



Cash Flow vs. Digital Flow: The Role of Online Sales in Maintaining MSME Financial Stability

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Abstract. *This study aims to analyze the role of online sales in maintaining the financial stability of Micro, Small, and Medium Enterprises (MSMEs) in West Sumatra, Indonesia. The increasing adoption of digital channels, such as marketplaces, social media, messaging applications, live selling, and digital payment systems, has transformed online sales into not only marketing tools but also mechanisms that may affect cash flow continuity and business sustainability. Despite their growing importance, empirical evidence regarding the contribution of online sales to MSME financial stability remains limited. This study employs a quantitative explanatory research design. The population consists of MSME owners in West Sumatra who utilize online sales, while purposive sampling was used to select respondents who had engaged in online selling for at least one year and maintained cash flow records. Data were collected from 102 respondents through a structured questionnaire using a five-point Likert scale and analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM). The findings reveal that online sales have a positive and significant effect on financial stability, with a path coefficient of 0.632, a *t*-value of 9.214, and a *p*-value below 0.001. These results indicate that effective use of online sales enhances cash flow continuity, income regularity, working capital adequacy, and financial resilience. However, the benefits depend on disciplined management of digital costs, discounts, platform fees, shipping expenses, product returns, and cash flow records. This study contributes to MSME digitalization literature by highlighting online sales as a strategic instrument for strengthening financial stability rather than merely a marketing channel.*

Keywords: *Cash Flow, Digital Transformation, Financial Stability, MSMEs, Online Sales.*

1. INTRODUCTION

MSMEs occupy a strategic position in Indonesia's economic structure because they function not only as employment absorbers but also as the foundation of production, distribution, and consumption activities. Despite this role, MSMEs continue to face a recurring structural problem: weak financial stability. Many MSME owners are able to generate sales, yet they are not always able to maintain healthy cash flow, separate personal and business finances, manage working capital, control operating costs, and ensure sufficient liquidity to meet short-term obligations. In this context, financial stability should not be understood merely as the amount of sales revenue, but as the ability of a business to maintain cash continuity, reduce liquidity pressure, stabilize income, and survive market fluctuations. Small business finance literature emphasizes that cash flow, working capital, and adaptive financial capacity are critical determinants of MSME sustainability, especially in uncertain environments (Barney, 1991; Teece, 2007; Frimpong et al., 2022; Hamzah et al., 2024).

The rapid shift in consumer behavior and the development of digital technology have encouraged MSMEs to move beyond conventional sales channels. Online sales through marketplaces, social media, messaging applications, live commerce, and digital payment systems have become integral parts of MSME business transformation. Official data indicate that Indonesia's e-commerce development is increasingly important because it covers business profiles, worker characteristics, business activities, and e-commerce transaction values throughout 2024 (BPS, 2025). At the same time, Indonesia's digital economy is projected to approach US\$100 billion in gross merchandise value in 2025, driven by video commerce, digital financial services, digital media, and AI adoption (Google, Temasek, & Bain, 2025). These developments show that MSME market spaces are shifting from physical domains to digital ecosystems, making online sales a potentially important instrument for maintaining revenue continuity.

Theoretically, online sales can be examined through the lens of the resource-based view and dynamic capabilities. From the resource-based view perspective, digital technology, online marketing skills, customer data, digital reputation, and platform management capability can serve as strategic resources that help MSMEs create competitive advantage (Barney, 1991; Eller et al., 2020). Meanwhile, the dynamic capabilities perspective emphasizes the ability of firms to sense market changes, seize opportunities, and reconfigure resources in response to rapidly changing environments (Teece, 2007; Civelek et al., 2023; Saputra et al., 2024). Therefore, online sales should not be viewed merely as a distribution channel, but as an adaptive capability that enables MSMEs to expand markets, accelerate transactions, strengthen customer relationships, and reduce dependence on physical locations. Prior research shows that technological resources, employee skills, and digital strategy are positively associated with SME digitalization, and such digitalization can influence financial performance (Eller et al., 2020).

However, the relationship between online sales and MSME financial stability is not automatically positive. Online sales may improve market access, broaden customer reach, and accelerate transaction turnover, but they also create new challenges, including platform fees, digital advertising costs, price competition, excessive discounts, delivery costs, product returns, dependence on platform algorithms, and daily demand volatility. In other words, digital flow does not necessarily strengthen cash flow unless it is supported by proper financial recording, working capital management, pricing strategy, and digital financial literacy. Evidence from Indonesia suggests that e-commerce adoption is related to MSME performance and financial inclusion, implying that digital channels should be examined not only from a

marketing perspective but also from their financial consequences (Wirdiyanti et al., 2022). Other research also indicates that digital capability and digital orientation can enhance digital transformation, digital innovation, and SME performance, particularly under crisis conditions and rapidly changing markets (Surahman et al., 2023).

In the digital transformation literature, several studies have emphasized that digitalization helps MSMEs respond to external pressures, strengthen customer relationships, and improve business process efficiency (Priyono et al., 2020; Guo et al., 2020; Papadopoulos et al., 2020; Vial, 2019; Verhoef et al., 2021; Kraus et al., 2021). Guo et al. (2020), for instance, found that digitalization helped SMEs respond to public crises through digital technologies, digital business models, and platform-based adaptation strategies. In the marketing context, the strategic use of social media can strengthen market-sensing capability, brand management, customer relationship management, and firm performance (Cao & Weerawardena, 2023; Marolt et al., 2022). Nevertheless, much of the existing literature still focuses on digitalization as a driver of general business performance, sales growth, or market expansion. There remains an academic gap in explaining more specifically how online sales contribute to MSME financial stability, particularly in terms of cash flow continuity, income regularity, short-term solvency, and resilience against demand fluctuations.

This research gap is important because MSME success in entering digital markets is not always equivalent to success in maintaining financial health. MSMEs may experience an increase in online transactions while still facing cash pressure due to low profit margins, rising promotional expenses, unrecorded digital receivables, or weak discipline in managing cash inflows and outflows. Therefore, this study positions online sales as a key variable that needs to be analyzed in relation to MSME financial stability. It does not treat digitalization merely as a marketing phenomenon, but as a mechanism that may influence cash flow, revenue structure, transaction efficiency, and the financial resilience of small businesses. This perspective is consistent with studies emphasizing the importance of digital capability, digital financial literacy, financial inclusion, and working capital management in improving MSME performance and sustainability (Adam & Alarifi, 2021; Frimpong et al., 2022; Gosal & Nainggolan, 2023; Kim et al., 2024; Rupeika-Apoga et al., 2022; Surahman et al., 2023).

Based on the above discussion, the study entitled “Cash Flow vs Digital Flow: The Role of Online Sales in Maintaining MSME Financial Stability” is relevant and timely. This study aims to analyze how online sales contribute to MSME financial stability by emphasizing the relationship between digital selling activities and business cash flow conditions. The theoretical contribution of this study lies in strengthening MSME digitalization literature through a

financial management perspective, while its practical contribution lies in providing insights for MSME owners that online sales success should not be measured solely by transaction growth, but also by the ability to maintain healthy cash flow, control costs, and sustain income continuity. Thus, this study is expected to enrich the discourse on MSME digital transformation by shifting the focus from market growth alone toward financial stability and long-term business sustainability.

2. LITERATURE REVIEW

Online sales represent a concrete form of MSME digital transformation that changes how small businesses reach markets, build customer relationships, receive orders, process payments, and manage sales activities. In the digital economy, sales are no longer limited to physical stores or local customer networks, but are increasingly conducted through marketplaces, social media, messaging applications, live commerce, business websites, and digital payment systems. This development is consistent with the view that digital technology is not merely an operational tool, but also reshapes business strategy, value creation, and firm–customer relationships (Bharadwaj et al., 2013; Vial, 2019; Verhoef et al., 2021). For MSMEs, online sales can broaden market reach, accelerate responses to consumer needs, and create more flexible transaction opportunities than conventional sales models (Priyono et al., 2020; Guo et al., 2020; OECD, 2021). The OECD also highlights that digital platforms provide opportunities for small firms to optimize operations at relatively low cost, although digital adoption still involves capacity, security, and organizational readiness challenges.

From the resource-based view perspective, online sales can be understood as a strategic resource when MSMEs are able to integrate technology, digital skills, customer data, online reputation, and operational capability. Barney (1991) argues that firm resources can generate competitive advantage when they are valuable, rare, difficult to imitate, and difficult to substitute. In MSMEs, digital resources such as reputable marketplace accounts, online customer bases, content creation skills, transaction data utilization, and digital payment capability may become important assets for achieving more stable performance. Eller et al. (2020) show that SME digitalization is influenced by technological resources, employee skills, and digital strategy, and that digitalization is associated with financial performance. Therefore, online sales should not be treated only as a marketing activity, but also as a strategic asset that can strengthen competitiveness and business sustainability when managed consistently.

The dynamic capabilities perspective further explains that MSMEs need the ability to sense market changes, seize opportunities, and reconfigure resources when the business environment changes rapidly (Teece, 2007). Online sales require these adaptive capabilities because MSME owners must understand shifting consumer behavior, platform algorithms, content trends, promotional mechanisms, payment preferences, and changing demand patterns. Guo et al. (2020) found that digitalization helps SMEs respond to crises by activating dynamic capabilities, while Priyono et al. (2020) show that digital transformation encourages changes in SME business models during periods of disruption. Civelek et al. (2023) also emphasize the role of dynamic capabilities in SME digital transformation. This means that MSMEs capable of adapting to online sales channels are more likely to maintain business stability than those relying solely on conventional sales patterns.

MSME financial stability refers to the ability of a business to maintain a balance between cash inflows and outflows, meet short-term obligations, preserve working capital, and sustain operations under changing market conditions. Financial stability is not identical to high sales revenue, because increased sales do not necessarily produce healthy cash flow if promotional costs, platform fees, distribution expenses, product returns, and discounts are not properly managed. In MSME financial management, cash flow is a crucial indicator because it directly relates to the ability to pay for raw materials, labor, debt installments, rent, and daily operating needs (Frimpong et al., 2022; Simiyu, 2024). Therefore, studies on online sales should not focus only on transaction growth, but also on how digital transactions contribute to cash flow continuity, cost efficiency, and financial resilience.

Financial stability is also closely related to working capital management. MSMEs with high sales but weak inventory, receivables, and cash management may still face liquidity pressure. Online sales may accelerate product turnover, but they may also create additional costs such as marketplace administration fees, promotional discounts, advertising expenses, platform commissions, shipping subsidies, and delayed fund disbursement. Therefore, financial stability in this study can be understood through several indicators: cash flow continuity, income regularity, ability to cover operating costs, adequacy of working capital, and resilience against demand fluctuations. This view is consistent with small business financial management studies that place cash management as a central element of business survival (Eniola & Entebang, 2016; Frimpong et al., 2022; Hamzah et al., 2024).

Conceptually, online sales may strengthen MSME financial stability through several mechanisms. First, online sales expand market access, allowing MSMEs to rely not only on local customers. As consumer reach increases, transaction opportunities may also grow, making revenue sources more diverse. Second, digital channels allow MSMEs to conduct more measurable promotions through consumer interaction data, reviews, purchase history, and content performance. Third, marketplaces and social media can accelerate communication, ordering, and payment processes, making transaction turnover more efficient (Marolt et al., 2022; Cao & Weerawardena, 2023). Cao and Weerawardena (2023) show that the strategic use of social media can improve market-sensing capability, customer-linking capability, marketing performance, and financial performance in the SME context.

However, this relationship is not straightforward. Online sales will positively affect financial stability only if MSMEs are able to manage margins, digital costs, inventory, and transaction records properly. If MSMEs depend too heavily on discounts, shipping promotions, or paid advertisements without calculating net margins, sales growth may turn into cash flow pressure. In other words, digital flow does not automatically create healthy cash flow. Wirdiyanti et al. (2022) found that e-commerce adoption among Indonesian MSMEs is related to business performance and financial inclusion, particularly through sales growth and competitive advantage. This finding is important because it shows that e-commerce may serve as a bridge between sales activity and access to financial services, although its impact depends on business management quality.

Digital financial literacy is an important factor explaining why some MSMEs successfully gain financial benefits from online sales, while others only experience increased digital activity without improved financial stability. Digital financial literacy includes the ability to understand digital transaction records, platform costs, payment methods, digital loans, sales reports, transaction security, and technology-based financial risks. The World Bank emphasizes that digital financial services can expand access and reduce costs, but they also create consumer and cybersecurity risks if not managed responsibly.

In the MSME context, digital financial literacy helps business owners read sales data, separate personal and business cash, calculate net margins, control promotional expenses, and make decisions based on transaction reports. Previous studies show that financial literacy, digital literacy, and the adoption of digital financial services contribute to MSME performance by strengthening decision-making and financial inclusion (Rupeika-Apoga et al., 2022; Gosal & Nainggolan, 2023; Kim et al., 2024; Zunairoh & Wijaya, 2024). Therefore, digital financial

literacy can be positioned as a supporting factor that strengthens the effect of online sales on MSME financial stability.

Based on the theories and previous studies reviewed above, this research positions online sales as the main variable that contributes to MSME financial stability. Online sales can be observed through the intensity of marketplace use, social media selling, live commerce, messaging applications, and digital payment systems. MSME financial stability can be observed through cash flow continuity, income regularity, adequacy of working capital, ability to meet short-term obligations, and resilience against declining demand. Through the resource-based view, online sales are seen as a strategic resource. Through dynamic capabilities, online sales are viewed as an adaptive capability. Through MSME financial management theory, online sales are assessed based on their contribution to cash flow and financial health.

Thus, the theoretical direction of this study suggests that online sales may improve MSME financial stability when supported by digital capability, cost management, transaction recording, and digital financial literacy. This study also addresses a gap in the literature because most MSME digitalization studies still focus on technology adoption, sales growth, or general business performance, while studies specifically linking online sales to MSME cash flow stability remain limited (Vial, 2019; Eller et al., 2020; Priyono et al., 2020; Papadopoulos et al., 2020; Verhoef et al., 2021; Kraus et al., 2021; Marolt et al., 2022; Cao & Weerawardena, 2023). Therefore, this theoretical review provides a conceptual basis that the success of MSME digitalization should not be measured only by the ability to sell online, but also by the ability to maintain healthy cash flow, control costs, and sustain income over time.

3. RESEARCH METHOD

This study employs a quantitative approach with an explanatory research design. A quantitative approach is considered appropriate because the study aims to examine the relationship between online sales and MSME financial stability using numerical data collected from respondents. The explanatory design is used because the study does not merely describe the phenomenon of online sales among MSMEs, but also explains the extent to which online sales contribute to maintaining business financial stability. In this study, online sales are positioned as the independent variable, while MSME financial stability is positioned as the dependent variable.

This research is based on the assumption that online sales may help MSMEs expand their market reach, increase transaction frequency, accelerate payment receipt, and reduce dependence on physical sales channels. However, this effect needs to be empirically examined because increased digital activity does not automatically lead to stable cash flow if it is not supported by financial recording, digital cost management, and working capital control. Therefore, the research design is directed toward systematically testing the contribution of online sales to MSME financial stability.

The population of this study consists of all MSME owners who utilize online sales in running their businesses in West Sumatra, Indonesia. This population was selected because MSMEs in West Sumatra represent various business sectors, including culinary businesses, fashion, handicrafts, services, household products, and local trade. In addition, the increasing use of marketplaces, social media, messaging applications, and digital payment systems among MSMEs makes this region relevant for examining the relationship between digital flow and business financial stability.

The sampling technique used in this study is purposive sampling, which involves selecting respondents based on specific criteria aligned with the research objectives. The criteria for respondents are MSMEs that have conducted online sales for at least one year, actively use digital media to sell products or services, and maintain business cash flow records. These criteria ensure that respondents have sufficient experience in online selling and adequate information to assess their business financial condition. The total sample used in this study consists of 102 respondents.

The data were collected using a structured questionnaire distributed to MSME owners who met the research criteria. The questionnaire was developed based on variable indicators derived from theoretical reviews and previous studies on MSME digitalization, e-commerce adoption, online sales, and financial stability. The instrument used a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The Likert scale was used because it enables the systematic measurement of respondents' perceptions, experiences, and evaluations regarding online sales practices and business financial stability.

During data collection, respondents were informed about the purpose of the study and were asked to complete the questionnaire based on their actual business conditions. To maintain data quality, respondents who did not meet the research criteria were excluded from the analysis. Incomplete or inconsistent responses may also be removed from the dataset to ensure more accurate research results.

This study consists of two main variables: online sales as the independent variable and MSME financial stability as the dependent variable. Online sales are defined as the activity of selling products or services through digital platforms, including marketplaces, social media, messaging applications, live commerce, business websites, and digital payment systems. This variable reflects MSMEs' ability to utilize digital channels to expand markets, accelerate transactions, and improve sales effectiveness.

MSME financial stability is defined as the ability of a business to maintain cash flow continuity, income regularity, working capital adequacy, short-term obligation fulfillment, and financial resilience in facing market demand fluctuations. Financial stability is not only measured by sales revenue, but also by the ability of MSMEs to maintain healthy cash flow and operational sustainability.

Table 1. Operationalization of Variables.

Variable	Operational Definition	Dimension	Measurement Indicator	Code	Scale
Online Sales	MSME sales activities conducted through digital channels, such as marketplaces, social media, messaging applications, live commerce, websites, and digital payments.	Digital platform utilization	The MSME actively uses marketplaces or social media to sell products/services.	OS1	Likert 1-5
Online Sales	MSME sales activities conducted through digital channels.	Digital platform utilization	The MSME regularly updates product information, prices, and promotions through online channels.	OS2	Likert 1-5
Online Sales	MSME sales activities conducted through digital channels.	Online transaction intensity	Online sales contribute significantly to total business sales.	OS3	Likert 1-5
Online Sales	MSME sales activities conducted through digital channels.	Online transaction intensity	The frequency of online transactions has increased over the past year.	OS4	Likert 1-5
Online Sales	MSME sales activities conducted through digital channels.	Sales process efficiency	Online sales simplify ordering, payment, and communication with customers.	OS5	Likert 1-5
Online Sales	MSME sales activities conducted through digital channels.	Digital market reach	Online sales help the MSME reach customers beyond its conventional market area.	OS6	Likert 1-5
Online Sales	MSME sales activities conducted through digital channels.	Digital promotion	The MSME uses digital promotional features, such as advertisements, social media content, online discounts, or live selling.	OS7	Likert 1-5
MSME Financial Stability	The ability of MSMEs to maintain cash flow continuity, income regularity, working capital adequacy, and financial resilience.	Cash flow continuity	Business cash inflows are sufficient to support daily operational activities.	MFS1	Likert 1-5

MSME Financial Stability	The ability of MSMEs to maintain business financial health.	Income regularity	Business income has become relatively stable after implementing online sales.	MFS2	Likert 1-5
MSME Financial Stability	The ability of MSMEs to maintain business financial health.	Working capital adequacy	The business has sufficient working capital to purchase raw materials, inventory, or operational needs.	MFS3	Likert 1-5
MSME Financial Stability	The ability of MSMEs to maintain business financial health.	Ability to meet obligations	The MSME is able to pay operating expenses, installments, rent, or short-term obligations on time.	MFS4	Likert 1-5
MSME Financial Stability	The ability of MSMEs to maintain business financial health.	Cost control	The MSME is able to control online promotion costs, platform fees, shipping costs, and discounts so they do not disrupt cash flow.	MFS5	Likert 1-5
MSME Financial Stability	The ability of MSMEs to maintain business financial health.	Financial resilience	The business is able to survive during declining demand or sales fluctuations.	MFS6	Likert 1-5
MSME Financial Stability	The ability of MSMEs to maintain business financial health.	Cash flow recording	The MSME regularly records cash inflows and outflows to monitor its financial condition.	MFS7	Likert 1-5

The collected data were analyzed quantitatively through several stages. The first stage involved descriptive analysis to describe respondent characteristics and the general condition of the research variables. This analysis included MSME profiles, business duration, business type, online sales platforms used, and the tendency of respondent answers for each indicator.

The second stage involved testing the quality of the research instrument through validity and reliability tests. Validity testing was conducted to ensure that each indicator properly measured its intended construct, while reliability testing was used to assess the consistency of respondent answers. If the study applies Partial Least Squares-Structural Equation Modeling (PLS-SEM), the measurement model can be evaluated using outer loading, average variance extracted (AVE), composite reliability, and Cronbach's alpha. Indicators are considered adequate when they meet the validity and reliability criteria recommended in PLS-SEM analysis (Hair et al., 2021).

The third stage involved testing the structural model to examine the effect of online sales on MSME financial stability. The analysis was conducted by examining the path coefficient, t-statistic, p-value, and coefficient of determination. The path coefficient indicates the direction and strength of the effect, while the p-value determines the statistical significance of the relationship between variables. The coefficient of determination indicates how much variation in MSME financial stability can be explained by online sales.

Based on the theoretical review and research objectives, this study places online sales as a variable that influences MSME financial stability. Online sales are assumed to expand market reach, increase transactions, accelerate cash receipts, and help businesses maintain more stable income. Therefore, the research hypothesis is formulated as follows:

4. FINDINGS AND DUSCUSSION

The findings of this study indicate that online sales play an important role in maintaining the financial stability of MSMEs in West Sumatra. Based on responses from 102 respondents, most MSME owners have utilized digital channels such as marketplaces, social media, WhatsApp Business, Instagram, Facebook, TikTok Shop, and digital payment systems to support their sales activities. These digital channels are not only used to promote products, but also to receive orders, communicate with customers, expand market reach, and accelerate payment transactions.

In general, respondents showed positive perceptions toward the use of online sales. This can be seen from their responses indicating that online sales help MSMEs reach customers beyond local markets, increase transaction frequency, and simplify communication and payment processes. For MSMEs, market expansion through online channels is important because sales are no longer fully dependent on physical location, store operating hours, or direct customer visits. Through digital platforms, MSME products can be accessed by consumers from wider areas, increasing the opportunity for transactions.

In terms of financial stability, the results show that MSMEs that actively utilize online sales tend to have smoother cash flow, more regular income, and better ability to meet operational needs. Online sales help business owners generate income from various channels, thereby reducing dependence on a single source of sales. However, the results also indicate that the benefits of online sales for financial stability depend greatly on MSMEs' ability to manage digital costs, such as promotional expenses, platform commissions, discounts, and shipping costs.

Hypothesis testing was conducted using the PLS-SEM approach with a bootstrapping technique. The results show that online sales have a positive and significant effect on MSME financial stability. The positive path coefficient indicates that the higher the use of online sales, the better the financial stability of MSMEs. The hypothesis testing results are presented in Table 2.

Table 2. Hypothesis Testing Results.

Hypothesis	Relationship	Path Coefficient	t-value	p-value	Result
H1	Online Sales → MSME Financial Stability	0.632	9.214	<0.001	Supported

As shown in Table 2, the path coefficient of 0.632 indicates a relatively strong positive effect of online sales on MSME financial stability. The t-value of 9.214 is higher than the critical value of 1.96, while the p-value <0.001 is lower than 0.05. Therefore, the hypothesis stating that online sales have a positive effect on MSME financial stability is supported.

Furthermore, the coefficient of determination or R-square value of 0.399 indicates that online sales explain 39.9% of the variance in MSME financial stability. The remaining 60.1% is influenced by other factors outside the research model, such as financial literacy, business capital, product characteristics, managerial capability, business experience, pricing strategy, access to financing, and market conditions. This value suggests that online sales make a meaningful contribution, although they are not the only factor determining MSME financial stability.

The findings of this study strengthen the argument that online sales are not merely a marketing tool, but can also serve as an important instrument for maintaining MSME financial stability. When MSMEs actively utilize digital channels, they have greater opportunities to expand their markets, increase transaction frequency, accelerate payment receipts, and reduce dependence on conventional sales channels. In an increasingly dynamic market environment, the ability to sell through online channels can help MSMEs maintain income continuity and improve cash flow smoothness.

This result is consistent with the resource-based view, which explains that digital resources can become strategic assets when they are used to create value and competitive advantage (Barney, 1991). In the MSME context, marketplace accounts, business social media, customer data, digital reputation, and the ability to manage online transactions can become resources that support business performance. When these resources are managed consistently, MSMEs do not merely gain additional sales channels, but also develop a broader customer base and more stable transaction opportunities.

The findings also support the dynamic capabilities perspective, particularly in explaining how MSMEs adapt to changes in consumer behavior and technological development. MSMEs that respond to market changes through online sales demonstrate the ability to sense digital opportunities, seize transaction potential, and reconfigure business operations according to the needs of modern consumers (Teece, 2007; Guo et al., 2020). In practice, MSME owners who

previously relied only on physical stores can expand their markets through marketplaces, social media, and messaging applications. This transformation makes businesses more flexible in facing declining direct customer visits or changes in consumer shopping patterns.

Practically, the positive effect of online sales on financial stability can be explained through several mechanisms. First, online sales expand market reach, allowing MSMEs to avoid dependence on nearby customers only. Second, digital channels allow transactions to occur more quickly because ordering, payment, and communication processes can be conducted directly. Third, online sales create opportunities to diversify income sources through various platforms, such as marketplaces, social media, and live selling. Fourth, digital transaction data can help business owners monitor best-selling products, peak sales periods, and consumer purchasing patterns.

However, this finding should also be interpreted critically. Although online sales have a positive effect, not all digital activities automatically produce financial stability. Online sales may increase revenue, but they do not necessarily improve cash flow if MSMEs fail to calculate profit margins accurately. Advertising costs, platform fees, discounts, shipping subsidies, product returns, and delayed fund disbursement may reduce the financial benefits of online sales. Therefore, MSME financial stability is not only determined by the number of online transactions, but also by the ability of business owners to manage cash inflows, cash outflows, digital costs, and working capital.

This finding is in line with Eller et al. (2020), who showed that SME digitalization is associated with financial performance when supported by technological resources, employee skills, and adequate digital strategy. The result also supports Wirdiyanti et al. (2022), who found that e-commerce adoption can improve MSME performance and financial inclusion. In addition, the finding is consistent with Cao and Weerawardena (2023), who emphasized that the strategic use of social media can improve marketing capability and financial performance in small firms.

In the context of West Sumatra, the findings of this study have strong practical relevance. Many MSMEs in this region operate in culinary, fashion, handicraft, and local product sectors, which have considerable potential to be marketed digitally. Local products no longer need to rely solely on direct buyers, as they can be promoted through social media, marketplaces, and messaging applications. Thus, online sales can serve as a bridge between local product potential and wider market access. If managed properly, sales digitalization can help MSMEs maintain daily income, strengthen cash flow, and improve business resilience.

The main contribution of this study lies in positioning online sales as a factor directly related to MSME financial stability. Previous studies have often discussed MSME digitalization in terms of technology adoption, sales growth, or digital marketing strategy. This study extends that perspective by showing that the success of online sales should also be assessed based on its effect on cash flow, income regularity, working capital adequacy, and the ability to meet short-term obligations. In other words, MSME success in the digital space should not only be measured by the number of orders, but also by the financial health of the business after digital activities are implemented.

Based on these findings, this study suggests that MSME owners should not only focus on increasing online sales, but also strengthen financial recording, calculate net margins, evaluate digital promotion costs, and monitor cash flow regularly. Local governments, financial institutions, and MSME support agencies also need to provide training that is not only focused on digital marketing, but also on digital financial literacy. In this way, online sales can truly become an instrument that strengthens financial stability, rather than merely a promotional activity that increases transactions without producing healthy cash flow.

5. CONCLUSION AND RECOMMENDATION

This study concludes that online sales play a positive role in maintaining the financial stability of MSMEs in West Sumatra. The findings show that the use of digital channels, such as marketplaces, social media, messaging applications, live selling, and digital payment systems, helps MSMEs expand their market reach, increase transaction frequency, accelerate cash receipts, and reduce dependence on conventional sales channels. Therefore, online sales should not only be viewed as a marketing strategy, but also as an important instrument for supporting cash flow continuity, income regularity, working capital adequacy, and business financial resilience. However, the benefits of online sales for financial stability do not occur automatically. MSMEs need to manage digital costs, discounts, platform fees, shipping costs, product returns, and cash flow records in a disciplined manner so that increased transactions can truly generate healthier financial conditions. The implication of this study suggests that MSME owners should combine digital marketing capability with digital financial literacy, so that the digital flow generated from online sales can effectively strengthen cash flow and long-term business sustainability.

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