

MICRO, SMALL AND MEDIUM ENTERPRISES IN THE ERA OF DIGITAL ECONOMY - LESS CONTACT

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ABSTRACT

Less contact economy is a term that is currently widely used to address economic problems in this country. The corona pandemic, which limits human space, has stagnated economic dynamics and tends to be deficit. The less contact economic approach is taken so that economic dynamics can continue, where the method is to prioritize digital technology as the infrastructure. On the other hand, one of the business sectors that still persists in limited physical movement is the MSME sector. Therefore, this paper will discuss how to move the dynamics of MSMEs faster with a less contact approach. Theoretical reflection precipitates the resultant that MSMEs still have the opportunity to exist great in a pandemic situation with digital infrastructure. The digitization of MSMEs is inevitable, so that distribution of goods can be carried out with minimal physical contact. The digital infrastructure of MSMEs can be in the form of adequate community websites that need to be prepared in this context. The use of social media as a means of promotion is mandatory in the economic era of minimal contact like today.

Keywords: MSME, Digital Economy, Less Contact

INTRODUCTION

The contemporary world is one that is bound by the microscopic corpse of the Covid 19 virus, yet has an attack that is so deadly. The impact is multidimensional, so what is most painful is when the world economy becomes paralyzed, even threatened by a global recession. It is sensible and mindful when then we have to live with the reality side by side with the corona virus. President Jokowi made a kind of declaration that Indonesia must be ready to live together with Covid 19, with a concept of life called new normal. The new normal order maintains strict health protocols, as a maximum effort to minimize the impact of the spread of this deadly virus. The economic activity must be revived, because everything will depend on that sector absolutely. Even in a pandemic state, the economy must continue to roll over and support the community well.

In the current construction of a pandemic, all business units, both large and small, will feel the impact. Decreased turnover resulting from reduced purchasing power has become an inevitable reality. Furthermore, this paper will discuss how the micro business unit, which is owned by the largest part of entrepreneurs, can survive even in unfavorable conditions. The existence of the MSME industry based on basic needs is very necessary because after all the people will still struggle to survive on the scale of basic needs. It is in these conditions that MSMEs are increasingly finding their significance. Then, what forms of economic interaction

are appropriate and healthy in the economic conditions that are broken down due to the Covid 19 pandemic? This reality must be answered with a technological approach that allows minimal direct interaction. The digital economy is the right answer today. Currently this interaction model is called the less contact economy, where technology takes over the roles of humans in direct interaction.

THEORETICAL FRAMEWORK

The digital economy was first introduced by Tapscott (Tapscott, 1997). According to him, the digital economy is a social phenomenon that affects the economic system, where this phenomenon has the characteristics of an intelligence space, including information, various accesses to information instruments, information capacity and information processing. The components of the digital economy that have been identified for the first time are the ICT industry, e-commerce activities, digital distribution of goods and services. Meanwhile, the concept of the digital economy according to Zimmerman (Zimmerman, 2000), is a concept that is often used to explain the global impact of the rapid development of information and communication technology which has an impact on socio-economic conditions. This concept becomes a view of the interaction between the development of innovation and technological progress that has an impact on the macro and micro economy. The sectors affected include goods and services when developing, producing, selling or supplying depending on the extent to which digital technology can reach.

In the digital economy, companies offer their services according to certain services according to certain specific requests or special offers, offers have been characterized as personal and individual or private offers (Bloch et al., 2006). In order for the digital economy to provide benefits to society and business actors, an appropriate regulatory framework is needed so that a competitive and balanced market climate occurs in developing ideas for creating products and innovations. The characteristics of the digital economy are doing global trade and cutting many intermediary chains. It is hoped that there will be no barrier to entry so as to provide flexibility for market participation. In creating a better protection framework for consumers, it is necessary to balance the interests and capacities of the business, especially for small and medium enterprises. If the regulations are not balanced, it can lead to high turnover for business actors, namely the elimination of business actors who lose the competition from circulation. It can also affect consumers' freedom of choice.

Therefore the rights and obligations between consumers and business actors must be balanced on both sides. Budiono (Budiono et.al, 2013) describes the conceptual framework of digital economic progress in Indonesia with some of its characteristics, the first of which is the structure in which the company's distribution patterns have changed, the second is how value creation has occurred in the digital economy process, the third is how the adjusted offer has been made in digital economy. Figure 1 below describes the model of the digital economy framework in Indonesia according to Budiono (Budiono et.al, 2013)

Sam Ock Park (2002) is currently researching in the Asia Pacific region, such research links the Economic Space in the Pacific Rim: Paradigm Shift and New Dynamics. This study uses secondary data to analyze the dynamic economic space due to advances in ICT and communication. According to Park, the progress of ICT in the Pacific region has made

significant progress. Increasing B2B use of e-commerce has significantly increased efficiency in business transactions.

METHOD

Research This research examines the issues related to the platform-based business revolution policy. This policy research is descriptive, analytical by explaining the phenomena that occur in relation to the problem areas being studied. In order to obtain a complete understanding of the problem and its solutions, this study uses a literature review method, which is a study method that aims to develop a basic theory of research. The materials used are sourced from papers, books, newspapers, magazines, and research journals related to the field of study.

DISCUSSION

The number of internet users in Indonesia continues to increase every year. Based on the results of a survey by the Indonesian Internet Service Providers Association (APJII), Indonesia has experienced a drastic increase in the number of internet users. Of the 252.4 million Indonesian population in 2015, 88.1 million of them are internet users. This increased in 2016 with a total of 132.7 million internet users out of 254.6 million people (APJII, 2017). Of that number, as many as 106 million, or about 40% of people actively use social media. Cellular telephones (cell phones) are the preferred media to access social media, amounting to 92 million. The high growth of internet users is also offset by the high number of cellphone owners, which is 91 percent of Indonesia's population. Meanwhile, smartphone users totaled 47 percent. The behavior patterns of Indonesian society also change along with technological developments. Now everything feels easier to get just in your hand. Everyone can get various products and services by accessing the internet at once. As we know, the digital economy industry is currently thriving.

This is marked by the proliferation of application-based start-ups. According to Wirawan Agahari, a researcher at the Center for Innovation Policy and Governance (CIPG), Jakarta through his article on Kumparan, he said that the growth trend for this start-up was pioneered by young people who have a sociopreneurship spirit, such as Nadiem Makarim who founded GO-JEK and William Tanuwijaya, who founded Tokopedia. Rhenald Kasali said that the changes triggered by this millennial generation will continue to occur. Unlike the generations above, millennials are those who have poor experience but have no fear of exploring an unclear, unpredictable and uncertain future.

The growth of digital technology and its users has brought changes in business models. The results of research conducted by DBS Sink or Swim - Business Impact of Digital Technology, states that there are three significant impacts that digital technology brings to the business world. First, access speed and greater opportunities for consumers. Today's consumers can access various services on one platform. Applications help consumers choose services with just one click. For example, like Go-Jek, consumers can order motorcycle taxis for transportation services, delivery goods, order food, and even send money. Second, a new way of doing business intelligence. Through digital technology, it allows business people to get new sources of information about consumers that have never been obtained before. Business people can also get

data about the habits that consumers do with their products so that they can improve service quality. Third, digital infrastructure, no longer physical. Today's digital technology enables companies to save even more. They no longer need to prepare physical infrastructure such as opening branch outlets, but simply open their shop online.

The increasing development of the internet has led to an economic revolution towards a digital economy with various business lines such as online commerce (e-commerce), the proliferation of technology-based startups (startups) and digital financial services or financial technology (fintech). Currently, the number of startups in Indonesia reaches 2,000 or the highest in Southeast Asia. According to CHGR research, this number will reach 6.5 times or 13.000 startups by 2020. The huge potential of this startup is also driven by the increasing number of investors who see Indonesia as a digital market. Several large e-commerce sites have emerged, namely Tokopedia, Bukalapak, Go-Jek, and Doku. Fintech startups have also sprung up to provide credit extension services such as banking or platforms for buying financial products. Some of the fintechs are Modalku, Investree, Funding, Bareksa.

According to Bank Indonesia, there are currently 142 local fintech companies operating in Indonesia. One of the startup companies that has developed in Indonesia and has become a separate phenomenon is Go-Jek. Go-Jek is now not just a transportation service provider application, but has penetrated into the logistics, payment, food delivery service, and fulfillment of daily needs such as home cleaning service providers, body care to automotive. Go Jek services can be enjoyed in 25 cities in Indonesia. It makes it easy for users and provides employment for hundreds of Go Jek partners.

Meanwhile, Tokopedia is the company with the second highest valuation, namely US \$ 100 million. Go-Jek is also a startup company with the largest funding in Indonesia. This company received various disbursement of Platform-Based Business Revolution as a Driver of the Digital Economy in Indonesia Ahmad Budi Setiawan 75 with capital of up to US \$ 550 million or Rp 7.2 trillion in August 2016. The investors are KKR, Sequoia Capital, Capital Group, Rakuten Ventures, NSI Ventures, Northstar Group, DST Global, Farallon Capital Management, Warburg Pincus, and Formation Group. DBS Sink's research results also stated that Go-Jek, which was originally a startup company, has now become a giant company with a valuation of US \$ 1.3 billion or Rp. 17.3 trillion. This means that Go-Jek is included in the unicorn club or company with a valuation of more than US \$ 1 billion, the first in the Indonesian startup world.

On a large business scale, actually what they do can also be applied to small businesses or MSMEs, which are actually larger in number than large businesses themselves. So in contemporary Indonesia what is needed is the digitization of MSMEs, as an economic manifestation of minimal contact in the pandemic era.

CONCLUSION

Based on the results of the analysis and discussion of the platform-based business revolution as a driver of the digital economy in Indonesia, several conclusions can be drawn, namely: the development of digital technology has recently given birth to a major revolution in the business world, namely the digital economy. The big problem faced by this nation is the lack

of readiness of the people and also the government in dealing with it. There are still very few startups in Indonesia that are developing and can compete with digital business players globally. Based on the discussion previously presented, suggestions are given for further research writing, namely that the government needs to focus on providing policies that encourage the growth and development of the digital economy in Indonesia. Facilities for internet access to support digital business processes must be equitable and the benefits are felt by the community. In terms of human resources, it is necessary to support human resource development for digital business players in the country so that they have adequate competence and are able to compete so that their businesses can survive.

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