

CHAPTER I

INTRODUCTION

1.1 Background

This study will discuss the Role of the Village Government in Developing MSME E-Commerce. Thus, the Role are being carried out by the Panggung Harjo village in order to overcome the problems during the COVID-19 Pandemic Period. The study aims to find out more about role of village in developing MSME during the pandemic impact on MSME.

The existence of small and medium industries in the midst of regional communities can be a solution to improve the welfare of the people in the village, especially during the COVID-19 pandemic phase. Given the large number of productive age in the village, the existence of small and medium industries is helpful for absorbing labor so that it can reduce the number of unemployed. This must receive attention and support from the local government so that small and medium industries in the village can develop it based on the potential possessed by each region. The existence of MSMEs is a form of public awareness to be able to build human resources through economic aspects in a village; therefore, the village government with good village governance will also determine how a policy strategy that is friendly to MSMEs can be implemented in the midst of the COVID-19 pandemic.

The Unitary State of the Republic of Indonesia has an obligation to prosper its people. The constitutional basis, that Indonesia has as a welfare state is indicated in the fourth paragraph of the opening of the 1945 Constitution. In the preamble, it is stated that the ideals of the Indonesian people are to create general welfare and educate the nation's life. This means that the obligation for

the government is not only to carry out tasks in the field of government, but also to carry out social welfare and to create a just and prosperous society (Ridwan, 2009). The national goals stated in the preamble to the 1945 Constitution are implemented by the government through national development in all aspects of the nation's life together with all Indonesian people throughout the territory of the Unitary State of the Republic of Indonesia.

As a country that dominates the activities of Micro, Small, and Medium Enterprises (MSMEs) which are the spearhead of the national economy, it will also be seriously affected, even so many workers have lost their jobs due to this pandemic. 37,000 MSMEs who reported that they were very seriously affected by this pandemic were characterized by: around 56% reported a decline in sales, 22% reported problems in the financing aspect, 15% reported problems with distribution of goods, and 4% reported difficulties in getting raw raw materials (Erdawati, 2021).

The development in building the economy of a country depends on the innovations created in developing a business in order to create an effective and efficient economy. This is influenced by the utilization of technology-based resources. However, the presence of COVID-19 has made many economies in Indonesia, especially in the village of Stage Harjo, experiencing difficulties, where many MSME consumers come from students, but during COVID-19, Islamic boarding schools are locked down due to the large number of infected students. One of the efforts to use this technology is to increase *e-commerce* for MSME actors, where as the sole entrepreneur, they are expected to continue to run their business. Based on the preliminary observations that had been made at the Almunawir Islamic Boarding School Complex L, there were hundreds of students who have been infected, so at the Almuhsin Islamic Boarding School, there were dozens of students who had contracted Covid-19. Therefore, it has an impact on MSME actors in the village of Panggungharjo, or improve the

welfare of rural communities. The improvements to village governance should be focus on this agenda.

The growth of the e-commerce market in Indonesia continues to increase every year, especially during the pandemic. Many consumers, who previously never shopped online, now have to rely on digital shopping platforms to meet their needs. E-Commerce is an alternative for many people to find and buy products, and there are 80% of internet users in Indonesia who have purchased online products ([Sirco.com. 10 December 2020background](#))

To realize the welfare of society in a fair and equitable manner throughout Indonesia by maximizing the potential that exists in each region, the central government issued a decentralization policy (Sunarno, 2005). Through the decentralization, the central government delegates its authority to regional governments to determine strategies, policies and programs, including issuing the regional regulations according to the interests of the regions themselves, as regulated in Law Number 32 of 2004 concerning Regional Government which has been amended several times recently by the Law Number 12 of 2008.

The presence of the village government in a social order is an indication of the success of the implementation of the concept of decentralization, which gives the government authority at the village scale to regulate the operation of its own bureaucratic system. In its role, the village government is required to solve the village problems creatively that are currently present with all the authority that has been given from the decentralization process. Especially in the midst of the COVID-19 Pandemic, a very visible problem is the decline in the number of employment opportunities due to many MSMEs (micro, small and medium enterprises) in the village which close and even reduce the number of workers because of the impact of the economic aspect. Generating MSMEs in the midst of the COVID-19 pandemic on a village scale is very important because the most fundamental measure for the success of a

government in a modern country is how far the government has succeeded in creating jobs for the community (Gaffar, Rasyid, & R., 2002). Therefore, the contribution of the village government to revive MSMEs that have been affected by the COVID-19 pandemic also contributes directly to employment at the village scale.

The Province of the Special Region of Yogyakarta is known as a tourism area visited by many tourists, both local and international. In addition to relying on the tourism sector, it turns out that this province also has an agricultural sector and an industrial sector although it is not an industry on a large scale, but the industrial sector in Yogyakarta can provide a considerable contribution to improve the community's economy. The special region of Yogyakarta consists of four regencies, namely Bantul, Gunungkidul, Kulonprogo, and Sleman. In Bantul district, there is a village called Panggungharjo Village. Based on the 2018 population aggregate data, the population of Panggungharjo Village is 28,141 people, consisting of 14,140 male residents and 14,001 female residents (Pemerintah Desa Panggungharjo, 2018). The majority of the Micro, Small and Medium Enterprises sectors in Panggungharjo Village are small industries. Panggungharjo Village is one of the villages that has a relatively high level of industrial development compared to other districts. Studies on industrial development in the Bantul area are still very much needed to avoid mistakes in determining the direction of industrial development, which can lead to a decline in the industrial sector.

The interesting thing about Panggungharjo Village is the existence of many Islamic boarding schools in the vicinity. This is also followed by the growing number of MSMEs that have mushroomed around the village to sell the needs of the students from the Islamic boarding school. Thus, MSME actors have the right to be able to run their business and meet the needs of the community. Therefore, village governance is seen as a very important

instrument to determine the progress of the village or the level of welfare of its community in various aspects, especially in how the village government can contribute to the economy of its community through the mechanism of developing MSMEs (micro, small, and medium enterprises). The existence of MSMEs is a form of public awareness to be able to build human resources through economic aspects in a village, so the village government with good village governance will also determine how a policy strategy that is friendly to MSME can be implemented.

The explanations above make the author feel interested in doing the research with the topic, “the government innovation villages in developing MSME E-commerce on the Harjo Stage during the covid-19 pandemic to find out more about village innovation in developing MSMEs during the pandemic”.

1.2 Problem Formulation

How is the role of village government in developing E Commerce for MSMEs during the COVID-19 pandemic in Panggungharjo Village, Sewon, Bantul?

1.3 Research Objectives

To explore the role of village government in developing E-Commerce for MSMEs during the COVID-19 pandemic in Panggungharjo Village Sewon, Bantul

1.4 Benefits of this research

1. The results of this study can be used as the suggestions or recommendations for the other village governments in developing e-

commerce innovations SMEs

2. The results of this study are expected to suggest and recommend in making the village government policies for fostering MSMEs
3. The results of this study are expected to affect on MSMEs in stabilizing the economy.
4. The results of the study are expected to be a reference for further researchers in exploring government innovations related to the development of MSME e-commerce.

1.5 Literature Review

Based on (Ondang^{1, 2}, & Kumayas, 2019) explaining the role of government in implementing empowerment in Minahasa Regency, the Cooperatives and Cooperatives Office and SMEs are only limited to provide motivation and entrepreneurship counseling for business actors. In addition, it provides assistance to business actors and cooperatives. In its empowerment, all business actors have not been reached, so there are business actors who have not received empowerment from the Cooperatives and SMEs Office. The Department of Cooperatives and SMEs collects data on the number of business actors who are still active, types of business, type of business, number of active cooperatives, as well as collects budget data and also prepares performance reports. The government cooperates with banks and cooperatives in providing soft loans and KUR for business actors as well as cooperating with external parties in increasing the advantages of SMEs. The budget from the regions is still considered minimal for the provision of supporting facilities for

SMEs seen from the implementation of empowerment carried out by the Cooperatives and UKM Office.

(Yusnita & Wibawa, 2020) state that the government who felt the most, was in the form of coaching and coordinating with MSME actors. Furthermore, the role of academics in the development of MSMEs is included in the high category. Academics, especially in Pangkal Pinang, have felt good in synergizing with the government and MSME actors themselves, both in the field of research, as well as community service related to MSMEs.

According to, (Cristian Septi Saputri, Dr. Winarti, M.Si, Joko Pramono, S.Sos, n.d.) There are 3 kinds of government roles, including:

1. The Role of the Government becomes a Facilitator in which he provides facilities and infrastructure in various ways, such as providing equipment assistance and business training to conduct seminars or workshops.
2. The Role of the Government becomes a Regulator. She/he makes policies that can facilitate MSMEs in developing their business. Besides that, it also carries out development activities in accordance with the existing *tupoksi* and based on the Law no. 20 of 2008 concerning micro, small and medium enterprises. The programs or activities carried out by the Office of Trade, Manpower, Cooperatives, Small and Medium Enterprises have duties, functions and authorities in accordance with the Karanganyar Regency Regulation Number 12 of 2017 concerning Empowerment of Micro Enterprises
3. The Role of the Government is also a Catalyst. The government can act as a stimulant to accelerate the process of developing MSMEs. The government can take several steps, such as providing information on capital for MSMEs

and opening up space for promoting local products widely.

According to, (Arliman S, 2017) MSMEs are very functioning in advancing the national economy. This can be seen from the contribution of MSMEs in absorbing a very large workforce and very helpful for the nation's economy, but there are also many problems faced by MSMEs themselves; therefore, it needs for the government role to deal with the problems in SMEs themselves. The efforts to empower MSMEs are increasing aspects of capital, market freedom and mastery of technology by the government, the business world and the community by changing the basic political-economic orientation. This empowerment policy should be in line with the people's economy in concrete actions to be able to catch up with MSMEs in the business competition and free market.

Based on the research from (Putra, 2016), as cited in the data from Ministry Cooperatives and SMEs in 2014, there were approximately 57.8 million of SMEs in Indonesia in 2017 and a few years. In the future, it is estimated that the number of MSME actors will continue to grow increase. MSMEs have an important and strategic role in national economic development. In addition to their roles in economic development and employment, MSMEs play in the development of the distribution of results. So far, MSMEs have contributed 57.60% of Gross Domestic Product (GDP) and have a labor absorption rate of about 97% of the total national workforce (MSME Business Profile by LPPI and BI, 2015). SMEs have also been shown to be unaffected by the crisis. When the crisis hit in the 1997-1998 period, only MSMEs could be strong last. The data from the Central Statistics Agency showed that after the 1997-1998 economic crisis, the number of MSMEs did not decrease, while MSMEs increased, even absorbing 85 million to 107 million workers up to in 2012. In that year, the number of entrepreneurs in Indonesia was 56,539,560 units. Of this number,

MSMEs occupy 56,534,592 units or as much as 99.99%, and the rest is about 0.01% or 4,968 units are large entrepreneurs.

Based on the research from (Sarfiyah, Atmaja, & Verawati, 2019), the developments in the era of globalization are very dependent on the economic sector as a measure of success carried out by the government. The role of the community in national development, especially in economic development, is Micro, Small and Medium Enterprises (MSMEs). The position of MSMEs in the national economy has an important and strategic role. This condition is very possible because the existence of MSMEs is quite dominant in the Indonesian economy. After the economic crisis, MSMEs continued to increase from year to year. This also proves that MSMEs are able to survive in the midst of the economic crisis. MSMEs are also proven to absorb a larger workforce in the national economy. With the number of workers absorbed, the MSME sector is able to increase people's income. Thus, MSMEs are considered to have a strategic role in reducing unemployment and poverty.

Based on the research from (Dwijayanti & Pramesti, 2020), when the corona virus spreads throughout the world, all businesses in Indonesia face big challenges. Companies get the impact of the Covid-19 pandemic finding it difficult to adapt, and many are struggling to protect employees from losing their jobs. Unprecedented financial measures have also been announced to ensure that businesses and people continue to function. The micro, small and medium enterprise (MSME) industry in Indonesia is one of the affected by the Corona virus pandemic. With many shopping centers, restaurants and other industrial industries having to close due to large-scale social restrictions to break the chain of the spread of the COVID-19 virus. Many industry players, including the MSME industry, have switched to selling through digital e-commerce.

Based on the research from (Kala'lembang, 2020), the Covid 19 pandemic is hitting Indonesia and also the whole world which has a very big impact; one of which is on Micro, Small and Medium Enterprises (MSMEs). A big movement is needed to revive the enthusiasm of the economy in Indonesia, especially MSMEs, one of which is by utilizing e-commerce. The study presents a conceptual framework for adopting e-commerce. Based on the results of a review of several articles, it is concluded that there are three factors that can be used to adopt e-commerce, including organizational characteristics, environmental characteristics, and leadership characteristics. To test the benefits and ease of using e-commerce, the Technology Acceptance Model (TAM) theory can be used.

Based on (Muhammad Habib Amrullah, 2018), Almost all aspects of people's lives cannot be separated from technology. The internet is the most important part in the development of this technology. The internet facilitates communication between individuals and regions quickly and without limitation. The economy and business sector is one of the sectors affected by the influence of the internet. Along with the high development of the internet, human mobility is also getting higher, especially in this 4.0 era. In this era, all aspects and sectors are required to provide services and services quickly. Even in the industrial sector, producers must provide fast service for customer satisfaction. *E-commerce* is one example.

In the midst of this pandemic, *e-commerce* plays an active role in helping SMEs to continue to grow. With many calls to work and study at home. *E-commerce* is an option for sellers to be able to continue trading from home. Another advantage is the unlimited scope of business and sales that cover the world, making *e-commerce* quite potential. The increase in sales on online platforms has also increased since the pandemic took place.

Base on reaserch (Marikhana, Suharyanti, Suparni, Syahlani, &

Anggarini, 2020), the increased Positive cases of the Covid-19 in Jakarta have sharply increased again and since the transitional PSBB June 4 to July 2 the number of new cases which found 6,748 cases. In addition, the DKI Jakarta Provincial Government always pay attention to the percentage figures that appear, as an anticipation effort and control the development of Covid-19. For that mediadigital marketing is an effective medium in the era of covid 19. Digital marketing training in E-commerce at Majelis Taklim Hidayatul Mubtadiin is expected to be a great contribution useful for improving the quality and ability of digital marketing is more effective. Training is carried out with method of delivering theory and practice directly. At the end of training, participants expressed satisfaction with 95% of the resultsquestionnaire distributed to them. Mostly, the training materials are appropriate to their needsbecause it can support work. Furthermore, they said that the material provided was complete and easy to understand. Many stated that it was 95.67%.

Based on the explanation above, there is an equation, namely the research discusses the role of government in empowering MSMEs as the research that the author did. The majority of the research conducted by the government's role is only limited to providing motivation and training for MSME actors. Even though the government can do more than that, for example, providing a forum for MSME actors in the form of media or a platform that can be easily accessed by the public.

The pandemic period changed the social order a lot, including shopping activities, the majority of which changed the system to online. Many MSME actors who cannot adapt to this situation go bankrupt from their business. From the several similarities between the research above, there is a difference between the research above and the research that the author did, namely the results of the research above, the government's role is only limited to providing motivation and counseling while the research that the author does the government acts as a facilitator for the community by

developing a village market platform that make it easier for people who have MSMEs. The position of MSMEs in the national economy has an important and strategic role, therefore the existence of a village market platform is important in efforts to empower MSMEs, especially with current conditions different from previous research conditions.

1.6 Theoretical Framework

1.6.1 Role of Government

According to the Big Indonesian Dictionary, the role is a set of levels that are expected to be possessed by people who are domiciled in society (KBBI). Role is a dynamic aspect of a position that carries out its rights and obligations according to a person with his support, then he carries out an understanding of the role, the two cannot be separated because they depend on each other. The roles show more of function, present themselves and as a process (Soekanto, 2006). The purpose of this chapter is the definition of MSMEs, strategies on how to survive during a pandemic and how to develop.

A role is a series in which many people expect rewards when performing the role itself. When the role is viewed from a political perspective, the role is obtained when someone already has a position. In a position, there are several obligations when people occupy it which those become one of the efforts of the role itself. In essence, that role is a manifestation in implementing one's obligations with innovation. Thus, there is so much that one can do to plan something towards change, improvement and refinement in the order (Thoha, 2012).

According to (Soekanto, 2006), claiming more roles relates to function, compliance and as a process. Someone does a position in society to act as. He/ She continued that role the dynamic aspect of the position. If someone carries out the rights and duties according to the position and then runs the authority. The role includes 3 things. These are:

- a. Standards include roles related to your position or place in society.
- b. Role is a concept of what individuals can do in society as an organization.

Roles can also be described as individual behaviors that are important in the social structure of society. That authority is a dynamic aspect of position (status). If a person carries out his rights and duties correctly with his position, then it is called a role. If a person exercises his/herrights and duties properly, his/her position is tantalizing. Self-Assigned Role is to highlight positions in social relationships. A person's position in society is a static element that shows the person social organization

Role seen from another point of view, namely a behavior that is carried out by an individual or group under certain conditions or events, where the behavior is an action expected by the individual himself or the group which has the authority to do something (Poerwadarminta, 1995). Thus, an individual has an obligation to be responsible for the actions he has taken.

According to Suhady in Riawan, the government (government) reviewing from its understanding is the authoritative direction and administration of affairs in a nation-state, city, etc., which means the orderly direction and administration of community activities in a country, city and others etc. Government can also be interpreted as the governing body of a nation, state, city, etc. which means an official institution or body that organizes the government of the State, part of the State, or city and so on. Judging from its nature, the definition of government in a broad sense is the power of legislative power, executive power and judicial power. Meanwhile, in a narrow sense, the government only includes the executive branch of power (Tjandra, 2005).

Scott et al. cited in Kanfer mentions five important aspects of the role as follows:

- a. The roles are impersonal, and the roles themselves will determine the expectations, not the individual
- b. Roles are related to expected behavior performance behavior in a particular job
- c. The roles are difficult to control
- d. Roles can be learned quickly and can result in some major behavioral changes
- e. Roles in work In the same sense, someone who does one job can play several roles (Kanfer, 1987: 197).

According to (Mulgan, 2014), Government innovation is a process of creating, developing and implementing new ideas that can provide better benefits such as reducing costs, increasing efficiency, and service effectiveness. To support the innovation process strategically, there are four approaches to change that organizations can take (Daft, n.d.). The four approaches are technological change, product and service change, structure and strategy change, and cultural change.

The Law Number 23 of 2014 replaces the Law Number 32 of 2004 concerning Regional Government which has been no longer in accordance with the development of the state, state administration. And local government administration requirements. Hereby, the Law Number 23 of 2014 explains that local governments are the administration of government affairs by local governments and councils regional people's representatives Regional governments who carry out affairs government according to the principle of autonomy and co-administration which have the principle of the widest possible autonomy in accordance with the system of the Unitary State of the Republic

of Indonesia. Local governments carry out concurrent government affairs submitted by the central government that became the basis for the implementation of autonomy regions based on the principle of co-administration. Local governments in carrying out general government affairs which are the authority of the president and the implementation are delegated to the governor and regents/mayors, financed by the state budget (<https://soppengkab.go.id/>).

In this study, it is intended that the local government, namely the agency that is fully responsible for sector development which Micro, Small and Medium Enterprises (MSMEs) during the pandemic, especially on the Panggunharjo. There are many micro businesses who cannot survive because the majority of consumers in Krapyak are students. With the policy that students are not allowed to leave the cottage in the because of a pandemic, it needs a role government in the development of these micro-enterprises.

According to Siagian, there are five functions of government, namely: stabilizer, innovator, modernizer, pioneer and self-realized. The explanation is as follows:

- a. Government becomes a stabilizer. One of the characteristics of the state developing is a political, economic condition that does not stable, social and political situation, and maintaining its safety. So, there is a government as a party that plays a role in maintaining the stability of a dynamic society and unstable.
- b. Government becomes an Innovator. Innovation was born as a form of new inventions, new methods, new systems, and ways of thinking new. As the main actor in organizing government, the government must be able to be a source of innovation
- c. Government becomes a moderator. The aim of the state is to allow

all aspects of life always follow the development of the era where new technology needs to master, how to see something new, or become a modern country. In this case, the government must carry out its function by guiding the community towards modern life.

- d. The government as the pioneer of government must be pioneer in various aspects of national life, role model for the whole society. Government will be a role model for the community to take action positive so that people follow it which has an impact on smooth running of the country's development.
- e. Government country becomes an executor. It is not only that government independently who is responsible for the development, but also responsibility of the state. But, in many ways, government is required to be able to carry out the functions executives themselves, especially where people don't want it because there is no benefit, for example. coverage for the poor and neglected (Siagian 2003: 142).

Ndraha mentions three basic functions of government, namely: service, empowerment, and development. But, in terms of product, there are two types of government functions, namely primary and secondary function. The core function is a function that is positively related to the condition of the party he/she leads. It means that function base never decreases as conditions improve economic, political and social community because the state is regulated, the functions of governance base will increase. The government acts as providers of non-privatized public services and civil services, including public services bureaucracy. These two types of functions are abbreviated as handlers.

This service function is universal, carried out by all nations and countries in the world, both developed and developing countries, with each

condition. Additional functions of government are functions that are negatively related to the economic, political and social conditions governing, meaning that the higher the standard of living, the stronger the bargaining position; the more inclusive the people in power and the fewer functions secondary government. The role of government has changed, from rowing be the rudder. If the commune's economic conditions are weak, the government will keep building. The more successful the development, the better the conditions the community's economy, and the less often the government is involved in development. Therefore, the concept of development is not so known in developed countries, but popular in developing countries (Ndraha 2003: 75-76).

In national economic development, it cannot be separated from contribution of SMEs. MSMEs are very useful for Indonesia, in which it is only about the economy, but also the existence of SMEs. It can open up that there are many jobs, and the existence of SMEs themselves can reduce unemployment in Indonesia. According to Sarfiah, developments in the era of globalization are very dependent on the economic sector as a measure of success carried out by the government. The role of the community in national development, especially in economic development, is Micro, Small and Medium Enterprises (MSMEs). The position of MSMEs in the national economy has an important and strategic role. This condition is very possible because the existence of MSMEs is quite dominant in the Indonesian economy (Sarfiah et al., 2019). Therefore, the role government is very important in developing MSMEs, so MSMEs can be a milestone for the national and regional economy.

Meanwhile, the Diva has stated that there is a role government who is believed to be effective in developing MSMEs as following:

- a. The role of government intermediation means that the government

needs to provide various facilities and pathways for MSMEs to achieve their goals. Services that can be provided by the government can be in the form of training, assistance or subsidized goods or services, in the form of privileges in the form of exemptions or exemptions, and policies determined by the government itself.

b. Role of government as regulatory authority is to make policies that assist SMEs in developing their activities. In line with the efforts of government regulators to maintain conducive business environment for investment by regulating Bank Indonesia (SBI) interest rates and to make business competition law policies, the government is able to apply the rules that allow for a smooth life and dynamic. In this regulatory function, the separation of powers is divided into two parts, namely the power of the central government and local self-government power. Both have authority to regulate the community in their respective regions.

c. Government as a Catalyst means that in the Big Language Dictionary Indonesia, a catalyst is something that causes a change and new events or accelerates event process. To act as a catalyst, the government also acts as a stimulus to accelerate MSME development process. The Government involvement in this development process cannot be realized directly overall, but only as an acceleration factor. The government can take various steps, such as giving appreciation to MSMEs, empowering communities creative to be productive rather than consumptive, venture capital or revolving capital, and intellectual infrastructure for MSMEs (Gede Diva, 2009: 15).

1.6.2 E-commerce

E-commerce is one of the information technology products that can be used to create competitiveness, especially in promoting and selling products/services across regions or even countries. This book discusses the basic theory of using information technology, the advantages and opportunities of using e-commerce to gain competitiveness and the tools used to build an online store. In addition, this book also provides information on how to register and use hosting and domains, installation of CMS and its plug-in, to set up the appearance of the online store website (Rintho Rante Rerung, 2018).

1. The definition of e-commerce

According to Indrajit, e-commerce is defined as an arena of transactions or exchanges between sellers and buyers who are connected to an internet network. e-commerce makes it possible to get a wider range of consumers Model Low on Electronics defines e-commerce as trading activities carried out by exchanging information given, received or stored through electronic services(Syahrin, 2018).

The characteristics of e-commerce are as follows:

- a) It is unlimited transactions without being hindered by geographical location, so that the seller is easier to find buyers all over the world. Besides that, Buyers can also access the desired product anytime and anywhere.
- b) It is anonymous Transaction, meaning where the seller and buyer do not have to meet advance and do not require a real identity as long as the payment has been made authority
- c) Digital and non-digital products can be offered so that the type of product be

diverse

d) It includes intangible products such as sales of data, software or ideas that for sale online

3.types of e-commerce

a) *Business to Business*(B2B)

It is a type of business by selling products or services to other companies. This is done by the buyer order items in,for example, a company that buys office supplies from a manufacturer.

b) *Business to Consumer* (B2C)

This type of business is done by companies that sell products or service to the consumer. In general, B2C customers are retailers with online purchases.

c) *Customer to Customer* (C2C)

Sales are made by selling used goods to other people who need it.This e-commerce activity is an online transaction between two individuals.

d) *Customer to Business*

The opposite of B2C is C2B done by selling products or services service to a company. For example, a graphic designer offers and sells his/her logo to a business particular food or company.

e) *Business to Administration* (B2A)

These business people are government institutions, for example services

website creation for online administration system.

f) *Customer to Administration (C2A)*

These transactions are carried out by individuals and government agencies. E Commerce with the C2A model is in the form of services and is rarely found in iIndonesia.

g) *Online to Offline (O2O)*

4. Advantages of e-commerce

Some of the advantages of using e-commerce technology is as follows:

- a. *Revenue Stream* (income stream
- b. Market explore
- c. Operating cost
- d. Global Reach (wide reach)
- e. The development of e-commerce in Indonesia
- f. Marketing through e-commerce in ASEAN
- g. Achieving Competitive Advantage through e-commerce

1.6.3 Micro, Small and Medium Enterprises (MSMEs)

In Indonesian, Micro and Medium Enterprises are often shortened to SMEs. Meanwhile, in the Law Number 20 of 2008, it defines Micro, Small and Medium Enterprises MSMEs as following

- a. Micro Enterprises are productive enterprises owned by people individuals and/or individual economic entities that meet the criteria for micro-enterprises in accordance with the provisions of this Law. The criteria for micro-enterprises are business units with wealth the net amount that does not exceed IDR 50,000,000.00 (fifty million rupiah), excluding land and buildings designated for commercial premises or whose annual sales income does not exceed Rp. 300,000,000.00 (three hundred million rupiah).
- b. Small businesses are productive businesses that stand alone, run by individuals or business entities that are not sub-company or branch of a business owned, controlled or part of, directly or indirectly, Medium business, or large businesses that meet business criteria. The little one referred to in this law. Small business criteria area business unit with a net worth of Rp. 50,000,000.00 (fifty million rupiah) up to Rp. 500,000,000.00 (five hundred million); annual sales income exceeds Rp 300,000,000.00 (three hundred million rupiah) up to a maximum of 2,500,000,000.00 (two billion five hundred million rupiah).
- c. Medium-sized businesses are productive and independent businesses carried out by an individual or an economic entity which is not a subsidiary or branch of companies that are owned, controlled or part of, collectively directly or indirectly, small or large companies with total net worth or income from sales. Every year is in accordance with the provisions of this Act. Medium Business characteristic is a business unit whose net worth exceeds Rp. 500,000,000.00 (five hundred million rupiah) up to a lot of IDR 1,000,000,000,000 (ten billion rupiah),

not including land and buildings where activities are carried out or annual sales above Rp.2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of 50,000,000,000.00 (fifty billion rupiah).

According to the Ministry of State for Cooperatives and Small Medium Business, meant by Small Business (UK), including Micro Enterprises (UMI), is business entities that have a net worth of at most Rp. 200,000,000, not including land and buildings for business premises, and has sales annual maximum of IDR 1,000,000,000. Meanwhile, Medium Enterprises (UM) is a business entity owned by an Indonesian citizen that has net worth which is greater than IDR 200,000,000 to IDR 10,000,000,000, excluding land and buildings.

The Central Statistics Agency (BPS) provides a definition of SMEs based on the labor quantity. Small business is a business entity that has a 5 to 19 people, while medium-sized enterprises are business entity that has a workforce of 20 to 99 people (Budiarto, Hario Putero, Suyatna, & Astuti, 2015)

Based on the research from developments in the era of globalization, it is very dependent on the economic sector as a measure of success carried out by the government. The role of the community in national development, especially in economic development, is Micro, Small and Medium Enterprises (MSMEs). The position of MSMEs in the national economy has an important and strategic role. This condition is very possible because the existence of MSMEs is quite dominant in the Indonesian economy. MSMEs after the economic crisis continued to increase from year to year. This also proves that MSMEs are able to survive in the midst of the economic crisis. MSMEs are also proven to absorb a larger workforce in the national economy. With the number of workers absorbed, the MSME sector is able to increase people's income. Thus, MSMEs are considered to have a strategic role in reducing unemployment and poverty (Sarfiyah et al., 2019).

1.6.4 Corona Virus (Covid-19)

Corona virus is a disease whose initial symptoms are like flu that attacks the respiratory system to cause acute shortness of breath. Common symptoms include fever 38°C, dry cough, and shortness of breath. If there is people who in the 14 days before these symptoms appeared had travel to an infected country, or have been in close contact/care with COVID-19 sufferers, then the person will be carried out further laboratory tests to confirm the diagnosis. COVID-19 can cause mild symptoms including a runny nose, sore throat, cough and fever. About 80% of cases recover without a need special care. 1 person of 6 people will probably suffer from severe illness, such as with pneumonia or difficulty breathing, which usually appears gradually. Even though the death rate disease is still low (about 3%), for people aged advanced, and people with pre-existing medical conditions (such as diabetes, high blood pressure and heart disease), are usually more prone to becoming seriously ill.



The data is from the Central Statistics Agency regarding the possibility of being infected with COVID-19, the majority of which are quite likely to be infected, namely at the age of 17 to 45, where MSME actors are generally at that age. The existence of this corona virus causes large-scale activity restrictions which have an impact on the community's economic sector. Many people have lost their livelihoods; in this case MSMEs are one of the livelihoods

affected by the corona virus.

However, with the corona virus, there are some MSMEs that are growing rapidly because they are relevant; for example, MSMEs sell masks and hickies. The need for masks is a business opportunity during the pandemic. This is evidenced by the large demand for health products, especially masks, which are needed to prevent virus transmission. Sari W. Pramono as Head of the Employment, Vocational and Health Sector of HIPMI stated that since COVID-19, there has been an increase of almost 77% of the potential for the mask business to increase. Especially maybe those who have a convection business are now turning to making masks. "Obviously the government must also support and mobilize these SMEs so that local production, especially convection, can finally move the economy because they have to keep going. In addition, local Indonesian fashion designers have also started making funny masks according to current fashion. <https://covid19.go.id/>

The Covid-19 pandemic has limited people's activities and space. Mobility also decreases because they are required to stay at home. As a result, various new hobby trends began to emerge. One of them is the trend of keeping betta fish. "If you look at this pandemic, hickey it is entertainment. Good entertainment, but can also earn (income)," said Asep Syariffudin, a seller and farmer ornamental betta fish. Before the pandemic, one of the sellers and another betta fish farmer, Dani, admits that he sells betta fish relatively stable. "2-3 months before the pandemic, it was just an ordinary fish. The road is stable, but it did not really surprise him," said Dani. However, entering the 3rd month of the pandemic Covid-19 in Indonesia began to look increased demand from the public. "In times of a pandemic" about three months, this has started to see the movement. Entering the third month of the pandemic, it's increasingly unstoppable movement. Automatically, the demand will increase, and the stock will be low, so the price will soar," added Dani. " I used to sell the most

expensive, Rp. 250,000. That's now that much can reach Rp 4 million - Rp 5 million." explained Dani (Debora, n.d.).

1.7 Conceptual Definition

1. Role of Government

A role is a series in which many people expect rewards when performing the role itself. When the role is viewed from a political perspective, the role is obtained when someone already has a position. In a position, there are several obligations when people occupy it which obligations become one of the efforts of the role itself. In essence, that role is a manifestation of the implementation of obligations with innovation.

Government innovation is the process of creating, developing and implementing new ideas that can provide better benefits such as reducing costs, increasing efficiency, and service effectiveness. To support the innovation process strategically.

2. Micro and Medium Enterprises are often abbreviated as MSMEs

Micro Enterprises are productive companies owned by individuals and/or individual economic entities that meet the micro-enterprise criteria in accordance with the provisions of this Law. The criteria for micro-enterprises are a business unit whose net worth does not exceed Rp. 50,000,000.00 (five tens of millions of rupiah), excluding land and buildings designated for commercial premises or whose annual sales income is not exceeds Rp. 300,000,000.00 (three hundred million rupiah).

Small businesses are productive businesses that stand alone, run by

individuals or business entities that are not subsidiaries or a branch of a business that is owned, controlled or part of, directly or indirectly, medium-sized businesses, or large businesses that meet business criteria. The small ones referred to in this law. The criteria for a small business are a business unit with a net worth of Rp.50,000,000.00 (fifty million rupiah) up to a maximum of Rp. 500,000,000.00 (five hundred million annual sales income exceeding Rp 300,000,000.00 (three hundred million rupiah) up to a maximum ofRp.2,500,000,000.00 (two billion five hundred million rupiah)

Medium-sized enterprises are productive enterprises and independent economies that carried out by an individual or an economic entity that is not is a subsidiary or branch of a company owned, controlled or part of, directly or indirectly, small or large company with total net worth or income from sales. Every year in accordance with the provisions of this Act. The criteria of medium-sized businesses are business units whose net worth exceeds Rp. 500,000,000.00 (five hundred million rupiah) up to a lot of IDR1,000,000,000,000 (ten billion rupiah), excluding land and buildings where activities are carried out or annual sales above Rp2,500,000,000.00 (two billion five hundred million rupiah) up to 50,000,000,000.00 (fifty billion rupiah).

3. Corona Virus (COVID-19)

Corona virus is a large family of viruses that cause mild to moderate upper respiratory tract infections, such as flu. Many people are infected with this virus, at least once in their life.

However, some types can also cause more serious illnesses, such as:

- coronavirus Middle East Respiratory Syndrome (MERS-CoV).
- Severe Acute Respiratory Syndrome (SARS-CoV).

- Pneumonia.

4. E-commerce

E-commerce is defined as the arena of transactions or exchanges between sellers and buyers who are connected to an internet network. e-commerce allows for a wider reach. The Uncitral Model Law on Electronics defines e-commerce as trading activities carried out by exchanging information given, received or stored through electronic services.

1.8 Operational Definition

Operational is a guideline in assessing or measuring a variable in order to obtain targeted research results. Based on the formulation of the problem that has been put forward, to facilitate researchers, in general the operational definitions in research are as follows:

2 Role of Government

The role of the government is a conscious effort made by the government to achieve the goals and development in a planned manner towards a modern society.

Meanwhile, the Diva has stated that there is a role government who is believed to be effective in developing MSMEs as a following:

Objective	Variable	Indicator
To explore the role of village government in developing E-Commerce for MSMEs during the COVID-19 pandemic in	➤ The role of government intermediation	that the government needs to provide various facilities and pathways for MSMEs to achieve their goals.

Panggunharjo Village Sewon, Bantul		
	➤ Role of government as regulatory	to make policies that assist SMEs in developing their activities.
	➤ Government as a Catalyst	something that causes a change and new events or accelerates event process.

1.9 Research Methods

According to the Big Indonesian Dictionary (KBBI), the method is an orderly way of completing work, so it is carried out as expected. While, the research method is how to find the truth and principles about natural phenomena, society or humanity based on an appropriate scientific discipline. Sugiyono also revealed that the research method is a series of methods used to obtain the latest scientific data and the general purpose of which is to verify and develop certain knowledge(Sugiyono, 2015). In this study, the method used was a qualitative approach by digging in-information depthon the informants to be studied. The research was conducted with the intention of exploring descriptively about MSMEs during the covid 19 pandemic, so theproblems that arise due to the current pandemic are solved. Qualitative research is research that intends to understand the phenomena experienced by research subjects by describing them using words and language(Moleong, 2015: 6).

Qualitative research aims to explain phenomena through direct data

collection. This study does not prioritize the size of the population and sample, so the selected sample is very limited. If the data collected has met the saturation stage and has been collected in depth that can describe the research phenomenon, then the research is stopped and does not require further samples. Qualitative research prioritizes problems or phenomena that arise through depth (quality) and not the amount (quantity) of data (Kriyantono, n.d 2018:56)

1.9.1 Types of Research The

The type of research used is qualitative research. According to Sugiyono, qualitative is used to examine natural objects, where the researcher is the key instrument. (Sugiyono, 2015: 56) states that the qualitative method is used to obtain in-depth data that contains meaning. Meaning is the actual data in the field. This research was conducted by going directly to Panggunharjo Village, Sewon Bantul, Yogyakarta in order to obtain data that is in accordance with the reality in the field.

1.9.2 Research Subjects and Data Sources

1. Research Subjects

The research subject is an informant who was selected based on the *uniqueness of the case*. According to Miles and Huberman, the informants were selected based on a descriptive explanation of the problems observed and could explain issues from information sources. The subjects in this study were MSME actors in the Harjo stage area of Yogyakarta, which were considered capable of providing information by providing opinions and statements that did not change. This research was conducted intensively through the interviews with guidelines that have been designed by researchers.

2. Data Sources

The data sources used are primary data and secondary data (Suryabrata,

2015).

- a) Primary data is the data obtained directly from respondents or the object under study. Primary data sources directly provide data to data collectors. The primary data referred to in this study are data that the authors obtained directly by conducting interviews (interviews), questionnaires to MSMEs in the village of Panggungharjo.
- b) Secondary data is an indirect data source. Secondary data is generally in the form of historical evidence, records, or reports that have been compiled in published and unpublished archives (documentary data). In this study, the data were obtained from MSMEs at Panggungharjo, Sewon District, such as Journals, Articles, Books, etc.

1.9.3 Data Collection Techniques Data

The collection techniques in this study used observation, in-depth interviews (*indepthinterview*). Sampling used *purposive sampling method*, namely the selection of respondents according to the criteria of location, nature or research objectives with the expectation that informants can provide information or understandings needed by the researcher related to the case or study conducted. The number of informants recommended in qualitative research with this approach is not determined, but the interview will be stopped if the information and data obtained by the researcher have reached the saturation level (data saturation), so the number of informants was not added. The informants can be selected with the consideration that the informants are true as perpetrators of MSMEs in the Panggungharjo area, Yogyakarta. The interview process carried out by researchers is unstructured, namely conducting free interviews (talking) with MSME actors. When the interview was conducted, the researcher designed questions that were used as a *guideline* in obtaining information, with the

aim that the subject matter did not deviate from the research objectives. In-depth interviews were conducted for 10-15 minutes and were conducted in a place that could support the freedom of the respondents without any sense of pressure. Interviews were conducted to 5 MSME actors with conditions that met the objectives of the study, assisted by the use of a voice recorder and notebook and writing utensils.

1. Observation techniques carried out intentionally, systematically regarding social phenomena with psychological symptoms for later recording. In this case, the author went directly to the research location with the aim of getting data on the role of the government in empowering MSMEs during the pandemic in Panggunharjo Sewon Village, Bantul, researchers only as independent observers.
2. In-depth interview (*indept interview*)

The interview method was used by the researcher to conduct preliminary studies in order to find problems that must be investigated and also to find out things from a few respondents. In this process, the author conducted unstructured interviews, namely conducting free interviews (talking) with MSME actors.

1.9.4 Data Analysis Techniques

In analyzing the data, the researcher used a qualitative descriptive analysis method, namely comparing categories with other categories. For analyzing the qualitative research data, it used content analysis (*content analysis*). The content analysis carried out in this study was from the results of in-depth interviews conducted with the research subjects. The stages in qualitative data analysis are as follows:

1. Direct data analysis during interviews.

This is done by making notes during interviews to assist data analysis.

2. Transcription

Transcription can be done after completing the interview by transferring data from the recording device, and then the information is described in a narration in written form, as well as the transcription results are read back to avoid data errors or missing data.

3. Data Reduction

It is done to reduce or eliminate unnecessary data.

4. Coding

Coding is carried out on the transcription results with the aim of facilitating identification by grouping the data.

5. Categorization

Categorization is obtained after making codes based on the conceptual pattern of the researched informants which will form a general idea.

6. Synthesis

Synthesizing means looking for links between one category and another, then a name/label is given to that category.

7. Interpretation of data

Interpretation of data can come from the interpretation of personal researchers based on the experience, knowledge and abilities of the researchers, or in the form of meanings derived from the comparison of research results with information from the literature (theory).

8. Thematic analysis

Thematic analysis is formed by the existence of a concept map in building theory. The process of building a theory starts with a description, then builds a concept and provides an explanation.

1.9.5 Data Validity Checking

In qualitative research, the data that has been successfully extracted and collected was recorded and confirmed. The researcher must have the ability to determine:

1. Validity Test

a) Credibility (trust)

Credibility is done by triangulation, discussion with colleagues and member *check*.

b) Triangulation

Triangulation is a technique of checking the validity of interview data during research. Triangulation consists of three sources, namely *cross-checking* data with other various sources and triangulation of methods, namely collecting data from interviews, observations, and reviewing documentation. This can be achieved by comparing the results of interviews with other sources or research informants (Moleong 2015: 330).

c) Member *checking*.

This is done by asking and answering questions with informants to equalize perceptions related to the results of the interview.

d) *Peer* debriefing

Peer debriefing is checking fellow researcher or supervisors by way of question and answer to improve the accuracy of research results.

2. Reliability Test

Reliability is carried out by documenting the procedures that have been carried out, namely:

- a) Checking the transcription results to ensure that there are no errors made during the transcription process.
- b) Make sure that there are no floating definitions and meanings about the codes during the coding process.
- c) Discuss the code with the supervisor in each meeting.