



The Economy In The Time Of Covid-19 And The Impact On Technology And Digitization

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Abstract

The effects of the industrial revolution 4.0 and the ongoing Covid-19 pandemic have an impact on the application of the digital economy, as well as providing opportunities and challenges for the economic sector. In this study, we will review the application of digital economy applications to small and medium-sized entrepreneurs that can be an alternative solution to deal with this situation. Technology for small and medium-sized entrepreneurs in digital business is defined as a type of business that involves the latest technology in its practice and development. The application of digital concepts in business development can create new business models, experiences, and operating codes which will then help influence consumerism in both the products and services offered. This research is focused on small and medium entrepreneurs in the clothing sector, which is a case study at the clothing center in Bengkong Laut Village which previously operated before the Covid-19 outbreak hit Indonesia.

Keywords— Digital economy, Covid-19 pandemic, Technology, Industrial revolution 4.0

PRELIMINARY

Industrial revolution 4.0. not only affect changes in business models and patterns of competition but also change the economic system in a country and society and will create a new economic environment in which digital technology plays a role. The changes that occur are increasingly complex when Indonesia and several other countries are hit by the Covid-19 pandemic. As a result of the outbreak, it had an impact on all sectors of human life, one of the sectors most affected was the economic sector. Both conditions present challenges and opportunities for small and medium enterprises.

The economic sector in Indonesia should adapt to technological developments, especially during the COVID-19 pandemic. One form of adaptation of the economic sector to this development is the formation of a digital economy which is a form of innovation in the economic field. Digital media that occurs in Indonesia is one of the impacts of technological developments in Indonesia. If you look at the composition of the economy in Indonesia, small and medium-sized businesses must be responsive in dealing with these very fast changes, not only in changing market trends but also in technological developments, not only in changing market conditions but also in technological developments. This must be done if the business being carried out will be eroded by the progress of the times, and cannot adapt to changes in existing progress. It should be noted that small and medium enterprises are able to absorb 96% of the workforce, and contribute 60% of the national GDP (Indrawan, 2019). This of course makes digital transformation in small and medium business businesses.

Data from the Ministry of Cooperatives and Small and Medium Enterprises in March 2021, as many as 64.2 million Micro, Small and Medium Enterprises contributed to Gross Domestic Product of 61.07 percent or Rp. 8,573.89 trillion. Many workers are not absorbed in the world of government or private companies, so that small and medium enterprises absorb 97 percent of the total workforce in Indonesia. Small and medium enterprises are also able to collect 60.42 percent

of the total investment in Indonesia. The budget allocation for small and medium business supporting clusters is Rp. 95.87 trillion for 2021. Small and Medium Enterprises are independent businesses that provide opportunities to generate income. Small and medium enterprises have indeed proven to be contributors to the country's Gross Domestic Product (GDP) and play a major role in Indonesia's economic development.

The role of small and medium enterprises is first, small and medium enterprises can strengthen the national economy through business relations, namely: the function of suppliers, functions of production, distribution, and marketing of products from large industries. Small and medium enterprises act as transformers between fields that have forward and backward linkages. Furthermore, small and medium enterprises can contribute to economic efficiency because they are able to absorb existing resources. Small and medium enterprises are very flexible, because they can provide job opportunities for local workers, and are also capable of producing strong entrepreneurs. Third, small and medium enterprises can play a role as a means of equal distribution of national income, as a means of business distribution and welfare distribution. This is because the number of small and medium enterprises in urban and rural areas is evenly distributed.

Based on data from the Ministry of Cooperatives and Satker in March 2021, as many as 163,713 micro, small and medium enterprises were also affected by the Covid-19 pandemic. They lost the product market so that the marketing performance of micro, small and medium enterprises deteriorated. The use of traditional marketing management is because micro, small and medium business owners do not understand digital marketing strategies for business continuity and market share expansion. Micro, small and medium enterprises also do not know about digital marketing and do not form partnerships with stakeholders to maintain the viability of the micro, small and medium enterprises concerned. The phenomenon that emerges is that the marketing performance of micro, small and medium enterprises related to entrepreneurial orientation, program creativity, technological innovation and an environment that supports micro, small and medium enterprises needs to be in line with the development of other sectors in the economy. . So that micro, small and medium enterprises are able to adapt to technological advances in the Industrial Era 4.0 (Hacioglu, 2020). By implementing the right marketing strategy, Community Work Units can understand their business, market demands, the strengths and weaknesses of their competitors, and the range of their products and service offerings. A SWOT analysis is required as part of a marketing environment analysis.

Micro, small and medium enterprises with a strong entrepreneurial orientation will be more willing to take risks, and not just fixate on past strategies. In a dynamic environment, entrepreneurial orientation is very important for the survival of micro, small and medium enterprises. It is for micro, small and medium enterprises that can realize better marketing performance for micro, small and medium enterprises. Businesses that are active in the market are characterized by competition and business development. This is important because it contributes to the innovation and competitiveness and growth of the company. Given the important role of entrepreneurship orientation and business strategy for SMEs, adequate understanding of this is needed to improve the performance of SMEs.

RESEARCH METHODS

This research method uses descriptive qualitative research. Qualitative research method is the right type of research method to capture a person's perception only through direct contact. The research was conducted in Bengkong Laut which is a clothing store with the object of research being micro, small and medium enterprises. Data collection techniques researchers have conducted in-depth interviews with shop owners of micro, small and medium enterprises and then

collected, summarized and outlined in a written narrative and also displays the results of filming several production processes related to the object under study. In this study, in-depth observations were also carried out on the description of all symptoms that occurred during the Pandemic. In addition, due to limited material, the researcher also collected news or articles related to the impact of COVID-19 on micro, small and medium enterprises in sub-districts far from the city center. Buying and selling transactions are integrated in the Indonesian economy. In other words, trade activities are indeed the main source of income for the economic sector in Indonesia.

RESULTS AND DISCUSSION

During the economic crisis that occurred in Indonesia during the Covid-19 pandemic, micro, small and medium enterprises were the largest trading group in the Indonesian economy. Small and Medium Enterprises are classified as real sectors that have high resilience to the global economic crisis.

Starting from the absorption of labor by small entrepreneurs in 1997 was the highest at 57.40 million (87.62%), then in 1998 the absorption of labor by small entrepreneurs was also the highest at 57.34 million (88.66%). During the 1998 monetary crisis, when inflation reached 88%, a deficit of 13% and foreign exchange reserves of around USD17 billion, the SME sector was still doing well. These SMEs become an important point and make a major contribution to the national economy. If seen from its history, SMEs in Indonesia have been developing for a long time and have proven to be able to survive in the midst of the 1998 economic crisis. The 1998 economic crisis in Indonesia has made it clear how vulnerable foreign capital is to the crisis. The relationship of entrepreneurs in Indonesia with foreign parties who are too dependent makes these entrepreneurs vulnerable in the event of a crisis. It is this dependence that ultimately causes Indonesia to fall when foreigners fall.

During the economic crisis in 1998, it was known that most of the Small and Medium Enterprises were proven to be able to reach the economy during the crisis situation and after the crisis, Small and Medium Enterprises in the tobacco farming sector greatly benefited. because it is export oriented and commodity prices are increasing in international markets. The strong reason why Small and Medium Enterprises was hit by the economic crisis at that time was partly because most of the Small and Medium Enterprises produced consumer goods and services with a low elasticity of demand so that the level of people's income did not affect the demand for these goods and services. manufactured goods.

In addition, most SMEs do not get capital from banks, so when the banking sector experiences a decline it is not too visible and has an impact on SMEs. However, not all SMEs were able to survive the economic crisis in 1998. Some SMEs that have direct links to international markets, such as those that purchase raw materials and international market areas, were also affected by the global crisis. This can be seen from the reduced demand from the international market which has an impact on decreasing SME activities, lowering the income level of SME entrepreneurs and increasing the unemployment rate.

During the Covid 19 pandemic, the role of SMEs moved to sell their products by digitizing them online, one of which was a clothing store in Bengkong. All are forced and trained in an unavoidable situation because they have to learn the internet to maintain the life and business continuity of MSMEs, on the contrary Social Media and Market Place go hand in hand to turn the wheels of the global economy, as a result of the prohibition on mobility and minimal access so that this situation is only a handful of people who can run their business.

SMEs can be said to be the pillars of the national economy and emerge as the backbone in an uncertain country situation due to the outbreak of the virus outbreak. In addition, SMEs are also

the main pillar in driving the domestic economy. In times of crisis and epidemic, SMEs are an opportunity and are expected to meet the needs of the community, and in turn the community is expected to buy more SME products.

There are 60 million micro-enterprises in Indonesia. In addition, there are currently restrictions on imported goods in Indonesia. Such as fruit imports from China are blocked. The void of imported goods like this can be filled with products from local SMEs.

Therefore, SMEs must continue to run even if slowly. SMEs can also begin to adapt using technology such as the use of food ordering applications and the use of digital money. The development of digital business which is now felt increasingly rapidly is not without reason. Traditional businesses that have transformed into digital businesses have proven to provide various benefits for various parties.

Here are some of the benefits that you can feel when building a business by involving digital technology, including:

First, to provide a better user experience. Technological advances have a positive impact on how companies interact with consumers and potential customers. As a result, consumers will feel more satisfied so that it can provide additional quality value for the company.

Second, choose the right business model. There are many digital-based business ideas and innovations out there. Your job is to evaluate these various options to decide on one particular idea that should be the main focus for broader development. This step is important when you act as a new business person in the digital business world. To ensure that the selected business model is truly on target, you can use the four dimensions of business model selection.

The third facilitates data collection and analysis. Convenience has become synonymous with the use of digital technology. This applies not only to consumers, but also to companies. Businesses that have gone through digital transformation are proven to be easier to collect and analyze the data needed for business development. Business strategies will generally be adapted to consumers' online habits when searching and exploring what they need.

Fourth increase Sales profit. In many cases, digital transformation applied to businesses is proven to increase business profitability. Digitization opens up more access to sales opportunities as well as market development.

The sixth opens opportunities to digitize products and services. Once they get market data and analyze it against digital transformation principles benchmarks, companies will be able to digitize every product and service they offer. As digital businesses grow, consumers want to always get what they need instantly and hassle-free. They will also look for companies that can do this.

A massive economic crisis is hitting the world, including Indonesia, many business actors, especially those who are affected by the economic crisis caused by the COVID-19 pandemic. The need for innovation and creativity from MSME actors so that their business can continue to survive and develop in the current situation. The development of digital-based MSMEs is an alternative to saving the MSME sector during the Covid-19 pandemic. However, so far the government and the Ministry of Cooperatives and SMEs have been trying to encourage digital transformation.

Especially in bengkong clothing stores, prior to the Covid-19 outbreak, these clothing stores marketed their products relying on offline sales methods or based on the arrival of consumers at their stores. However, when the covid outbreak hit, this store began to learn to market its products

to social media, starting from wa status and on social media platforms. This was done because the number of visitors or consumers decreased drastically due to the Covid-19 pandemic.

CONCLUSION

Digital Business as a type of business that involves the latest technology in its practice and development. The application of digital concepts in business development can create new business models, experiences and operating rules which will then influence consumer culture for the products and services offered. The development of MSMEs by utilizing digital technology during the Covid-19 pandemic at the Rahma gift center, precisely in Kendalrejo Village, Trenggalek City, has been carried out as well as possible by marketing its products to social media starting from WA, FB. status and advertising on social media platforms. With the development of economic digitization that has been carried out by the Rahma souvenir center, these SMEs have been able to survive in the midst of the Covid-19 pandemic to date.

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