

## Analysis of the Impact After the Covid-19 Pandemic on the Development of MSMEs in Indonesia

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### Abstract

*The existence of the covid-19 endemic is a lot of consequences experienced by the ruler, especially even small residents. This research intends to make 1) Analyze the endemic consequences of MSME zone actors; 2) Analyze the application of the ruler's wisdom to MSME actors affected by endemics; 3) Analyze the self-adjustment strategies that MSME actors try after endemic. This research uses descriptive qualitative procedures in which researchers want to find information related to research. The results show that MSME actors are very affected by the presence of covid-19 endemics, especially the efforts of the inferior desire zone that face shrinkage in turnover, but in other parts the number of MSMEs increases in the era of covid-19 endemic; not only that, the central Ruler also distributed encouragement in the form of a Productive Banpres of Micro-Efforts (BPUM) to the actors of micro-efforts.*

### Keywords

development strategy;  
pandemic impact; MSMEs;  
Indonesia



### I. Introduction

The development of MSMEs in Indonesia is one of the priorities in national economic development. The business is the backbone of the national economic system. It is not only aimed at reducing the problem of gaps in income and accompanying effort actors, or alleviating shortages and absorbing activity power. Moreover, the development of MSMEs is able to expand the economic basis and can share important participation in encouraging systemic changes. This participation is the soaring regional economy and the resilience of the national economy.

For Law No. 20 of 2008, micro, small, and medium enterprises are productive economic businesses that stand alone, which are tried by individuals or business entities that are not subsidiaries of factories or not agents of factories that are owned, understood, or become part either directly or indirectly of medium enterprises or large businesses (Ojk, 2020).

At the beginning of the arrival of Covid-19 in Indonesia, the ruler carried out various policies in reducing the value of positive Covid-19 problems, a kind of appeal for social distancing, physical distancing, inaugurating Work From Home (WFH) for employees and School From Home (SFH) for students, to Large Valuable Social Cleavage (PSBB) which is regulated in Ruler Regulation Number 21 of 2020 concerning Large Valuable Social Cleavage in the Plan Acceleration of Corona Virus Disease 2019 (Covid-19) Enforcement.

The psbb policy has an impact on places, such as tourist attractions, restaurants, or places of excitement are closed to an old limit that has not been established. Sourced from the page of the Social Counseling Center (Puspensos) of the Ministry of Social Affairs, some of the economic problems that are intertwined include the shrinkage of residents'

purchasing energy, the weakening of the tourism sector, and the value of shortages and unemployment increases (Alifa, 2020).

So far, Micro, Small, and Medium Enterprises (MSMEs) have ensured their ability to survive in an economic emergency like an outline financial emergency in 1998 amri (Amri, 2020). In an effort to crack down on the spread of the Covid-19 virus, the Ruler practices on Micro-Value Social Separation and Community (PSBMK).

Endemic Covid 19 also shares economic, social, and political links in almost all countries, listed in Indonesia (Pakpahan, 2020). The World Trade Organisation (WTO) speculates that the load capacity of the earth's trade in an outline way is about to shrink by near 32% by 2020 (Maryanti, S., Netrawati, I. G. A. O., & Nuada, 2020). The separation of citizen activities as an effort to crack down on covid-19 endemics has given rise to important economic losses in a national way (Hadiwardoyo, 2020). The zones affected by the Covid-19 endemic are displacement, tourism, trade, health and household zones (Hanoatubun, 2020).

The economic impact due to the Covid-19 epidemic is also felt by the nature of MSMEs. Derived on data from the Cooperative Unit is known if 1. 785 cooperatives and 163. 713 MSME actors were affected by the Covid 19 epidemic. Most cooperatives affected by Covid 19 move on to the view of their respective wills, in contrast to the nature of MSMEs that are greatly affected, namely dishes and drinks. The Cooperatives and MSMEs Unit also said that cooperatives that move on to the view of services and inventions are also greatly affected by the Covid 19 epidemic. Cooperative managers felt a decline in sales, lack of capital, and a bottleneck in distribution.

## **II. Research Method**

The rules of the method used in this study are the rules of qualitative methods with a descriptive approach to analysis, namely the rules of the study method that produce descriptive data in the form of registered words or conversations from many people applying such as study points and actions that can be considered as a result, namely the details of an event being monitored.

The rules of descriptive qualitative methods are aimed at describing or describing existing phenomena, both naturally occurring events and people's engineering (Sugiono, 2018). This study mostly originated from information contained in small micro enterprises in Indonesia.

## **III. Results and Discussion**

### **3.1 Impact of the Pandemic on MSME Sector Players**

In 2006-2010 Micro, Small and Medium Enterprises (MSMEs) faced a relief increase due to MSMEs doing charity amounting to 57% of GDP. Where MSMEs can increase not because of the number but the power of their activities, capital and assets (Pratiwi, 2020). MSMEs can be regarded as a fairly solid productive effort, where if there is an overflow or emergency they do not result in the principle of independence that they have which means they do not depend on any body and have their own capital as a result of which they are strong as a result of MSMEs functioning meaningfully in the economy.

With declining income in this endemic era, there are micro, small, and medium enterprises (MSMEs) actors who carry out rotation of activity hours to their employees, especially those who carry out employee declines because they are unable to pay their employees.

The difficulties felt by MSMEs as long as they are endemic are divided into 4 problems, namely marketing depreciation due to reduced activities of residents outside as customers, investment difficulties due to difficult capital rotation due to the shrinking level of marketing, there are obstacles to product distribution due to the separation of product distribution movements in special areas, and the existence of basic material difficulties because as MSMEs depend on the availability of basic materials from the factory zone another (Sugiri, 2020).

The defense economy approach responds to the case of economic outlook development can contribute to the defense view through the aspect of resilience (Supriatna, 2020). The scope of the defense economy encompasses a larger security case of non-militarist defense rumors due to the presence of nonmilitary threats, epidemics are listed as potential threats.

Defense economics is an agent of science that applies economics to the case of state defense. Micro, Small, and Medium Enterprises (MSMEs) act like one of the pillars that provide participation in the Indonesian economy, requiring appropriate enforcement to be handed over during the Covid-19 epidemic (Hanoatubun, 2020). Basically, the effect of the pandemic is so great. From the development of MSMEs in Indonesia, it can be seen that many MSME entrepreneurs have gone out of business due to the decline in buyers. It is considered that the wheels of money turnover in the community are so small that they have an impact on the development of MSMEs themselves.

The effect of the pandemic on MSMEs is very clearly seen, especially in the early days of the pandemic where the central and regional governments issued several policies that had a very large effect on the development of MSMEs. The policy starts from the PSBB to the government policy that requires the third vaccine community to be served in every business venture. Of course, this has an impact on all aspects, especially the MSMEs themselves.

From this phenomenon, the Government should be able to inject funds for parties who develop their MSEs so that these small business actors continue to be able to survive in difficult situations. this moment. The Covid-19 pandemic has not only affected small and medium-sized enterprises but all aspects of people's social life. The Covid-19 pandemic needs serious handling but still needs to pay attention to small and medium entrepreneurs in order to survive and develop every business activity carried out so that the economy continues to run smoothly.

### **3.2 Implications of Government Policy on Micro, Small and Medium Enterprises (MSMEs)**

The government's authority for small and medium entrepreneurs certainly has a strategic role so that the national economy continues to run well. Government support and encouragement is an absolute value that must still exist in the Covid-19 pandemic situation. MSMEs certainly have very minimal income in the Covid-19 pandemic situation because the purchasing value of the community has greatly decreased. This can be seen in several MSMEs sector whose value of their parents has decreased.

These sectors ranging from Cooperatives and PKL to BPUM have a declining value so that they need support from the local government. In the case of Cooperative Units and Small and Medium Enterprises, related to the Presidential Assistance on Productive Micro Efforts (BPUM), the calculation that has flowed in 2020 amounted to IDR 28.8 trillion for 12 million micro-business people with the proposal of micro-business people based on BUMN or BLU, Cooperative Bureaus and SMEs Province, Regencies and Cities Units, and Banking. With so many roots of micro-business proposers, it is feared that the

occurrence of data that hitchhikes piled up as a result there are micro-business actors who get BPUM 2 times, or there is someone who does not have any business but because of the body of a cooperative so it can be proposed to get BPUM.

The ruler also prepared a line of incentives so that MSME efforts could survive in this endemic era. Not only that, the ruler also emphasized that the economic impulse must reach all small and medium enterprises (MSMEs) and informal actors such as foot trade people 5 (PKL). The encouragement disbursed by the ruler should also make MSME actors able to live, not only reduce the weight of MSME pay. As illustrated in Semarang, Central Java, the actors of the soft thorn milkfish work efforts confirmed that their turnover has dropped by 90%. To cope so that the business does not roll the carpet, until they reduce the number of creations. The same thing was felt by the food zone business actors, where one of the wartegs in Tanjung Duren was frankly facing a shrinkage in turnover of up to 70% of the endemic impact of corona. Not only that, the consequences caused by the endemic covid-19 have also been described above. It takes a lightning, just right, and clear stage to protect the economy from the endemic corona. Moreover, MSMEs are not only stared at as substitutes, but as the backbone or foundation of the country's economy. To always maintain their business, the actors should not only rely on the encouragement of the ruler but they must also have their own strategy so that their efforts always run in the midst of this Covid-19 endemic and which of course matches the wisdom of the ruler.

The Government's efforts to re-advance Indonesian MSMEs after the current pandemic:

#### 1. The Job Creation Law

Of the totality of the number of MSMEs in Indonesia, 64.13 million are MSEs that are currently located in informal zones, as a result, they need to be encouraged to switch forms to official zones. Indonesia is having barriers to complex licensing and relying on regulations at the central and regional levels. Therefore, the Ruler tried to accommodate the case through the categorization of the Law on Making Activities which had been passed in 2020. One of the roots that is regulated is the relief, protection and empowerment of MSMEs. The ruler has ambitions through the Law on Making Activities, MSMEs can then grow and be sensible.

#### 2. Program PEN

The National Economic Recovery Program (PPEN) is one of the programs initiated by the ruler to improve the Indonesian economy due to the impact of Covid-19. This program is also the reaction of the ruler to the shrinkage of the activities of the affected residents, especially informal zones or MSMEs. This program is made sourced from PP No. 23 of 2020 which was later changed to PP No. 43 of 2020.

As one of the ruler's efforts to advance MSMEs, the next step is the details of the Pen program for MSMEs, namely:

- a. Interest or margin subsidies
  - b. Guarantee Service Reply Shopping (IJP)
  - c. Placement of the Ruler's Budget in banking
  - d. Guarantee loss of MSME installment limit
  - e. Display the final income of MSMEs guaranteed by the government
  - f. Financing capitalization in cooperatives through the Revolving Budget Management Agency (LPDB) of MSME cooperatives
  - g. Head of state Encouragement Program, Productive Micro-Efforts
- #### 1. People's Business Credit (KUR)

Another business of the ruler to advance MSMEs is the People's Effort Installment (KUR) program which is distributed through financial entities with a guarantee pattern.

There is also a service fee (interest) on installments or capital financing of activities subsidized by the ruler. The purpose of the KUR is to increase access to financing and strengthen MSME investment.

### 3. The Indonesia National Movement (Gernas BBI)

The Great National Action of Indonesian Creation (Gernas BBI) is one of the ruler's programs as a ruler's effort to advance MSMEs issued in 2020. The purpose of Gernas BBI is to urge the national branding of favorite local products to produce the latest factories and certainly increase economic development. Through this program, the ruler urges MSME actors to associate with digital programs.

### 4. The Expansion of Indonesian Product Exports through ASEAN Online Sale Day (AOSD)

The ASEAN Online Sale Day (AOSD) or ASEAN Online Shopping Day is a shopping activity that is tried in unison by e-commerce programs in 10 ASEAN countries. AOSD was held simultaneously on the day behind the ASEAN year is August 8 since 2020. AOSD participants are actors of efforts in the ASEAN Area who provide objects and services through Trade Through Electronic Systems (PMSE). AOSD is an opportunity for Indonesia to advertise and make a view of local products of the archipelago to the ASEAN arena and urge and increase export activities of Indonesian products. These efforts are expected to advance MSMEs, increase the number of MSMEs in Indonesia and of course can increase Indonesia's economic development. That way, there continue to be many profession squares opened as a result of the value of unemployment and shortages in the country can shrink.

The government's authority in providing protection for small and medium enterprises is certainly very important where the government has a strategic and central role in protecting MSMEs. The development of MSME business people depends on government policies. This context is clear that the government has such broad authority in regulating the development of MSMEs, especially during a pandemic. Thus, it is clear that government policies need to be a serious concern in the development of MSMEs.

## 3.3 Post-Pandemic Adaptation Strategies

The form of adjusting during this epidemic era is the adjustment of data examined by the Bogor City Cooperatives and SMEs Office in the implementation of the departure route (Functional Form of Business Accommodation and Advertization Tools) of Bogor City which work together during the codification of MSME business people in Bogor City. Not only in the use that is now published at the end of 2020, it also has a discussion of authority and the implementation of the module for upgrading the nursery of fertilization.

MSME actors must always focus on customer desires and always update according to changes in customer preferences and attitudes. Many actors are struggling to manage their business, especially unsafe in the midst of the endemic that is running until now. It is necessary to prepare the latest strategies in experiencing, especially after the endemic subsides. Always protecting good ties with suppliers, agents and vendors, and also serving similarly to financial bodies such as banks as co-workers as the basis of financing and assistance in the development of efforts is a matter that must be tried by business actors. MSMEs must be able to protect the availability of budgets for repayment of roles.

In the strategy of improving and restructuring the economic situation in Indonesia, which was weakened by the impact of Covid-19, a strategy and a path of passage are needed that are right to remember the many losses and continue to be a tight competition accompanied by entrepreneurs, as a result of which they are obliged to always carry out innovations and assessments of the cycle of efforts to explore the conditions that are being



established so that efforts can then survive and grow. There are various methods that can be tried by the performers of their special efforts MSMEs experience the wisdom of the ruler of new things.

But in fact, at the snack festival, many small and medium-sized business people (MSMEs) stutter technology, therefore what is recorded on the application for MSME business people is still small. The opposite is the target to be met, namely MSMEs, to increase significantly. This means that MSME business people are moving from publicity and marketing that is first global (look at the face), to use technology (digital).

This epidemic has an impact on the economic activity of Micro, Small, and Medium Enterprises (MSMEs), especially micro and small business people in Indonesia. Various procedures have been tried either from the ruler or the business actor in justifying the economy during this epidemic. Then there are many business actors who are able to survive and get used to it during the Covid-19 epidemic, then become good for the strong energy of the MSME natural economy, as a result of being able to support the Indonesian economy, which the next day will affect Indonesia's defense economy.

Strategies that MSMEs can try in Improving the Economy of the Endemic Impact of Covid-19 When It Is New Reasonable. The emergency caused by the corona virus that was established at this time was not similar to the financial emergency that had hit Indonesia first. The financial emergency made the buying energy down in an important way, but the emergency endemic impact of Covid-19 because residents withholding energy buying the impact of the policy is linked to the PSBB for mutual security. MSMEs also feel attacked by the impact of the wisdom issued by the ruler to urge residents to eliminate homecoming or returning to the village first because the consequences felt by MSMEs are so great that many, among others, ended the effort. A kind of shopkeepers eat on the homecoming route, hospitality, built-in trade people typical of something region, to tire stoppers also feel. The complaints that are widely experienced for MSME actors are usually shrinking marketing, difficulty in obtaining basic materials, and restrained distribution. As a result of this economic shrinkage, almost every country gradually practices new naturally to urge the economic chakra, none other than Indonesia (Arif, 2020).

#### IV. Conclusion

The encouragement budget submitted by the ruler to micro-effort actors such as the Banpres Productive Micro Enterprises made many MSMEs special for micro-enterprises which eventually entered their businesses into the City Cooperatives and SMEs Office, as can be seen from the accumulation of data on the number of existing MSMEs. Regarding this, it is because MSME actors are motivated to get BPUM's insistence of Rp. 2.4 million. Not only that, the Office of Cooperatives and SMEs also gave an insistence of RP 500 thousand to the long-established Micro, Small, and Medium Enterprises (MSMEs) actors. Not only that, the Office of Cooperatives and SMEs also shared strengthening in this endemic era in a chart of increasing the turnover of MSMEs by carrying out "Skyrocketing" activities or Guidance on Optimization of Turnover Escalation, which is about guidance on social tools that can be used as an advertant tool for efforts owned by MSME actors.

The strategy of adjusting tried by micro, small, and medium enterprises (MSMEs) experienced the endemic covid-19, for micro-enterprise actors who entrusted the business directly (look at the face) sorting out trade of the general kind, adem ayem (surviving what it is) even though the income obtained in the endemic era of Covid-19 is less than before the existence of endemic. Adjusting to what the Micro Effort actors are trying is more

about resigning to conditions while waiting until the Covid-19 endemic is over or activities can run reasonably back. However, there are also MSME actors who are trying to move from those who generally trade offline or meet lanngsung, to selling online.

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