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Resilience of Micro, Small and Medium Enterprises (MSMEs) Through the COVID-19 Pandemic

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Abstract---*The MSME support movement in Indonesia is welcomed by business people, especially young entrepreneurs or the home industry, which continues to grow rapidly and independently. At the beginning of 2020, the COVID-19 outbreak that occurred globally in almost all parts of the world, including in Indonesia, triggered negative sentiment towards various lines of business, especially the MSME business. The negative impact due to COVID-19 has hampered the growth of the MSME business where the movement of MSME businesses that require showrooms or promotions is hindered. In reorganizing the weakening economic conditions of MSMEs or the COVID recession, it is necessary to manage the business cycle in a Management Business Cycle, considering that the business environment is very dynamic so that the business cycle must always be evaluated and improved so that the business can survive and develop. The concept of the OODA loop is the concept of iterative analysis to determine the decision of a problem. OODA stands for Observe, Orient, Decide and Act. The term circle or loop because in this concept all processes are repeated until the decisions taken are effective and able to have a significant impact in dealing with problems. The OODA principle is quite applicable to be applied in various sectors, starting from the business world, sports, and government. There are also five strategies used to prevent or save MSMEs that exist in the current pandemic conditions, namely learning about digital marketing, strengthening human resources by instilling learning about the era of globalization and technology, creative innovations to attract consumers, improving services to consumers more efficiently. detail and ensure the cleanliness and safety of products as well as government policies towards MSMEs/assistance from the government.*

Keywords---*COVID-19 pandemic, OODA loop, resilience MSMEs, strategy MSMEs*

Introduction

The MSME support movement in Indonesia is welcomed by business people, especially for young entrepreneurs or the home industry, which continues to grow rapidly and independently. At the beginning of 2020, the COVID-19 outbreak that occurred globally in almost all parts of the world, including in Indonesia, had triggered negative sentiment towards various lines of business, especially the MSME business. The negative impact due to COVID-19 has hampered the growth of the MSME business where the movement of MSME businesses that require showrooms or promotions is hindered. The challenge for MSMEs that is currently happening is the competition that must be faced by producing a variety of innovations and services to be able to continue to survive in the local market, and also be able to compete in the international market.

The development of MSME businesses that are digitally based and so easily accessible has spurred many economic movements in various remote areas. The challenges of MSMEs in the midst of a massive digital economy that is rapidly increasing, require MSMEs to be literate in information technology because MSME actors who use internet services or have websites are still not many and familiar so that MSME products or services that are marketed sometimes cannot reach markets outside the region and remote areas. And they have not been able to

compete with other big businesses that already have a market place and are easy to get customers because they are known through unlimited internet services and can go international. The slow growth and development of MSMEs will have an impact on the low economic growth of the people, causing a decrease in people's purchasing power and a decrease in production for the people's economy, which in turn causes the community to be unable to meet their basic needs. The COVID-19 pandemic has had a significant impact on all aspects of people's lives, even more so for business actors of Cooperatives and Micro, Small, and Medium Enterprises whose economic cycle is highly dependent on the traffic of goods, services, and people, who are currently experiencing a period of limited movement. This results in decreased productivity of all elements in the MSME ecosystem and affects the welfare of MSME actors. In dealing with this emergency situation, the Ministry of Cooperatives and SMEs of the Republic of Indonesia seeks to handle it in the form of policies, regulations, programs, and facilitation, with the aim of maintaining the sustainability of MSMEs and their actors during this crisis (Fitriyani et al., 2020; Marlinah, 2020; Sudarmo, 2021; Dewi & Mahendrawathi, 2019).

The Indonesian government through the Ministry of Cooperatives and Small and Medium Enterprises supports the use of an electronic trading system or e-commerce. This is a solution for cooperatives and Micro, Small and Medium Enterprises (MSMEs) in marketing their products in the midst of the COVID-19 pandemic, which is gradually changing, namely switching from offline to online. The government's recommendation to stay at home economy will be an economic trend in the future. When the economic situation slumps due to the Corona Virus, business people must be really observant in making decisions. The right strategy is needed for SMEs. One way that can be done is to make neat company books. All financial transactions, both income, expenditure, and other transactions must be properly documented. This type of small business is indeed very strong and resilient to even the economic crisis. Therefore, we need to develop it, in this case the government, which is the most important, is responsible and has a big role in the development of small and medium enterprises in Indonesia. One of them is the government needs to create a conducive business climate in the form of tax relief, ease of licensing and others. In addition, partnership development and training, and coaching for entrepreneurs need to be carried out (Narto & Hm, 2020; Masniadi et al., 2020; Soetjipto, 2020).

The empowerment of MSMEs is an integral part of national development to realize a democratic, just and prosperous Indonesian society. In the context of growing a conducive business environment for MSMEs, a series of macro policies, sectoral policies and regional development policies are complementary, aligned and synergistic in order to empower MSMEs. The policy for developing a conducive business environment for MSMEs does not exist in an agency. For this reason, advocacy, persuasion and coordination with other agencies are needed to foster a conducive business climate for MSMEs. The concept of the OODA loop is the concept of iterative analysis to determine the decision of a problem. OODA stands for Observe, Orient, Decide, and Act. The term circle or loop is because in this concept all processes are repeated until the decisions taken are effective and able to have a significant impact in dealing with problems (Richards, 2020). OODA theory is described by Richards (2020), in a decision cycle (OODA Loops). This cycle consists of four interrelated processes and runs continuously.

Research Methods

The concept of OODA loop is the concept of iterative analysis to determine the decision of a problem. OODA stands for Observe, Orient, Decide, and Act. The term circle or loop is because in this concept all processes are repeated until the decisions taken are effective and able to have a significant impact in dealing with problems (Richards, 2020). OODA theory is described by Richards (2020), in a decision cycle (OODA Loops). This cycle consists of four interrelated processes and runs continuously.

Results and Discussion

MSME strategy to survive in the COVID-19 pandemic masa

The OODA loop strategy is to observe (observe), identify (to orient), make decisions (decide), and carry out activities again (to act). In the case of a pandemic business crisis, business actors must collect as much information as possible regarding consumer behavior in the new normal situation due to social restrictions, information on opportunities and what competitors are doing. Business actors also need to identify the constraints and problems experienced by their internal business. Shofiana (2020), conducted research on the implementation of a Virtual Team-based affiliate program in MSMEs as an effort to improve the economy during the COVID-19 pandemic. The result of this research is to implement a strategy, namely affiliate. Affiliate marketing is a marketing strategy where

an affiliate introduces or promotes their products and services through gadgets. This way also reduces unemployment during the pandemic because as an affiliate, you will only receive a salary/commission based on the number of products that can be sold to consumers. This strategy makes it easier for MSME actors when social distancing is enforced.

Hardilawati (2020), the result of her research is that not all MSMEs feel a decrease in sales turnover and have to close their businesses. There are MSMEs that are stable and experience an increase in sales turnover because they make adjustments in terms of products and carry out several marketing strategies to survive. There are several things that can be done by MSMEs including choosing to open a new product line or updating their marketing system, because a business that is able to survive is a business that is responsive to changes in their environment. There are several things that can be done by MSMEs, such as utilizing sales through e-Commerce, improving service quality, digital marketing, and customer relationship marketing. In this way, MSMEs can maximize their sales and by following existing protocols during this pandemic.

Fahriyah & Yoseph (2020), on the research use of e-marketing on the sustainability of MSMEs in the city of Pekalongan in the midst of the COVID-19 pandemic, the results of the research are that through the role of technology, business activities and the distribution of goods can still be done. This is done with the aim that MSME businesses do not just stop and the distribution of goods will continue to run. There is a new norm for business people when facing the COVID-19 pandemic which requires business actors to be technology literate. This will also apply after COVID-19 which requires MSME actors to recover even to adapt to the new normal that requires contact with technology.

MSME HR efforts to provide good service

In addition to marketing, MSME actors must strengthen in the field of Human Resource management. In this case, business actors are required to be able to adapt to this condition, one of which is by learning about the use of existing technology, making it easier for MSMEs to diversify products with technology and improve the quality of product services to consumers.

In reorganizing the weakening economic conditions of MSMEs or the COVID recession, it is necessary to manage the business cycle in a Management Business Cycle, considering that the business environment is very dynamic, so the business cycle must always be evaluated and improved so that the business can survive and develop in ways, namely (1) Creating change as an opportunity to achieve success; (2) Seeing differences between people or phenomena as opportunities rather than difficulties; (3) Experimenting to seek renewal towards business growth; (4) Become an expert for your own business; (5) Be a servant to others and have a humble nature.

Managing the business cycle through the process of planning, organizing, using organizational resources and planning and organizing must pay attention to the business cycle in 4 (four) periods, namely: (1) peak cycle (prosperity); (2) Recession (downturn); (3) Trench (most severe depression); (4) Recovery (expansion) which can describe the classification of business types with business fields or business opportunities after COVID-19 and take appropriate actions according to the type of business.

The government's role in helping MSMEs facing the impact of COVID-19

In facing the economic and business challenges due to the COVID-19 pandemic, various types of approaches are needed, including a macro approach through government policies. The government should consider approximately three important actions, namely as follows. First, the government should announce current and progressive economic and business support measures that are more focused on recovery. Timing and speed are very important. Withdrawing economic and business support measures too soon can lead to massive failures for companies and weaken competition, but on the other hand, prolonged economic and business support can result in distortion, reduce incentives to adapt and innovate and trap unproductive resources (Markovic et al., 2021; Bai et al., 2021; Silvander & Angelin, 2019).

Second, the government must ensure that the flow of enterprises in and out is carried out in a gradual manner and in a manner that supports inclusive recovery (ie without further burdening those most affected by the crisis, such as youth, women and migrants). There are opportunities to improve the status of insolvency, facilitate closure of unproductive businesses and proper business restructuring and increase the ability of entrepreneurs to start new businesses after failure. Because bankruptcy can escalate dramatically, policy reforms must be able to limit the negative effects and reduce personal costs for honest failed entrepreneurs. All of this requires developing criteria to assess which MSMEs should receive support during recovery and transition to new business models. Applying

traditional criteria to identify viable businesses such as balance sheet data or credit history may not work effectively. For example, leveraging the development of Fintech and digital tools for more effective credit risk assessment, service delivery and comprehensive monitoring can help overcome the limitations of traditional approaches to business financing in times of unprecedented uncertainty. So far the government has not utilized non-debt financing instruments should be used more to address the more diverse needs of the MSME population and strengthen their capital structure (eg equity, Mezzanine financing, leasing or accounts receivable tax).

Third, government support must reach entrepreneurs and MSMEs who can increase economic and community resilience in the post-COVID era. Innovative startups, entrepreneurship and new business capital should be promoted. At the same time, traditional MSMEs that are largely disappearing and micro-enterprises struggling to benefit from the digital transition must accelerate digitalization and technology adoption, organizational change and skills upgrading. Out of the crisis, MSMEs must emerge digitally better equipped and with a strengthened workforce capability. Few policy initiatives aim to increase the long-term resilience of established businesses and the growth potential of MSMEs. For example Korea and Ireland have acted to help small businesses adopt new work processes, accelerate digitization and find new markets. Such structural support measures, together with smart requirements, should be included in the next phase of the policy response (Shafi et al., 2020; Achi et al., 2022; Alonso et al., 2022; Antoni, 2021).

Resilience strategy management analysis

Observation (observation) is the first step of a process to identify or form a thinking orientation, then find several alternative solutions as material for decision making that will be used as the basis for action. Furthermore, several alternative actions that have been carried out will encourage the business environment to provide feedback or reactions that become a new picture for MSMEs. This feedback usually appears implicitly, so business actors or MSMEs must pay close attention and business actors must have sharp observations to capture the message. Observation activities must be carried out continuously on various existing sources of information to ensure that any changes that occur around MSMEs can be responded to appropriately and quickly.

Orientation is an ongoing process (not a picture that is immediately concluded). Orientation is done by using analysis and synthesis of the results of observations that have been made previously and by looking at what is happening at this time. Orientation will produce a set of strategies, plans, and appropriate actions and provide the best solution to the conditions that occur. This step is the main and priority activity because information it will turn into an understanding to make an assessment of the situation and the various possibilities in it.

Decision is referred to as the preparation of initial assumptions or conclusions which are a continuation of the previous stage (Orient). In this phase the process of stages in decision making is an explicit step, which can be used as a critical step and a continuation that is built from the orientation results. After obtaining a clear view or description of the problems that occur in the environment, the identification of problems or an inventory of problems as an alternative solution is carried out, then MSME actors must be able to immediately determine a decision about what steps to take immediately (Lin et al., 2022; Vásquez et al., 2021; Esubalew & Raghurama 2020).

The action stage is the real step that has the most influence because a predetermined decision will have an influence on a new situation that will arise. In this stage there is often a different condition between expectations and reality as well as new facts that are sometimes unpredictable. So, MSME business actors need to immediately take steps to reorient the new situation and facts in order to immediately evaluate and review and take tactical decisions and act appropriately over and over again. This is a natural cycle of the OODA method.

The four steps must be carried out sequentially because all stages are a cycle, the act step is not the last step. This error can also occur so that MSME business actors need to re-observe steps. And so on until a strategic decision is obtained and is more accurate and in accordance with the aim of maintaining the continuity of the SME business being occupied. In repeating the cycle, SME managers must pay attention to the time aspect because every decision has an impact on other related work patterns, such as competitors or new regulations that are less supportive, so it should not be too late and take too long to make a decision.

Conclusion

The COVID-19 pandemic that occurred in Indonesia did have an impact on the Indonesian economy, especially for MSMEs. Restrictions Social restrictions that are implemented to prevent the spread also make conventional business actors or MSMEs have to adapt to the circumstances that occur. There are also five strategies used to prevent or save MSMEs that exist in the current pandemic conditions, namely learning about digital marketing, strengthening human

resources by instilling learning about the era of globalization and technology, creative innovations to attract consumers, improving services to consumers more efficiently. detail and ensure the cleanliness and safety of products as well as government policies towards MSMEs/assistance from the government.

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