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Medium, Small and Medium Enterprises and Digital Platforms

Abstract

A new business platform is a must for companies that are disrupting new media technology, especially during the Covid 19 era. However, many incumbent companies are less able to keep up with changing business trends. Anticipate all changes in the competitive climate in the digital era in carrying out the company transformation program along with the implementation of good corporate governance values to avoid oral hazards and a greater risk of failure. The qualitative method used in this research is a case study approach. The analysis focuses on efforts to raise Medium, Small and Medium Enterprises (MSMEs) that contribute to improving the Indonesian economy. The findings show that credit, training, and mentoring programs have not been able to strengthen their position in small and medium enterprises but they are still working to increase the literacy index and financial inclusion to accelerate income distribution in Indonesia.

The results of a survey conducted by the Asian Development Bank in 4 countries such as Indonesia, the Philippines, Thailand and Laos involving 3,831 MSME respondents explained that the contribution of MSMEs to Gross Domestic Product in the 4 countries was more than 50%. The imposition of regional restrictions had a negative impact on MSMEs, but some MSMEs were still operating despite a decrease in income of more than 40%. Based on the results of the ADB survey, it can be seen that 61.1% of MSMEs in Indonesia reduced the number of workers in March 2020, 59.8% of MSMEs reduced workers in March 2020, and 59.8% of MSMEs reduced workers in April 2020.

The capacity of MSMEs including agricultural businesses from time to time needs to be In Law Number 20 of 2008, it is explained that the criteria for micro businesses are having a net worth of at most IDR 50 million, excluding land and buildings for business premises, or having annual sales of at most IDR 300 million.

In the Job Creation Law, in the third part of article 6, it is stated that the criteria for MSMEs can include business capital, turnover, net worth indicators, annual sales results, investment value, incentives and disincentives, application of environmentally friendly technology, local content, or the number of workers according to the criteria of each sector.

MSMEs are practices created by humans and the results of human creativity, including symbolic discourse formed by their owners.

The Covid-19 outbreak had a negative impact on 84.7% of MSMEs, average income fell significantly by 53%, and around 72% of MSMEs experienced a decline in income of more than 40%. MSMEs have a very big role in the Indonesian economy.

The facts show that 62.4 million MSMEs in Indonesia are able to absorb 97% of the workforce, contribute to Gross Domestic Product around 61%, and contribute to exports 14%. This descriptive qualitative research on MSMEs has several characteristics, including the role of the researchers, the relationships that are built, the process carried out, the role of meaning and interpretation, and the findings. (BPS, 2020)

Interviews are conducted with informants from MSME players who have successfully passed difficult times during the Covid-19 pandemic, such as MSME Batik Jetis in Sidoarjo, Mr. Slamet Riyadi, owner of a "Soto ayam" business in Magelang Regency, and Mrs. Erwin Dianawati, owner of a herbal medicine business in Magelang Regency.

Various programs for economic recovery have been launched by the government, such as the distribution of Presidential Assistance for micro-businesses, distribution of salary subsidies for formal workers through the Social Security Administering Body on Employment, launching the MSME website, and launching the MSME Digital Market for buying domestic MSME products. (Tayibnapis et al., 2021)

There should be planned social engineering to change the working behavior patterns of MSMEs towards working online, starting from the supply chain system, production, promotion and marketing, to payment, especially in order to compete with MSMEs from other countries.

Various strategies have According to the Ministry of Cooperatives and MSMEs, the number of MSMEs utilizing digital technology is only 8 million or around 13% of the total MSMEs.

Importance of cooperation between MSMEs and large companies, plasma and plasma core models, as well as the development of superior products to strengthen MSMEs in the face of hyper

competition.

Various schemes of assistance and support have been developed, including soft credit assistance, MSME partnerships with large companies, plasma and plasma core models, and development of superior MSME products.

The development of MSMEs in the dimension of regency / city / provincial development, which is based on a populist economic system, is not only at reducing the problem of gaps between groups, income, between actors, and employment, but also at expanding economic business and making a significant contribution to accelerating structural change, that is, by increasing the national economy and national economic resilience. (Tayibnapis et al., 2021)

Currently the Government is preparing a Minister of Finance Regulation to regulate the cost of halal certification for MSME products, as a derivative of the Job Creation Law, in order to exempt MSMEs from the cost of halal certification and expand halal certification institutions for MSME products. (Tayibnapis et al., 2021)

The issuance of a policy for SOEs to provide projects under IDR 14 billion to MSMEs can greatly help MSMEs move up in grade.

The Ministry of Trade has taken several steps including maximizing trade representatives abroad, strengthening the competitiveness of MSMEs, encouraging the provision of facilitation for exporters, providing virtual promotions, exploring business opportunities, and facilitating one-on-one meetings between exporters and buyers abroad. MSMEs need to be continuously encouraged so that they can be integrated into the national production system or global supply chain. (Tayibnapis et al., 2021)

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.