Nama : Gilbert Nathaniel Virantau
NRP : 130218067
Kelas : Perekonomian Indonesia / KP – A

The Technology Increasing MSMEs In Indonesia

The Central Bureau of Statistics of The Republic of Indonesia declare that the Indonesian economy experienced deflation of 0,1% in July 2020. One of the reason is because the Covid-19 has further eroded people's income and purchasing power. There was a decrease in the income of micro and small businesses by 84% and in medium and large businesses was decrease by 82%. The recovery of MSMEs cannot be separated from the information technology, considering that digitalization is the key so that entrepreneurs can survive and develop amid the Covid-19. Efforts to digitize MSMEs need to be maintained in various ways, including consistent and routine mentoring by e-commerce companies.

The Government is obliged to direct, guide, protect and foster the business climate. In addition, the capacity of MSMEs including agricultural businesses from time to time need to be considered. Expert state that small traders are business actors with relatively small capital who carry out production activities or sell goods and services to meet the needs of certain groups in society. Form perspective of business development, small traders, such as stalls, street vendors or hawkers, small-scale shop are micro businesses that operate informally. The policy of the government's to provide business credit to ultra-micro and small businesses as well as social assistance for the poor and victims of termination of employment is believed to be capable to save Indonesia's economy from recession. MSMEs have a very big role in the Indonesian economy. The facts of the Indonesian economy show that 62.4 million MSMEs in Indonesia are able to absorb 97% of the workforce, contribute to Gross Domestic Product around 61%, and also contribute to exports 14%.

Based on the current developing conditions, the government should be more focus to controlling the Covid-19 so that confirmed cases can decreasing and give

confidence to the Indonesian society, especially the middle and upper class, to shop again and restore consumption, given that Indonesia's economic growth is always supported by household consumption expenditures. The consumption and purchasing power growth of the Indonesian society will prevent Indonesia from an economic recession, considering that economic recovery with the graph V scenario is still possible. The government has prepared the various scenarios to save small and ultra-micro business affected by Covid-19, including formulating MSME protection and rescue schemes, ranging from social assistance, tax incentives, relaxation and credit restructuring, to expanding financing.

The rapid penetration of the internet in Indonesia has raised hopes for information technology that can empower individuals who have been far from economic and political centers. More than 50% of Indonesia's population is currently connected to the internet, and various aspects of people's lives are increasingly connected in the digital space for business, finance, social interaction, health care and education. Digital financial service user has the opportunity to drive the internet economy and is expected to support the financing of the productive sector. But, the low number of MSMEs using digital technology is due to technology mastery constraints and unequal knowledge of online payment technology. Corporation with technology-based continue to synergize with ultra-micro, micro, small and medium entrepreneurs in order to increase competitiveness in the market since the concept of digitalization and high creativeness is an absolute requirement for market development at this time. Therefore, MSMEs should join the organizers of electronic commerce.

So far, the number of business actors who have entered the digital ecosystem is still relatively small. This means that solutions and innovation are urgently needed for digitizing MSMEs. Efforts to digitize MSMEs need to be maintained in various ways, including consistency and routinized mentoring by e-commerce companies. MSMEs must continue to be developed because their strategic role in development. therefore, there should be mutual reinforcement between MSMEs and large businesses in the context of equitable distribution and realizing the greatest

possible prosperity for the entire community and the government is obliged to direct, guide, protect and foster the business climate. One of the efforts to overcome with this problem is through business partnerships between macros, small and medium entrepreneurs and related parties. Through that business partnership, it is hoped that a mutualistic symbiosis will soon be formed so that the shortcomings, limitations above can resolved immediately. Favorable relationships should continue to be developed, for example with fellow MSMEs, cooperatives, private sector, state-owned enterprises or regional-owned enterprises, and large businesses. In general, it is known that economic activities in Indonesia are simultaneously carried out by cooperative, the private sector, and state-owned enterprises and regional-owned enterprises.

The conclusion is digitalization has proven to be able to open up inclusivity and electronification in Indonesia. Electronification have an impact on improving domestic consumption as the main support for national economic growth. MSMEs must be able to work on local advantage to produce special products so that they can be more competitive in both the domestic market and the international market. This kind of pattern has long been applied in Japan, China, and South Korea. The market for special products is a form of market that must be worked on by MSMEs, considering that the uniqueness or locality of MSME products in the creative field has its own selling value compared to mass manufactured products. Thus, MSMEs need to develop these unprocessed products into special products to fill the global market. In Indonesia, there are several successful MSMEs because they use technology in their business. Technology makes MSMEs in Indonesia more developed, either because of digital promotions or other things related to technology.

REFERENCES :

- Tayibnapis, Ahmad Zafrullah, Lucia Endang Wuryaningsih, and Radita Gora. 2021. "Medium, Small and Medium Enterprises and Digital Platforms." *South Asian Journal of Social Studies and Economics* 10 (2): 10–19. <https://doi.org/10.9734/sajsse/2021/v10i230258>.