

# DISMANTLING COVID-19; NEW NORMAL FOR MSME IN INDONESIA

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## DISMANTLING COVID-19; NEW NORMAL FOR MSME IN INDONESIA

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### Abstract

This study aims to reveal the positive value of Covid-19 for MSMEs and to know the demolition process that occurs in MSMEs to exist with innovation and business culture. The qualitative research approach of case studies of MSMEs was involved in Home Business Camps (HBC) and Karang Mitra Usaha (KaMU) organizations in Yogyakarta, Indonesia. The data set was gathered through interviews, social media, observation, and literature review via several steps: reducing data, displaying data, and drawing a conclusion. This research showed that the reasons behind the positive thinking of MSME actors due to the Covid-19 pandemic are religious, psychological, educational, and social capital factors. The MSME actors can take lessons by innovating and daring to die from the old culture quickly by creating a new normal with culture. These findings were disseminated to MSMEs experiencing business to suppress psychological pressure.

**Keywords:** Dismantling, Covid-19 pandemic, Micro and small businesses, Psychological pressure.

**JEL Classifications:** D04, D91, E71, G41

### 1. INTRODUCTION

World Health Organization (WHO) has designated Covid-19 as a pandemic due to its exponential spread globally. (Noreen et al., 2020). Likewise, the Indonesian government declared the coronavirus a medical disaster, followed by various policies such as social distancing, psychological distancing, and study-work-worship at home. On June 1, 2020, the government released a new normal policy on Covid-19 (Situmeang, 2020).

The Covid-19 pandemic's socioeconomic effects include raising the cost of medical masks by more than six times in Indonesia, causing stock prices to decline globally, and weakening the Composite Stock Price Index (CSPI), the cessation of stock trading, and Stock Exchange trading and halt trading (Fujita et al., 2021). In response, the government studied the effects on the economy and the decline in average salaries in each province under mild, moderate, and bad scenarios. The scenario refers to the state of each province's economy and the fall in economic players' take-home pay (Martin & Sunley, 2015).

Yogyakarta as an MSME industrial city has <sup>1</sup> potential of 26,000 MSMEs, which are divided into four (4) MSME communities, namely the home business camp (HBC) community, the Karang Mitra Usaha (KaMU), the forkom community, and komunitas dewan kerajinan nasional daerah (Dekranasda). As an MSME industry that serves students, students, tourists, and other business people with Yogyakarta's title as an education city <sup>2</sup> and a tourism destination city, Yogyakarta experiences total paralysis due to the presence of the Covid-19 pandemic. UMKM income has drastically <sup>3</sup> decreased because the Covid-19 SME pandemic actors' situation is very different from the global crisis in 1998. Because at the time of the global crisis UMKM had no negative impact, they still existed with their activities so that it did not affect income. According to Sugiyanto et al. (2020), based on the experience of the 1998 global crisis, the MSMEs in Yogyakarta was able to rise, so when the Covid-19 pandemic, some SMEs in Yogyakarta also rose and felt benefited. Hence, the business continued to run even some MSMEs experienced an increase in income.

This research is essential because there is a controversy between positive and negative values for MSME actors in dealing with Covid-19. This study will explore the culture or habits of MSME work management before Covid-19 and work management during the pandemic and after the pandemic. The process of leaving the old culture and creating a new culture (dismantling) must be disseminated so those closely associated with the MSME business can study it.

<sup>1</sup> This research uses a qualitative case study approach to formulate the research question: "what is the background for MSME actors to quickly leave the old culture and create a new culture in their business?. what does their dismantling process do so?". This study aims to find out what is behind the process of leaving the old culture and creating a new one, especially in the initial stages of the new normal, Covid-19, and how the dismantling process of MSME actors is carried out in the city of Yogyakarta.

## <sup>3</sup> 2. LITERATURE REVIEW

### 2.1 Covid-19 Pandemic

The presence of Covid-19 triggers various policies such as a) Social distance, which is defined as social limitations and acts that keep people away from vast groups of people, mass crowds, or direct interaction with them (Google search engine source March 20, 2020). b) A health protocol is a set of rules that everyone must follow in everyday life, including at home, in the community, and in public service places such as offices, schools, campuses, shopping centers, public transportation, and other public services, as well as at official and non-official events. It includes rules on how to behave, communicate, and regulate distance to protect yourself and others from transmitting and contracting diseases. Covid-19. c) New normal, according to the team leader of the expert team for the acceleration of the handling of Covid-19 (Wijaya (2021), is an addition to establishing health procedures to prevent Covid-19 transmission that involves changing one's behavior to continue carrying out ordinary activities.

### 2.2 Dismantling of Covid-19



According to the Indonesian dictionary (KBBI.Kemdikbud, 2021), the process of dismantling refers to the word "process" as a series of changes. In this research, the word "process" is interpreted as a series of actions by micro and small businesses in Yogyakarta to change the business culture. In contrast, the series of actions are interpreted as how individuals of micro and small business people in Yogyakarta carry out a series of actions in implementing these changes. Reviewing the dismantling process can be interpreted as a discussion after the Covid-19 process is declared the "new normal" phase. However, to find out how this process occurs, it is necessary to understand the initial conditions before the Covid-19 epidemic exists, meaning that this research recognizes the initial conditions that occur in micro and small business actors, which are followed up with new actions of "new normal" Covid-19 actions. The business process culture of micro and small businesses in Yogyakarta, which sells offline and tends to be individuals, works casually, ignores health aspects, and manages finances without regard to unexpected budgets, accessible communication, and natural walking markets.

### 2.3 Government Efforts

A 2020 Central Statistics Agency poll found that during the Covid-19 epidemic, 69.02 percent of MSMEs encountered capital challenges. In the meantime, the Components Report presented to the Kemenkop UKM as of October 2020 indicates that up to 39.22% of MSMEs had capital challenges during the Covid-19 pandemic. This information encourages the government to take Covid-19 seriously and support MSMEs. To best assist MSMEs, several government-initiated initiatives and programs must be strengthened and supported by many partners, including the private sector and local governments. The public is being urged to be vigilant by putting the 5M, and 3T into action, and different strategic actions are still being made to support economic recovery. Additionally, the public is being urged to participate in the vaccination program.

### 2.4 Micro, small and medium enterprises (MSMEs)

Micro enterprises are productive businesses owned by individuals or business entities that meet the criteria for micro-enterprises as regulated in Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises. According to the law, the distinction between micro, small, and medium-sized businesses can be made based on their assets and yearly revenue. Table 1 lists the criteria for determining a business, including the type of micro or small firm, based on the value of assets and turnover.

Table 1. MSME criteria based on assets and turnover

Type of business	Asset Criteria	Turnover Criteria
Micro business	50.000.000; (\$3.469)	300.000.000; (\$20.817)
Small business	50.000.000 – 500.000.000; (\$3.469) – (\$34.695)	300.000.000 – 2.5 Billion (\$20.817) – (\$173.475)

Source: secondary data 2021

According to research conducted by Yanti (2022) regarding post- Covid-19 business management strategies, MSME actors create effective marketing plans to meet sales goals and increase efficiency. Finding the best product distribution channels gives one the ability to outperform rivals. By determining the best product distribution channel to outperform

competitors through improving technology and being encouraged by social restrictions, MSME actors can strengthen the marketing sector through digital media. Besides that, MSME actors can strengthen the field of human resource management by being obliged to adapt to this condition by utilizing technology to facilitate and improve the quality of product service to consumers.

Studies on the necessity of digitization as a plan to revive micro, small, and medium-sized businesses (MSMEs) during the Covid-19 pandemic by Nelly (2021) explained that technology's function, corporate operations, and the delivery of commodities could all continue. When dealing with the Covid-19 pandemic, which is eroding business actors' ability to be technologically literate, there is a new norm for business people. This will be necessary after Covid-19 to adjust to the New Normal, which necessitates interaction with technology. In their research entitled "Digital Business Strategy for MSMEs amid the Covid-19 Pandemic", Sulhan (2021) reported that the Covid-19 pandemic that swept the globe resulted in a drop in venues in various industrial sectors. The priority is to preserve product costs while improving quality to gain consumer loyalty. This needs segmentation and digital media promotion. Marketing must be bolstered by innovation and product development tailored to consumers' needs.

Research on the utilization of digital marketing for MSME players as value creation for customers during the Covid-19 pandemic conducted by Redjeki & Affandi (2021) revealed that not all MSMEs experienced a decline in sales turnover and were compelled to close their doors. Due to product adjustments and marketing strategies implemented by MSME actors to stay afloat, several MSMEs maintained their stability and witnessed a rise in turnover. Launching a new product line or altering their marketing strategy are only two of the alternatives accessible. A company that can exist must, in general, be able to adjust to changes in its environment. MSMEs can achieve many things, including e-commerce sales, service quality, digital marketing, and client relationship marketing. MSMEs can increase sales this way and follow the proper protocol. Singh et al. (2021) conducted another study on district food security in the face of the Covid-19 pandemic. This resulted in a study by developing a product, in this case, the development of local staple food. This activity helps MSMEs improve MSME operations, and using local materials can also reduce MSME operational costs during the pandemic. In addition, this strategy is also beneficial for the community in fulfilling food ingredients, which impact the food security of local communities. Research conducted by Affandi et al. (2020) outlines how government policies and aid might help MSMEs survive in the face of the pandemic.

Covid-19 and its consequences for MSMEs are the focus of this study. Pasaribu et al. (2021), in the study of specific competitive advantages as a strategy for ensuring the long-term viability of SMEs in the new normal era. As a result, a plan for enhancing competitive advantage is implemented. This application wants to bring clients additional services or value through various benefits above and beyond the norm. This method can be used if the supply chain is optimized through good management. Fatonah et al. (2020) studied the Covid-19 pandemic's impact on Central Java SMEs. The OODA Loop is a strategy that is observed (observed),



identified (to orient), made decisions (decide), and carried out actions again as a result of this research (to act). Corporate actors must gather as much information as possible on customer behavior in the new normal situation, opportunities, and what their rivals are doing in the case of a pandemic business catastrophe. Business actors must also be aware of the company's internal constraints and issues.

### 3. METHODOLOGY

In this research, a case study and qualitative methods are used. 25 MSME players actively participate in the MSME Home Business Camp (HBC) and Karang Mitra Usaha (KaMU) populations. Purposive sampling was used to choose the sample. The researcher specifically selected 25 MSME actors as informants. They met a set of requirements, including actively consulting with the department of industry, cooperatives, and Small and Medium Enterprises in Yogyakarta. Early in the Covid-19 epidemic, consultations were conducted, allowing informants to contribute a wealth of data for research (Williamson, 1989). Primary data sources were gathered through in-person and online interviews with 25 MSME players. In addition, independent or joint observations of MSME operations were made. By conducting a literature review, secondary data were gathered. Due to the urgent need, this study, which examined the MSMEs' range of activities, was undertaken quickly. One of the study teams has a specialist at the Yogyakarta Small and Medium Enterprises Cooperative Industry Office, whose everyday actions support MSME actors in the HBC and KaMU clusters, making it possible to collect the data swiftly. When exploring, researchers think positively and conduct in-depth investigations to reveal the activities carried out by micro and small business actors. According to Yin (2015), the researcher seeks to comprehend the subject's activities from his or her point of view, not the researcher's. Researchers believe academically that the dismantling process of micro and small business actors in the city of Yogyakarta focuses on contemporary events that are not deviations from normality. Hopefully, this will significantly advance science because an event (case) will be brought to light until the general public knows it. Therefore, it is essential to identify patterns and directions for developing a case by adhering to the case study guidelines established by (Creswell, 2016).

### 4. DATA ANALYSIS

Data analysis was based on secondary data from the community of business actors, industrial departments, and cooperatives for Small and Medium Enterprises, Yogyakarta. The validity of the data was carried out in four stages, namely: 1) credibility test using source, time, result, and solution triangulation techniques; 2) external transferability test, the results of which have been accepted by several regional organizations (OPD) so that the Small and Medium Enterprises Cooperative Industry Office has adopted and believes the truth of the research results to be used as material in developing MSMEs; 3) dependence test. Because the qualitative research instrument is the researcher himself, the data collection must be repeated to be valid so that the data reported are the same as the data in the field, and the data cannot be generalized because each business actor's case is unique; 4) the certainty test centered on research data as a material

for discussion with the Small and Medium Business-Cooperative Industry Office as a basis for determining the feasibility of the project.

## 5. RESULTS AND DISCUSSION

### 5.1 Government's efforts

The Indonesian government has undertaken several initiatives to combat COVID-19, particularly for MSMEs, as MSMEs have benefited the nation's economy. These protection measures include the following: a) changing the legal framework for MSMEs from Law Number 20 of 2008 concerning MSMEs to Law Number 11 of 2020 concerning Job Creation, especially for SMEs regulated in more detail through Government Regulation Number 7 of 2021 concerning Ease, Protection, and Empowerment of Cooperatives and MSMEs. The government modifies the MSMEs' eligibility requirements in PP No. 7 of 2021. Regarding legal protection, national and local governments have recently emphasized financing for MSMEs that ask for legal support and assistance services, including legal counseling, consultation, mediation, and assistance outside of court. The government is changing the legislative protections since MSMEs contribute to the GDP and are crucial to Indonesia's economic recovery.

Through the National Economic Recovery Program, the government is dedicated to continuing to assist MSMEs so they can thrive despite the challenges of the pandemic and transition. b) The government allocates the budget for the MSME support cluster of Rp. 95.87 trillion. c) The government prepares additional initiatives to assist MSMEs, including interest subsidies, the placement of government funds at partner commercial banks to support the expansion of working capital loans and restructuring of MSME loans, a guarantee of working capital loans for MSMEs, Banpres for Productive Micro Enterprises (BPUM), Cash Assistance for PKL and Warung (BT-PKLW), and incentives for Final Income Tax for SMEs that are paid for by the government; d) BPUM has been distributed to 12.8; e) To accelerate the recovery of MSMEs, the government has also increased the KUR ceiling from Rp. 253 trillion to Rp. 285 trillion, coupled with various conveniences for KUR policies, such as delaying the payment of KUR principal installments, extending the period, and increasing the KUR ceiling limit, as well as relaxing administrative requirements;

According to the Ministry of Cooperatives and Small and Medium Enterprises, in March 2021, there were 64.2 million MSMEs, contributing 61.07 percent of the GDP, or Rp 8,573.89 trillion. MSMEs in Indonesia can employ 97 percent of the entire labor force and attract up to 60.42 percent of all investments.

### 5.2 Informant's Data

The informant profile has been classified according to the type of business. All information comes from the Home Business Camp (HBC) community, a forum for developing the young generation of MSMEs aged 18-30 years, and Karang Mitra Usaha (KaMU), a forum for developing MSMEs aged 30 years to unlimited age. Both HBC and KaMU are assisted by the Manpower and Transmigration Cooperative Office of Yogyakarta. From the two information



exchanges, this research is classified into four types of businesses: a) information with <sup>1</sup>culinary and food processing business types, consisting of Gethuku, Wedang <sup>1</sup>Enjang Putri, Mujamu, Ayam Geprek, Roselly Pari, and Angkringan Jogja. b) information on fashion and accessories businesses, consisting of Smart Batik, Emil Boutique, Ava Sibori, Cik Lien Collection Dea Modist, Tuty Kana Sibori, Batik Kampung, <sup>1</sup>Amah Jumpatan Srihadi, Dea Modist, Batik "DR," and Creative Batik. c) Information on the type of handicraft business, consisting of Infernocombo, Peci Batik, <sup>1</sup>BC Toys, May Craf, UNA Craf, and Margaretha Saventi. d) Information about the type of service business, consisting of Yogja Education Center (YEC) and Gondes Karya Mandiri. The dismantling data leaving the old culture and entering the new culture of information is presented in table 2.

**Table 2: Data of Informants**

No	Business name	Community	Dismantling	
			Old habits	New habits
<sup>1</sup> 1	Culinary and food	Processed		
1.1	Gethuku	HBC	Face-to-face marketing is reduced, and moves to online marketing.	Online marketing is strengthened. Make a free shipping policy and flash sale.
1.2	Wedangan Enjang putri	Kamu	Production time wastage	Time management, given the opportunity, is rarely repeated
1.3	Mujamu	KaMU	The health habits regulated in the co-19 health protocol were implemented before the co-19 epidemic. No production habit was changed so that it flowed, and only the turnover was down because the customers of modern stores were closed, partners were left closed, and not tourism.	New habit "frugal management."
1.4	Roselly Pari	KaMU	Reducing instant products.	Back to natural products with spice ingredients, such as empon empon, turmeric, ginger, etc. Optimizing the function of the family as a unit of production.
1.5	Ayam Geprek	HBC	Production time wastage. Online consumer marketing. Using paid online services, get a reseller. A new habit of exploring digital marketing.	Offline and online consumer services implement health protocols. Instagram's online marketing focus. To get a reseller using paid online services. A new habit of exploring digital marketing.



No	Business name	Community	Dismantling	
1.6	Angkringan Jogja	HBC	Maintain direct online sales. Abandon traditional services.	Create and implement health protocols for employees and consumers Studying force majeure for MoU. Maintain sales offline
<b>2</b>	<b>Fashion and Accessories</b>			
2.1.	Smart Batik	HBC	Leaving dirty production processes/not paying attention to health aspects.	Online marketing. Create and adhere to health protocols. Pay more attention to the importance of the health of the production site
2.2	Butik Emil	KaMU	Offline sales.	Online sales
2.3	Ava Sibori	KaMU	Move from boutiques to food resellers.	Online sales with unique masked hat products.
2.4	Cik Lin Collection	KaMU	Reducing the amount of production for stock. Canceling face-to-face training outside the city.	Producing to order is inevitable. The new habit of instructing himself to raise his capacity is especially new material Virtual learning organized by the government or private Make other breakthrough products such as tejaserayu Receive face-to-face training in cities with a limited number of participants following the health protocol rules (distance and time)
2.5	Tuty Kana Shibory	KaMU	Does not serve offline sales	Move to online workshops
2.6	Batik Kampung	KaMU	Close the production process at the production house "Workshop." Phase to phase meeting. Abandoned rote production	The employee's residence is made as a production house. Meeting with zoom Marketing with FB and IG When gathering, follow the health protocol. Production of new products by observing health protocols.
2.7	Rumah Jumputan Srihadi	KaMU	Dirty production (ignoring health aspects). Reducing offline marketing and live exhibits	Rework the product fails Make new products and develop innovations

No	Business name	Community	Dismantling	
			Reducing activities outside the home and direct social interaction	Be aware of the importance of online marketing, and take part in online exhibitions. Limitations on the number of workshop participants following the health protocol.
2.8	Dea Modis	KaMU	Piling up products for post Covid-19. Reducing offline marketing. Abandoning old motives	Developing patchwork processing innovations Making home employees as a production house. Product development of painting jumpitan. Online Marketing.
2.9	Batik "DR"	KaMU	Abandoned habits on selling online, COD, and workshops.	Collaboration with other MSMEs for integrated marketing through online marketing.
2.10	Creative Batik	HBC	Reducing offline marketing. Traditional financial accounting	Strengthening online marketing Prioritize existing customers for new products. Make financial SOPs
3	<b>Handicraft</b>		1	
3.1	Infernocombo	HBC	Leaving third-class consumers.	Pursuing and strengthening markets/consumers class 1 and 2 and consumers outside Indonesia.
3.2	Peci Batik	KaMU	Reducing offline marketing. No production in a production house.	Save production space Optimizing online marketing. Autonomy of production, the house where the worker lives becomes a production house.
3.3	ABC Toys	KaMU	Abandoned habits go survey of raw materials.	Shop for raw materials online. If it is suitable and many producers make MoU directly, before Covid-19, there was no MoU of raw materials
3.4.	May Craft	HBC	Leave the production process that does not pay attention to health aspects.	Change the product strategy with Covid-19 standards. Personal protective product innovation.

No	Business name	Community	Dismantling	
3.5	Una Craf Hantaran	KaMU	Leaving the production process that has not paid attention to health aspects. Reducing offline marketing	Online marketing and sharing.
3.6	Margaretha Saventi	KaMU	Abandon traditional products.	Moving to online marketing. Innovation and product transfer by adjusting Covid-19 standards.
<b>1</b>	<b>Services</b>			
4.1.	Jogja Education Center (JEC)	HBC	Large class learning. Leave non-efficient work.	Work effectively and efficiently with health standards. It is essential to schedule an emergency fund.
4.2	Gondes Karya Mandiri	HBC	Individual work. Abandon chemical products	Building a community. Natural/organic products so that the level of health value is good.

Source: Primary data processed, 2021

Table 2 above shows the business process culture of micro and small businesses in Yogyakarta before the Covid-19 pandemic and after the Covid-19 pandemic, especially after the new ordinary policy. Old-fashioned habits include offline sales and individual tendencies, working casually and neglecting health aspects and managing finances without regard to unexpected budgets, accessible communication, and natural walking markets. In contrast, the new culture, such as online marketing and integration, is carried out, prioritizing health aspects in production, distribution, and consumption. Manage business finances optimally and various product innovation strategies to create markets. The old and new cultures in business governance of micro and small business actors are discussed in-depth.

### 5.3 Business Culture

Culture can be used as an area's unique and distinctive identity because each culture will be related to the social situation and knowledge possessed by residents who can encourage social change. On that basis, it is not wrong when micro and small businesses develop their business culture as a characteristic of their business cash and products. This follows the study results of Soemardjan & Soemardi (1964), an expert in the social sciences and social knowledge, which states that culture is the work of creativity and taste of the community. So culture does have a very close relationship with the community, so people create culture.

Understanding culture is a group composed of life experiences from various societies that lived at that time. In this case, the experience in question can be in the form of the community's behavior, beliefs, and lifestyle. Linton (1936), a cultural expert from the United States, explained that culture is all forms of inherited attitudes, behavior, and habits. The purpose of this understanding, culture exists because of the process of hereditary ancestors. This has become an example and makes a habit. So that in this case, it makes culture grow in certain



areas. Linton's opinion is supported by Suparlan (1993); culture is all human knowledge used to know and understand the experience and the environment they experience.

The study of cultural experts states that culture is always related to the community, micro and small businesses are part of the community, so it is feasible if the business actor has a culture or habits. Habits or cultures can experience changes or shifts due to factors every society and culture will change along with the changing times. This is reinforced by Rudito & Famiola's (2008) opinion, which states that changes in society in social mapping are divided into two, namely physical changes and changes in knowledge in society. The coronavirus pandemic triggers changes in the habits of micro and small businesses in Yogyakarta as part of knowledge and technology. So the cultural change in micro and small business actors in Yogyakarta is not the realm of cultural conflict, assimilation, and acculturation.

The evidence of the cultural change of micro and small business actors in Yogyakarta by the Covid-19 pandemic as part of science and technology is supported by a statement stating that the coronavirus originated from a Wuhan laboratory leak from a meteor that exploded in China or is related to a 5G trial. On the other hand, it states that the coronavirus has been predicted to appear in 2020 in Wuhan through a fictional book, *The Eyes of Darkness*, published in 1981. The coronavirus originates from extinction, phylogenetics analysis, pangolin, research researchers at South China Agricultural University, snake reptiles, and research in Nature Medicine.

However, how this virus moves from animal to human populations is thought to be humans who consume bats, anteaters, and snakes into transmission media sources in Nature Medicine 2020, ensuring that the virus is not from human laboratory creation or engineering and not genetic engineering.

### **5.3.1 Old Business Culture**

The old culture is a habit that has been carried out by humans/society for a long time, but because there is a factor from outside the human self that is very strong in encouraging people to leave old habits must change to new habits because if humans do not want to change themselves to adapt to the situation and the conditions that occur will suffer losses in the form of damage to death. In the context of this research, the micro and small businesses plan that if they do not want to adapt to the Covid-19 situation, then their businesses will experience bottlenecks because consumers shun them. The old cultural forms that have been formed by the community of micro and small businesses in Yogyakarta include:

#### **a. Offline Marketing**

Offline is the process of selling goods and services directly between producers and consumers, where marketing takes place in the buying and selling process. Offline marketing has the advantage that sellers and buyers can meet physically, and buyers can buy goods in the real world. The disadvantages of offline marketing include high costs because producers have to provide stalls or shops and parking spaces, so everything is limited. Additionally, consumers

have to find out where the store is. This situation takes time, costs money, and needs road safety. Offline marketing prevented all the information in this study from being carried out.

#### **b. Individual Marketing**

Individual market behavior is the behavior of consumers or buyers towards producers or sellers, meaning a market is a meeting place for sellers and buyers. Individuals referred to in this study (individuals and organizations) have a demand for certain goods, possess purchasing power, and intend to realize purchases that are usually carried out consistently over a certain period. In this case, micro-business actors sell individually and in groups through stalls at Galleria Mall facilitated by the Yogyakarta Government. During the Covid-19 pandemic, sales at Galleria Mall have also temporarily stopped or closed.

#### **c. The market goes naturally.**

What is meant by a market that runs naturally is where the activities of sellers and buyers are carried out directly in the form of retail permanently with a limited level of service. Business actors who run sales naturally. All the informants in the study built a natural market in the form of retail. However, the Gethuku business actors who build a natural market are not left behind because they sell the package and wholesale models to modern shops. However, the Jogja Education Center service business actors who built the market independently were naturally not abandoned because the services provided via online services had been carried out before the corona-19 pandemic spread to Indonesia.

#### **d. Central production**

Micro and small business actors were produced before the Covid-19 pandemic era at their respective owners' production houses. Production activities like this are now abandoned, but production continues by moving production houses. Production is carried out in each employee's house. The advantage for the home business actor is that it becomes loose and comfortable because the production materials have been spread throughout the employees. Business actors closing production centers include Batik Kampung and Dea Modist.

#### **e. Monotone product type**

Understanding monotone, micro and small business actors before Covid-19 were present amid human life; they carried out traditional production with monotonous products. Consistency over a long period means there is no development in a positive sense. When Covid-19 was not present, business actors did not experience problems, but when the Covid-19 pandemic was present, the products did not sell well. On that basis, business actors try to innovate with new products in limited quantities through a by-order strategy or handmade production. Based on this experience, the monotone model production culture was abandoned by business actors such as Roselly Pari, Gethuku, and Mujamu.

#### **f. Wasteful**

According to the Big Indonesian Dictionary, extravagance is a lifestyle that likes to exaggerate using assets, money, and resources. The meaning of wasteful in this study is an activity that



wastes too much of something that is used so that it is less effective and efficient. The impact of less effective and inefficient activities will make business actors lose. The form of loss obtained by business actors is not always material (money and goods) but can be time loss, loss of relationships, and loss of opportunity. An example of JEC business actors engaged in tutoring services in teacher meetings is debating and accepting private consumers far from the teacher's residence and JEC office. Smart Batik and the Jumputan Srihadi House also carry out inefficient activities in arranging displays that need rearranged to make them more comfortable and show their aesthetic and artistic meaning.

#### **g. Sloppy**

According to the Big Indonesian Dictionary, careless can be interpreted as vile, disrespectful, reckless, unclean, and untidy. Carelessness is defined in managing a business for the business actors in this study, which means it is not neat, not clean, sloppy, and not careful, and the consequences are not well thought out, so it reaps a negative impact. Business actors who admit this condition include Dea Modist, Smart Batik, and Srihadi Jumputan House.

### **5.3.2 New Business Culture**

The meaning of culture, from the words mind and power of reason, if added with a new word, means the mind and intellect of a person or human being contaminated by the environment or time. So the meaning of "new culture" in this study is the business process carried out by micro and small business actors because the environment is contaminated due to the Covid-19 pandemic, the minds of the perpetrators die of old habits, and they consciously make new habits. The new cultures that business actors carry out include

#### **a. Online Marketing**

Online marketing is the transaction process of selling goods and services using electronic technology that can facilitate consumers and producers in the buying and selling process. The benefits of online marketing make it easier for producers who can buy goods and services online and do not have to bother visiting shops/market stalls just by selecting and sending the purchased goods within the agreed timeframe. The advantage of online marketing is that it costs less, and everyone can see the product by visiting the website. A form of online marketing for micro and small business actors who do not yet have a paid website, they use accessible blog facilities such as word spotting, blogetery, dagdigdug, posterous, Blogspot, biogetery, blogdetik, and some use social networking.

#### **b. Integrated marketing**

Integrated marketing is a joint marketing process. Working together, integrated marketing, learning awareness, between actors supporting each other, for those stuck, becoming resellers. This attitude was expressed by entrepreneurs like Creative Batik, Rumah Jumputan Srihadi, Angkringan Jogja, and Javana Batik. The advantages of an integrated marketing culture include, among others, that marketing is carried out online by a business actor who has high skills in the IT field; a business actor with limited ability can simply deposit goods with a



selling point with a profit-sharing agreement, and business actors can produce at their respective homes.

### c. Programmatic marketing

Programmed marketing is a process that goes through several stages: planning, structuring, leadership, and marketing control. Micro and small business actors in the city of Yogyakarta after the Covid-19 pandemic occurred in marketing, leaving the conventional marketing model and changing to programmed marketing. Programmatic marketing focuses on influencing consumers so that sales are in the form of custom and collective markets, institutional or organizational markets. Programmatic marketing aims to achieve the target in order. In programmatic marketing, two targets have been set: maximizing sales and maintaining the market. All business actors who are informants in the research create a new culture of programmatic marketing.

### d. Define target market

To get the target market, the first step for business actors is to brand because branding is helpful for producers to get to know products and potential consumers in the long term. Branding is helpful for consumers. Business actors pursuing the upper-middle-class market and regular customers include Creative Batik, Rumah Jumputan Srihadi, and Incoferencombo. The new culture of pursuing a specific class of market turned out to be able to increase turnover during the Covid-19 pandemic, so the culture will continue to be carried out during the new normal and post-normal Covid-19.

### e. Production autonomy

Autonomy is the capacity to make decisions without being contested so that autonomy is independent or self-governing. What has happened to business actors in the city of Yogyakarta since the Covid-19 pandemic producing their businesses, which are usually produced at the homes of the business owners, have been moved to the homes of each of the employees? This is where product autonomy comes into play; without being ordered by anyone, the business owner takes the initiative to order his employees to continue producing, but in their respective homes. Business actors DR Batik, Batik Kampung, and Margaretha Saventin carried out product autonomy.

### f. Product innovation

Referring to the opinion of Zaltman et al. (1973), innovation is a fresh idea that is acknowledged as something new, even if it combines several previous ideas in a difficult scheme. A fresh idea that is accepted even though it is like a copy of something already existing elsewhere is hence a sign of innovation (Van de Ven, 1986). This knowledge covers technological advancements like new products, services, administrations, or procedures, as well as new organizational structures. In light of the definition of innovation provided above, the types of innovation used by businesspeople in the city of Yogyakarta include designing thematic batik by Smart Batik and processing failed products carried out by Rumah Jumputan Srihadi and Creative Batik. (1995). Because until the end of this research, they will still

routinely produce it, and according to them, it will be developed continuously. As well as supporting the results of studies by Wang et al. (2010) due to the importance of innovation in the competitive environment, many corporate players continue to operate despite the crises brought on by Covid-19.

#### **g. Saving**

Saving is an investment act. The objects saved in this study are money and manufactured goods sold in the post-Covid-19 era. As a result, the term "saving" in this study can refer to the culture and the Law of the Republic of Indonesia No. 10 of 1998. Saving, according to culture, is the habit of business actors setting aside part of their income or production materials stored at home or warehouses. The results of these savings are used as reserves or investments. For example, business people who keep money at home are put in a piggy bank. According to the Law of the Republic of Indonesia Number 10 of 1998, Savings is a deposit whose withdrawal can only be made according to certain agreed conditions. In addition to unexpected budgets, business actors from Creative Batik, Smart Batik, Angkringan Jogja, Dhea Modist, and Yogya Education Center raised awareness of the value of extra cash and a more excellent grasp of what savings are meant to imply. Savings can provide comfort, security, and a frugal attitude towards all business processes. However, Dea Modist, besides saving money, also saves stock. This actor produces dyed fabrics with various new motifs that will be marketed in the post-Covid-19 era. Creative behaviors include product invention, autonomy in the production process, and planned and integrated marketing. This proves that entrepreneurs in small and medium-sized businesses are creative. According to Haefele (1962), Humans have always been naturally creative beings. Creativity, however, cannot grow on its own. The environment provides a stimulus that sparks creativity. This means that the Covid-19 pandemic has stimulated business actors in Yogyakarta.

#### **h. Pay attention to health aspects in production, distribution, and consumption**

Understanding the value of health in the production environment and the necessity of organizing the production site with consideration for health and comfort, as done by the Smart Batik business actor. From here, MSME performers appreciate the advantages of health despite the severity of Covid-19, reflecting that so far, batik products have not paid attention to employee or environmental health, including the processing of dye waste. The health of distribution is a significant concern for culinary actors because a good product will be damaged if its distribution ignores health. It will also disappoint consumers. Business actors creating a new distribution culture include Mujamu, Ayam Geprek, and Gethuku.

#### **5.4 How MSMEs respond to regulations**

The MSMEs in the city of Yogyakarta were integrated with central and regional government policies. To respond to Covid-19, they respond with: a) changing prices according to the environment or location; one product with the same volume is sold at different prices; price differences are determined by location. For example, herbal product sachets are sold in the street for Rp. 2,000; at the restaurant for Rp. 7,000; at the airport for Rp. 20,000; b) social capital. Fellow MSME actors have strong social capital such as a sense of mutual help,



willingness to sell to each other, sincerity in providing information, etc. c) having a strong militancy spirit, such as not complaining, continuing to fight even in crisis, and pandemic conditions, where there is no word "surrender", but there is only getting up, rising, and rising, and d) high religiosity. That business success is determined by your effort for the pleasure of Allah SWT. These conditions are in sync with the results of the study by Sugiyanto et al. (2020), showing that the things that encouraged the rise of MSMEs in the city of Yogyakarta during the Covid-19 pandemic included: a) MSME actors dared to innovate; the second innovation process failed products to become high selling value, and the third innovation is integrated marketing. b) Using creativity: It appears that creativity is very effective in boosting online marketing, creating PPE from leftover raw materials, using spare time to create and improve products made after COVID-19, aiming for middle-class and above consumers, and luring established customers to be influenced by novel new products, and c) MSME actors are aware of self-reflection about their business journey, which is connected to different government policies with evidence of adhering to the recommendations and stages of various activities such as gathering information on MSMEs affected by Covid-19 victims, waiving loan installments, discounting electricity payments, and so on. The MSME actors in the city of Yogyakarta who think positively about the presence of the Covid-19 pandemic dare to die from the old culture and create a new business culture so that their business is peaceful in the Covid-19 era. The attitude of MSME actors to revoke or leave the old culture and enter or create a new culture is called dismantling.

The dismantling data of abandoned and new cultures can be mapped in table 3.

**Table 3: Dismantling of Old Business Cultures vs. New Business Cultures**

No	Data Dismantling Old Culture	New Culture
1	Lack of attention to health aspects	Pay attention to health protocols
2	Inefficient use of time, space, tools, and energy	Meetings/meetings, use of tools/media, effectively and efficiently based on functions
3	Offline and traditional marketing	Online Marketing
4	Individual marketing, so it goes naturally.	Programmatic marketing, integrated with specific goals
5	Centralized production	Distributed production autonomy
6	Monotone product	Product innovation
7	Not saving	Saving, interpreting the importance of unexpected funds

Source: primary data processed, 2020.

## 6. CONCLUSION

Based on the qualitative data analysis, this research revealed that the reasons behind micro and small business actors' quickly leaving the old culture and quickly creating a new culture are internal factors: education, religion, and psychology. External factors are social capital, a network of business partners that crystallize into psychological energy, and intense and varied government encouragement. According to Zainuddin (2009), it is the relationship between the



body's energy system and psychological disorders. So that business actors quickly reflect on themselves to leave old habits and innovate to make new habits. The result of such behavior can be interpreted as a dismantling process.

## 7 **IMPLICATIONS AND RECOMMENDATIONS**

**1** This research needs to be continued in different locations and with broader research subjects to reveal the diversity of micro, small and medium enterprises. If it is possible with informants of top-scale business actors, the impact of Covid-19 will be photographed by small-scale business people and big-scale business actors. This research can be compared with conditions between countries so that it can be viewed internationally using various research methods.

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### **DECLARATION OF INTEREST**

Authors declare there are no competing interests in this research and publication.

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