

# Adaptive Approach Model as an Effort to Generate Resilience in MSMEs

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## Abstract

This research stems from policies implemented by the central government to revive the national economy during the pandemic, including MSMEs, which still need to show optimal results. The main obstacles for MSMEs actors are limited access to capital, hampered promotion and distribution, inadequate production facilities, and a sluggish economy during the pandemic. Efforts for recovery are not only borne by the central government alone; local governments are also responsible for this. This study aims to design strategies and local government discretion to increase the economic resilience of MSMEs. This study uses the Soft Systems Methodology (SSM). SSM is a research perspective that can analyze a messy (unstructured) problem into a structured problem situation and build a conceptual model design that fits the existing problem situation. The main problem in efforts to generate economic resilience of MSMEs is the need for local government roles in encouraging efforts to facilitate and assist MSMEs. The conceptual model is constructed to describe the existing problems with an empirical and theoretical approach, namely the Organizational Design of Adaptive Approach, with three forming elements, namely institutional activities, adaptive technology systems, and public participation.

**Keywords:** MSMEs , Soft Systems Methodology , Adaptive

## Introduction

The Micro and Medium Enterprises (UMKM) are a fundamental element that bolsters the Indonesian economy. The Ministry of Cooperation and UMKM's most recent publication states that UMKM contributed 61.07 percent of ADHB GDP and 57.24 percent of ADHK 2000 GDP in 2018. Moreover, 99.99% of all jobs and 97% of the labor force are absorbed by the UMKM. (Depkop, 2018). UMKM plays an important role in the economy of the nation. Among its many benefits are the ability to support local entrepreneurs, maximize the use of compact technology, make it simple to set up and operate, and produce results quickly. Additionally, UMKM has facilitated the decentralization process both within and between regions expanded nearly to every corner of the region, giving it extensive access to socio-political and economic objectivity (Nuruliah, 2014; Marlinah, 2020; Mopangga, 2015; Yuliani & Novita, 2022).

Paradoxically, the Covid-19 pandemic crisis is currently endangering the UMKM's existence. The global economy's pace has been affected by uncertainty despite the COVID-19 recovery rate continuing to climb and the incidence of the virus spreading. Indonesia's GDP is expected to rise by 4.8% in 2020, less than the 5.02% growth that was recorded in 2019 (Central Statistics Agency, 2021). Despite a modest 4.9% growth, this economic downturn is predicted to last into 2021 (Panjaitan et al., 2021). The national economy grew at a rate of more over 5% in 2017 and 2018, which was significantly stronger than the pre-Covid-19 epidemic years of 5.09% and 5.17%. However, from 2017 to 2020, industries other than manufacturing—which were known to require a large workforce and generate a sizable volume of goods and services—dominated the national economic performance. 2019; Badan Pusat Statistik, 2018).

The creation of the people's well-being is primarily the responsibility of both the national and local

governments. It is imperative that the current endeavor to increase the resilience of entrepreneurs be continued in order to realize the well-being of people. Resilience is the capacity to rise above adversity and survive it by adapting to new circumstances (Reivich & Shatté, 2002). The Government of Indonesia's commitment to strengthening UMKM's resilience is embodied in the regulation and refocus of the budget. A further APBN 2020 expenditure of 405.1 trillion rupees, with a budget of 70.1 trillion rupees, is used for tax incentives and the stimulation of People's Enterprise Credit (KUR), while 150 trillion rupees are used to finance national economic recovery programs, including guarantees, credit restructuring, and financing of the enterprise world in particular UMKM. This fiscal policy is implemented, among other things, through Law No. 2 Year 2020 on State Financial Policy and Stability of the Financial System. For businesses to be sustainable, UMKM must embrace e-marketing and undergo digital transformation in addition to the government's policy of eliminating loan dividends and tax relief. (Rosin et al., 2020; Ulya, 2020; Nasution et al., 2017). Startups are more equipped than other economies to handle the crisis because entrepreneurs must be adaptable and change company strategies in response to it. In 2020, Kuckertz et al. Entrepreneurs in UMKM cannot depend solely on the government. To survive and prosper in pandemic times, small businesses must be able to keep an eye on changes in the market, foster great working connections with both customers and staff, and uphold an entrepreneurial culture (Liguori & Pittz, 2020).

Developing policies and exercising local judgment are crucial to UMKM's resilience-building endeavors. A number of innovations implemented by the District Government are thought to be able to lessen the pandemic's effects on UMKM. UMKM's protection and empowerment, which centers on efforts to support marketing and production methods as a way of empowering the outcomes of discretionarily reallocating the regional budget, are among the first observations made by the researchers. It is more challenging for the local government to execute the appropriate focused program, nevertheless, because of the vast number of UmKMs in the area and the data about them that is not by name or address.

Indonesia's national and local governments need to take prompt action. Italy and France are the most responsive nations in terms of developing policies linked to UMKM during the epidemic, according to the OECD report by 2020. 2020 OECD. France and Italy are therefore the most flexible and responsive nations. (Table 1). Thailand can foster innovation and training at the policy level in ASEAN to open up new career prospects for UMKM.

Table 1. Responsivity of State Policy Related to UMKM

	Labour		Deferral				Financial instruments				Structural policies				
	Partial redundancies	Subsidi upah	Self-employed	Income/ corporate tax	Value Added Tax (VAT)	Social security and pension	Rent/utilities/ local tax	Debt moratorium	Loan guarantees	Direct lending to MSMEs	Grants and subsidies	New markets	Teleworking/ digitalisation	Innovation	Training & redeployment
Italia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prancis	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Thailand	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(Source: OECD, (2020))

The way that nations around the world have responded to the problem of UMKM during a pandemic should serve as an example, particularly in terms of easing business promotion, providing financial support, providing institutional and product assurances, digitizing markets and management, and offering training that is helpful to UMKM. In order for UMKM to remain competitive and be able to respond to the external environment, digitalization will be established through collaboration on the innovative business model (Berliandaldo et al., 2021). Government intervention through policies that employ the sustainability and resilience characteristics as drivers for UMKM's resiliency is required to realize digitalization for UMKM. Badoc-Gonzales and associates, 2021). Additionally, based on these two aspects, a perfect model was created that included a partnership model between the public, private, and other stakeholders to support UMKM's goals and maximize the technological platform. (Sukmariningsih & Liu, 2021).

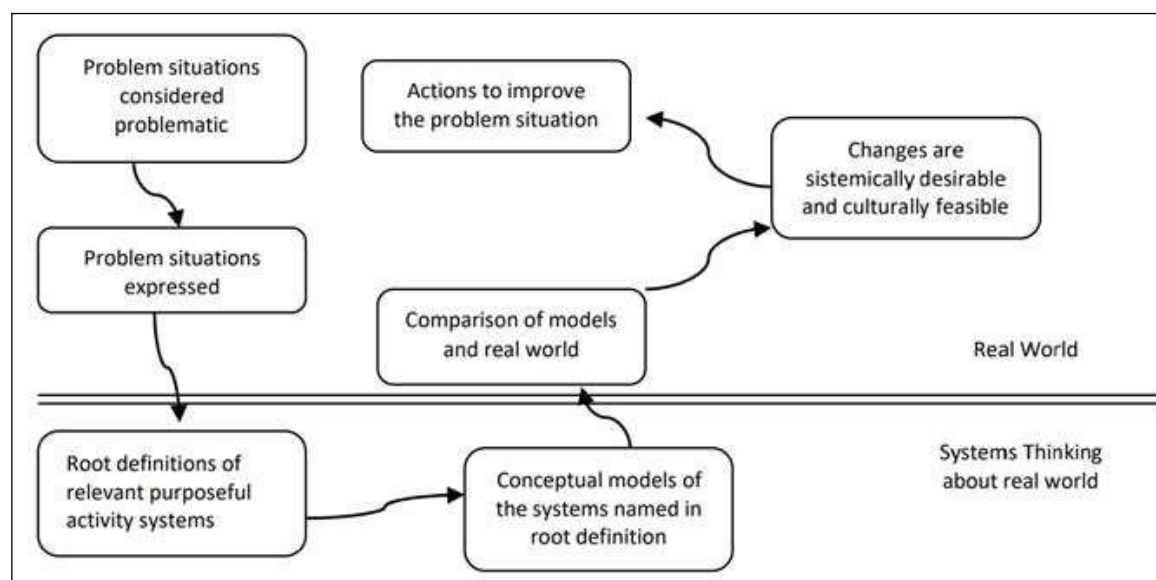
Establishing a collaboration with UMKM requires the government to be sensitive and responsive, as stated in the new institutional policy. Assegaf and Muthafer (2014). As local currents, regional governments need to be able to create institutionally adaptive policies that allow them to use all of their discretion to manage policy implementation mechanisms more effectively and efficiently. In order to

support micro, small, and medium-sized businesses, a model of regional government strategy and policy is being identified and designed as part of this study. (UMKM).

In order to increase the resilience of UMKM, it is crucial that this research offers alternate plans for the use of adaptive governance rules. Strong support for UMKM can be given more quickly and easily through adaptive policy governance (Budiarto et al., 2018). With the policy management scheme adaptive ways can provide inclusive and strengthen the endurance of the UMKM culprits. These findings can contribute to the policy implementation process that is currently being carried out tends to be top down and money follow program.

## Methods

The East Java Province's Bondowoso district is designated as a research location unit. The four study domains are Wringin, Bondowoso, Tamanan, and Curahdami. Based on the district's exceptional product cluster of small and medium-sized businesses spread over the four districts, four locations were chosen. It is necessary to analyze the Indonesian UMKM problem using tools designed to handle its complexity. The goal of this study is to define open-ended inquiries using a systematic methodology. In other terms, soft system methodology (SSM) is a systematic approach to handling unstructured problems. SSM will assist managers in organizing and structuring unstructured situations. (Poulter & Checkland, 2020). The seven steps of the software system were used as a reference while analyzing the data for this study. In Figure 1, the seven steps of SSM are shown.



Figurae 1. The Conventional Seven-Stage Model of SSM (Source: Checkland and Scholes, 2020)

The SSM model, which has seven steps and was used in this work among others, is based on Figure 1.

1) The issue is deemed troublesome.

The first step is to determine the perpetrator's circumstances by gathering data on the issues faced by the UMKM offenders based on the processes and structures that exist in different activities in accordance with the phenomena under study. Joint interviews between the local government and UMKM offenders, document analysis, and site visits to the UMKM's place of business are the methods used to collect data.

2) The problem scenario was stated.

At this point, the problem is organized by the researchers using the real data and information provided by UMKM individuals. The initial stage of the problem's scenario may be categorized based on the variety of circumstances that lead to one or two significant situation problems that are connected to the perpetrator's present actions within the UMKK.

3) Foundational explanations of pertinent systems of intentional activity.

By conducting a different study of potential solutions to the primary issues that still need to be resolved, this phase seeks to reflect the state of the problems that have been investigated. The CATWOE (Customers, Actors, Transformation process, Worldview, Owners, Environmental Constraints) methodology is employed to delineate the primary issues faced by UMKM perpetrators. These issues are thoroughly examined to produce fundamental definitions that serve as the cornerstone of the adaptive approach's conceptual model.

4) Root definition is transformed through conceptual models.

The formal system concept, which refers to the overarching idea of the adaptive approach, is used to build the conceptual model. This concept is then combined with other concepts like institutional governance, leadership, leadership implementation systems, policy implementation systems, and information technology systems. The idea is connected, for reference, to the UMKM issue scenario. The connections between the components and the current subsystems are then made evident by visualizing the conceptual model as a chart. Creating an activity model is also essential to provide a clear picture of what the government and other stakeholders will be doing.

5) Model and real-world comparison

This stage is used to compare the developed conceptual model with the UMKM problem scenario and the data and information that the researchers have collected. This comparison makes it pretty evident how successful the model created as a remedy for the current issue is. This makes it possible to address the UMKM problem scenario in an optimal and focused manner.

6) Modifications: culturally viable and symbiotically desirable

At this point, the researchers create the essential elements of the conceptual model modification depending on the circumstances surrounding the primary UMKM issue. Its foundation is an analysis of the differences between previously conducted conceptual models and the actual reality.

7) Taking steps to make the situation better

This phase is not completed in this study, but it may be if the local government—which is the primary sector of UMKM empowerment—implements the suggested plan.

## Results and Discussion

Government Regulation No. 7 Year 2021 on Facilitating, Protecting and Empowering UMKM governs the protection, empowerment, and facilitation of cooperatives and micro, small, and medium-sized enterprises. This regulation is based on the Ministry of Cooperatives and Small and Medium Enterprises Regulation No. 3 Year 2021, which provides technical specifications. The foundation for UMKM's continued existence is the Bondowoso departments of trade, industry, and cooperation working together to empower and safeguard UMKM in Bondowosos, particularly during the Covid-19 pandemic. However, the marketing component is the most crucial element that UMKM business owners must consider in order to be able to market online via social media, in addition to the

Other options for partnering with the Indomart, Alfamart, and Purnimart that are present in Bondowoso are provided by the cooperatives, trade, and industry of the Bondowoso district. In addition, the Bondowoso department of trade, industry, and cooperation provided the chance to collaborate with AMPUH (Marketing Association of Great Entrepreneurs), which is the UMKM East Java building. The Bondowoso cooperative, trade, and industrial divisions offer alternate marketing in addition to aiding with finance facilitation.

Like other districts, the Bondowoso District Cooperation, Trade, and Industry Department is focused on treating Covid-19 and has limited activities for 2020–2021, owing to budgetary constraints. Prior to the pandemic, the Bondowoso District Cooperative, Trade, and Industrial Services brought UMKM perpetrators to exhibitions in order to promote them. The activities conducted by the Bondowoso cooperative, trade, and industrial departments are not restricted, unlike during a pandemic. However, business help is still available for the Bondowoso district, but finance aid has stopped. The program for bankable and non-bankable UMKM support, which makes things simpler for bankable entrepreneurs because the banks already have faith in them, is the next issue. However, because it would appear less prospective, the barrier cannot be banked. The Bondowoso departments of trade, industry, and cooperation intend to establish an Integrated Enterprise Services Center (PLUT) to offer cooperatives and UMKM business administration, business support, and business facilitation services. Regarding this, the Bondowoso department of cooperation, trade, and industry attempted to submit a request of this kind, but it was not able to be carried out because of a moratorium, making it impossible for the department to realize it in the previous year's budget and the current one. Waltancara, September 16, 2021.

The third UMKM's product sales system was negatively impacted by the Covid-19 outbreak. The output of UMKM chips has decreased; it was once up to one quintal, but it is currently only half that amount. But during the UMKM tape burning pandemic, this is also one of the production issues that has decreased in comparison to earlier in the pandemic. Notwithstanding the fact that this had dropped to 50% at the time of the pandemic, the three UMKMs kept maximizing production to satisfy client demand. Additionally, PPKM turned into one of the main challenges for UMKM, which is based in Wringin. UMKM notes that marketing to customers outside of the city is also an effective strategy, but PPKM is only marketed in the Prefecture and Bondowoso district due to policy. But because of the negative effects of these PPKMs, which prevent travel beyond the city, the marketing system is disabled.

Out of the three UMKM, some expressed dissatisfaction with some aspects that turned into crucial elements in the production process, including capital and production means. The three UMKMs asserted that they had adhered to the government-provided construction and training. Out of the three, UMKM Singkong Keripik received assistance from the government in the form of Wajan and a tool for cutting shrimp. However, the tools provided were insufficient, and UMKM products like Shrimp Tape and Burn Tape complained about receiving assistance in the form of capital, ovens, and tools for milling yeast. (September 27, 2021, Wawancara).

The UMKM in Bondowoso also had to deal with a variety of issues, such as disparities in sales earnings prior to and during the epidemic. Moreover, the accompaniment felt by the UMKM continues to be ineffective. The same is true for the production equipment that the UMKM in the Bondowoso district has complained about, which is still utilizing manual equipment. This is due to the excess production quantity, the fact that the means utilized are still extremely limited, and the policy, which is not yet targeted.

(September 2021; Wawancara).

Two of the three Curahdami districts believed that the pandemic had a significant impact on the UMKM company at the time of the outbreak. What UMKM needs right now is support for equipment that facilitates production and easy access to financing. It is currently possible to declare the third UMKM financial management scenario during the pandemic to be unstable for a number of reasons, including the strain on children and families as well as the state of raw materials that are harmed to the point where they incur losses. However, the three UMKM still have a plan to deal with this, which involves reducing raw material production due to the conditions of decreased demand and creating new products (eggs produced to jamu, caterpillars made to chips tempe). Every UMKM business owner wants tools that work for them, that they can utilize to boost sales and get direct and credit financing that is simple and unbureaucratic. Additionally, the government assisted in increasing market accessibility and stopped limiting people's freedom of movement because

Affect sales and educate the offenders of the business about UMKM's assistance. (September 28, 2021, Wawancara)

The marketing UMKM in the Tamanan district is the next issue. Additional issues include how the Covid-19 outbreak has affected their work, including decreased output, decreased demand, and decreased enterprise revenue as a result of situational shifts such the Muharram Festival and school closures. The government must also provide assistance and training to the UMKM offenders. (September, Wawancara).

Problem Statement Given According to the first phase, the following UMKM-related issues arose in the Bondowoso district during the Covid-19 pandemic:

- 1) The Department of Cooperation, Trade, and Industry of the Bondowosos district refocused the funds, which caused the operations associated with UMKM facilitation to operate less efficiently.
- 2) Funding availability is restricted, which results in financial difficulties for UMKM.
- 3) The inability to facilitate aid is a production method that business owners must employ in order to boost the enterprise's productivity.
- 4) Marketing challenges to keep the products promoted restricted or within the parameters of the production location.
- 5) Has to do with the supervision of finances, which is still unpredictable and incompletely independent.
- 6) Insufficient socialization or knowledge on how to help UMKM in each case by providing UMKM accompaniment during the Covid-19 pandemic.
- 7) The Regional Government's program to facilitate the provision of training and tools that are inappropriate targets and data that do not meet the demands of those who commit UMKM.

Based on empirical data from the first stage, there are seven issues with UMKM's economic resilience during the Covid-19 pandemic in the Bondowoso district. Of the seven scenarios, one of the most significant issues pertaining to UMKM resilience is the government's disregard for the UMKM enterprise's offenders.

Basis definitions of pertinent systems of intentional activities Considering earlier phases

In the Bondowoso district, there is a significant issue with UMKM's economic resiliency. CATWOE (Customer, Actors, Transformation Process, Worldvie, Owner, Environmental Constraints) (Checkland & Poulter, 2020) is used at this point to examine the problem specification, as Table 2 illustrates.

**Table 2.** Definition of Lack of Government Attention to MSME Business Actors

No	Problem System Definition Components	Problem System Definition Results
1	<i>The client / party who benefits or suffers losses.</i>	MSME actors from 4 sub-districts in Bondowoso Regency (Bondowoso, Tamanan, Wringin, Curahdami)
2	<i>Actors are the parties who will carry out the activity (Change).</i>	The Central Government and Provincial Government, especially the Bondowoso Regency Cooperatives, Trade and Industry Service, also assist the District MSMEs

3	<i>Transformation process / transformation process is an activity that converting input into output.</i>	An adaptive policy model that can accommodate the problems of MSME actors
4	<i>Worldview or way of looking at something reality, namely how various parties understand the existing reality.</i>	Commitment from the Regional Government to understand the situation and conditions of MSME actors during the pandemic
5	<i>Owners or owners. "Those could stop T (Transformation)" is the party that can stop the transformation.</i>	Regional Head through the Head of the Bondowoso Regency Cooperatives, Trade and Industry Service
6	<i>Environmental constraints are obstacles from elements external (environment) that cannot be avoided.</i>	Budget refocusing is taking place at the level of the Bondowoso Regency Cooperatives, Trade and Industry Service so that the program cannot be implemented optimally, there is not yet an adequate information system available

The fact that UMKM criminals are ignorant of government programs shows how little attention the government is paying. The complaints of UMKM offenders who believe the government is not paying enough attention also demonstrate this. Therefore, there is a discrepancy between the production's output and needs and the intended expectations. Furthermore, any government program or assistance is improperly targeted, as is the case with financing help like Mekar (PNM Build Economy Family Welfare) and BPUM (Productive Banks Micro Enterprises). The means of production have a significant impact on the procedures and results of production, thus the UMKM offenders require more than just financial aid. The government-provided instruments, such as cooking supplies for those who engage in the chip business and ovens for those who engage in the tape burning activity, still do not meet the needs of UMKM.

The government's efforts to provide the information needed by the UMKM culprits are also severely hampered by the escorts' lack of support. The general lack of public awareness of all the policies being developed, which conveys a sense of indifference, is another aspect. The openness of information between the two sides has been declining as a result of this lack of attention.

The Government Regulation No. 7 of 2021 on Facilitating, Protecting, and Empowering UMKM, which is technically specified in the Regulation of the Ministry of Cooperation and Small and Medium Enterprises No. 3 of 2021, demonstrates the role of the Central Government as a policy maker in this scenario. An accompanying KUR is the second part of the Provincial Government, which serves as a facilitator for the central government-created program.

The Bondowoso district's Department of Trade and Industry (DISKOPERINDAG) supports the UMKM in the district. The Bondowoso district UMKM, which is in charge of disseminating information and carrying out UMKM tasks at every location, is accompanied by the fourth component.

The way that different parties interpret the reality that exists as a result of the Regional Government's dedication to comprehending the circumstances surrounding the UMKM offenders during the epidemic is known as their worldview. One potential environmental limitation is the refocusing of the budget that takes place inside the Bondowoso trade, industrial, and cooperative departments, which makes it impossible for them to carry out their programs as effectively as possible.

#### Conceptual Framework for the Systematic

Regarding the scenario of the problem that has been described in the first and second stages, there are several lists of issues that are distilled down to one primary issue, which is the government's disregard for the people who are responsible for the UMKM enterprise. The idea of adaptive government is crucial for attempting to stimulate UMKM's resilience. The activity is an attempt to use an adaptive strategy to change the institutional system. At this point, the adaptive approach model will be used to explain the model. (Model of adaptive approach).

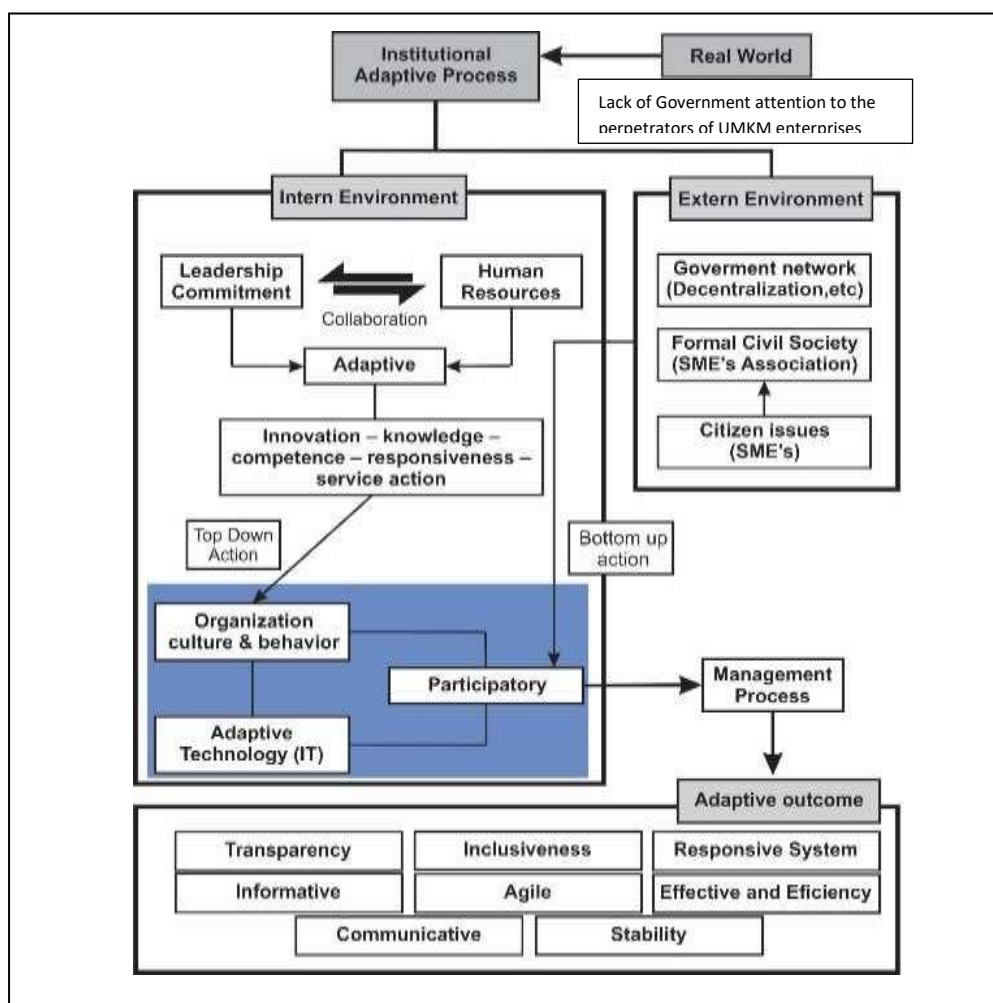


Figure 4. Conceptual model of adaptive approach to UMKM policy

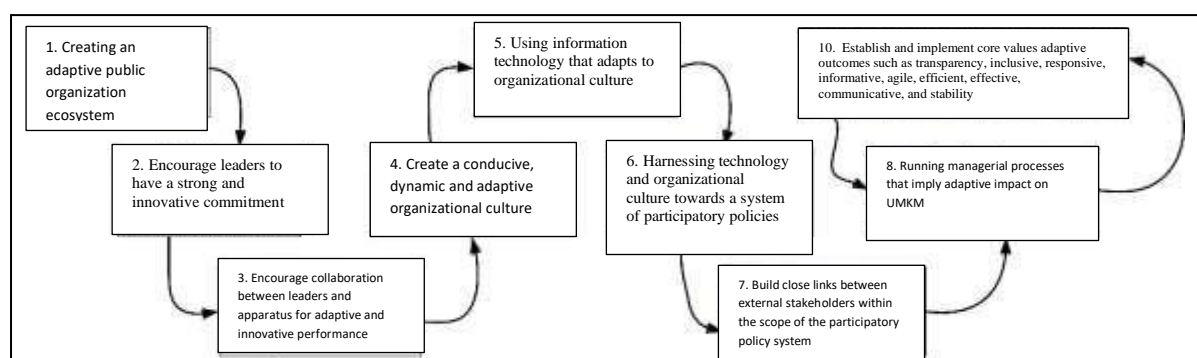


Figure 5. Activity model of adaptive approach to UMKM policy

The first effort starts with an adaptation process based on the current problem condition, with the goal of making sure the governance process to be applied can survive in a variety of environmental variables. (Van der Voort and Janssen, 2020). As a result, the internal and exterior environments comprise the two components of the adaptation process model. There are two auxiliary elements in the external environment domain: government networks and UMKM resilience-related concerns. Adaptive governance



acknowledges, conceptually, the importance of public participation in decision-making. (Lacroix, 2015). Formal civil society organizations can serve as a conduit for the public voice; these organizations may include public entities that support the goals of UMKM entrepreneurs. Formal civil society institutions were established to serve the interests of non-state actors in society and to act swiftly in response to community issues, earning them the reputation of standing in for the communal community. These establishments take the shape of UMKM-related associations, unions, associations, or public organizations (NGOs). Allen (2007).

In addition to the civil society, there is the network of government, also known as a policentric government. A complicated structure with varying levels of governmental authority is referred to as polycentric governance. In order to achieve polycentric governance, a complex combination of various levels and organizations is needed. These include community-based organizations, regional private corporations involved in corporate social responsibility (CSR), cross-sectoral services or OPDs, and UMKM associations. These organizations also play a crucial supporting role in the polycentral governance system, even though they are not formally assigned public roles. Ostrom and McGinnis (2011). Although the network operates on a participatory approach, it falls within the professional actor networking category because its members are experts in certain areas and may work together to make decisions (Carlisle & Gruby, 2019). Ostrom and McGinnis (2011).

The endeavor to implement adaptive governance encompasses various elements that are linked to the local government's institutional framework inside the internal environment. In addition to influencing decision-making related to apparatus performance, a transformational leadership style and strong commitment to leadership can also drive innovation and knowledge-building, enabling public organizations to achieve their goals in alignment with their mission, vision, and current conditions (García-Morales et al., 2008). It is the strategic job of the head of the district or the accompanying head of service to support, inspire, and work together with its lower-level employees to fulfill organizational adaption commitments. This can be accomplished if the party led apparatus and the head of the district/chief of service can collaborate adaptably to create a dynamic and favorable work environment that aligns with the elements of the organization culture (Madu, 2012).

Considers the ability of an organization to adjust to new circumstances to be its capital. Human capital, such as knowledge, skill, creativity, teamwork, service delivery, and responsiveness, is related to the capital. (Lacroix, 2015). The culture and customs that exist in the adaptive institutional system of local government can be developed polycentrically in every service that is provided by the local government if the value of such capital is still developed top down, from the head of the district or head of the service to his subordinate staff. If technology is not developed to serve as a platform to facilitate the implementation of policies and programs, the local government's adaptable culture is incomplete. Four minimal requirements must be satisfied in adaptive online service applications, according to Aichholzer (1998), in order to gauge their degree of sophistication (Ancarani, 2005):

- (1) Information: accessing online service information;
- (2) Interaction: obtaining forms;
- (3) Two-way interaction: completing forms;
- (4) Transaction: managing cases, making decisions, and entering data.

The four dimensions align with the endeavors of the public participation movement, allowing the external milieu to dictate the course of policy. from the bottom up. Because there is no obstruction between the target and the executor, the policy has established accommodations for all parties involved. This has resulted in the assistance of the information system, which consistently operates beyond its designated working hours. It also takes into account the issues that arise in the case of UMKM offenders, where there have previously been misconceptions about information and policies pertaining to initiatives to support and facilitate UMKM in the region.

This adaptive policy's impact is evaluated in order to create policies that are accountable, transparent, effective, communicative, stable, responsive, and agile. (Ancarani, 2005; Janssen & van der Voort, 2020; Arnold et al., 2017). It aligns with the institutional system's process management and the participation of all stakeholders in the process of putting adaptive policies into place to support UMKM's resilience during COVID-19, with the local government serving as the primary actor.

Models and the real world are compared.

In order to develop answers for the current difficulties, this step involves analyzing real-world problems using the system thinking approach. Table 3 shows a comparison between the conceptual model and the current state of the problem in the field

**Table 3.** Comparison Matrix Between Conceptual Model and Situation

Activity Model	How to do it	By whom	Real World	Enter Repair /change
Adaptive policy implementation model to support MSME resilience	Strengthening public institutional activities	Regional government, namely regional heads and/or heads of related departments	The existing institutional system is still not optimal with a limited budget, is not yet informative and communicative, applies communally, and does not optimally involve the public	Commitment to transform an institution must emerge from a leader who collaborates with other parties. The leadership's commitment to collaborating and motivating subordinate staff is in accordance with the character of an adaptive government that collaborates with interested parties and civil society
	Developing an adaptive information technology system Encourage public participation efforts	Regional government through the communications and information service	in policy implementation	The adaptive technology and information system developed involves actors and users (MSME actors), so that the application developed is responsive, informative, communicative, according to needs and easy to use. Developing an adaptive application system can also be done by collaborating with the private sector and paying attention needs of MSMEs
	Encourage public participation efforts	Regional governments together with their networks and associations of MSME actors collaborate with each other to encourage the public's role in policy	The policy implementation model still seems top down, the public tends to be indifferent, there is no actively involved role of the private sector, and there is no significant role of MSME associations.	There is collaboration and participation from MSME associations and industry players, among others, to help MSMEs in product link and match efforts so that it is not difficult to find a wide market share. Also assists in the process of reducing business capital and production as a result of collaboration between CSR and local government (polycentric governance). Apart from that, the inclusion of MSME actors in policy/program processes related to MSMEs

Modifications: consistently favorable culturally viable Three key components make up the Adaptive Approach: adaptive information technology systems, public participation (through government networks and MSME actors), and institutional activities (through regional government or cooperative, industrial, and trade services). These components serve as the main cogs in the machine that implements policies using

the Adaptive Approach model. These three components are connected to the formation of a management process that includes the design and assessment of policies. The dedication and character of the district/dinas head to be able to have an adaptive and visionary mission, as well as the ability to inspire and collaborate adaptably with its subordinates so that the adaptive organization's culture emerges and becomes ingrained, are what define the emergence of an adaptive institution. Because the local government's organizational culture has long been associated as being inflexible, too bureaucratic, and lacking in flexibility when it comes to coordinating and policymaking. Because of this, the current policy is inefficient, irrelevant to the goal, and gives the appearance of being routine.

As a mechanism for policy checks and balances, the organizational practices foster a strong sense of public engagement. The voices of MSME actors and government networks, including private and CSR forums, are considered in this adaptive strategy. As a result of this function, adaptability developed and local governments became aware of the issue and its potential for a cogent resolution. to provide the impression that they are being watched over and included in the formulation of policies. Generally speaking, the implementation of this bottom-up methodology is not seen as only a formality; rather, it is involved in all stages of policy development and evaluation pertaining to MSMEs.

Furthermore, the ability of information technology tools to facilitate adaptive policy processes can accept, share, and map MSME resilience-related problems and solutions in a timely and responsive manner. Information, interaction, two-way exchanges, and transactions are all included in compatible and adaptable IT systems, which correctly embed the system in an endeavor to support MSMEs. Therefore, adaptable institutions, adaptive information technology systems, and robust public engagement will have significant implications for the transformation process of adopting adaptive MSME policy, based on the real world and existing conceptual models.

## Conclusion

From a conceptual standpoint, an adaptive approach aims to increase the resilience of UMKM and solve the suboptimal role of the local government. The internal and exterior surroundings make up the two sections of the environmental adaption process model. The government network and the UMKM civil society network are the two supporting elements of the external environment. Aspirations and public voices that manifest as associations, unions, associations, or non-governmental organizations (NGOs) connected to the UMKM are channeled through the official civil society organs. Numerous cross-sectoral groups relating to services or OPD are included in the concept of polycentric governance, including regional private enterprises engaged in CSR, UMKM associations, and community-based organizations. The different organizations cooperate with one another in decision-making and operate in a professional manner. Efforts to build adaptive governance are related to the local government's institutional framework inside the internal environment. Robust dedication to a transformational leadership approach can impact various decision-making processes, enhance organizational effectiveness, and result in increased efficiency and productivity. In addition to creating a supportive and dynamic organizational atmosphere, the district head or associated chief of service has a strategic duty to encourage, motivate, and work with his subordinate staff to fulfill organizational adaptation commitments. If technology is not developed to serve as a platform to facilitate the implementation of policies and programs, the local government's adaptable culture is incomplete. In order for the external environment to dictate the path of policy from the bottom up, service excellence through adaptive technology development must be coordinated with public involvement initiatives. Designing conceptual models is more the result of this research. Research on more applicable topics must be developed, particularly in relation to the application of UMKM policy.

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