

Development of Micro, Small, and Medium Enterprises (MSMEs) as an Effort for Economic Recovery Post-COVID-19 Pandemic

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Abstract

The purpose of this study was to determine MSME development as an effort to recover the economy after the COVID-19 pandemic. The method used is a qualitative research method with a field research approach, and the research location is in Pamekasan Regency, East Java. The analysis was carried out by researchers using an interactive model from Miles Huberman that is related to the role of the Pamekasan Regency Government, especially the Pamekasan Regency Cooperative Service, in implementing MSME development policies after the COVID-19 pandemic. Data collection in this study was carried out through a literature review by collecting various articles and books related to MSMEs in Pamekasan Regency, interviews, and field documentation according to the research criteria. The results of this study showed that post-Covid 19 pandemic economic recovery efforts, especially in Pamekasan district, have been carried out by the Cooperative Service by providing guidance in the forms of support, enabling, protection, maintenance, strengthening, and maintenance through activities such as training, financial assistance, access to credit, people's businesses (KUR), and others.

Keywords: MSME, development, pamekasan regency government

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have a strategic role in supporting national economic growth. MSMEs are a large and diverse sector, covering businesses ranging from street food vendors to rapidly growing technology companies. In terms of contribution to the national economy, MSMEs have become the main driving force for the Indonesian economy. According to data from the Indonesian Small and Medium Enterprises Association (Akumindo), before the Covid 19 pandemic, MSMEs contributed around 60% to Indonesia's Gross Domestic Product (GDP). However, the Covid 19 pandemic has had a significant impact on the MSME sector, due to the social and economic restrictions imposed by the government. So that during the Covid 19 pandemic, it became a major challenge for the MSME sector. Many small and medium businesses were forced to stop their activities. However, in the midst of a difficult situation, the MSME sector is also the sector that adapts the fastest to the pandemic situation. Many MSME actors have switched to online businesses and utilized digital technology to maintain their businesses (Anggraeni et al., 2021).

In this difficult situation during the Covid-19 pandemic, MSMEs remain a strategic sector in supporting national economic growth. MSMEs have a positive impact on economic growth, including in terms of creating jobs and contributing to increasing people's income. Therefore, it is important for the government to provide support and appropriate policies to strengthen the MSME sector so that it remains the driving force of the national economy, even after the Covid-19 pandemic ends. To strengthen the MSME sector, the government needs to provide support in various forms, one of the supports that can be provided is the provision of business capital. (Marlinah, 2020). Business capital is important for most business actors, especially for those who are starting a business. The government needs to provide convenience in terms of financing and credit for MSME business actors. In addition, the government also needs to provide support in terms of training and skills development. This support is very important to help MSME business actors in developing their businesses. In the Covid-19 pandemic situation, digital skills are very important to learn. Therefore, training and development of digital skills can help MSME business actors in utilizing digital technology and adapting to the changes that are happening (Suryati Eko Putro & Novie Noordiana, 2021).

In addition, the government needs to provide support in terms of infrastructure, the infrastructure in question is adequate infrastructure and can help MSME business actors in developing their businesses more efficiently. The infrastructure needed includes fast and stable internet access, affordable and easily accessible transportation, and access to quality human resources. (Suharto et al., 2017). In addition to government support, the role of the community is also very important in strengthening the MSME sector. In the Covid-19 pandemic situation, the community can provide support by purchasing MSME products. By purchasing MSME products, the community can help MSME business actors in maintaining their businesses and continuing to grow. In terms of developing MSME businesses, creativity is also important. MSME business actors need to consider finding new ways to develop their businesses. They can utilize digital technology to create new markets or seek new business opportunities. In addition, collaboration with other MSME business actors can also be the right choice in developing businesses (Setyanto, AR, Samodra, BR, & Pratama, 2015).

Law of the Republic of Indonesia No. 20 of 2008 concerning MSMEs defines micro-enterprises as productive businesses owned by individuals and/or individual business entities that meet certain criteria, which are determined based on net worth or assets excluding land and buildings, business premises, and annual sales results. Article 6 of the Law stipulates that micro-enterprises have assets of more than IDR 50 million (excluding land and buildings for business premises) with annual sales results of a maximum of IDR 300 million, while small businesses have assets of more than IDR 50 million up to a maximum of IDR 500 million (excluding land and buildings for business premises) with annual sales results of more than IDR 300 million up to a maximum of IDR 2.5 billion. Medium-sized businesses, on the other hand, are companies with net worth of more than IDR 500 million up to a maximum of IDR 10 billion, and have annual sales results of more than IDR 2.5 billion up to a maximum of IDR 500 billion. (Marlinah, 2020).

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia have long been the mainstay of the national economy. This sector provides employment for the majority of the Indonesian population, especially in rural areas. In addition, MSMEs also play an important role in helping to

drive Indonesia's economic growth. However, the COVID-19 pandemic has changed the dynamics of the national economy, including the MSME sector. Lockdown policies and social restrictions imposed by the government to slow the spread of the virus have hampered business activities, disrupted supply chains, and affected demand for products and services offered by MSMEs. . Many MSMEs are having difficulty maintaining the sustainability of their businesses. Even half of the MSMEs in Indonesia were forced to close down during the Covid-19 pandemic. (Ferdinandus & Kuhuparuw, 2022). However, the Indonesian government has introduced various policies to help MSMEs overcome the impact of the pandemic. One of these policies is the provision of working capital assistance for MSMEs, through the National Economic Recovery Program (PEN) and the People's Business Credit Program (KUR). In addition, the government also provides incentives and tax facilities and provides access to markets through e-commerce policies. Although the COVID-19 pandemic has presented major challenges for the MSME sector, they still have great potential to grow in the future. Through the right support and good policies, MSMEs can contribute significantly to the national economic recovery post-pandemic (Pangesti, 2021).

Therefore, if half of the MSMEs go bankrupt, it is feared that it will have a major impact on the national economy. Although full of challenges, the MSME sector still has hope and opportunities to increase its business scale, these opportunities are still open to MSME business actors who want to innovate products and design them with a touch of technology. (Rustariyuni, 2021). The large role of MSMEs is a consideration for the Government to provide special stimulus for MSMEs. To continue to support the sustainability of MSMEs during the pandemic, the Government has budgeted IDR 120.6 trillion in stimulus in the National Economic Recovery Program (PEN). However, MSMEs certainly cannot rely solely on the stimulus provided by the Government. MSMEs need to quickly adapt to current conditions in order to survive both during the pandemic and in the new normal. One powerful weapon to survive is MSME development . The coaching provided can be in the form of Digital transformation in the business world referring to the process and strategy of using technology in operational activities so as to change the way businesses operate and serve consumers. (Setyanto, AR, Samodra, BR, & Pratama, 2015).

One of the regencies that is boosting the growth of MSMEs is Pamekasan Regency. In the news released by Pamekasan Hebat "The Pamekasan Regency Government (Pemkab) is fostering at least 1,690 new entrepreneurs (WUB) during the 2019 Corona Virus Disease pandemic as an effort to keep the community's economy alive, as well as to develop new prospective entrepreneurs" . From the 2023 data, the percentage of growth of Micro, Small and Medium Enterprises was 3.3% (Pamekasan., 2020). News from There are 47,000 MSME actors in Pamekasan Regency who need coaching from the Regency Government and the Cooperatives Service to continue growing after the Covid-19 pandemic.

Therefore, based on the data above, the focus of this study is to examine in more depth the role of the Pamekasan district government and the Cooperatives Office in providing guidance to MSMEs after the Covid-19 pandemic and to see the results of the guidance on the impact of increasing MSMEs in Pamekasan Regency. So that this study basically tries to fill the gap in the unanswered problems, namely how to implement a guidance program by involving various recent developments with various existing facilities.

RESEARCH METHOD

The research method used in this research is qualitative with a field study research type. (Murdiyanto, 2020). The data analysis technique used by the researcher is the interactive model from Miles Huberman. The perspective used is related to the role of the Pamekasan Regency Government, especially the Pamekasan Regency Cooperative and Micro Business Service in implementing the policy of fostering MSMEs after the Covid-19 pandemic. Data collection in this study was through a literature review by collecting various literature related to Pamekasan Regency MSMEs and interviews and field documentation in accordance with the criteria of this study. The data that has been collected by the researcher is selected so that the researcher obtains data that is truly relevant to the formulation of the research problem. The next step is for the researcher to analyze it and enter it into the research findings. Presenting a discussion in the form of a description of the development of Pamekasan MSMEs after the Covid-19 pandemic. Especially a study of the form of development and the role of the Pamekasan Regency government and the Pamekasan Cooperative Service. After being analyzed, the next stage is for the researcher to conclude from the results of the discussion.

RESULTS AND DISCUSSIONS

After collecting data, the researcher obtains results that require systematic and comprehensive data analysis and discussion. The chosen theory becomes the researcher's measuring tool in analyzing research data, as well as knowing the gap between the standard form of theory and the conditions of the research location. Several theories about empowerment, of course, are an obligation for researchers to choose one main theory as a guide during the research. The selection of theory must have a strong reason where the most important elements must be in accordance with the formulation of the problem and the objectives of the research. Some research data obtained at the research location must then be analyzed and discussed using the researcher's analytical sensitivity.

The theory used is the empowerment theory of (Yunus, 2017) 5P empowerment indicators, namely Support, Enabling, Protection, Maintenance and Strengthening. Research data on each empowerment indicator are: 1. Enabling Community empowerment programs are carried out in the form of coaching, after UMKM coaching is carried out, periodic supervision is carried out. All forms of empowerment and supervision are a form of enabling UMKM to develop more easily through government programs, so that they can develop the quality of human resources to face global competition after the Covid-19 Pandemic. 2. Strengthening Various actions to strengthen UMKM in Pamekasan Regency are carried out through training and supervision. However, the social conditions of the community mean that some UMKM are not willing to be fostered by the Cooperative Service. On the other hand, if there are UMKM that still need assistance, the Service will continue to supervise and train the UMKM concerned. However, most UMKM that are already able to stand alone do not want to be assisted by the Cooperative Service and the Pamekasan Regency Government. However, the comparison between independent UMKM and those that are not is still unbalanced. 3. Protection of UMKM Empowerment in Pamekasan Regency, reviewed from the protection indicator, is implemented according to existing regulations. However, in Pamekasan itself, there are several MSMEs that are not willing to be fostered and supervised, so that only a few MSMEs attend the coaching, so that the allocation of production equipment assistance is adjusted to

the number of participants present. So that the realization of empowerment, especially in increasing market share, follows the number of MSME participants present and the number continues to change (increase) from time to time. 4. Support for the MSME Empowerment Program in Pamekasan Regency is administratively appropriate and has carried out work according to existing SOPs and has carried out work according to their respective duties. 5. Maintenance Supervision of the MSME empowerment program in Pamekasan Regency has planned a maintenance strategy regarding the MSME empowerment strategy. However, challenges and obstacles remain, namely that several MSMEs do not want to be fostered and their production and marketing processes are supervised. So that the Cooperative Service must continue to communicate with the MSMEs to adjust to conditions in the field. However, the maintenance strategy is going well because more MSMEs are cooperative with the relevant Service.

Based on the results of interviews with MSME actors, it was found that several opportunities that should have been obtained by MSMEs could not be realized, due to lack of access to obtaining business capital and assistance for production equipment. However, some MSME actors were reluctant to become fostered MSMEs of the Cooperatives and Micro Enterprises Office of Pamekasan Regency. Because there are MSMEs that are already independent still get assistance, while MSMEs that are truly not independent find it difficult to get access to assistance for capital and production equipment.

Meanwhile, in the coaching and training of MSMEs carried out by the Cooperatives Office with material on conducting online promotions on social media by involving sophisticated information technology, it is a very important activity for MSME actors because the role of information technology continuously influences the sustainability of MSMEs on a national scale and especially Pamekasan Regency. In this case, the Cooperatives and Micro Enterprises Office acts as a facilitator in maintaining the existence of MSMEs in Pamekasan Regency by optimizing the role of the government in coaching and training policies. One of the strategies carried out is to provide access and recommendations for MSMEs to obtain capital assistance and production tools from BPR, which is expected to increase the market share of MSMEs in Pamekasan Regency. However, there are still obstacles in optimizing the role of the Cooperatives and Micro Enterprises Office in supervising the sustainability of MSMEs, and there are still many MSMEs that cannot attend after training, so that only a few MSMEs receive assistance from the Pamekasan Regency Government.

In empowering MSMEs in Pamekasan Regency, the Cooperatives Office conducts training and supervision on an ongoing basis with a schedule that is arranged in such a way through socialization in each village. However, in reality, the implementation of training is often different from the initial schedule because MSME activists prioritize selling their products rather than attending training. There are several obstacles that prevent empowerment from running smoothly, one of which is the lack of attention from MSME actors in utilizing programs from the Cooperatives Office. For example, MSMEs can utilize the program by: 1) selling products through e-commerce to meet the needs of consumers who are increasingly switching to online shopping; 2) utilizing digital technology (digital marketing) in marketing products in order to reach more consumers; 3) improving product and service quality; 4) conducting customer relationship marketing to build consumer trust and loyalty.

In fostering and empowering MSMEs, it is often not in accordance with the established plan, meaning that many problems arise, including: a. The position of small entrepreneurs always loses and does not have any power when dealing with large entrepreneurs, especially regarding pricing and systems. b. Associations of entrepreneurs or professions have not fully played a role in coordinating unhealthy competition between similar businesses. c. Lack of information on strategic product marketing locations, for example desired products, market potential, product marketing procedures, etc. (Andrianto, 2017)s. In Pamekasan Regency itself, the empowerment of MSMEs is constrained by the lack of access to labor. Where human resources who are actively implementing MSMEs are fewer than those who carry out formal work. In this study, the human resource strengthening sector involved in MSMEs is greater, but the dominant problem is refusing to become MSMEs fostered by the Pamekasan Regency Cooperative and Micro Business Service. This is because MSME actors see that there is an inaccuracy in the target of assistance received by MSMEs that are already independent. The driving factor for this community empowerment is the support of the government in the form of training programs along with resource persons, and the high motivation of the community to utilize local potential properly. While the inhibiting factor is knowledge and insight into online marketing techniques and marketing that has not yet developed widely (Anggraeni et al., 2021).

Whether we realize it or not, global competition after the Covid-19 pandemic has two impacts, positive and negative. Where of course the level of impact received by each party is different. This means that when a party can accept and be ready for all the consequences, the impact of global competition is not very visible. On the other hand, if a party, especially MSMEs, is not ready to face the demands of competition, then there are two risks, namely carrying out MSME activities as is or increasing the capacity of one's abilities to adjust to the demands of competition. Competition does not mean that conventional marketing methods cannot be used at all, but when compared to the number of MSMEs that master marketing techniques using Information technology, only a small number of MSMEs in the Regency can do it.

It should be noted that the impact of the Covid-19 pandemic includes five aspects, namely 1) a decrease in MSME sales (sales sector), 2) an average decrease in business profits (business profit aspect), 3) the number of MSMEs experiencing problems with capital has increased (capital aspect) 4) In this aspect, MSMEs are reducing the number of employees (number of employees aspect) and 5) the aspect of bank installment payment capabilities (Ferdinandus & Kuhuparuw, 2022). The strategies that need to be implemented to improve the performance of MSME businesses in Pamekasan Regency include: (1) access to credit and/or facilities to run a business, (2) market access; (3) access to labor; (4) access to technology. (Ferdinandus & Kuhuparuw, 2022). In this study, the strengthening actions provided by the Cooperatives Service have not yet received a full response from Pamekasan Regency MSME actors, because many MSMEs still choose to carry out their businesses independently.

The sophistication of information technology provides various conveniences in marketing a product, but new problems arise when MSME actors are not ready to use it. For MSME actors who can adapt, the Cooperative Service has no problem, but for MSMEs who are not used to it, they need guidance and supervision in using the technology. If MSME actors do not realize the importance of using technology in the economic realm, market opportunities will be hampered if they only use

conventional marketing strategies. However, MSME activists in Pamekasan Regency who have not mastered technology do not have to be forced to master it. If the government continues to force MSME activists to master technology, MSMEs will be increasingly reluctant to be fostered and choose an independent path in running their businesses. Another problem faced by business actors is the lack of follow-up after the empowerment program training that is widely carried out, as well as the lack of socialization of information regarding empowerment activities and capital programs. (Yuliaty et al., 2020)s. Based on findings in the field, strengthening by government institutions has been carried out optimally, but the enthusiasm of MSME actors is still low. This is due to the small number of MSMEs willing to become Mentored by the Cooperative Service and the existence of several understandings of MSME actors seeing the provision of capital assistance and production equipment as not being on target.

Maintenance of the MSME empowerment program in Pamekasan Regency continues to be needed along with the increasing market share problems. However, the most important thing is how all the strategies carried out previously can still produce and have a positive impact. Where the main focus is how all MSME actors in Pamekasan Regency are able to provide additional selling value. This can be seen when competitiveness can increase in facing global competition. All forms of coaching strategies, especially regarding the readiness of human resources for MSME actors, are able to adapt and use online media to promote their products. So the maintenance steps so far carried out by the Cooperatives and Micro Enterprises Service have only been in the form of coaching and assistance with access to capital. However, MSMEs are guided so that they can be independent, namely by continuing to consistently do business. The obstacle to MSME empowerment in Pamekasan Regency lies in not all of them thinking about the importance of using online promotional media.

CONCLUSION

The conclusion of this study is based on the findings and discussions above related to the development of micro, small and medium enterprises (MSMEs) as an effort to restore the economy after the Covid-19 pandemic, especially in Pamekasan Regency, which has been carried out through the relevant agency, namely the Cooperatives Agency, in carrying out development in the form of Support, Enabling, Protection, Maintenance and Strengthening. Through activities such as training, financial assistance and access to people's business credit (KUR) and others, but what happens in the field is that not all MSME actors welcome this activity because there are still things that are obstacles such as the assumption that MSMEs that are not fostered by the government can still get financial assistance and the unpreparedness of MSME actors in using Information technology in marketing their products because some are elementary school graduates.

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