

**GOING CONCERN SMEs IN COVID-19 PANDEMIC ERA: A LESSON
LEARNED FROM INDONESIA**

Marsdenia, Universitas Indonesia, Indonesia

ABSTRACT

This article objectives to explore a new insight related to a way of SMEs in Indonesia to survive during pandemic Covid-19, location at Depok city, in West Java Province. As we knowed, there are so many business entity impacted in this situation of Covid-19 pandemic, where the business entity should agreed to tight health protocol related to maintain the health of community. The consequences of pandemic condition to community should have a new daily activity behavior in the new normal era and could handle the business from home and stay at home, reduced mobility and wear mask during out door activity. Fortunately, era 4.0 and society 5.0 famous with digitalization transformation in the various aspects in the society behavior. The digitalization transformations provide an opportunity to business entity going concern by doing virtual business and promoting their products through online tools to borderless country. This article try to answer the questions through qualitative method and descriptive analysis approach to explore and confirmed those answering. Indepth interview to some key informants such as SMEs actor, customer or SMEs products and also the regulator body. The study revealed the collaboration among SMEs actor to produce and market their product through digitalization be a the best way and a key of success to survive in the era covid-19 pandemic. Collaboration tends to achieved economic efficiency in running business.

Keywords: Going concern; SMEs; digitalization; collaboration; Covid-19 pandemic

1. Introduction

Pandemic not ended yet eventhough diminishing and every business entity in the global should have a accurate strategy to hold its going concern in this recovery era. Currently, Public have something in common regarding the kind of difficult time, in the covid-19 pandemic era there are some limitations of people daily activity or behavior as well as business activity due to some health regulations we should follow. This situation begin on March 2020 and still not ended yet till now (OECD, 2020), it means global society should adapt with the new normal behavior. There have been a significant effect of covid-19 pandemic situation (OECD, 2020) on business activities of entity in the global view as well as Indonesian people, it make every government to make a more realistic budget plan and proper, thus budgeting to the health services and its derivative services in the level of guaranteed the security of the Indonesian community in the safe situation. In order to keep community in the better health of condition during covid-19 pandemic, government make an announcement regarding health regulations. There are some limitation that community should comply such as, routine rapid test regarding the virus, social distancing, resctriction of mobile activity, lockdown, hand washing/sanitizer and many more. Regrettably, this situation have bad influence to all business activities, extremely SMEs. ability to buy of the community turn down (R.A.Bahtiaran dJ.P.Saragih, 2020). on business activities of entitiy in the global view as well as Indonesian people, expectedly, every government new regulations and develop a more realistic budget plan and proper, consequently, the budgeting to health services and its derivative services at the optimal level for keeping the society stay healthy. In order to keep community in the better health of condition during covid-19 pademic, government make an announcement regarding health regulations. There are some limitation that community should comply such as, routine rapid test regarding the virus, social distancing, resctriction of mobile activity, lockdown, hand washing/sanitizer and many more. Regrettably, this situation have bad influence to all business activities, extremely SMEs. Abilty to buy of the community turn down (Soliman, H. S., 2011). Household keep saving to face uncertainty future condition due to lay off every where, additionally working from home made income decrease because no transportation fee component on the monthly salary of employee. Government of Indonesia released relaxation policy to enhance this bad situation (Indonesia, Finance Ministry, 2021). The Policy aims to increase demand and to assist liquidity of the business as well as SMEs. There was a hope SMEs could participate in the SDGs Program Decent work and economic growth during covid 19 Pandemic.

The government trust on SMEs part to achieved the the targeted level of community welfareiness to support broadening of economics of Republic of Indonesia. SMEs accept several funds in the form of cashflow to back up SMEs going concern in the covid-19 pandemic. National Economic Recovery (PEN) budgets some funds in SMEs, which functions as a representative an administrator to the program provided by regulator in order to restructuring/financing and or donating additional fund to help SMEs cashflow. The Society suferred by this pandemic situations, thus ability to spending money in the form of transaction of buy of products and services decreased significantly, on the other side give an opportunity some business entity such as SMEs (F. Anggia et al., 2014) The government trust on SMEs part to achieved the the targeted level of community welfareiness to support broadening of economics of Republic of Indonsia. SMEs accept several funds in the form of cashflow to back up SMEs going concern in the covid-19 pandemic. National Economic Recovery (PEN)

budgets some funds in SMEs, which functions as a representative an administrator to the program provided by regulator in order to restructuring/financing and or donating additional fund to help SMEs cashflow. The Society suffered by this pandemic situations, thus ability to spending money in the form of transaction of buy of products and services decreased significantly, on the other side give an opportunity some business entity such as SMEs

Based on previous facts, this paper focused on how SMEs struggling on going concern. This article focused on SMEs in Depok City. Depok City chosen as location of the study due to its location have unique characteristics. The uniqueness of Depok city especially in the locations give the possibility to contribute in the emerging market due to the location in the middle of Jakarta and Depok themselves.

2. Theoretical Background

This part will describes some theoretical backgrounds related to the topic of the article such as going concern of SMEs in the era covid-19 pandemic.

2.1. Going Concern SMEs

Prior research regarding going concern in Guangxi Villages is a rural location in the China, concluded that SMEs in tourism development has an important function on rural economics because is ability to decline poverty and elevate economic growth (Zhao W, 2019). It means that going concern of SMEs should supported by government in order to achieved all society in the best of welfare. SMEs surviving in the long run or going concern predicted will have a significant role to the economic growth as regulator released some regulation to support SMEs succeeded (K, Castro-Arce and F. Vanclay, 2020). In West Java Province, community have something similarity to convert rural economics as an entity we called SMEs which owned and run or handled by rural community, and its collaborations between SMEs and development of tourism local wisdom based predicted to be supported by people in West Java Province. (Pretty, Jules N., et al., 1995)

2.2. The role of Digitalizations

Study proved there have been a huge acceleration of information communications among the people by using various tools of high technology of digitalization (Kwofie, B. & T. E. D., 2020). Prior surveys showed the world of communication has been important change in the daily behavior of life of people and this adjustments undeniable affected in the business transaction, this also happen in various industries (Alzafari, K., 2017). This period known as era digital 4.0 and society 5.0 which public should adapt with various tools or high technology or software application well known as information technology. The tremendously changing in the information technology also affected in SMEs business. The society contacted by using so many kind of media of information technology in the interactions relatively very high. SMEs as a business entity in keeping going concern should adapt the changing in the information technology in order to full fill consumer interest.

3. Research Method

This study is a descriptive analytic research approach since literature review based. collection on data and information provided by some related sources and indepth interview to some key informants related to the topic and observation by using the five senses (Alzafari, K. 2017).

The literature review selected about going concern of SMEs locate in Depok City, West Java Province. Observation focused on SMEs activities in those city. and the key informants consists of SMEs actor, customer, regulator. Based on data provided we try to mapping the formulation of going concern of SMEs in those area. Based on interview guidelines, we recorded all the answer of key informant to answer the objective of this article.

4. Result and Discussion

Based on observation, there are some prospects to support the going concern of SMEs business in Depok City, due to SMEs business in Depok offer variety of traditional culinary local wisdom based. Besides, SMEs Depok also provided happening or viral product or services in the media social. And eventhough HRD of SMEs actor in the Depok City at the level of relatively under quality, the people try hard to adapt with new period or era is that digitalization era. Based on data provided by offices Depok City, added with information and data from other prominent sources. The following table showed the top rank of the SMEs business to support people economic of Depok City. Table 1 explained only the top rank of four (4) groups of society activities of business in the Depok City, this is filtering from previous research (Cox, A. et al., 2019). The Table describes of grouping based on indepth interview with Wali Nagari (Head of Village), SMEs actors, community figure and Head of tribal ancestors.

Table 1.
Potential collaboration on SMEs economics activities_Depok City

No	Name	group	weakness	recommendation
1	bakpia	Culinary	Branding packaging	Self branding and new packaging
2	catering	Culinary	Branding, packaging networking	Professional management
3	Event organizer	cultural	promotion	Follow calender event
4	Olahan Singkong	Culinary	packaging	Packging and branding
5	Tailor	Services	promotion	Self branding
6	Setu	tourism	promotion	Self branding

Source : Author

Table 1 is the prospects of collaboration SMEs business activities in the Depok City. Based on table 1 SMEs in Depok city business can be classified into 4 categories : firstly, product non culinary, secondly local wisdom tourism destination based, thirdly variety of cultural event, and the last but not least is culinary business. The main focusedfor this article is on the first of the potential destination of tourism local wisdom based in line with government policy regarding full supporting on the tourism industry. There are a Setu, kind of small lake which location in Depok City and a few years ago famous and viral in the social media. It has been attracts a lot of visitors not only from domestic but also from abroad. Many years after, based

on site visits to the location, sadly, the location in the condition is unmanaged that make location not clean, garbage everywhere and less utilized as sources of potential people economics to elevate welfare of society surrounding this tourism destination. present of collaborations between people in the community and local government will accelerate achievement to make this tourism destination local wisdom based get a higher level of arrivals of visitors not only from domestic but also from abroad. One of the effective strategy to promote this tourism destination is by using variety of tools of social media.

As tourism destination local wisdom based predicted will be a favorite place as market place for product and services of SMEs, such as product culinary and entertainment of pencak silat attraction, and many other cultural event local wisdom based. According to observation on the site and indepth interview with local government as a one of key informants, it found that there are high request of product and services in the area of Depok City. So it is a big opportunity of SMEs in the Depok City to fulfill community needs.

One of product culinary that most suitable to develop and low cost is raw material from cassava, since people in the Depok city still have also a large land and suitable to plant cassava. Cassava can create various kinds of culinary especially for snacking time. Based on indepth interview to SMEs actors, they proposed one of product culinary of cassava will be an iconic and famous as Depok City. SMEs in the rural of Depok City should create specific and unique product of culinary from cassava and packaging in the form of attractive packaging. This kind of cassava product have potential hand giving as an iconic gift from Depok City to visitors.

It found that in the Depok city, not only prospects of product culinary and non culinary, it also has attraction of cultural events in the West Java Province, and nowadays also use as an attraction on every event in the West Java province. In the era of Covid-19 pandemic, most of SMEs actors colabs in order to target of economic efficiencies. Besides of economic scale of industries, among the SMEs actor they have been colabs, they should expand networking to sold the product and services to existing customers as well as potential customers.

5. Conclusion

Based on result and discussion we concluded that in the covid-19 pandemic era SMEs also impacted of difficult condition of lockdown or restriction in every community daily activities. To overcome the various obstacle in running the business its time to SMES should hand in hand in producing and marketing their product and service. Since this article used qualitative approach which purposive sampling location as subjek of research, we can make future research by another approach and also to make this conclusion on stage of conclusive enough and support the generalizations of the conclusions.

Acknowledgment

This article supported by grant “HIBAH” PUTI Q2 DRPM Universitas Indonesia 2022.

References

- OECD (2020). Coronavirus (COVID19): SME Policy Responses.
- R.A.Bahtiaran dJ.P.Saragih (2020), “Dampak Covid 19 Terhadap Perlambatan Ekonomi Sektor UMKM,”Info Singk. Bid.Ekon.dan Kebijakan. Publik, vol. XII,no. 6, 2020.

- Soliman, H. S., (2011). Customer Relationship Management and Its Relationship to the Marketing Performance. *Int.J. Bus. Soc. Sci.*, Volume 2 no. 10, p. 474–488. Indonesia, Finance Ministry, 2021
- F. Anggia, B. Kristian, and H. Panjaitan (2014). “Analysis of Customer Loyalty through Total Quality Service , Customer Relationship Management and Customer Satisfaction,” *Int. J. Eval. Res.Educ.*,vol. 3, no. 3, pp.142–151, 2014.
- Zhao W, (2019). The nature and roles of small tourism business in poverty alleviation: Evidence from Guangxi, China, *Asia Pacific J. Tour res*, 2009;14: 169-82
- K, Castro-Arce and F. Vanclay (2020). ”Transformative social innovation for sustainable rural development: An Analytical Framework to assist community-based initiative,” *J. Rural Stud.*, vol. 74, no, Januaray 2019, pp 45-54, 2020, <https://doi.org/10.1016/j.jrurstud.2019.11.010>.
- Pretty, Jules N., et al., (1995). *Participatory Learning and Action: A Trainer’s Guide*. International Institute for Environment and Development, London.
- Kwofie, B. & T. E. D., (2020). Emerging Opportunities for Blockchain Use by Small and Medium Enterprises (SMEs) in Developing Economies. In *Cross-Industry Use of Blockchain Technology and Opportunities for the Future*. Issue IGI Global, pp. 166-175.
- Alzafari, K. (2017) ‘Mapping the literature structure of “quality in higher education” using co-word analysis’, *Quality in Higher Education*, 23(3), pp. 264–282. doi: 10.1080/13538322.2017.1418607.
- Cox, A. et al. (2019). ‘Competencies for bibliometrics’, *Journal of Librarianship and Information Science*, 51(3), pp. 746–762. doi: 10.1177/0961000617728111.