 17%, DANA 14%, and LinkAja 8%. In 2022, Go-Pay became the most frequently used digital wallet for shopping. As shown by (Kumala & Mutia, 2020) from Bank Indonesia data in July 2022, e-wallet usage increased along with a 39.76% annual increase in the nominal value of electronic money transactions from Rp. 35.5 trillion. The shift from cash to non-cash payments poses a new challenge for MSME participants due to the development of payment systems among the public. As a result, MSME participants are beginning to participate in providing non-cash payment systems in their stores through Electronic Data Capture (EDC) machines and installing payment applications on their smartphones. Thus, business participants are using new payment methods; 24% of MSMEs are using e-wallets when transacting. However, the adoption rate of digital payments by MSMEs is still low, with 51% of MSME's economic transactions conducted through non-cash payments. By providing non-cash payment systems in their stores, MSME participants can gain many advantages, such as making it easier for customers to transact and facilitating them to get customer refunds (Laywilla et al., 2020). Using non-cash payment applications can benefit MSMEs as they are important marketing tools. Especially amid the current COVID-19 pandemic, it serves as a tool for communicating with customers (Barthakur & Rajkonwar, 2021; Hadi & Zakiah, 2021)

According to (Sukayana & Sinarwati, 2022), the benefits of non-cash payments for MSMEs are crucial for enhancing and developing their businesses, including faster transactions, more accessible

and more systematic transaction recording, and a more accurate customer demand database. Moreover, using digital wallets by MSME participants can assist them in promoting their products through regular promotional offers. Using a digital wallet can also help them access investment opportunities in the digital industry, ultimately serving as one of the pillars of Indonesia's economic resilience (Romadhon & Fitri, 2020; Putri & Rahmanto, 2023). However, MSME participants can only capitalize on these benefits if the application is available in their stores. Various benefits can be obtained by MSME participants from using e-wallets, such as improving transaction efficiency, enhancing security, facilitating buying and selling transactions, providing various promotions or discounts, aiding financial bookkeeping during transactions, e-wallet applications being usable anytime, reaching a broader market, and increasing customer loyalty. This is not without its barriers and challenges. Some commonly noted barriers include the need for more optimization in utilizing information technology-based systems due to the limited resources available to each MSME participant (Romadhon & Fitri, 2020). It can also stem from the need for more literacy, interest, or motivation among MSME participants using e-wallets (Laywilla et al., 2020).

Additionally, some e-wallets may impose transaction fees or commissions, adding to the burden of MSME participants with thin profit margins. There is also a need for more trust among MSME participants regarding the security and privacy concerns provided. MSMEs participants also worry about how they will access funds in case of technical issues or transaction rejections. Furthermore, changing regulations and taxation challenges can impact the use of e-wallets by MSME participants. Thus, this research aims to determine the impact of digital wallet usage on the competitiveness of MSMEs participants.

Indonesia's technological landscape has experienced a profound transformation with the advent of the Fourth Industrial Revolution. This era has witnessed a surge in smartphone usage and the proliferation of digital platforms, fostering an environment ripe for the growth of e-commerce and digital financial services. Consequently, micro, small, and medium-sized enterprises (MSMEs) have been compelled to adapt and innovate, leveraging financial technologies such as e-wallets to streamline transactions and enhance their competitive edge (Nofrisel et al., 2023).

The quality of service has emerged as a pivotal factor in determining consumer satisfaction and loyalty in the digital age. MSMEs that prioritize service excellence are better positioned to distinguish themselves in crowded marketplaces and foster enduring customer relationships (Ifeoma et al., 2023). Furthermore, the integration of social entrepreneurship principles into business models has gained traction as a means to drive positive social impact while pursuing economic objectives (YATMINIWATI et al., 2022). MSMEs that embrace social entrepreneurship not only contribute to community development but also foster goodwill among consumers, bolstering their brand reputation and market positioning (Silvia, 2023).

Given these developments, this study is designed to explore the combined impact of e-wallet usage, service quality, and social entrepreneurship on the competitiveness of MSME participants. By examining these dimensions holistically, we aim to uncover insights that can guide strategies for enhancing the resilience and competitiveness of MSMEs in today's dynamic business landscape.

E-Wallet Usage and Competitiveness of MSME Participants

Micro, Small, and Medium Enterprises (MSMEs) often use e-wallets for transactions due to the significant number of consumers utilizing these digital payment methods (Anggraeni & Raheni, 2023). E-wallets offer users various conveniences, such as promotional offers, secure money storage, and ease of access, making transactions more practical. However, one of the main challenges with e-wallets is the unequal distribution of internet infrastructure in Indonesia, particularly in rural areas, which makes it difficult for these areas to access e-wallet services and can lead to transaction disruptions due to network issues. Additionally, e-wallet transactions incur administrative fees. To mitigate this, businesses can adjust their pricing slightly above the average to account for these fees.

Moreover, to minimize losses from transfer fees, businesses should carefully consider the proportion of their sales revenue or balance to be withdrawn from these fees. In other words, e-wallet usage enhances and influences the competitiveness of MSME participants. The perceived usefulness and ease of use of these systems significantly shape the attitude of MSMEs toward using digital wallet payment systems. While a positive attitude can lead to the intention to adopt such systems, perceived risks can negatively impact this relationship. To encourage more robust adoption among MSMEs, it is crucial to minimize these risks, thereby boosting their confidence and intention to use digital wallets in business transactions. The study suggests that digital wallet service providers should enhance the system's usefulness and create a user-friendly interface with robust security measures. MSMEs need assurance that their transactions on digital wallet platforms are secure. Due to the study's limitations, future research should consider expanding the sample size and exploring additional variables related to digital wallet payment systems.

H1: There is an influence of digital wallet usage on the competitiveness of MSME participants

Service Quality and Competitiveness of MSMEs Participants

Service quality plays a pivotal role in shaping marketing mix strategies, with a strong emphasis on aligning service quality with customer needs to enhance satisfaction. In other words, providing higher quality service leads to increased customer satisfaction (Syapsan, 2019). Research indicates that service quality has a positive effect on behavioral intention. All dimensions of service quality are positively correlated with patient satisfaction, but only three dimensions—physical evidence, assurance, and empathy—demonstrate a significant relationship with behavioral intention. This underscores the importance of service quality in meeting customer needs and fostering satisfaction. In the service industry, 'quality' is a crucial component for business success, as it is closely linked to profitability, market share growth, and customer satisfaction. Unlike the goods sector, the concept of quality in services is unique due to inherent characteristics such as intangibility, inseparability from the service provider, and heterogeneity. Consequently, a specific framework is required to define and measure service quality (Ramya, 2019). This alignment is essential because customers who experience superior service are more likely to remain loyal, provide positive word-of-mouth referrals, and make repeat purchases, all of which contribute to the long-term success of a business. Overall, high-quality service is a key factor that can enhance the competitiveness of MSMEs by building a loyal customer base, improving business reputation, driving innovation, and expanding market reach. When MSMEs deliver exceptional service, they differentiate themselves from competitors, making it easier to attract and retain customers. This differentiation is crucial in today's highly competitive market, where customers have numerous options and high expectations. Good service quality not only provides immediate competitive advantages but also supports the long-term growth and sustainability of MSMEs in a dynamic market. For instance, a consistent focus on service excellence can lead to continuous improvement and innovation, as businesses seek new ways to meet and exceed customer expectations. This proactive approach can result in the development of new products, services, or processes that further strengthen the business's market position. Furthermore, high service quality can enhance the overall customer experience, creating positive emotional connections and fostering trust. Trust is a vital component of customer relationships, as it encourages customers to feel confident in their choice of service provider and reduces the likelihood of them switching to a competitor. As a result, MSMEs that prioritize service quality can enjoy higher customer retention rates and lower customer acquisition costs. Moreover, a strong reputation for service quality can open up new market opportunities for MSMEs. Satisfied customers are more likely to recommend the business to others, leading to increased brand visibility and access to new customer segments. This word-of-mouth marketing is particularly valuable for MSMEs with limited marketing budgets, as it provides a cost-effective way to expand their reach and grow their customer base. In addition to these benefits, focusing on service quality can also enhance employee satisfaction and engagement. Employees who are committed to delivering excellent service are often more motivated and take pride in their work.

This positive work environment can lead to higher productivity, lower turnover rates, and a stronger overall organizational culture.

H2: There is an influence of service quality on the competitiveness of MSME participants

Social Entrepreneurship and Competitiveness of MSME Participants

Pressing societal concerns have driven many entrepreneurs and small business managers to establish and operate businesses focused on mitigating social and environmental issues (Cortes & Lee, 2021). This ethical and moral compass of social entrepreneurship is what sets it apart and makes it a compelling subject for research. Researchers have shown interest in how SMEs are increasingly engaging in social activities and initiatives aimed at addressing these challenges through their enterprises. Social entrepreneurship and the competitiveness of MSMEs are closely linked, with MSMEs that adopt social entrepreneurship principles tending to be more competitive. By focusing on social and environmental impact, these MSMEs can distinguish themselves from profit-only competitors, attract socially conscious customers, and open new opportunities for partnerships and funding. All of these factors help MSMEs focused on social entrepreneurship to increase their competitiveness and achieve sustainable growth. The main objective of social entrepreneurship is to achieve a social mission, which is more clearly defined and reflected in the outcomes related to social aspects. According to Drucker, the focus on social values in social entrepreneurship and social business is more pronounced and central (Ebrashi, 2013). As a result, the current role of social entrepreneurship is becoming increasingly important, leading to its maturity and making it a compelling subject for research. The evolving understanding of social entrepreneurship in academic literature provides a valuable foundation for ongoing research (Hill et al., 2010).

H3: There is an influence of social entrepreneurs on the competitiveness of MSME participants

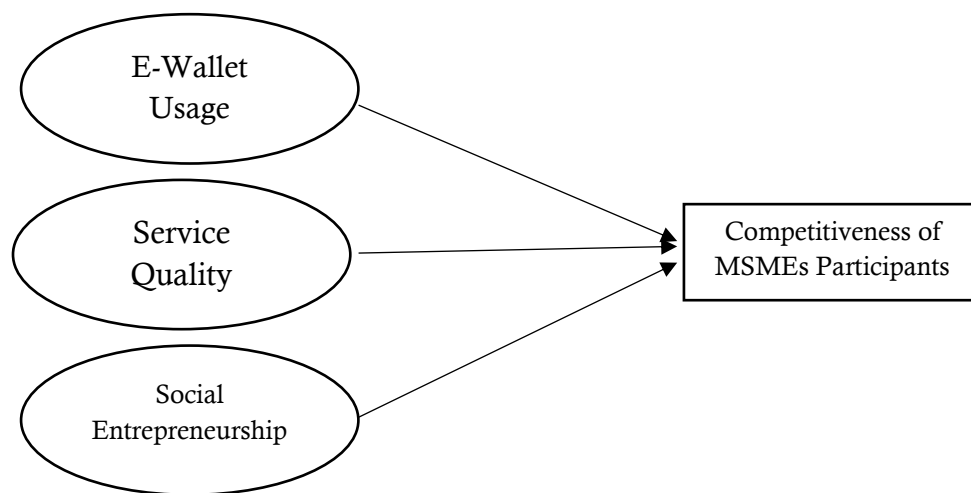


Figure 1.
Research Framework

RESEARCH METHODS

The determination of the sample in this study was conducted using purposive sampling, which is one of the non-random sampling techniques where researchers select samples by specifying specific characteristics that align with the purpose of this research, thereby aiming to address the research issues (Sugiyono, 2016). This research was conducted among MSME participants, with 105 respondents who are members of MSMEs in the Sukun Market, Tanjungrejo Village, Malang City, East Java. Data analysis was employed to simplify the data, making it easier to interpret. In this study,

simple regression analysis was utilized to manage and discuss the obtained data and to test the hypotheses in this research. The data analysis technique in this study involved using validity and reliability tests to examine the research instrument, namely the questionnaire used, R-Square, F-Square, and conducting hypothesis testing. The testing was carried out using simple regression analysis. The following table 1 shows the variables and indicators used in this research.

Table 1.
Variable, Indicators, and Reference

Variable	Indicators	Reference
E-Wallet Usage	1. Frequency of Use 2. Number of Transaction 3. Duration of Use 4. User Experience 5. Technology Adoption	Understanding mobile payment users' continuance intention: a trust transfer perspective. (Cao et al., 2018)
Service Quality	1. Tangibility 2. Responsiveness 3. Accesibility 4. Communication	Understanding customer experience throughout the customer journey. (Lemon & Verhoef, 2016)
Social Entrepreneurship	1. Social Impact 2. Suistainability 3. Innovation	Where change happens: Community-level phenomena in social entrepreneurship research. (Lumpkin et al., 2018)

RESULTS & DISCUSSION

This research was conducted through a comprehensive survey among Micro, Small, and Medium Enterprises (MSMEs) participants, targeting 105 respondents who are active members of MSMEs in the Sukun Market, located in Tanjungrejo Village, Malang City. The respondent pool was diverse, consisting of 41 male and 64 female participants, reflecting a balanced gender representation in the survey. These respondents ranged in age from 17 to 72 years old, indicating a broad spectrum of age groups and experiences, which provides a broad understanding of the demographic involved in MSMEs within this area. The educational background of the respondents varied significantly, contributing to a diverse knowledge base and skill set within the sample group. Specifically, the data revealed that one individual had completed junior high school, 79 individuals had completed high school, five held a diploma, and 20 had attained a bachelor's degree. This educational distribution is crucial as it highlights the varying levels of formal education among MSME participants, which can influence their capacity to make strategic decisions and apply their knowledge effectively in business operations.

The respondents' educational attainment provides a foundational perspective on their ability to leverage their academic and experiential learning in the growth and development of their MSMEs. Those with higher educational qualifications, such as bachelor's degrees and diplomas, are likely to possess advanced skills and knowledge that can drive innovation and strategic planning within their businesses. Conversely, those with high school or junior high school education may bring practical, hands-on experience and a different set of skills that are equally valuable in the entrepreneurial landscape. The educational background of these MSMEs participants plays a significant role in their ability to navigate challenges, identify opportunities, and implement effective business strategies. It also influences their approach to problem-solving, decision-making, and their overall capacity to adapt to the dynamic market conditions. The diversity in education levels among the respondents enriches the survey data, providing a comprehensive understanding of how different educational experiences contribute to the success and sustainability of MSMEs in the Sukun Market.

In summary, the varied demographic and educational backgrounds of the 105 respondents in this study offer a rich tapestry of insights into the factors that drive the growth and development of MSMEs in Tanjungrejo Village. This diversity underscores the urgent need for tailored support and resources to meet the unique needs of MSMEs participants, helping them to harness their individual strengths and contribute effectively to the local economy. Furthermore, to assess the quality of the obtained data, validity and reliability tests were conducted. The initial stage of testing in this research involved evaluating the research instrument used, namely the questionnaire. The tests conducted were validity and reliability tests. The purpose of validity testing is to determine the accuracy and precision of the research instrument, while reliability testing is used to assess the consistency of the research instrument in its use. Validity testing in this research utilized outer loading values. Overall, the outer loading values for each indicator on the variables were assessed. Additionally, Table 2 also displays the Average Variance Extracted (AVE) values for each variable, all of which are greater than 0.50. Based on this assessment, it can be concluded that all instruments used in this research are valid. Furthermore, to complete the validity testing, reliability tests need to be conducted using Cronbach's alpha and Composite Reliability values as references. Table 2 shows that the results of both tests exceed 0.70, indicating that all instruments in a questionnaire have good reliability.

Table 2.
Validity and Reliability Testing

Variabel	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
AE	0.897	0.901	0.924	0.711
KP	0.763	0.796	0.810	0.821
SE	0.969	0.944	0.849	0.737
DS	0.938	0.938	0.961	0.890

Notes: AE = E-Wallet Usage, KP = Service Quality, SE = Social Entrepreneur, DS = Competitiveness

The next step in testing the proposed hypotheses is structural model testing using the R Square values of each latent variable (Ghozali & Latan, 2015). These R Square values, also known as the coefficient of determination, indicate how the model's construction can explain the variations in each variable. The R Square value measures the proportion of variance in the dependent variable that can be predicted from the independent variables. The higher the R Square value, the greater the ability of the independent variable to explain variations in the dependent variable, thus demonstrating the model's predictive power and robustness. In the context of this study, the R Square value provides critical insights into how well the proposed model accounts for the factors influencing the usage of digital wallets among MSMEs. For instance, an R Square value of 0.665, as reported in this study and shown in Table 2, implies that 66.5% of the variance in the usage of digital wallets by MSMEs can be explained by the independent variables included in the model. This high percentage indicates a robust explanatory power, suggesting that the variables within the model are significantly influential in determining the adoption and usage of digital wallets among MSME participants.

Conversely, the remaining 34% of the variance is attributed to other factors not included in the model. This residual variance points to additional variables or external influences that may also shape the usage of digital wallets within MSMEs. Identifying and understanding these factors could be an area for future research, potentially involving external market conditions, technological advancements, regulatory changes, or socio-economic factors that could also impact digital wallet adoption. The R Square value is a vital metric in structural model testing that offers substantial insights into the model's explanatory power regarding the usage of digital wallets in MSMEs. An R Square value of 0.665 indicates that the model's variables significantly influence digital wallet adoption while also highlighting the need to explore and address the remaining 34% of variance influenced by external factors (Table 3). This comprehensive understanding aids in formulating targeted strategies and

policies to promote the widespread adoption of digital financial solutions among MSMEs, thereby driving their growth and sustainability in an increasingly digital economy.

Table 3.
R-Square Test Result

Variabel	<i>R-Square</i>	<i>R-Square Adjusted</i>
AE; KP; SE	0.665	0.648

The Effect Size (F-Square) value, a key tool in our research, is used to assess the influence of exogenous latent variables on endogenous variables. This aspect of our study, as highlighted by Ghozali & Latan (2015), has significant implications for our field. The F Square value, when interpreted, provides clear insights: 0.02 indicates a small effect; 0.15 indicates a moderate effect; and 0.35 indicates a large effect on the structural level. The results of the F Square test in our study, with the value of AE on DS, KP on DS, and SE on DS equal to or greater than 0.35, specifically 3.844; 1.627; and 0.935, are clear and unambiguous. This underscores the substantial influence of e-wallet usage (AE), service quality (KP), and social entrepreneurs (SE) on competitiveness (DS). The results of the F Square value, which can be seen in Table 4, provide a confident basis for our research.

Table 4.
F-Square Test Result

Variabel	<i>F-Square</i>
AE -> DS	3.844
KP -> DS	1.627
SE -> DS	0.935

Table 4 presents the results of the hypothesis testing conducted in this study. The hypotheses in this research are:

H1: There is an influence of digital wallet usage on the competitiveness of MSME participants

H2: There is an influence of service quality on the competitiveness of MSME participants

H3: There is an influence of social entrepreneurs on the competitiveness of MSME participants

Regarding the use of e-wallets in terms of competitiveness, the original sample value generated is 0.891 and is positive, indicating a positive relationship between the two variables. The p-value is 0.000, more diminutive than 0.01, indicating that this H1 is accepted. This means that a well-implemented digital wallet usage strategy can significantly boost the competitiveness of MSME participants. Second, regarding the value of service quality on competitiveness, the original sample value generated is 0.333 and positive, indicating a positive relationship between the two variables. The p-value is 0.000, more diminutive than 0.01, indicating that this H2 is accepted. This means that a focus on service quality can lead to a higher competitiveness among MSMEs participants.

Furthermore, when it comes to the competitiveness of social entrepreneurs, the original sample value of 0.412 is a bright spot, indicating a positive relationship between the two variables. The p-value of 0.001, smaller than 0.01, confirms the acceptance of H3. This means that the better the social entrepreneur adopted by MSME participants, the higher their competitiveness.

Table 5.
Hypotheses Test Result

Variabel	Original sample	T Statistics	P Values	
AE -> DS	0.891	31.395	0.000	Significant
KP -> DS	0.333	2.319	0.000	Significant
SE -> DS	0.412	3.299	0.001	Significant

The research findings suggest that MSMEs can significantly enhance their competitiveness by adopting e-wallets, improving service quality, and engaging in social entrepreneurship. These findings have important managerial implications that MSME leaders and managers should consider. First, there is a strategic need to prioritize implementing e-wallet systems. Managers should invest in reliable digital payment platforms, ensure that staff are well-trained, and promote the convenience and security of these systems to customers. This can streamline payment processes, enhance customer satisfaction, and attract a broader, tech-savvy customer base.

Moreover, enhancing service quality is crucial for maintaining a competitive edge. Managers should implement regular training programs to ensure customer service is consistently high and establish effective feedback mechanisms to capture and respond to customer insights. High service quality can increase customer loyalty, which is vital in a competitive market.

In addition, leveraging social entrepreneurship can serve as a differentiating factor for MSMEs. Managers should align their business operations with social values that resonate with their target audience, engaging in community initiatives and sustainable practices. This builds a positive brand image and attracts customers who value social responsibility, thereby expanding the customer base. Furthermore, digital transformation should be embraced as a critical component of business strategy. This includes adopting digital tools such as e-commerce platforms and customer relationship management systems, which can enhance efficiency, improve market responsiveness, and enable businesses to understand better and meet customer needs. Finally, implementing sustainable practices is becoming increasingly important as consumers become more environmentally conscious. Managers should consider how their businesses can adopt green practices, such as sustainable sourcing and waste reduction, to appeal to this growing consumer segment. By integrating these managerial strategies, MSMEs can effectively leverage e-wallets, superior service quality, and social entrepreneurship to thrive in an increasingly competitive market environment.

CONCLUSION

The research findings about the role of e-wallets, service quality, and social entrepreneurship in enhancing business competitiveness unveil a significant revelation. Through hypothesis testing, it was discerned that the significance value obtained was less than the conventional threshold of 0.05. This critical observation mandates the acceptance of the alternative hypothesis (H1, H2, H3), thereby affirming the existence of a discernible influence between e-wallet utilization, service quality, and social entrepreneurship on the business competitiveness in this research MSMEs Participants. Delving deeper into the statistical intricacies, the empirical analysis revealed that utilizing e-wallets, service quality, and social entrepreneurship collectively exert a notable 66% influence on the competitive dynamics within the MSME landscape. This substantial influence underscores the pivotal role played by e-wallet utilization, service quality, and social entrepreneurship in shaping the competitive prowess of MSME participants. By facilitating seamless transactions, enhancing financial inclusivity, and streamlining business operations, these three variables emerge as catalysts for bolstering the competitive standing of MSMEs in today's rapidly evolving market milieu.

Consequently, the overarching conclusion drawn from this empirical inquiry is clear: the use of e-wallets, improvement in service quality, and utilizing social entrepreneurship will result in a palpable and statistically significant enhancement of competitiveness among MSME participants. This conclusion underscores the transformative potential inherent in adopting these three variables. It emphasizes the importance of MSMEs embracing digitalization, improving service quality, and

leveraging social entrepreneurship as critical strategies to navigate the contemporary business landscape with agility and resilience.

Based on the research findings, MSMEs (Micro, Small, and Medium Enterprises) can enhance their competitiveness by adopting e-wallets, improving service quality, and implementing social entrepreneurship. The use of e-wallets enables quick and secure transactions, which not only improve customer experience but also attract more tech-savvy consumers. MSMEs should also focus on enhancing service quality by training staff to provide excellent service and establishing effective customer feedback systems. Additionally, social initiatives can build a positive image and attract customers who care about social responsibility. To strengthen their competitiveness, MSMEs must transform digitally by adopting digital tools and platforms such as e-commerce websites and customer relationship management systems. Understanding customer preferences through data analysis allows MSMEs to tailor products and services to meet specific needs. Adopting sustainable practices can also attract environmentally-conscious consumers. With these steps, MSMEs can improve customer satisfaction and expand their market reach, enabling them to compete more effectively in the evolving market.

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