



MICRO, SMALL AND MEDIUM ENTERPRISES STRATEGIES TO SURVIVE THE COVID-19 PANDEMIC CONDITIONS IN INDONESIA

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ABSTRACT

The Pandemic COVID-19 has an impact on the Indonesian economy. The decline in economic performance was not only felt by large multi-national companies, or nationally but also felt by SMEs. This study aims to examine MSME survival strategies, especially in the pandemic. The research method used is the study of literature. The researcher examines various empirical study results especially imiah journals related to the MSME strategy. Researchers then compared the results of research from various journals and take the essence of the results of the research. Based on the results of the literature study, there are four survival strategies for MSMEs namely, 1) marketing with digital marketing, 2) strengthening human resources, 3) carrying out creative innovations and 4) improving service to consumers. With these strategies, it is expected that MSMEs in Indonesia can survive and survive the crisis conditions due to the COVID-19 pandemic.

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1. Introduction

MSMEs contribute significantly to the Indonesian economy. Indonesia is dominated by the presence of Micro, Small and Medium Enterprises (MSMEs) as the backbone of the national economy which is also seriously affected not only in terms of total production and trade value but also on the number of workers who have lost their jobs due to this pandemic.

Increasing the contribution of Micro, Small and Medium Enterprises (MSMEs) to national income must continue to be pursued. As a sector that plays a role in creating jobs for (96.87%) of the workforce in Indonesia, MSMEs have an important position in the sustainability of the Indonesian economy. Based on data from the Ministry of Cooperatives and MSMEs, the contribution of MSMEs to GDP reached 60.34% in 2017. Basically, this contribution can still be increased, considering that the role of MSMEs in the export portion in Indonesia only reaches 15.7%. Experience in 1998 and 2012 proved that MSMEs could survive the economic crisis, as indicated by the positive growth MSMEs achieved during times of crisis. (Aknolt,2020).

When the economic situation slumps due to the Corona Virus, business people must be really observant in making decisions. The right strategy is needed for MSMEs. One way that can be done is to make neat company books. All financial transactions, both income, expenditure, and other transactions must be well documented.

This type of small business is indeed very strong and resilient even to the economic crisis. Therefore we need to develop it, in this case the government is the most responsible and has a big role in the development of small and medium enterprises in Indonesia. One of them is the government needs to create a conducive business climate in the form of tax relief, ease of licensing and others. In

addition, partnership development and training, coaching for entrepreneurs need to be carried out. The government basically has an obligation to help solve three classic problems that often hit SMEs, namely market access, capital, and technology, which have often been the subject of discussion. Overall, there are several things that must be considered in developing small and medium business units, including: working conditions, promotion of new businesses, access to information, access to finance, market access, product quality improvement and human resources, availability of business development services, cluster development, business networking, and competition.

During the pandemic, not a few MSMEs experienced a business crisis. Therefore, it is important for MSME actors to have a survival strategy so that they are safe from the crisis due to the Covid-19 pandemic. The purpose of this research is to find out the strategies that can be applied by MSMEs in order to survive during the pandemic.

2. Methods

The research method used is a literature study. Literature study is a research method carried out by examining 11 previous studies regarding MSME survival strategies during a pandemic. The results of the research findings are in the form of recommendations that will be adopted or carried out by MSMEs to survive during the pandemic.

3. Result and Discussion

The results of a literature study of 11 journals reviewed by researchers show that there are various strategies implemented by MSME actors to survive. The researcher presents a summary and analysis of the 10 literatures as follows:

- a. (Ika, et al , 2020) conducted a research study on post-COVID-19 business management strategies. The result of this research is that MSMEs develop appropriate marketing strategies to achieve better sales and productivity targets. Planning and developing business products at affordable prices must attract consumers' interest. Determining the right product distribution channel as a means to outperform competitors. Through improving technology and being encouraged by the existence of social restrictions, MSMEs are able to strengthen in the marketing field, through the spread of digital media that are able to reach consumers without having to meet such as Facebook, Instagram, and WhatsApp and display unique and interesting videos for customers. In addition to strengthening the marketing sector, MSME actors must strengthen in the field of human resource management, in this case business actors are required to be able to adapt to conditions like this, one of which is by learning about the use of existing technology, making it easier for MSMEs to make diversification. products with technology and improve the quality of product services to consumers.
- b. (Alfrian, et al, 2020) conducting a research study on strategies for micro, small and medium enterprises (MSMEs) to survive the COVID-19 pandemic in Indonesia. The results of this study are that MSMEs must receive special attention from both the government and business actors
- c. (Awalil, 2020) conducted research on the urgency of using e-marketing on the sustainability of MSMEs in Pekalongan City in the midst of the COVID-19 pandemic. The results of the research were that through the role of technology, business activities and the distribution of goods could still be done. This is done with the aim that MSME businesses do not just stop and the distribution of goods will continue to run. There are new norms for business people when facing the Covid-19 pandemic which requires business actors to be technology literate. This will also apply after Covid-19 which requires MSME actors to recover even to adapt to the new normal that requires contact with technology.

- d. (Marlinah , 2020) conducted research on the opportunities and challenges of MSMEs strengthening the national economy in 2020 amid the COVID-19 pandemic. The results of the research were the embodiment of MSMEs to survive during the pandemic not only through these MSMEs, but there was encouragement from the government to make these MSMEs survive and even expand their business.
- e. (Narto , 2020) conducted research on strengthening Puduk's marketing strategy in the midst of the COVID-19 pandemic to increase the competitive advantage of MSMEs in Gresik City. Gresik also experienced the impact of a decline in sales levels so that the profits obtained were only around 7% within 1 month. The condition of Puduk Gresik's UMKM is in growth and stability which requires a marketing strategy that requires internal strengthening through competitive advantage so that business development can be carried out. An alternative strategy that becomes a priority is to maintain product prices and improve quality to gain consumer loyalty. This requires market segmentation and segmentation with increased promotion through online media. Strengthening marketing must also be supported by innovation and product development in accordance with the needs and desires of consumers. This research can be continued by assisting the implementation of the two selected strategies to have a real impact on the Puduk Gresik SMEs.
- f. (Hardilawati , 2020) conducted research on the MSME Survival Strategy in the Midst of the Covid-19 Pandemic. The results of the research were other findings based on observations, not all MSMEs felt a decrease in sales turnover and had to close their business, there were MSMEs that were still stable and experienced an increase in sales turnover. because they make adjustments in terms of products and do some marketing strategies to survive. There are several things that can be done by MSMEs, including choosing to open a new product line or updating their marketing system, because a business that is able to survive is a business that is responsive to changes in their environment. There are several things that can be done by MSMEs, such as utilizing sales through e-commerce, improving service quality, digital marketing, and customer relationship marketing. In this way, MSMEs can maximize their sales and by following existing protocols during this pandemic.
- g. (Masniadi, et al , 2020) conducted research on food security in Sumbawa Regency in the face of the COVID-19 pandemic. The result of this research is by doing product development. In this case, namely Development of Local Staple Food (P3L). This activity helps MSMEs improve the quality of MSME products and the use of local materials is also able to reduce MSME operational costs in the Sumbawa Regency area during the pandemic. In addition, this strategy is also beneficial for the community in fulfilling food ingredients which have an impact on the food security of local communities.
- h. (Pakpahan, 2020) conducted research on COVID-19 and its implications for micro, small and medium enterprises. The results of the research are to explain that government policies and government assistance are also able to make MSMEs able to survive in the midst of this pandemic.
- i. (Fahriyah, 2020) conducted research on special competitive advantages as a strategy for SME sustainability in the new normal era. The result of this research is to implement a new strategy, one of which is to strengthen competitive advantage. The implementation of this strategy is to provide service or more value to customers with above average profits. This strategy can be applied if optimizing through the implementation of excellent supply chain management.
- j. (Soetjipto, 2020) conducted research on the resilience of East Java SMEs through the Covid-19 pandemic. The result of this research is the implementation of a strategy called OODA loop, which is observed (observed), identified (to orient), make decisions (decide), and carry out activities again (to act). In the case of a pandemic business crisis, business actors must collect as much information as possible regarding consumer behavior in the new normal situation due to social restrictions, information on opportunities and what competitors are

doing. Business actors also need to identify the constraints and problems experienced by your business internally.

- k. (Shofiana, 2020) conducted research on the implementation of a Virtual Team-based affiliate program in MSMEs as an effort to improve the economy during the COVID-19 pandemic. The result of this research is to implement a strategy, namely affiliate. Affiliate marketing is a marketing strategy where an affiliate introduces or promotes their products and services through gadgets. This way also reduces unemployment during the pandemic because as an affiliate, you will only receive a salary/commission based on the number of products that can be sold to consumers. This strategy makes it easier for MSME actors when social distancing is implemented.

4. Conclusions

The COVID-19 pandemic that occurred in Indonesia did have an impact on the Indonesian economy, especially for MSMEs. Social restrictions imposed to prevent the spread also make conventional business actors or MSMEs have to adapt to the current situation. There are also 5 strategies that have been researched from 11 journals in order to prevent or save MSMEs that exist in the current pandemic conditions, here are 5 MSME strategies to survive, namely: (a) Learn about digital marketing such as creating promotional media through social media. (b) Strengthening human resources by instilling learning about the era of globalization and technology. (c) Creative innovation to make consumers interested in buying a product during a pandemic. (d) Improving service to consumers in more detail and ensuring product cleanliness and safety. (e) Government policies towards MSMEs / assistance from the government such as providing social assistance or financial assistance to keep MSMEs running.

With 5 strategies that have been concluded from 11 journals, MSMEs must get special attention from both the government and the business actors themselves, because during the current pandemic, some MSMEs are trying to develop their businesses and adapt again in order to revive the Indonesian economy.

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