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## THE EFFECT OF MARKETING STRATEGY AND THE ROLE GOVERNMENT ON THE SUSTAINABILITY OF MSMEs DURING THE COVID-19 PANDEMIC

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### ABSTRACT

The relatively significant role of MSMEs in economic development makes the sustainability of MSMEs considered worthy of being maintained, especially with the current Covid-19 pandemic. The current New Normal era provides new opportunities and challenges for MSME players to rebuild their businesses which had collapsed due to restrictions on activities such as PPKM (Regional Quarantine). MSME players must find the right marketing strategy as a foundation for MSMEs in order to maintain business continuity in the current pandemic situation. Business continuity is also inseparable from the role of the Government in encouraging the MSME sector through a series of efforts and policies rolled out. The purpose of this research is to get an in-depth picture of the influence of marketing strategies and the role of the Government on the sustainability of MSMEs during the Covid-19 pandemic. The research method used in this study is a literature review. The result of this research is that the marketing strategy and the role of the Government can be supporting factors for realizing the sustainability of MSMEs. Unstable economic conditions due to the Covid-19 pandemic have forced MSME players to move quickly to maintain business continuity, one of which is by implementing the right marketing strategy such as running a digital marketing system. The role of the government is equally important in driving the economy during a pandemic, as evidenced by the improvement in economic growth in the third quarter of 2020 after the National Economic Recovery Program (PEN) was launched, particularly the assistance program aimed at MSMEs.

### KEY WORDS

Marketing strategy, government role, business continuity.

The significance of the MSMEs contribution to economic development can be seen through the opportunities for opening up much wider employment opportunities, increasing foreign exchange, income and sales taxes, and opportunities for developing quality human resources. Because of the large role of MSMEs in economic development, the sustainability of MSMEs is considered worthy of being maintained, especially with the current Covid-19 pandemic. In general, company sustainability is the organization's ability to sustain activities over time (Catlin et al., 2017). Company sustainability is also a balance between the economic, social and environmental goals of an organization (Hansen and Schaltegger, 2016).

The spread of the Covid-19 virus is still the focus of various countries, especially those that have confirmed positive cases of infection in their countries. Even though the Covid-19 recovery rate continues to increase, the emergence of cases of the spread of Covid-19 has also increased so that uncertainty continues to affect the pace of the global economy. The impact of Covid-19 on the Indonesian economy can be seen through economic growth during 2020, where in the first quarter economic growth grew by 2.97 percent, then in the second quarter there was a growth contraction of -5.32 percent, and in the third quarter of 2020 economic growth relatively improved by growing by -3.49 percent (Kemenkeu.go.id, 2020). This data shows the process of economic recovery and the turning point of national economic activities towards the positive zone ([www.kemenkeu.go.id](http://www.kemenkeu.go.id)).

Even though economic growth is moving towards a positive zone, it cannot be denied that the impact caused by the Covid-19 pandemic has affected various sectors, especially the economic sector. Directly, the impact of the pandemic has been seen through the

occurrence of layoffs (PHK) in several companies, the closure of several businesses which resulted in the dismissal of workers. This pandemic also has a wide impact on the business world at all levels, but the most severe impact is experienced by MSMEs. Currently, many MSME players in the service and production business sectors are experiencing various challenges due to this pandemic, such as a significant decrease in turnover, lack of customers, difficulties in obtaining raw materials, and product marketing constraints.

The significant decrease in turnover was due to reduced buying and selling activities due to restrictions on the movement of the community through the Enactment of Restricted Community Activities (PPKM) policies which were enforced throughout Indonesia. Before PPKM was implemented, all Civil and Private Servants had implemented the Work From Home (WFH) policy. The limited mobility of people in urban areas has an impact on the purchase of MSME products so that sales turnover drops dramatically.

Currently, people are faced with a new order era, a new normal era or better known as the New Normal. New normal is marked by the reopening of people's daily activities while maintaining themselves from the spread of Covid-19. New Normal itself consists of new orders, habits and behaviors, through clean and healthy living habits. Some of the new habits in the current New Normal era include washing hands with soap, always wearing a mask when going out of the house or in a crowd, maintaining physical distance from other people. It is hoped that these new habits can be carried out collectively and become new habits that are obeyed by all citizens.

This New Normal era provides opportunities and challenges for MSME players to rebuild their businesses which had collapsed due to the existence of the PPKM. MSME players must find the right marketing strategy in facing the opportunities and challenges that exist in the current New Normal era. This marketing strategy will be the basis for MSMEs to be able to maintain business continuity in the current pandemic situation.

Basically, marketing is a strategy that must be considered by business people to increase the added value of a product. Business competition is getting tighter and denser, forcing MSMEs to have an advantage over competitors or other business actors. If implemented effectively, marketing strategies can influence several factors that contribute to strengthening business sustainability. Marketing strategies can affect product sales volume, consumer purchase interest, purchase decisions, customer loyalty, revenue, and company performance. This result is supported by previous research conducted by Firdaus (2017); Chaubey and Pant (2018); Sinulingga (2015); Sumaila, et al. (2018); Panjaitan and Setyorini (2019); Saif (2015); and Shibly and Alnaser (2017).

Every company certainly wants its business continuity to be maintained. This can be realized if the company can run its operational activities smoothly, including by selling goods / services to consumers. The sale of goods or services can have an impact on the income received by the company, so that the higher the sales of a company, the revenue received by the company will increase. The income received by the company can later be used again to turn the business, increase capital, or fund the company's operational activities so that business continuity can be maintained.

The smooth operation of the operations carried out by a company is certainly not achieved easily. It needs the right strategy to attract the attention of consumers or customers in order to keep doing transactions in the company. One of the strategies needed is a marketing strategy. The success of marketing a product is not only judged by how many consumers are obtained, but also how to retain these consumers. If the product or service does not meet consumer expectations, consumers are less likely to make repeat purchases. On the other hand, if a product or service exceeds consumer expectations, then the consumer will feel satisfied and make it possible to make repeat purchases. Customer loyalty can be created from satisfied customers and in the end make repeat purchases of the products / services offered.

Business continuity is also inseparable from the role of the Government in encouraging the MSME sector to develop more so that it has an impact on business continuity. The role of government is one of the important external factors that affect the sustainability of a business, as expressed by George J. Stigler in Harefa (2008), that "Regulation is a set of

rules intended to provide protection and benefits for the community in general or a group of people".

The government can carry out its role by making regulations, standards, and pricing policies that are intended for the benefit of MSMEs. Moreover, with a pandemic like this time, the role of the Government is of course very much needed to maintain the existence of MSMEs. Diva (2009) states that there is an effective role for government in terms of developing MSMEs, including: (1) The role of the government as a facilitator; (2) The role of the government as regulator; and (3) The role of the Government as a catalyst.

A major task rests on the shoulders of the Indonesian Government in relation to the current pandemic, namely first, maintaining the safety and health of the Indonesian people as the main focus and second, maintaining the rate of economic growth. Predictions of global economic growth need to be used as input for the government in designing economic policies, especially solutions for MSMEs. In the context of the National Economic Recovery (PEN) and considering its role as the driving force of the national economy, the Government provides various assistance to MSMEs in the hope of maintaining the sustainability of MSMEs in the midst of the crisis due to the current pandemic.

Based on the preceding explanation, the focus of this research is to get an in-depth picture of the relationship between marketing strategies and the role of the Government in the sustainability of MSMEs in Indonesia during the Covid-19 pandemic.

## METHODS OF RESEARCH

This research method uses a literature review. Material in the form of reviews, summaries, and the author's thoughts on several library sources (articles, books, slides, information from the internet, etc.) on the topic being discussed is part of the writing of a Literature review. Writing that is relevant, up-to-date, and adequate is a reflection of the writing of a good Literature review.

## RESULTS AND DISCUSSION

### Marketing Strategy for the Sustainability of MSMEs in Indonesia

Marketing strategy issues are a major concern for business actors. The rapid advancement of technology has made business actors formulate a marketing strategy as an effort to attract customers for the realization of business continuity. The right marketing strategy is needed for the growth of MSMEs, especially to increase sales of the products / services offered (Praswati et al., 2016). Knight (2000) shows that marketing strategy has an important role for companies to help implement tactics in order to maintain business continuity and become a successful company.

Vijande et al. (2012) stated that marketing strategy has a positive and significant impact on client satisfaction and loyalty, so that in the end it also has an impact on better organizational performance such as sales, profits, and market share and makes business continuity can be maintained. Kotler (2010) states that traditionally, a marketing strategy is a plan to pursue company goals or how the company will achieve its marketing objectives in achieving a certain market segment. A good marketing strategy in a business can make demand increase so that it also has an impact on business productivity to produce products / services effectively and efficiently. The success or failure of achieving the business objectives of a business depends on the marketing capabilities of the business. Therefore, it can be said that the marketing strategy plays an important role for a business to maintain its business continuity.

The current marketing strategy has also undergone a shift from conventional marketing to digital-based marketing. Although not all MSMEs have implemented digital marketing (digital marketing), the number continues to increase along with the benefits felt by MSME players when switching to a digital system. Is-haq (2019) states that there is a relationship between digital marketing and increased MSME sales. The research also discusses options in digital marketing that are relevant to MSMEs, including email, social media, search engine

optimization, and online advertising.

Airlangga Hartanto, Coordinating Minister for the Economy, emphasized that the Covid-19 pandemic has had a deep impact on MSMEs. In fact, around 63 percent of MSME businesses experienced a decline in turnover due to reduced purchasing power. Based on this, it is expected that existing MSME players can transform from offline sales to online sales (kontan.co.id). This transformation is intended so that the market share of MSMEs will become wider, considering that the impact of the Covid-19 pandemic has made physical contact more limited, especially the PPKM policy which makes people reluctant to go out of the house.

Bastian (2015), Jermias (2008), and O'Brien (2003), who state that product marketing using information technology via the internet and social media is the right strategy to market unlimited production while still paying attention to the company's balance sheet. The implementation of the right marketing strategy in addition to maintaining the sustainability of small businesses can also expand the marketing network which has a positive impact on the growth and development of small businesses in the future (Rosmadi, 2021).

### **Marketing strategy in an effort to maintain the sustainability of MSMEs in Indonesia during the Covid-19 pandemic**

Based on data from the Ministry of KUKM, since March 2020 the MSME sectors that have been most affected are the tourism, culinary, and processing MSMEs. On the other hand, the MSME sector that continues to grow amid the Covid-19 pandemic is the health sector MSMEs, delivery services (couriers), the telecommunications services sector, and the online trade sector (e-commerce). Since the implementation of PPKM and WFH, there have been changes in consumer behavior where more activities are carried out at home, so that all fulfillment of daily needs is carried out online, starting from basic needs, fast food, medicines, care, and other services.

One of the keys for MSMEs to be able to maintain the sustainability of their business, is by adapting to market changes, both changes in demand by innovating products according to the needs of society in the current New Normal era. MSME actors must be able to develop a marketing communication strategy as part of adaptation to be able to maintain business continuity and also keep developing in current conditions.

The most appropriate marketing communication strategies in the New Normal era are non-digital, digital and soft selling strategies. Non-digital or conventional sales strategies are maintained by considering loyal customers of MSME products who are accustomed to shopping offline, because of the proximity of the location to MSME players. Digital marketing strategies are promotional activities and market searches through digital media online by utilizing various means such as social networks (Purwana et al., 2017). The digital marketing method that is often used by business people is to use social media such as marketing products through Instagram, Facebook, Twitter and many more. Besides that, digital marketing can also be done in e-commerce and many other media. The rapid development of technology also means that digital marketing must be understood and studied by MSMEs.

Hendrawan et al. (2019) stated that digital marketing has a positive and significant effect in increasing the sales performance of MSMEs which also has an impact on the sustainability of their business. As many as 70 percent of creative entrepreneurs say digital marketing will be the main communication platform in marketing, and offline stores will be complementary, this is due to the ease and ability of digital marketing to reach more consumers. The results of this study are in line with the research conducted by Purwana et al. (2017) which states that business actors must foster courage in trying new things such as digital marketing to be able to continue to develop their business. MSME players can also start by creating social media and regularly carrying out promotions so that they will be more confident in honing their creativity for marketing purposes.

There are several forms of digital marketing that can be conducted by MSME players, including: (1) Intensive publication of videos and product photos on social media accounts. The use of social media is also adjusted to the product segments we have, (2) Utilizing Facebook ads, Instagram ads, Twitter ads, google distribution networks, and so on which

can be easily accessed through social media and can reach consumers with the criteria we have previously determined , (3) Making marketing product videos that are broadcast through social media or doing live product promotions. This strategy if done correctly will have a positive effect on the business, (4) Involving consumers in product selection, conducting intensive education and introduction to product quality on social media accounts and using creative words and using hashtags (#) to make it easier to find by consumers. If done consistently, this will build brand awareness and can influence consumer purchasing decisions.

Soft selling marketing strategy is a way of selling done without a high level of aggression. The promotion seems friendly but persuasive. The uniqueness of soft selling emphasizes the persuasive side which is slow but sure. This is what will make consumers want to make a purchase. Implementing a soft selling marketing strategy makes consumers feel that they are not being offered a product. But in the end, consumers know that the product is attractive and in the end they decide to buy. the use of promotional media that describes the product, for example.

Soft selling can also be done by using attractive product packaging, attractive taglines, infographics full of product information, making trailers containing product knowledge, prices, and launch dates. This trailer is then uploaded to all social media platforms such as Youtube, Twitter, Instagram and Twitter. Meanwhile, the link from the trailer can be shared via messaging applications such as Whatsapp, LINE or Telegram. MSME players in the process of purchasing their products can apply marketing through payment when the goods are received by the customer or Cash On Delivery (COD).

MSME players can collaborate with various parties in implementing the three communication strategies effectively, so they can move faster and more effectively. The right partner and in accordance with the shared vision and mission can increase the effectiveness of marketing MSME products many times over before, so as to encourage an increase in the volume of MSME businesses.

### **Constraints in implementing digital marketing strategies during the Covid-19 pandemic**

The implementation of non-digital strategies or conventional sales is still widely applied by MSMEs, especially MSMEs that have not been able to do digital marketing. Consumers who have not been able to use the internet can become a market share for MSMEs that have not done digitization, so that these consumers tend to make purchases at businesses that still use conventional methods. According to a survey conducted by katadata.co.id (2020) entitled "Digitalization of MSMEs in the Middle of the Covid-19 Pandemic", there are still many MSMEs that have not carried out digital transformation, especially in marketing, which can be caused by several things including lack of knowledge of running online businesses and unprepared human resources. Obstacles for MSMEs in carrying out digital transformation in the form of a lack of knowledge about running online businesses and human resources that are not ready, can be anticipated by holding training and guidance aimed at increasing digital capacity for MSME players. Inadequate telecommunication infrastructure. The next obstacle in the form of inadequate telecommunication infrastructure can serve as an evaluation for the Government and cellular operator providers. In 2018, around 5,300 villages or 11 percent of the total area in Indonesia had no internet access or blank spots. A total of 3,500 of them are in Papua ([www.katadata.co.id](http://www.katadata.co.id)). Inadequate funds can be anticipated by accessing cheap credit such as the People's Business Credit (KUR) which was initiated by the Government to help meet the need for capital. Furthermore, obstacles to the number of competitors can be anticipated by increasing the competitiveness of MSME players, both in the form of quality of products / services offered to services to consumers.

There are still obstacles experienced by MSMEs in carrying out the transformation from conventional marketing to digital marketing, of course, requires the attention of various parties. Efforts must be made for solutions to create more developed and highly competitive MSMEs. If MSMEs can carry out the marketing strategy optimally, it will have an impact on

increasing sales, including increased business performance which will directly contribute to maintaining business continuity.

### **The Role of the Government on the Sustainability of MSMEs in Indonesia**

According to Suhady in Riawan (2005), government in terms of its meaning is the authoritative direction and administration of the affairs of men / women in a nation state, city, ect which means direction and administration which is authorized for community activities in a country, cities and so on. Government can also be interpreted as the governing body of a nation, state, city, etc. which means the official institution or body that administers the government of the State, state, or city and so on. Judging from its nature, the broad definition of government is all power, namely legislative power, executive power and judicial power. Meanwhile, in a narrow sense, the government only includes branches of executive power. The role of the government is an action taken by an institution or agency in order to carry out its obligations as a public servant aimed at the welfare of its people.

The role of the Government is one of the important external factors that affect business continuity. The role of the government through government regulations can control the behavior of entrepreneurs as well as encourage SMEs to innovate. The government can perform its role by providing regulations, technical / production support, financial technical support, and access to finance. Diva (2009) states that there is a role for government which, according to him, is effective in terms of developing MSMEs as follows: (1) Government as a facilitator, (2) Government as regulator, (3) Government as a catalyst.

Jasra et al. (2011) stated that Government support is one of the main variables that affect the sustainability of MSMEs. Of course, every UMKM owner really hopes for Government support through programs aimed at developing the MSME sector in order to sustain a stable national economy. Research conducted by Songling, et al. (2018) show that the role of the Government through financial and non-financial support has a significant effect on company performance and sustainability. Based on these findings, the government and policy makers are advised to provide financial and non-financial support to SMEs which in turn can increase business growth and sustainability.

Yatim et al. (2019) explain that the Government plays an important role in shaping the success of SMEs. The government has assisted SMEs by providing financing, promotion, capacity building, marketing, and through many other assistance programs under various Ministries and agencies. Many studies show that the government has intervened in many ways to help companies, for example in the financial aspect (Cull, Li, Sun, & Xu, 2013; Owenvbiugie, 2017), green innovation adoption (Kousar, Sabri, Zafar, & Akhtar, 2017) ), policies (Lazzarini, 2012) and interventions and assistance related to the government. Apart from providing direct funds, fiscal measures such as tax deductions or exemptions also play a role in helping businesses (Alhnity, Mohamad, & Ishak, 2016). Kraja (2014) states that the government can change and improve the conditions of SMEs with its policies. These policies can help SMEs to improve their performance and maintain their business continuity. Seeing the important role of MSMEs for the economy, it is deserved the attention of policy makers, especially Government Agencies that are responsible for the development of these MSMEs. The existence of an interference from the government to MSMEs will greatly impact its sustainability, as expressed by George J. Stigler in Harefa (2008), that "Regulation is a set of rules intended to provide protection and benefits for the general public or a group of people".

### **The role of the Government in an effort to maintain the sustainability of MSMEs before the Covid-19 pandemic**

MSMEs (Micro, Small and Medium Enterprises) are one of the engines driving the growth of the Indonesian economy. The contribution of this sector to Indonesia's economic growth is also very significant. Several ways have been taken by the Government to assist MSMEs in maintaining sustainability and developing their businesses, including taxation, which is support from the government in the taxation sector for MSME players in the form of lowering the UMKM Final PPh rate from 1 percent to 0.5 percent. Acceleration of Licensing, as an effort to support the development of MSMEs, the Government accelerates licensing in

establishing businesses by launching a single submission. Through this application, MSMEs are given the convenience of investing through the application of an electronically integrated business licensing system. Interest on Low Loans, the government also encourages convenience for MSMEs in terms of capital by rolling out a low interest loan policy through the type of People's Business Credit (KUR) loan provided by national banks. Business Development is another facility provided by the Government and the Ministry of State-Owned Enterprises (BUMN) through PKBL or the Partnership and Community Development Program. The purpose of the Partnership program is to increase the ability of small entrepreneurs to become resilient and independent as well as to empower the social conditions of the community. Meanwhile, the Community Development Program, which is called the BL Program, is a program to form new Foster Partner candidates and empowerment of the social conditions of the community by BUMN through the use of funds from the BUMN's profit share. Expanding Market Access, namely the government through several ministries and institutions providing full support to MSMEs in order to expand their market reach. For example, the Ministry of Trade has a Mall-to-Mall exhibition program in collaboration with APBI (Indonesian Shopping Center Association). Furthermore, the government also has a program of the 100,000 UMKM Go Online movement simultaneously in 30 Cities / Regencies in Indonesia which was initiated in line with the government's vision to make Indonesia a Digital Energy of Asia ([www.kompas.com](http://www.kompas.com)).

The role of the Government in an effort to maintain the sustainability of MSMEs in Indonesia during the Covid-19 pandemic. The existence of the Covid-19 pandemic was a direct blow to the sustainability of MSMEs in Indonesia. Therefore, the Government issued a number of special policies for MSMEs to ease economic pressure as a result of the Covid-19 pandemic. Based on the total cost allocated by the government for handling Covid-19 in 2020 amounting to Rp.695.2 trillion, Rp.123.46 trillion (or 17.75%) is specifically allocated to support MSMEs. Fiscal assistance for MSMEs can be seen in the table below.

Table 1 – Types of National Economic Recovery Program Assistance for MSMEs (in rupiah)

No.	Types of Assistance	Total
1	Interest Subsidy	35.28 trillion
2	Placement of Funds for Credit Restructuring	78.78 trillion
3	Expenditures for Guarantee Services Fees	5 trillion
4	Guarantee for Working Capital	1 trillion
5	Government Borne Final Income Tax	2.4 trillion
6	Investment Financing to Cooperatives through LDPB	1 trillion
	Total	123, 46 trillion

Source: [www.kompas.com](http://www.kompas.com), 2020 (data processed).

Based on the data above, this amount is allocated for six activities, namely interest subsidies of IDR 35.28 trillion, placement of funds for restructuring of IDR 78.78 trillion, expenditure for Guarantee Services Fees (IJP) of IDR 5 trillion, final PPh for MSMEs borne by the government (DTP) in the amount of IDR2.4 trillion, as well as investment financing to cooperatives through the Cooperative, Micro, Small and Medium Enterprises (LPDB KUMKM) Institution of IDR IDR1 trillion (Kompas, 2 September 2020). Broadly speaking, there are several policies established by the Government to maintain the continuity of the MSME business, including the MSME Tax Incentive and UMKM Credit Restructuring. Currently, the Minister of Finance has issued the Minister of Finance Regulation (PMK) PMK-44 / PMK.03 / 2020 concerning Tax Incentives for Taxpayers Affected by the Corona Virus Disease 2019 Pandemic. These are those that have a certain gross turnover and are subject to final Income Tax (PPh) based on PP Number 23 of 2018 concerning Income Tax on Income from Businesses Received or Obtained by Taxpayers With Certain Gross Circulation ([kemenkeu.go.id](http://kemenkeu.go.id), 22 June 2020) . UMKM credit restructuring was also carried out by postponing principal and subsidies. This policy gets a legal umbrella from the Minister of Finance Regulation Number 65 / PMK.05 / 2020 concerning Procedures for Providing Interest Subsidies / Margin Subsidies for Credit / Financing for Micro, Small and Medium

Enterprises in Order to Support the Implementation of the National Economic Recovery Program which was later updated by Number 85 / PMK.05 / 2020 (kompaspedia. Kompas.id, 31 August 2020).

The importance of MSME Working Capital Credit, a working capital policy that is first implemented, is the provision of low-interest working capital credit through the placement of state money in the form of deposits and / or government demand deposits at partner commercial banks. This policy is regulated in the Minister of Finance Regulation Number 70 / PMK.05 / 2020 concerning Placement of State Money in Commercial Banks in the context of accelerating PEN, which is updated with PMK Number 104 / PMK.05 / 2020. The government also provides guarantees for working capital loans for MSME players. The UMKM working capital credit guarantee scheme has been regulated through the Minister of Finance Regulation Number 71 / PMK.08 / 2020 concerning Government Guarantee Procedures through the Guarantee Business Entity (kompaspedia. Kompas.id, 31 August 2020).

The government's Direct Assistance Program for MSMEs from September to December 2020. In this program, each business actor will receive assistance of IDR 2.4 million / business actor. The goal is to strengthen the resilience of the MSME business. To get BLT, MSMEs can register through their respective domiciled cooperative and UKM offices (Ekonomi.bisnis.com, August 29, 2020). In addition to the various policy supports above, the government through the Ministry of Cooperatives and UKM also makes efforts to support the digitization of MSMEs. Kemenkop and UKM record that currently only about 13% of the 63 million MSME players have entered the digital ecosystem (Kompas, 2020). It is predicted that MSMEs can move again with the fiscal support described above, in addition to the easing of PPKM in the regions. Thus, the public can continue their business and make spending, including buying MSME products in the regions. The goal is that economic growth (GDP) can be pushed in a positive direction. Support for interest subsidies and placement of funds for credit restructuring (loans) for MSMEs is sacrificed in the amount of Rp. 113 - Rp. 114 trillion is very helpful for MSME businesses. This is different from the monetary crisis in 1998, where most MSMEs were able to survive, the Covid-19 pandemic hit MSME businesses in almost all of Indonesia.

### **The role of the Bali Provincial Government in an effort to maintain the sustainability of MSMEs during the Covid-19 pandemic**

The Covid-19 pandemic has a significant impact on all aspects of people's lives, both economically, socially and culturally. Bali is not the only one facing this challenge, but the rest of the world is facing the same difficulties. Bali's economic growth in the first quarter of 2020 experienced a decline, namely -1.14 percent, while in the second quarter of 2020 the Balinese economy declined further up to -10.98 percent. This slow growth is due to a sharp decline in income from Bali's main sector, namely tourism.

The number of foreign tourists in Bali has decreased since the start of the pandemic to 99.97 percent in May 2020. Bali loses around 9.7 trillion Rupiah each month from the tourism sector alone. Based on data from the Bali Province Manpower and Mineral Resources Office, as of May 25, 2020, as many as 71,313 formal sector workers had experienced layoffs (PHK) and 2,570 people lost their jobs (baliprov.go.id).

The Provincial Government of Bali is committed to supporting the steps needed for the recovery of the Balinese economy, including maintaining the sustainability of MSMEs. In general, the Provincial Government of Bali through the National Economic Recovery Program (PEN) has prepared various programs and assistance aimed at the communities most affected during the pandemic. This program is divided into two parts; Social Protection and Business Protection. The PEN program in social protection, provides several assistance to ease the burden on the most vulnerable people. The assistance is: the family hope program, direct food assistance, social cash assistance, direct village cash assistance, pre-employment card program, direct cash assistance for MSMEs, and wage subsidies.

Furthermore, in business protection, the government provides an interest subsidy program for MSMEs, MSME credit guarantees, corporate credit guarantees, and state cash



placement at partner commercial banks as a policy for national economic recovery. This support program is dedicated to increasing our economic resilience during times of crisis, especially in Bali. The Bali Provincial Government is committed to providing support to the creative industry, especially MSMEs through regulatory support such as the Governor Law No. 79/2018 and the Governor's Law no. 99/2018 which is aimed at supporting the use and consumption of local Balinese products. The Provincial Government of Bali also issued a policy through SE No: 065/447 / DISKOP / 2020 concerning Suspension of Loan Collections for Cooperatives, Micro, Small and Medium Enterprises, as well as an economic stimulus of Rp. 220 billion.

In addition, during a pandemic, the government also facilitates the process of business licensing and investment licensing in Bali in order to boost the economy. Furthermore, the improvement of human resources at MSMEs is also carried out through a series of trainings and workshops in accordance with their respective fields of development (culinary, art, fashion, and so on). If the quality of human resources is improved, UMKM products are expected to have better quality and added value. In the next aspect of capital support, it is easier for MSMEs in Bali to obtain loans and capital. This is part of the support from the government and financial institutions for MSMEs to develop and expand the industry. Finally, market accessibility support is also an important aspect in developing MSMEs. The government has initiated various programs and campaigns to open up market access as widely as possible. The government provides support through various promotional channels, affordable market programs, and other supporting programs such as "Jalan-Jalan Bali" or "Explore Bali" as a campaign to invite people to explore the beauty of Bali while supporting the creative products of local SMEs in Bali.

### **Realization of the Government's program to maintain the sustainability of MSMEs during the Covid-19 pandemic**

In the third quarter of 2020, the Indonesian economy grew by -3.49 percent. This achievement improved compared to the second quarter of 2020 amounting to -5.32 percent. This shows that the process of economic recovery and the turning point of national economic activities shows the direction of the positive zone. The improvement in economic performance was driven by the role of fiscal stimulus or the role of the State Budget instrument in handling the Covid-19 pandemic and the National Economic Recovery program ([www.kemenkeu.go.id](http://www.kemenkeu.go.id)). The realization of the National Economic Recovery Program (PEN) budget up to December 2, 2020 has reached Rp. 440.03 trillion. This figure is equivalent to 63.1 percent of the total ceiling of Rp. 695.2 trillion. The absorption of the budget gradually increased after previously, until November 2, 2020, it had only reached Rp. 366.86 trillion or 52.8 percent ([www.katadata.co.id](http://www.katadata.co.id)).

One of the sectors with the highest absorption is MSMEs. Government support for MSME actors is illustrated by the high achievement of budget realization. Several programs that have achieved one hundred percent realization in the MSME sector include productive assistance for micro-entrepreneurs, restructuring of MSME loans, and investment financing through LPDB KUMKM. Other programs such as MSME credit guarantees achieved realization of 99.52 percent, Final PPh for MSMEs of 96.10 percent, and interest subsidies of 63 percent ([www.cnnindonesia.com](http://www.cnnindonesia.com)). Based on the achievement of the realization of the PEN budget for MSMEs which are quite high, it is hoped that MSMEs can be helped in efforts to maintain their business continuity in the midst of the Covid-19 pandemic.

This research method uses a literature review and uses a qualitative approach so that it does not provide strong quantitative results. This study does not take samples in an area so that it cannot represent the state of an area in detail.

### **CONCLUSION AND SUGGESTIONS**

The marketing strategy and the role of the Government can be supporting factors for realizing the sustainability of MSMEs. Moreover, MSMEs are now a priority because MSMEs as the backbone of a populist economic system that are able to reduce poverty problems and

also their development are able to expand the economic base and make a significant contribution to improving the economy. Unstable economic conditions due to the Covid-19 pandemic have forced MSME players to move quickly to maintain business continuity, one of which is by implementing the right marketing strategy. The marketing strategy that is considered effective in helping MSMEs maintain business continuity during the Covid-19 pandemic is to implement a digital marketing system. Even though there is an increase in the number of MSMEs that are transforming from conventional to digital, in fact the problem is that many MSMEs are experiencing obstacles in the transformation process. The role of the government is equally important in driving the economy during a pandemic, as evidenced by the improvement in economic growth in the third quarter of 2020 after the National Economic Recovery Program (PEN) was launched, particularly the assistance program aimed at MSMEs. Based on the description from the above explanation, it is deemed necessary to formulate an appropriate marketing strategy for every business actor in running his business. Furthermore, the role of the Government is also considered very crucial because it can function as a facilitator, regulator and catalyst to help the sustainability of MSMEs.

There are several suggestions given regarding the constraints of MSMEs in implementing digital marketing, including (1) holding training and guidance aimed at increasing digital capacity for MSME players; (2) expanding the telecommunications infrastructure network so that it can be reached by all regions in Indonesia; (3) Facilitate and expand access to capital for MSMEs; and (4) increasing the competitiveness of MSME players, both in the form of quality of products / services offered to services to consumers. The government has been trying to maintain the sustainability of MSMEs, especially during the Covid-19 pandemic. A number of special policies were issued for MSMEs to ease economic pressure as a result of the Covid-19 pandemic. One of the policies issued was fiscal assistance for MSMEs which was a series of the National Economic Recovery (PEN) program. Because of the large amount of funds allocated by the Government to assist MSMEs, it is better if efforts are made to provide supervision and evaluation so that it is hoped that the assistance will be right on target and useful in reducing the burden on MSMEs.

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