International Journal of Multidisciplinary Horizon

ISSN: **3049-2017**
IJMH 2026; 3(6): 18-21
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www.themultijournal.com

Received: 17-10-2026
Accepted: 02-11-2026
Publish : 04-11-2026

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Digital Commerce And Sustainable Business Practices: Emerging Opportunities And Challenges For Msmes In Developing Economies

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Abstract
Digital commerce is transforming contemporary business by enabling firms to reach wider markets, use digital payments, coordinate supply chains and engage customers through online channels. For micro, small and medium enterprises (MSMEs), these capabilities can strengthen resilience and create new opportunities for sustainable growth (Fauzi & Sheng, 2022). However, digital commerce also produces environmental and social challenges through packaging waste, delivery activity, product returns, electronic waste, privacy risks and unequal digital capabilities (UNCTAD, 2024). This paper examines the contribution of digital commerce to sustainable business development from a commerce perspective. The study adopts a conceptual and integrative review approach to synthesise recent research on e-commerce, MSMEs, digital finance, green business practices and sustainable development. The analysis identifies five pathways through which digital commerce can create sustainable value: wider market access, digital financial inclusion, data-enabled resource efficiency, responsible customer engagement and circular business practices. Based on these pathways, the paper proposes a Digital Commerce Sustainability Framework comprising digital capability, organisational readiness, responsible commerce, green operations and measurable sustainable value creation. The study concludes that digital adoption alone does not guarantee sustainability. MSMEs need affordable technology, employee skills, responsible data practices, green fulfilment and continuous measurement of economic, environmental and social outcomes.

Keywords: *Digital Commerce; E-Commerce; MSMEs; Sustainable Business; Digital Payments; Green Commerce.*

1. INTRODUCTION

The contemporary commerce environment is increasingly shaped by e-commerce platforms, mobile connectivity, digital payments, social commerce and data-driven business tools. Digital commerce has expanded beyond online selling to include digital marketing, electronic ordering, customer support, payment processing, inventory management and digitally coordinated logistics (Fauzi & Sheng, 2022). These developments can help MSMEs overcome geographical limitations and participate in wider markets.

The sustainability dimension of digital commerce is, however, multidimensional. Digital channels may improve inventory planning, reduce paper-based transactions and support more efficient coordination (Broccardo et al., 2023). At the same time, online commerce can increase packaging, delivery movements, returns and electronic waste (Mishra & Dutta, 2026). UNCTAD (2024) has highlighted the need to address the environmental footprint of e-commerce while ensuring that developing economies and small businesses can benefit from digital opportunities.

The central issue is therefore not whether commerce should become digital, but how digitalisation can be organised so that business growth is compatible with economic resilience, environmental responsibility and social inclusion. MSMEs are especially important because their adoption decisions are influenced by finance, infrastructure, digital skills and managerial capacity (Fauzi & Sheng, 2022; Islam et al., 2025). This paper develops an integrated commerce-oriented view of sustainable digital commerce and proposes a practical framework for MSMEs.

2. LITERATURE REVIEW

Research on digitalization and sustainable business models shows that digital technologies can reshape value creation, value delivery and value capture, but their contribution to sustainability outcomes depends on how they are integrated into business model components rather than on technology adoption alone (Broccardo et al., 2023). This distinction between digital capability and sustainability outcome is central to the present study.

A related stream of literature examines the role of artificial intelligence and digital tools in advancing business models aligned with the Sustainable Development Goals. Di Vaio et al. (2020) find that AI-enabled business models can support environmental and social objectives, but the literature remains fragmented across sectors and lacks integrative frameworks connecting technology, governance and sustainability. Islam et al. (2025) extend this line of enquiry by proposing a configurational framework in which AI-guided business model innovation generates sustainable competitive advantage for SMEs only when internal capabilities and external conditions are aligned, reinforcing the argument that digital adoption and sustainable outcomes are not automatically linked.

Studies focused specifically on MSMEs highlight that digitalisation is shaped by institutional pressures, resource constraints and managerial capacity. Fauzi and Sheng (2022) apply an institutional theory perspective to show that MSME digitalisation is influenced as much by regulatory and normative pressures as by technological readiness, which helps explain uneven adoption across developing economies. In the specific context of e-commerce, Xuesongzi et al. (2025) identify internal and external factors affecting the sustainable development of e-commerce among Chinese SMEs, including financial capacity, managerial support and market conditions, while a bibliometric and systematic review of digital marketing and sustainable innovation in SMEs (Cogent Business & Management, 2025) similarly finds that customer-facing digital practices contribute to sustainability outcomes mainly when paired with organisational learning.

A separate but connected body of work addresses digital financial inclusion. The Global Findex Database report (Demirgüç-Kunt et al., 2022) documents substantial improvements in access to digital financial services worldwide, particularly through mobile-based payment systems, while noting persistent gaps in usage among smaller and informal enterprises. Complementing this, recent research on FinTech and SDG performance in SMEs (Journal of Global Responsibility, 2025) reports that digital financial tools improve reporting, transparency and resource allocation, supporting the pathway of digital financial inclusion identified in the present framework.

On the environmental side, UNCTAD (2024, 2025) documents the material and energy footprint of digital infrastructure and the environmental effects of e-commerce logistics, calling for circular economy principles across the digital value chain. Operations-management research reinforces this concern at the firm level: a comprehensive review of reverse logistics in e-commerce spanning 240 studies concludes that return handling, packaging waste and disposition practices remain underdeveloped relative to the pace of e-commerce growth (Mishra & Dutta, 2026), while Lai et al. (2022) show that reusable packaging and consolidated reverse logistics can meaningfully reduce the environmental burden of online retail.

Taken together, this literature converges on three points relevant to MSMEs in developing economies. First, digital capability and sustainability outcomes are related but not equivalent; positive effects depend on organisational and institutional conditions (Broccardo et al., 2023; Fauzi & Sheng, 2022). Second, financial inclusion and responsible data practices are recurring enablers of sustainable digital commerce (Demirgüç-Kunt et al., 2022). Third, the environmental costs of e-commerce, particularly packaging and reverse logistics, require deliberate green operational practices rather than incidental efficiency gains (UNCTAD, 2024; Mishra & Dutta, 2026). These three points motivate the integrative framework developed in Section 5.

3. METHODOLOGY

This study is conceptual in nature and uses an integrative literature review approach appropriate for a fragmented, interdisciplinary field where commerce, technology, management and sustainability perspectives intersect. Relevant academic and institutional literature published mainly between 2020 and 2026 was identified through Scopus, ScienceDirect, SpringerLink and Google Scholar, together with institutional reports from UNCTAD and the World Bank. Search terms combined "digital commerce", "e-commerce sustainability", "MSMEs" or "SMEs", "digital financial inclusion", "green logistics" and "circular economy" in different combinations.

Sources were included if they addressed the relationship between digital adoption and at least one dimension of sustainability (economic, environmental or social) in a commerce or SME/MSME context, and were peer-reviewed articles, systematic/bibliometric reviews, or institutional reports from recognised bodies such as UNCTAD or the World Bank. Sources were excluded if they addressed digitalisation without any sustainability dimension, or sustainability without reference to digital or e-commerce practices. The review focused on recurring relationships among digital capability, organisational readiness, commercial practices and sustainability outcomes.

The analysis was organised into five dimensions: digital capability, organisational readiness, responsible commerce, green operational practices and sustainable value creation. The study does not use primary survey data and therefore does not claim statistical or causal findings. Instead, it develops a conceptual framework by connecting insights from existing research, consistent with the integrative review tradition used in adjacent management literature (Islam et al., 2025).

4. RESULT AND DISCUSSION

4.1 Wider Market Access and Business Resilience

Digital commerce enables MSMEs to display products, communicate with customers and receive orders beyond their traditional geographic markets. Online marketplaces and social commerce can reduce dependence on physical location and provide alternative customer channels during market disruptions (Fauzi & Sheng, 2022). However, market expansion should be assessed alongside the additional fulfilment resources created by higher order volumes, since return and delivery pressures scale with order growth (Mishra & Dutta, 2026).

4.2 Digital Payments and Financial Efficiency

Digital payment systems can make transactions faster and improve the availability of commercial records. When payment information is integrated with accounting and inventory processes, MSMEs can obtain better visibility of sales and cash flows (Demirgüç-Kunt et al., 2022). Such information can support procurement decisions and reduce avoidable stock accumulation. Security, privacy, customer protection and digital literacy remain essential conditions for responsible adoption.

4.3 Data-Enabled Resource Efficiency

Digital commerce generates information about demand, product movement and customer preferences. Appropriate analysis of these data can support demand estimation, inventory planning and delivery coordination. Better matching between supply and demand may reduce excess inventory and unnecessary movement. Nevertheless, firms should recognise the energy and equipment requirements of digital infrastructure and evaluate the complete resource footprint of digital operations (UNCTAD, 2024).

4.4 Responsible Customer Engagement

Digital marketing and online customer interaction allow MSMEs to communicate product information and collect feedback efficiently (Cogent Business & Management, 2025). Digital channels can also be used to explain sustainability attributes and responsible consumption practices. Customer trust may be weakened by excessive data collection, misleading environmental claims or opaque personalisation. Responsible commerce therefore requires transparency, consent, data minimisation and secure handling of customer information.

4.5 Green Logistics, Packaging and Circular Practices

The sustainability of e-commerce is strongly affected by packaging, transportation, delivery failures and product returns (Mishra & Dutta, 2026). Practical measures such as right-sized packaging, recyclable or reusable materials, consolidated deliveries, accurate product information and efficient reverse logistics can reduce waste and cost (Lai et al., 2022). Digital platforms can additionally support repair, resale, rental and refurbishment, creating opportunities for circular business models.

5.PROPOSED DIGITAL COMMERCE SUSTA-INABILITY FRAMEWORK

The proposed framework contains five connected layers, informed by the pathways identified in Section 2 and Section 4. First, Digital Capability includes connectivity, e-commerce platforms, digital payments, analytics and cyber security. Second, Organisational Readiness covers digital skills, leadership, learning and process integration (Fauzi & Sheng, 2022). Third, Responsible Commerce includes privacy, consumer protection, truthful communication and data governance. Fourth, Green Operations covers packaging, delivery optimisation, returns and circular practices (Mishra & Dutta, 2026). Fifth, Sustainable Value Creation measures economic resilience, resource efficiency, customer trust, inclusion and environmental performance.

The framework suggests that sustainable value is created through alignment among these layers, consistent with configurational findings in the SME digitalisation literature (Islam et al., 2025). Technology without skills may remain underused; technology without responsible governance may create trust and privacy risks; and sales growth without green operational practices may increase environmental pressure. MSMEs can therefore adopt a phased approach, beginning with a clearly defined commercial problem and measuring both business benefits and sustainability outcomes.

6. IMPLICATIONS FOR COMMERCE

For managers, digital investment should be evaluated using indicators such as sales growth, transaction efficiency, inventory loss, packaging cost, return rates, delivery efficiency and customer satisfaction. Commerce education should combine accounting, finance, marketing and management knowledge with digital literacy, data ethics and sustainable supply-chain practices. Policymakers can strengthen the ecosystem through affordable connectivity, digital skills, MSME finance, cyber security awareness and support for environmentally responsible logistics, in line with recommendations from UNCTAD (2025).

7. CONCLUSION

Digital commerce provides MSMEs with significant opportunities to expand markets, improve transactions, strengthen customer relationships and innovate business models. Yet digitalisation is not inherently sustainable. Its benefits can be reduced by packaging waste, delivery emissions, returns, electronic waste, privacy risks and unequal access to digital capabilities (UNCTAD, 2024; Mishra & Dutta, 2026).

This paper proposes a Digital Commerce Sustainability Framework that integrates digital capability, organisational readiness, responsible commerce, green operations and measurable sustainable value creation. The framework shifts attention from digital adoption alone toward responsible and outcome-oriented digital transformation. For MSMEs in developing economies, gradual adoption supported by skills, appropriate technology, responsible governance and sustainability measurement can help

convert digital innovation into long-term economic, environmental and social value.

Future empirical studies can test the framework among MSMEs in different sectors and regions, including retail, services and manufacturing, and can examine the influence of digital payments, social commerce, AI-assisted marketing and green logistics on sustainable performance.

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