

CHAPTER 2

LITERATURE REVIEW

2.1 Theoretical Base

One of the figures who sparked the Resource-Based View theory was a professor in strategic management at the University of Utah, Jay B. Barney. Barney explained this theory in his journal in 1991 entitled "Firm Resources and Sustained Competitive Advantage". The resource-based view (RBV) argues that a firm's sustained competitive advantage is based on its valuable, rare, inimitable, and non substitutable resources (Barney, 1991). According to this theory, the distinctive resources and capabilities of a nation are the primary factors that establish that nation's level of competitive advantage. Countries that are able to harness their expertise in logistics and payment processing to overcome the hurdles of transacting business across international borders will be in a stronger position to achieve success in the context of cross border e-commerce. The Resource-Based View (RBV) is able to shed light on the expansion of cross border e-commerce in Indonesia as well as the promise it holds. The following are some examples:

1. **Technology and Infrastructure:** Technology and infrastructure are essential tools for Indonesian businesses that engage in international online commerce. This includes having access to high-speed internet, sophisticated logistical systems, and protected payment channels, among other things. Country that do not invest in the cultivation and acquisition of these resources have a lower likelihood of being competitive in comparison to those that do. Indonesia has developed a payment method that can help international trade.
2. **Logistics and Delivery Capabilities:** Sellers in Indonesia engaged in international online commerce really need to have effective logistics and delivery skills. Businesses that are able to provide delivery services that are rapid, dependable, and economical stand a better chance of attracting and retaining clients. For this reason, Indonesia needs to make investments in warehousing, transportation, and delivery systems for the final mile to help sellers from Indonesia be more competitive in international online commerce, or cross border e-commerce. Indonesia's airport and seaport infrastructure is sufficient enough to help expedite goods sent both domestically and abroad.

2.2 Related Literature

A comprehensive literature review on the development and potential of cross border e-commerce in Indonesia aim to provide a broad overview of the existing research on this topic. This review cover the various factors that have been studied in relation to e-commerce and cross border habits, including e-commerce and cross border transaction.

2.2.1 Literature on E-commerce

One of the literature on e-commerce saying that e-commerce is not just about technology, but also about business and society (Chaffey 2009). A successful e-commerce requires a deep understanding of customer behavior and needs, effective business models and strategies, as well as the appropriate use of technology to support these strategies. In other literature, saying that there has been significant growth in digital infrastructure and connectivity in Indonesia in recent years (Jurriëns & Tapsell 2017). the digital economy has become a new engine for Indonesia's economic growth, driven by the country's large and growing middle class and the rapid adoption of digital technologies (Pratomo & Yoo 2021).

Other literature also discussing about the challenges and controversies associated with the sharing economy, such as concerns around safety, privacy, and regulation in a book entitled: *E-commerce 2019: Business, Technology, Society*" (Laudon & Traver 2019). This book also discusses online payment systems in e-commerce. Supported by other literature regarding Indonesian e-commerce start-ups face several challenges, including the need for better logistics infrastructure, a lack of regulatory clarity, and intense competition from established players. market (Kurniawan & Pujiono 2016) the other challenges include issues related to infrastructure, logistics, and payment systems, as well as regulatory challenges such as taxation and consumer protection. (Gozali & Irhamni 2018).

2.2.2 Literature on cross border

In the book *"International Business: Competing in the Global Marketplace"* countries must have a global mindset to succeed in the global marketplace. This means that companies must be aware of and adapt to cultural, political, legal, and economic differences in different regions of the world (Hill 2013), and in the book *"International Business: The Challenges of Globalization,"* we have to keep up with the latest trends and changes in the global business environment, such as advances in technology (Wild, Wild, & Han 2012). In other literature,

globalization has brought about new realities for international business. These new realities include the increasing interconnectedness of the global economy, the rise of emerging markets, and the importance of knowledge and innovation in international competition. (Cavusgil, Knight, & Riesenberger 2009) and the need for sustainable development in Asia. There are some challenges to achieving sustainable development in Asia, including the need for cooperation between countries, the role of international organizations, and the need for effective governance. (Chesterman & Khong 2019).

