

## CHAPTER I

### INTRODUCTION

#### 1.1 Background

December 2019, a new coronavirus (SARS-CoV-2) emerges, triggering an epidemic of the acute respiratory syndrome, a new type of pneumonia that then spreads throughout the world. Pneumonia was later named the Corona Virus Disease 2019 (COVID-19) by the World Health Organization (WHO) originating from Wuhan, China (Zhou et al., 2020). Clinical symptoms are such as dry cough, dyspnea, fever, and bilateral pulmonary infiltrate on imaging. All cases are related to the Wuhan Huanan Seafood Wholesale Market, which trades fish and various species of live animals including poultry, bats, guinea pigs and snakes (Lu et al., 2020). Coronavirus is a group of viruses that can cause disease from mild to severe symptoms to death. Two types of coronavirus are known to cause severe clinical symptoms, namely Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). COVID-19 often develops into severe pneumonia and puts the patient in a critical condition (Zhu et al., 2020).

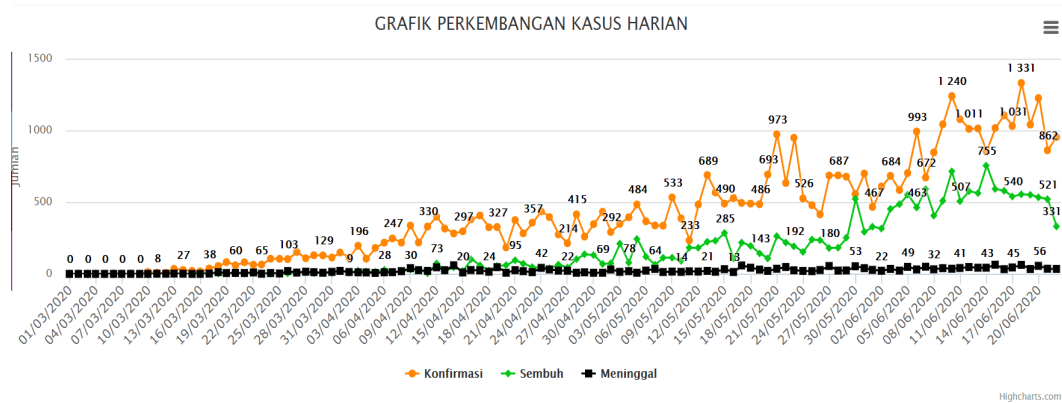
The first COVID-19 case in Indonesia was reported on March 2, 2020 in Jakarta. Case groups continue to grow in Java and spread to other islands in 34 provinces and most cases are currently in Java, specifically in DKI Jakarta and Surabaya (detik.com, 2020). In mid-March, COVID-19 was reported in 50 states. As a result, aggressive social changes are implemented in all parts of the world

including Indonesia, such as the closure of various facilities (including schools, offices, restaurants, sports athletic facilities and others) (Agus Purwanto, 2020).

In the midst of the COVID-19 outbreak that is happening in Indonesia, the government also has a vital role to equalize the community in dealing with the COVID-19 outbreak through happy policies. Therefore, building public trust in the government is a great necessity to be realized. Public trust in the government can affect community compliance with rules and regulations that have been made related to how the government works to deal with problems in a region through its policies (Murphy, 2004).

Amnesty International Indonesia's Executive Director, Usman Hamid, stressed that the government was not serious about dealing with COVID-19 when the initial period spread (Adi Briantika, 2020). Now, based on data from (kemenkes.go.id, 2020) the number of cases in Indonesia was 56,385, the number of deaths was 2,8756 people, and the number of recoveries was 24,286 people. The number of cases is closely related to the policies made by the government or the efforts made by the Indonesian government to do as how, what, and why Indonesia gets the number of cases, deaths, and cures. In addition, the graph shows that the increase, the change is very fast. Quoted from (bnpb.go.id, 2020) President Joko Widodo officially designated COVID-19 as a national disaster. The stipulation was stated through Presidential Decree (Keppres) of the Republic of Indonesia Number 12 of 2020 concerning Determination of Non-Natural Disasters Spread of Corona Virus Disease (COVID-19) as a National Disaster. The solution was provided by the Indonesian government to prevent the increase or spread of the virus.

**Figure 1.1:**  
**Graphic of cumulative development of COVID-19 cases in Indonesia**  
**Source : (kemenkes.go.id, 2020)**



Orange Color represents (confirmed) the positive victims of COVID-19 which increased every day from 01/03 by 2 people up to 29/06 were 52. 812. Furthermore, on the green-coloured graph (recovered) from on 27/04 as many as 1,254 people recovered up to 29/06 as many as 21,333 people recovered. Whereas, on the black colour chart (died), as of 05/06 as many as 1,851 people died up to 29/06 of 2,720. The graph above shows the increase in the number of positively confirmed victims, healed, and died.

Many countries throughout the world are battling an outbreak of Coronavirus or (COVID-19), during this pandemic. Indonesia is really trying to cut the coronavirus spread chain (COVID-19) by enacting and implementing policies such as social distancing, physical distancing, maintaining healthy lifestyles, and maintaining healthy eating patterns as well as those implemented in other countries. Indonesia itself does not do lockdown as been done in Malaysia, Japan, China and other countries. However, Indonesia made a policy, namely Large Scale Social

Restrictions (PSBB) which took effect in April as a step to reduce or break the chain of distribution of COVID-19 (Nasruddin & Haq, 2020).

The application of large-scale social restrictions (PSBB) is regulated in Government Regulation No. 21 of 2020 signed by President Joko Widodo. PSBB is implemented for the first time in Banten and Tangerang because it is the epicentre of the coronavirus spread (Beritasatu.com, 2020). Quoted from (Kompas.com, 2020) of 18 regions that have implemented PSBB in Indonesia, the following is the list of provinces and districts/cities that have implemented PSBB:

- Provinces : 1. DKI Jakarta  
2. Sumatera Barat
- Regency / City : 1. Bogor Regency 2. Bogor City  
3. Depok City 4. Tangerang City  
5. Tangerang Regency 6. Tangerang Selatan City  
7. Bekasi City 8. Bekasi Regency  
9. Pekanbaru City 10. Makassar City  
11. Tegal City 12. Bandung City  
13. Bandung Regency 14. Bandung Barat Regency  
15. Sumedang Regency 16. Cimahi

The limitation of activities when the enactment of Large Scale Social Restrictions (PSBB) includes the implementation of learning in schools or educational institutions, activities of working in offices, religious activities in places of worship, activities in public places or facilities, social-cultural activities,

and public transportation operations (Alvian & Laudry, 2020). Changes in activity patterns are also felt by all levels of society with the adoption of the policy. People who usually have daily activities outside the home such as, school, work, trade, now have to run every activity inside the house or commonly called Work From Home (WFH). This is no exception to the corporate world, entrepreneurship, and education activities which can be witnessed together, which also has an impact on employee layoffs, and the cessation of trade and business activities (Kurniawansyah et al., 2020).

Running every activity at home has its own challenges that are different from doing activities outside the home such as at school, office, etc. The main challenge, in this case, is certainly in terms of self-habitation, and start adapting to new things. This is very influential in the spirit and work ethic that will experience changes during work at home or Work From Home (WFH). Not to mention in terms of meeting the needs that must be met, such as these 3 points (Clothing, Food and Board). Then what about those who are not as fortunate in terms of income. They indeed have to rack their brains in order to meet the needs for the survival of their families and undeniably it will cause stress. This will become its own scourge and trauma that can tear down mental and mind that is increasingly chaotic (Shofiana, 2020).

Along with the enactment of Large-Scale Social Restrictions (PSBB), the government made a new policy called "new normal". The use of the term new normal has been found since a few years ago. Even in some countries have applied the term new normal (Rosmha Widiyani, 2020). New Normal is a community

lifestyle that is adapted to new needs and conditions because what happened during the COVID-19 pandemic which is different from the conditions before the pandemic. New normal is implemented so that people can do activities outside the home (working, exercising and others) while implementing the Health protocol such as always using a mask, using a hand sanitizer, and doing a clean lifestyle (Hall et al., 2020).

In the new normal era, people are certainly faced with the threat of COVID-19 and other viruses that have the potential to affect health, family safety, and disrupt people's daily activities. In a quarantine situation like this due to COVID-19, it might cause social ties in the community to become tenuous (Satya, 2020). Applying the principle of social distancing / physical distancing makes people trapped in distance and social which is very significant, but this will become a normal and will become a habit, because the function of technology as an intermediary interacts with humans. This will threaten the loss of social solidarity in the global greeting to face the threat of social emergencies in the new normal.

In the new normal order in Indonesia, especially in Yogyakarta, during the COVID-19 Pandemic accidentally taught us that interacting with others both for social and business needs can be done virtually with the help of applications that are made possible by the internet. If meetings can be conducted via calls, online video conferencing, or other online media, then offline meetings are no longer a priority (Putra, 2020).

In the new normal era, economic sector activities such as Micro, Small and Medium Enterprises in the Special Region of Yogyakarta at all levels must adapt to

current conditions. Changing business choices and strategies is necessary and urgent to do if someone does not want to fail. Selling products using a delivery service or online will be a strategic choice in the normal life of the new community in the future. The same applies to market products in virtual malls and online market places, which will be considered more effective than offline marketing. Manufacturers and entrepreneurs inevitably have to adapt to new lifestyles. For those who are not adaptive and do not want to adapt will be driven out by new changes and will definitely fail (Sulistyo & Siyamtinah, 2016).

In short, it can be said that lifestyle changes in the new normal era will cause many drastic changes completely different from the previous era. The willingness and ability of the community to adopt new lifestyles and develop new habits that are more relevant to the current social-physical conditions will determine whether the community can survive or not in the future. Being assertive and refusing to change one's lifestyle can certainly be a starting point for destruction and even a gateway to destruction. Adapting to a new social and economic environment and adjusting behaviour based on strict health protocols is the only choice we have to make if we don't want to be driven out by the change caused by this Pandemic. In view of this, the author is interested in discussing the impact of Covid-19 Pandemic on Social-Economy Aspects during New Normal Era, Study Case: Micro, Small and Medium Enterprises (MSMEs) In Yogyakarta City and Bantul Regency.

## **1.2 Research Question**

Looking from the background that has been explained, then the result of problem formulations is :

1. What is the impact of COVID-19 Pandemic on Social-Economy Aspects during New Normal Era to Micro, Small and Medium Enterprises (MSMEs) In Yogyakarta City and Bantul Regency?

## **1.3 Research Objective**

1. The purpose of this study is to theoretically build or apply a new normal theory in Yogyakarta City and Bantul Regency.
2. To inform Micro, Small and Medium Enterprises practically how the new normal in Yogyakarta City and Bantul Regency is.
3. To apply the discipline of Government Science in managing new normal in the social-economy field for Micro, Small and Medium Enterprises in Yogyakarta City and Bantul Regency.



## **1.4 Research Benefits**

### **1.4.1 Theoretical**

This research is related to the author's study in Government Science. From this research, it is expected to know the extent to which knowledge as a theory can be practised in the field.

### **1.4.2 Practical**

From the results of this research, it is hoped that it can produce information that can be implied in real life in the new normal era due to COVID-19 which has an impact on the socio-economy sector of Micro, Small and Medium Enterprises in Yogyakarta City and Bantul Regency.

## 1.5 Literature Review

A review of the literature is a description of the theories used to describe research issues and at the same time, also be the theoretical framework of the theory in the research. It refers to a variety of literature from the previous studies with regard to the background of the problems on this undergraduate thesis. There are several previous studies that have the same topics and themes for the author to make reference or comparative material in order to provide an overview of the recent study that related to the issue which will be investigated, as details below:

**Table 1.1**  
**List of Literature Review**

No	Writer's name & year	Title of article	Theory Used	The Method Used	Research Location	Research Findings
1.	(Suyanto et al., 2020)	<i>Facing the New Reality of Post COVID-19: A Demand for Lifestyle-Based Social Engineering</i>	The theory uses social planning theory, a technique that is part of the mechanism developed so that social change will not be counterproductive, or even harmful to society. To prepare people to live in a new normal era, it is necessary to explore	The author quotes the writing method from Chin and Benne. There are three methods that can be used to influence change: (1) rational-empirical (2)	The researcher did not explain the specific research location. The researcher only	The results of this research is The new normal in Indonesia is people's lifestyles that are adaptations to new needs and conditions during the COVID-19 pandemic. In this new normal era, people are

			the possibility of applying a persuasive theory approach that emphasizes appreciation and is based on lifestyle (Ibrahim, ed., 2004; 2005; 2011). This study uses theory of a coercive approach that emphasizes the threat of sanctions against disciplined people, a lifestyle-based approach better understands behavior and changes in behavior as part of consumptive behavior.	normative-educative, and (3) force of coercion (Lauer, 2003).	explained in general about the results of his research in Indonesia.	usually free to do activities outside the home, but now they can no longer (limited). Health protocols that must be applying in New Normal is carrying out a clean lifestyle such as washing hands, wearing masks, and maintaining social distance.
2.	(Chairul Iksan Burhanuddin, 2020)	<i>The threat of Global Economic Crisis from the Impact of Corona Virus Spread (COVID-19)</i>	This research includes several theories such as theories for an expert, Alan Greenspan. He explains the views on policy-making in various financial market situations, and also the perception of economic paradigms that explain the significant impact of the coronavirus that affects the economy and global society. Weighing on the outlook, growth is expecting to fall further by 0.5	The research method used in this study is to use qualitative descriptive analysis by describing the phenomena that occur due to the impact of the Coronavirus (COVID-19) on the global economy.	The location of this study is unclear because it has not reported in this journal, but the author explains this research globally.	The results of this research indicate that economic development and influence are not only limited to the scope of the economy itself. However, the economy can also be influenced by culture and health. This is evidenced by the spread of Coronavirus which also has a

			percentage points to one full percentage point in all countries surveyed.			negative impact on the world economy.
3.	(Muhammad Milzam et al., 2020)	<i>Corona Virus Pandemic Impact on Sales Revenue of Micro Small and Medium Enterprises (MSMEs) in Pekalongan City, Indonesia</i>	The author cites the theory from Richard.at.al which states that government policies in dealing with global pandemics also greatly affect the economic health of the country.	The research method used in this study has divided into two variables: sales revenue before and after the corona pandemic. Data were obtained using a survey method starting from the enactment of social distance rules (March 16, 2020, to April 16, 2020). Meanwhile, the method used to determine the sample is random sampling.	The population in this study was MSMEs in the city of Pekalongan	The results of this research are the authors conducted a study of 282 sample units of MSMEs, found a decrease in total sales revenue by 53.5%. The type of business that has the most significant reduction in revenue sales is the fashion business. The coronavirus pandemic has an economic impact on society, especially for Micro, Small and Medium Enterprises (MSMES) in Pekalongan City.
4.	(Olaniyi Evans, 2020)	<i>Socio-economic impacts of novel</i>	The author cites theory from (e.g., Andayi, Chaves & Widdowson, 2019;	In this research, the author uses the method	In this research, the author does	The results of this research concluded that international

		<i>coronavirus: The policy solutions</i>	Guimbeau, Menon & Musacchio, 2019; Hintzen, 2019). Though this focus has produced numerous insights into pandemics, the sheer volume of scholarship makes it difficult to identify and understand the key findings and lessons. In this article, we step back and draw policy solutions from previous pandemics and the literature.	proactive management approaches, health policy framework addressing many of the social determinants of health, education and health literacy, national and international shifts in investments, public and private partnerships and the establishment of the Technical World Council on Coronavirus.	not explain in detail where he did the research, but the author only mentions countries with the number of coronavirus cases from countries in the world	agencies and national governments to take a leadership role in developing and in relation to the global coronavirus case international agencies and national governments implemented extensive policies that made the diagnosis, therapy, and vaccines for viruses a global and national priority.
5.	(Qiu et al., 2020)	<i>Impacts of social and economic factors on the transmission of coronavirus disease 2019</i>	In this research, the researchers use a theory quoted from (Lowen and Steel 2014) that the virus can last longer with lower temperatures. Higher wind speeds and hence ventilated	This research uses descriptive analysis method and the analysis method used in this study is relatively simple.	The location of the author's research was conducted in China	The results of this research is concluded that COVID-19 infection has been reported in more than 200 countries or regions and more than

		<i>(COVID-19) in China</i>	air can reduce virus transmission. In addition, increased rainfall and lower temperatures can also be reduced social activities.	This method can provide adequate information under the research objectives.		64,700 people have died. Behind the grim statistics, restrictions on cross-border travel are imposed to reduce the risk of importing cases. In areas at risk of community transmission, public health measures such as social distance, mandatory quarantine, and city closure are implemented.
6.	(Hadi Supardi, 2020) &	<i>Revitalization Strategy for Small and Medium Enterprises after Corona Virus Disease Pandemic (COVID-19) in Yogyakarta</i>	In this research, the authors cite theories from (Antares, 2020; Sulaiman, 2020) regarding innovation and skills which must be considered as quickly as possible to produce the maximum benefits of economic paralysis before us.	This research uses descriptive analysis method and uses the analytic method. The analytical method used in this study is relatively simple. This method can provide adequate information on research	The location of this study was conducted by researchers in the Special Region of Yogyakarta, precisely in agencies or offices	The result of this research is the accelerated achievement of revitalization. The BMC strategy is very appropriate in developing MSMEs. Some recommendations regarding policies and strategies include (1) Government support

				<p>objectives. Various matters related to the determination of the area and mapping assessment.</p>	<p>within the Government of the Special Region of Yogyakarta.</p>	<p>for channel development, and alignment of programs from various government agencies. As a result, there will be harmonized policies including developing promotions for export and domestic markets with a variety of more modern and diverse media markets. (2) Credit policies by banks with lower interest rates and simpler processes, as a result, they will support the acceleration of the revitalization process; (3) The quality of improvement of physical and non-physical infrastructure, as a result, the centre of</p>
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						MSMEs creative tourism in the city of Yogyakarta has higher competitiveness.
7.	(Binti Nur Aisyah et al., 2020)	<i>Analysis of the Impact of Sukuk on the National Economy Amid the Covid Outbreak 19</i>	In this research, researchers used theory from Sharia standard No. 17 about “sukuk” investment, the Accounting and Auditing Organization for Islamic Institutions (AAOIFII) defines sukuk as securities that can be made proof of ownership of tangible assets.	The method used in writing this research is to use a qualitative descriptive approach, by describing this paper sourced from books, journals, and data from the OJK which discusses various issues regarding how the influence of sukuk on the national economy amid the Pandemic COVID-19.	The research location is not explained, but the purpose of this paper is to analyze the economic impact in Indonesia due to COVID-19.	The results of this research are that economic growth slowed by 2.97% due to the adoption of several policies to prevent COVID-19 transmission. The economy before the COVID-19 pandemic occurred fairly stable and declined when the COVID-19 pandemic began to emerge. This happened because of all the policies to prevent the spread of COVID-19, including the locking policy.
8.	(Putu Agung Nara Indra Prima Satya, 2020)	<i>COVID-19 and Potential Social Conflicts</i>	In this research, the writer uses Johan Galtung's theory which argues that violence will only occur in the context of the emergence of basic	This research uses descriptive analysis method and the analysis method used in	This research does not explain the location of	The results of this research are that although the world conditions after the COVID19 epidemic



			needs that do not allow fulfilment can be avoided. Lewis Coser also believes that conflict can drive constructive social change.	this study is relatively simple. This method can provide adequate information under the research objectives.	the study, but the author mentions the sample locations such as Indonesia, China, and Korea.	were covered by various uncertainties and potential conflicts, humans were able to overcome them by mutual trust in each other. Trust is rooted in the transparency of information which is our main asset in the face of uncertainty.
9.	(Cunha et al., 2020)	<i>The Extent of COVID-19 Pandemic Socio-Economic Impact on Global Poverty. A Global Integrative Multidisciplinary Review</i>	The authors cite the theory from Latvia (1998) believes that poverty is a status of humiliation, a sense of being dependent on the others, and of being forced to accept rudeness, insults, and indifference when one seeks help. Ahmed (2020) highlights the economic consequences of the COVID-19 pandemic since the poor are more prone to mortality due to their precarious conditions of subsistence. The author also cites theory from	This study uses the method of analysis and synthesis of findings from primary studies that allow exploiting other dimensions of research. Thus, IR helps develop new theories or new problems for research from secondary data. The IR method	In this research, the location is not explained where, but the discussion in this research is globally located.	The result of this research is that in rich developed countries such as the European continent, the fear is long-term economic consequences that cause millions of people to lose their jobs. The abolition of the steps of the European Commission is intended to help regulate recovery strategies for locking

			theory Tsai and Tsai (2020) explores the economic and social problems in North America, mainly in the USA and Canada.	helps bring systematic methods to ensure scientific research is needed.		caused by COVID-19 are expected to place the most vulnerable as a priority.
10.	(Barua, 2020)	<i>Understanding Coronanomics: The economic implications of the coronavirus (COVID-19) pandemic</i>	In this study, the author quotes theories from Baldwin and in Munro (eds.) (2020), a pandemic has influenced all major economies to include G7 countries, which together share 60% of world supply-demand (GDP)., 65% of world manufacturing, and 41% of world manufacturing exports. Baldwin and Tomiura's theory (2020) show that the COVID-19 pandemic is a demand shock and a supply shock - which tends to significantly slow the flow of aggregate trade and that manufacturing transmission pressure and the supply side are international supplies that will soon be available for chain distortion.	This research uses quantitative research methods, evidenced by using data in the form of graphs and calculations.	In this study, the location of the study was not explained, the conclusion being that the author discussed several countries globally.	The results of this study are that when evidence of economic difficulties arises, it would be wise to begin to design and implement aggressive and innovative policy actions from a long-term perspective. The impact of the economy of macro in each economy is likely to occur even worse throughout the economy.

*Source: It has been modified from various sources, 2020*

Overall, a distinctive element of this study is the researcher focuses on the influence of new normal during the COVID-19 pandemic on social-economy aspects to the Micro, Small and Medium Enterprises in Yogyakarta City and Bantul Regency. This is a major concern of this study, in contrast to the above literature research reviews. This study literature has a difference that can be concluded as how to design a downturn economy due to the COVID-19 pandemic, how to design policy strategies including community support for the government, and the role of government in managing COVID-19.

## 1.6. Theoretical Framework

### 1.6.1. New Normal

According to Lewin (1951), new normal is a change in people's lifestyles in order to remain active in the middle of COVID-19. This change takes effect if it is associated with the stages of making changes which according to Lewin can be analyzed as follows:

1. **Unfreezing** which can be seen from the movement of people who are starting to realize that they have to adapt and make effective changes to improve the situation in the middle of COVID-19.
2. **Changing** seen from the rules and protocols for dealing with COVID-19 that were put in place to fight the virus.
3. **Refreezing** which is seen by the implementation of the concept of new normal as an effort to bring humans back to a new life.

Referring to Lewin's theory, if a change is made with the right steps, then the change will produce something good. With the implementation of the new normal, people must follow the Health protocol which is supported by public awareness to comply with the rules applied. This step will be effective in adjusting people to be able to survive in the middle of the COVID-19 pandemic.

According to (Akkara & Kuriakose, 2020) around the world, a new normal is building. The COVID-19 pandemic spread rapidly, aided by globalization and international air travel, which made the world a smaller place. Socially alienated and living at home, once only for introverts, is now a keyword. Wearing a mask is necessary, and even ordinary people are now experts in N95, FFP2, and three-layer masks. Coupled with the required locking, many people lose their jobs and sources of income. Some companies, especially in the software field, quickly turned to work-from-home models.

According to Amien Rais, quoted from (Cnnindonesia.com, 2020), New Normal can be seen from the deteriorating social and economic conditions, such as increased unemployment and rising state debt. What has been informed by the government about new normal implementation when COVID-19 pandemic is different from its true meaning because there are no standards and norms that become a reference for the application of new normal. There are standards, and there are norms, regular patterns, and reference points.

(Leonardo Emilio Silva et al., 2020) said “New normal "pandemic-related COVID-19 has caused permanent changes to medical and hospital protocols around the world. There are propose modifications to control hospital transmission between health care providers and patients, given that the virus exists in the community. In this case, patients with a disease not related to COVID-19 are permitted to undergo surgery in a legally permitted area, where hospital occupancy is low, and there is no need to accept COVID-19 patients.

An epidemiologist from Griffith University Australia, Dicky Budiman said that new normal life is part of the strategy that was implementing before a vaccine or a cure for viral cancer was discovering. According to Dr Mike Ryan, Executive Director of the WHO Emergency Program, quoted from the halodoc article by (Dr. Rizal Fadli, 2020), to run this New Normal is very important for people to get education and commitment. Moreover, this is related to change current and future behaviour—recommended guidelines for acting to be able to implement New Normal.

### **1.6.2. COVID-19 Pandemic**

World Health Organization (WHO) explained that Coronavirus Disease (COVID-19) caused by the human coronavirus novel, severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), was first detected in Wuhan, China, in months December 2019, and has since spread throughout the world. Coronavirus is part of a family of viruses that cause disease in animals or in humans. Viruses that infect the respiratory system that causes common cold to more severe illnesses such as the Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). This virus spreads quickly and has spread to several countries, including Indonesia

According to the Ministry of Health of the Republic of Indonesia, Coronavirus is a large family of viruses that cause diseases in humans and animals. A new type of coronavirus found in humans since an extraordinary event appeared in Wuhan China, in December 2019, was later named Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-COV2) and caused Coronavirus Disease-2019 (COVID-19). Common symptoms include fever, dry cough, and shortness of breath. If there are people who within 14 days before the symptoms appear have travelled to an infected country, or have treated/had close contact with a COVID-19 sufferer, then that person will have further laboratory tests to confirm the diagnosis.

### 1.6.3. Micro, Small and Medium Enterprises (MSMEs)

Some researchers have studied and tried to provide input for the development of Micro, Small and Medium Enterprises in Indonesia. (Supriyanto, 2012) concluded in his research that Micro, Small and Medium Enterprises were able to be a solution for poverty alleviation in Indonesia. Poverty reduction by developing Micro, Small and Medium Enterprises has quite a good potential, because it turns out that the Micro, Small and Medium Enterprises sector has a large contribution in employment, namely absorbing more than 99.45% of the workforce and contributing to GDP around 30%.

**Table. 1.2**  
**The Regulations Governing Micro, Small and Medium Enterprises include:**

No	Regulations	Regulated things
1.	Undang-Undang Republik Indonesia Nomor 20 Tahun 2008.	About Micro, Small and Medium Enterprises.
2.	Peraturan Menteri Negara Koperasi dan Usaha Kecil dan Menengah Republik Indonesia Nomor : 32/Kep/M.KUKM/IV/2003	About Guidelines for Growth and Development of Micro, Small and Medium Business Centers.
3.	Peraturan Menteri Negara Koperasi Dan Usaha Kecil Dan Menengah Republik Indonesia Nomor : /Per/M.KUKM/VIII/2006	About Technical Assistance Guidelines for Appropriate Technology To Micro, Small And Medium Enterprises in Central.
4.	Peraturan Menteri Negara Koperasi dan Usaha Kecil dan Menengah Republik Indonesia Nomor : 19/Per/M.KUKM/VIII/2006	About Technical Guidelines for Strengthening Cooperative and Micro, Small and Medium Enterprises Capital in Industrial Estates.
5.	Peraturan Menteri Negara Koperasi dan Usaha Kecil Menengah Republik Indonesia Nomor : 02/Per/M.KUKM/I/2008	About 8 Guidelines for Empowering Business Development Services-Providers (BDS-P) for the Development of Cooperatives, Micro, Small and Medium Enterprises (MSMEs) State Minister for Cooperatives and Small and Medium Enterprises of the Republic of Indonesia.

**Table 1.3**  
**Criteria of Micro, Small and Medium Enterprises in Indonesia**  
**according to the law:**

No.	Name of business criteria	Information	Turnover and Achievement Targets
1.	Micro Business	Micro-businesses are productive economic enterprises owned by individuals, for example, entrepreneurs.	Microbusiness criteria and criteria from (MSMEs) must have a turnover or net worth of Rp. 50.0000.000', - and excludes land and buildings. The target of the sale of micro-businesses must reach a minimum of Rp. 300,000,000 / year.
2.	Small Business	Small business is a productive form of economic business that is independent or can also be owned by a group or business entity that is not a branch of the main business.	A business is said to be small if it has turnover or wealth worth Rp. 50,000,000 with the need to use a maximum of Rp. 500,000,000 and get results for one year reaching a minimum of Rp. 300,000,000 and a maximum of Rp. 2,500,000,000.
3.	Medium Business	A medium-sized business is a business in a productive economy and is not a branch of a main business or central company and is an indirect part of small business and/or large business.	That is because this medium-sized businessman must have a turnover of up to Rp.500, 000,000, up to 10,000,000,000, - excluding land and buildings. With the annual sales, results must reach Rp. 2,500,000,000 up to Rp. 50.0000,000,000.

**(MSMEs) characteristics and criteria according to the law are as follows:**

1. Human Resources (HR) in the business have not been able to be sufficient.
2. The level of education of HR in the business is relatively low.
3. Capital is obtained from non-banks, whereas it would be better and legal if capital could be obtained from banks or creditors.
4. Businesses that are run usually do not have a business license as well as “NPWP” and legality.
5. The business that is run does not yet have a complete administrative system.



Darwanto (2013: 142-149) made observations on the growth of Micro, Small and Medium Enterprises in the economy in Indonesia. Micro, Small and Medium Enterprises as part of the economy must also increase competitiveness by innovating. Competitive advantage based on innovation and creativity must be prioritized because it has longer endurance and timeframe. This research aims to formulate an institutional strategy in encouraging the innovation and creativity of Micro, Small and Medium Enterprises.

#### **1.6.4 The Social-Economy Impact of COVID-19 Pandemic**

Quoted from (Kumala, 2020) COVID-19 cases in Indonesia are now increasingly widespread in various regions in Indonesia, seen from the increasing number of cases and the number of deaths due to COVID-19. The impact of COVID-19 in Indonesia on all aspects are namely political, economic, social, cultural, defense and security aspects, and the welfare of the people in Indonesia. The impact of Coronavirus resulted in the fuel oil crisis to the food crisis which at that time hit the world economy, then led to the emergence of a financial crisis (financial crisis) that was so felt and is likely to be felt its impact until now (Ozili & Arun, 2020).

The financial crisis came from the state of the United States (US), which is called the number one economic power in the world today. The impact resulted in various aspects of influence, as well as affecting many countries, one of which is Indonesia. The International Monetary Fund (IMF) also concluded that this could be referred to as the "largest financial shock since the Great Depression", which was described as the impact of the crisis that was so significant at that time and might even be felt today (Griffin, 2015).

According to (Agatha Olivia Victoria, 2020), Indonesia is one of the countries affected by the coronavirus. World Bank Managing Director, Mari Elka Pangestu

estimates that Indonesia's economic growth could weaken below 5% in the first quarter of 2020. A decline in China's GDP by one percentage point will correct Indonesia's economic growth by 0.3 percentage point. The weakening of the Indonesian economy can occur because China is one of Indonesia's biggest trading partners. China is also one of Indonesia's most significant tourist contributors.

Finance Minister, Sri Mulyani, said the emergence of the coronavirus had led to pessimism about world economic growth. Seeing the massive role of China based on BPS data, Indonesia's non-oil and gas imports from China reached 44.578 billion US dollars in 2019, the biggest compared to imports from other countries. At the same time, Indonesia's exports to China amounted to 25.852 billion US dollars. China is also the biggest export destination for Indonesia.

Another hand, to show that there is still confidence in the Global Financial Market in managing prudent APBN policies and excellent macro policies. Ministry of Finance continues and commits to maintain the prudential principles of Accountability and Transparency in maintaining the APBN because it becomes an essential instrument in saving the country which is facing various severe challenges such as the current one, the threat of COVID-19.

The United Nations (UN) is making efforts to build a more inclusive and sustainable post-COVID-19 economy that is more resilient in facing global challenges, such as pandemics, climate change, and so on, rather than returning to the world as before. The society is in chaos, and the economy is in severe conditions.

## **1.7 Conceptual Definition**

The conceptual definition is the research conducted in the field, which contains problems that are used as guidelines in research or case studies in the field. Conceptual definitions are used to better understand and facilitate in describing or interpreting theories into research in the field. Some conceptual definitions that have close links with the problem to be studied will be determined.

### **1.7.1. New Normal**

New normal is a change in behavior to continue to carry out normal activities but with the addition of implementing health protocols to prevent COVID-19 transmission. This makes humans have a new habit from learning to the process of adaptation during the COVID-19 pandemic, seen from the session on social and economic conditions in Yogyakarta City and Bantul Regency. To run New Normal, it is very important for the community to get an education and commit to prevent transmission, especially in Yogyakarta City and Bantul Regency. On the other hand, the impact of the COVID-19 pandemic is changing human behavior now on the foreseeable future.

### **1.7.2. COVID-19 Pandemic**

COVID-19 is a disease caused by a human coronavirus novel. Common symptoms include 38 Celsius fever, dry cough, and shortness of breath. If there are people who within 14 days before the symptoms appear, have travelled to an infected country, or have treated / had close contact with sufferers of COVID-19, coronavirus 2 (SARS-CoV-2), first detected in Wuhan, China, in the month December 2019, and has since spread throughout the world.

### **1.7.3. Micro, Small and Medium Enterprises (MSMEs)**

Micro, Small and Medium Enterprises are small-scale business categories that are believed to be able to contribute to the Indonesian economy. The contribution of Micro, Small and Medium Enterprises in national economic development is participating in increasing the country's revenue which can absorb a lot of labor. Micro, Small and Medium Enterprises is able to be a solution for poverty alleviation in Indonesia. Poverty reduction by developing Micro, Small and Medium Enterprises has quite a good potential because it turns out that the Micro, Small and Medium Enterprises sector has a large contribution to employment.

### **1.7.4. The Social-Economic Impact of COVID-19 Pandemic**

The impact of COVID-19 in Indonesia affects all aspects, namely economic, social, cultural, defense and security aspects, politics and the welfare of the people in Indonesia. The impact of this Coronavirus caused the fuel oil crisis to the food crisis which at that time hit the world economy, then led to the emergence of a financial crisis.

## **1.8 Operational Definition**

The following indicators of the variables that the researcher will use are adopted from Lewin (1951) :

### **1.8.1. Unfreezing**

**The impact of COVID-19 on the socio-economic aspects of the MSMEs sector.**

- 1). There was a decrease in income at Micro, Small and Medium Enterprises during COVID-19 in the new normal implementation.
- 2). There are workers who were laid off at Micro, Small and Medium Enterprises due to COVID-19 on the new normal.

- 3). The Decline in income and customers at Micro, Small and Medium Enterprises in the New Normal during the COVID-19 Pandemic led to innovations.

### **1.8.2. Changing**

**New normal policy on the socio-economic aspects of the Micro, Small and Medium Enterprises sector.**

- 1). The government policies in dealing with the impact of the decline in social-economy during new normal during the COVID-19 pandemic in Yogyakarta City and Bantul Regency.

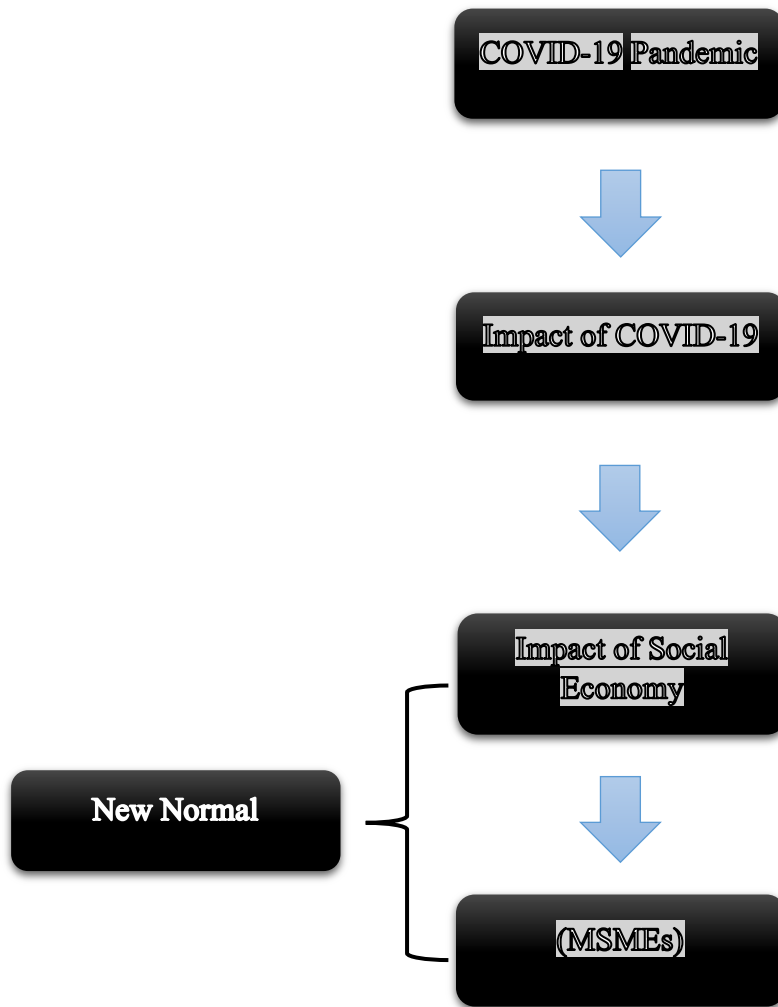
### **1.8.3. Refreezing**

**The mechanism for implementing the new normal in dealing with COVID-19 in the Micro, Small and Medium Enterprises sector in Yogyakarta City and Bantul Regency.**

- 1). The new normal implementation strategy in dealing with the impact of COVID-19 on the Micro, Small and Medium Enterprises sector in Yogyakarta City and Bantul Regency.

#### 1.8.4. Framework of Thinking

*Figure 1.2:*  
Framework of Thinking



## 1.9 Research Methods

Research methods are procedures or processes carried out by researcher to gather information for research purposes. Researcher in completing research using the following steps as follows:

### 1.9.1. Type of Research

This research uses Qualitative research method in the opinion of Bogdan and Taylor in Moleong (2002), which states the qualitative methodology as a research procedure that produces descriptive data in the form of words written or spoken from people and behaviours that can be observed.

### 1.9.2. Research Location

The research will be carrying out in Yogyakarta City and Bantul Regency, which is a case study in the Office of Cooperatives and Micro, Small and Medium Enterprises (MSMEs). In this case, researcher is interested in researching to obtain information about the effect of applying the new normal policy during the COVID-19 pandemic in the socio-economic aspects of the MSMEs sector.

### 1.9.3. Data Analysis Unit

The data analysis unit in this study is as follows:

**Table: 1.4**  
**Data Analysis Unit**

No	Agency	Location	Interviewees
1.	DIY Cooperative and MSMEs Office	DIY Cooperative and MSMEs Office	Head of Micro Business Unit, Integrated Business Services Section
2.	MSMEs of Batik Business	Yogyakarta City	Owner, Siti Zaleha
3.	MSMEs of Headscraft (Hijab)	Yogyakarta City	Owner, Mirna
4.	MSMEs of Mas Kengy Grilled Chicken Business	Yogyakarta City	Owner, Kengy Gilang
5.	MSMEs of “Jamu Ginggang”	Yogyakarta City	Owner, Rudi
6.	MSMEs of Natadecoco Production	Bantul Regency	Owner, Yana

7.	MSMEs of Production of Banana Chips	Bantul Regency	Owner, Asih
8.	MSMEs of Pastry Processing Business	Bantul Regency	Owner, Sri Rahayu

On another hand, based on data obtained on the Sibakul website. Jogja which is supported by cooperative & MSMEs official in the Special Region of Yogyakarta, Researcher, is interested in taking cases in Yogyakarta City and Bantul Regency because based on Yogyakarta City and Bantul Regency, it is very influential in supporting the economy in the Special Region of Yogyakarta and also helping the Indonesian economy because of Special Region of Yogyakarta is one of the tourist attractions visited by many foreigners/visitors.

#### 1.9.4. Type of Data

This study uses two types of data, namely primary data and secondary data

##### a. Primary data

Primary data is an object or document of original material embossed from the actor called *first hand information* (Moleong, 2010). In this study, data sources were obtained directly as a result of the researcher's own collection in the form of words or phrases obtained through interviews with several Micro, Small and Medium Enterprises sources regarding the effect of the new normal policy during the COVID-19 pandemic on the social-economy aspects of Yogyakarta City and Bantul Regency.

**Table 1.5**  
**Primary Data**

No	Primary Data	Data Source	Data Collection Technique
1	The new normal implementation strategy in dealing with the impact of COVID-19 on the Micro, Small and	<ul style="list-style-type: none"> <li>DIY Cooperative and MSMEs Office</li> </ul>	Interview



	Medium Enterprises sector in Yogyakarta City and Bantul Regency.	<ul style="list-style-type: none"> <li>Members of MSMEs in Yogyakarta City and Bantul Regency</li> </ul>	
2	The impact of COVID-19 on the social-economy aspects of the Micro, Small and Medium Enterprises sector.	<ul style="list-style-type: none"> <li>Members of MSMEs in Yogyakarta City and Bantul Regency</li> </ul>	Interview
3	The mechanism for implementing the new normal in dealing with COVID-19 in the Micro, Small and Medium Enterprises sector in Yogyakarta City and Bantul Regency.	<ul style="list-style-type: none"> <li>Members of MSMEs in Yogyakarta City and Bantul Regency</li> </ul>	Interview

### **b. Secondary Data**

Secondary data is other information that was available before the research was conducted or from data collected from second hand. Data are collected from comments, interpretations or through other sources (Bungin, 2011). Secondary data in this study are through the internet or directly, journals, books and archives relating to the subject of research.

**Table 1.6**  
**Secondary Data**

No	Secondary Data	Data Source	Data Collection Technique
1	Number of MSMEs recorded	DIY Cooperative and MSMEs Office	Documentation / Application of SiBakul Jogya
2	Number of MSMEs impacted by COVID-19	DIY Cooperative and MSMEs Office	Documentation / Application of SiBakul Jogya

**Figure: 1.3**  
**SiBakul Jogja Website**



### **1.9.5. Data Collection Technique**

Data collection techniques are used by researcher to obtain various types of data that will be used in a study. Researcher in research using qualitative methods must find accurate, precise and specific data as explained by Sugiyono (2009: 225) that data collection can be obtained from observations, interviews, documentation and combination/triangulation. In this research, the researcher used the interview method and was equipped with documentation of each research implementation.

#### **a. In-Depth Interview**

In-Depth Interview is a conversation conducted by two parties, namely the interviewer (in this case the researcher) who asks the question and the resource person who will provide the answer. The interview is one of the most important data collection techniques in a study. By carrying out careful interviewing techniques, clear and specific data will be obtained because the

interviewer are able to dig up all the information needed based on research indicators.

#### **b. Documentation**

Documentation is a data collection method where data is obtained from books, the internet, or other sources that can support research. Documents are records of past events. Researchers can collect documents that can be in the form of writings, images, or monumental works of a person (Sugiyono, 2012: 240). Thus, documentation is also included in one of the research data collection techniques, in which this documentation technique will be able to devote every moment of research which later on the data in the documentation will become one of the research data in the field. Documentation in this research can be in the form of photos, letters, souvenirs, diaries, artefacts, reports, and so on. The advantage of this data is that it is not bound by time so that researchers can find out about events that occurred in the previous era.

#### **c. Nvivo**

Nvivo is software produced by QSR International and is designed for qualitative researchers who work using text-based information or rich media.

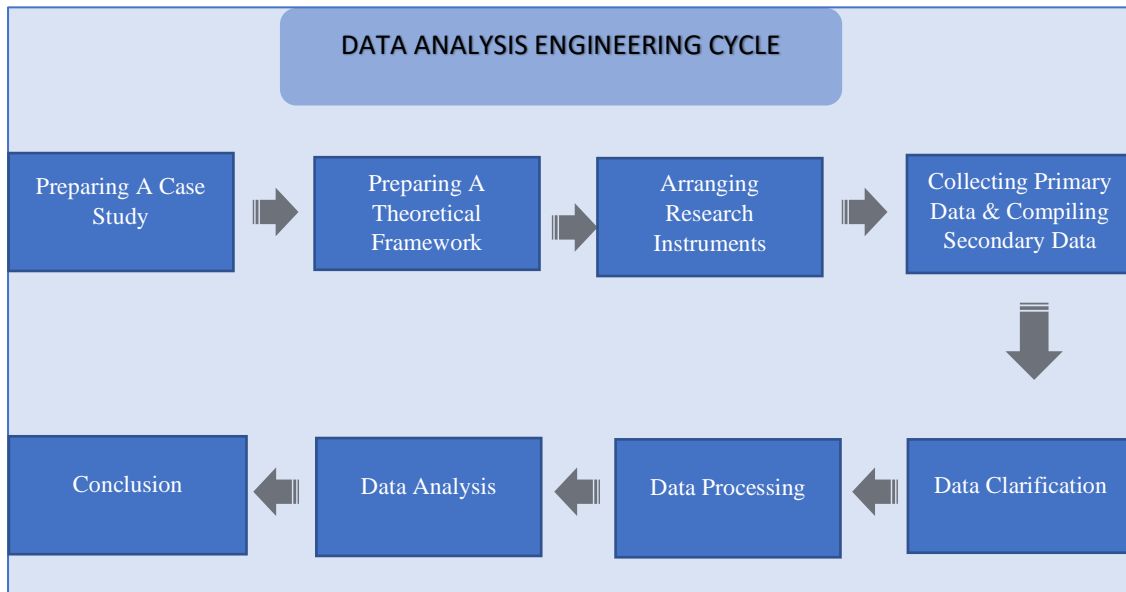
### **1.9.6. Data Analysis Technique**

According to Miles and Huberman (in Yusuf, 2014: 407), qualitative research data are collected through various different data collection techniques, such as interviews, observations, quotations, and extracts from documents, notes via tape; it appears to be more words than numbers. Therefore, the data is "processed" and analyzed before it can be used. Moreover, there is a general pattern of analysis offered by following the flow model as follows:

**Figure 1.4**

**Data Analysis Techniques Cycles**

*Source: Processed from various sources*



In research on the impact of COVID-19 pandemic on social-economy aspects during new normal era, case study: Micro, Small and Medium Enterprises (MSMEs) in Yogyakarta City and Bantul Regency, the author took steps that would make it easier to compile the research. These stages are as follows.

1. Arranging problems systematically, the issues found by the author will be collected and arranged in a systematic and orderly manner to facilitate the discussion. The discussion includes the background of the problem, problem formulation, objectives, research benefits, literature review and others.
2. The stages are continued with the preparation of the theoretical framework, within the theoretical framework providing discussion related to the theory related to the research title. With the discussion on the theoretical framework, it must explain about the impact of COVID-19 pandemic on social-economy aspects during new normal era, case study: Micro, Small and Medium Enterprises (MSMEs) in Yogyakarta City and Bantul Regency.

3. Furthermore, the preparation of research instruments; in this stage, it is crucial to note because the author collects data as processing material. Data processing provides a more focused explanation of the problem and facilitates the direction of the author in her research.
4. The next stage concerns the author to collect primary data by interviewing and collecting secondary data. The author did interview to obtain data on the Micro, Small and Medium Enterprises database in Yogyakarta City and Bantul Regency Micro, Small and Medium Enterprises service with secondary data as a reference for research.
5. When going to the data processing stage, the author must have complete primary and secondary data. Thus, in data analysis, the writer gets answers to the data that has been compiled from scratch so that the research can be useful for readers.
6. Data analysis is the stage for analyzing, sharpening, selecting, focusing, discarding data in one way to obtain reduced reduction data, where conclusions can be drawn and verified.
7. Data display in this context is a compiled collection of information that allows concluding and taking action. The form of data display in qualitative research is most often narrative text, and the incident or event occurred in the past, in this study using a database from a website that comes from the in Yogyakarta City and Bantul Regency of Micro, Small and Medium Enterprises office.
8. Conclusions require verification by other people who are experts in the field under study or maybe checking with other data. It is also necessary to remember that adding data means that it is required to reduce data display and draw further conclusions. The conclusion can explain the the impact of COVID-19 pandemic on

social-economy aspects during new normal era, case study: Micro, Small and Medium Enterprises (MSMEs) in Yogyakarta City and Bantul Regency.