

Economic Recovery Strategy for the SMEs Post Covid-19 Pandemic in Ponorogo: The Role of the Penta Helix Model

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Abstract. This study aims to develop a Penta helix collaboration strategy for SMEs in Ponorogo. The research method used in this research is qualitative with data collection through interviews, surveys, and observations. This study indicates that to develop sustainable SMEs, necessary to involve elements that play and contribute equally in developing the competitiveness of sustainable SMEs. Ponorogo needs to apply the Penta helix strategy in planning, implementing, and developing SMEs. The strategies that need to be carried out by the Penta helix elements involved are 1) The Government of Ponorogo needs to provide training and business assistance on an ongoing basis and provide convenience for MSMEs in terms of business legality. 2) Academics play a role as companions for MSME development and resource persons in business managerial training, 3) The media plays an active and sustainable role in publicizing and promoting MSME products so that they can be known by the wider community. 4) The Ponorogo community can play a role in assisting the right marketing strategy according to the problems faced by each MSMEs, and are also active in consuming MSMEs products. 5) Industry and business people play a role as partners who foster MSME product opportunities in facing competition by collaborating in the fields of training, marketing and assisting in building partnership networks.

Keywords: Covid – 19, Penta Helix, Ponorogo, SMEs.

Introduction

The health sector has proven to be suffering from the Covid-19 pandemic and damage to the economy; serious efforts to accelerate economic recovery are needed to restore people's welfare (Said Abdullah, 2022). The Covid-19 pandemic has reduced consumption and demand for short-term investment and decreased production activities. On a macro level, the COVID-19 pandemic has impacted consumer price fluctuations, investment decline, and the aggregate retail



market (Mohsin et al., 2021). In 2020, the Indonesian economy contracted minus 5.3 percent in the second quarter and 2.1 in aggregate (Muhyiddin & Nugroho, 2021). It is estimated that 43% of SMEs will close by the end of 2020 (Bartik et al., 2020) and the impact of losses suffered by SMEs is greater than that of large industries on government decisions on activity restrictions (Ward, 2021). SMEs are the drivers of economic growth, exports, and innovation, contributing strategically to national development (Putra, 2016). The government needs to seriously support the development of SMEs as an important contributor to national economic resilience and growth (Pakpahan, 2020). The Ministry of Cooperatives and SMEs survey found that 37,000 SMEs were affected by Covid-19. 15 percent of SMEs experience product distribution barriers, 56 percent have decreased sales, and 22 percent face financing problems (Thaha, 2020).

Ponorogo Regency, East Java, is one of the regencies which has also experienced the impact of an economic decline of 0.90% from the contraction caused by the pandemic that hit the world. With a population of 949,318 people in 2020 and with a total of 38,000 MSME economic actors spread across various economic sub-sectors (Cooperative and Trade Office). One of the sectors that has been greatly affected by Covid is SMEs. This had an impact on a decline in economic conditions resulting in a decrease in the total per capita income of Ponorogo district, a decrease in the economic income of the population, an increase in the number of unemployed and a decrease in people's purchasing power. This phase lasted for more than two years so that a recovery phase was needed in all sectors, especially the creative economy sector. The recovery phase from an extraordinary event that adversely affects economic health, finance, industry, and humanity requires social cohesion, which refers to social connectedness and solidarity between individuals and communities and local, regional, and national governments (Jewett et al., 2021). The effort explanation indicates that acceleration of the recovery process from the negative effects of the COVID-19 pandemic can be accelerated through the participation of all stakeholders.

One concept that can be implemented in a strategy to accelerate economic improvement, especially for SMEs after the COVID-19 pandemic, which involves the participation of all



stakeholders, is the Penta helix concept. Penta helix has a variety of concepts (PWC, 2005)), which refers to cross-sectoral collaboration with the government as the center of activity. Penta helix is developed based on the logic of knowledge, innovation, and economic growth (PWC, 2005), and citizens or social entrepreneurs take a central place. The diversity of concepts is a collaborative approach from the public sector, the private sector, academia, third parties, and citizens or social entrepreneurs.

This study uses the Penta helix concept developed by PWC, which puts the government as the center of activity. The assumption used is that in the context of Indonesia, the government plays a role in developing micro, small and medium industries through the provision of programs and operating areas that protect against threats from large industries. In addition, the determination of Covid-19 as a global pandemic places the government as the main controller of pandemic handling activities and other stakeholders as supporters. Public and private participation is an essential aspect of promoting sustainable economic recovery in SMEs, an open innovation model that supports stronger synergy and collaboration between stakeholders. However, it requires a strong innovation culture. The Penta helix model can be used for economic recovery in SMEs by considering many elements with different and dynamic features, requiring innovative management processes that make it possible to define "what," "how," "where," and "When" about the SME sector's economic recovery strategy.

This study aims to help restore the Ponorogo economy by implementing the Penta helix strategy. This decline requires special attention to the SME economic recovery strategy. The Ponorogo Regency Government has limited human and capital resources in the economic recovery program, so it requires the participation of other stakeholders to run the program. Penta helix is a relevant model implemented in cross-sectoral cooperation based on collaboration and adaptation to face economic, social and political challenges to achieve common goals. The Penta helix is conceived to facilitate regional economic development programs' coordination, implementation, and evaluation. The Penta helix model involves the collaboration of the



government, academia, business actors, the community or society, and the media.

Penta Helix's strategic approach involving the role of actors across sectors is needed to develop SMEs through the contribution of expertise and collaborative support of all actors. In developing SMEs, it is necessary to cooperate between stakeholders; The government element has the political power to formulate a policy through decisions, while the community or community is referred to as social power. The important role of the Penta helix in post-pandemic economic recovery is to lay the foundation for policies and programs between important actors for cross-sector collaboration so that they are synergistic, aligned, and do not harm the interests of one actor.

Research Methods

This research uses a descriptive qualitative approach. The social situation observed in this research is the efforts of SMEs in Ponorogo to rise after the covid-19 pandemic in several samples of business actors with key actors in academia, government, business, community, and media. The descriptive approach describes accurate and clear information on social conditions from observations and interviews. The data collection technique in this study used primary data obtained through Focus Group Discussion (FGD) activities and interviews with research subjects, namely the Penta Helix parties consisting of the Trade Office, cooperatives, and SMEs acting as government parties, academics from several universities in Ponorogo district. , Communities that hold SMEs, Business Actors, Media, or the press. The focus group discussion participants were 30 people from all components of the penta helix. Data analysis is carried out through organizing, sorting, and synthesizing data. Authors were looking for patterns, finding what is important and what is learned, and deciding what can be made into findings and conclusions based on certain considerations such as the potential for development, advantages, business uniqueness, and business scale and supporting data other.

Results

The results from the data drawn from the research sample are summarized in table 1,

where analysis can be made of the roles and contributions of the main actors in the Penta helix concept that can be used as the basis for the development of cross-sectoral collaboration-based innovation. This study seeks to build a model of SME development based on the Penta helix model through multi-actor collaboration. The interviews identified that SME actors face several problems, including the lack of government support, as the main actor of cross-sector collaboration, in providing ease of licensing and support for SME development. Academics have not been maximal in encouraging the dissemination and implementation of research innovations. The industry is minimal in collaboration—the low collaboration and support of large industries and SMEs. The media have not adequately exposed the products and activities of SMEs. The social entrepreneur community is quite active in providing business assistance and training. In general, SMEs inform the need for licensing and intellectual property support, financial management, promotion and marketing, new product development, and digital technology.

Table 1. Interview Response

Government	Weak in helping business and product licensing Lack of managerial training Not yet providing business assistance Rarely facilitates SME product exhibition events. It does not have an SME center as an exemplary product display. It does not have a special marketplace to offer SME products.
Academics	Low dissemination and implementation of academic study innovations Limited collaboration between academics and business actors
Media	Lack of academic studies that are implemented to support SMEs SME activities and products are not the main concern of the media The collaboration between the media and business actors is very low.
Community	The social entrepreneur community plays an active role in training and business assistance. Digital business skills, human resource management, and new product development are minimally shared.
Business	The synergy between businesses and SMEs is still low. No production and marketing collaboration between business and SMEs

Source: Interview Penta Helix

Discussion

The recovery strategy from the impact of the COVID-19 pandemic begins with making appropriate development plans and strategies (Yanti, 2022). In planning, the first stage determined is the priority of solving the main problem. Second, consider the availability of resources and the actual situation. Third, determine the implementation strategy. The uniqueness of each region encourages the concept of regional development. For this reason, it is necessary first to know the characteristics of an area. The success of regional development is highly dependent on ownership of resources: natural resources, labor, investment, entrepreneurship, infrastructure, markets, and local government finances (Tyas & Ikhsani, 2020).

The interview results indicate the weak role of local governments in assisting the economic recovery of small and medium industries. On the other hand, the government has authority in law and public policy. Government has authority for permits, policies, incentives, and grants that can be allocated for innovation development, cross-sectoral collaboration, and infrastructure provision (Fathin, 2016). Local governments should use their authority and resources to support innovation through synergy and collaboration of local stakeholders through sustainable and profitable partnerships. Overcoming the impact of the COVID-19 pandemic begins with making appropriate development plans and strategies.

The role of development of SMEs that can be carried out is: The Ponorogo district government needs to facilitate licensing and management of intellectual property rights because, so far, the bureaucracy is perceived by business actors as an inhibiting variable, normative in nature, and weak in service (Maulana et al., 2021). The procedural bureaucracy and costs of managing intellectual property rights are still considered a problem for SMEs, although some business actors do not understand the Importance of intellectual property rights (Kitching & Blackburn, 1998). This argument shows that an intellectual property rights mentoring program is necessary (Rosyadi et al., 2020). The government needs to collaborate with academics in providing business assistance and business management. In addition, the government needs to increase assistance efforts to the business development of economic actors. The marketplace



facility called Jathil Mart needs to be reactivated as an effort by the government to provide space to promote creative economy products in Ponorogo.

Academics in the Ponorogo district really need their role in helping the development of SMEs. Academics are important actors in disseminating, developing, and implementing innovations that cross the network of innovation cultures and entrepreneurship and foster an interdisciplinary community of educators and experts (Setianingsih & Muhammad Rizal, 2017). Academics in Ponorogo district, need to utilize human resources and external relations to improve services and meet regional socio-economic needs because they are knowledge generators (Darwish, 2017).

The program in helping the development of umkm Ponorogo is, Academics need to provide business managerial assistance to creative economy actors such as H.R. management, marketing management, and business financial management. Besides that, academics need to do much research on economic development from various sides so that the results of their research can be used theoretically by business actors. In addition, academics function as a bridge in connecting creative economy actors with the media, business people, and local governments to formulate activities such as instilling motivation and entrepreneurial mindset and product bazaar activities. Digital marketing, training, and business assistance.

The role of the media in the MSME recovery program in Ponorogo is urgently needed. These contributions include publicizing and promoting SME products, creating a brand image, and connecting all key actors with the market in building reputation. The media have a role in conveying information and feedback related to the needs of stakeholders (Ridlo et al., 2022). Media support is seen from the media's intensity of publicity on SMEs and their products, informing products that affect customers and other useful information. Media is a part of life that has a big influence on people's behavior. Media is the key to the global connection, so media plays a key role in conveying information. The media create and convey information according to what they want to convey or want the public to know; for that, the media's closeness with other stakeholders is very necessary so that the information content conveyed is in line with the



interests of the key actors in the Penta helix. It can be concluded that the media needs to be active and sustainable in helping promote MSME Ponorogo products so that they can be recognized by the wider community.

Ponorogo community involvement in the Penta helix model has an important role in addition to other actors. Communities can actively participate in fostering innovation and a knowledge-based economy. The community can directly conduct research independently or get input on innovations and new products issued by academics and entrepreneurs. This statement indicates that the community acts as an intermediary between stakeholders to assist SMEs in adapting business processes. The community also has a role in conducting development training and promoting SME products. The program implemented by the community in the development of SMEs begins with an initial study to build a strategic basis that is targeted according to the main problems faced by SMEs. Based on this strategy, the community as social entrepreneurs provides marketing strategy training that helps SMEs develop techniques to market products both locally and globally as well as being able to contribute by buying and consuming the products of the Ponorogo MSMEs.

The role of the businessperson is organizational entity created to provide goods or services to consumers. Businesses are generally privately owned and formed to generate profits and increase prosperity for their owners and can take the form of sole proprietorships, partnerships, corporations, and cooperatives. The business acts as an enabler by providing everything that can help achieve economic recovery goals in the SME sector. It is hoped that the circular economy will run smoothly in this context. Business actors have the potential to provide benefits for SMEs from the availability of capital, technology tools, and business networks. The involvement of businesspeople can play a role as a catalyst for increasing economic recovery through the empowerment of SMEs.

The development that can be carried out by business person in helping the development of SMEs in Ponorogo is collaboration between large business actors and SMEs can be done by helping to increase business capacity and product quality through cooperation in product and



production development training, marketing and building networks, and business management skills.

Conclusion

The limited resources that the government has to run the SME economic recovery program have resulted in the need for active and collaborative support from other stakeholders through science-based innovation. SMEs need the support and participation of economic actors who are considered to implement the Penta helix model to advance their business. SMEs believe in collaboration and synergy from key stakeholders to provide positive contributions and profitable opportunities.

The role of the five penta helix namely the importance of the government in terms of providing training and facilitating the legality of SMEs businesses, The role of Academics in terms of business managerial training, The role of the media in helping to promote SMEs products actively, the role of the Ponorogo community as a party that helps in the right marketing strategy according to MSMEs problems and the role of business people in helping to build partnership networks, marketing and also MSME management skills.

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