Optimization of MSMEs Empowerment in Facing Competition in the Global Market during the COVID-19 Pandemic Time


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ABSTRACT
The purpose of this study was to determine the optimization and how optimal the empowerment of MSMEs in facing competition in the global market during the Covid-19 pandemic. This research uses a descriptive exploratory approach using an approach to literature review or literature study, which refers to several sources, such as books, scientific journals, and the internet. All descriptions of existing ideas are combined in one arrangement of thought framework. The results of the research can be concluded, First, it is hoped that the Government will optimize the Empowerment of MSMEs during the Covid-19 Pandemic, with several alternatives in supporting the success of MSMEs to be able to realize the sustainability and development of their businesses, namely through providing convenience in the capital, availability of raw materials, relaxation and credit restructuring for UMKM, pay attention to computer technology infrastructure and provide training to MSME players. Second, if government policies are consistently carried out and evaluated periodically, it will have an impact on the success of MSMEs to compete in Facing Competition in the Global Market during the current Covid-19 Pandemic. As the research that has been done by researchers, MSMEs will soon recover if the government intervenes and policies that encourage MSMEs to be able to overcome problems during the current Pandemic. It is also recommended for MSME players to be able to market their products through digital marketing and present products with various innovations, creations, attractive packaging, and product differentiation of course.

INTRODUCTION
Amid the current Covid-19 pandemic, all MSMEs (Micro, Small, and Medium Enterprises) around the world, including our beloved country Indonesia, are experiencing a downturn and even bankruptcy, only creative and innovative MSMEs can survive and thrive amid the current pandemic. Existence to earn profits, both profits earned domestically and from exports abroad. As explained by Jayani, DwiHaday. 2019, that “The spread (Covid-19) hit the Indonesian economy, including business actors.” The government provides industry support of Rp 70.1 trillion and the business world Rp 150 trillion, the Ministry of Finance (Kemenkau) noted, the business world that has been significantly affected is Micro, Small and Medium Enterprises (MSMEs), this is because MSMEs have contributed as much as 60.3% of Indonesia’s total gross domestic product (GDP). Also, MSMEs absorb 97% of the total workforce and 99% of total employment.”

The impact of the Covid-19 pandemic has resulted in the sustainability and sustainability of MSMEs in a national economic order, so that many MSMEs are out of business and unable to continue their production, until 23 September 2020, Executive Director of the National Committee for Sharia Economics and Finance (KNEKS) VentjeRahardjo explained that, “It was recorded that 72.6 percent of micro, small and medium enterprises were affected by the Covid-19 pandemic and a survey conducted by an international consulting service company, Pricewaterhouse Coopers (PwC) which examined that,” As many as 74 percent of MSMEs in Indonesia have not got access to finance, as a result, these UMKM entrepreneurs cannot increase the amount of production to develop their businesses. “ (Miftahudin, Husen, 2020) As presented in the diagram below:
To develop MSMEs, it is undeniable that one of the factors is from the business actors themselves, as research conducted by Sunarsi, D., Maddinsyah, Ali., Et al, (2020) in the International Journal of Supply Chain Management said that "Humans are the most important element in a company because it has a role as planner, implementer, and controller in achieving company goals." Effendy, A. A., et al (2020) also explained that "Establishing a project or UMKM (Micro, Small and Medium Enterprises) must have the knowledge, skills, and insight into entrepreneurship so that the business can run well and generate optimal profits". Apart from the factors of MSME actors, we also need to pay attention to several factors that are sourced from BPS (Central Statistics Agency) data, namely that "Constraints/difficulties experienced by business actors / MSMEs are the biggest problems marketing 22.94% and capital of 22.46%, 19.5% raw materials, 18.99 percent of competitors, 13.18 percent weather, 11.24 percent BMM / energy, 8.02 percent labor, 3.83 infrastructure percent, and others 6.7%. " As the graph is illustrated as follows:

Source: BPS (Central Statistics Agency) Indonesia 2020
Figure 2: Percentage of Types of Business Difficulties (UMKM)
From the above, the industrial sector, including MSMEs, should be able to maximize its efforts to contribute to the Indonesian economy, because "Micro, Small and Medium Enterprises (MSMEs) have a strategic role in national economic development, because in addition to playing a role in economic growth and employment, also plays a role inequitable distribution of development results." (Sunarsi, D., Lukiaastuti, Fitr, et al. 2020, in the International Journal of Psychosocial Rehabilitation) Sunarsi, D., Maddinsyah, Ali., Et al, (2020) explained that "In the context of MSMEs success is measured from various aspects such as performance, sales growth, market share, and profitability." According to reports sourced from the U.S. News & World Report, 2019 Best Countries, that the Indonesian Entrepreneurial Ranking in Southeast Asia ranks below countries such as Singapore, Malaysia, Thailand, and Vietnam. At the world level, Indonesia is in 50th place out of 80 countries surveyed. As shown in the graph below:

As the research above states, "The low ranking of Indonesian entrepreneurship is due to the low score on all indicators, which is below 2 out of a scale of 10. Several indicators score low, namely a good legal framework and technology expertise with each score of 0, 3 and 0.5, meanwhile, the highest score obtained by Indonesia is 1.8 for indicators of how Indonesia is connected to the rest of the world."

As for the obstacles to the development of MSMEs, according to A. Budiyanto, & A.A. Effendy, (2020), is "Limited business facilities and infrastructure, especially those related to technology tools. Most MSMEs use technology that is still simple, so it is difficult to compete in quality and quantity."

So to overcome these problems, research is needed on "Optimizing the Empowerment of MSMEs in Facing Competition in the Global Market During the Covid-19 Pandemic." The objectives of this study are:

1. To determine the Optimization of MSME Empowerment during the Covid-19 Pandemic.
2. To find out how optimal the empowerment of MSMEs is in the face of competition in the global market during the Covid-19 pandemic.

LITERATURE REVIEW AND FRAMEWORK
A. Theory Basis
1. Definition of Empowerment

To empower MSMEs in Indonesia, Bank Indonesia (2011) in Sudaryanto, R., & Wijayanti, R. R. (2013) develop, "Five finger philosophy / Five finger philosophy, meaning that each finger has its role and cannot stand alone and will be stronger if used simultaneously."

a. Thumbs up, "Representing the role of financial institutions that play a role in financial intermediation, especially to provide loans / financing to micro, small and medium-sized customers as well as Agents of development (development agents)."

b. The index finger, "Representing the regulator, namely the Government and Bank Indonesia, which plays a role in the real sector and fiscal regulators, issuing business permits, certifying land so that it can be used by MSMEs as collateral, creating a conducive climate and as a source of financing."

c. Middle finger, "Representing a catalyst that plays a role in supporting banking and MSMEs, including Promoting Enterprise Access to Credit (PEAC) Units, a credit guarantee company."

d. JariManis, "Representing the facilitator who plays a role in assisting MSMEs, especially micro enterprises, helping MSMEs to obtain bank financing, assisting banks in credit monitoring and consulting on MSME development."

e. Little finger, "Representing MSMEs that play a role in business actors, taxpayers and opening up workforce."

1. Definition of UMKM
In the regulations of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs). (goukm.id) as follows:

a. Micro business
Micro enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro enterprises.

b. Small business
Small business is a productive economic business that stands alone, which is carried out by an individual or a business entity that is not a subsidiary or branch of a company that is owned, controlled, or is part of, either directly or indirectly.

c. Medium Enterprises
Medium Enterprises are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of, either directly or indirectly.

2. Criteria and Characteristics of MSMEs (Micro, Small and Medium Enterprises)
In Putri, AningKesuma and Dewi Anggraini. (2016: 3-4) in Profit Journal, Volume 3, No.1. stated about, "Micro, Small and Medium Enterprises have certain criteria. According to the RI Law No. 20 of 2008, the criteria for Micro, Small and Medium Enterprises are as follows":

<table>
<thead>
<tr>
<th>No.</th>
<th>Effort</th>
<th>Criteria</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Micro Business</td>
<td>Max 50 Million</td>
</tr>
<tr>
<td>2</td>
<td>Small Business</td>
<td>&gt;50 Million – 500 Million</td>
</tr>
<tr>
<td>3</td>
<td>Medium Enterprises</td>
<td>&gt;500 Million – 10 Billion</td>
</tr>
</tbody>
</table>

source: Law of the Republic of Indonesia number 20 of 2008

1. Understanding Global Markets
According to Indrawati, T., & Yovita, I. (2014), the market is “a meeting place between sellers and buyers. In economics the understanding of the market is broader than just a meeting place between sellers and buyers to carry out sale and purchase transactions for goods/services.”
Definition of global globalization as conveyed by Larsson in Simbolon, F. (2013). is “A process of world shrinking in which distances are getting shorter and things are moving closer together, also, globalization is also associated with increasing ease, that someone on the other side of the world can interact mutually, with someone on the other side of the world.”
The Global Market Market or global marketing Budiarto and Tjiptono in Utomo, YT, & Shaleh, Z. (2017), is “Marketing that accepts the existence of complex world market equality (geocentric nature) through the integration of domestic, foreign and domestic marketing activities. international which can create synergies while maintaining the strategic objectives of the organization and competitive advantage as a force for global marketing efforts.”

A. Previous Research

From the previous research above, including Thaha, AF (2020), conducted research, among the results of his research were “In facing economic and business challenges due to the COVID-19 pandemic, various types of approaches are needed, including a macro approach through government policies and approaches. on a micro level through the management of MSMEs in a business way.”
METHOD
A. Research Methods
This study uses a descriptive exploratory approach by analyzing the Empowerment of MSMEs in Facing Competition in the Global Market during the Covid-19 Pandemic. This scientific work is developed using an approach to literature review or literature study. In Sudaryanto, R., & Wijayanti, R. R. (2013), he said, "This conceptual approach is carried out by referring to several sources, such as books, scientific journals, and the internet. All descriptions of existing ideas are combined in one arrangement of thought framework."

B. Research Design
The research design in Qualitative Data Analysis according to Miles and Huberman (Sugiyono, 2015), is as follows:

![Figure 4. Qualitative Data Analysis according to Miles and Huberman](image)

RESULTS AND DISCUSSION
In facing economic and business challenges due to the COVID-19 pandemic, various types of approaches are needed, including a macro approach through government policy and a micro approach through business management of MSMEs. (Thaha, A. F., 2020).

Several countries have implemented strategies or solutions to save the small and medium enterprises or MSMEs sector. Among them are (1) Providing salary subsidies to MSMEs that are unable to pay their employees' salaries. (2) Encouraging the development of entrepreneurial innovation so that it can absorb unemployed workers. (3). Providing deferral of the settlement of MSME obligations or debt for both tax obligations and business loan obligations. (4). Providing loans directly to MSME players so they can have sufficient capital to sustain the business. (5). Encouraging the digitization of MSME businesses so that they can continue to operate in conditions where there are restrictions on the movement of the community. (OECD, 2020).

According to Fernandes, in Sugiri, D. (2020), "After the COVID-19 pandemic, even three months after the outbreak, China's economy will not operate normally. MSMEs are the key because, in almost all countries, MSMEs employ a large number of productive workers. "Making the right policies to restore the economy is very decisive, especially with regard to maintaining the liquidity of MSMEs, supporting affected families, reactions and readiness of the business world to start its economic activities."

As confirmed by Sikki's research results in Sugiri, D. (2020), he said, "The Government of Saudi Arabia through the Ministry of Finance of Saudi Arabia also provides financing assistance in the form of loans and exemption from loan repayments and their costs until the end of 2020 in the company's sustainability program initiative. " Likewise, with the Denmark country, research conducted by Febrantara in Sugiri, D. (2020), "Provides compensation for losses of 75% for MSME actors, who have employees under 10 people and experienced losses of around 30% or more."

From the research results above, some of the problems faced by MSMEs in developing during the Covid-19 Pandemic, such as research by Tambunan, Tulus in Sudaryanto, R (2013), stated that "Some of the problems faced by MSMEs that many developing countries, including Indonesia, include: is the problem of the lack of raw materials that must be imported from other countries for the production process. In addition, marketing of goods, capital, energy availability, infrastructure and information are also problems that often arise, including non-physical problems such as high inflation, skills, regulations. labor and so on. " As shown in the table below:
Table 2: Constraints faced by ASEAN countries, including Indonesia:

<table>
<thead>
<tr>
<th>Country</th>
<th>Raw materials</th>
<th>Marketing</th>
<th>Capital</th>
<th>Energy</th>
<th>Information</th>
<th>Technology &amp; skill</th>
<th>Infrastructure</th>
<th>Tax</th>
<th>Inflation</th>
<th>Market distortions</th>
<th>Labour issues***</th>
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<td>Cambodia</td>
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<td>China</td>
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<td>Bangladesh</td>
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From the data above, it is the author's hope for the government and policy makers in overcoming MSME problems so that they can still provide solutions to MSME players so that they can continue their business in the midst of this Covid-19 pandemic. Because if we look at the order of the Indonesian state in the business sector, according to research by US News and World Report in 2019 Best Countries, it shows that, "Indonesia's entrepreneurial dimension is ranked 50 out of 80 countries surveyed. Meanwhile, at the Southeast Asia (ASEAN) level, Indonesia is in the second lowest position along with the Philippines, out of the seven countries surveyed. The score obtained by Indonesia in entrepreneurship is 0.7 on a scale of 0-10. Values close to 0 indicate the worse the entrepreneurial dimension of a country is and vice versa."

Indonesia's low ranking is due to the indicators that make up the entrepreneurship dimension that score below 2 on a scale of 0-10. The lowest score is found in the indicator of the legal framework and educated population with a score of 0.3 and 0.4, respectively. The ability of technology is also an obstacle for Indonesia to improve the entrepreneurial climate. In addition, adequate infrastructure and access to capital are also a concern because it is in the fourth lowest rank with a score of 0.6 points. (Jayani, Dwi Hadya, 2019). As in the chart below:

Figure 5. Entrepreneurship Indicators Based on US News and World Report
The existence of the Indonesian state in the ability of global competitiveness against countries in the world, as in research conducted by the Global Talent Competitiveness Index (GTCI), that "Ranking the global competitiveness of countries in the world, focuses on global competitiveness in particular, in the field of entrepreneurship, especially how entrepreneurship is encouraged, maintained and developed throughout the world, using many objective indicators in conducting this ranking ranging from opinions per capita, information computer technology infrastructure, levels of corruption, gender and environmental issues, levels of tolerance, political stability to the relationship between government and business, and many others."

Several aspects of the field of education that are used as an assessment score include: formal education, vocational education, literacy and numeracy, international university rankings, scientific journals, international students, the relevance of education to the business world, the number of graduate technicians and researchers, and the number of results, research and scientific journals. Based on these indicators, GTCI ranks countries with the best global entrepreneurial competition level.

The 10 best countries in the global entrepreneurship sector, starting with Switzerland with a score of 81.82, then Singapore with a score of 77.27, the United States with a score of 76.67, Norway with a score of 74.67, Denmark with a score of 73.85, Finland with a score of 73.78, Sweden with a score of 73.53, the Netherlands with a score of 73.02, England with a score of 71.44, Luxembourg with a score of 71.18.

The position of Indonesia’s entrepreneurial competition in the ranking, Indonesia scored 38.61 and is in 67th position in the world. This position is one level below neighboring ASEAN, Thailand which has a score of 38.62. Indonesia is still superior to several Asian countries, among others; Mexico (position 70), Brazil (72), India (80), Egypt (96), and Iran (97). In the ranking of Asian countries, Indonesia is ranked 9th after the countries of Singapore, Japan, Malaysia, South Korea, Brunei, China, and the Philippines, and Thailand respectively. (Enggar Mustusilo, Yohanes, 2019). As the authors present in a diagram below:

![Figure 6. Total Scores in Entrepreneurship Rankings in Several Countries](image)

From the diagram above, Indonesia’s ranking is still far from expectations because it is only in the 67th position in the world, so there are still many aspects that need to be addressed and improved to support the success of entrepreneurship and MSMEs in the eyes of the world to make our country’s existence a country capable of presenting its products that are made by themselves, namely encouraging MSMEs to continue to develop and prioritizing domestic production rather than imports from other countries.

As with some of the research results and data above, the author analyzes that Indonesia needs to pay attention to several factors so that MSMEs can continue to compete amid the Covid-19 pandemic, including a macro approach through government policy and a micro approach through business management of MSMEs, both approaches which according to the authors do, namely:

1. The government is expected to provide policies that encourage MSMEs to be able to develop and contribute to the country through providing facilities in capital, availability of raw materials, relaxation and credit restructuring for MSMEs. As research conducted by Pakpahan, (2020), "Financial assistance to MSME players is also carried out by
Encouraging MSME players to do digital marketing so that they can continue to operate and be able to compete in the midst of the current pandemic conditions, namely by developing their business through digital marketing or online promotion, this is as research conducted by Effendy, AA, & Sunarsi, D. (2020). “Online promotion is more effective in marketing through Social Media, namely Whatsapp with the highest percentage of 34%, Instagram with a percentage of 31%, Facebook with a percentage of 19% and in addition, informants also use social media in the form of Twitter by 4%, websites by 4% and online shops: shoppee by 8%, so the promotion is very effective through online media, especially the promotion is more effective through social media than promotion through electronic media and print media.”

In competing in the Global Market, MSMEs need to present innovative, creative and differentiated products in order to compete with products originating from abroad. This is reinforced by research conducted by Effendy, A. A. (2019), that a business needs to "Pay attention to the needs and tastes of consumers, namely by offering products with various innovations, creativities, attractive packaging and attractive differentiation or characteristics."

CONCLUSION
From the discussion that has been described, it can be concluded that first, it is hoped that the Government will optimize the Empowerment of MSMEs during the Covid-19 Pandemic, with several alternatives in supporting the success of MSMEs to be able to realize the sustainability and development of their businesses, namely through providing convenience in the capital, availability of raw materials, Credit relaxation and restructuring for MSMEs, paying attention to computer technology infrastructure, and providing training to MSME players. Second, if government policies are consistently carried out and evaluated periodically, it will have an impact on the success of MSMEs to compete in Facing Competition in the Global Market during the Current Covid-19 Pandemic. As the research that has been done by researchers, MSMEs will soon recover if the government intervenes and policies that encourage MSMEs to be able to overcome problems during the current Pandemic. It is also recommended for MSME players to be able to market their products through digital marketing and present products with various innovations, creativities, attractive packaging, and product differentiation of course.

REFERENCES


