

Digital Transformation and Survival Strategies MSMEs during the Pandemic: Evidence East Java Indonesia

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Abstract

As a form of digital transformation for businesses that can survive for MSMEs during this pandemic, MSMEs in East Java are considered to also adapt to this digital transformation. The concept of the National Economic Recovery is that the government provides support incentives for MSMEs to be able to survive during the pandemic. This study will be researched and discussed using qualitative descriptive methods. The samples in this study used purposive sampling techniques with a total of 100 respondents, which matched the criteria in the study. Respondent criteria are MSME actors who have existed before the pandemic and continue to survive during the pandemic. This success shows that the majority of MSMEs in East Java has implemented a survival strategy for the industrial landscape so that it shows growth. The growth of MSMEs is derived from the concept of adaptability of this survival strategy and the implementation of the National Economic Recovery so that there is a stimulus from the government for MSMEs.

Keywords: Digital Transformation, Human Development Index, MSMEs, Survival Strategy, The National Economic Recovery

Introduction

East Java is an area that is one of the centers of indicators assessing the achievement of all government policies. This can be seen with the success in East Java, it will not be inversely proportional to the achievements achieved by the government nationally. Many factors stimulate economic achievements, one of which is success in making regulations about MSMEs. This regulation aimed at MSMEs has an outlined goal is how MSMEs can grow and develop properly, with all macroeconomic circumstances and conditions that are happening. Quoting from what Purnomo (2019) said, east Java MSMEs contribute to considerable economic growth, even if the value can be more than half and a higher number when it will be compared with the national average.

There is no agreement on the universal definition of microenterprises, these business units are limited to 1 to 10 full-time employees including owners. The value of income earned depends on the respective country (López & Hiebl, 2015; OECD, 2010, Setiyo et al., 2022). Microenterprises are important in developing countries; because these micro-enterprises are a contributor to a source of income and an alternative to a job (Dyt & Halabi, 2007). In addition, micro-enterprises are a tool for reducing poverty (Huerta & Anaya, 2017). Research on microenterprises in developing countries is relevant and appropriate to understand their characteristics and processes, compared to developed countries and larger companies (Dyt & Halabi, 2007; López & Hiebl, 2015; Senftlechner & Hiebl, 2015).

The main project of the East Java Cooperative and MSMEs Office in 2019 MSMEs is how can East Java MSMEs "Move Up the Class", this is intended if MSMEs on a micro-scale can develop into the middle class. Based on data from the East Java Cooperative and MSME Office, it shows that the

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number of MSMEs that grow is as many as 414,000 and or can contribute 57.52% of GDP to east Java PDRB. With the tag line "Jatim Berdaya", "Jatim Kerja" and "Jatim Argo" then a form of east Java government effort to bring MSMEs in a clearer and more structured direction to carry out business development. In addition, in 2020, it has budgeted a cooperative development fund, for small and medium enterprises of Rp. 70 billion in the 2020 APBD.

The national economy is in dire need of microenterprises (Alattar et al., 2009; Berrone et al., 2014; Liberman-yaconi et al., 2010; Shields & Shelleman, 2016; Wiklund & Shepherd, 2005, Sulistyan et al., 2022), which are used as the most relevant sources of income (Liberman-yaconi et al., 2010), in a single unit of the economy (Berrone et al., 2014). However, there is still little research on microenterprises, which deals with their decision-making processes (Berrone et al., 2014; Liberman-yaconi et al., 2010; Shields & Shelleman, 2016). Management in microenterprises is still very simple, innovative, and intuitive, measuring the skills, expertise, and knowledge of the owner/manager (Liberman-yaconi et al., 2010).

In early 2020, the whole world is being hit by the Corona pandemic which resulted in various sectors becoming weak, especially impacting the stability of the world economy. This health crisis also affects the economic condition of the Indonesian government. Almost all economic joints were hit by the health crisis triggered by the Covid-19 pandemic and the micro/MSMEs segment was no exception. During this time microgreens are a mainstay because it is very resilient to macroeconomic conditions, in this case, it also contracts. In this case, the adaptable attitude of MSME actors will be a macroeconomic state that makes this segment will rise faster. Many MSME actors who have reached the lowest point will quickly rise again by adapting to improve how they live their business. MSMEs are business people affected by the pandemic (Arianto, 2019), with technological innovation and improvement, and adaptability, MSMEs can still survive and be creative with the use of the internet or business digitization (Nurharista et al., 2020). MSMEs maintain their business through an online framework (E-marketing), innovation work, and business training; so that MSME businesses do not stop and continue (Awali, 2020; Santoso, 2020). Research is needed that can contribute to a better understanding of microenterprises, and the factors that determine the use of information and accounting systems. The results highlight those public policies aimed at encouraging microenterprises should facilitate access to technology and external funds (Ruiz & Collazzo, 2021) The forms of strategies of MSME actors in the process of adapting are as follows:

Table: 1 Forms of Adaptation Strategies for East Java MSMEs

No.	Form of Strategy	Adaptability Process
1	Products	Reconditioning the products produced, adjusted market demand, for example by way of packaging, changing product specifications.
2	Price	The price is lowered with the concept of better profit a little but the product can sell well in the market continuously. Prices are sold with the concept of packages; so that existing products can be sold all not dominated by one of the products.
3	Promotion	Switching the concept of transaction digitization, the concept of promotion maximizes social media, starting from IG, Facebook, Twitter, what apps, and others. Promotions uploaded on social media at the same time provide space to directly be able to transact.
4	Place	For the place, here the MSME actors are no longer focused on developing their stores, but rather on their virtual stores. In this case, the virtual store is always on all social media and always up to date.

Source: Field Observation (2022)

Based on the table above, it can be known that MSME actors can develop all new ideas, ideas, and concepts in trying to contribute and contribute as socio-economic problem-solvers during the pandemic. With this pandemic, it grows in the community as a consumer with all the characteristics of the product concept and how to transact. More consumers are at home and cannot intersect directly so transactions occur digitally. This resulted in a change in the industrial landscape to create a new competition map for MSME actors. This industry landscape is limited to four (4) business characteristics, namely: Hygiene, Low-Touch, Less Crowd, and Low-Mobility.

MSME actors can survive and grow with this corona pandemic if they can adapt their business to the four characteristics of the industrial landscape. It is needed high sensitivity to the pattern of

consumer needs in the present, and MSME players must be able to serve market desires. When looking at the government's policy on the pandemic that has an impact on most sectors, there is a National Economic Recovery (PEN) policy in 2020 and continued in 2021. The concept of the PEN is that the government provides support incentives for MSMEs, the realization to support this has been absorbed by Rp. 112.90 trillion and enjoyed by more than 30 million MSME actors in 2020.

The PEN program aims to help the decline of the workforce, MSME actors are expected to create new job opportunities with the addition of 760 thousand people and an increase of 4.55 million informal workers. The state of MSMEs during this pandemic is widely described as a weak point in the marketing of products that use online sales platforms, production tools that have not been able to adjust to the concept of production during the pandemic, and human resources that are still too much (Seki & Armayana, 2021). Meanwhile, a subsequent study conducted by Hakim (2021) outlined that an in-depth analysis of Sate Taichan's "Goreng" (STG) marketing communication strategy during Large-Scale Social Restrictions (PSBB) in Indonesia was carried out in several cities with high economic potential in Indonesia. In its application, STG uses 8 (eight) models of the marketing communication mix. As a result, Sate Taishan "Goreng" was successfully operated with a new normal adjustment with the support of implementing a continuous cross-channel marketing communication strategy. In addition, the new normal life that leads to the "Stay at home" economy is also considered to play a major role in the success of STG business operations during the PSBB. This research explains that MSMEs represented by STG make adjustment processes to stay afloat, namely by conducting cross-channel communication strategies.

E-Commerce with indicators of purchasing activity, sales marketing, and electronic systems. Based on multiple linear regression tests explaining that e-commerce has a significant and positive effect on the performance of MSMEs, the results of research from Setiawati et al. (2021). This research supports the research results of Al Hakim (2021) which stated that MSMEs must be able to make sales online survive. This policy-making program during the crisis was organized in a forum that discussed the strategy and concept of implementing the national economic recovery program during the pandemic, which was attended by representatives of BI, the Ministry of Finance, and the CPC. In this forum, it was conveyed that this pandemic is an extraordinary phenomenon because it is not known when it was last. There is no experience in overcoming the pandemic problem, so benchmarking countermeasures do not yet exist, so the PEN program should be appreciated.

East Java is one of the provinces on the island of Java that is quite competent in the development of its MSMEs. Characteristics that distinguish MSME actors in East Java from other regions are in terms of local wisdom, that MSME actors can adjust to the emerging trends in the community. And based on its geography almost every region in East Java has its peculiarities and different human resources potential. For example: for one of its products, namely tempeh chips, then the one from Malang will be different from the one from Trenggalek. So, MSME actors in East Java with the same type of products but each region highlights different peculiarities. The challenges faced by MSME players in East Java are how to carry out quality control of products, lack of knowledge about the latest production technology and the ability to read market needs are still not sharp. If you see demand from consumers during this pandemic period, it is expected that MSMEs must be able to transform to follow consumer desires.

Demand for transactions is strongly influenced by the level of people's purchasing power and the inflation rate. The level of people's purchasing power can be measured in the value of the Level of Human Development Index (HDI), which is an index based on education, per capita income, and public health in a region. Based on data from BPS in 2020, the HDI level in East Java shows at 71.71 which has an upper-middle or good meaning. While the inflation rate that occurred during 2020 in East Java shows the following values:

Table: 2 East Java Monthly Inflation Rate 2020

No.	Month	Inflation	Information
1	January	0,50	Low
2	February	0,31	Low
3	March	-0,01	Low
4	April	-0,12	Low
5	May	0,18	Low
6	June	0,28	Low
7	July	-0,29	Low

8	August	0,04	Low
9	September	-0,15	Low
10	October	-0,02	Low
11	November	0,26	Low
12	December	0,46	Low

Source: Bank Indonesia Representative Office, East Java Province (2021)

Inflation in East Java is still in the low category, so this shows that the corona pandemic has not had a significant impact on economic conditions in East Java. With this low inflation rate, when it is connected with the level of purchasing power of the community, it can be said that there is no problem. When referring to Indonesia's HDI data in 2020, it was 71.94 or grew 0.03 percent (an increase of 0.02 points) compared to the previous year's achievement. The slowdown in HDI growth in 2020 was strongly influenced by the decline in average adjusted per capita expenditure. Temporary allegations show the impact of this pandemic is a decrease in average per capita expenditure because of the decrease in people's per capita income. Meanwhile, the inflation target for 2019-2021 is set based on Regulation of the Minister of Finance No. 124 /PMK.010/2017, at 3.5%, 3.0%, and 3.0%, respectively, with deviations of $\pm 1\%$. The target figure or inflation target can be seen on the bank Indonesia website or the website of other government agencies such as the Ministry of Finance, the Office of the Minister of Economic Affairs, or Bappenas. Before Law No. 23 of 1999 concerning Bank Indonesia, the inflation target was set by Bank Indonesia. Meanwhile, after the Law, increase the credibility of Bank Indonesia, the inflation target is set by the Government.

Kala et al. (2018) outlined that inflation and exchange rates do not influence-economic growth. Another study rejecting the results of research from Nizwar is research from Kubinski and Barnea (2016) which states that inflation influences economic growth and systematic risk. And for research related to the concept of JCI conducted by Sembiring (2020) then inflation is stated not to have a significant influence. So, it can be known that inflation has no influence on economic conditions, but with inflation, many practitioners or regional policymakers use inflation as an indicator for decision-making in maintaining economic stability.

Based on the industry landscape, consumers now want to transact in Hygiene, Low-Touch, Less Crowd, and Low-Mobility. And based on the government stimulus program, namely PEN, and the condition of people's purchasing power levels based on HDI values and inflation rates, MSMEs should still be able to survive this pandemic. This research; is to find out whether MSMEs in East Java can already implement survival strategies based on the industrial landscape, and also what obstacles MSMEs face in East Java with the application of the industrial landscape. This will be elaborated on and sought the answer in the concept of descriptive research.

Digital transformation in its application shows the existence of two perspectives, resulting in ease of running a business because of its high adaptability, and showing the loss of work (Hizir, 2022) Business units must make capital investments in the field of information technology, in order to survive with the development of globalization. Digital Maturity (DM) has a negative influence on the company's performance, that technology and digital transformation take a long time to have an impact on the company's performance (Jardak & Ben Hamad, 2022).

Literature Review

A survival strategy is a pattern of a business that has been planned with the fulfillment of a minimum requirement that can be used for problem-solving, and this pattern is usually in the form of actions or behaviors (Putra, 2003) According to Haviland (1985) defines survival strategy is the way used by individuals or groups in showing their existence and existence of value in themselves that are material and non-material. Survival strategy is the concept of how to be in contact with the environment. In this case, it exemplifies that the behavior of surviving to live is if it can synergize and adapt to its environment so that all problems faced can be overcome (Putra, 2003) While strategy is a way used based on intuition, experience, and evidence/facts. In the complete dictionary of sociology is described that strategy is a way/tip in achieving a goal (Mustofa & Maharani, 2008) If it is connected between strategy with survival /survival then it is more focused on how and tips run by individuals or groups in an ecosystem that have different characteristics so that there need to be adjustments so that they can adapt.

Survival strategy in an economic context is how individuals who have a business can survive in seeking profit with various conditions that occur in the field. Conditions in lanpangan can be

described by the existence of business settlements, the emergence of substitute goods, and the existence of economic or health crises. The Corona pandemic is one example of a health crisis that affects all sectors, especially the economy. The industrial landscape is the product of economic conditions that are in the middle of a pandemic or health crisis, this is indicated by changes in thinking patterns, habits, culture, and behavior. People are now interacting and transmitting putting forward the concepts of Hygiene, Low-Touch, Less Crowd, and Low-Mobility. This concept arises because people cannot transact directly, so demanding the goods purchased is a quality (hygiene). People also expect to be able to get the desired item without contact, queuing, crowding, and a little effort to get it. This arises because this corona pandemic changes the culture that occurs in the community, with the regulations to prevent the spread of this coronavirus.

In-law No. 20 of 2008 defines MSMEs as businesses to trade or sell products whose management by individuals or business entities concerning the productive economy by the characteristics or characteristics that have been determined. The Indonesian government is currently trying to be a government that always follows the development of technology, meaning that every potential technological progress is sought to be adopted which aims to be able to develop and improve various development sectors. In the current era, President Joko Widodo has a big vision, especially in the digital economy sector.

Micro Small and Medium Enterprises (MSMEs) is one of the economic supports in the country, because of the resilience and test of MSMEs in surviving all economic crises that have occurred. MSMEs are an important aspect of economic development that is very competitive, because MSMEs are quite flexible and easily adapt to the ups and downs and directions of market demand, besides that MSMEs are enough to contribute to the job. The strategic role of MSMEs in Indonesia based on data from the Central Statistics Agency 2009 shows the number of MSMEs as many as 52.76 million units, potential GDP (Gross Domestic Product) of 56.92%, and contribution to absorbing labor of 97.30%. MSMEs have shown their existence in the national economy with various contributions both from the macro and micro sides. The number of MSME actors in East Java currently reaches 6.8 million. With so many MSME actors, the East Java economy will certainly continue to be stable and more prosperous. With so many MSME actors, the East Java economy will certainly continue to be stable and more prosperous. Moreover, if these MSME actors immediately improve their ability to Go Online. This is supported by Indonesia in 2020 becoming the largest digital economy with the use of a million free domain facilities from the government.

The Indonesian government is currently trying to be a government that always follows the development of technology, meaning that every potential technological progress is sought to be adopted which aims to be able to develop and improve various development sectors. In the current era, President Joko Widodo has a big vision, especially in the digital economy sector. This is shown from the target programmed by President Joko Widodo, that Indonesia will become the largest digital economy power in ASEAN by 2020, with a projected value of e-commerce transactions reaching 130 million US dollars in 2020.

According to Bank Indonesia, the value of transactions in e-commerce increased to 338.2 million, for internet users 175.4 million people, and those active on social media were as many as 160 million people. Data from Bank Indonesia outlines that e-commerce transactions in August 2020 rose and reached 140 million and when compared to the previous year, it reached 80 million transactions and in August 2018 there were 40 million transactions. (Bank Indonesia, n.d.)

National Economic Recovery (PEN) is a government policy in supporting MSME actors in the face of the impact of the health crisis or corona pandemic. This program, which is specifically for MSME actors, is to provide support incentives for MSMEs. The realization of PEN aimed at MSME actors is RP 112.84 trillion and which has been enjoyed by more than 30 million MSMEs in 2020. Meanwhile, for 2021, the government has budgeted a PEN of Rp 121.90 trillion as a form of support for MSMEs and to maintain the continuation of economic recovery momentum.

This is because; the Government is trying to be able to provide several stimuli through various policies, ranging from loan restructuring, additional capital assistance, electricity bill payment waivers, and other financing support," as stated by the Secretary of the Coordinating Ministry for Economic Affairs Susiwiyono Moegiarto through his keynote speech at the Webinar "Economic Recovery for the National MSME Sector", Wednesday (28/4), held by Alike. Communication with the School of Business and Management of Bandung Institute of Technology (SBM ITB). Inflation is defined as a symptom in which the general price level increases continuously. Based on this definition, the general price level increase that occurs once in a while cannot be said to be inflation.

- Three components must be met to be said to be the occurrence of inflation (Nanga, 2005), namely:
- There is a tendency for prices to rise, which means that the price level that occurs at a certain time goes down or up compared to before, but still shows an increased tendency.
 - The price increase occurs continuously (sustained), which means it does not occur at one time, but can be sometimes.
 - The price level referred to here is the price level in general, which means that the price has increased not only on one or several commodities; but for the price of goods in general.

HDI is a way to be used to explain how residents can feel the development carried out by obtaining income, health, and education. HDI was a program of the United Nations Development Programme (UNDP) in 1990 and is published in the annual Human Development Report (HDR) continuously. In 1996, BPS and UNDP first published HDI as a tool to measure human development. HDI measures various relevant aspects through a composite index consisting of health, education, and income (purchasing power). At this time HDI is considered a tool that can be used to be able to reflect the results of development that focus on human development.

Methods

MSMEs are one of the pioneers in an economic order that supports economic stability in a government. MSMEs in East Java show quite active activity in growing and developing. With the corona pandemic, faced with problems that are quite hitting also the sustainability of the business of MSME actors. A survival strategy is implemented by MSMEs to be able to immediately adapt and adjust to the surrounding circumstances, especially consumer behavior. Pursuing this survival strategy and being supported by the Government's National Economic Recovery program, especially those aimed at MSME actors, namely interest subsidies and MSME incentives, is expected to make the success of MSMEs to survive this pandemic.

This research is to find out whether the survival strategy of the Hygiene, Low-Touch, Less Crowd, and Low-Mobility industrial landscape that must be applied by MSME actors during the current Pandemic and with the concept of PEN from the government for MSME actors, MSMEs in this pandemic period can still survive and grow and develop. This is supported by the level of purchasing power of the community whose benchmark is from the upper middle HDI and the low inflation rate, it is necessary to know how much impact this pandemic has on MSMEs.

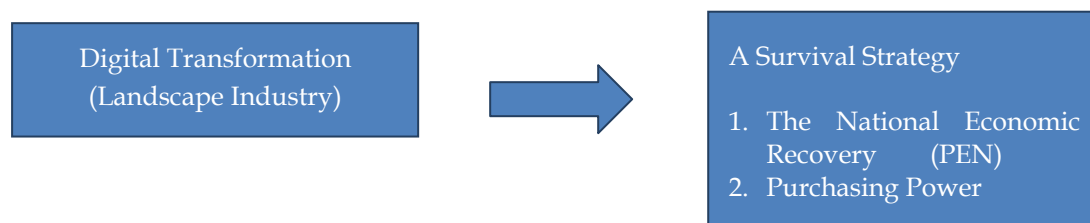


Figure 1. Research Framework

Source: Observation data processed (2022)

The research method used in this study is qualitatively descriptive. Descriptive methods can be interpreted as a method that examines the status of a group of people and or a subject and or a set of conditions of funds tau a system of thought or class of events in the present or that has occurred (Nazir & Sikumbank, 2014). Qualitative Research aims to be able to describe and describe in a sequence and systematic manner and describe the relationship between events and phenomena that are made a problem. As stated by Sukmadinata (2015), qualitative descriptive research is research aimed at describing and describing events and phenomena that occur that are focused on characteristics, quality, and, relationships between events.

The source of research data used is by comparing secondary data, namely the value of HDI and Inflation in East Java in 2020. Data on the growth of MSMEs in East Java from the Office of Cooperatives and SMEs of East Java Province and data from Bank Indonesia and data from Kominfo. The instrument for testing is to use polling. The assessment in the opinion trial used is the Likert scale, with the questions in the survey combined with the choice of answers. The samples in this study used purposive sampling techniques with a total of 100 respondents, which matched the criteria in the

study. Respondent criteria are MSME actors who have existed before the pandemic and continue to survive during the pandemic.

Descriptive data analysis techniques, this technique provides data about information so that it has an open interest. Miles and Huberman (Sugiyono, 2016), the ways and procedures for conducting investigations and subjective information are with stages: data reduction, data presentation, and conclusion making.

Results and Discussion

In the Digital talk event entitled "Local Digital Market Achieves Global Opportunities" can be data that of the 60 million MSMEs in Indonesia, around 9.4 million MSMEs go online. The data shows that still, about 16% are already online. Meanwhile, based on data from Kominfo in 2020, the digital industry in Indonesia reached USD 130 billion, or equivalent to Rp. 1,875 trillion and e-commerce will account for 50% of online transactions in the Indonesian or Asian regions. The pandemic; turned out to cause a cultural shift in transactions in the community. The form of adaptability of MSMEs as a form of a survival strategy is to carry out the following transaction concepts:

1. E-Commerce
2. Digital Marketing
3. Product and Service Improvement
4. Customer Relationship Marketing CRM (Al Khozi, 2021)

Table 2. Research Concepts and Indicators

No	Component	Indicator
1	Landscape Industry	Hygiene Low-Touch Less Crowd Low-Mobility
2	The National Economic Recovery (PEN)	Social protection programs maintain purchasing power distribution of People's Business Credit (KUR) to MSMEs
3	A Survival Strategy	Product Promotion Price Place
4	Purchasing Power	Human Development Index (HDI) Inflation Rate

Source: Field Observation (2022)

The industrial landscape arises because of field observations in consumers during this pandemic, the shift in culture to consumers over the transaction process shows that consumers in transactions will adjust regulations from the government on the process of preventing the transmission of Covid-19. The forms of industrial landscape that describe this consumer condition are as follows:

1. Hygiene
2. Low-Touch
3. Less Crowd
4. Low-Mobility

The following is presented data on respondents' responses about the Landscape Industry run by MSMEs during the pandemic.

Table 3. East Java MSME Industry Landscape Survival Strategy in 2020

No	Industrial Landscape Survival Strategy	Information
1	Hygiene	Closed and attractive Product Packaging Concept There is a seal on the product packaging or the plastic wrapper
2	Low-Touch	Simple and easy-to-apply transaction concept The concept of a clear product description and a real description of product identity/specifications.
3	Less Crowd	The Concept of Fast Responsive Virtual Store and on-time

4	Low-Mobility	delivery service WFH and Stay At Home transaction service concepts for consumers Diversify products so that there are many options and one virtual store
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Source: Field Observation (2022)

This industry landscape must be known by MSME actors, to create problem limits in the concept of determining policies in survival strategies. Hygiene here shows that people now have a mindset, that at the time of transactions can't choose goods directly and this health crisis requires always hygiene in interaction. This is adapted by MSMEs by transacting with consumers to make offers in product packaging that can be guaranteed hygiene. For example, the purchase transaction of a product, then the wrapping bag in the seal can increase consumer confidence in its hygiene.

MSMEs today, no longer have to have a store to be able to display their products as well as possible so that they can attract consumers. However, more on how MSMEs without having to touch (low-touch) then the product can be described and described clearly. The step taken by MSMEs is to display the description of the product specifications both in pictures and words that are easy to understand. Shooting is expected in addition to clearly visible the product is more important is the size of the product can be seen in real-time. This, which often occurs in the field of consumer disappointment in the product ssat comes, turns out not to fit the size and shape expected in the picture.

MSMEs must also be less-crowd, the way done by MSME actors is to change their mindset that it is no longer how to attract many consumers by coming directly to buy the products produced but how MSME actors can send ordered goods from consumers as much as possible. The service here that must be done by MSME actors, can to on-time delivery of product purchase orders, packaging shipments that can maintain the condition of products to the hands of consumers are not defective, and the readiness of MSMEs to always provide information to consumers on their ordered products while still in delivery and ease of consumers in placing orders so that they can quickly and easily order products. This concept is also related to the last industrial landscape, namely Low-Mobility, namely that people as consumers are now at home (stay at home) then it must be realized by MSME actors to make it easier for consumers to still be able to transact. These results support research from Al Khozi (2021) that MSME actors in East Java show that the concepts of e-commerce, digital marketing, product and service improvement, and CRM have been applied as a form of adaptability of MSME actors as a survival strategy in the pandemic era.

Table 4. Respondent Interview Data

No	Component	Information	% Response
1	Landscape Industry	32 agree 48 strongly agree 2 disagree 18 strongly disagree	80% of MSME players agree and strongly agree that they have been able to implement the landscape
2	The National Economic Recovery (PEN)	11 agree 54 strongly agree 30 disagree 5 strongly disagree 50 agree 7 strongly agree 41 disagree 2 strongly disagree	65% of MSME players receive the economic recovery program 57% of MSME players apply for financing People's Business Credit (KUR)
3	A Survival Strategy	45 agree 36 strongly agree 21 disagree 8 strongly disagree	71% of MSME players have implemented a combination of survival strategies

Source: Field Observation (2022)

The following are the results of the recapitulation of respondents' answers to the questions in this study:

Table 5. The Recapitulation of Respondents

No	Component	Information	% Response
1	Landscape Industry	Hygiene Low-Touch Less Crowd Low-Mobility	80% of MSME players have adapted technology and survival strategies
2	The National Economic Recovery (PEN)	Social protection programs maintain purchasing power Distribution of People's Business Credit (KUR) to MSMEs	65% of MSME actors who get social assistance programs from the government 57% of MSME players who take advantage of the People's Business Credit (KUR)
3	A Survival Strategy	Product Promotion Price Place	71% of MSME players have adaptability to products, promotional concepts, pricing and digital transactions
4	Purchasing Power	Human Development Index (HDI) Inflation Rate	It grew 60% (0.60) HDI east Java, an increase of 0.43 points compared to the previous year Inflation in 2020: 2.12% and inflation in 2021: 2.45% increased but still classified as low inflation

Source: Field Observation and Interview (2022)

Poverty in East Java in March 2021 or one year of the pandemic was 11.40%, decreasing when compared to 2020 of 11.46% (BPS). This decrease in poverty is directly proportional to the Human Development Index (HDI) which increased by 0.43 points from the previous year. Meanwhile, the inflation rate has increased from 2.21% to 2.45% in 2021. The social-economic recovery program during the COVID-19 Pandemic shows an influence on human development in East Java.

Referring to HDI and inflation in East Java shows the average value of the upper-middle and low inflation, it can be known that the people in East Java do not seem to have a severe enough impact on the existence of this pandemic. However, the obstacles that arise from this pandemic in the transaction process are as follows:

- There is a fear from consumers to make transactions related to financial;
- Various consumer thought patterns in the process of adjusting to the pandemic;
- Have not been accustomed to consumers with the concept of digitization;
- Many new fraud patterns by utilizing inexperienced consumers;
- There is a stigma that with the pandemic, then do not make investments or financial transactions;
- Many people's social status shifted with the pandemic.

Based on HDI data shows that in 2020 its growth slowed, this was due to a decrease in average expenditure per capita of the community. Meanwhile, according to data, the inflation rate for 2019-2021 is set based on The Minister of Finance Regulation No. 124 /PMK.010/2017, which is 3.5%, 3.0%, and 3.0%, with standard deviation rates of $\pm 1\%$. The Inflation Rate in East Java during 2020 shows the value that is at the value set by the government. This shows that the East Java Provincial Government is quite successful in overcoming the impact of this pandemic. This statement may be contrary to research conducted by Soetjipto (2020), which is based on survey data as many as 96% stated that they experienced the impact of this health crisis in their business processes, this data was taken from as many as 1,785 cooperatives; and 163,713 MSME actors (Soetjipto, 2020)

The policy from the government to be able to find out the obstacles faced by MSME actors is to open the hotline service 1500 587. The decrease in income of MSME actors resulted in the closure of businesses from MSME actors, this should be made an effort to introspect themselves that MSME actors who cannot survive are MSME actors who do not carry out the adaptability process. The effort made by the government is with this PEN, which is to budget rp. 125 trillion, as a guarantee fund for MSME working capital credit to encourage the growth of MSMEs. Economic stimulus for MSME actors during the pandemic is with MSME BLT products, the value set for recipients of this assistance per MSME actor is Rp. 2.4 Million. Files that must be prepared by MSME actors can be registered

online or offline. Special offline can be processed at the Ministry of Cooperatives and MSMEs. Based on the 2020 East Java PDRB adopted from the East Java economic report by Bank Indonesia shows data that the East Java GDP contracted compared to last year which grew to a point of 5.52% (YoY). This slowdown is indicated in almost all components of demand. The inflation rate in East Java in 2020 from the third quarter to the fourth quarter increased, this was driven by the food, beverage, and tobacco sectors. In addition, in the fourth quarter, Christmas and the new year became a factor in the food and beverage sector contributing to the increase in inflation.

MSMEs in East Java can be successfully assessed to survive this pandemic period. This success shows that MSMEs in East Java have mostly implemented the industry landscape survival strategy to show growth. The growth of MSMEs is an addition derived from the concept of adaptability of this survival strategy, also carried out by PEN so that there is a stimulus from the government for MSME actors. This achievement is also supported by the achievement of the East Java Economy in the first quarter of 2021 to grow high in line with the improvement and growth in the global and domestic economy. The source of improved economic performance in East Java comes from the acceleration of household consumption, investment, and net exports between regions. It is also supported by the 2021 East Java Consumer Price Index (CPI) inflation which is at the national inflation target of $3.0 \pm 1\%$ (YoY).

The results of this study support the research of Triatmanto et al. (2021) this health crisis has a positive impact on technology companies because with the PSBB so that people move with the sophistication of technology, technology also provides convenience to access various things and can help in improving the lower-middle-class economy. Being able to survive MSME players during this pandemic, also supports the welfare theory presented by Weitzman (1976) that all transactions that occur in a competitive market and economic welfare will only depend on the consumption of goods marketed. Prosperity will be created if transactions in the market are still competitive, and during this pandemic, transactions continue to run with a shift in transaction format, namely digitalization. The Measure of Economic Well-Being classifies all expenditures as consumption, investment, or intermediaries (Tobin & Nordhaus, 1972).

Conclusion

MSMEs in East Java have basically implemented the concept of industrial landscape survival strategies: Hygiene, Low-Touch, Less Crowd, and Low-Mobility, thus showing growth even during the pandemic. The Human Development Index (HDI) and Inflation in East Java show the upper and low middle values so it can be used as an indicator that the economy in East Java is in a stable condition so that it can help MSMEs survive. The National Economic Recovery Policy (PEN) in East Java shows that it has a significant role in the growth and success of MSMEs in surviving the pandemic. MSMEs face challenges and have special restrictions that are not the same as most SMEs (Berrone et al., 2014) Studies on microenterprises to keep up with implementation and evolution when companies want to keep growing (Armitage et al., 2016; Mitchell & Reid, 2000). Microenterprises are considered the engine of growth, so the policies set by the government to encourage MSMEs, are carefully designed (Gherhes et al., 2016; Greenbank, 2000).

This study only took a sample of 100 MSME players whose regional distribution was uneven for all regions in East Java. The test method used is qualitatively descriptive by simply grouping the same answers in the form of a percentage which is then inferred. Other variables that can be examined are per capita income and community welfare during a pandemic.

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