



Medium, Small and Medium Enterprises and Digital Platforms

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Authors' contributions

This work was carried out in collaboration among all authors. Authors AZT designed the study, performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript. Authors LEW and RG managed the analyses of the study. Author RG managed the literature searches. All authors read and approved the final manuscript.

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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.

Keywords: *Digital platform; MSMEs; Covid-19 pandemic; government intervention.*

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1. INTRODUCTION

In its publication, the Central Bureau of Statistics of the Republic of Indonesia (Indonesian: *Badan Pusat Statistik / BPS*) explained that the Indonesian economy experienced deflation of 0.1% in July 2020. The food, beverage, and tobacco group experienced deflation of 0.79% and contributed to deflation of 0.19%. Foodstuffs that contributed to deflation included shallots, broiled chicken, rice, garlic, cayenne pepper and sugar. This deflation in food and beverages indicates a decline in demand for food.

The decline in demand for food was correlated with a decrease in the exchange rate of agricultural food crops by 0.25%, or to be 110.17. Likewise, there was a decrease in the exchange rate of horticultural agricultural products by 0.74%, or to be 99.77; including deflation in the Household Consumption Index of 0.13%. In terms of the contribution of public expenditure, it appears that the 20% group (upper class) reaches 45.49% of the total national consumption, the 40% group (middle class) contributes 36.78%, and the 40% group (lower class) only contributes 17%.

Middle and upper income groups whose income is not disturbed tend to choose to save rather than spend their money, considering that no one knows when the Covid-19 pandemic will end and when the situation will return to normal. The tendency to save in the middle to upper class is increasing, as seen in the growth in the amount of money in circulation and deposits above IDR 1 billion. The same can be seen in the number of visits to shopping centers with a range of only 30-40%.

The Covid-19 pandemic has further eroded people's income and purchasing power. People's savings are increasingly decreasing for consumption needs, especially for those who experienced termination of employment or were laid off, resulting in an increasingly depleted source of household funds. Deflation in July and August 2020 was triggered more by falling prices for a number of food, beverage and transportation groups, indicating the large demand in the midst of the Covid-19 pandemic. Trends in other countries show that there is a slowdown in inflation and deflation that is hitting supply and demand.

In the midst of uncertainty during the Covid-19 pandemic, there is a tendency for people to

return to basic needs rather than tertiary needs so that the sectors and subsectors producing basic needs will recover earlier. The business sectors that recover earlier, when large-scale social restrictions are relaxed, are food, beverages and pharmaceutical products. Public uncertainty in consuming is likely to continue and consumers tend to wait and see because they have to tightly regulate spending due to low income. Small and medium enterprises are increasingly squeezed by the situation. The decline in spending amid the Covid-19 pandemic is mainly triggered by the weakening of the purchasing power of the lower class and the tendency of the upper middle segment to withhold spending resulting in further pressure on the income of small and medium enterprises. People tend to only spend on basic necessities, while unplanned purchases are getting lower. In fact, under normal conditions, unplanned purchases tend to be greater than planned purchases.

The results of a survey conducted by the Central Bureau of Statistics of the Republic of Indonesia (September 2020) explained that there was a decrease in the income of micro and small businesses by 84% and 82% in medium and large businesses. The sharpest declines were in the accommodation, food and beverage, other services, transportation and warehousing services, construction, manufacturing, and trade sectors. Furthermore, the results of a survey conducted by the Asian Development Bank (April-May 2020) 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. Large scale reduction of workers was carried out in March-June 2020 and continued until October 2020.

With a contribution of 61.1% to Gross Domestic Product, the recovery of the ultra-micro and MSME sectors is very urgent amidst the pressure of the Covid-19 pandemic. However, the facts show that the problems faced by entrepreneurs

are so complex that stimulus and capital assistance only are still inadequate. Other assistance that is needed by MSMEs includes entering the digital system economy, opening new markets, and increasing product competitiveness. Communication and socialization are also needed in an effort to empower MSMEs, including solutions to raw material problems and increasing MSME certainty consistently. The recovery of MSMEs cannot be separated from the use of information technology, considering that digitalization is the key so that entrepreneurs can survive and develop amid the Covid-19 pandemic.

However, so far the number of business actors who have entered the digital ecosystem is still relatively small. This means that solutions and innovation are urgently needed for digitizing MSMEs. Unfortunately, the process of digitizing MSMEs cannot take place immediately. It is best to join electronic trade organizers, such as *Shopee*, *Tokopedia* and *Bukalapak*. Efforts to digitize MSMEs need to be maintained in various ways, including consistent and routine mentoring by e-commerce companies. Ultra-micro financing based on digital technology is intended to accelerate penetration and financial inclusion, considering that ultra-micro business actors still have difficulty accessing bank financing due to various factors, such as not having a bank account, a location that is difficult to reach, or a very small business scale.

The question that can be built in this research is how is the competitive climate change in the digital era and also changes in incumbent businesses with new business platforms. This research aims to determine the competitive climate change in the digital era in carrying out company transformation programs and also the problem of technology disruption in new business platforms for the development of educational revitalization.

2. LITERATURE REVIEW

Due to their strategic role in development, MSMEs must continue to be developed. There should be mutual reinforcement between MSMEs and large businesses in the context of equitable distribution and realizing the greatest possible prosperity for the entire community. The government is obliged to direct, guide, protect and foster the business climate. In addition, the capacity of MSMEs including agricultural businesses from time to time needs to be

considered, given that most Indonesian people live and depend their economy on this sector.

J.M. Keynes (1937) stated that $Y = C + I + G + (X-M)$. If there is deflation, this reflects weak demand, and the demand comes from household groups, investment spending, state spending and export-import results. Weak demand causes national income to decline from Y_0 to Y_1 , or a decline in economic growth. As we all know that economic growth is one indicator of a country's economic performance [1].

Every country seeks to spur economic growth every year and prevent negative economic growth from occurring so as not to experience a recession. According to J.M. Keynes, if a recession occurs, the government needs to increase labor-intensive autonomous investment so that the purchasing power of low-income or poor people can be maintained. Likewise, the availability of infrastructure, such as toll roads, airports, international seaports, container terminals, gas networks and electricity networks, is attractive factor for potential investors to invest in a country, including the ease of business licensing. C.K. Prahalad (2004) in his book explains that efforts to develop ultra-micro and small businesses are one of the solutions for running the community's economy and empowering low-income people to consume. This means that developing frugal economy will be a strategic effort to save the national economy from the shackles of recession [1].

Experts state that small traders are business actors with relatively small capital who carry out production activities or sell goods and services to meet the needs of certain groups in society. This business activity is usually carried out in strategic places informally, such as roadsides, parks and river banks. From the perspective of business development, small traders, such as stalls, street vendors or hawkers, and small-scale shops are micro businesses that operate informally. In the Indonesian Dictionary it can be understood that small traders can be in the form of stalls, small shops, grocery stores, hawkers, and food and beverage stalls that sell directly to end users.

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. The criteria for small businesses are having a net worth from more than IDR 50 million to IDR 500

million, excluding land and buildings for business premises, or having annual sales from more than IDR 300 million to a maximum of IDR 2.5 billion. The criteria for medium-sized businesses are having a net worth from more than IDR 500 million to a maximum of IDR 10 billion, excluding land and buildings for business premises, or having annual sales from more than IDR 2.5 billion to a maximum of IDR 50 billion. 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. The MSME criteria listed in the Job Creation Law will be further elaborated in Government Regulations, relevant Ministerial Instruction, and Regional Regulations.

The government's policy to provide business credit to ultra-micro and small businesses as well as social assistance for the poor and victims of termination of employment is believed to be able to save Indonesia's economy from recession. Moreover, it is supported by the disbursement of zakat funds and public donations for those affected by the Covid-19 pandemic. This is consistent with the view of J.M. Keynes when the economy goes into a recession [1].

3. METHODOLOGY

This research is a qualitative research with the aim to find out the development of MSMEs in Indonesia after being affected by the Covid-19 pandemic, a decrease in people's purchasing power and an economic recession. 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%. (BPS, 2020)

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. Research activities to raise MSMEs from a downturn in business are not a "value free" discipline [2]. This

is because business ventures are a reality that is socially formed through the interaction of individuals and their environment. MSMEs are practices created by humans and the results of human creativity, including symbolic discourse formed by their owners.

An entrepreneur's perception of something is very dependent on the values, culture, experience, etc. that the individual carries. This qualitative analysis is rooted in the phenomenological approach and inductive logic, where the syllogism is built based on specific things or operational data of MSMEs in the field, and leads to general conclusions. Qualitative analysis strategies are used to analyze the ongoing social processes of MSMEs and the meaning of the facts that appear on the surface in an effort to understand the process and facts, and not just to explain these facts [3].

The model used in the inductive stage includes: [4].

1. To observe, identify, and re-check data.
2. To categorize the information obtained.
3. To browse and describe the categories.
4. To describe category relationships.
5. To draw general conclusions.
6. To build or explain a theory.

The data obtained are then grouped into themes and coded to see the similarity of the pattern of findings by always paying attention to the theoretical framework that has been developed to allow researchers to link the data with the research problem. This qualitative research examines the decline in people's purchasing power, the decline in retail businesses, and the number of MSMEs that have not yet entered the online realm. This qualitative research uses secondary data to obtain sufficient information in order to understand what the problem is, and if possible, an analytical framework can be developed to solve the economic problems faced by Indonesia during the Covid-19 pandemic. The substance of qualitative data is the meaning of any data that can be disclosed, both concrete and abstract. Meanings related to behavior always lead to concrete things, namely related to policies that must be taken to generate public spending and MSMEs. [5]

Macro meanings move from objective meanings to subjective meanings, likewise micro meanings move from objective meanings to subjective meanings. Conversely, objective meaning can be

micro and macro and subjective meaning can be micro and macro. Thus, this qualitative research is a research strategy that involves empirical investigation of certain contemporary phenomena in real-life contexts using various data collection methods [6] and relies on triangulation of data generated from 3 methods, namely interviews, participant observation, and review notes during the interview.

The type of interview used is in the form of a structured interview through the structure of questions compiled by the researcher with several informants who are business actors, Tamanagung villagers, and also Sidoarjo residents, and the type of observation used in this study uses non-participant observation. The pattern of observations made is to make observations at the location of the gathering of small and medium entrepreneurs in East Java.

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" (chicken soup) business in Magelang Regency, and Mrs. Erwin Dianawati, owner of a herbal medicine business in Magelang Regency. This qualitative descriptive study seeks to dismantle the existing conditions of MSMEs after a pandemic and economic recession which is associated with the development of digital technology and financial technology which is increasingly intertwined to the economy of micro businesses.

4. RESULTS AND DISCUSSION

Based on the current developing conditions, the government should focus more on controlling the Covid-19 pandemic so that confirmed cases can decrease and give confidence to the public, especially the middle and upper class, to shop again and restore consumption, given that Indonesia's economic growth is still supported by household consumption expenditures. A stimulus for social protection and assistance to businesses can drive consumption growth. The growing consumption and purchasing power of the people will prevent Indonesia from an economic recession, considering that economic recovery with the graph V scenario is still possible, especially since the budget provided by the government is quite large in 2020 or IDR 203.9 trillion for social protection during the handling of Covid-19. However, it should be understood that the economic recovery will not be evenly distributed in all sectors. The

government has also prepared various scenarios to save small and ultra-micro business affected by Covid-19, including formulating MSME protection and rescue schemes, ranging from social assistance, tax incentives, relaxation and credit restructuring, to expanding financing.

Empowerment and comprehensive support for small businesses must be one of the government's priorities when carrying out transformation by restructuring the national economy in an effort to boost economic growth, prevent the recession and crisis of the Covid-19 pandemic, and significantly reduce unemployment and poverty. The number of micro and informal businesses is so massive that the empowerment of ultra-micro businesses such as hawkers and street vendors seems to significantly boost the national economy. Ultra-micro enterprises are the lowest strata in micro and small businesses which are carried out by only one or two people with a capital of IDR 1 million - IDR 2 million, and are classified as low-income or poor people. This group includes hawkers, street vendors, small stalls, traders in markets, and stalls with a daily income. In general, they have never had any contact with financial institutions and banks. In this regard, the government has prepared a budget of IDR 28 trillion to help business capital to 12 million small and ultra-micro entrepreneurs by 2020.

Social protection programs, such as social assistance, are demand-side interventions in preventing a decline in people's purchasing power with the aim of restoring the purchasing power of the poor and vulnerable to poverty. The economic recovery program is aimed more at MSMEs which contribute 99% to the national economy. Entrepreneurs are badly in need of a liquidity assistance program starting from restructuring, relaxation, and new capital assistance. 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 (*BPJS-Ketenagakerjaan*), launching the MSME website, and launching the MSME Digital Market for buying domestic MSME products. All these government programs for economic recovery must be carried out transparently and accountably.

MSMEs in the food sector require access to technology, especially in the processing or

production of food and beverages at the household kitchen scale, including packaging techniques that are able to extend the storage period of food, maintain food quality, and make food safe during the delivery process. Basically, consumers want leak-proof food packaging. In addition, the food packaging must be able to maintain the food temperature and moisture level, have a separator if the food consists of more than one component, and can be heated in a microwave or oven. The food and beverage packaging not only has a tight and transparent lid, but also has heat resistance and wearable quality according to health standards.

The rapid penetration of the internet in Indonesia has raised hopes for information technology that can empower individuals who have been far from economic and political centers. More than 50% of Indonesia's population is currently connected to the internet, and various aspects of people's lives are increasingly connected in the digital space for business, social interaction, finance, health care and education. Ultra-micro and micro entrepreneurs in underdeveloped villages who have difficulty obtaining capital services from banks can access digital storage services. Google's research explains that there are only 104 million people out of around 400 million adults in ASEAN countries who have fully enjoyed financial services. In fact, access to financial services is the key to driving the internet economy.

The use of digital financial services has the opportunity to drive the internet economy and is expected to support the financing of the productive sector. However, the biggest problem of financing the productive sector is the low productivity of ultra-micro-scale businesses. This means that business actors are expected to be able to use the internet to increase productivity, increase the number of products, and increase the variety of businesses. Ideally, economic achievement through the internet cannot only be seen from the trading platform provider, because the biggest influence is actually felt by the micro, small and medium entrepreneurs themselves. Moreover, the use of the internet can help ultra-micro and micro businesses to play a bigger role as suppliers in the domestic supply chain so as to reduce the entry of imported goods.

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. The low number of MSMEs using

digital technology is due to technology mastery constraints and unequal knowledge of online payment technology. Thus, integrating MSMEs in digital technology requires planned strategies and policies across institutions and sectors. Likewise, 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. Mature strategies and policies are needed to make the internet an enhancer of the competitiveness of Indonesian MSMEs at the national and global levels.

Many parties believe that the MSME recovery program is capable of overcoming poverty and unemployment and encouraging economic growth, both locally and nationally. Local governments that have many MSMEs are trying to provide aid, credit, mentoring, online training, online bazaars, and stimulus funds to help arrange halal certificates and permits for MSME home industry products in an effort to encourage MSMEs to survive in the midst of the Covid-19 pandemic.

Technology-based corporations seem to continue to synergize with ultra-micro, micro, small and medium entrepreneurs in order to increase competitiveness in the market since the concept of digitalization and high creativity is an absolute requirement for market development at this time. Therefore, MSMEs should join the organizers of electronic commerce. The price of smart phones that are increasingly affordable by all levels of society allows mobile applications to enter all aspects of life, such as shopping, transportation, reservations, and food delivery. Moreover, pulse packages are getting cheaper and easier to obtain. It is at this point that ultra-micro, micro, and small businesses become an important part of the game to stream goods and services in the frame of the digital economy. Small businesses have a greater advantage than modern retail which is full of rules. Another advantage is that their position which is free to spread to remote areas allows small businesses to reach more consumers than modern retail.

Digital technology is increasingly intertwined with previously unseen advantages. A number of start-ups and e-commerce players, such as *Bukalapak*, *Tokopedia*, *Kudo*, *Warung Pintar* and *Kiosan*, are serious about empowering small shops and MSMEs. Various strategies have

been carried out by players to stimulate small shops and small businesses, ranging from as a means of channels, online bank payment points for various digital transactions by smart agents, online to offline businesses, to providing education to shop owners or small businesses so that their business activities are managed properly, efficiently, and effectively.

For principals, small shops and businesses are not only as a means of creating sales volume, but also as a tester point so that consumers are willing to try new products and have the potential to become a place for promotion. It should be understood that principals need a container so that their products can be sold or purchased by consumers. So far, the path is long. At first, principals must send their products to distributors, and then the distributors send the products to the stores or retails. In the future, it is necessary to establish a customer journey through an *omni* channel, integration between offline and online, where consumers can buy online and take their goods offline, as it is now taking place in developed countries, such as Alibaba. With the integrated pattern, there will be many things that can be developed. In the future, stalls and MSMEs will become part of the e-commerce ecosystem and the mainstay of sales for fast moving consumer goods (FMCG) producers.

The enormity of shop transactions can also be detected through the activities of banking circles that market smart products by inviting shop owners to collaborate, such as BRI Link and BNI with Agent 46 products. Likewise, PT. HM. Sampoerna, Tbk has developed stores in the regions into Sampoerna Retail Community (SRC) since 2008 and has been able to build 106,000 grocery stores in 34 provinces. This kind of pattern is beneficial for both parties, where the owners get revenue and the producers get insights from the lowest retailers who are in direct contact with consumers. Principals can obtain information from shop owners regarding customer voice data. In the future, small stalls will still play an important role as a marketing channel, considering that stalls, as a retail business entity, have the strongest engagement and markets.

The economies that are at the base of the pyramid tend to gradually show improvement every year. Small businesses that produce very affordable goods, traditional stalls, and hawkers have proven to be the drivers of the circulation of

money at the base of the pyramid. The increasingly affordable price of smart phones by all levels of society allows mobile applications to enter all aspects of people's lives, and is supported by the lower price of pulse packages. Based on Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), small traders are classified as micro business groups with assets of not more than IDR 50 million and a maximum turnover of IDR 300 million per year.

With a contribution of 61.1% to Gross Domestic Product, the recovery of the ultra-micro and MSME sectors is very urgent amidst the pressure of the Covid-19 pandemic. However, the facts show that the problems faced by business actors are so complex that stimulus and capital assistance alone appear inadequate. It turns out that micro, small and medium entrepreneurs are badly in need of assistance, such as entering the digital system economy, opening new markets, and increasing product competitiveness. Likewise, communication and socialization are needed in an effort to empower MSMEs, including solutions to raw material problems and increasing MSME certainty consistently. MSME recovery cannot be separated from the use of information technology, considering that digitalization is the key for business actors to be able to survive and develop amid the Covid-19 pandemic.

So far the number of business actors who have entered the digital ecosystem is still relatively small. This means that solutions and innovation are urgently needed for digitizing MSMEs. However, the process of digitizing MSMEs cannot take place immediately and it is best to join electronic trade providers, such as *Shopee*, *Tokopedia* and *Bukalapak*. Efforts to digitize MSMEs need to be maintained in various ways, including consistent and routine mentoring by e-commerce companies. Digital technology-based financing for ultra-micro is indeed intended to accelerate penetration and inclusive finance, considering that ultra-micro business actors still have difficulty accessing bank financing due to various factors, such as not having a bank account, location that is difficult to reach, or very small business scale.

Due to their strategic role in development, MSMEs must continue to be developed. There should be mutual reinforcement between MSMEs and large businesses in the context of equitable distribution and realizing the greatest possible

prosperity for the entire community. The government is obliged to direct, guide, protect and foster the business climate. In addition, the capacity of MSMEs including agricultural businesses from time to time needs to be considered, given that most Indonesians live and depend their economy on this sector.

Many efforts to develop and empower MSMEs have been carried out by the Central, Provincial, Regency, and City Governments, including State-owned enterprises and Regional-owned enterprises. Various schemes of assistance and support have been developed, including soft credit assistance (interest subsidies), MSME partnerships with large companies, plasma and plasma core models, and development of superior MSME products. However, the problems faced by MSMEs still cover structurally so that there are still many micro small and medium entrepreneurs who are actually feasible, but not bankable.

One of the efforts to overcome this problem is through business partnerships between macro, small and medium entrepreneurs and related parties. Through this business partnership, it is hoped that a mutualistic symbiosis will soon be formed so that the shortcomings, limitations and problems above can be resolved immediately. Favorable relationships should continue to be developed, for example with fellow MSMEs, cooperatives, private sector, State-owned enterprises or Regional-owned enterprises, and large businesses. In general, it is known that economic activities in Indonesia are simultaneously carried out by cooperatives, the private sector, and State-owned enterprises and Regional-owned enterprises.

The development of MSMEs in the dimension of regency / city / provincial development, which is based on a populist economic system, is aimed 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.

Efforts to strengthen and empower MSMEs have been carried out by the Central / Provincial / Regency / City Governments, State / regional-owned enterprises, non-profit organizations and some large-scale national / foreign private companies / joint ventures. This is due to the

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 [5].

The society formed in the 21st century is a knowledge-based society where the basis of economic resources is not material, capital, or labor, but knowledge. This is closely related to the dissemination of information to the public. Today's consumers are not only passively waiting for information about the desired product, but also actively seeking information and even providing comments about a product. This condition is made possible by technological advances in telecommunications, especially the internet. Consumers can form a community in cyberspace that can communicate with each other, exchange information, provide comments, and express their wishes. Thus, consumers nowadays have undergone a change of role. They are more willing to be noticed and involved. They are no longer an object, but mutually beneficial partners.

Today's business environment has been in a conceptual era and has changed from a dynamic business environment to a turbulent business environment. All components involved in the business environment (producers - consumers - suppliers - distributors - banking - insurance - local government - associations) are no longer possible to deal with it alone. Synergy between business actors is a determinant of success in doing business and shaping relationship marketing. Commitment and trust are two things that are central to the success of relationship marketing in order to develop marketing productivity and increase profitable shared value.

In an effort to expand the market, both domestic and foreign, MSMEs need halal certification in order to be able to penetrate the member countries of the Organization of Islamic Cooperation (OIC) in food products, cosmetics, and medicines. It should be noted that the market share of the three products is still below Brazil, France, Germany and the United States. The Ministry of Trade of the Republic of Indonesia seeks to take advantage of policy instruments, such as the export-import relaxation policy for halal products, to increase exports, strengthen access to international markets, and strengthen the position of exporters of halal products. In addition, the government is also trying to make halal certificates issued by

Indonesia acceptable in all export destination countries and able to penetrate the export market without being constrained by tariff or non-tariff barriers.

Malaysian halal product standards are more internationally recognized than Indonesian halal product standards. Therefore, the government needs to work hard so that the Indonesian halal product standards can also be recognized abroad, especially in OIC member countries. Ideally, this could be an added value for MSME products. The market potential for halal products is actually still wide open in Indonesia itself, Africa, the Middle East and South Asia. 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 [7].

If handled properly and maximally, MSMEs in Indonesia have the opportunity to contribute to a Gross Domestic Product of USD 140 billion or around IDR 2.052 trillion in 2030. However, until now, MSMEs seem to have not been optimal in seizing opportunities due to limited assistance and mentoring, especially in adopting digital technology and facing limited production capacity, capital, and human resources. In addition, there are limitations to meeting standard certification requirements and marketing products. The issuance of a policy for SOEs to provide projects under IDR 14 billion to MSMEs can greatly help MSMEs move up in grade. Moreover, 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 [8].

Every micro, small and medium entrepreneur is required to be able to personalize their digital tools and make themselves open to the communities they need. Despite the sophisticated information and technology, humans still need to be aware of the purpose of their job or task. According to Phil Simon (2011), actually platform is not something new in the business world. Customer Technology users have also taken advantage of services with platforms to reach and connect with each other in

order to obtain information and make transactions, both goods and services. Business platforms that are currently developing are no longer reliant on physical assets and natural resources, but on technology-assisted collaborative functions, such as *Bukalapak*, *Blibli*, *Tokopedia*, *Shopee*, *Traveloka*, and *Lazada*, including financial technology start-ups.

5. CONCLUSION

Digitalization has proven to be able to open up *inclusivity* and *electronification* in Indonesia. Digitalization and *electronification* of services can actually support economic recovery programs, such as the distribution of social assistance and financing for MSMEs. *Electronification* makes the distribution of social assistance more targeted and timely, which in turn will have an impact on improving domestic consumption as the main support for national economic growth. Digitalization of payment and financing systems has the potential to open financial access to 62.9 million MSMEs and 51% of the population (91.3 million people) who have not been reached by banking access.

MSMEs need to be continuously encouraged so that they can be integrated into the national production system or global supply chain. MSMEs must be able to work on local advantages to produce special products so that they can be more competitive in both the domestic market and the international market. This kind of pattern has long been applied in Japan, China and South Korea. Several regions in Indonesia have domestic advantages, such as a wealth of unprocessed marine products, agriculture, plantations, and others. Thus, MSMEs need to develop these unprocessed products into special products to fill the global market. 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.

CONSENT

As per international standard or university standard, respondents' written consent has been collected and preserved by the authors.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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