

CHAPTER I

INTRODUCTION

1.1 Background

Indonesia is one of the countries that has the most Korean population abroad with 22,774 people living in Indonesia and ranks 17th in Korean population living abroad [1]. Residency in Indonesia have decreased by 45% in comparison to 2015 due to factors such as manufacturing competitiveness, immigration regulations and others. Currently in Indonesia, majority of the Korean population that in Indonesia resides in Jakarta (DKI) and Java Island, while the minority resides outside of Java. 85% of the Korean residents in Indonesia have general residency with either a KITAS or VISA permit that allows them to stay up to 5 years depending on their permit.

As most Korean residents in Indonesia are general residents, these residents are temporary [1] hence will have a difficulty in adjusting in living in Indonesia and purchase products or services that they have been accustomed to when living in their home-country. Another factor to consider is as they are general residents, they might not have the necessary information and platform to find and purchase the products and services that they are accustomed to.

This research proposes a solution for Koreans with general residency to discover and purchase products that they are accustomed to through a Business-to-Consumer Electric commerce (e-commerce) platform by helping connect Korean Businesses and Korean consumer. The creation of this e-commerce platform will encourage both Korean investments in Indonesia increasing exchange in both trade and people-to-people exchange between Indonesia and Korea.

The platform designed would primarily help Koreans in Indonesia to discover other Korean businesses and help through the purchase process by implementing processes and user interface elements the Korean population are used to, which would primarily be localized to the Korean population. By implementing these it would help promote discovery of small-medium businesses that are currently in Indonesia that have little to no exposure. It is important to highlight that there is a platform where Korean small-medium businesses operate to sell their products and services it operates as a social-media group hence purchase and operations are inefficient especially as the platform is not

designed for this purpose hence manual operations are still involved in its processes. Another issue with the current business process using this social media platform is that businesses are divided into social groups, hence causing difficulty to be found for new consumers without an invitation to the social group.

To improvise on the current existing processes and platforms that the Korean businesses are using the newly developed e-commerce platform would need to provide a better value such as promised experiences, emotional values, and rational values [2]. Hence, the platform to be created would be localized to the values of the Korean population to perform transactional activities with ease as the current transactional method in the social media platform is done manually through bank transfers between the business or between individual groups. The e-commerce platform is created as a website that provides with transactional activities to be able to be completed with Korean digital payment methods as well as additional purchase methods that are available in Indonesia to provide comfort and payment methods that the Korean general residents are accustomed to.

As one of the countries that Korean live overseas it is an important aspect to help provide comfort living in Indonesia and finding the cultures and lifestyles that they were used to so that they may find it more comfortable to live and stay in Indonesia to find mutual interests and mutual expectations for their day-to-day life in Indonesia.

1.2 Problem Formulation

The following research questions are developed according to the formulated problems:

- 1) What are the basic requirements that are required when creating a new e-commerce platform to increase its value and service quality in comparison to the previous business processes?
- 2) What are the necessary values that need to be implemented to convince businesses and consumers to perform a changeover to the newly developed platform?
- 3) How to increase exposure to small-medium businesses and increase comfort for Korean general residents and encourage Koreans to reside in Indonesia?

1.3 Scope Limitations

To guide this research, limitations are applied to guide the development of the final prototype. The final platform prototype has the following limitations:

- 1) The e-commerce platform is a web-based platform developed using HTML, CSS, JavaScript, PHP, and database using MySQL.
- 2) The platform requirements are localized to the Korean residents in Indonesia.
- 3) Due to localization, web platform uses Korean Language.
- 4) The e-commerce platform must consist of basic e-commerce processes.
- 5) The platform can communicate and get information from MySQL database.
- 6) Data inputted in the prototype platform are dummy to protect privacy of current existing businesses operational and business information.
- 7) Payment in the transactional processes will only support credit, debit methods and information in the transactional processes will be a dummy to protect consumers.
- 8) The developed e-commerce platform is not an actual launch product but a prototype to aid current development efforts.

1.4 Purpose and Research Benefit

On the basis of chapter 1.1 Background, the research has the following purpose and research benefits:

1.4.1 Purpose

This research aims to design and create a prototype for future development of an e-commerce platform for two parties. Korean general residents and Korean residents that are conducting business in Indonesia especially for small-medium businesses that are existing in Indonesia.

For general residents who are permitted limited amount of stay in Indonesia, this research aims to provide an experience as close as to their home country through different supporting features such as transactions and localization as general residents will move back to their origin country. Hence, finding comfort in the e-commerce experience of their origin country. For residents that are in Indonesia performing business activities can gain exposure by promoting their products to an equal number of audiences with similar

values and norms. In addition, businesses will be able to perform transactional activities in a more efficient manner and restructure businesses purposes to a more efficient manner through structured and visible information with the help of a dashboard and information technology.

1.4.2 Research Benefit

The benefit of this research affects the localized Korean residents residing in Indonesia as consumers and business. Consumers benefit by being able to find products that are similar to their preference and processes that they have been accustomed to before residing in Indonesia. Consumers will also benefit by having a more efficient way to purchase products and ability to discover new businesses in one place. On the other hand, businesses can benefit by promoting their products to an equal audience and gain new customers and conduct business activities in a more effective manner compared to the current platform through visible information such as a dashboard and automated processes such as transactions and stock management. Both consumers and businesses are able to benefit by sharing a similar process hence understanding the processes that are necessary to complete a transactional activity, as well as a unified terms and policies that both parties have to follow, whereas in previous platform it was non-existent or was different in each group.

1.5 Research Methodology

To aid solving the proposed problems mentioned in chapter 1.2 the following research methodology will be used:

1.5.1 Data Collection Methodology

- 1) Survey will be conducted to gather requirement data and business processes involving the current platform and the business itself. As this research and development of the prototype is localized to the Korean population, survey will be conducted as a focus group. In addition, due to Covid-19 pandemic and governmental regulations most survey would be conducted online.
- 2) Interview will be conducted for user requirement study, usability and functional testing with consumers and businesses.
- 3) Observation and firsthand experience of the transactional activities that are conducted in the current platform.

- 4) Creating a web-based e-commerce platform that is able to process data and show it to users as information from mySQL database.
- 5) Literature study and literature review to learn requirements necessary in an e-commerce platform and requirements that affect the success factor of an e-commerce platform.
- 6) Secondary market research to find the values of Korean businesses as a secondary research data.

1.5.2 System Development Methodology

As this is a conceptual research on a platform that does not exist this research will use an iterative prototyping approach. The iterative prototyping approach consists of system design stage, test design stage and test execution stage which is suitable for this research as the platform would be a test product and currently does not exist in the market. Hence, a tested platform would be tested to find if it would be suitable for implementation in the market.

1.6 Writing System

This research follows the following literature contents:

CHAPTER 1 INTRODUCTION

This chapter includes background, problem formulation, scope limitations, research purpose, research benefits, research methodology, data collection methodology, and system development methodology, and writing system.

CHAPTER II FUNDAMENTAL THEORIES

This chapter contains the theories that underlie this research in the form of theories quoted from books and journals.

CHAPTER III CURRENT SYSTEM

This chapter contains the company profile, organizational structure, current system, and constraints that are faced in the current e-commerce business processes and platform.

CHAPTER IV ANALYSIS AND DESIGN OF THE PROPOSED SYSTEM

This chapter contains the analysis and design of a proposed system to overcome the formulated problems.

CHAPTER V CONCLUSION AND SUGGESTIONS

This chapter contains conclusion from the conducted research and suggestion for future research.