

## **MSME's STRATEGY IN IMPROVING QUALITY DURING THE NEW NORMAL IN INDONESIA**

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### **ABSTRACT**

This study aims to identify and analyze strategies to improve the quality of MSMEs during the new normal which is affected by the Covid-19 pandemic. The research method used is descriptive qualitative method. The results obtained from this study indicate that there is a need for fast, precise and real steps from the government and business actors to cope with losses that have occurred due to the pandemic as well as utilize digital technology and follow the development of existing digital technology. such as promotions on social media and registering businesses to marketplace platforms, building personal branding, product innovation and diversification according to lifestyle.

**Keywords:**MSMEs, New Normal, Digital Economy

### **INTRODUCTION**

The outbreak of Covid-19 in early 2020 greatly affected Indonesia and its impact has been felt almost all over the world. The World Health Organization (WHO) states that the virus that first appeared in Wuhan, China in December 2019, has been declared a pandemic. Currently, the Covid-19 outbreak has spread throughout the world, including Indonesia, which confirmed the first positive case since March 2020 (Detik.com, 2020). Coronavirus disease, also known as the virus commonly known as Covid -19, belongs to a group of viruses that cause disease in humans and animals. Covid-19 can cause infectious diseases that occur in the human respiratory tract, more serious lung infections such as MERS-Cov, or acute syndromes such as SARS-Cov, and even death from pneumonia. Covid-19 to detect the appearance of symptoms, the incubation period of the corona virus in the human body is determined, which varies from 2 to 14 days(Kementerian Dalam Negeri, 2020). As of October 6, 2022, positive

cases of Covid-19 have been confirmed by 234 countries in various regions of the world with a total of 616,951,418 cases, while recorded cases were confirmed in Indonesia as many as 6,439,292 and as of October 6, 2022, Covid19 was confirmed positive (Covid, 2022).

With a significant increase in positive cases every day, Government Regulation No. 21 regarding PSBB (Large-Scale Social Restrictions) is enacted as part of the government's efforts to limit the chain of transmission to prevent the spread of Covid-19. This is stated in Article 1 of the Minister of Health Regulation Number 9 of 2020, which explains about social restrictions that are widespread in various regions or regions, used in various parts of Indonesia with an incubation period of 14 days and sanctions for violators. such as positive cases of Covid-19 infection with various activity restrictions; Schools, businesses and offices, religion, public facilities, culture and society, public transportation, defense and security (Detik.com, 2020).

Various industries in Indonesia are affected by restrictions on several activities. Starting from transportation, tourism, social, and the economic sector is no exception. There are sectors that have a direct impact marked by a decline in turnover such as the tourism, transportation, construction, automotive manufacturing, garment and hotel industries, while the sectors that survive and experience an increase in turnover are pharmaceuticals and health, information and communication technology as well as retail and food businesses. This is in line with the government's stay at home policy. So that the activities carried out have shifted from physical infrastructure to digital infrastructure. Almost all activities such as work, education, and entertainment are accessed using information technology media. This causes limited space for us to carry out an activity.

After struggling for almost 2 years undergoing limited economic activities, in the new normal period like now, all aspects of the economy are back in order to be able to help economic development affected by the pandemic. The MSME sector is no exception. In 2019, there were 65.47 million units which were micro, small and medium enterprises or better known as MSMEs. This number reaches 99.99% of Indonesia's total. Meanwhile, large-scale businesses only amounted to 5,637 units or equivalent to 0.01%(Kementerian Koperasi dan UKM, 2019).Therefore,

MSMEs have an important role in contributing 60.3% to Indonesia's economic growth. It can be said that MSMEs are agents that are able to bring about continuous change in society because they are able to help advance the economy and bring innovation and increase creativity.

With such a relatively large role, MSMEs need special attention to continue to climb in challenging times such as the current New Normal, although there are still many challenges remaining. MSMEs need to develop and find new strategies to encourage resale. To reduce physical contact in business operations, several MSMEs place digital business as a solution, of course, continue to adjust and adapt to new habits (Luki Masriansyah, 2021). It is undeniable that gradually all activities will become completely digital so that interaction between humans and technology cannot be avoided. From transactions, services to payment processing, all needs are available digitally. Because this can be an opportunity and a key to accelerate the recovery process and increase national economic resilience, digital transformation in Indonesia needs to be developed further. The growth potential of Indonesia's digital economy is also supported by the world's 4th largest population, the productive age population and is dominated by Generation Y and Generation Z (Kemenko. Bidang Perekonomian, 2022).

On that basis, the digital economy encourages various countries in the world to continue to innovate in the digital space, as well as support development to improve the quality of small and medium enterprises in the New Normal Era. However, it is not always easy to innovate and keep up with developments. The planned strategy will inevitably face various types of challenges. Therefore, one of the strategies described in this study is one that aims to improve the quality of MSMEs and the development of the digital economy in the new normal era. With the aim of writing and to find out what strategies can be done by MSMEs in improving the digital economy in this New Normal Period.

## **RESEARCH METHODS**

This research is included in the type of descriptive qualitative research. Qualitative research is research that is closely related to an interpretation, adjusting phenomena or events that occur and using more

analysis in conducting research. While descriptive research can be interpreted as a situation that describes a related events (descriptions) and focuses on problems that arose during the study. The object discussed was "Strategies for Improving the Quality of MSMEs in the New Normal Era in the Development of the Digital Economy in Indonesia". Data collection techniques were carried out by selecting literature studies or literature studies. Literature studies is part of a data collection technique that focuses on tracing historical data or records of a phenomenon that has occurred and can be in the form of writing, illustrations (photos), articles, and the preparation of work products related to the problem, processed and analyzed further(Sugiyono, 2012).

The data collection in this study can be presented by searching for literature such as: Academic journals, essays or articles, news, regulations and policies related to the Strategy to Improve the Quality of MSMEs in the New Normal Era in the Development of the Digital Economy in Indonesia. In this study, the existing data were analyzed based on the issues and issues studied, then the data set was compared for phenomena that were closely related to the content of the analysis: Data Collection, Categorization , Validity Analysis, Presentation of Analysis Results and Drawing Conclusions.

## **RESULTS AND DISCUSSION**

The Indonesian economy is dominated by MSMEs that can support the Indonesian economy, this is based on data from the Ministry of Cooperatives and Small and Medium Enterprises (MSMEs), where 99% are the main actors driving the Indonesian economy(Kementerian Koperasi dan UKM, 2019).

The thing that proves that MSMEs are the fulcrum for the Indonesian economy is the Covid-19 pandemic. This is due to an appeal from the government to set a policy of Large-Scale Social Restrictions (PSBB) which requires all people to practice social distancing and divert all activities and work. in their homes. People are required to work, worship, and study from home which causes changes in people's consumption behavior. The activities of MSMEs which are in direct contact with consumers to offer their products are reduced because people are required

to stay at home to comply with health protocols. This shift in people's consumption patterns has led to a decline in sales, nowadays people prefer to prioritize the needs of food and related medical devices rather than buying other necessities that are considered less important and not a commodity. The main need to deal with the current conditions.

In the era of the industrial revolution 4.0 and the new normal, it is often associated with technology and digitalization. While technology and digitalization are expected to dominate during the New Normal, digital transaction flows will increase during the New Normal. This also supports the growth of MSMEs in the new normal era. Data from the Ministry of Communication and Information of the Republic of Indonesia, shows a 40% increase in internet use in mid-2020, indicating the trend of digital transactions to increase significantly during the new normal. This fact supports the results of a McKinsey survey which admits that 34% of people in Indonesia are increasingly buying groceries online and another 30% are shopping online more for family needs (Indonesia, 2020). The fact that 72% of them say they are still shopping online for their daily needs even after Covid-19. In addition, according to the Ministry of Cooperatives and Small and Medium Enterprises, the fact is that as of June 2020, only around 13% of small and medium enterprises use digital platforms such as marketplaces and social networks to sell and promote their products. The level of digitization of MSMEs is still low. This is very unfortunate because although most people are involved in online activities and digital transactions, MSMEs are still not using a digital approach, despite the many opportunities available. .

The first strategy that MSMEs can do to re-enter the market is by utilizing digital technology such as promotion on social media and registering their business on the marketplace platform. To get out of the crisis, MSMEs need to go digital with better equipment and better business skills. Digital marketing and sales strategies can expand market reach (Thaha, 2020). Business actors can still comply with the health protocols recommended by the government and maintain physical distance without reducing sales, otherwise network expansion and market access will increase sales. Currently almost all activities are carried out online, so that people often struggle with gadgets and social media, so connectivity is

the key to all activities. In addition, selling or doing business online can save costs because it is more effective and efficient in terms of communication, time and cost. . If the majority of MSMEs switch to online sales, the scope of Indonesia's export market will be wider, of course increasing GDP and encouraging economic growth.

The second strategy is personal branding. Personal branding is very important for a person himself, and a business or business. Personal branding is an attempt to market a business by emphasizing the characteristics that define a brand. If people already know and believe in the value of the product, they will take action. Personal branding will create public perception of trust in the quality and professionalism of work and thus create new opportunities. Personal branding can be emphasized in many ways, such as advertising/promotion, product uniqueness, quality, packaging, and customer service.

The third strategy is product innovation and diversification. Innovation creates something that grows from new ideas. Real innovation must be carried out by MSMEs in order to be able to compete competitively and adapt to change. Innovation can be in the form of improving existing products or processes, while other innovations can be in the form of new inventions that replace models and businesses for MSMEs. Innovation can be implemented in various aspects of business operations, such as product innovation, services, transaction systems and others. Sticking to one product is not the right consistency. In order for consumers to have diverse choices, to be able to choose a product or buy several products, it is necessary there is consistency and innovation, which is not the case unless the products are different. MSMEs must dare to differentiate their own products by exploring market potential and finding unique products to present them in the market. The creativity of MSME actors is very important to implement this strategy. According to (Sasono, E & Y, 2014), the problems that often arise in the development of MSMEs in the economic market are inadequate management skills and lack of financial resources. Creative and entrepreneurial skills can be developed in a variety of ways by learning through social media such as YouTube and Instagram or using books. Innovation is a way to accelerate business growth and reach a wider target market. Product diversification is the procurement of products that are more

diverse, or in other words, more varied. Diversification is related to innovation. With innovation, business actors can create new products to increase product variety. In the new normal era, people's needs change. There are many things that are trending, ranging from needs, habits, to preferences. This provides an opportunity for business organizations to create and adapt new products with innovations that adapt them to current needs and trends. This new normal period is typical of the mask trend, masks that were previously only 3-ply medical masks are now sold with many designs and models that are tailored to different consumer tastes. Creating more diverse products based on market demand. To understand market needs, one has to go through a process that starts with seeing market opportunities, researching markets, selecting target markets, formulating strategies, taking action and evaluating them.

The fourth strategy, don't forget the importance of financial assessment and recording. Costs also differ from new marketing techniques. MSME participants must first calculate the cost of each newly taken step. The introduction of new technology is expected to increase overall net income. There may be some costs new operations are issued as new operations, but these costs must be offset by increased revenues. Generating financial reports is very important, either to control operating costs or to account for income with taxes. Good financial records make it easier for entrepreneurs to measure their business from cash flow or to cash flow. cash. In addition, financial reports are also needed to simplify the process of applying for commercial loans, usually some banks require financial reports to review loans because banks need to see the situation of business development by reviewing payments. There are many accounting software that can be used in today's digital era. Compared to manual bookkeeping, accounting software is more convenient, more efficient and reduces errors when entering data.

The fifth strategy is to register small and medium-sized businesses at the offices of cooperatives and SMEs. By registering a business at the Cooperatives and MSMEs Office, the business can be officially recognized and of course facilitates the provision of information about activities, programs, guidance and assistance to MSMEs. There is government assistance available for small businesses called Presidential Assistance for

Micro Enterprises (BPUM). to assist small and medium-sized businesses affected by the COVID-19 pandemic. The assistance is in the form of social assistance and tax incentives, credit restructuring and relaxation, and expansion of capital financing for MSMEs.

## CONCLUSION

The Covid-19 pandemic has had a huge impact on MSMEs, especially during the PSBB policy. Drastic decline in sales, difficulty in marketing products, problems with funding or capital, decreased production and distribution activities, and difficulties in obtaining raw materials are the effects experienced by actors. how to revive MSMEs 327 which is a sector that contributes very much to GDP.

The right strategy is needed by MSME actors to adapt to the new normal period while moving forward towards industry 4.0. There are 5 strategies that can be applied by MSMEs in order to reestablish their business in the new normal and for industry 4.0 in the long term, namely the use of digital technology such as promotion on social media and registering businesses to marketplace platforms, building personal branding, innovation and product diversification according to people's lifestyle and consumption in the new normal, evaluation and financial records with digital accounting software, as well as registering MSMEs officially at the Cooperatives and MSMEs Office.

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