

THE IMPLEMENTATION OF THE PANCASILA ECONOMY TO EMPOWER MSMEs POST PANDEMIC COVID 19

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Abstract

Banyak industri yang terkena dampak wabah COVID-19, terutama ekonomi. Dampak ekonomi ini tidak hanya dirasakan secara lokal tetapi bahkan internasional. Rencana pemasaran UMKM yang bergerak di sektor ekonomi kreatif, yaitu kegiatan manusia di mana individu secara mandiri mengelola sumber daya ekonomi sementara berada di bawah otoritas yang mereka kendalikan. UMKM saat ini mengubah taktik pemasaran mereka untuk mengiklankan produk mereka melalui pasar online di era globalisasi. Untuk mengetahui bagaimana ekonomi berbasis Pancasila yang bertransisi ke era digital akan digunakan dan bagaimana prioritas pemerintah daerah terhadap UMKM di masa pandemi menjadi tujuan dari penelitian ini. Pendekatan studi literatur digunakan dalam artikel ini untuk menguraikan berbagai buku, jurnal, dan publikasi internet. Kajian temuan artikel ini menunjukkan bahwa pertumbuhan UMKM digital dan kewirausahaan digital di Indonesia di tengah pandemi Covid telah berubah menjadi solusi penyelamatan. Salah satu solusi untuk memastikan UMKM tetap dapat diakses selama pandemi Covid 19 adalah pembentukan UMKM digital. Berbagai proyek pengembangan digitalisasi UMKM dalam ekosistem ekonomi digital Pancasila Indonesia dapat mempercepat proses transformasi digital. Di masa wabah Covid 19, sektor ekonomi kreatif menganut sistem ekonomi berbasis Pancasila, dan unsur pendukung kewirausahaan antara lain promosi, pelayanan prima, penghargaan pelanggan, afiliasi atau kemitraan, dan modal sosial.

Key words: *digitalisasi; ekonomi; globalisasi; pandemi; UMKM*

1. INTRODUCTION

Nurul Istiqomah, SE, M.Sc., Economics Faculty of Economics and Business, Sebelas Maret University (FEB UNS), determined that the 2020 crisis was a disaster that would occur in 2020. The largest public health and humanitarian disaster in history caused not only medical emergencies but also damage significant economy. Almost all industries have been affected, but the tourism industry has been hit the hardest by the Covid-19 pandemic due to the resulting downturn in business *social distancing*. It is anticipated that this industry will recover in 2022. The banking sector is currently facing the threat of the inability of the business world to repay loan payments (Asmara and Murwadji 2020).

To overcome the downturn in the people's economy, we are looking for the best answer through various approaches and initiatives, such as social assistance, accelerating the launch of the Pre-Employment Card, and reducing electricity bills. According to Imaduddin Abdullah (Indef Economic Observer), countries that have succeeded in overcoming the impact of Covid-19 carried out fiscal stimulus in the health sector, reducing the negative impact of Covid-19 carrying out fiscal stimulus in the health emergency sector, but also causing significant economic losses. Social assistance, faster introduction of pre-employment cards, and reduced utility rates were among the projects implemented. This epidemic impacts every country in the world, affecting many elements of people's lives. Almost all regions in Indonesia have been affected, especially the economic ecology on which people's lives have depended. In addition, the Covid-19 outbreak and its various derivatives have hampered the Indonesian economy (Purwana, Rahmi, and Aditya 2017).

The most significant economic segment, found in the Micro, Small and Medium Enterprises (MSMEs) sector, was negatively affected. One of the responsibilities of the government is to mobilize the community and provide genuine support so that they can realize their full potential by encouraging local businesses that will create jobs for the community and independently encourage local innovation to meet the economic needs of the community. The values of Pancasila must be upheld in the era of globalization if the Indonesian nation and state are to survive. So that the next generation of the nation can continue to live and practice it, and the essence of these noble values is maintained as a compass for the Indonesian nation at all times, it is interesting to study together based on Pancasila, the founding deed of our country. a country that has the principle of kinship and mutual cooperation (Mubiroh and Ruscitasari 2020).

As a way of life for the Indonesian nation, Pancasila must always be protected. It also serves as a guide for interactions between individuals and existing organizations. However, in everyday life, the ideals of Pancasila are often neglected. As a result, if the pillars of the state and constitution (Pancasila and the 1945 Constitution) are not used as benchmarks and references in thinking and acting as citizens in the midst of the swift currents of globalization, there will be too much freedom for the survival of the plural Indonesian nation.

Based on the identification of the problems above, the author of this article describes how the Pancasila economic implementation plan empowers MSMEs in the post-pandemic digital era. This article tries to explain the post-pandemic development of MSMEs, the role of local governments in supporting

MSMEs to continue implementing a Pancasila-based economy, and discusses tactics for maintaining MSME product marketing towards the digital era (Mubiroh and Ruscitarsi 2020).

2. RESEARCH METHOD

The library research method can be used in exploring the implementation of the Pancasila economy to empower MSMEs after the COVID-19 pandemic. The following is a narrative of the literature research methods that can be carried out: First, the researcher will identify literature sources that are relevant to the research topic. These literature sources can come from various media, such as books, journals, articles, government documents, and online sources such as trusted blogs or websites. Then, the researcher will collect and read literature relevant to the research topic. In this literature, researchers will look for information about the implementation of the Pancasila economy and how it can help empower MSMEs after the COVID-19 pandemic. After that, the researcher will analyze and synthesize information from the relevant literature. Researchers will read carefully and identify key ideas, themes and arguments related to the implementation of the Pancasila economy to empower MSMEs after the COVID-19 pandemic. Next, the researcher will evaluate the quality of the literature sources used. The researcher will evaluate the reliability, accuracy, relevance, and credibility of the literature sources used to ensure that the conclusions drawn from the literature analysis are reliable and useful for the research being conducted. Finally, the researcher will make conclusions from the results of the literature analysis. Researchers will make conclusions that describe the implications of implementing the Pancasila economy to empower MSMEs after the COVID-19 pandemic. In using the library research method, it is important to pay attention to relevant, quality, and up-to-date literature sources to ensure that the conclusions drawn from the literature analysis are reliable and useful for the research being carried out.

3. RESULT AND DISCUSSION

a) Pancasila-Based Economy in the Era of Globalization

Borders between countries have disappeared with the emergence of the era of globalization. Actually, globalization is not an enemy that must be defeated, according to Mubyarto (1999). However, if we don't want to be "plundered" by it, we must be careful when interacting with it. The good and bad impacts of globalization have been realized, especially in the economic field. There will inevitably be very selfish and capitalist interpretations and defenses of globalization as mere benefits that arise. As a result, excessive freedom endangers the existence of a pluralistic Indonesian nation (Muchson 2016).

The current state of the world is undoubtedly different from before. In fact, this change also has an impact on how people's lives will develop in the future. In this era, modernization has changed life significantly. Changes sometimes occur in the development of human needs caused by advances in science and technology. In Indonesia, it is clear that capitalists deliberately create new needs to meet their demands, which is one of the most obvious things they do (Hadi 2020).

In the era of globalization, Indonesia must uphold the values of Pancasila to ensure the survival of the nation and state. The nature of the noble ideals that have been upheld as the standard of the Indonesian nation in the past, as well as topics of study that must be carried out in groups so that future generations can live and practice them. Based on Pancasila which upholds the values of kinship and mutual cooperation. Because Pancasila is the way of life for the Indonesian nation, it must always be preserved. It also acts as a manual for interactions between established people and organizations. The existence of a pluralistic Indonesian state will be challenged if the basic principles of the state and the constitution (Pancasila and the 1945 Constitution) are not used as standards and references in thinking and acting as citizens while the onslaught of globalization continues (Purwana, Rahmi, and Aditya 2017).

In this time of moral crisis, it is important for us to reflect on our own behavior as economic beings (*economic man*) and remember and defend the ethical principles of humanity and divinity so as not to ignore religion, society and culture in our country. The ethics of national and state life are contained in the foundation of the Pancasila state. The Pancasila command has the following meanings:

They	Pancasila	Meaning
1.	The One and Only God.	Containing spiritual values, giving the widest possible contribution to all adherents of religions and adherents of belief in God Almighty to develop in Indonesia. This value acts as a mental strength, spiritual foundation, and ethical foundation in National Resilience.
2.	Fair and civilized humanity	It contains the meaning of single degree, equality and rights, mutual love and respect, the courage to uphold truth and justice, as well as the values of tolerance and cooperation.
3.	the unity of Indonesia	Contains patriotic ideals, love for the motherland, and ready to sacrifice for the country and the country.
4.	The nationality guided by the wisdom of wisdom in deliberation and representatives	Contains democratic principles, namely the idea that power belongs to the people, and real and organic national unity. Even though this value prioritizes the interests of the state or nation, it still respects the rights of individuals and groups, encourages consensus-building processes, and protects human dignity and the principles of justice and truth.
5.	Social justice for all the people Indonesia	This means that everyone in Indonesia has the right to fight for justice in all fields of law, economy, politics, health, education and culture to build a just and prosperous society.

In MSMEs and People's Cooperatives that pivot on a Pancasila-based economy, all the meanings contained in Pancasila can be applied. Because all the meanings of the Pancasila precepts have been applied in everyday life, especially for ordinary people who are in remote villages, there will be no problems with its application.

One type of Moral Controlled Economic System is the Pancasila Economic System (SEP). Basically 5 principles that must exist in the Pancasila economic system. The first point is that economic, social, and moral pressures drive the machinery of government. Second, people have a strong desire to achieve social equality. Third, economic policy must prioritize strong economic development. Fourth, cooperatives act as economic police. Fifth, to maintain social justice, there must be a balance between planning at the national and regional levels (Asmara and Murwadji 2020).

"Pancasila economy" is essentially a concept of economic policy that moves from left to right like a clock pendulum until it reaches a balance point. On the left shows government intervention in the form of central planning, while on the right shows the freedom to comply with market principles.

b) Definition of Micro Small and Medium Enterprises (UMKM)

Small and Medium Enterprises (SMEs) play an important role in the Indonesian economy, both in terms of the number of companies and employment production, according to Rudjito (2003).¹ Several organizations have provided definitions of MSMEs, including Article 1 Paragraph 1 of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, which states that what is meant by Micro Enterprises are productive businesses owned by individuals or individual business entities. that meet Micro Enterprises, as regulated in this Law.

Communities within the framework of the Creative Economy (Ekraf) and Micro, Small and Medium Enterprises (MSMEs) control most of the trading activities in Indonesia. This frame was chosen because of its straightforward and economical idea, especially for the lower middle class. However, to compete in a busy and competitive market and be on par with large corporations, creative economy actors and MSMEs must also remain current. Therefore, they have to adapt to their digital presence through online and virtual media or virtual worlds. In the contemporary information age, community empowerment through science and technology and digitalization of rural MSMEs is very important (Mulia 2019). MSMEs have a vital role as one of the foundations of the Indonesian economy in a number of ways as follows:

- a) MSMEs have made a significant contribution to Indonesia's GDP, reaching 61.97% of the country's overall GDP, or IDR 8,500 trillion in 2020.
- b) MSMEs have succeeded in absorbing many people, which is around 97% of the capacity of the business world to do so in 2020. Due to the large number of MSMEs and a large

number of jobs in Indonesia, MSMEs contribute to the absorption of the country's workforce.

c) In 2018, MSMEs absorbed the most credit with a total of over IDR 1 trillion.

Previously, the first two years of the Covid-19 pandemic, 2020–2021 to be precise, saw a decline in the condition of local MSMEs. Based on a survey conducted by UNDP and LPEM UI on 1,180 MSME respondents, it was found that at that time more than 48% of MSMEs experienced raw material constraints, 77% of their income decreased, 88% of MSMEs experienced a decrease in income. The decline in product demand, even 97% of MSMEs experienced a decrease in asset value.

Therefore, after the Covid-19 pandemic, Indonesia was able to rise amid the downturn of the pandemic. One of them is by reviving MSMEs and creating economic stability through the many job opportunities which are embodied in the Pancasila economic system as its application. Apart from growing the economy, this system can also contribute to MSMEs to make the Indonesian people prosperous and prosperous (Muchson 2016).

c) Digital Economy Ecosystem and the Role of Government in the Sustainability of MSMEs

As all of these are closely related to Indonesia's low entrepreneurship ratio of 3.5%, the barriers to MSME growth are quite diverse. Therefore, it is very important to improve MSME standards to promote business-friendly conditions in the future. It should be mentioned that MSMEs are very important in improving Indonesia's Pancasila economy. Even in the face of the nation's economic crisis, MSMEs have grown to become one of the main pillars and pillars of the Indonesian economy. The MSME sector, on the other hand, was very static during the Covid-19 pandemic and must continue to survive through digital transformation plans. MSMEs were only able to survive for three months during the Covid-19 outbreak, according to BPS data as of September 2020, and only 45% of perpetrators made it out alive (Mulia 2019).

Through the MSME Digital Hero program, the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) invites young innovators to support MSME digitization projects as one way to develop digital MSMEs. This program seeks to assist MSMEs in maintaining growth during the Covid-19 pandemic by increasing sales by utilizing the digital environment. Around 10–11 million MSMEs currently have access to the digital ecosystem (Asmara and Murwadi 2020). A four-step plan has been developed by the Ministry of Cooperatives and Small and Medium Enterprises to advance the digitization of MSMEs.

First, improving human resources by empowering MSME business actors to do the best of their abilities. Because the development of MSMEs in the digitalization era is very dependent on the quality of human resources. Due to a lack of expertise, many MSMEs agree that using digitalization and social media has presented several challenges (Purwana, et al, 2017). Even though MSME actors also have to

use social media and markets, they are quite knowledgeable in this field. In fact, the Emprit Academic Drone application allows MSME actors to learn how to study public opinion on social media which is currently popular.

Second, assist MSME actors in streamlining their company's operations, which are then outlined in several initiatives. In addition to marketing strategies, an understanding of the importance of financial literacy for MSMEs is also needed. Because of the ability of MSME actors to manage their business units methodically, especially related to debt and credit. Procedures for recording MSME accounting are also included in this financial literacy. Due to implementation obstacles, the majority of MSMEs in Indonesia have not kept records in accordance with the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). This difficulty is caused by the poor quality of MSME financial reports.

Third, the growth in market access, one of which encourages collaboration between the Ministry of Cooperatives and SMEs and the Government Products/Services Procurement Policy Agency (LKPP) so that MSME players can become suppliers of buying products and services from the government.

Fourth, The glorification of MSME local heroes. To gather Micro and Small Enterprises and anchor them to digital platforms or global markets (exports), these local champion MSME actors must be triggers, empower, have a strong brand, and be able to do so in general. In addition, during the Covid-19 pandemic, a mitigation and recovery strategy was needed, namely through demand stimulus and digital platform incentives to establish partnerships, in order to revive this condition. In addition, collaboration is needed in the use of innovation and technology that can help improve product quality and competitiveness in product processing, product processing, and marketing.

Micro, Small and Medium Enterprises (MSMEs) are commercial businesses that have the potential to increase employment, offer various economic services to the community, contribute to equity and increase people's income, encourage economic growth, and contribute to national stability. This study aims to identify the role of government policies carried out by the People's Business Credit (KUR) in the growth of micro and small businesses (Sonief et al., 2019). Article 4 of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises states as follows the concept of empowering these businesses:

- a) Fostering teamwork, freedom and entrepreneurship so that Micro, Small and Medium Enterprises can act independently;
- b) Implementation of fair, accountable and transparent public policies;
- c) The creation of BUMDs that focus on the market and are based on potential in accordance with the capabilities of Micro, Small and Medium Enterprises Making Micro, Small and Medium Enterprises more competitive; *and*
- d) Practicing integrated planning, implementation and control

All stakeholders must help MSMEs recover from the impact of the COVID-19 outbreak. As an illustration, businesses that offer business travel services, travel agencies, hotels, educational institutions, financial institutions, local communities, insurance companies, and from collaboration with related industries are examples of the tourism industry. The government must implement a MSME revitalization policy by increasing efforts to market MSME products both to domestic and international markets, by imposing low-interest credit policies, and by encouraging the development of MSME supporting infrastructure and the creativity of MSME that are highly competitive (Mubiroh & Ruscitasari, 2020).

Support for MSMEs is a government priority in the PEN program and handling COVID-19. The establishment of a special budget allocation to support MSMEs shows this emphasis. From IDR 695.2 trillion, the government has set aside IDR 123.46 trillion in 2020 to boost MSMEs. Thus, the government's efforts to address the problem of the large number of ministries dealing with MSMEs is another priority support. Special programs are offered by many ministries to help MSMEs.

d) Community Empowerment Strategy Through MSMEs

People in this pandemic era not only have to keep their distance but also have to maintain their health, starting from their diet to build a strong immune system. However, many MSMEs have adapted to maintain their operations and even develop branches (Industri et al. 2019). The following are some actions that can be taken by MSME business actors to maintain their operations:

Developing Products Through E-Commerce. Because so many people now use cell phones or other gadgets, e-commerce may hold promise for maintaining the continuity of MSME businesses. Shopee and Lazada are two e-commerce platforms that can be used by MSMEs.

Promoting Products with Digital Marketing. One way to promote products using online or electronic media is known as digital marketing. Digital marketing can use various e-commerce platforms such as Shopee, Lazada and Go-Jek as well as social media platforms such as Facebook, Instagram and WhatsApp. MSME actors can use videos to promote their products on social media so that a wider audience can find out about the goods being marketed. Take advantage of app ads to publicize products, for example through Facebook ads or other channels. In addition, you can create products directly on business social network pages.

Maintaining Customer Relationship Marketing (CRM). CRM is a method a business uses to carry out marketing while maintaining a long-term relationship with its clients. With a marketing strategy like this, business owners can practice it by offering promotions, discounts or free shipping to customers to increase customer trust in the company. It can also help those in need by holding events to distribute groceries or rice boxes to all areas. Customers can see the concern these business actors have for each other through this, which can increase their loyalty to the MSME business.

Improving the Quality and Service of Products and Services. Maintaining the durability and security of traded goods by strictly regulating each one, especially in the health sector, can improve the quality of

goods and services. The products offered can then be made more durable and durable during the shipping period, until they reach the consumer in the anticipated condition, thanks to the added strength in the packaging. In addition, the integration of delivery services through reliable transportation services such as Go-Jek and Grab can help improve services during a pandemic like this.

4. CONCLUSION

Micro, Small and Medium Enterprises (MSMEs) have suffered due to the Covid-19 outbreak so that some have had to close their outlets. This is because people's purchasing power is influenced by new habits that are formed due to the implementation of health regulations. The Covid 19 outbreak can finally encourage the creation of a new ecosystem, especially digital entrepreneurship, in the context of the Indonesian economy. In other words, this ecosystem has encouraged MSME actors to start transforming into the digital realm. MSMEs can continue to function without the need to do business face to face by implementing digital marketing. The majority of individuals in this New Normal Era prefer to stay indoors rather than going out. Online shopping and use of social media are becoming more popular. Digital marketing as a marketing tactic has the benefit of making it easier to analyze consumer behavior and needs to make targeted marketing decisions.

However, so far the government has worked to support digitization initiatives for MSMEs in Indonesia. This can be attributed to how MSME actors have adapted to using online marketplaces and social media for digital marketing. MSMEs are also starting to adapt to using a variety of additional applications, such as online financial platforms. Support from the government and the Ministry of Cooperatives and SMEs for the development of digital MSMEs is also needed. Because MSME actors still need a lot of assistance, direction and financing, all of which happen to come from the government. Post-pandemic Indonesia's economic ecosystem is experiencing a digital revolution which can be accelerated through a number of MSME digitization development programs. Therefore, we all hope that Indonesian MSMEs can develop quickly and become the foundation of the country's economy.[]

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