Entrepreneurial Marketing Strategy and Government Policy to Improve MSMEs Performance During the Covid-19 Pandemic

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Abstract. The condition of MSMEs which are still experiencing various obstacles due to the implication of the Covid-19 pandemic, especially in the marketing and capital aspects, is the background for the need for this research to be carried out. Many efforts have been made by MSME actors themselves to survive and efforts have been made by the Government with various policies in an effort to accelerate the recovery of this condition. This study aims to identify entrepreneurial marketing strategies and government policies in an effort to improve MSME performance during the Covid-19 pandemic. The research method used is descriptive method with a quantitative approach. Data were analyzed using multiple linear regression analysis and hypothesis testing using the SPSS 25. The results of this study are that the variables of Entrepreneurial Marketing and Government Policy have a significant effect on the performance of MSMEs. Therefore, coaching for Entrepreneurial Marketing needs to be continuously improved, with the support of various government policies in order to improve the performance of MSMEs.

Keywords: Entrepreneurial Marketing, Government policy, MSME performance, Economic Recovery, Impact of Covid-19

1 Introduction

Micro, Small, and Medium Enterprises (MSMEs) are one of the sectors affected by the Covid-19 pandemic. Indonesia is trying to deal with the impact of Covid-19 by modifying its regional quarantine (lockdown) policy to become Local Large-Scale Social Restrictions (PSBB) according to the level of severity in provinces, districts, or cities. After that, the Indonesian government replaced the PSBB policy with the Implementation of Restricting Community Activities (PPKM) in early 2021. During this pandemic, the world and Indonesian economies experienced a slowdown [1]. The 2020 BAPPENAS conducted a review of policies on mitigating the impact of this outbreak on MSMEs, which states that there are two categories of problems faced by MSMEs affected by Covid-19, namely problems related to finances and those that are not related

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to finances. In non-financial problems, the majority experienced problems with decreasing orders from customers, rising raw material prices, as well as difficulties in marketing and obtaining raw materials for the production process. Meanwhile, the financial problems they face are fixed on expenses such as workers' salaries, insurance, payment of business debts, payment of bank loans, and others [2].

Various problems that are being faced make the performance of MSMEs decrease. According to Indriyatni in the research of Mushowwiru & Fitria [3] performance or work results greatly determine the success of a business, where good performance will generate profits that can prosper life. So, it is necessary to find a solution to the problems experienced by these SMEs. During a pandemic, they need various program assistance such as easy access to capital, business consulting, and needs for production equipment, as well as other support. Meanwhile, various forms of additional funding and business consulting are still needed during recovery, including ease of obtaining business licenses [2]. West Java Province is the province that has received the most Productive Presidential Program Assistance (Banpres) or Direct Cash Assistance (BLT) UMKM in the amount of IDR 2.4 million. The coordinating minister for the Economy Airlangga Hartarto in a press conference, Tuesday (15/9/2020) once conveyed information that the distribution of Micro Business Productive Assistance (BPUM) when viewed per province, was dominated by West Java Province with a total of 1,147,173 micro business actors [4].

Business assistance support is very much needed in helping the Micro Business Productive Assistance (BPUM) program succeed. The first step that can be taken is to focus on marketing issues because during a pandemic it is recommended to minimize physical contact and there is a policy for regional quarantine which limits the space for a person to interact directly. One approach that can be taken to answer this problem is an entrepreneurial marketing strategy and government policy. The beginning of the emergence of Entrepreneurial marketing is in MSME actors or business actors who are just starting a business [5]. Entrepreneurial marketing in its application uses an approach that looks at the limited resources it has and the problems experienced by MSMEs [3]. Entrepreneurial Marketing is the integration of the two disciplines of marketing and entrepreneurship, which is an alternative approach to marketing management in the specific conditions that characterize SMEs [6]. While According to Septiani et al., [7] states government policy is a set of decisions established and implemented by the government with a purpose for the public interest. Implementing an entrepreneurial marketing strategy and increasing government policies, is hoped that it can improve the performance of MSMEs, while MSME performance is the level of success that has been obtained by MSME actors in carrying out their business activities according to predetermined targets [8].

Based on this description, this study aims to contribute knowledge to academics, government, and practitioners, especially MSME actors, so they can get an idea of how to improve MSME performance through an entrepreneurial marketing approach and optimizing various government policy assistance programs. Therefore, what will be done to solve the existing problems is; (1) analyzing entrepreneurship marketing to

MSMEs in West Java Province, (2) analyzing government policies in West Java Province and (3) analyzing the influence of entrepreneurial marketing and government policies on the performance of SMEs in West Java Province.

2 Method

The research method used is a descriptive method with a quantitative approach. The data obtained were analyzed using multiple linear regression with SPSS 25. With a population of 1,147,173 MSME actors in West Java Province who have received Micro Business Productive Assistance (BPUM) distribution, a sample of 349 respondents was obtained. Sampling in this study used a random sample because the population is considered homogeneous.

Operationalization of variables used for entrepreneurial marketing variables refers to the instruments used by [9] namely proactiveness, calculated risk-taking, innovativeness, opportunity focus, resource leveraging, customer intensity, and value creation. Whereas to operationalize the variable of government policies the researcher refers to the instrument used by Islami et al., [10], namely capital facilitation policies, training facilitation policies, investment facilitation regulatory policies, business competition regulatory policies, and licensing procedures regulatory policies. Then to operationalize the variable of MSME performance the researcher refers to the instrument used by Alex Sandra & Purwanto[11], namely sales growth, capital growth, workforce growth, marketing growth, and profit growth. The research paradigm is presented in Fig. 1.

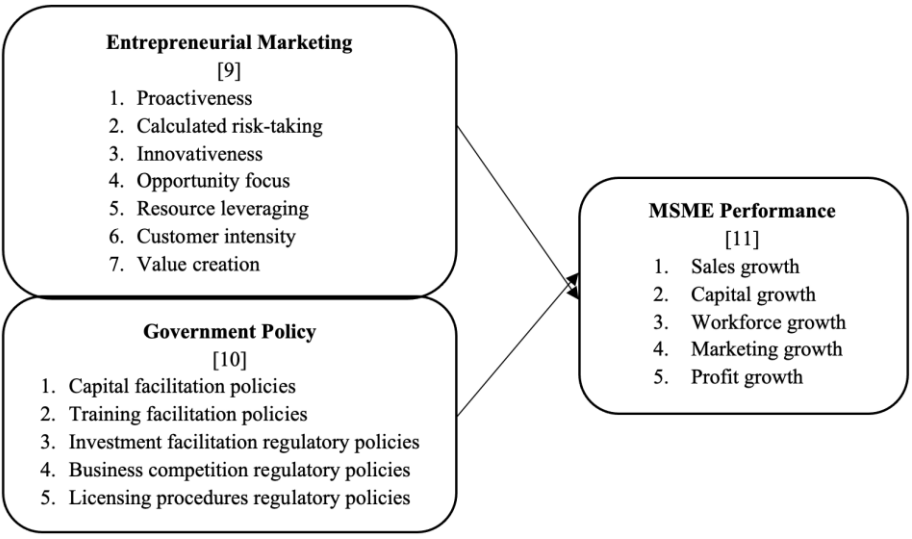

Fig. 1. Research Paradigm.

3 Result and Discussion

3.1 Result

Respondent demographic information is shown in Table 1, where 63.8% of respondents are female and 37.2% are male. The majority of the respondents were aged between 21 to 30 years old (45%), the business sector most of the respondents in culinary (52,1%), and annual sales results < 2 Billion (96%).

Table 1. Demographic Information of the Respondents.

Total Respondents: 598			
		Frequency	Percentage
Gender	Male	130	37,2%
	Female	219	63,8%
Age (Years Old)	≤ 20	97	28,8%
	21-30	157	45%
	31-40	48	13,8%
	41-50	33	9,5%
	≥ 51	14	4%
Business Sector	Agribusiness	10	2.9%
	Event Organizer	2	0.6%
	Culinary	182	52.1%
	Creative Products	27	7.7%
	Internet technology	9	2.6%
	Tours & Travels	1	0.3%
	Education	1	0.3%
	Fashion	48	13.8%
	Children's Needs	3	0.9%
	Cleaning Services	1	0.3%
	Automotive	14	4.0%
	Beauty	19	5.4%
	Others	32	9.2%
Annual Sales Results	< 2 Billion	334	96%
	2 - 15 Billion	15	4%

The validity test on the Entrepreneurial Marketing variables (X1), Government Policy (X2), and MSME Performance (Y) shows valid results because the values of all indicators are more than 0.3. The reliability test shows that the entrepreneurial marketing variable has an r-value of 0.959, government policy has an r-value of 0.968, and MSME performance has an r-value of 0.932 which means that these three variables have a value of $r > 0.6$ which means they are reliable. While the normality test obtained a significance value of 0.051 and the value was > α (significance level $\alpha = 0.050$), meaning that the data from all variables can be stated to be normally distributed.

The results of the heteroscedasticity test showed that the residuals were spread randomly and did not follow a certain pattern, so it could be concluded that the heteroscedasticity test was fulfilled. While the multicollinearity test shows a tolerance value greater than 0.100 and VIF less than 10, meaning that there is no multicollinearity in the regression model or the multicollinearity test is fulfilled. While the results of the

autocorrelation test show the value of the Durbin Watson table based on k(2) and N (349) with a significance of 5%, the value of du (1.741) < Durbin Watson (2.121) is stated so that no autocorrelation or autocorrelation test is fulfilled. The multiple linear regression equation models processed using SPSS 25 are shown in Table 2.

Table 2. Multiple Regression Coefficients.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.229	3.643		-.887	.376
	Entrepreneurial Marketing	.133	.026	.257	5.042	.000
	Government Policy	.151	.021	.359	7.052	.000

a. Dependent Variable: MSMEs Performance

According to Table 2, the multiple linear regression equation models can be formulated as follows:

$$\boldsymbol{Y} = \mathbf{-3}, 229 + \mathbf{0}, \mathbf{1}33\boldsymbol{X_1} + \mathbf{0}, 151\boldsymbol{X_2} + \varepsilon \quad (1)$$

The multiple linear regression equation models can be explained as follows:

a. The regression coefficient of the entrepreneurial marketing variable (X_1) on MSME performance (Y) is 0.133. This shows the direct effect of the entrepreneurial marketing variable (X_1) on MSME performance (Y), which means that if entrepreneurial marketing is increased by 1%, MSME performance will also increase by 13.3% assuming constant government policy variables (X_2).
b. The regression coefficient of the government policy variable (X_2) on MSME performance (Y) is 0.151. This shows the direct effect of the government policy variable (X_2) on MSME performance (Y), which means that if entrepreneurial marketing is increased by 1%, MSME performance will also increase by 15.1% assuming the entrepreneurial marketing variable (X_1) is constant.

Table 3 shows the Adjusted R Square coefficient of determination of 0.272, which means that the ability of entrepreneurial marketing variables and government policies together can influence the MSME performance variable by 27.2% while the remaining 72.8% is influenced by other variables not examined in this study.

Table 3. Coefficient of Determination (R Square).

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.525[a]	.276	.272	8.69924

a. Predistors: (Constant), Entrepreneurial Marketing, Government Policy
b. Dependent Variable: MSMEs Performance

3.2 Hypothesis Test

Partial Hypothesis of Entrepreneurial Marketing Variables (X1) and MSME Performance (Y). Test Criteria: Reject H0 if Sig. < α or t count > t table
To evaluate the partial effect of Entrepreneurial Marketing on MSME Performance, we set a significance level (α) of 5%. The degrees of freedom (df) is calculated by (n-2) = 349-2 = 347, and a t-table value of 1.966824 is obtained. Referring to Table 2, the calculated t-value is 5.042, and the appropriate significance level (sig) is 0.000. Based on the test criteria, it can be concluded that we reject the null hypothesis (H0) if the significance level (sig) is less than the selected α value or if the calculated t value is greater than the t table value. In this case, because the sig value is 0.000 which is smaller than α (5%), and the calculated t value (5.042) is greater than the t table value (1.966824), the null hypothesis is rejected. Thus, the partial effect of Entrepreneurial Marketing (X1) on MSME Performance (Y) is statistically significant.

Partially Hypothesis of Government Policy Variables (X2) and MSME Performance (Y). Test criteria: Reject Ho if sig < α or t count > t table
To evaluate the partial influence of Government Policy on MSME performance, with a significance level (α) of 5% and a degree of freedom (df) of 347 (calculated as n-2, where n is 349), the t table value is obtained as 1.966824. According to Table 2, the calculated t count is 7.052, and the significance value (sig) is 0.000. Therefore, based on the given information, we can conclude that we reject the null hypothesis. The t count value of 7.052 exceeds the t table value of 1.966824, and the significance value of 0.000 is less than the chosen alpha level of 5%. These results indicate a significant partial influence of Government Policy (X2) on MSME Performance (Y).

Hypothesis Simultaneously Entrepreneurial Marketing Variable (X1) and Government Policy Variable (X2) on MSME Performance (Y). Simultaneous test results (F test) are presented with a significance level (α) of 5% or (0.05). The dataset consists of 349 observations, and there are 2 independent variables (K), which yield degrees of freedom value (df) of 347 (N - K = 349 - 2 = 347). The critical value from the F table is found to be 3.021745. Upon analyzing the results, it is evident that the computed F-value (F count) is 65.903, which is greater than the critical value from the F table (3.021745), and the significance level (0.000) is less than 0.05. Hence, it can be concluded that Entrepreneurial Marketing and Government Policy have a significant impact on the performance of MSMEs.

3.3 Discussion

Some of the main points of discussion from the results of this study are that Female respondents dominate this study, which shows the significant role of women in entrepreneurship. Additionally, a large portion of the respondents fell within the 21-30 age range, highlighting the active participation of the younger generation in entrepreneurship. The culinary business sector emerged as the primary focus for most respondents,

underscoring its popularity and potential. Furthermore, the findings revealed that the majority of MSMEs in this study were small-scale, as indicated by their annual sales results of less than 2 billion.

The positive influence shown by entrepreneurial marketing on the performance of MSMEs means that increased efforts in entrepreneurial marketing can contribute to improving the performance of MSMEs. Mushowwiru and Fitria [3] in their research produced findings that were in line so that the findings could strengthen the findings of this study, they found a positive and significant influence of entrepreneurial marketing on the performance of MSME skin centers in Sukaregang Garut, with an effect size of 56.8%. Therefore, entrepreneurs must strive to develop effective and creative marketing strategies to boost sales and encourage business growth. The effect of government policies on MSME performance also yielded a positive influence, suggesting that improvements in government policies can significantly contribute to the performance of MSMEs. By enhancing policies that support and facilitate MSME growth, governments can create a conducive environment for entrepreneurs to thrive and contribute to the national economy. These findings align with the research conducted by Purwaningsih and Kusuma, cited by Pramestiningrum and Iramani [12] which demonstrated a positive and significant impact of government policy factors on improving MSE performance in the Semarang area.

This study shows that the marketing variables of entrepreneurship and government policies together can explain about 27.2% of the variation in MSME performance. However, the remaining 72.8% is influenced by other factors not examined here. This underscores the importance of considering additional factors, such as economic, social, and environmental factors, which can influence MSME performance during a pandemic. The simultaneous influence of entrepreneurship marketing and government policies on improving MSME performance has not been supported by previous research, because these results are the novelty of this study.

4 Conclusion

This research offers valuable insights into entrepreneurial marketing strategies and government policies that can enhance the performance of MSMEs amid the pandemic. The study's findings indicate a substantial role for women in entrepreneurship and the active involvement of the younger generation in this domain, particularly in the culinary sector, which signifies its popularity and potential. Moreover, the study reveals a positive impact of entrepreneurial marketing and government policies on the performance of MSMEs in West Java Province. By improving entrepreneurial marketing strategies, significant contributions can be made to the growth of MSMEs, while favorable government policies can foster an enabling environment for entrepreneurship. Nevertheless, other factors influencing the performance of MSMEs during the pandemic, which were not examined in this study, were identified. Therefore, further research and a comprehensive understanding are imperative to bolster the resilience of MSMEs in the face of future crises. The implication is that to enhance the performance of MSMEs in West

Java Province, due attention must be given to entrepreneurial marketing strategies and government policies, enabling these enterprises to flourish, contribute significantly to the regional economy, and generate new employment opportunities.

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