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Reconstruction of the People's Economic Model: Development of Micro, Small and Medium Businesses Based on Digital Transformation as a Strengthening Economy Post-Covid-19 Pandemic

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Abstract
The people's economy is one of the principle instruments of Indonesian economic democracy. To overcome economic conditions during the Covid-19 pandemic, people are motivated to overcome problems to meet their needs for life independently. Communities and digital-based small and medium enterprises have unwittingly formed a mutually beneficial relationship between business transactions. The concept of populist economy is re-actualized in their economic activities. This study aims to examine the reconstruction of the populist economic model as the development of small and medium-sized businesses based on digital transformation in a post-covid-19 pandemic. This research is a literature study with descriptive-analytic research specifications. The results of the study show that the concept of a populist economy and digital transformation in small businesses is a model for strengthening the populist economy during the COVID-19 pandemic, but it has not yet been measured regarding the sustainability of the model's reconstruction after the pandemic. This concept can become a new paradigm in order to strengthen the national economy after the COVID-19 pandemic.

Keywords: Reconstruction, People's Economy, Digital Transformation, Post-Covid

1. Introduction
History has carved out how the concept of populist economy was discovered as a solution to balance the weaknesses of classical economic thought to contemporary economics, from the capitalist school of economics and socialist economics. The classical flow initiated the development of economic thought. Adam Smith, who is known as the father of economics in this school, introduced the “invisible hand”. This flow emphasizes several things that were not unexpected at the time, including in terms of resource sharing arrangements. Furthermore, in the 20th century there were developments in society in economic activities. This condition requires the community to study, conduct studies on economics in various forms. Thoughts about the science of economics gave rise to various schools or schools. Driven by increasingly rapid developments, many studies have formulated laws to be used in economic activities and economic goals. Economic goals to realize prosperity, prosperity, social justice, and economic growth began to be echoed as the goals of the state. For this reason, there are ways to make it happen. Based on the methods and objectives to be achieved, two major schools or schools of thought emerged which gave birth to a capitalist economic system and a socialist economy (Euis Amalia, 2010) which were considered as two opposite poles. The flow of capitalist economics holds that the
owners of wealth are those who always try, humans have the freedom to carry out all their actions as long as they do not conflict with the regulations, and they have full rights to use these assets without limit. Their ideology is based on a competitive market, which is controlled by distribution and consumption. The capitalist view equates between needs and wants, and needs are limited to material things. This view has received criticism, because basic human needs are limited, while human wants will never be satisfied, and indeed are unlimited. (Arifqi MM, 2020) The purpose of capitalist economy is only to aim at increasing the total wealth of the country. Trying to increase production as high as possible, and realize the prosperity of community members as high as possible as a result of the increase in national income and the increase in state production. In their view, this can be realized if it gives freedom to the community to work as freely as possible. The capitalist view is distinguished from the socialist flow. The socialist school holds the view that all forms of sources of wealth and means of production are shared property. Individuals in society are considered as part of the material (objects) that will change following changes in material in general, and the factor that determines change is economic factor. Therefore, it is the distribution tools that determine the law in the system of people's lives. In general, the principle of socialist economy is based on: (a) realize equality, (b) abolish private ownership, and (c) regulate production and distribution collectively. Socialism views human happiness as measured materially, namely when physical needs are met. Individual members of the community have rights except for the retribution that they receive as a form of public service. (Muhammad Thoin, 2015) There have been criticisms of the two major camps for various weaknesses. The aspect of tyranny is the most basic weakness of the two systems. In the capitalist economic system, the small community as laborers get arbitrary treatment from the owners of capital, especially in relation to the wage policy for workers, while in the socialist economic system, the government prohibits individual rights. This condition encourages the emergence of the concept of a middle way (between capitalists and socialists) as a new paradigm of the welfare state concept. The concept of providing opportunities for the owners of fixed capital to run their business without harming the workers or others, and the ownership of personal assets is still recognized within the specified limits. This concept is elaborated in the principle of Indonesian economic democracy which is still running limply amid the principles of economic globalization. Even though the Indonesian constitution has the mission of a welfare state, in the development of economic growth, social problems that occur in society are still found, including poverty, inequality and unemployment. This occurs as a result of unfair distribution. Meanwhile, the existing economic system has not been able to provide a solution to solve this problem. The economic crisis that occurred as a result of the Covid 19 pandemic in Indonesia has added to the impact of the economic collapse, on various economic elements. These economic elements include the decline in the exchange rate of the rupiah, scarcity of basic needs products, unemployment and new poverty, so that many people experience economic downturn. (Nasution A. 2022) Based on the values of local wisdom and religious values, the community began to move and look for innovations in an independent economic system to support and fulfill their needs in the midst of the economic downturn due to the COVID-19 pandemic. One of the economies that have been actualized by several economic groups is a digital-based populist economic system. People are forced to adapt to information technology, including using smartphones both in ordering goods, distributing goods, and producing basic necessities during the Covid-19 pandemic which hinders people's movement. The principle of people's economy is one of the solutions to save the economic situation during the pandemic, which unites people, especially in small communities to help each other in meeting their needs, but does not rule out the possibility that this principle can be actualized on a medium and large scale. This populist economic model during the covid-19 pandemic was constructed using digital media. Taking into account the aspects of strength-weakness-opportunities-treathehs (SWOT). The people's economic system is believed to be the solution to a system that is in accordance with Indonesian values. Learning from the experience of the economic crisis conditions in 1997-1998 proved that the people's economy played a very good role in helping Usaha mikro kecil menengah/cooperatives, especially in relation to the production and distribution of basic needs of the community. People's economy is understood as a religious socialist system (Sri-Edi Swasono, 2010), an economic system characterized by the values of Pancasila, as the foundation of democratic economic principles. This principle refers to Article 33 of the 1945 Constitution, which is an economic system that aims to realize the people's economic sovereignty, or people's economic independence. (Sri-Edi Swasono, 2015) The principles of togetherness and mutual cooperation are used as the basis for implementing people's economic activities. In this case, the community plays an active role in implementing the economic system.
2. Method

This research is a literature study research, which examines and analyzes legislation, research results from experts related to the object of research. Field studies were conducted through observations and interviews with related parties, including small and medium-sized businesses and cooperatives, the community as consumers. To analyze the data, it was done qualitatively juridically, namely by interpreting several regulations, then analyzed using data from observations and interviews. Then deductive proof is carried out on the major and minor premises, in order to obtain a conclusion.

3. Results

The populist economic system was first coined by Moch. Hatta who gave his views and thoughts on the people's economic system which was applied in the form of cooperatives. Understanding cooperatives in this case must be interpreted broadly. That is, in addition to cooperatives as a form of business entity, cooperatives are also a "build and structure". (Sri-Edi Swasono, 1985) Cooperatives are a joint business with the principle of "from, by, for," the welfare of community members. As with the populist economy which is applied in the form of Micro, small and medium businesses which are expected to be able to provide economic strengthening. The spirit of the principle of economic democracy leads to welfare goals. In a country, welfare is the most important aspect that is very influential on the pace of the nation's economy or the government order (Subandi, 2008). During the COVID-19 pandemic, this populist economic system was unwittingly actualized in the pattern of connectivity between business actors, especially Micro, small and medium businesses and cooperatives with the community as consumers in meeting their needs, namely realizing community welfare independently with/or without government intervention. In this section, the pattern of connectedness of the three economic pillars, namely between business actors, consumer society, and government forms a triple helix.

![Figure 1: Triple Helix of innovation strategic interaction](image)

Business actors as providers of goods and services, the public as users of goods and services provided by business actors, and the government as supervisors or regulators to ensure that the pattern of connectedness is mutually beneficial (symbiotic mutualism). Discussions about the populist economy that have been carried out in previous studies, among others, are about the local potential-based populist economy, (Fifi Hasnawati, 2018); Reassessing the People's Economy, (AS MF, 2019); The Model for the Implementation of the People's Economy, (Awan S., 2012); Islamic economics based on people's economy, (Suhendi S, 2012); While the discussion of Micro, small and medium businesses, digitalization, and the COVID-19 pandemic period carried out by previous research, among others, the impact of the Covid pandemic on economic growth, (Junaedi D,
Salistia F. 2020); strategies to improve food security during the Covid 19 pandemic, (Fajri Hemi HA, 2020); Culinary business startups during the Covid 19 pandemic (Pratiwi AI, 2021); Culinary business startups during the Covid 19 pandemic; The Concept of a People's Economic System in Empowering Indonesian Micro, small and medium businesses, (Setyaningrum F, 2021); Development of Digital Micro, small and medium businesses during the Covid-19 Pandemic, (Arianto Bambang, 2020); Determinants of Micro, small and medium businesses Digital Transformation, (Farhani I, Chaniago H, 2021), the application of digital transformation to Micro, small and medium businesses during the COVID-19 pandemic, (Windayani NM, Astitiarian NLPS & Putri BCL, 2021).

This research is a continuation of previous research that examines "Reactualization of the People's Economy during the Covid-19 Pandemic Through the Application of Mutualism and Family Principles in the Framework of National Economic Recovery". (Eli Ruslina, Tuti Rastuti & MZA, 2021). The results of the study show that the principles of Indonesian economic democracy with the concept of cooperative structures applied to Micro, small and medium businesses are a feasible solution and according to the characteristics of the Indonesian people who have the values of God, Humanity, Unity, Deliberation and Social Justice. These values are considered capable of being used as the basis for implementing the concept of a people's economy in digital-based Micro, small and medium businesses as a new paradigm.

3.1. Results of Literature Review

The concept of the populist economy is understood as one of the family-based concepts. The family system will more easily realize prosperity. Even though the views of economists differ on the people's economy, it is better to take some understanding from the experts, among others, Zulkarnain (Zulkarnain, 2006) stated that, the people's economy is an economic system adopted by the Indonesian people according to the philosophy of the State which involves two aspects, namely: (a) justice and economic democracy; and (b) in favor of the people's economy. According to Mubyarto (Mubyarto, 2014), "people's economy is a democratic economy that is aimed at the prosperity of the small people". This understanding aims to build a grassroots economic system. In addition, the goal of a populist economy is an economy in which the implementation of supervision and the results of economic activities can be enjoyed by the whole community. People's economy can also be interpreted as an economic system built from the economic strength of the people. People's Economy is an economic activity that provides the widest opportunity for the entire community to participate so that the economy can be carried out and develop properly. (Sumawinata, 2004) Ginanjar Kartasasmita argues that, in a populist economic system, it is not only understood for economic activities that are short-term in nature, and have dimensions. Financial aspect which favors investors who have a lot of money, but the people's economy can be understood comprehensively in terms of paying attention to quantitative and qualitative aspects, financial and non-financial aspects, and environmental aspects. People's economic politics is not only based on growth, stability, and equity, but more on justice, participation and business sustainability of the community's economic actors. (Ginanjar Kartasasmita, 2014) Departing from the above understanding, the people's economy is understood as the economy of community groups that involve components of all levels of society in the development process which are closely related to aspects of justice, economic democracy, taking sides with the people's economy which is based on a fair market mechanism and includes all elements of society in development, as well as behaving fairly for the whole community with the aim of improving the community's economy. (2) The people's economic system can be broadly interpreted as one part of the existing economic system. The populist economy is a sub-system of the Pancasila economy. Terminologically, the word people refers to the whole community or many people (5) who are in a certain region or country. Therefore, the people's economy is the entire economy of Indonesia. Constitutionally, the people's economy is contained in Article 33 of the 1945 Constitution. The explanation of Article 33 of the 1945 Constitution states that: (Republik Indonesia, 1945)

a. The principle of kinship in the explanation of the 1945 Constitution states that the economy is structured as a joint effort based on the principle of kinship;

b. Principles of justice. The implementation of a populist economy must be able to realize social justice for all Indonesian people. This system can provide opportunities for all Indonesian people, whether as consumers, perpetrators of hardship or workers, there are no differences in ethnicity, religion and gender, all are equal in the economic field.
c. The principle of income equality. The community as consumers and business actors as producers must feel income distribution. If the government has been concerned with high economic growth, it turns out that economic growth is not synonymous with welfare. Because the growth is only felt by a handful of people or big entrepreneurs while the majority of people are in a poor and destitute position. Growth does not lead to income equality.

d. The principle of balancing the interests of individuals and the interests of the community. Economic activities must realize the synergy of individual and community interests, as mandated by Article 27 Paragraph (2) which states that: "Every citizen has the right to work and a decent living for humanity".

e. The principle of partnership or mutual relationship building, this principle directs economic activities based on cooperation or mutual assistance to each other as business activities, both small and large businesses that will be easy to control.

People's economy is very closely related to the empowerment of Micro, small and medium businesses. When viewed from the Law Number 20 of 2008 concerning Micro, Small and Medium Businesses, it is stated that, trading businesses managed by business entities or individuals refer to productive economic businesses, the criteria of which are stipulated by law. Initially one of the criteria was determined by the number of employees, but in its development the type of business grouping is based on assets and turnover. Micro Business is a productive business owned by individuals and/or individual business entities that meet the criteria for a maximum net worth of Rp. 50 million, excluding land and buildings for business premises. In addition, it has an annual turnover of a maximum of IDR 300 million. The criteria for small businesses are net worth ranging from more than IDR 50 million to IDR 500 million, excluding land and business buildings. In addition, it has annual sales of more than IDR 300 million to a maximum of IDR 2.5 billion. Medium Enterprises are productive economic businesses that stand alone and do not include subsidiaries or branches of certain companies. Meanwhile, the criteria for the amount of net worth must be more than IDR 500 million to a maximum of IDR 10 billion. In addition, annual sales are more than IDR 2.5 billion to a maximum of IDR 50 billion. In addition, annual sales are more than IDR 2.5 billion to a maximum of IDR 50 billion. During the last two decades, Micro, small and medium businesses in Indonesia have experienced development, the factors that influence it include; (a) use of technology, information and communication facilities; (b) ease of loan capital; (c) Lowering the tax rate. The results of the study state that one of the successes of business is good and targeted technology support. (Dina Lathifa, 2019) In Indonesia, it is estimated that the number of Micro, small and medium businesses is around 67 million business units, and of that total in 2017, there were 8 million micro, small and medium business units operating in Indonesia, already went digital. This figure is expected to continue to grow for the sake of business continuity and progress in Indonesia.

Basically, Micro, Small and Medium Businesses have a variety of characteristics. Based on their development, Micro, Small and Medium Businesses are classified into 4 criteria, namely: (Jurnal entrepreneur, 2021)

1. Livelihood Activities: Micro, small and medium businesses that are used as job opportunities to earn a living. Generally known as the informal sector.
2. Micro Enterprise: Micro, small and medium businesses that have craftsmanship, but are not entrepreneurial.
3. Small Dynamic Enterprise: Micro, small and medium businesses that have an entrepreneurial spirit and are able to accept subcontract and export work.
4. Fast Moving Enterprise: Micro, small and medium businesses that already have an entrepreneurial spirit and will transform into a big business.

There are several efforts in developing People's Economy which can be considered from 3 important points as stated by Mubyarto (Mubyarto, 2014):

1. Creating or shaping a climate that is very helpful for the development of the potential of different people. These potential differences need to be fostered and developed so that they can be useful.
2. Strengthening the economic potential of the community, this effort can be carried out by increasing knowledge of improving health degrees and opening opportunities to take advantage of these economic opportunities.
3. Provide protection and prevent unfair competition, as well as prevent exploitation of the strong economic group against the weak economic group.

Micro, small and medium businesses become a benchmark for the ability of the community's economic activity. The presence of Micro, small and medium businesses is a solution to improve the national economy. This is because Micro, small and medium businesses are considered to have a large contribution to employment compared to large business sectors. The role of Micro, small and medium businesses as the backbone of the economy at a time when large companies fall. To examine how the reconstruction of the populist economic model in digital-based Micro, small and medium businesses during the pandemic or post-covid-19 pandemic period, it is necessary to first review the digital transformation itself. Digital transformation is defined as the radical use of digital technology that can improve and achieve the company's expected performance and objectives (Panggabean, AN, 2018).

There are a number of strategies to exist in the era of digital transformation. (Royyana, 2018) Digital transformation can also be interpreted as a process that aims to improve an entity by triggering significant changes in its properties through the adoption of information technology, computing, communication, and connectivity. (Putri, Herdiana, Munawar et al, 2018) Based on research by Schwertner (Schwertner, K, 2017), in (Small and Medium Enterprises) digital transformation in their business is very important to build competitive advantage and maintain market competitiveness, both locally and internationally. Nevertheless, there are a number of major difficulties and obstacles in the digital transformation process. The barriers are not in technology, but in human factors themselves, such as resistance to change, lack of knowledge and experience with digital, and lack of motivation.

3.2. Scientific findings (scientific finding)

Based on the results of research that has been carried out, supported by data, it was found that the changes in the People's Economic Model after the Covid-19 Pandemic Period were as follows:

<table>
<thead>
<tr>
<th>ENTREPRENEUR</th>
<th>MODEL 1</th>
<th>MODEL 2</th>
<th>MODEL 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro, small and medium businesses/COOPERATION</td>
<td>Start-up new business-communication between local residents. whatsapp group digital tool</td>
<td>Existing businesses are being developed-communication is strengthened by digital communication between neighborhood residents. Digital tools via social media and having groups.</td>
<td>Medium and established businesses adapt to digital as a tool through digital marketplaces, sophee, bibli, etc.</td>
</tr>
<tr>
<td>CUSTOMER</td>
<td>group members</td>
<td>Old customers are retained - expansion by old customers attracts new customers through intergroups or between communities</td>
<td>Adaptation following the trends and conditions of the pandemic, and efficiency</td>
</tr>
<tr>
<td>REGULATOR</td>
<td>The rules are created in groups</td>
<td>Several regions have issued local regulations to facilitate the Digital Micro, small and medium businesses program</td>
<td>The government’s strategy for the direction of economic policy</td>
</tr>
</tbody>
</table>

Figure 2: Research Result Data: Changes in Populist Economic Models Post-Covid-19 Pandemic

The populist economic model in the form of the application of the principles of togetherness and kinship is woven into the attachment of a community on social media. Social media is used as a communication tool to establish togetherness in the distribution chain, ordering goods or services, and producing goods. The
sustainability of this economic activity is highly dependent on the establishment of togetherness and the nature of mutual assistance from the community in the social media.

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>GOOL</th>
<th>STRATEGIES</th>
<th>POLICIES</th>
</tr>
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</table>
| Productivity-boosting policy Micro, small and medium businesses | Increased income and development | Develop entrepreneurship and competitive advantages | 1. Improved facilitation and standardization of Micro, small and medium businesses products  
2. Increasing entrepreneurship-based management of Micro, small and medium businesses  
3. Improved database Micro, small and medium businesses & Cooperationi |
|  | Developing a business support system for Micro, small and medium businesses | KUB or Micro, small and medium businesses Cluster Development |
| Increase active cooperatives | Improving the quality of the cooperative institutions | 1. Improving entrepreneurship-based cooperative management  
2. Increasing supervision of cooperative regulatory compliance |

Figure 3: Strategies and policy directions for the development of Micro, small and medium businesses /Cooperatives

Factors for Changes in the Populist Economic Model after the Covid-19 Pandemic

1. During the Covid-19 pandemic, the virtual world has become much busier and busier than before. This happens because more and more people are switching to using gadgets and computers as a means of survival to replace various activities directly. These changes in society have an impact on the development of the economy by accelerating its digital transformation.

2. The COVID-19 pandemic has increased the number of unemployed and poverty levels. However, society is distorted to accept digital transformation to find a number of jobs to support themselves and their families so that digital transformation develops and disrupts the business sector and grassroots economy.

3. The development of the digital economy with various types of e-commerce and also financial technology (fintech) services are increasingly prevalent among the public. The digital economy is developing and the pandemic is accelerating the development of digitization in people's economic activities.

4. The Covid-19 pandemic crisis accelerates digital transformation, which is influenced by several factors, including:
a. The push to reduce face-to-face interactions during the Covid-19 pandemic has prioritized digitization and automation.

b. From the very beginning of the pandemic, digitization and automation have been sought to accelerate in part because their adoption helps reduce the need for physical contact.

c. There is an increase in micro-enterprises and companies in the manufacturing sector that have adopted the use of digital platforms as much as 59% since October 2020.

d. COVID-19 has driven changes in consumer and business behavior, many of which will persist to varying degrees in the long term.

4. Conclusion

The online lifestyle will still exist, some will be run in a hybrid (online and offline) manner after the pandemic era. Within a decade or two, the digital economy will expand more widely, all economic sectors in all regions will be digitized. Existing businesses have to anticipate and adapt if they are to survive and grow. The COVID-19 pandemic has had a significant impact on human life in almost all parts of the world. The Monetary Fund stated that the Covid 19 pandemic had caused a world recession marked by an increase in unemployment and poverty in every country in the world. Even the strongest countries, such as the G7 countries, have experienced economic recessions, including Canada, France, Germany, Italy, Japan and the USA.) Economic stimulation is carried out through local strategies as an alternative to restore economic institutionalization in each country in order to recover and strengthen the economy. Every country is obliged to strengthen economic stimulus to maintain the nation's economic stability. (Bambang Arianto, 2020) The Covid 19 pandemic has affected the stability of the world economy to become stagnant and negative. Policies to restore the economy to a pre-pandemic state require reflection on national economic policies and correcting systemic weaknesses. “The moment of the pandemic must be used as a trigger to correct the national economy back to the mandate of the Constitution. (Hempri Suyatna, 2020)

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