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Article Citations

Digital Platform on Small and Medium Enterprises in Pandemic Era

Introduction

The first part of this journal explains that the Covid-19 pandemic has decreased people's income and purchasing power. During the Covid 19 pandemic, people tended to prioritize basic needs over tertiary needs so that sectors and sub-sectors that produce basic needs can recover early. The business sectors that recovered earlier during the Covid 19 pandemic were food, beverages and pharmaceutical products.

Small and medium-sized businesses are increasingly struggling in a pandemic situation. The decreasing purchasing power of the lower class and the middle and upper segments that hold back spending makes it difficult for small and medium enterprises to increase their income. Based on BPS data as of September 2020, the income of Micro and Small Enterprises decreased by 84% and the decline in medium and large businesses fell by 82%. MSMEs have a contribution of 61.1% to GDP. Seeing the current conditions, it is important for MSMEs to take advantage of information technology. An example is joining tokopedia, shopee, and opening a stall. Based on this background, this research finds a problem, namely how is competition in the changing digital era and changes in business with new business platforms? The purpose of this study is to determine changes in business competition in the digital era in transforming and technological disruption problems on new business platforms for the development of educational revitalization.

Literature Review

The theory used in this research is J.M. Keynes (1937) who stated $Y = C + I + G + (X-M)$. If there is deflation, this explains weaker demand and that demand comes from household consumption, investment, state spending and export-import. Weak demand causes national income or economic growth to fall from y_0 to y_1 . According to J.M Keynes, if a recession occurs, the government needs to increase investment in labor-intensive autonomy so that the purchasing power of low-income people can be maintained. C.K Prahalad (2004) explains that efforts to develop ultra-micro and small businesses are one of the solutions to improve the

economy and empower low-income people to increase consumption. The government's policy in providing business credit to ultra micro and small entrepreneurs as well as social assistance to the poor is believed to be able to improve the Indonesian economy. This is consistent with J.M Keynes's view of government assistance to an economy experiencing recession.

Methodology

Research in this journal uses qualitative methods with the aim of knowing the development of MSMEs in Indonesia after being hit by the Covid-19 pandemic, a decrease in people's purchasing power and an economic recession. This study uses secondary data to obtain information conducted by structured interviews with several informants such as business actors, residents of Tamanagung Village, and also residents of Sidoarjo. Researchers also made observations with the non-participant observation method. The pattern of observations made was to make observations at the location of the gathering of small and medium entrepreneurs in East Java. Interviews will be conducted with informants from MSME actors who have survived the difficult times during the Covid-19 pandemic.

Result and Discussion

The government must focus on controlling the Covid 19 pandemic, to overcome the Covid 19 pandemic and give trust to the public, especially the middle-up community to increase consumption and improve the Indonesian economy. Increased consumption will reduce the potential for Indonesia to experience an economic recession and improve the Indonesian economy. The government has made several plans to save small and ultra-micro businesses affected by Covid 19. The assistance provided is social assistance, tax intensive, relaxation and credit restructuring and expansion of financing. Empowerment for small businesses is a priority for the government to boost the Indonesian economy and reduce unemployment and poverty. The economic recovery program is more targeted at MSMEs, which contribute 99% of GDP. Assistance is provided in the form of BPJS for employment, launching of the UMKM website, and creating an UMKM Digital Market for buying and selling activities of domestic MSME products.

The development of the internet in Indonesia helps micro entrepreneurs access capital assistance through digital financial services. Digital financial services can help improve Indonesia's economy and support the financing sector to be productive. Digital technology-based financing is very important for small businesses because it is to accelerate penetration and financial inclusion as well as overcoming difficulties in accessing bank financing due to difficult-to-reach locations. The problem that occurs in small businesses is the low productivity of ultra-micro businesses. Business actors should be able to use the internet to increase

productivity, increase the number of products and add business segments. The use of the internet can also help micro-entrepreneurs become suppliers in the domestic supply chain, this can reduce the entry of imported goods in Indonesia.

According to the Ministry of Cooperatives and MSMEs, only 13% of the total MSMEs use digital technology in their business. This occurs due to a lack of knowledge and technological mastery of online payment technology. So the government needs to make policies and strategies to integrate MSMEs into digital technology. Technology-based MSMEs to increase market competitiveness coupled with creativity are current market developments. Small businesses have an advantage over modern retailers regarding the applicable regulatory requirements and small businesses that are more free to spread to remote areas make the reach of small businesses more.

Start-ups and E-Commerce such as tokopedia, shopee, and smart shops help empower MSMEs to be more effective and efficient. The strategy for empowering is carried out by building distribution facilities, online bank payments for digital transactions and providing education to shops and small business actors. MSMEs can also join the E-commerce platform to increase the digitization of MSMEs.

Stores and small businesses act as point testers so that consumers want to try new products and become promotional venues for shops or small businesses. In the future, small shops can also become marketing channels because small shops or retail businesses have strong market ties. Producers cooperate with small shops to obtain more in-depth information on consumers, and small shops benefit from knowledge of business digitization. An example is PT Sampoerna with the Sampoerna Retail Community (SRC) program.

In the current condition, the business environment such as producers, consumers, suppliers, distributors and banks must be able to synergize well, because it is a prerequisite for the success of a business. A good relationship between business people can be a factor in the success of a business today. Halal certification is also very important, especially for MSMEs. Halal certification can help MSMEs in exporting to Organization of Islamic Cooperation (OIC) countries. In addition, the government that has relaxed the export and import activities has made it easier for MSMEs to reach international markets. The government also helps MSMEs so that Indonesian halal certification can be accepted in all export destination countries and helps MSMEs that are constrained by tariff and non-tariff barriers.

It is estimated that MSMEs can contribute to GDP of IDR 2,052 trillion in 2030, if handled properly. However, the fact is that MSMEs are still not optimal in using existing opportunities due to limited assistance in terms of digital technology and facing limited

production capacity, capital, and human resources. The BUMN project to help MSMEs of Rp. 14 billion is expected to be able to help MSMEs to advance in class. In addition, the Ministry of Trade is also trying to increase foreign trade, namely by providing facilities for exporters, providing virtual promotions, responding to business opportunities, and facilitating face-to-face contact between exporters and buyers abroad.

Conclusion

Digitalization and electronification of services can support economic recovery programs, for example the distribution of social assistance and financing for MSMEs. Electronification plays a role in channeling social assistance funds more precisely on target and digitizing payment and financing systems has the potential to open financial access for 62.9 million MSMEs and 51% of the population who have not been reached by banking access. MSMEs must be able to create local advantages to produce distinctive products so that they can be more competitive in both the domestic market and the international market. The special product market is one form of market that must be responded to by MSMEs, because the uniqueness of UMKM products in the creative field has more selling value, compared to mass-produced products.

References

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