Entrepreneurship and MSMEs during the COVID-19 Health Emergency in Indonesia

Rizky Ilhami\textsuperscript{1}, Willya Achmad\textsuperscript{1}
\textsuperscript{1}Fakultas Ilmu Sosial dan Ilmu Politik, Universitas Pasundan, Bandung, Indonesia
\textsuperscript{*}Correspondence Email: rizky.ilhami@unpas.ac.id

Abstract
The purpose of this study is to demonstrate the challenges faced by MSMEs and entrepreneurship in Indonesia in dealing with the COVID-19 health emergency. Paying attention to market dynamics, regulatory framework, entrepreneurial vision and support from the Government. In addition, it seeks to identify new tools and strategies that companies have implemented to be able to sustain themselves in their business with the help of digital marketing and transformation of their products, to meet consumer needs quickly and thereby promote the reactivation of the country's economy. This research uses a qualitative approach with descriptive methods in analyzing the research data.

Keywords: Entrepreneurship, MSMEs, COVID-19.

Introduction
The health emergency due to COVID-19 has caused global uncertainty about how the economy will be affected, as currently companies have to take the decision to close their doors for a certain time (Marlinah, 2020). Various countries have made strategies to protect and protect business people; Likewise with business people in Indonesia, there are sectors that are affected, namely entrepreneurship and MSMEs in Indonesia (Ratnaningtyas, 2020; Nugrahenti & Maulida, 2021).

In Indonesia, MSMEs are one of the business fields that have an important role for economic growth (Suci, 2017), besides that MSMEs also have a role in the absorption of labor and the distribution of development results. It is important to analyze this market because Indonesia currently has 65.47 million MSME units, which represent 99.99\% of the total businesses in Indonesia, generate 61.07\% of GDP and or around 8,573.89 trillion and are able to employ more than 97\% of the total existing workforce (Kemenkop, 2021).
This proves that MSMEs are able to boost the community's economic sector independently and support the rate of economic growth in Indonesia. For this reason, MSMEs are one of the business sectors favored by Bank Indonesia to encourage economic growth, in the service sector because they have an increasing contribution to the Indonesian economy and trade (Sarfiah et al, 2019).

In addition, in economic development in Indonesia, besides MSMEs, there is entrepreneurship which is always described as a sector that has an important role (Hadiyati, 2011). This is because most of the population has low education and lives in small business activities, both in the traditional and modern sectors. Entrepreneurship also has a strategic role in the development of the national economy, therefore, in addition to playing a role in economic growth and employment, it also plays a role in industrial development results (Firdaus, 2014).

Small business is a business that has a workforce of less than 50 people and has a net worth of at most Rp. 200 million (excluding land and buildings) based on Law Number 20 of 2008. Also, having sales of at most Rp. 1 billion (Prasetyo, 2008). These small businesses must be owned by Indonesian citizens and take the form of individual businesses, business entities, or cooperatives. Small businesses are generally individual companies, for example local restaurants, warungs, local construction entrepreneurs, laundromats, and local clothing stores. Then, there is also a seasonal business, which means that the business depends on a certain season (Kader, 2018).

This study will describe the behavior of MSMEs and entrepreneurship in dealing with health emergencies as a result of the COVID-19 pandemic, in terms of the new strategies they have taken to transform themselves using technology, digital tools, and the application of teleworking. These tools have served to preserve and improve their economic situation, enabling them to defend themselves during times of crisis and explore other forms of distribution of their products, taking into account the dynamics of consumption and meeting the needs of Indonesia.

Method

The author selected a qualitative study methodology to discover and discuss entrepreneurship and MSMEs amid the COVID-19-related health emergency. The qualitative research approach was chosen because qualitative research is a sort of research that stresses the in-depth and dynamic exposure of phenomena by illuminating numerous facets of the subject under investigation (Creswell, 1994). The phrase in question is executed in accordance with a social science-based field of study that recognizes the concept of a political participation model suitable for regional head elections (Bernard & Bernard, 2013; Achmad & Yulianah, 2022).

Qualitative research was chosen on the grounds that it can reveal social phenomena formed from specific situations and conditions in depth and dynamically through the mediation of primary data obtained from parties who are seen to both understand and feel firsthand the dynamic situation and condition of the object under study, while also displaying different points of view and interpretations of the dynamic situation and condition of the problem that allows the discrepancy to be revealed (Midgley, 1995).
Result And Discussion

To achieve greater clarity, it is necessary to know several concepts such as entrepreneurship, entrepreneurship, and what we know as MSMEs. It should be noted that there is no precise definition to define entrepreneurship, however, economist Richard Cantillon (2017) wrote the book "Essay on the Nature of Commerce in General" which was introduced for the first time, in the economic literature of the eighteenth century. In this century, the term "entrepreneur" defines it as "an agent who buys the means of production at a certain price and combines them regularly to obtain new products from there".

On the other hand, Joseph Alois Shumpeter (2000) defines entrepreneurship as an agent of continuous transformation in organizational processes, which configures progress for society. Shumpeter was one of the pioneers in defining the word entrepreneur, qualifying him as a “born leader”, an innovator who easily sees the existence of new things, who creates and implements them in the moment, a rational individual who balances income, costs and expenses by determining the optimal way to run the organization. (Backhaus, 2006).

Alfred Marshall, in 1890 in his book "Principles of Economics", realized for the first time the need to identify an entrepreneur as the element behind an organization, capable of acting in scenarios of uncertainty and risk; highlight the fact of having various special abilities, which come innately or are acquired in the learning process. (Marshall, 2009)

Currently there is no definite definition of entrepreneurs, in the academic world, the concept has been the subject of research for decades and has been studied by various disciplines such as anthropology, economics, social sciences and management, this term is associated with innovation, risk and uncertainty; however, Jeffry A. Timmons, in 1978, was the first to define entrepreneurship as human decision-making that creatively builds something of value. It requires passion, attitude, commitment to lead others to achieve goals. In making decisions there is an assumption of risk that it poses itself.

Business entrepreneurship is framed by the ability of a person to make additional efforts to achieve their goals and objectives in their business projects from scratch, facing the difficulties that arise in the development of ideas. Entrepreneurs are a fundamental part of business transformation because they are the ones who promote ideas to be able to make changes starting from technology, human talent, processes, strategic plans and innovation. To carry out the transformation it is necessary to comply with three main factors such as market evolution, new technologies and changes in consumer behavior. Moreover, it must be adapted to the new demands of the environment, the constant changes that are generated in the market and the needs of customers that affect the value of the business (Dolinger, 2008).

The Global Entrepreneurship Monitor National Business Context Index (GEM NECI) is an index consisting of the average set of environmental structural conditions for entrepreneurial business activity evaluated from 0 to 10 points, where a score close to 10 means an optimal environment for the creation and development of an entrepreneur. Indonesia ranks first with 6.4 points (Bo'do, 2020). Indonesia, despite having a complicated bureaucracy that hinders the creation of business opportunities, has become a dynamic country in business entrepreneurship, becoming one of the fundamental characteristics for economic and social development in the country, where companies, in this case MSMEs, are an important part in generating wealth. (Adif, 2022).
Currently there are many laws and regulations that the State of Indonesia contributes to local, regional and territorial development, through support and sustainability to create new entrepreneurship and create jobs in a safe, controlled and innovative environment. Through Government Regulation No. 41 of 2011 on entrepreneurship and youth pioneering, where the central government establishes a general framework of strategies to strengthen entrepreneurship, the State of Indonesia, from the Ministry of Youth and Sports, created the necessary legal conditions to promote a culture of entrepreneurship among all youth.

In the 2019 National Legislation Program (Polegmas) there are 55 Draft Laws (RUUs) that are priorities for promulgation. One of them is the National Entrepreneurship Bill which aims to: “Form a regulatory framework that encourages entrepreneurship and growth, consolidation and sustainability of companies, in order to improve social welfare and generate equity. This law is responsible for supporting collective and individual initiatives, advising them to formalize and promote increased production regardless of company size, in addition to making Indonesia an entrepreneurial state by strengthening urban and rural sectors, which facilitates decision-making for reactivation of its economy in times of crisis. This law is in the process of being passed by the DPR. This law focuses on 5 strategic axes: Formalization of companies, Fair competition in the public procurement market, Financing and investment facilities, Organization and articulation of different government programs, and Definition of a series of academic training of entrepreneurial skills. In addition, reduced procedures and better opportunities to receive resources or request credit stand out.

In March 2020, Indonesia was declared a Health Emergency of COVID-19, the government began to take decisions so that public health and the economy in general would not be affected. During the development of this emergency, companies and MSMEs were affected, the latter representing 99% of companies in Indonesia. The central government has played an important role, taking into account that it has taken new steps to facilitate the reactivation and establishment of new companies.

On March 31, 2020, presidential decree number 11 of 2020 was issued, which stipulates measures for the safe reactivation of the economy, this is to minimize the process of spreading COVID-19, the decision to reactivate by sectors in which companies must meet certain requirements to can operate.

In addition, one of the decisions that support entrepreneurship the most is the regulation of the Minister of Cooperatives Number 6 of 2020 concerning General Guidelines for the Distribution of Government Assistance for Micro Business Actors to Support National Economic Recovery in the Context of Facing Threats That Endanger the National Economy and Saving the National Economy during the Corona Pandemic. Virus Disease 2019 (Covid-19), which will contribute money to beneficiaries, to support and protect the MSME and entrepreneurship sectors. To receive this benefit, certain requirements must be met, namely: Filling out the application form, attending virtual training, stating the amount of benefit to be received. maintained and certified revenue reduction; follow-up is carried out to ensure that the requested and delivered resources are truly earmarked for the business sector.

The Indonesian Chamber of Commerce and Industry presented a free program to help reactivate small and medium-sized businesses, which have been affected by the health emergency. Considers seven axes such as: support for entrepreneurship, practical growth
tools for microenterprises, business reinvention processes, innovation accelerated programs, advisory boards for crisis management, corporate mergers and acquisitions initiatives, and virtual fair. The virtual exhibition is held to benefit more than 2,000 entrepreneurs by sharing knowledge from experts in the business ecosystem. On the other hand, companies have a need to be able to respond to their customers, not physically, but if they are looking for a way to continue operating. Companies are starting to migrate from traditional (physical point of sale) to digital (online point of sale), to be unaffected, and help reduce expenses such as rent, public services, turning everything into a digital scenario.

This migration is done through technology tools, applications, which allow them to be closer to consumers, such as social networks, WhatsApp, and others. These tools allow us to respond quickly to consumers and are available when they need them. This transformation is known as digital marketing and marketing 3.0, according to Kotler; The latter is the way companies reach customers in new and innovative ways, supported by suppliers, partners, distributors that enable them to continue their operations. (Kotler, Kartajaya, & Setiawan, 2010)

Companies in the time of a health emergency, saw an opportunity to reach consumers quickly, for that they started creating apps, activating the WhatsApp button on their website to be able to get in touch with their customers faster. This allows them to be able to close physical points, and continue serving virtually. There are several companies that already have e-commerce, but must be more aggressive in implementing market strategies to overcome the crisis.

The transformation that this business sector has to carry out causes them to change organizational procedures and policies, such as teleworking, schedule changes; identified that these modifications helped increase productivity by satisfying customer needs and reducing the risk of closing the company completely. Thanks to governments and the work being done through public and private entities, small and medium-sized companies and entrepreneurs have the possibility of having tools and programs that enable them to be trained to cope with crises affecting the world economy and market.

Conclusion

Entrepreneurship in Indonesia is being promoted thanks to more favorable policies, turning the country into an attractive economic scenario for accelerators and international investors. Despite the negative circumstances posed by the COVID 19 health emergency and the global problems it poses for the country and the world, it has become necessary to seek local solutions, taking into account that it faces health, social, political and economic problems. crisis, especially the economy. In addition, the Indonesian National Government has established a series of grants that have supported micro, medium and large enterprises, to strengthen and sustain their businesses, enabling them to reactivate the economy.

Health emergencies have accelerated the economy towards a digital world, so companies both large and small are accessing digital platforms to reach consumers and focus on market needs. On the other hand, it appears that since the crisis, new opportunities have been born, since businesses in Indonesia must transform and advance, looking for other alternatives from innovation and added value, without losing production lines with new inputs, new strategies, new product lines without compromising the main thing from a
company that is the satisfaction of consumer needs. It is important to underline that Indonesians have an entrepreneurial spirit and that despite difficulties, they have the ability to overcome and find ways to progress, even if there are obstacles.

References


