

ANALYSIS OF THE POST-COVID NATIONAL ECONOMIC RECOVERY PROGRAM THROUGH MSMEs DEVELOPMENT

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ABSTRACT

This study aims to analyze the condition of Indonesian economic and post-covid national economic recovery program through micro, small, medium enterprises (MSMEs) development during covid-19 in 2020-2021. This type of research is a qualitative descriptive analysis. This data collection method is obtained from secondary data by the relevant studies and literatures. From the results of data analysis, it can be concluded that MSMEs are able to encourage economic growth in Indonesia, by the shift from traditional marketing to digital marketing and assisted by government policy efforts.

Keyword: Post-Covid National economic recovery, MSME, Digital Marketing

1. INTRODUCTION

The world is facing the COVID-19 pandemic, including Indonesia. The entry of Covid-19 in Indonesia began from March 2020 until now in 2021. It was recorded that on 2021, there were an increase in confirmed cases of COVID-19 as many as 258.164.425 patients. The increase in confirmed cases during the Covid-19 period has greatly affected various sectors in Indonesia, one of which is the economic sector. In the economic sector during the Covid-19 pandemic, it affects the level of public consumption, the low level of consumption results in a decrease in national real income so that Indonesia's economic growth rate becomes sluggish.

The Covid-19 pandemic has had a significant impact on almost all countries in the world. G7 member countries, namely Canada, France, Germany, Italy, Japan, and the United States have officially entered the brink of recession (kompas.com). In fact, economic growth in Indonesia is currently fluctuating. Indonesia's economy contracted for four consecutive quarters, starting from the second quarter of 2020 to entering the first quarter of this year. In the first quarter of 2020, Indonesia's economic growth was still positive at 2.97 percent. Then, in the second quarter the economy was minus 5.32 percent, the third quarter was minus 3.45, and the fourth quarter of 2020 was minus 2.19 percent. The first quarter of 2021, the economy is still in the red. BPS reported that Indonesia's economy was minus 0.74 percent throughout the January-March 2021 period. However, finally Indonesia managed to get out of the recession by recording confidence that the economy in the second quarter of 2021 grew 7 percent.

Before Covid-19, consumers could buy the goods they need easily, consumers only need to go to the market, consumers could also shop online without any restrictions. Due to Covid-19, consumers cannot shop as usual, several markets, mini markets and supermarkets are closed, online shopping is also limited. Changes in the behavior of producers and consumers cause the buying and selling process to not work in the midst of society. If the buying and selling process does not work, it will have a bad impact on various parties. If the product cannot be sold, the producer will reduce the amount of production and the worst possibility is to stop production. If this happens it will have an impact on the workforce, some workers will have their working hours reduced and some will be terminated. This resulted in the workforce being unable to meet their daily needs, from the inability to meet their daily needs will have an impact on reducing people's purchasing power and decreasing selling prices in the market.

Micro, small and medium enterprises (MSMEs) are an example of business actors or producers who have experienced a negative impact due to Covid-19. Before the existence of Covid-19, MSMEs were the driving force behind the rise of the economy in Indonesia. According to Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, MSMEs or micro enterprises are businesses owned by individuals or individual business entities that are productive and meet the criteria set out in the law. MSMEs have a role in increasing gross domestic product (GDP).

The business world in Indonesia is dominated by MSMEs, according to the publication of the National Statistics Center. From SE2016 results, the number of MSMEs reached more than 26 million

businesses or 96.68% of the total non-agricultural businesses in Indonesia. This business is also able to absorb a workforce of more than 59 million people or around 75.33% of the total non-agricultural workforce. Despite having several advantages, SMEs have some limitations. These limitations make it difficult for SMEs to develop. According to the LPPI and BI (2015), these limitations include the lack of banking access; HR skills and knowledge are still low so that it is managed in a simple way; limited use of technology; and have not been able to keep up with changes in consumer tastes, especially export-oriented. In addition to the limitations above, the current condition of MSMEs has also been exacerbated by the presence of Covid-19.

MSMEs are one of the main pillars in the national economy. According to Rudjito in (Hamidah, et.al, 2019) Stated that the definition of Micro, Small and Medium Enterprises (MSMEs) is a business that has an important role in the Indonesian economy, both in terms of the jobs created in it and in terms of the number of businesses. The definition of MSMEs according to (Law No. 20 of 2008) concerning Micro, Small and Medium Enterprises (MSMEs) which is contained in Chapter 1 Article 1 explains that micro-enterprises are productive businesses owned by individuals and or individual business entities that meet the criteria of micro-enterprises. . Furthermore, small businesses are productive businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries of companies that are owned, controlled, or become part either directly or indirectly of medium or large businesses that meet the criteria as small businesses. Then it is explained that medium-sized businesses are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with small businesses or large businesses with a total net worth or annual sales results. From the above understanding it can be concluded that MSMEs are productive economic enterprises run by individuals, households, or small business entities where the classification criteria are based on the limit of annual income turnover.

The decline in income is felt by MSME players at this time, there is a need for innovation and creativity for MSME players as well as assistance from the government to improve and increase income due to the impact of Covid-19. With the increase in MSME income, it is expected to be able to support the Indonesian economy better during the Covid-19 pandemic.

To overcome the impact of the Covid-19 pandemic, the National Economic Recovery (PEN) program is contained in Perpu 1/2020 and its fiscal policy derivatives are regulated in (Government Regulation (PP) No.23/2020.) The National Economic Recovery Program (PEN) is a series of activities prepared for the recovery of the national economy which is part of the state financial policy implemented by the Government to accelerate the handling of the Covid-19 pandemic or face a threat situation that endangers the national economy or financial system stability and rescue the national economy. The PEN program has the objective of providing protection, maintaining and increasing the economic capacity of business actors in running their business. Meanwhile, the principles for implementing the PEN program are according to Government Regulation (PP) No.23/2020, namely:

1. The principle of social justice
2. As much as possible for the prosperity of the people
3. Support business actors
4. Implement prudent policy principles, as well as good, transparent, accelerative, fair and accountable governance in accordance with the provisions of laws and regulations; 5. Not creating a moral hazard; And
5. There is a distribution of costs and risks between stakeholders according to their respective duties and authorities.

2. RESEARCH METHOD

The type of research used is descriptive qualitative research. Descriptive qualitative research is research that is used to analyze data by describing or describing data that has been collected properly without intending to make generally accepted conclusions or generalizations (Sugiyono, 2012). This research uses the method of literature study. Data collection techniques by looking for references that are relevant to the case or problem found. The reference relates to fluctuations and stability in MSME resilience due to the COVID-19 pandemic. This reference is obtained from articles, journals, books, and publications of the Central Statistics Agency (BPS). Data – data found on resumes and analyzed so as to produce information that is interrelated and relevant to the problem being studied.

3. RESULTS AND DISCUSSION

Government Strategies

1. Provision of Social Assistance
Social assistance is provided to MSME actors who are included in the poor and vulnerable categories (Kemenkop-UKM, 2020). Included in this social assistance scheme is a 50% reduction in electricity tariffs for electricity customers with a capacity of 450 watts from three months (Arifin, 2020), who generally can be workers or MSME business actors. The obstacle to providing social aid is that there are still many recipients who have not been recorded in detail.
2. Tax Incentives
The provision of tax incentives for MSMEs is given with a turnover of less than IDR 4.8 billion per year (Kemenkop-UKM, 2020). The form of stimulus for income tax of 0% is given for six months, from April to September 2020. However, according to D. Setiawan (2020), this facility is still largely unused by MSME actors. As of May 29, 2020, the number of tax incentive applications reached 375,913 applications. Of these applications, 345,640 or about 91.9% of applications were granted.
3. Credit Relaxation and Restructuring for MSMEs
The policy issued on 13 March 2020 was a non-fiscal response in the form of easing or restructuring bank loans to MSMEs along with simplifying the certification process for exporters from the ease of importing raw materials (OECD, 2020). The government will provide credit relief of under IDR 10 billion, especially for informal workers (online motorbike taxis, taxi drivers, MSME actors, fishermen, residents with daily income values) which will be effective in April 2020 (Maftuchan, 2020). The SME credit restructuring stimulus package for several provincial governments, especially Central Java, was supplemented by additional interventions (OECD, 2020).
4. Expansion of MSME Working Model Financing
This is done by encouraging banks to be able to provide soft loans to MSMEs. Thus, MSMEs have sufficient working capital to run their business. This policy is necessary to maintain MSME liquidity (Pakpahan, 2020). This program is targeted at 23 million MSMEs that have never received financing from banks and financial institutions.
5. Provision of Product Support
The products of cooperatives and MSMEs in the fields of agriculture, fisheries, culinary and home industries need to get buffer support. Thus, there is certainty that MSME products will be absorbed, so that cooperatives and MSMEs will be able to have better supply preparations. This policy will be more beneficial if it is followed by efforts to increase safe distribution flows, for example by providing reliable e-commerce facilities or services in buffer zones.
6. Online Training
Online Training targeting 4 million MSMEs with the aim of: 1) providing solutions as well as learning and training mediums that are practical, applicative, and fun; 2) guide MSMEs to make precise decisions; 3) provide easy access to resources for improving skills and insights; 4) monitor the performance of MSMEs more easily and measurably; 5) improve MSME human resources; 6) KUKM players can survive, innovate, and update marketing strategies during the Covid-19 pandemic

MSMEs Strategies.

In addition to support from the government, MSMEs must also have creativity and innovation to survive during the Covid-19 period. The spread of the COVID-19 pandemic which forced the government to issue a large-scale social restriction policy (PSBB) made a significant decline in MSME income a challenge. MSMEs must be able to survive in order to recover and reorganize economic conditions.

According to (Aliyani Firdaus et al., 2020) there are seven important factors that must be Noticed and done by a company in order to survive and develop in a long time, namely: 1) Unity of Vision and Mission (Strategic Intense) a company, 2) Appropriate decision making, 3) Continuous Financial Management planned, 4) Business planning, 5) Team management within the company, 6) Execution, 7) When the right one to start a business. In addition to these things, replanning is also needed by preparing a backup plan as an effort to anticipate various possibilities such as: The existence of a pandemic is something that cannot be predicted.

Some strategic steps that can be done by MSMEs are as follows:

1. Attend development training carried out by the government and private sector both in product manufacturing training, distribution, and marketing.

2. Utilizing technology as an effort to expand the market that was previously offline to online. MSMEs can use various digital features such as social media marketing, search engine optimization, online advertising, and the use of delivery services.
3. Maintain good relations and cooperate with suppliers, distributors, and vendors. In addition, it also collaborates with government agencies, financial institutions as partners in sources of financing and business assistance

4. CONCLUSION

The national economic recovery policy implemented by the government is accurate. Optimizing the movement of the real sector economy is the main challenge. The main problems faced by MSMEs as a result of the Covid-19 pandemic are decreased sales, difficulty with capital, obstacles to product distribution, and difficulties with raw materials. The government has stimulated the real sector through fiscal and monetary policies in order to help MSMEs. Additional support such as: making MSMEs a priority in expanding social protection and PEN programs, accelerating MSME access to cash and short-term finance as well as government support for channel development and program alignment between agencies are needed to support MSME resilience and reactivation. stay focused and carry out health protocols. MSMEs also need to develop a canvas business model during a pandemic through several strategic steps such as 1) determining and expanding key partners for business diversification by increasing competition, creating cross-promotion/selling and collaborating with other MSMEs in creating new products. 2) adjust main activities either adding new products or switching direction to business activities according to current needs. 3) create differentiating value with other businesses through innovation and creativity. 4) creating new patterns of relationships with customers through the inclusion of companion products or making donation promos. 5) Arrange Segmenting, Targeting and Positioning (STP) according to current conditions. 6) maximizing digital platforms as a way of managing business and communicating with customers. 7) changing the cost structure and revenue stream by changing the margin strategy, focusing on healthy cash flow, cutting unnecessary budgets, making bundling and flexible pricing strategies.

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