



COVID-19 Pandemic Challenges for MSMEs: Strategic Options for Surviving in the New Normal Era

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Abstract—The purpose of this study is to analyze the obstacles faced by MSMEs during the COVID-19 outbreak; and to analyze various MSME survival strategies in dealing with the COVID-19 outbreak and the new normal era. This study employs descriptive qualitative methods. Secondary data is gathered from secondary sources such as books, scientific publications, government rules, and policies. Based on the findings of this study, it reveals that MSME actors must recognize the competitive advantages of their business. MSMEs can use social media marketing and record financial reports following SAK EMKM. MSMEs can use cloud accounting to streamline the accounting process, consider customer relationship marketing strategies, and follow health protocols in running their business workplace. Several ways are expected to help MSMEs in their role as the backbone of the nation's economy.

Keywords: covid-19; msme; new normal era; survival strategies

I. INTRODUCTION

COVID-19 is an infectious disease. This virus first appeared in China and has spread to various countries worldwide. After the great economic depression in the 1930s, the impact of this pandemic also eventually led to the collapse of the global economy (International Monetary Fund, 2020; World Health Organization, 2020). Based on WHO data, there were 276,436,619 confirmed cases of coronavirus recorded as of December 23, 2021, with a total number of 5,374,744 deaths. While in Indonesia there are 4,261,208 confirmed cases with 144,042 deaths (Covid19.go.id, 2021). In addition, to being a health hazard, the pandemic has created havoc in other areas, including the economy. The effects impact both huge industries and small and medium-sized businesses (Purwanti & Fatmawati, 2021). COVID-19 has caused worldwide issues and catastrophes in all sectors, as well as high unemployment rates (Akingbade, 2021).

MSMEs play a critical role in the

Indonesian and global economies. MSMEs contribute to employment generation and are the global economy's backbone (Alliance for Financial Inclusion, 2017). Based on data from the Ministry of Cooperatives and SMEs in 2018, Indonesia has 64,194,057 SMEs and employs 116,978,631 people. Around 37,000 SMEs reported being severely impacted by the pandemic in mid-April 2020 (Pratama, Santoso, & Mustaniroh, 2021). According to the World Bank, MSMEs are critical to the economic activity of emerging countries. MSMEs make up the majority of businesses worldwide, assisting in creating new jobs and expanding the economy. The International Council of Small Business (ICSB) claims that formal and informal MSMEs contribute about 90% of all business entities, 70% of total employment, and an average of 50% of GDP (Hamundu, Husin, Baharudin, & Khaleel, 2020).

According to OECD data, a pandemic might cause economic calamity. In terms of total output and trade value, MSMEs in Indonesia are severely disadvantaged, and

many people have lost their jobs (Pakpahan, 2020). The World Trade Organization (WTO) predicts a drop in global trade volume during the COVID-19 outbreak (Islam, 2020). Significant economic losses are also incurred due to limits on communal activities imposed in response to COVID-19 (Hadiwardoyo, 2020). MSMEs in ASEAN contribute 50% to 95% of employment and 30% to 50% GDP. Because MSMEs are active in the economy, the COVID-19 outbreak influences them (Islam, 2020). The pandemic poses significant risks and problems for the business world, especially MSMEs. Most business actors felt the decline in profits. Many businesses had to close, while others were able to continue operating.

Due to the economic lockdown and the new normal in business activity, many businesses are trapped in a tangled cash flow network. MSMEs stakeholders, including the government, have provided solutions to problems during the pandemic, but most have failed to implement the solutions offered (Akingbade, 2021).

The result study conducted by Tairas (2020) showed that business owners experience difficulties in producing goods and services because of the raw materials shortage, financial liquidity and decreasing demand. In addition, the result study conducted by Hamid et al. (2021) reveals that the development, capital, marketing, product, and technology are the main problems faced by MSMEs to survive amid the Covid-19 pandemic. MSMEs' solutions include creative economy, accessing capital, loan restructuring facility, digital marketing, digital marketing training, human resource capacity, online business, and credit facilities.

Based on the background and the previous studies above, the purpose of this study is to analyze the obstacles faced by MSMEs during the COVID-19 outbreak and to analyze various MSME survival strategies in dealing with the COVID-19 outbreak and the new normal era.

II. CONCEPT

The Keynesian Theory

The business cycle theory of John Maynard Keynes was employed to explain the economic problems during the Great Depression of the 1930s. The global economy is vulnerable to cycles of economic and financial crises, which is one of the challenges faced by all businesses, especially MSMEs. The Keynesian theory analyzes this topic using

two concepts of marginal capital efficiency later and effective demand. The lack of effective demand in the economy causes an economic slump, which results in high unemployment and low productivity. In the end, it all boils down to a lack of financial liquidity among investors. (Keynes, 1933).

The global economic crisis threatens the long-term viability of MSME production or causes it to stop because MSMEs are more exposed to shocks from the outside world. Consequently, Keynes' theory advocates for government involvement to raise aggregate demand primarily through fiscal and monetary policy instruments. The economic crisis, one of the world's most serious concerns for industry and governments, is explained at an aggregate level by Keynesian business cycle theory. Most countries opted for a Keynesian approach to crisis management during the recent economic slowdown triggered by COVID-19 (Gamage et al., 2020).

Theory of Entrepreneurship

Entrepreneurship is an essential part of a country's economic growth. Entrepreneurs contribute to the development of the economy by founding a firm. According to Schumpeter's (1934) theory, entrepreneurship is defined as developing new inventions in the business by manufacturing products at various phases of the process, then creating marketplaces and having inputs by forming new organizations. Innovation and creativity are essential concepts in business because they can introduce new products or services to the market (Rita & Utomo, 2019).

Entrepreneurship is a critical factor in economic development and a tool for economic change (Akingbade, 2021). The three key factors that drive MSME entrepreneurship are the desire to be independent, believe in moving forward, and generate prosperity (Dorin & Alexandra, 2014). These three things encourage people to start new businesses (Autio et al., 2014).

COVID-19

According to WHO (2021), COVID-19 is a new type of coronavirus that causes disease. COVID-19 is a global pandemic that has infected several countries. Coronavirus infections range from the common cold and cough to more severe illnesses such as MERS and SARS. PWC (2020) stated that the COVID-19 epidemic negatively influences the economy in all countries, lowering output and productivity.

The COVID-19 outbreak is expected to significantly impact the survival of MSMEs, especially in Indonesia, in the long term, in the form of raw material scarcity, disruption of production processes, or even a complete shutdown, a sharp decline in market demand.

New Normal Era

All activities must be limited due to the effects of the pandemic, a new normal era, or scenarios where humans have to change their lifestyles, such as social segregation and socio-economic constraints. These lifestyle changes are made to prevent the spread of the virus (Irawan, 2020).

According to Government Regulation (PP) No. 21/2020, one way to do social distancing is to close the workplace. However, the world of work cannot be limited continuously because the wheels of the economy must continue to spin. Therefore, implementing social distancing needs to be done to mitigate and prepare the workplace as well as possible so that employees can adapt to the new normal era.

According to the Decree of the Minister of Health (KMK) No. HK.01.07/MENKES/328/2020, workers who return to

work after the social distancing period are given special instructions. This KMK provides guidelines for preventing COVID-19 for business actors and workers during the social distancing period until it enters the new normal phase.

The rules are divided into three sections when commuting, working, and returning home. It is envisaged that by following the directions in the KMK, the possibility and impact of a COVID-19 pandemic in the workplace will be reduced, particularly in offices and industries where there is a risk of transmission due to the effect of numerous persons in one place (Tanjung & Purnamadewi, 2021).

Indonesian MSMEs

Micro, small, medium, and large enterprises are Indonesia's four types of businesses. MSMEs are regulated by Law No. 20/2008, which sets out several definitions and requirements for this form of business. Micro-enterprises are productive activities carried out by individuals or companies that meet the criteria for micro-enterprises. Then there is a small business, which is a business that is not a subsidiary of medium or large enterprises.

Table 1.
MSMEs criteria (in Rupiahs)

Description	Net Worth	Annual Sales Results
Micro	up to 50.000.000	up to 300.000.000
Small	50.000.000- 500.000.000	300.000.000-2.500.000.000
Medium	500.000.000- 10.000.000.000	2.500.000.000- 50.000.000.000
Large	>10.000.000.000	>50.000.000.000

Source: Law No.20/2008 on MSMEs

The table above results from dividing the total value of business assets with the full value of liabilities, excluding land and buildings for commercial purposes. The business entity is an essential part of the people's economy, with a strategic role in contributing to a more balanced national economic structure. Each of these businesses serves a critical purpose in the Indonesian economy.

MSMEs are vital to the Indonesian economy as they help expand job opportunities and employment, provide safety nets for low-income areas, and contribute to GDP growth. Indonesia's MSMEs have grown and developed year after year; the table below shows the growth and development of Indonesian MSMEs from 2016 to 2018.

Table 2.

Development of Indonesian MSMEs in 2016-2018

Indicator	2016	2017	2018
Number of MSMEs (units)	61.650.000	62.922.617	64.194.057
Labor (person)	112.890.000	116.431.224	116.978.631
Constant GDP (Trillion Rupiah)	5.171,06	5.445,56	5.721,14
GDP Current Prices (Trillion Rupiah)	7.009,28	7.820,28	8.573,89
Non-oil exports (Trillion Rupiah)	225,97	301,62	293,84
Investment Price Applicable (Trillion Rupiah)	2.057,97	2.377,41	2.564,54
MSME productivity per business unit (unit)	83.880.000	86.220.000	124.300.000
MSME productivity per unit of labor (units)	45.830.000	46.500.000	68.320.000

Source: Ministry of Cooperatives and SMEs, 2018

In Indonesia, where MSMEs have been able to absorb roughly 97 percent of the workforce, they play a critical role in economic growth. MSMEs also provide 61.07 percent to the formation of GDP, 14.37 percent to non-oil exports, and 60.42 percent to the creation of fixed capital or investment, all of which help support the Indonesian economy.

Impact of COVID-19 on MSMEs

Indonesia is facing economic difficulties due to the COVID-19 pandemic's effects. According to OECD data (2020), COVID-19 has affected the economic situation of SMEs after the 2008 financial crisis. The impact of this pandemic is harming MSMEs since evidence indicates that 50% of MSMEs will perish as a result of this pandemic. MSMEs that experience a crisis due to the pandemic will substantially impact the national economy

and global economic growth. MSMEs account for 60-70 percent of employment in OECD countries. The COVID-19 pandemic's impact can be estimated. Reduced demand for goods and services depletes a company's cash reserves. MSMEs cannot function properly, resulting in people losing money due to MSMEs failing to pay workers' wages, resulting in unilateral termination of employment.

A lack of supply-side MSMEs has emerged from the COVID-19 epidemic, as well as a shortage of social connection. Finally, it contributes to the community's unwillingness to labor during the pandemic (Sugiri, 2020). In response to COVID-19, more than 106 nations have launched social security systems and labor market measures. The government must execute a policy mix to ensure that the MSME sector survives and recovers from the epidemic (Gentilini, Almenfi, & Orton, 2020).

Table 3.

Impact of COVID-19 on MSMEs

Impact	Percentage (%)
Decrease in sales	56,0
Difficulty in capital	22,0
Hampered Product Distribution	15,0
Raw Material Scarcity	4,0

Source: Ministry of Cooperatives and SMEs, 2020

MSMEs' Continuity Strategy

The impact of the crisis on business players must be considered, as it impacts current and future corporate performance. According to empirical studies, 75% of business organizations without a business continuity strategy will fail within three years of a calamity (Cook, 2015). During an emergency, efforts should be made to develop contingencies and business plans that can help

limit and mitigate the crisis' impact on micro and small businesses (Quarantelli, Lagadec, & Boin, 2007). Micro and small businesses can thrive by encouraging innovation through rapid distribution, targeted marketing, and low prices. According to several studies on crisis management, there are three phases that MSMEs must go through to help them recover, namely the pre-crisis phase, the crisis phase and the post-crisis phase (Fabeil, Pazim, & Langgat, 2020; Leinonen et al., 2018).

The Ministry of Cooperatives and SMEs

have created particular initiatives in anticipation of the impact of Covid-19 on MSEC players. The following are the programs: 1) proposing an IDR 2 trillion stimulus for MSME and cooperative purchasing power; 2) promoting and facilitating effective social distancing while allowing stalls to operate efficiently; 3) restructuring program and interest rate subsidies for micro-enterprises; 4) loan restructuring for cooperatives by LPDB MSECs; 5) encourage the distribution of masks to all; 6) attempting to include the micro sector, which is quite significant in number and the most vulnerable to Covid-19, in the group of recipients of pre-employment cards for daily workers; 7) financial aid in the form of cash; as well as, 8) MSECs can benefit from proposed income tax articles 21 and 25, import income tax, and value-added restitution.

III. METHOD

The MSMEs' challenge and survival strategy during the pandemic and in the new normal era are examined using a descriptive qualitative technique in this study. According to Bogdan and Taylor (1990), qualitative research collects descriptive data from people and observed behavior in written or spoken words. This study uses secondary data collected from various sources, including books, scientific journal articles, and government laws and policies. This method can provide relevant analysis to solve the problem formulation using qualitative descriptive techniques, such as how SMEs face challenges during a pandemic and various survival methods. The data were evaluated using descriptive analysis. Then research findings were used to form conclusions. According to Miles and Huberman (1984) in Creswell (2015), data collection, data reduction, data presentation, and concluding are the steps taken to analyze the data. The following is the approach used in the study: 1) Keywords are being used to improve the study; 2) Ignore irrelevant papers, uses determinants of inclusion to delimit articles; 3) Ignore irrelevant papers; and 4) Assessing content and making changes depending on the central theme of the review (Gamage et al., 2020).

IV. RESULT AND DISCUSSION

COVID-19 Pandemic Challenges for MSMEs

The pandemic is challenging to solve because external economic variables cause it. SME's are impacted, for example, by logistical

issues caused by transportation bottlenecks and a supply-side staff shortage. Due to lockdown measures, customer distrust, and the closure of several Global Value Chains (GVCs) in the affected industries, SMEs saw a considerable decline in demand. The degree of supply and demand shocks is expected to differ depending on whether the enterprises are independent, specialized providers or knowledge-based SMEs. This information is needed to understand the medium and long-term impacts and is required to develop appropriate solutions (Juergensen, Guimón, & Narula, 2020).

Academics have explored various problems SMEs face in developed and developing countries. Capital instability, innovation, regulatory and tax clearances, labor rights, and competitiveness have all been raised in the literature (Gamage et al., 2020). Insufficient operating cash flow, decreased demand for goods and services, and temporary firm closures to stop the virus's spread is among the key issues SMEs face during the pandemic. MSMEs lose the opportunity to meet new customers. Some of these challenges require the modification of new business models and strategies. MSMEs are also ultimately needed to provide new products and services (Vandenberg, 2020).

Scarcity of Raw Materials Due to Operational Restrictions

The Indonesian government's social distancing policy has caused production to be halted. Several organizations have implemented work from home (WFH) programs, while others have decided to lay off personnel. As a result, production capacity has been drastically reduced. Whether you like it or not, this situation results in a shortage of raw materials for home industry production or dramatic price hikes. As a result, the product selling price rises as well. Because people's purchasing power is now sluggish, this alternative is regarded dangerous (Tanjung & Purnamadewi, 2021). When operating constraints exist, SMEs limit the items, they create to keep their businesses afloat until raw material supplies return to normal. Efficient management of raw materials can help to save costs. Meanwhile, errors in raw material management will become a burden and cause the production process to be delayed (Lubis, 2017). Most MSMEs in Indonesia experience a shortage of raw materials due to delays in supply during the Large-Scale Social Restrictions (PSBB). As a result, many MSMEs limit output and rely on a pre-order

arrangement with clients to keep their businesses afloat while extra raw materials are delivered (Irawan, 2020). Due to the closure of borders, the COVID-19 pandemic has severely hampered effective product supply chain distribution worldwide. As a result, to continue in business and deliver end products to end consumers at reasonable prices, SMEs must substitute alternative local raw resources. The COVID-19 pandemic has severely hampered financial markets, resulting in total lockdown and economic recession (Akingbade, 2021).

Consumer Behavior Changes as a Result of Digitization

The world is moving towards being entirely online. On e-commerce platforms, consumers seek knowledge to handle risks and concerns (Jiaming et al., 2020). Customers have started adjusting to the new normal by making purchases on the website, placing delivery orders, and using video conferencing for professional and personal needs, all of which will go on when the pandemic is over (McKinsey and Company, 2020). MSME actors must be adaptable in the face of growing competition. MSMEs must implement reliable marketing communications to enhance demand, sales, and consumer responses (Rahmawati & Pratama, 2019). Customer buying behavior is being influenced by the rising convergence of the effects of social media, visual marketing, and e-commerce. Finally, it opens up previously untapped possibilities. UMKM can develop a seamless experience that integrates social media and other digital channels like e-commerce and digital modes of payment by figuring out how to make decisions based on marketing judgments. Finally, MSMEs will benefit from all of this (Ahmad & Hadi, 2020).

Crisis Management and Response

Based on McCarthy (2003), when facing a crisis, entrepreneurs become more rational and are guided by planned behavior when making decisions. Then, entrepreneurs innovate by creating survival strategies to deal with the impact of the crisis on businesses. Business actors carry out marketing innovations through promotions, setting alternative prices, creating alternative distribution channels, reengineering products, and using online campaigns to be more effective and efficient (Bourletidis & Triantafyllopoulos, 2014; Naidoo, 2010; Yu-Lian, 2008).

McMahon (1998) concluded from a literature review that day-to-day crisis management is critical for the MSMEs life

cycle. Thus, MSMEs must respond to changes in the external environment faster than large enterprises (Eravia, Handayani, & Julina, 2015). After the financial crisis, MSMEs experienced an increase in output, then exports, and also added value. Similarly, the number of MSMEs has increased while large enterprises have dropped (Sung, Kim, & In, 2016). Businesses immediately created measures to deal with the COVID-19 pandemic during the outbreak. In a rapidly spreading pandemic, current business continuity measures may be ineffective. As a result, MSMEs must implement risk management strategies in the event of a pandemic and contingency plans that include proper and frequent communication with stakeholders such as employees, customers, and the government (PWC, 2020).

Strategic Options for Survival in the New Normal Era

There are five protection and recovery programs for cooperatives and MSMEs during the COVID-19 pandemic, according to data from Kemenkop-UKM (2020). First and foremost, giving social help to MSME actors who are disadvantaged and vulnerable. Second, offering tax benefits to MSME actors with less than IDR 4.8 billion annual revenues, specifically a six-month income tax holiday. Third, lending for MSMEs should be loosened and restructured, and expand working capital financing. Fourth, assist in support of MSME products. Conduct e-learning training as the fifth step. The government must pay attention to the impact and create a survival strategy to survive during the pandemic. There are seven pillars to help SMEs and entrepreneurs achieve a strong recovery, according to OECD data 2021.

First, maintain emergency support where trading restrictions remain in place, particularly for vulnerable parts of the SME community, such as younger and smaller enterprises, as well as women and minority entrepreneurs, and plan for a phased pullout when conditions permit. Second, reboot start-up strategies to boost the recovery potential of innovative new enterprises, including steps to encourage second-chance entrepreneurship after the pandemic. Third, help SMEs extend and integrate the transaction by giving guidance and support, such as helping them upskill, enhance their digital security profile, and connect with digital service providers. Fourth, assist SMEs in regaining competitive positions in Global Value Chains (GVCs) and expanding their capacity to absorb global

knowledge and innovation spillovers. Encourage locations to become magnets for attracting and keeping foreign investments in more resilient value chains.

Fifth, make sure that recovery and stimulus packages contain a significant focus on greening SMEs and entrepreneurship, as well as efforts to achieve net-zero emissions. Sixth, improve multilevel governance and coordination across government levels to build stronger place-based SME and entrepreneurship and industrial policies, including more intelligent regulation, strategic public procurement, and improved business development services. Seventh, build the evidence base on SMEs and entrepreneurship and the conditions for their success and sound policy practices for maximizing their recovery potential, mainly through improved monitoring and evaluation techniques, new data sources, and new kinds of research collaboration.

Creating Competitive Advantage Strategy

MSME strategy changes in reaction to the pandemic must be appropriately prepared. Developments in service systems, transaction systems, production systems, and the usage of information and communication technology are all examples of these changes. MSMEs continue to operate despite the pandemic by pursuing a competitive advantage strategy such as innovating to regain consumer confidence and implementing promotions. Social media and information technology are not the only things that help MSMEs overcome obstacles and create new business chances in the new normal era. However, as the importance of business strategy transformation grows, MSMEs must continue to improve their business performance (Irawan, 2020).

MSMEs are using the following strategies to mitigate the consequences of the pandemic on their businesses: Consider accelerating digital change such as transitioning to teleworking, workforce planning, and upgrading digital skills (PWC, 2020). Planning, financial discipline, product rebranding, packaging, and a new approach to business improved growth and performance. Digital commerce channels, mainly growing or new markets, quickly become the new normal in corporate strategy. Using technology, digital business models, and e-commerce to start more businesses online is the new way of doing business. Conditions and circumstances drive enterprises to adopt teleworking, and the benefits include lower company costs and

leasing rates and more flexibility in corporate operations (Akingbade, 2021).

Social Media Marketing

According to the Indonesian Digital Report 2020, Indonesians spend an average of 3 hours 26 minutes on social media. Indonesia's overall number of active social media users is 160 million, or 59 percent of the entire population, with 99 percent accessing the site using their cellphones (We are social, 2020). This report shows that social media has significant commercial potential and has developed into a simple tool to connect customers and businesses online, connecting consumers worldwide. Because SMEs have limited resources, such as cash and technological competence, this platform is ideal for them (Rana, Barnard, Baabdullah, & Rees, 2019). Social media marketing increases a company's credibility and brand loyalty, making it easy for customers to learn about its items (Puspaningrum, 2020).

For Indonesian SMEs, social media marketing has a huge influence and impact. One of the significant advantages of using social media for business, according to (Jones, Borgman, & Ulusoy, 2015), is that it may draw the attention of a broad spectrum of customers at meager expenses. So that MSMEs can continue to operate and maintain their performance even if there is a pandemic.

Financial Report based on SAK EMKM

The Indonesian Institute of Accountants (IAI) released SAK EMKM, which has been in force since January 1, 2018. This standard is designed to assist SMEs in becoming more transparent, efficient, and accountable. SAK EMKM is designed to help MSMEs adopt the accrual basis of accounting, serve as a driver of financial literacy, and serve as a foundation for creating financial reporting for MSMEs. The accrual basis assumption is used in SAK EMKM reports recording transactions as they occur. The going concern assumption determines whether the company can keep in any future situation (IAI, 2016). SAK EMKM was established to assist MSME players in Indonesia in preparing financial reports to quickly obtain finance from various financial institutions (IAI, 2016). Business owners can also use financial accounts to make better economic decisions in their business enterprises.

According to Putra (2018), MSME has supported and improved national economic growth. All components should support MSME's key role in developing and presenting

advanced, independent, and modern MSME, including full access to banking and financial services sectors. SAK EMKM is prepared to assist MSMEs in meeting their financial reporting requirements. The publication of SAK EMKM is a way for the Indonesian Institute of Chartered Accountants, as an accounting profession organization, to assist the growth of Indonesian MSME by improving the openness and accountability of financial reporting organizations.

Cloud Accounting (CA) Adaption

MSMEs require accounting information to learn about the current state of their business. According to (Lussier & Halabi, 2010), accounting records are critical in determining a company's success or failure. Cloud accounting refers to an accounting system that manages and transmits financial information from consumers to the computer of the cloud service provider (Hamundu et al., 2020). The cloud accounting adaptation method represents a significant shift in the accounting system in use. The user interface of cloud accounting becomes more accessible, making it easier for non-accounting individuals to access it (Ma, Fisher, & Nesbit, 2021).

Even though CA adoption among Indonesian MSMEs is modest, some are already aware of its advantages. Low adoption rates are due to a lack of knowledge about CA technology's availability. Several factors have been established that influence the willingness of Indonesian MSMEs to embrace CA, especially with government support. MSMEs will adopt CA based on research if the perceived benefits are more significant than the costs. MSMEs will also adopt CA if the application system is easy to use. (Hamundu et al., 2020).

Customer Relationship Marketing (CRM)

CRM is a marketing strategy for establishing and maintaining long-term customer relationships. This strategy is done so that customers who previously shopped can do it again. This strategy can be used during a pandemic by offering promotions or discounts; due to the current economic climate, this method can help businesses survive. This customer relationship marketing strategy can help profitably improve marketing. This strategy is in line with previous research (Farida, Naryoso, & Yuniawan, 2017), which found that having a Customer Relationship Marketing strategy can have a good and significant influence on Customer Relationship

Management (CRM) plays a critical role for MSMEs in Indonesia.

Due to the advancement of digital technology, accurate information about clients is now publicly available, including previously unknown details. No matter how clever, guessing is no longer the only approach to improve a company's competitiveness. Technology adoption is critical in the business world. This adaptation is proper not only for major corporations but also for small businesses. The presence of customer relationship management is required (CRM). MSMEs may harness the potential of CRM to improve customer experience, resulting in better satisfaction and loyalty over time. CRM was created to assist firms in gaining insight into sales performance to adjust plans in response to identified trends (Thendywinaryo, Sidik, & Goenawan, 2021).

Incorporation of Health Protocols into Business

According to Circular Letter (SE) No. HK.02.01/MENKES/335/2020, it is necessary to prevent COVID-19 transmission to workplace managers, business actors, workers, customers or consumers, and the community involved in the service and trade sector by adapting to changes in lifestyle in the new normal situation. During the current health crisis, one of the most critical problems for MSMEs is worker health and safety. Because prevention is preferable to cure, global research shows that pandemics can be avoided. In this global health catastrophe, all businesses, including small and medium-sized enterprises, must act responsibly and follow national legislation to ensure minimal contact and a clean working environment (Shafi, Liu, & Ren, 2020). Business actors are required to clean and disinfect regularly, provide handwashing facilities, promote clean and healthy living behavior, monitor temperature, require the use of masks, install information media regarding distance, provide non-cash payments, and prevent crowds.

V. CONCLUSION

Based on these findings, it can be inferred that the COVID-19 pandemic impacts Indonesia's MSME sector. Changes in consumer behavior resulting from digitization, lower sales, capital constraints, product distribution barriers, difficulties in procuring raw materials, and crisis management responses are examples of these effects. Because of the pandemic's effects, the

Indonesian government has implemented measures to empower MSMEs. The government has implemented several MSME protection programs, including social support, tax incentives, relaxation of credit restructuring, growth in working capital financing, and e-learning training. Other strategies include creating a competitive advantage strategy, maximizing social media marketing, doing bookkeeping under SAK EMKM, cloud accounting adaption, maximizing the concept of customer relationship marketing, and incorporation of health protocols into business.

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