Government Policy Strategy towards Empowering MSMEs in the Covid-19 Pandemic at the Bulak Fish Market Center, Surabaya City

Rumanintya Lisaria Putri1*, Muhammad Chasan Amrulloh2, Joko Sutrisno1, S Saptana1, Nufera Lupika Dani3

1Research Center for Cooperative, Corporation and People's Economy, National Research and Innovation Agency (BRIN) Jakarta, Indonesia
2East Java “Veteran” National Development University, Surabaya, Indonesia
3Universitas Pendidikan Ganesha, Bali, Indonesia

Corresponding Email: rumanintya.lisaria.putri@brin.go.id
Orcid: 0000-0002-5315-0008

Abstract. The Covid-19 pandemic has greatly impacted the economy of MSMEs, and implementing economic recovery strategies is essential in mitigating its effects. Economic recovery efforts should focus on improving welfare measures for people and nations, leading to international economic recovery. Starting at the micro level and moving up to the macro level is crucial in ensuring that the recovery efforts benefit all levels of the economy. The Bulak Fish Market Center is a vital hub for MSMEs dealing with fish and other natural resources, sourced from the sea. The pandemic has led to reduced jobs, production, and income for MSMEs, underscoring the need for effective government policies to support their growth and development. This study seeks to examine the impact of government policies aimed at empowering MSMEs and fostering business development strategies, particularly in the digitalization era, at the Bulak Fish Market Center in Surabaya City. Business development aspects such as digital marketing, product and service quality assurance, and customer relationship marketing were analyzed using qualitative research methods such as observations, interviews, documentation, and analysis of previous studies. The results indicate that government policies intended to support economic recovery through MSMEs are not fully implemented at the Bulak Fish Market Center. The research findings can provide valuable insights to the government to evaluate the effectiveness of their policies and educate readers who are pursuing similar businesses. However, it should be noted that the research only focused on one object, and further research is necessary to generalize the findings to a wider population.

Keywords: Bulak Fish Market Center, Covid-19, Empowerment, MSMEs, Resilience

1 Introduction

The 2019 Coronavirus disease (COVID-19) has become the most difficult challenge for global social and economic development and prosperity, especially regarding its effect on people's lives. Restrictions on social activities and policy implementations as part of efforts to limit the spread of the coronavirus have impacted society at large. Individuals engaged in public activities such as social events or commercial activities are encouraged to follow health protocols to deal with the Covid-19 pandemic, including: Physical distancing and wearing face masks in public places[30].

The effects of COVID-19 have been felt in areas where the mass social distancing policy (PSBB) has been implemented but the government has banned the entry of the public and all types of resident MSME businesses. From mobility to socioeconomic activities there are no restrictions. Help meet basic needs. Continuation of public health needs and activities is prohibited. For this purpose the government has also prepared a National Economic Recovery Plan one of which is to promote the SME sector affected by Covid-19. Economic recovery is one of the strategies to reduce the economic impact of COVID-19 on SMEs which can contribute to the national life for the prosperity of the national society and recovery of the national economy. Economic recovery is needed to support high and sustainable economic growth [8].
Recovery should be carried out starting from the lower business units, namely at the micro level and then at the macro level. MSMEs have an important role in national economic recovery because many of Indonesia's population are in the MSME sector. The number of MSMEs in Indonesia amounted to 64,194,057 in 2019 while in 2020 it increased by 1.98% from the previous year totaling 65,465,497 and in the City of Surabaya there were 361 thousand MSME sectors and the largest in East Java Province.[23]. In economic recovery, it is unnecessary to empower the MSME sector. Empowerment is one way to assist in the authentic and integral development of the recovery of the MSME sector due to Covid-19, so that MSME sector actors can meet their needs on the basis of their lives and can play a role in developing the MSME sector, especially in the city of Surabaya.[24].

One of the areas in East Java Province, Surabaya City, Bulak District, Bulak Village is one of the fish market centers for MSME players who take advantage of the potential of natural resources from sea fishermen. The fish market center in Bulak District, Bulak Village was built in 2009 and began operating in 2012 which has an area of 4,573 square meters, 212 SMEs in the central fish market sell fish. The economic potential in Bulak District, Bulak Village includes the potential for marine products which have a very large opportunity to develop and manage the potential effectively and efficiently. In this case, geographic locations cannot be separated, thus reducing unemployment due to the potential availability of natural resources for fishermen.[16]

The impact of the COVID-19 pandemic on MSME actors has significantly impeded the economy's transition towards resilience for MSME actors. This has forced SMB players to take new steps in their selling strategies for flexibility of life. SME actors who are making new progress in applied strategies also require specific guidelines for their implementation. This means that SME players in the Pollock Fish Market Center will need specific guidance from government stakeholders and scientific experts to implement new developments. Therefore it is hoped that stakeholders will be able to provide concrete guidance to small business players in Pollock Fish Market Center.

The goal is to establish a Seafood Management and Utilization Center in Pulak Village Surabaya City Pulak District and a Fish Market Center in Surabaya City East Java Province as a market tourism center. In addition the fish market center will be used to further beautify the coastal area of Kenjaran which will allow the UMKM actors to continue the seafood sector which was originally in the forest and move to a suitable location. Therefore starting from this we need the management of government institutions that can bring results in the rapid development of small and medium enterprises.

MSMEs at Breckfish Market Center have been hit hard by the Covid-19 pandemic, with incomes dwindling due to lack of tourism funding and slow distribution, easing massive social restrictions for this period decided to (PSBB). This is because during the CoVID-19 pandemic not all sellers are selling due to disasters around the world. Hence instead of relying on direct selling MSME players use their own selling strategies such as selling through online media. MSME participants should use technology creatively to market their products such as their selling on social media as all needs can be met for digital buying and selling services.

In addition to this, MSME actors in the Bulak Fish Market have also experienced a decline. Many traders cannot survive due to sluggish sales and declining income. Before the Covid-19 pandemic, there were 40 MSMEs at the Bulak Fish Market, while after the Covid-19 pandemic, only 10 MSMEs could survive. Of the total percentage that survives only 10% of the total. Factors faced by MSMEs during the Covid-19 pandemic had a huge impact on sales, such as sale of processed seafood and fish products. Sales can increase when sales are made online. Therefore, MSME actors must have creativity in selling such as packaging that can attract customers, a distinctive taste, and prices that are much cheaper in selling.

One strategy MSME companies can employ during the COVID-19 pandemic is to use social media. Business players use a variety of methods to run their businesses. One type of MSME that still exists during this pandemic is processed fish a type of fish that is cooked in the heart of a large fish market. There are many factors that influence small businesses to stay in business. One of these factors is the prevalent use of digital technology but not all MSMEs in the breakfish market center have access to technology and digitization so socialization is needed to awaken the MSME participants.[14]

The concept of strategy is often discussed in academic circles especially in the field of public administration. The implementation approach implemented to facilitate the development of the MSME sector affected by Covid-19 with a focus on speed and sensitivity is unique and external ideas reinforce this concept. In this context it is mostly used by the private business community. But the government is not left behind in dialectical change. Empowerment and learning are expected to emerge from the rapidly changing mindset in the MSME sector.

Based on the explanation, the identification of the problems of this research are (1) many problems faced by MSMEs in Bulak Fish Market Center , one of them is the marketing aspect, (2) MSMEs in Bulak Fish Market Center have difficulty getting customers during pandemic because they have not found the right strategy to maintain his business, and (3) They felt that the government has not provided facilities needed by the MSMEs in Bulak Fish Market Center. Based on the identification of these issues, the purpose of this study is to describe the implementation of government policies to empower MSMEs in the Bulak Market, Surabaya City. The
researcher used title in this study is MSME resilience and development strategy during the Covid-19 pandemic at Bulak Fish Market Center.

2 Literature Review

2.1 Strategy

According to [4] Strategy is a tool for prioritizing resource allocation as well as additional actions to be carried out according to an expected perspective and to achieve a long-term goal follow-up plan. According to [7] it is a comprehensive and coordinated set of commitments and actions aimed at enhancing core competencies to achieve competitive advantage.

In essence, strategy management involves establishing implementing and evaluating policies related to strategies to achieve objectives. This strategy exists as a framework through which governments and society can address current challenges with the goals and performance of MSME participants particularly during the co-19 pandemic. This means that creative thinking in management is encouraged in linking the strategy and the benefits obtained support the application of the strategy as in the case of the following elements:

a. Provide long-term direction and goals to MSME actors in a clear and transparent manner.

b. Assist in making changes and strategies in improving capabilities to prevent problems from arising in the future.

c. Identify the various superior in the potential of natural resources in the MSME environment

In this study focuses on business development strategy. The following are some principles regarding empowerment, including:

a. Digital Marketing

Digital marketing is the use of various media such as social networks to promote activities through online digital media to facilitate sales and market research. A commonly used digital marketing technique in business is to leverage social media such as products through Instagram, Facebook, Twitter, etc. Additionally, digital marketing can be practiced in e-commerce and many other media. The rapid development of technology also means that small businesses need to understand and learn digital marketing.

b. Product quality and service

Improving product and service quality has a positive and significant impact on creating customer satisfaction and customer loyalty for MSME actors. This is why businesses need to focus on product quality measures during the Covid-19 pandemic and improve their products so that they can further increase consumer confidence.

c. Customer Relationship Marketing (CRM)

By improving relationship quality and entrepreneurial alignment, customer relationship marketing can have a significant positive impact on improving marketing performance for small and micro businesses. Best quality of the relationship between a small business and its customers, suppliers, etc., the stronger its power to improve its marketing performance. Also, enterprising business players who already have business experience and are able to operate flexibly can improve their network and build consumer trust so that consumers can survive. Mixed results were obtained in studies that found a positive but insignificant effect of CRM on improving MSME performance. Because small and medium-sized enterprises have limitations it is not the best choice for implementing CRM.

2.2 Empowerment

Empowerment is defined as strategic initiatives to expand and strengthen the economic livelihoods of the majority of Indonesians especially through the provision of employment opportunities to reduce inequality and reduce poverty levels. The word empowerment is derived from empowerment which means the establishment of personal power in a society or related societies.

According to [29] Empowerment is the process by which a community becomes strong enough to participate by controlling and influencing the events taking place at that time. According to [7] Empowerment is the process of developing an individual's skills and abilities so that they can solve existing problems in the best possible way to meet life's needs. According to the experts it can be concluded from the above description that there are some principles involved in empowerment:

a. Button Up Approach

The bottom-up approach in this case requires management and stakeholders to agree on goals to be achieved and gradually develop ideas and courses of action to achieve previously formulated goals.
b. Participation
Every stakeholder involved in every stage of planning and management has the power to participate. Alignment between the business layer and the governance layer leads to efficient communication between every unit of the organization.

c. Sustainable Concept
The concept of sustainability requires partnerships with all social classes so that sustainable development programs become socially and economically viable.

d. Cohesiveness
Coordination of policies and strategies at local, regional and national levels. Empowerment programs should include elements designed to improve peoples lives through the provision of financial assistance. The plan should be able to educate the public to manage the program economically.

2.3 Technology

Technological or digital developments as well as the Internet provide a powerful tool in the world of marketing. The earlier traditional (offline) marketing system has now changed to a digital (online) system. E-marketing is a marketing strategy that uses Internet technology along with the web as a medium.[27]

Technology is a set of tools that facilitate information processing and help perform tasks related to information processing through technology and digitally marketing products. According to [20] technology is everything that a person knows about high-speed communication lines that carry audio and video data and are associated with the collection, processing, storage, distribution and presentation of information. Naturally, this technology is a high-speed communication line that carries audio and video data, as I know it personally. Today high-speed communication lines are connected to the Internet so that audio and video data can be represented electronically or digitally.

Thus the role and importance of technology is maximized in providing information to the public about the benefits of the product and is received by the entire community. The importance of technology is:

a. Replacing the human role in task or process automation he role of humans in automating a task or process.

b. Reinforcing human tasks by presenting information according to tasks and processes.

c. Rebuild when changes are made to the task.

2.4 Micro, Small and Medium Enterprises (MSMEs)

According to[6] SMEs are productive business units that are independently run by individuals or groups of business entities from all sectors of the economy to achieve sustainable growth to meet day-to-day needs.

According to [19] MSME is a business conglomerate formed by individual business units and groups also playing a very important role in Indonesia's economy. The existence of UMKM cannot be eliminated or avoided by society. This means that the presence of IKS can be very useful in terms of community income distribution as well as being able to generate creativity consistent with efforts to preserve and develop traditional and cultural elements of local communities.

Based on the Ministry of Cooperatives, there are 3 principles so that MSMEs can develop rapidly and significantly as follows:

a. Increasing human resources to prepare MSME actors so that their capacity can increase.

b. Intervening in improving the business processes of MSME actors.

c. Expanding market access, one of which is encouraging synergy between the government and MSME actors.

MSME empowerment is a process of developing and strengthening the ability of the community to continue to be involved in the development process that takes place continuously so that the community can solve the problems and can make decisions independently. MSME empowerment is carried out by providing training, counseling, mentoring and supervision through seminars to add insight to MSME actors in selling their products through digital media platform. The process of coaching for the MSME actor sector.

3 Method

This study is descriptive in nature, qualitative, and the data collection method is conducted through observational interviews, recording events experienced by study subjects such as: Past research motivations for action perception and other activities. Descriptive research describes the characteristics of the population or phenomenon under study. The main focus of descriptive research methods is on the description of the research
object. The data analysis technique used in this study is a qualitative analysis technique. This technique was used to gain a deeper understanding of government policies towards SMEs through interviews and implementation of empowerment in MSMEs in Bulak Village, Bulak District, Surabaya City using his four principles of empowerment theory. Used to describe The authors believe that this analytical technique can answer research questions and serve various stakeholders. Qualitative research has a very strong foundation in both philosophy and methodology. One of the advantages of qualitative research is that authors are free to explore data in the form of manuscripts from interviews. [5] However, the results cannot be generalized [13]. [10] states qualitative research is the study of phenomena related to the experience of research subjects, such as actions, perceptions, motivations, behaviors, etc., holistically, through descriptions in verbal and linguistic forms, in a particular natural context. The study aims to understand the use of various scientific methods.

Qualitative research refers to the use of qualitative data such as interviews, observations, and documents analyzed by authors as research tools [9]. A qualitative approach with interviews was undertaken to allow for more complex discourses [3]. According to [11], qualitative research as a professional practice in the social sciences relies primarily on human observations of its own domain and the language and vocabulary that people associate with their work. This descriptive qualitative research was carried out to fully and in-depth describe the phenomena that occur in the research object. The research location was in the Bulak Fish Market Center Area, Bulak District, Bulak Village, Surabaya City, East Java Province. In this study, the object of research is the community who are MSME actors selling at the Bulak Fish Market Center. Interviews are used as a data collection method when you want to investigate the problem in advance, also when you want to know more detailed information from the respondents, or when the number of respondents is small [22].

4 Result and Discussion
4.1 Result
4.1.1 Strategies for MSME Actors in Surviving Covid-19

MSMEs have contributed significantly to the recovery of Indonesia's economy. The dominance of Micro, Small and Medium Enterprises (MSMEs), which form the backbone of the national economy, has had a very serious impact on Indonesia's gross domestic product and trade value[2].

Based on research conducted in the field, it can be seen that during the Covid-19 pandemic, MSME players complained about a number of problems they faced, such as decreased income because people's purchasing power fell, vacancies of visitors and low orders.

This is in accordance with the statement of Mrs. Arianda as MSME actors, he said that:
"The presence of the Covid-19 pandemic is impacting all his MSME players who sell in Bulak Fish Market Centers, even though their income has decreased by 90%. It is not every day that MSME players sell in the bulak fish market center because of the vacancy of visitors, but indeed the existence of the bulak fish market center makes MSME players much more comfortable, there is no usual rent, no dues, everything is purely really given free of charge. There was a breakthrough pandemic, which I also sold online via Shopee or Facebook. One of the resilience during the Covid-19 pandemic was that my family and I sold online, if you only relied on the location, you would indirectly have starvation for survival."

In line with this statement, Mrs. Nurul as the manager of the bulak fish market center, she said that:
"Due to the impact of the Covid-19 pandemic, the income of an MSME has decrease from 100 to 150 visitors per day, it has decreased by 90%, in fact there is only 1 person who goes to the bulak fish market center. The efforts of the bulak fish market center administrators are still not maximally conducting online sales guidance, because human resources are still unable to do this. Therefore, we hope that academics, government and other stakeholders can help the bulak fish market centers in making new breakthroughs."

From the interview results, we can conclude that Mrs. Arianda is satisfied with the following policies implemented by the government that is no taxes and no usual rent. However, Mrs. Nurul implies dissatisfaction because she has hopes that have not been realized, such as the lack of socialization from the government on training and assistance regarding digital product marketing.

4.1.2 Weaknesses of MSME Actors in Marketing and Promoting Products on Digital Media Platform

This is in accordance with the statement from Mr. Ryan and Mrs. Arinda as MSME actors, he said that:
"The weakness in sales due to the Covid-19 pandemic is indeed extraordinary. Even though I sell online, I am also not optimal in terms of digital knowledge. Online sales are also assisted by my children via Facebook
or Shopee. The MSME players hope that academics and the government will provide digital sales training for free and can be led until all are truly proficient in using digital."

In line with a related statement, Ms. Nurul as the manager of the bulak fish market center said that:

"The weakness faced by MSMEs in sales is using digital media, not only for MSME players, even bulak fish market centers have weaknesses in making websites or applications to encourage MSME players to sell through digital media in bulak fish market centers. As expected, we want academics and the government to provide free training for MSME administrators and actors in using digital and we hope that the bulak fish market center will have its own digital media platform."

Based on this statement, we find that the weakness of MSME actors is due to their lack of knowledge dealing with social media, websites or applications that affect their resilience. Mrs. Nurul hopes that the government should conduct a feasibility study regarding digital-based business activities in order to obtain business development facilities that support the business continuity of MSMEs at the Bulak Fish Market. With the digitization of MSMEs, it allows businesses to reach consumers and export to the other countries.

4.2 Discussion

After describing the research findings and field results. Then as a researcher the author will describe the data analysis carried out according to the programs or studies related to the sustainability and development strategies of MSMEs during the Covid-19 outbreak in the center of the fish market in Braque. In this study consistent with the previously described problem formulation and research objectives find out the survival strategies of MPMI participants in the Covid-19 pandemic and the protective development strategies of MPMI participants in Covid-19 respectively. -19 Pandemic So this study has 3 focuses to find the sustainability and SME development strategies in Bulak Seafood Market Center during the Covid-19 Pandemic including 1. Digital Marketing 2. Product and Service Quality 3. Customer Relationship Marketing (CRM).

Below, the research arguments are presented in order by measure, in the form of data analysis with rationale:

1. Digital Marketing

Social media or social networks are platforms that people often use. There may be some differences between the available social networks. Some social media sites like Facebook, Instagram, and Twitter focus only on friendships, while others like LinkedIn are dedicated to finding and building relationships. Personal media such as electronic mail (e-mail) and text messages are also becoming commonplace. Search engines such as Google and Yahoo can also be optimized. In this way, businessmen can use the medium of blogs and personal websites.

Digital marketing can be defined as marketing activities involving branding using various web-based media[9]. E-marketing or digital marketing is the use of digital technology to achieve marketing objectives and the development or adaptation of the concept of marketing itself to communicate globally and change the way companies do business with their customers[31].

Digital marketing is one of the most used communication tools by business leaders. Because new users can keep up with the trend of digitalization. Many companies are gradually abandoning the established marketing model and turning to the modern market. A wide variety of products can be viewed through the Internet and a lot of information about various products can be freely obtained through the Internet as digital marketing communications and transactions take place anytime or in real time and can be accessed from anywhere in the world. Now the ability of organizations and consumers to compare one product with another[6].

2. Product and Service Quality

Any business or business venture that is run when the business or business reaches the operational stage and grows rapidly must have a variety of ideas strategic capital mental stability and the importance of maintaining product quality. The quality of the product is determined.

A product's ability to meet customer needs and expectations. Therefore, it is important for SMEs to continuously improve product quality according to customer needs and expectations. According to Garvin quoted[16] quoted, he has eight aspects that determine product quality:

a. Product Performance or Product Measurability.

b. Features or other attributes that complement and enhance product functionality.

c. Product reliability or the ability to withstand changes in the business environment over time.

d. Does the product comply with existing standards or industry applications?

e. Durability or longevity of the product from a technical and economic point of view.

f. If there is a problem, it is easy to fix and can be fixed immediately.

gh. Product aesthetics, how the product looks, sounds and feels

Businessmen continue to improve the quality of their products and services. Improving product quality affects consumer satisfaction with the products and services they purchase and encourages repeat purchases. SMEs must not only improve the quality of their products but also improve the services they provide to their customers. Service quality is a prerequisite for business survival and customer trust. Provide online shopping
and delivery services to improve customer service. This is doing for increase customer satisfaction and loyalty. The definition of service quality is given by Lewis and Booms (1983), cited (Reyes, 2016). He defines service quality as a measure of how well the level of service provided meets customer expectations. Referring to this definition Reyes also added that the quality of service can be recognized by the customers needs and desires and the accuracy of service delivery in line with customer expectations. Therefore the quality of service is influenced by her two factors: customer expectations and customer perceptions of service.

The service strategies implemented by the catering actors of small medium and micro enterprises such as the friendly smile of patients meet the needs of consumers quickly create a good impression and make consumers feel comfortable when shopping. It must be a heartfelt joy to leave a good impression on the buyer. When selling it is said that it depends on the seller. These services have successfully increased the number of sellers.

3. Customer Relationship Marketing (CRM)

During this pandemic, MSMEs must not only focus on acquiring new customers, but also retain existing customers by nurturing their products, increasing customer satisfaction and ultimately strengthening customer loyalty. Our regular customers are already so satisfied with our product that they won't switch to anything else. One of the ways small businesses are going through the recession is customer relationship marketing.

Customer relationship marketing (CRM) is the concept of a marketing strategy aimed at building long-term relationships with customers. Maintain mutually beneficial relationships between service providers and customers to ensure repeat business. Religion can and does build customer loyalty.

According to research Farida et al quoted [12], shows that CRM has a positive and significant impact on improving marketing performance of MSMEs by improving relationship quality and entrepreneurial alignment. The better the quality of MSMEs' relationships with their consumer suppliers and others, the better their ability to improve their marketing performance. In addition, adventurous enterprise players already have extensive experience in the business world and the agility to improve their networks, build consumer trust, and conduct business as consumers live their lives.

5 Conclusion

Based on the survey results and discussions, it seems that the concept of business development at Bulak Fish Market Centers has not been fully implemented, starting with market management in MSME managers of marine fish products. Specifically retaining patterns are discussed using 3 principles:

a. Digital marketing of this application case shows the presence of a website in the center of the breakfish market but in this case there is no specific website of the breakfish market center and online store of the MSME player yet.

b. Quality of Products and Services, the production quality of processed marine fish products conforms to development marketing standards. It is implemented by MSME actors in business development. While the service still completes the service system first there are two factors where the customers preference meets the customers expectations i.e. the customers expectations of the service are very good. Second is customer feedback i.e. customer service is considered very good.

c. Customer Relationship Marketing (CRM), when providing high-quality services we must not only be able to provide services for new customers but also provide good enough services for old customers so that old customers will remain loyal to our products and will not leave. SME organizations do a great job of enforcing a service ethic between new and old customers. It is useful for maintain sales and marketing strategy during the Covid-19

The government has introduced an MSME continuation policy that support the economy throughout Indonesia and have been running according to the program, but in fact this has not been enough to help MSMEs, especially in the Bulak Fish Market because government programs do not cover all sectors in the business fields, especially the digital business.

The implication of this research is that it can be used as recommendation for the government in providing socialization or free training regarding digital product marketing which is expected by MSMEs Bulak Fish Market. This research can also contribute to enriching existing research on MSMEs in Indonesia. The limitation of this research is that the research only focuses on one research object, so the results cannot be generalized to other research objects that have different characteristics from the objects in this study and have not been able to explore the views of the government that formulates policies. The writer's hope for the next writer is to be able to involve the government as an informant.

Acknowledgement

This paper is not part of a dissertation, thesis, or assignment. The author would like to thank all the reference authors who have contributed to this study. The authors also thank Research for their valuable guidance during
each discussion during the research process. We would also like to thank editorial leaders and reviewers for their suggestions, corrections, directions and suggestions in developing and improving this research.

References


of MSME Digitalization with Demographic Factors as a Moderating Variable (Study on Culinary MSMEs in Salatiga). 10(September), 107–120.


[31] Yulyana, AG (2017). THE EFFECT OF PRODUCT QUALITY AND SERVICE QUALITY ON CUSTOMER SATISFACTION AND ITS IMPACT ON CONSUMER TRUST ONLINE SELLING SITE LAZADA INDONESIA. Faculty E(i), 16–45.