

Local Governments' Strategy on the Sustainability of Micro Enterprises Amidst the Uncertainty of the Covid-19 Pandemic: SWOT Analysis

Helen Dian Fridayani

Political Science Department, Faculty of Social Science, National Cheng Kung University, Taiwan
Government Science Department,
Faculty of Political and Social Science, Universitas Muhamamdiyah Yogyakarta, Indonesia

Li-Chun Chiang

Political Science Department,
Faculty of Social Science, National Cheng Kung University, Taiwan

Abstract

The coronavirus (Covid-19) pandemic has significantly impacted the global and Indonesian economies, especially on Micro-enterprises (MIEs). This article examines the impact of the Covid-19 epidemic on these businesses and presents a SWOT analysis to evaluate the government strategy for MIEs to reduce company losses and survive the crisis based on case studies in Bantul and Sleman Districts. We conducted a SWOT analysis with a qualitative descriptive technique and a thorough review of the field literature, which included policy documents, research papers, and reports. The data was also examined using NVIVO Plus 12. The findings of this study show that the government in Bantul and Sleman Districts is beginning to seek digitalization to assist MIEs, but their weakness is that government employees still have a low level of knowledge about information technology (IT), which hinders their performance in supporting digital activities carried out to assist MIEs. The opportunity they have is for the Bantul and Sleman District governments to strengthen their relations and cooperation in order to promote MIEs products. However, the complicated bureaucracy creates significant barriers that threaten the sustainability of MIEs in the two districts. Finally, some recommendations for reducing the threats identified in the SWOT are made. In addition to the specific goals of this work, it is expected that the results presented here will serve as a foundation for future research, allowing specific analyses to be improved.

Keywords

COVID-19, SWOT analysis, micro-enterprise, government strategy, sustainability

CORRESPONDING AUTHOR

Helen Dian Fridayani, Faculty of Social Science, National Cheng Kung University, Taiwan.
No.1, University Road, Tainan City 701, Taiwan. Email: helendianf9@gmail.com.
© College of Local Administration, Khon Kaen University. All rights reserved

Introduction

The Covid-19 pandemic has caused changes in community behavior and necessitated business adaptation. Without a doubt, various business sectors were severely impacted, including more than 80% of Indonesia's micro, small, and medium enterprises (MSMEs), particularly the micro-enterprises (MIEs) (Hakim, 2021). The definition of MSMEs in Indonesia is set out in Law Number 20, 2008. According to Article 1 of Chapter I (general provisions) of the Law, a microenterprise (MIE) is a productive business independently owned by an individual or a business entity that meets the MIE criteria. These businesses are typically self-sufficient, largely family-owned, use low levels of skill and technology, and are highly labor-intensive (Alkahtani, Nordin, & Khan, 2020; Eniola & Entebang, 2015; López-Leyva, Ponce-Camacho, Valadez-García, Ramos-García, & Mena-Ibarra, 2022; Mazzi, 2011). These MIEs are primarily concentrated in low-income, low-productivity activities, particularly petty trades and services (Nadyan., Sevia., & Fauzan, 2021). Since March 2020, stories about the impact of Covid 19 on MIEs in various parts of the country have emerged from various sources (Tambunan, 2020). The tourism sector was the hardest hit, followed by small shops, restaurants, cafes, and transportation (Valerisha & Putra, n.d.). The number of businesses that fail eventually causes macro-economic conditions to deteriorate (Djalante *et al.*, 2020). The Covid-19 pandemic has had an impact on transportation, tourism, trade, health, and other sectors in Indonesia, however, the economic sector most affected by Covid-19 is the home industry sector (Muhyiddin, 2020). Disruption of production systems and supply chains, as well as transportation and distribution on a global scale, have had an adverse impact on the Indonesian economy, which is compounded by falling incomes (Valerisha & Putra, n.d.).

Furthermore, the Indonesian government has implemented a policy of physical distancing, large-scale social distancing, limited travel, and restrictions on community activities (Sugihamretha, 2020). The data below depicts the impact of the Covid-19 pandemic on Yogyakarta's micro-, small-, and medium-sized businesses. According to reports, 76% of the most affected businesses are micro-businesses, while 66% are small businesses, and 67% are medium-sized businesses (Adit & Pertiwi, 2020). It might seem that the Covid-19 pandemic has had the greatest negative impact on MIEs. This can be seen in the graph below:

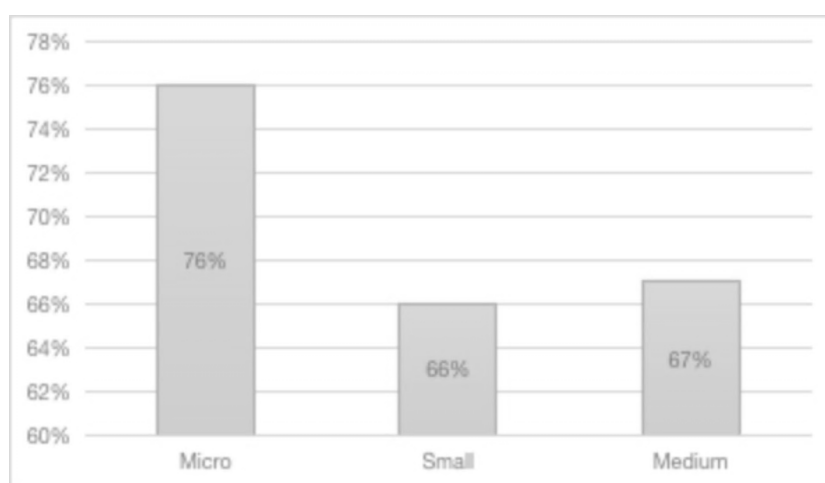


Figure 1. MSMEs Declining Demand during the Covid-19 Pandemic in 2021 in Yogyakarta Province

Source: Processed by researchers based on primary data for 2021 (Office of Cooperatives and Micro, Small, and Medium Enterprises of the Special Region of Yogyakarta). N= 521.000 MSMEs affected by Covid-19.

Some businesses have been forced to close temporarily due to the inability to cover fixed operating costs, putting them at risk of permanent closure. Micro businesses, sole proprietorships, and those operating in the informal economy are found to be the least likely to have cash reserves, making them the most vulnerable. According to one of the business owners in the Sleman District in the culinary field, most businesses were extremely pessimistic, claiming that they would never return to pre-pandemic levels of operation (Martini, Personal Communication, June 28, 2021). Many businesses indicate that more diverse measures and policies would help strengthen their economic viability and reduce business uncertainty. Several MIEs might close simply because they are in industries such as lodging, food service, and educational services that are being impacted by changed customer behavior, particularly the physical separation and mandated operational restrictions that began during the pandemic (Das., Rangarajan., & Dutta., 2020). Other MIEs may close because their finances were already at risk prior to the crisis (Parameswari, 2021). Several studies on the economic impacts of the Covid-19 pandemic have reported severe hardship for owners of MIEs, such as significant revenue losses, liquidity shocks, and business closure (Parameswari, 2020; Song & Tao, 2020; Mujib., Santoso., Bagis., & Hidayah, 2021). In addition, some studies show that many MSMEs did not have optimistic sales prospects or were unable to rehire full-time employees, potentially because they anticipated a resurgence of pandemic volatility (Muhyiddin, 2020; Laksana, 2021; Groenendaal & Helsloot, 2021). As shown in the graph below:

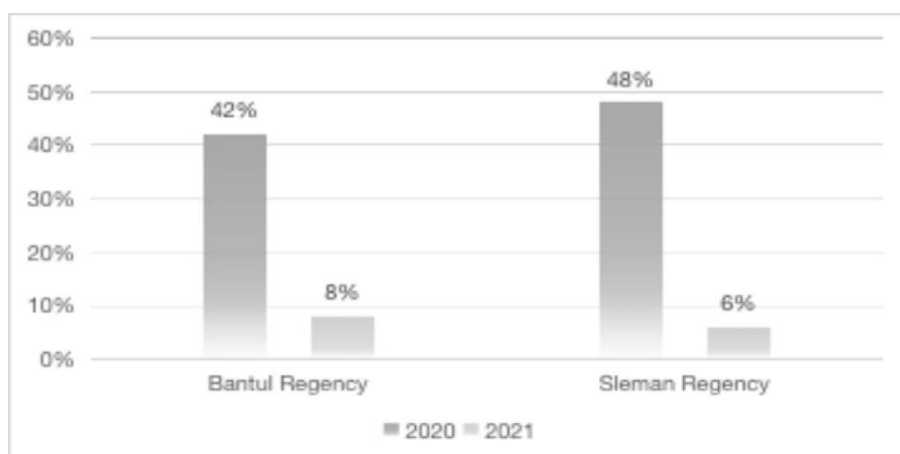


Figure 2. Micro Enterprises Which Decided to Close by Year

Source: Processed by researchers based on primary data (Office of Cooperatives and Micro, Small and Medium Enterprises in Bantul and Sleman Regency). N= 521.000 MSMEs affected by Covid-19.

This assessment found that virtually all Indonesian enterprises were negatively affected by the Covid-19 pandemic and the restrictions on social movement and business performance associated with the pandemic (Mujib., Santoso., Bagis., & Hidayah, 2021). In particular, small and informal types of enterprises have been hit hard by the pandemic (Faedlulloh & Karmilasari, 2021). Most of these are struggling to survive under the present circumstances. This is of particular concern given that micro- and small-scale enterprises make up the vast majority of private enterprises in the economy. At the national and local levels, they are likely to be subject to business regulations and raised taxes, thus undermining entrepreneurial activity. State and local governments, on the other hand, should go in the opposite direction and remove unnecessary barriers to new businesses in order to spur economic growth. Among the many issues that will arise when the uncertainty of Covid-19 ends, government agencies, particularly local government, have an obligation to assist the vulnerable MIEs, and help them survive. Multiple districts are case studies in this research, namely Bantul and Sleman, of Yogyakarta Province. Bantul and Sleman Districts account for three-fourths of the total enterprises in the province, including MIEs. Furthermore, Bantul and Sleman Districts have the highest level of government capacity among the five regencies/cities in Yogyakarta Province. As a result, these case studies examine the impact of the Covid-19 pandemic on these businesses, and present the results of a SWOT analysis to evaluate the government strategy for MIEs to reduce company losses and help them survive the crisis.

Literature Review

Micro-enterprise, Covid-19, and Government Assistance

Micro Enterprises, or MIEs, and entrepreneurship studies have frequently focused on firm expansion, with authors such as Sexton and Smilor (1997) going so far as to argue that growth is at the heart of entrepreneurship theory. In the context of MIEs, the value system, sense of ethics, and concern for the local community of the owner-managers are frequently driving forces behind the sustainability actions they undertake (Groenendaal & Helsloot, 2021). As a practical matter, in Indonesia, MIEs are geographically and sectorally divided into clusters based on their shared interests, goals, opportunities, and threats (Tran & Jeppesen, 2016). The clustering promotes inclusive growth by providing a common platform for exchanging best practices and technological know-how, and a forum for discussing common concerns and solutions (Blackburn & Wainwright, 2013). MIEs include individual business entities that have special characteristics such as not having systematic financial administration, difficulty obtaining assistance from financial institutions such as banks, and constant flux in the goods they produce and sell (as defined in Article 1, No. 1, in conjunction with Article 6 para 1 of Law No. 20 of 2008). Furthermore, MIEs are defined as having a net worth of at least Rp. 50,000,000 (fifty million rupiahs), excluding land and buildings for business premises; or having annual sales of at least Rp. 300,000,000 (three hundred million rupiahs).

There is no denying that the Covid-19 pandemic has exacerbated microbusiness worldwide, regardless of size, location, or funding. According to Das, Rangarajan, & Dutta (2020), the majority of finance studies are concerned with the effects of the crisis on micro- and small-scale businesses, specifically with regard to the lack of funding and financing. During a crisis, successful firms adopt a strategy that is both market- and entrepreneurship-oriented, according to strategy-oriented research. Microbusinesses can and should play a critical role in preventing unemployment, poverty, and food insecurity from increasing out of control (Amri, 2020; Adit & Pertiwi, 2020). Since the first case of Covid-19 was reported in Indonesia, the government has implemented an array of health and economic measures to mitigate impact (Adam & Alafiri, 2021).

MIEs have been growing steadily for the past decade or so, and have been recognized by the government as a driver of economic growth and job creation (Abusaada & Elshater, 2020). However, due to the sudden emergence of Covid-19, most of these businesses will struggle to survive if containment measures persist beyond seven continuous months (Bachtiar, 2021).

However, on their own, the MIE entrepreneurs needed to consider how Covid-19 would affect them and how to take appropriate action to “weather the storm.” Some specialists advised that MIEs needed to conduct scenario planning, stakeholder analysis, development planning, and external and internal communication to find ways to survive the crisis (Sundawa., Logayah., &

Hardiyanti, 2021). Despite the fact that MIEs have varying levels of expertise in business sustainability, the literature suggests that most MIEs in industrialized countries which are engaged in social and environmental initiatives are constrained by capacity and resource limitations (Parameswari, 2021).

In the Covid era, the importance of adapting business strategies to meet the demands of a changing external environment, as well as managing the firm internally during a crisis, has received heightened attention (Zutshi et al., 2021). In discussions about business strategy and growth, the importance of planning and strategy formulation has been brought into question (Muhyiddin, 2020). However, these debates have been inconclusive, with no compelling evidence to suggest that planning is or is not important in strategy formulation (Sundawa., Logayah., & Hardiyanti, 2021). In terms of planning and strategy development, formal and informal plans differ. However, organizations that actively engage in formal planning are in the minority (Laksana, 2021). Given that every business is currently struggling to stay afloat in the face of Covid-19, coping strategies is an intriguing subject to investigate. Aside from the capacity of the business, the capacity of the government to prevail is directly related to its survival plan (Bahtiar, 2021).

Many governments have announced stimulus packages to address the economic consequences of the spread of Covid (Bahtiar, 2021; Djalante et al., 2020; Irawan, 2020). These packages frequently include a combination of fiscal and monetary measures, such as tax breaks, loans, grants, guarantees, furloughing schemes, and emergency rate cuts (Nadyan., Selvia., & Fauzan, 2021). According to a recent review of the literature on crisis and MIEs, the majority of publications focus on financial issues (51%), followed by strategy (41%), and institutional environment (8%) (Song & Tao, 2020). Governments around the world have responded quickly and forcefully to the unprecedented challenges that MIEs are facing as a result of the Covid-19 pandemic, with a variety of strategies and support measures (Sundawa., Logayah., & Hardiyanti, 2021). These measures primarily focus on emergency liquidity assistance in various forms, but they have gradually been supplemented by structural assistance and broader recovery packages. Central and local governments are all contributing to the policy effort.

SWOT Analysis

SWOT (Strengths, weaknesses, opportunities, and threats) analysis is a strategic planning technique for identifying strengths, weaknesses, opportunities, and threats in the government organization. SWOT analysis is useful in determining government strategy and is not solely concerned with profit. According to Kotler & Levy, a SWOT analysis is an assessment of a company's overall strengths, weaknesses, opportunities, and threats (Kotler & Levy, 1969). The SWOT analysis is a well-known internal and external environmental analysis tool for evaluation. This analysis is predicated on the assumption that a good strategy will reduce threats and

weaknesses (Humphrey, 2015). When these simple assumptions are correctly implemented, they have a significant impact on the successful creation of a strategy (Capri, 2017). SWOT analysis is one of the most powerful analytical tools when used correctly. As applied to MIEs, SWOT can be deconstructed as follows:

The SO (Strength - Opportunity) in government organization strategy leverages the company's internal strengths to capitalize on external opportunities. This is a good organizational position in which all of the organization's leadership will direct the organization toward the conditions that will allow it to implement the SO strategy after previously using the WO, ST, and WT strategies. In terms of the government's response to the Covid-19 pandemic, several studies contend that maximizing the use of information technology (IT), particularly for marketing, can help MIEs survive the pandemic (Sugihamretha, 2020). Furthermore, providing stimulus and training on the digitization of MIEs can give them the opportunity to increase their resilience when a crisis strikes (Tambunan, 2020).

The WO (Weaknesses - Opportunity) in government organization strategy seeks to improve internal weaknesses by capitalizing on external opportunities. Sometimes the organization has good opportunities, but they are unable to capitalize on them because of their weaknesses. In terms of what the government does with its weaknesses and opportunities, some literature indicates that, despite a shortage of staff in terms of both quality and quantity, the government can maximize staff performance by collaborating with various parties to provide financial and scientific support to MIEs (Tambunan, 2020; Parameswari, 2021).

The ST (Strength - Threat) in government organization strategy employs company or government organization strength to avoid or mitigate the impact of external threats. The government can maximize its strengths and opportunities by providing an online platform for MIEs, assisting them in promoting themselves on digital platforms, as well as increasing collaboration with various parties to help make the government's programs for MIEs successful (Irawan, 2020; Amri, 2020).

The WT (Weaknesses - Threat) in government organization strategy is a defensive tactic used to reduce internal weaknesses and avoid external threats. In response to weaknesses and threats, the government can increase cooperation in any form, such as finance (Adam & Alarifi, 2021), and providing soft skills training, among others (Bahtiar, 2021). Some weaknesses and threats, on the other hand, can be mitigated by regulating government policies (Das, Rangarajan, & Dutta, 2020). Furthermore, employees who are less productive can be improved through education and training (Faedlulloh & Karmilasari, 2021).

Using this analysis, the government can identify patterns of strengths and weaknesses, and business units are not required to address all of their weaknesses or leverage all of their

strengths. While developing plans, the MIE must first identify numerous aspects that will systematically optimize strengths and opportunities while minimizing weaknesses and risks.

Research Method

This study uses a case study approach to data collection and analysis. A case study is a method of social science research that can provide useful insights into phenomena or situations of interest (Schweitzer, 2022). Case studies are used to explore and investigate current real-life phenomena through detailed contextual analysis of a small number of events or conditions, as well as their relationships (Schweitzer, 2022; Nguyen, Lasa, & Iriarte, 2022). This study analyzed the strategies of two local governments, Bantul and Sleman Districts, in maintaining MIEs in the face of the Covid-19 pandemic, using a SWOT analysis. Data were gathered through in-depth interviews (IDI) conducted with five local government officials, and key informants of ten MIEs in each district. Unstructured interviews with open-ended questions were undertaken in June-August 2021, during Indonesia's third phase of restricted movement to contain Covid-19. Interviews were also conducted with 50 MIEs owners. The interviewer used open-ended questions as a discussion guide to probe an in-depth understanding of the topic. The interview transcripts were processed using the Nvivo 12 Plus. NVivo 12 Plus, is an application that processes qualitative data.

Table 1. Key Informants from Local Government

No	District	Department Field	Person in Charge
1.	Bantul District	The Micro, Small and Medium Enterprises Sector which consists of the Empowerment and Development Sections	Head of Empowerment Section Head of Development Section
			Head of Micro Business Development Section
2.	Sleman District	Department of Cooperatives, Micro, Small, and Medium Enterprises (Micro-enterprise Field)	Head of Business Network and Partnership Section
			Head of Service Facilitation and Financing Section

Table 2. Key Informants from the MIEs in the Study Districts

	Location	Type of Firm	Quantity	Job Title
1.	Bantul District	Creative Industry	3 Firms	Owner
		Culinary	4 Firms	Owner
		Agricultural	1 Firm	Owner
		Fashion	2 Firms	Owner
		Creative Industry	1 Firm	Owner
2.	Sleman District	Culinary	5 Firms	Owner
		Agricultural	1 Firm	Owner
		Fashion	1 Firm	Owner
		Processing Industry	2 Firms	Owner

From the table above, it can be seen that IDI were conducted with key informants from both government agencies and micro-level authorities. The government in Bantul conducted two interviews with the head of the Empowerment Section and the head of the Microenterprise Development Section. In Sleman, the head of the Micro-Business Development Section, the head of the Business Network and Partnership Section, and the head of the Service Facilitation and Financing Section were interviewed. Then, IDI were conducted with the ten MIEs owners in each of Bantul and Sleman District.

Results

The results of the study revealed several significant findings concerning the impact of Covid-19 on MIEs. Furthermore, IDI with representatives of local government in Bantul and Sleman, as well as from several MIEs. A SWOT analysis to explore strengths, weaknesses, opportunities, and threats, and the information was processed using NVivo 12 Plus, resulting in the data shown below.

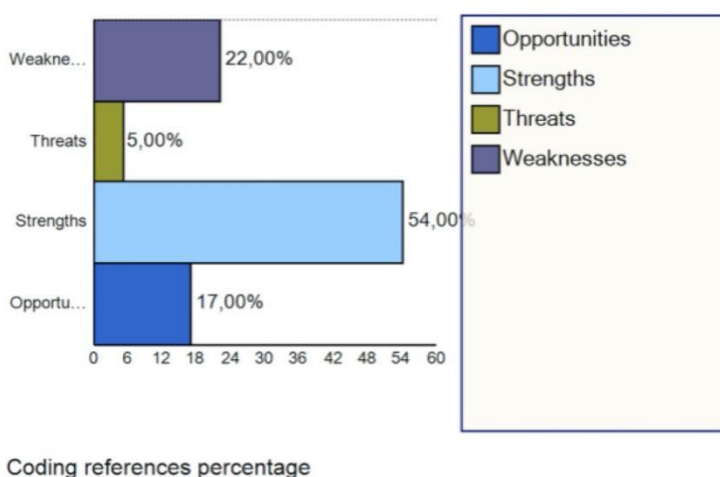


Figure 4. SWOT Analysis Coding with NVivo 12 Plus to Assist in Sleman District Government

Source: Data processed by NVIVO 12 Plus based on Interview with ten MIEs in Bantul District.

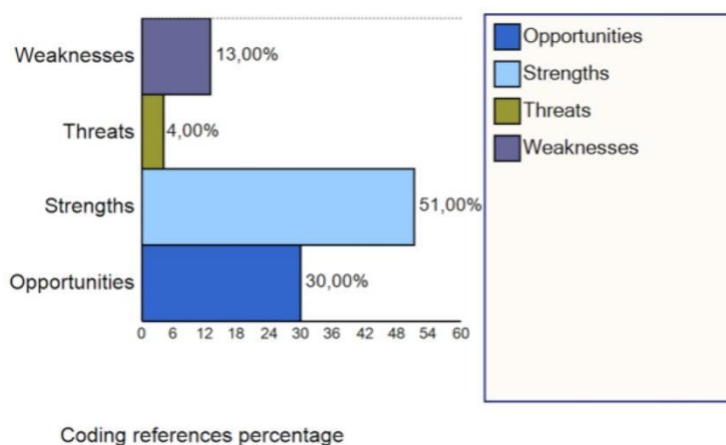


Figure 3. SWOT Analysis Coding with NVivo 12 Plus to Assist in Bantul District Government

Source: Data processed by NVIVO 12 Plus based on Interview with ten MIEs in Bantul District.

Tables 3 and 4 show that the total percentage of Nvivo 12 Plus results is 98%, which is due to weaknesses and threats that exceed the percentage, namely weaknesses in Bantul amounting to 22.1% and threats totaling 5.1%, and weaknesses in Sleman amounting to 13.1% and threats totaling 4.1%. Unless the results of Nvivo 12 plus a comma are not included in the figure, the total number is 98%. According to the picture, the two districts, Sleman and Bantul, have a lot of power, with the results of interviews using NVivo produced by 54% of the Bantul government, and 51% of the Sleman government. Both have the advantage of already having a digital platform to assist MIEs in getting ahead and utilizing digital technology for marketing. Furthermore, they engage in as much collaboration as possible between institutions and various parties outside of the government, such as tourism, trade, and industry. Higher education and non-governmental organizations are examples of other parties. The two local governments also have offline sales areas set aside for MIEs. They have the authority to be supported by the provincial government through policies aimed at developing micro and small-scale businesses in Yogyakarta's Special Region. According to the Bantul Cooperatives and SMEs Service, the head of development:

“We try to always develop it, one of which is MIEs that go digital since it is stated in the provincial policy for the development of micro and small

businesses. We hold training sessions on a regular basis, and because we are aware of our limitations, we invite organizations both inside and outside the government to participate”. (IDI with Bantul Cooperatives and SMEs Service, head of development).

It was also accompanied by a statement from the Sleman District's cooperative and MSMEs service, head of micro-business development, who stated:

“With this crisis, the government is required to provide practical services, particularly to the micro-enterprise economy; however, to improve it, what is being mobilized is to go digital. As a result, we are committed to figuring out how MIEs in Sleman can grow their businesses that previously did not use digital but can now do so thanks to the platform”. (IDI with Sleman Cooperatives and MSMEs Service, head of micro business development).

Bantul and Sleman local governments have numerous opportunities to develop MIEs in their respective areas. Bantul District has a national and international network related to microbusiness events, so the government can easily assist through cooperation in marketing microbusiness products to foreign countries. Furthermore, collaboration with other stakeholders can reduce costs because invited stakeholders can provide free digitalization training and facilitate MIEs until they understand digital methods. Sleman District benefits from a location that is easily accessible for out-of-town visitors and close to the airport, allowing for easy offline marketing.

However, despite their many strengths and opportunities, the local governments of Bantul and Sleman must recognize that they continue to face shortages of human resources, both in quantity and quality. Furthermore, there are still programs in Sleman District that are not in accordance with the target, so such matters must be handled carefully, and program and target preparation must be more sophisticated. The threat to the Bantul government is that they will be unable to maximize the empowerment of MIEs due to budget, time, and facility constraints. The convoluted and complex bureaucracy poses a serious threat to the Sleman government because it can stifle the development of MIEs, especially as we enter the digital era.

This was confirmed by the microbusiness owners interviewed from all sectors, including the creative, culinary, fashion, agriculture, and industrial processing sectors, who expressed gratitude to the government for its efforts to assist them. As the Menik from culinary enterprises in Sleman said:

“The government actually supports us, especially during Covid-19 we were given training on digital matters, but sometimes there is no follow-up. Well, that's a pity. That's why the government has to deal with it so that it is sustainable and the workshop is useful for us micro and small entrepreneurs”. (IDI with Menik as representative of MIEs in Sleman District in the culinary sector).

However, because of the limited number of employees who manage the MIE, as well as budgetary constraints and difficult bureaucracy, there is frequently no follow-up, for example, when holding workshops and training.

Discussion

This paper discusses findings from a case study of the Office of Cooperatives and SMEs in Sleman and Bantul Districts regarding their strategies to increase MIEs profits and sustainability through several programs on MIEs. Small store owners, household businesses, and street vendors are all examples of MIEs (also known as self-employed entrepreneurs) who rely primarily on their businesses as their primary source of income (Irawan, 2020). The Covid-19 epidemic has had a substantial impact on the MIEs sector. MIEs encountered problems in carrying out their operational activities, and faced substantial financial risks during the crisis. According to studies, MIEs are facing a variety of challenges and hurdles as a result of the Covid-19 pandemic (Djalante *et al*, 2020). Governments in several countries, including Indonesia, have implemented periods of closure and travel restrictions that have had a significant impact on MIEs, halting their operations, hurting their financial positions, and exposing them to financial danger. Several groups of scholars undertook empirical assessments of the Covid-19 impacts on MIEs in several countries in order to inform policy modifications (Das, Rangarajan, & Dutta, 2020). The major category addresses the situations and circumstances that cause business decline, as well as the problems of maintaining an MIE in the face of Covid-19 (Amri, 2020).

MIEs are in a critical situation in which they must manage their funds in order to keep their operations running (Das, Rangarajan, & Dutta, 2020). The inability to release supplier payments, customers' declining purchasing power, and concern about investing further in the same business are all major challenges that entrepreneurs face (Adam & Alarifi, 2021). Furthermore, these micro-businesses are classified as the 'informal economy' (Tran & Jeppesen, 2016), and the majority of their activities are unrecorded. The following are the findings based on the results of the NVivo-coded interviews.

Table 3. SWOT Analysis in Bantul and Sleman Districts Findings

Item	Bantul	Sleman
Strengths	Launching "SIDAKUI" (online consultation) - MSMEs and Industrial Cooperative Data Information System	Have a single data application (data collection of MSMEs through online training registration) and have online marketing platform facilities (SlemanMart.id)
Weaknesses	Human resources are lacking in quantity	The programs are not right on target
Opportunities	Intensifying promotional events for MSMEs (national and international events) and have the collaboration with many stakeholders to give free support for MIEs such as digitalization training	Have the strategic location such as Yogyakarta International Airport access to Jogja and Solo City, the border of Magelang City, and strategic location for tourists
Threats	Limited government capacity, for example: limitations in empowering MIEs as a whole due to various constraints such as time, budget and facilities.	A complex bureaucratic system that is less responsive in dealing with every new challenge in the digitalization era

Source: Processed by authors based on IDI and semi-structured interviews

MIEs play an important strategic role in the domestic economy, as evidenced by a large number of business units (around 96% of all business), high employment absorption, and significant contribution to GDP (Amri, 2020). MIEs have also demonstrated high resilience in the face of previous crises, despite the fact that Covid-19 is putting enormous strain on them (Abusaada & Elshater, 2020). MIEs' high resilience has served as a cushion for the economy due to their ability to withstand periods of stress and grow back faster and stronger post-stress. The government's willingness to transform through digitalization to strengthen and develop the micro and small business sector is the strength of the two districts as case studies in this research (Groenendaal & Helsloot, 2021). This digitalization allows MIEs to adapt and transform in order to survive and grow, accompanied by increased corporatization, capacity, and financing. One important takeaway from the Covid-19 pandemic is that digitalization by MIEs is increasingly meeting consumer needs, production activities, and investment transactions.

To thrive in today's world of competition, technological advancement, and periodic crises, all businesses must embrace innovation. The adoption of new technology or management methods by an organization to achieve a specific improvement in its operations is referred to as innovation (Zutshi *et al*, 2021). As a result of the two case studies, both have a digital platform that MIEs can access and use, with Bantul having "SIDAKUI" and Sleman having "SlemanMart.id,"

both of which provide opportunities for MIEs to promote their products on platforms created by the government. As technology advances, almost all human activities, such as public services, are being transformed digitally. The districts provide excellent online services, but MIEs also require assistance with the problems they face in order to increase profits and maintain business resilience. Several articles discuss the concept of resilience in broad strokes and without reference to a specific object of study (e.g., critical assets/facilities, communities, or regions) (Abusaada & Elshater, 2020). Moreover, according to Edward (2005), resilience can protect individuals from depression and is required by MSME actors to protect themselves from stress. This resilience is expected to inspire MSME actors to cope and even thrive in the face of the Covid-19 pandemic's destruction.

Furthermore, when it comes to weaknesses and threats, the limitation creates a threat to face the technological role, including in running the MIEs, which can threaten their existence and affect their profitability and sustainability. Furthermore, there is a bureaucratic flow of coordination in Sleman District that is a threat to the speed of adaptation to developments, one of which is digitalization. This is a challenge for the government in providing quick responses and solutions in dealing with problems faced by MIEs in the context of Indonesian bureaucracy (Nyarku & Oduro, 2017), particularly the coordination between regional organizations through several stages carried out based on existing procedures. According to some research, the complexity of the government administrative system in terms of business registration, issuing licenses and permits, procurement, tax payment, and other areas may pose a significant regulatory barrier to the growth of MIEs (Nyarku & Oduro, 2017). Bureaucracy, also known as red tape in administrative systems, refers to rigid rules and procedures as well as overly-detailed regulation (Ofori, Ato-Mensah, & Jinsheng, 2015). Anywhere bureaucracy exists, it slows down systems and processes (Mujib, Santoso, Bagis, & Hidayah, 2021). Based on the data analysis above, we can identify some viable strategies for both the Bantul and Sleman Districts in the SWOT analysis matrix. Table 4 summarizes the results of the data collection and analysis.

Table 4. SWOT Analysis Matrix in Cases Study

EXTERNAL FACTORS	INTERNAL FACTORS	
	Opportunities (O) Have the opportunity to Cooperating with YIA Airport. Have the retail cooperation to help marketing and training to micro business.	Threats (T) Limited government capacity, for example: limitations in empowering MIEs as a whole due to various constraints such as time, budget and facilities. A complex bureaucratic system that is less responsive in dealing with every new challenge in the digitalization era
Strengths (S) Offline consultation corner Launching “SIDAKUI” (online consultation data collection) Institutional synergy with other agencies and micro business Organizing online training Distributing MIEs to international or national events for promotion	SO Micro business development through the use of online marketing Partnerships between MIE and other stakeholders and partners are being strengthened (Large business)	ST Optimization through digital adaptation for MIEs during the pandemic Promotion through online platforms
Weaknesses (W) Budget constraints Lack of quantity of human resources at government offices Limited human resources in the IT division	WO Optimization of MIEs through improved financial management Improve the MIEs products so that they can compete with other products	WT Examine the possibility of obtaining funds from huge corporations or the government. During the pandemic, MIEs can be optimized by adjusting government policies Improving the quality of human resources through time-appropriate education and training

Source: Processed by authors based on IDI

Due to the Covid-19 epidemic, inclusive and long-term, sustainable, economic recovery plans are required for micro-enterprise. The policy packages that should be developed should have a wide range of objectives (Irawan, 2020). Although planning is essential, it may not be

enough in light of the ambiguity and complexity of the situation. As a result, businesses must constantly assess the situation and respond appropriately, and they must be resilient enough to recover and prevail. Therefore, through the results of this SWOT analysis, it is hoped that the findings can be applied by government to develop micro-businesses amid the uncertainty of the Covid-19 pandemic. Going digital is a key, whether or not small firms were poised for digitalization, since the epidemic compelled many to adapt. Only a small number of MIEs have completed the digitalization process (Song, Yang, & Tao, 2020). The digital maturity of micro-businesses has a significant impact on their growth (Siuta-Tokarska, 2021). If projections are correct, small businesses that digitize their operations will soon be on an unprecedented upward development trajectory (Nadyan, Selvia, & Fauzan, 2021). The use of digital platforms also enables MIEs to be more advanced in terms of business expansion opportunities, which are supported by improved access to markets, industry, and financial institutions. Furthermore, digital platforms can help MIEs gain a better understanding of consumer needs and the overall business environment. MIEs' service quality may also improve as a result of faster, easier, and more efficient interactions with consumers and business partners along the value chain. From the results of the SWOT analysis, it was found that:

SO (Strength-Opportunity) Strategies are micro-business development through the use of online marketing and strengthened partnerships between MIE and other stakeholders and partners (Large businesses).

ST (Strength-Threat) Strategies are optimized through digital adaptation for MIEs during the pandemic and promotion through online platforms.

WO (Weaknesses-Opportunity) Strategies are optimization of MIEs through improved financial management and improving the MIEs products so that they can compete with other products.

WT (Weaknesses-Threat) Strategies are examining the possibility of obtaining funds from large corporations or the government. During the pandemic, MIEs can be optimized by adjusting government policies and improving the quality of human resources through time-appropriate education and training.

Conclusions

MIEs are critical to a community's economic and social development. The government's strategy is urgently needed to assist MIEs in surviving the period of uncertainty following the end of the Covid-19 pandemic. These organizations can benefit from the information and communications technologies in a variety of ways, but adopting technology is difficult, and benefits are not guaranteed. MIEs face a number of challenges in terms of their attitudes toward technology, capabilities, resources, access, operations, and business and social context. This study

discovered, through a SWOT analysis, that the government's strength lies in its willingness to go forward and assist MIEs in implementing the digitization of their businesses, even though most are still at the marketing stage using digital platforms provided by the government. This study also found that collaboration among stakeholders is critical to assisting MIEs during the Covid-19 pandemic.

Furthermore, this study investigated the government's strategy for supporting digitalization in micro-businesses based on a thorough analysis of IDI data. The government must create funding programs to finance digitalization, as well as a digital learning platform for micro-businesses, and the promotion of digital tools. This finding can be used by the government to determine roles, policies, and programs to support microenterprises. This suggestion is also in line with the government's policy of assisting MIEs in expanding their operations, which will have an impact on the nation's economic growth and sustainability.

This study is based on two case studies of MIEs in Indonesia, specifically in Yogyakarta Province and the districts of Bantul and Sleman. More research could be done on other organizations in different countries, provinces, and districts. The outcomes may differ depending on the level of technology acceptance, society, and government involvement in MIEs support. This study identifies impediments to the government's MIEs support strategy. However, by using qualitative research methods, the study is limited to determining which barriers and governmental strategies have the greatest impact on the success or failure of micro-business sustainability. As a result, this study suggests that future research should incorporate quantitative methods to investigate the barriers and governmental strategies that can have a significant impact on the sustainability of MIEs.

References

- Abusaada, H., & Elshater, A. (2020). Covid-19 Challenge, Information Technologies, and Smart Cities: Considerations for Well-Being. *International Journal of Community Well-Being*, 3(3), 417–424. doi.org/10.1007/s42413-020-00068-5.
- Adam, N. A., & Alarifi, G. (2021). Innovation practices for the survival of small and medium enterprises (SMEs) in the Covid-19 times: the role of external support. *Journal of Innovation and Entrepreneurship*, 10(1). doi.org/10.1186/s13731-021-00156-6.
- Adit, & Pertiwi, M. A. (2020, April 3). *Prioritas Kebijakan Pemerintah Indonesia dalam Menangani Pandemi Covid-19*. Balairung Press. Retrieved from <http://www.balairungpress.com/2020/04/prioritas-kebijakan-pemerintah-indonesia-dalam-menangani-pandemi-Covid-19/>.
- Alkahtani, A., Nordin, N., & Khan, R. U. (2020). Does government support enhance the relation between networking structure and sustainable competitive performance among SMEs?. *Journal of Innovation and Entrepreneurship*, 9(1), 1-16.

- Amri, A. (2020). Pengaruh Periklanan Melalui Media Sosial Terhadap UMKM di Indonesia di Masa PAndemi. *Jurnal Brand*, 2(1), 123–130.
- Bahtiar, R. A. (2021). Dampak Pandemi Covid-19 Terhadap Sektor Usaha Mikro, Kecil, dan Menengah Serta Solusinya. Pusat Penelitian Badan Keahlian DPR RI, *Bidang Ekonomi Dan Kebijakan Publik*, XIII(10), 19–24.
- Blackburn, R. A., Hart, M., & Wainwright, T. (2013). Small business performance: business, strategy and owner-manager characteristics. *Journal of Small Business and Enterprise Development*, 20(1), 8–27. doi.org/10.1108/14626001311298394.
- Capri, A. (2017). *Micro and Small Businesses in Indonesia's Digital Economy: Keys to Developing New Skills and Human Capital Table of Contents*. The Asia Pacific Foundation of Canada, 56. Retrieved from [https://apfcanada-msme.ca/sites/default/files/2019-03/Micro and Small Businesses in Indonesia's Digital Economy.pdf](https://apfcanada-msme.ca/sites/default/files/2019-03/Micro%20and%20Small%20Businesses%20in%20Indonesia's%20Digital%20Economy.pdf).
- Das, M., Rangarajan, K., & Dutta, G. (2020). Corporate sustainability in SMEs: An Asian perspective. *Journal of Asia Business Studies*, 14(1), 109–138. doi.org/10.1108/JABS-10-2017-0176.
- Djalante, R., Lassa, J., Setiamarga, D., Sudjatma, A., Indrawan, M., Haryanto, B., ... Warsilah, H. (2020). *Review and analysis of current responses to Covid-19 in Indonesia: Period of January to March 2020*. Progress in Disaster Science, 6, 100091. doi.org/10.1016/j.pdisas.2020.100091.
- Edward, K.I (2005). Resilience: a p from depression. *J Am Protector Psychiatr Nurses Assoc*, 11(4), 241–243.
- Eniola, A. A., & Entebang, H. (2015). SME firm performance-financial innovation and challenges. *Procedia-Social and Behavioral Sciences*, 195, 334–342.
- Faedlulloh, D., Yulianto, Y., & Karmilasari, V. (2021). A Structural and Mindset Bureaucratic Reform Agenda for Jokowi's Second Term. BISNIS & BIROKRASI: *Jurnal Ilmu Administrasi Dan Organisasi*, 27(2). doi.org/10.20476/jbb.v27i2.11466.
- Groenendaal, J., & Helsloot, I. (2021). Cyber resilience during the Covid-19 pandemic crisis: A case study. *Journal of Contingencies and Crisis Management*, 29(4), 439–444. doi.org/10.1111/1468-5973.12360.
- Hakim, L. (2021). Covid-19, tourism, and small islands in Indonesia: Protecting fragile communities in the global Coronavirus pandemic. *Journal of Marine and Island Cultures*, 9(1), 130–141. doi.org/10.21463/jmic.2020.09.1.08.
- Humphrey, A. (2015). *SWOT Analysis for Management Consulting*. SRI International, United States
- Irawan, A. (2020). Challenges and Opportunities for Small and Medium Enterprises in Eastern Indonesia in Facing the Covid-19 Pandemic and the New Normal Era. *The International Journal of Applied Business (TIJAB)*, 4(2), 79. doi.org/10.20473/tijab.v4.i2.2020.79-89.
- Kosmützky, A. (2018). Comparative Research, Higher Education. In: *Encyclopedia of International Higher Education Systems and Institutions*. Springer, Dordrecht. doi.org/10.1007/978-94-017-9553-1_175-1

- Kotler, P., & Levy, S. J. (1969). Broadening the concept of marketing. *Journal of Marketing*, 33(1), 10-15.
- Laksana, S. (2021). Post Pandemic Indonesian Regional Development Planning, New Normal, New Orientation: The Case of West Java. *Jurnal Perencanaan Pembangunan: The Indonesian Journal of Development Planning*, 5(1), 32-50. doi.org/10.36574/jpp.v5i1.150
- López-Leyva, J. A., Ponce-Camacho, M. Á., Valadez-García, A., Ramos-García, V. M., & Mena-Ibarra, H. N. (2022). Entrepreneurship Intentions Analysis of Mexican University Students Using an Artificial Neural Network to Promote Sustainable Businesses: *An Interdisciplinary Perspective*. *Sustainability*, 14(4), 2280.
- Mardiyah, A. (2021). Analisis Perbandingan Persepsi Pelaku Umkm Pada Pembiayaan Bank Syariah Dan Kredit Bank Konvensional Studi Penelitian pada UMKM Kecamatan Kuningan Kabupaten Kuningan, Doctoral dissertation, Universitas Siliwangi.
- Mazzi, C. (2011). Family business and financial performance: Current state of knowledge and future research challenges. *Journal of Family Business Strategy*, 2(3), 166-181.
- Muhyiddin. (2020). Covid-19, New Normal, dan Perencanaan Pembangunan di Indonesia. *Jurnal Perencanaan Pembangunan: The Indonesian Journal of Development Planning*, 4(2), 240–252. doi.org/10.36574/jpp.v4i2.118.
- Mujib Ikhsani, M., Santoso, S. E. B., Bagis, F., & Hidayah, A. (2021). Strategies for Increasing the Competitiveness of Micro Small. *Journal, International Reviewed, Peer Vol-, International Journal*, 2021(3), 1912–1921.
- Nadyan, A. F., Selvia, E., & Fauzan, S. (2021). The Survival Strategies of Micro, Small and Medium Enterprises in The New Normal Era. *Dinamika Ekonomi: Jurnal Ekonomi Dan Pembangunan*, 12(2), 142–149.
- Nguyen Ngoc, H., Lasa, G., & Iriarte, I. (2022). Human-centered design in industry 4.0: case study review and opportunities for future research. *Journal of Intelligent Manufacturing*, 33(1), 35-76.
- Nyarku, K. M., & Oduro, S. (2017). Examining the Effect of Corruption and Bureaucracy on SMEs Growth in the Kumasi Metropolis of Ghana. Universities, *Entrepreneurship and Enterprise Development in Africa - Conference Proceedings 2017*. Nairobi, Kenya, 154–173. doi.org/10.18418/978-3-96043-060-5.
- Ofori, D., Ato-Mensah, S., & Jinsheng, Z. (2015). Corruption, Foreign Direct Investment, and Growth in Ghana: An Empirical Analysis. *European Journal of Business and Management*, 7(23), 1–10.
- Parameswari, R. (2021). SWOT Analysis of Small and Medium Micro Business Development in Jatiuwung District, *Tangerang City*, 2, 1–10.
- Schweitzer, R. (2022). Research Design, Cases, and Methodology. In *Micro-Management of Irregular Migration* (pp. 47-56). Springer.
- Sexton, D.L, & Smilor, R.W. (1997). *Entrepreneurship 2000* (edited by Donald L. Sexton and Raymond W. Smilor) Chicago, IL: Upstart Publishing Company.

- Siuta-Tokarska, B. (2021). Smes during the Covid-19 pandemic crisis. The sources of problems, the effects of changes, applied tools, and management strategies—the example of Poland. *Sustainability (Switzerland)*, 13(18). doi.org/10.3390/su131810185.
- Song, H., Yang, Y., & Tao, Z. (2020). How different types of financial service providers support small- and medium- enterprises under the impact of Covid-19 pandemic: from the perspective of expectancy theory. *Frontiers of Business Research in China*, 14(1), 1–27. doi.org/10.1186/s11782-020-00095-1.
- Sugihamretha, I. D. G. (2020). Respon Kebijakan: Mitigasi Dampak Wabah Covid-19 Pada Sektor Pariwisata. *Jurnal Perencanaan Pembangunan: The Indonesian Journal of Development Planning*, 4(2), 191–206. doi.org/10.36574/jpp.v4i2.113.
- Sundawa, D., Logayah, D. S., & Hardiyanti, R. A. (2021, May). New Normal in The Era of Pandemic Covid-19 in Forming Responsibility Social Life and Culture of Indonesian Society. In *IOP Conference Series: Earth and Environmental Science* (Vol. 747, No. 1, p. 012068). IOP Publishing.
- Schweitzer, R. (2022). Research Design, Cases and Methodology. In *Micro-Management of Irregular Migration* (pp. 47-56). Springer.
- Tambunan, T. (2020). MSMEs in times of crisis. evidence from Indonesia. *JDE (Journal of Developing Economies)*, 5(2), 89-102.
- Tran, A. N., & Jeppesen, S. (2016). SMEs in their Own Right: The Views of Managers and Workers in Vietnamese Textiles, Garment, and Footwear Companies. *Journal of Business Ethics*, 137(3), 589–608. doi.org/10.1007/s10551-015-2572-x.
- Valerisha, A., & Adi Putra, M. (2020). Pandemi Global COVID-19 dan Problematika Negara-Bangsa: Transparansi Data Sebagai Vaksin Socio-digital?. *Jurnal Ilmiah Hubungan Internasional*, 131–137. doi.org/10.26593/jihi.v0i0.3871.131-137
- Weible, C. M., Nohrstedt, D., Cairney, P., Carter, D. P., Crow, D. A., Durnová, A. P., ... Stone, D. (2020). Covid-19 and the policy sciences: initial reactions and perspectives. *Policy Sciences*, 53(2), 225–241. doi.org/10.1007/s11077-020-09381-4.
- Zutshi, A., Mendy, J., Sharma, G. D., Thomas, A., & Sarker, T. (2021). From challenges to creativity: Enhancing SMEs resilience in the context of Covid-19. *Sustainability (Switzerland)*, 13(12), 1–16. doi.org/10.3390/su13126

Personal Interview

- Head of Development. Bantul Cooperatives and SMEs Service. (2021, August 18). Personal communication [Personal interview].
- Head of Micro Business Development. Sleman Cooperatives and MSMEs Service. (2021, Sept 4). Personal communication [Personal interview].
- Martini, A. (2021, August 29). Personal communication [Personal interview].
- Menik. (2021, August 29). Personal communication [Personal interview].