Digital Business Strategy for MSMEs in the Midst of the Covid-19 Pandemic

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ABSTRACT
The Covid-19 pandemic has caused shifts and changes in consumer buying patterns. This is because the public has reduced outdoor interactions to reduce the spread of the pandemic and divert digital purchases. Therefore, MSMEs must adapt and condition the sale of their products and services in order to survive in the midst of the Covid-19 pandemic situation by using a digital business strategy. The purpose of this article is to describe the digital business strategies that can be carried out by MSME actors so that they can continue to survive and also become more responsive to changes in the business climate towards digitization during the current Covid-19 pandemic. The digital business strategies that can be carried out by MSMEs in the midst of the Covid-19 pandemic are: (1) MSMEs must be able to connect with the digital business ecosystem, (2) Utilization of digital marketing in running a business and expanding market share in the midst of the Covid-19 pandemic, (3 ) Improving the quality of MSMEs products and services to build trust from consumers for business continuity in the midst of the Covid-19 pandemic, (4) Building synergy with netizens who can make the products and services offered by MSMEs widely known by netizens and will make it easier for MSMEs to offer products quickly on social media. Finally, the digital business strategy for MSMEs in the midst of the Covid-19 pandemic is in line with government policies through the Ministry of Cooperatives and SMEs which always emphasizes the MSMEs digitalization development strategy.

Keywords: Bisnis Digital, MSMEs, Pandemi Covid-19

1. INTRODUCTION
The current Covid-19 pandemic has had an impact on all sectors of human life, including the economic sector. In Indonesia, almost all business sectors experienced losses due to the impact of the Covid-19 pandemic, including the Micro, Small and Medium Enterprises (MSMEs) sector which is the most important part of the economic sector also felt the impact. This made the MSMEs sector experience a significant setback.

Moreover, currently many MSMEs are experiencing various problems such as declining sales, capital, hampered distribution, difficulty in raw materials, declining production and the occurrence of many layoffs for workers and laborers which then become a threat to the national economy. This is because the Covid-19 pandemic impact on the economy in terms of product demand and supply. On the supply side, the company seeks to streamline raw materials and reduce labor, as well as problems in the supply chain.. While in terms of demand, there is a decrease in demand as a result of a decrease in consumer confidence in a product.

The Organization for Economic Co-operation and Development (OECD) also informed that the current Covid-19 condition has a significant impact on MSMEs. MSMEs are very vulnerable to being affected by business disruptions, because they often have direct contact with tourism, transportation and the culinary industry which requires fast suppliers, all of which have been significantly affected by Covid-19 [1].

On the other hand, the Covid-19 pandemic has also caused shifts and changes in consumer buying patterns. This is because the public has reduced outdoor interactions to reduce the spread of the pandemic. So many consumers then keep their distance and switch purchases digitally. This has an impact on many MSMEs who have to close their businesses due to declining purchases and are still dependent on offline
sales. Usually even though there are online sales, many consumers still buy products directly. However, during the current Covid-19 pandemic, with government restrictions and regulations not to leave the house, it is not possible for consumers to linger outside the house. MSMEs actors must also adjust and condition the sales of their products and services. It is necessary to improve product quality and service adjustments to attract consumers [2].

In the Indonesian context, the MSMEs sector is one of the main pillars of Indonesia's economic fundamentals. In fact, during the 1998 economic crisis, it turned out that the MSMEs sector had a very positive contribution in saving the Indonesian economic ecosystem at that time. The same thing happened during the Covid-19 pandemic, where the MSMEs sector has great potential to become an accelerator of national economic recovery. Therefore we need an entrepreneurial model that can adapt to technological advances. This is what gave birth to the digital entrepreneurship model. This business model comes from a combination of digital technology and entrepreneurship which then produces a new characteristic phenomenon in terms of business [3].

The role of digital technology has a significant influence on the new business units created. Emerging technology paradigms harness the potential for collaboration and collective intelligence to design and launch more robust and sustainable entrepreneurial initiatives. Even so, there are four dimensions related to digital entrepreneurship, namely digital actors (who), digital activities (what), digital motivation (why) and digital organizations (how) [4].

MSMEs actors in Indonesia at the time of the Covid-19 pandemic who used digital platforms had increased quite a bit. There are 42 percent of Indonesian MSMEs who already use social media. In other words, social media is a means of entrepreneurial development and the sustainability of MSMEs [5]. Then based on McKinsey's data submitted by the Minister of Cooperatives and MSMEs, since the beginning of the pandemic to June 2020 there has been an increase in e-commerce sales by 26 percent with the number of transactions reaching 3.1 million transactions per day. This shows a great opportunity for millions of MSMEs in Indonesia to expand their reach through digitization.

The development of digital businesses for MSMEs in Indonesia will make the quality of MSMEs in Indonesia grow rapidly. So that in the end the development of digital MSMEs will encourage MSMEs in Indonesia to be not only digital-based but can last a long time in the digital market. To revive this condition, mitigation and recovery solutions are needed, namely by creating stimulus on the demand side and encouraging digital platforms to expand partnerships. In addition, cooperation is needed in the use of innovation and technology that can support improvements in the quality and competitiveness of products from product processing, product processing to marketing [6].

This study seeks to elaborate on the development of MSMEs with the use of digital businesses in the midst of the Covid-19 pandemic. The use of technology for this digital business includes social media, E-commerce, market places and various other supporting applications for the competitive advantage of the MSMEs business.

Several previous studies reviewed that MSMEs actors began to switch to the use of digital technology including social media for the development of MSMEs in Indonesia, especially during the Covid-19 pandemic [7]; [8]; [9]. This research is also more on the MSMEs business strategy during the Covid-19 pandemic by utilizing digital business.

This research was conducted to answer what business strategies can be done by MSMEs actors to be able to survive in the midst of the Covid-19 Pandemic that hit the world by utilizing digital business. The purpose of this study is to describe and describe what digital business strategies must be carried out by MSMEs actors so that they are able to continue to survive and also become more responsive to changes in the business climate towards digitalization, especially in the midst of the current Covid-19 pandemic.

2. LITERATURE REVIEW

2.1. MIKRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs)

MSMEs is a productive business unit that stands alone, which is carried out by individuals or business entities in all sectors of the economy. In principle, the distinction between micro, small, medium and large enterprises is generally based on the initial asset value (excluding land and buildings), average turnover per year, or the number of permanent workers [10].

Based on Law Number 20 of 2008 concerning MSMEs, the definition of each business is as follows: (1) Micro enterprises are businesses with a net worth of less than 50 million rupiah or produce sales of less than 300 million rupiah for one year. (2) A small enterprises is a business with a wealth of between 50 and 500 million rupiah or produces sales of between 300 million and 2.5 billion rupiah for one year (3) A medium enterprises is a business with a wealth of between 500 million and 10 billion rupiah or produces sales of between 2.5 to 50 billion rupiah for one year.
Micro, small and medium enterprises (MSMEs) play a very important role in economic development and growth, not only in developing countries, but also in developed countries. MSMEs are very important, not only because their business groups absorb the most labor compared to large businesses, but also their contribution to the formation and growth of gross domestic product (GDP) is greater than that of large businesses. Especially in the midst of the Covid pandemic 19, Micro, Small and Medium Enterprises (MSMEs) have a strategic role in supporting national economic growth after the impact of the Covid-19 pandemic. This can be seen from the contribution of MSMEs to Indonesia's GDP which continues to increase to around 60% in the pre-pandemic period. The absorption of labor by MSMEs is also very high and continues to grow, reaching 96.99% - 97.22% with the number of MSMEs reaching 62 million or around 98% of national business actors [10].

2.2. BUSINESS STRATEGY BASED ON DIGITAL

Business strategy refers to the actions and decisions taken by a business unit to achieve its business goals and be competitive in its industry. The right business strategy to market products during the Covid-19 pandemic is through electronic (digital) media where producers and consumers do not meet directly in one place but have a very wide marketing reach [12].

Some results of empirical research conducted by [13]; [14] it can be concluded that the use of information technology through social media is the right strategy to market unlimited production while taking into account the company's balance sheet. In the business world in the era of globalization, product marketing both goods and services can take advantage of advances in information technology. Social media is a product of information technology that provides optimal benefits for business actors. With social media, business actors can explain product specifications, quality, and prices so that consumers can more freely choose the goods needed according to their abilities [15]; [16].

Business strategies using electronics (digital) such as social media, business actors can explain product specifications, quality, and prices so that consumers can more freely choose the goods needed according to their abilities [15]; [16]. Experts agree that the existence of social media as a medium for marketing products has provided knowledge to consumers regarding the specifications of the products they will buy [17]; [18]. Results of empirical research conducted by [19]; [20] it can be concluded that e-business or e-commerce is very useful and beneficial for both producers who have products and consumers who need products quickly, precisely, and as expected.

2.3. DIGITAL ENTREPRENEURSHIP

The Covid-19 pandemic has led to the growth of a digital entrepreneurship ecosystem, this is because the development of digital-based MSMEs is an alternative to saving the MSMEs sector during the Covid-19 pandemic. Therefore, so far, the Indonesian government and the Ministry of Cooperatives and SMEs have tried to encourage digital transformation. Digital entrepreneurship is a form of business that takes advantage of the sophistication of digital technology, both in the process of marketing products and services. In other words, all types of businesses that sell their products online either using websites or applications are included in the realm of digital entrepreneurship. Because the use of e-commerce applications and the use of social media in digital marketing are also included in the realm of digital entrepreneurship [21]; [22].

The existence of digital entrepreneurship today and in the future can be one of the sectors that will make a lot of positive contributions to strengthening the Indonesian economy. This can be traced from the strengthening role of information technology in the business world. Digital technology has changed all the character and nature of entrepreneurial models to be digital based [22].

The development of a digital entrepreneurship model is currently wide open in line with the presence of social media in an economic context which opens up new business opportunities for the community by utilizing digital platforms to support their business. This phenomenon will further confirm that digital entrepreneurship will give birth to many opportunities for the public to start entrepreneurship, especially at the MSMEs level. This can be traced because the digital entrepreneurship model offers many solutions in the form of convenience and comfort at lower prices and rates. However, it is not enough for a digital entrepreneur to have only one or two abilities in the field of technology, but he must also care about technological innovation that is supported by the discovery of creative ideas. This means that business development in the technology sector must involve many actors, such as creative idea owners (digital entrepreneurs), research centers, capital providers and the government.

There are several factors that influence a consumer's decision to shop using a digital platform such as online shopping, namely [23]: (1) Convenience. This factor is important considering that most people start trying to avoid crowds to jostle when shopping in
shopping centers. Thus the choice to shop at online shopping becomes a new alternative that can make it more effective, (2) Completeness of information. The presence of information technology makes access to information so fast and easy. This is coupled with the many platforms that have provided a variety of information, rating and review features to provide reviews about the quality and information of a product., (3) Availability of products and services. Only by accessing the website, people can quickly find out the availability of goods without having to visit the store. This can also help prospective buyers who are located far from the store, by not needing to visit but still being able to buy goods online, (4) Cost and Time Efficiency. Several websites often offer potential buyers the best prices by comparing prices in several stores at once. This price comparison becomes meaningful for prospective buyers.

Finally, the digital entrepreneurship model will encourage the creation of new innovations so as to create a new ecosystem for MSMEs to increase the productivity and welfare of the Indonesian people. In addition, with digital entrepreneurship, MSMEs actors will continue to be motivated to use technology in the network to market their products. As a result, MSMEs will be able to quickly adapt to the digital world which can then compete on the international stage.

3. RESEARCH METHODS

This study uses a literature study approach by observing and analyzing all information on the research topic. Library research is a type of research used in collecting information and data in depth through various literatures, books, notes, magazines, other references, as well as relevant previous research results, to obtain answers and theoretical basis for the problems to be studied [24].

In this research, the main topic that will be elaborated is related to the digital-based MSMEs development strategy in the midst of the Covid-19 pandemic by utilizing technology including social media and E-commerce for a competitive advantage. That way, it will be known that the digital business strategy for MSMEs is one of the alternative development and at the same time saving MSMEs in the midst of the Covid-19 pandemic.

The stages that will be carried out in the research with library research model is as follows: (1) Researchers observe and analyze based on phenomena that occur related to research topics, (2) Researchers determine the focus of research based on information that has been obtained and obtained from literature review, (3) Sources of data collected by researchers is in the form of information or empirical data sourced from books, journals, research reports and other literature that can provide scope for new research. That way researchers will be able to help identify various variables related to the research topic, (4) Researchers examine various literature sources to be able to obtain maximum results so that they will find new ideas related to research topics, (5) Researchers analyze research notes from various literatures to then get a conclusion compiled in the form of a research report with the applicable writing systematics.

Based on the stages of the literature study method above, it is hoped that the findings will be able to combine the findings of the same theme as preliminary studies with contemporary studies. Finally, by verifying previous studies, it is possible to find elements of novelty in further research [25].

4. RESULTS AND DISCUSSION

The Covid-19 pandemic has yet to end and based on official data in Indonesia, as of May 30, 2021, there have been 1,809 million cases of Covid-19 with 101,639 active cases of Covid-19 [26]. There is an appeal and government regulation not to leave the house, this will certainly have an impact on business activities, including MSMEs activities.

The Ministry of Cooperatives and MSMEs from the Indonesian government through its official website revealed that the Covid-19 pandemic had a direct impact on the economy, including the sustainability of MSMEs.[27]. At this time the Ministry of Cooperatives and MSMEs is recording the condition of MSMEs experiencing difficulties in raw materials, production process problems and declining market demand which has fallen drastically and then mapping the impact of Covid-19 on MSMEs. The Ministry of SMEs and Cooperatives also continues to hold various business programs for digitizing MSMEs in the midst of the Covid-19 pandemic.

The Covid-19 pandemic, based on the observations of the Ministry of Cooperatives and MSMEs, has also caused MSMEs to feel a decrease in turnover during the Covid-19 pandemic. This is because people reduce their activities outside the home, have difficulty obtaining raw materials due to distribution problems, and decrease public confidence in products that are outside, especially in the culinary field. Even though MSMEs are one of the important aspects of the economy because they are able to provide jobs. With the existence of Covid-19, many business actors have laid off, this is because the business went bankrupt or the employees were laid off because the business had to be temporarily closed for an indefinite period of time.
Other results based on observations on MSMEs found that not all MSMEs felt a decline in sales turnover and had to close their businesses, but there were also MSMEs that were able to survive, were stable in their operations, and even experienced an increase in sales turnover. This is because the pandemic has allowed them to adapt in terms of products and services. The government also carried out several digital marketing strategies in the midst of the current Covid-19 pandemic. Therefore, the use of digital business for MSMEs allows them to be more responsive to changes in their environment by updating their marketing system or choosing to open new product lines, so that they can survive during this COVID-19 pandemic. The digital-based business strategy for MSMEs that can be developed in the midst of the Covid-19 pandemic is as explained below.

Connecting MSMEs with the Digital Business Ecosystem

So far, MSMEs have played an important role in strengthening the Indonesian economy. Even based on experience during the Indonesian economic crisis, MSMEs have become one of the fundamental pillars and support for the Indonesian economy. Meanwhile, during the Covid-19 pandemic, the MSMEs sector was quite stagnant and therefore must continue to exist through a digital transformation strategy. Based on BPS data as of September 2020, the conditions faced by MSMEs at this time in the Covid-19 pandemic, it turns out that only 45% of UKM actors are able to survive for 3 months, the rest cannot survive [28].

The challenges of MSMEs in Indonesia today are quite diverse, this is related to the entrepreneurship ratio in Indonesia which has only reached 3.5%. Therefore, improving the quality of MSMEs is an absolute must so that in the future it can create conditions of ease of doing business. One of the alternatives carried out by the Ministry of Cooperatives and SMEs and the Goods Procurement Policy Institute / Government Services so that MSME actors can become vendors for the procurement of government goods and services, (4) Glorify local heroes of MSMEs actors. This is done because during the Covid-19 pandemic to revive this condition, mitigation and recovery solutions are needed, namely by creating stimulus on the demand side and encouraging digital platforms to expand partnerships. The conditions for local heroes of MSMEs actors are a lighter, empowerer, have a strong brand, and as a whole are able to aggregate Micro and Small businesses to anchor to the digital platform or to the international market (export) [27].

The next stage is to encourage the participation of stakeholders in this case, namely corporations and universities to be able to cooperate with MSMEs to be able to quickly carry out digital transformation. With the acceleration of digital transformation at MSMEs, it will also encourage the millennial generation to be able to get involved in digital entrepreneurship with MSME-based startups. The presence of MSME-based startups will be able to build synergies that can make the digital transformation of MSMEs faster which will make the institutionalization of the digital economy in Indonesia stronger.

Utilization of Digital Marketing

In the midst of the current Covid-19 pandemic, people are more active at home, this has an impact on direct sales in general experiencing a decline. In addition, restrictions on operating hours or the implementation of large-scale social restrictions in several areas have caused many MSMEs to choose not to open shops or businesses. Therefore, one way that
SMEs can do to stay afloat in running a business, reach more consumers and expand market share is by utilizing sales through digital marketing.

Digital marketing is an activity using online digital media through social networks for promotional activities and market searches [5]. The ways that are preferred by business people in digital marketing are: marketing products through WhatsApp, Instagram, Facebook, Twitter and other social media. In addition, business people often use e-commerce media in their digital marketing. The rapid development of technology also means that digital marketing must be understood and studied by MSMEs actors. Research by [30] states that digital marketing has a significant impact in improving the sales performance of MSMEs. This is also in line with research conducted by [5] which states that business actors must have the courage to innovate and be creative in new things such as digital marketing to be able to continue to develop their business.

Digital marketing can be done by MSME actors to market their products in several forms, namely [2]: (1) Publicizing products through social media such as videos and product photos on a regular basis. The utilize of social media should be adjusted to the product segment that we have, (2) Utilize advertisements on Facebook, Instagram, Twitter, and the like that can be easily accessed through social media and can reach consumers according to a predetermined market share, (3) Making marketing product videos that air or do live product promotions through social media or market places which currently provide many direct promotional facilities (live). This strategy if done correctly will greatly affect the business being run, (4) involve consumers in product selection by conducting education in terms of product introduction and product quality intensively on social media accounts, can use creative words or use hashtags so that consumers find it easier. this will have an impact on consumers’ brand awareness and can influence their purchasing decisions.

The application of digital marketing can also be done through e-commerce which can create new digital markets with more transparent prices, easy access to global markets with very efficient trade. This e-commerce application, although not perfect, has a direct impact on the pattern of relationships between companies or business actors with customers, suppliers, competitors and can easily do marketing to other business people [31] (Laudon, 2016). Some e-commerce that can be used by MSMEs actors in Indonesia, such as Bukalapak, tokopedia, shopee, OLX, gojek, lazada and the like.

**Product and Service Quality Improvement**

During the Covid-19 Pandemic, consumers in using goods and services are more careful and will have an impact on the decline in goods and services sold as a result of a decline in consumer confidence in goods and services sold by MSMEs actors [5]. Therefore, MSMEs actors must make quality improvements to the products sold and improve service quality in order to increase the trust of consumers and must routinely communicate how the quality of their products.

Product quality can be defined as the ability of a product to meet the needs and desires of consumers [32]. Product quality can be described through the following eight dimensions [33]: Product performance, additional features or attributes that complement and enhance product functionality, product reliability or ability to adapt to changes in the business environment within a certain period, suitability or how well, product is, this is in accordance with existing standards in the industry, product durability, ease of product repair, product aesthetics, and perception of product quality.

In addition to improving the quality of the products sold, MSMEs actors must also improve the quality of their services by increasing the types of services such as delivery orders and making online purchases. So even though there are MSMEs who cannot open their stores directly, online purchases can still be made by consumers by using delivery orders such as making their own delivery service through social media or using applications such as Gojek, Grab and the like. While selling services, the quality of service can be developed through social media, so that the business that is run can be more effective and efficient.

During this pandemic, consumer trust is an important factor in maintaining and sustaining a business. Therefore, good service will be able to form the trust of consumers so as to create customer satisfaction and can form consumer loyalty.

**Building Synergy with netizen**

The current era of digitalization cannot be separated from the role of the internet community (warganet), especially in social media. This is because it is these netizens who will determine the success of a product and service that will attract public attention. Warganet is the users of various social media platforms who actively interact with each other digitally in cyberspace. The classification of netizens is distinguished based on their level of activity in using social media and will determine the roles that exist in digital society, namely buzzers, influencers, and followers. Buzzer is an account that at any time acts to disseminate, campaign, and echo digital messages or...
content to other netizens with the aim of influencing or amplifying the message or content. Meanwhile, influencers are social media accounts that have a very strong influence on their followers, so that these accounts are able to encourage and influence followers to act as they wish. According to its character, followers are social media accounts that follow the behavior of influencer and buzzer accounts. Furthermore, followers are netizens who submit according to the wishes of the influencers and buzzers they follow [28].

MSMEs must understand the three netizen actors in the process of developing marketing on social media. Therefore, digital-based MSMEs must be able to synergize with citizens by displaying creative content. Through the presentation of creative content, it can automatically attract the attention of netizens to be able to participate in disseminating their products. That way, this synergy will be able to make the products and services offered by MSMEs widely known by netizen actors. Finally, the synergy between digital business-based MSMEs and netizens will make it easier for MSMEs entrepreneurs to be able to offer their products quickly on social media.

5. CONCLUSION

The Covid-19 pandemic that is currently happening has had an impact on various sectors including the MSMEs sector, which is stagnating so that some have had to close their outlets. This is due to changes in new habits with the implementation of health protocols which have an impact on the decline in people's purchasing power. Digital business strategies can be an alternative for MSMEs to survive in the midst of the impact of the Covid-19 pandemic, especially since the government through the Ministry of Cooperatives and SMEs has always emphasized the MSMEs digitalization development strategy.

Business strategies based on digital that can be carried out by MSMEs in order to survive in the midst of the Covid-19 pandemic are as follows: (1) MSMEs must be connected to the digital business ecosystem. The connection of MSMEs with the digital ecosystem makes MSMEs stay connected with stakeholders, especially consumers so that MSMEs can still increase sales to survive in the midst of the Covid-19 pandemic situation, (2) Utilization of digital marketing, this is because digital marketing is one way that can be done by MSMEs to stay afloat in running their business, reach more consumers and expand market share in the midst of the Covid-19 pandemic (3) Improve product and service quality, by doing this MSMEs will always be able to build trust from consumers and become one of the an important factor in maintaining and sustaining a business in the midst of the Covid-19 pandemic, (4) Building synergy with netizens. The synergy of MSMEs with netizens will be able to make the products and services offered by MSMEs widely known by netizens and will make it easier for MSMEs actors to be able to offer their products quickly on social media.

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