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The Challenges of a People's Economy: Supporting Micro, Small, and Medium Enterprises During the Covid Pandemic in the Era of Globalization

Lida Khalisa [1] , Suryaningsi Suryaningsi [2]

[1] Legal Studies Program , Faculty of Law , Mulawarman University

[2] Pancasila and Citizenship Education Study Program , Faculty of Teacher Training and Education , Mulawarman University

Email : ldakhalisa@gmail.com suryaningsi@fkip.unmul.ac.id

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Abstract.

This article aims to examine how the people's economy in MSMEs has fared during this pandemic, especially in the East Kalimantan region . Referring to Article 33 of the 1945 Constitution, it is clear that Indonesia's national economic system is aimed at the welfare of society. Globalization is inevitable for all nations, the existence of globalization triggers the entry of capitalism into the Indonesian economy . The aim of this study is to analyze the existence of the application of people's economy as an economic subsystem based on Pancasila. The research method used in this study was a qualitative approach and interviews. The subjects were the owners of coffee shops and grocery stores in the Artas Housing Complex in Samarinda. Where the manifestation of the people's economy itself is in the form of economic activities or businesses carried out by the people in practice in the form of MSMEs. It can be concluded from the results of the study that it turns out that entrepreneurs who run MSMEs have experienced ups and downs before the pandemic like this, but during the Covid pandemic, the difference in business before and after the pandemic did not experience a significant gap, making MSME entrepreneurs progress slightly due to the increasing need of the community for the goods they sell.

Keywords : People's Economy ; Globalization; Pandemic

1. INTRODUCTION

An economic system is a system that regulates and establishes economic relations between humans and a set of institutions in the order of life. The economic system that exists in a country has unique characteristics in each country, so it must be differentiated from the economic systems that exist or are implemented in other countries, this is based on: (1) The system of ownership of resources or factors of production; (2) the flexibility of society to compete with each other and to receive rewards for their work performance; and (3) the level of government's role. in organizing, directing and planning business life and the economy in general.

The people's economic system itself is primarily based on Article 33, paragraphs (1),

(2), and (3) of the 1945 Constitution. The form of business that complies with Transformation Vol. XIV No. 22 of 2012, paragraph (1) is a cooperative, and the form of business that complies with paragraphs (2) and (3) is a state-owned enterprise. The explanation of Article 33 of the 1945 Constitution states that "only companies that do not control the livelihoods of many people may be in the hands of one person."

People's Economic System, the community is actively involved in economic activities, while the government creates a healthy climate for the growth and development of the business world. The People's Economic System has the following characteristics: (1) Based on a fair market mechanism with the principle of healthy competition; (2) Paying attention to economic growth, values of justice, social interests and quality of life; (3) Able to realize environmentally conscious and sustainable development; (4) Guaranteeing equal opportunities in business and work; and (5) There is protection of consumer rights and fair treatment for all people. (Arini Nurmala Sari, 2011).

Achmad Suparman stated that globalization is a process of making something (an object or behavior) a characteristic of every individual in this world without being limited by territory. Globalization does not yet have a well-established definition, except only the definition of work , so it depends on which side one looks at it. Some see it as a social process, or a historical process, or a natural process that will bringing all nations and countries in the world closer together, creating a new order of life or unity of coexistence, eliminating geographical, economic, and cultural boundaries of society. globalization is the process of economic and commercial activity, in which countries around the world become increasingly integrated market forces without the constraints of national borders . Economic globalization requires the removal of all barriers and obstacles to the flow of capital, goods and services . Transformation Vol.XIV No. 22 of 2012 6 When economic globalization occurs, the boundaries of a country will become blurred and the relationship between the national economy and the international economy will become closer. Economic globalization on the one hand will open up opportunities for domestic product markets to compete internationally, on the other hand it also opens up opportunities for global products to enter the domestic market.

Indonesia is a developing country that adheres to a people-centered economic system (Bahzar & Kusuma, 2013). This people-centered economy is necessary as a foundation for development and economic growth in Indonesia. To realize development outcomes, the small business sector, or MSMEs, plays a crucial role in national development, both in terms of quantity and in terms of its ability to increase income and absorb labor, achieving equitable development outcomes, including poverty alleviation (Muallimah, 2018; Muksin, 2020).

If we refer to history, initially many developing countries, including Indonesia, chose to apply growth theory in their economic systems. This matter based on the experience of European countries that have successfully implemented this growth theory. The economies of these developed countries continue to experience growth. However, the same cannot be said for developing countries. Some developing countries that have applied the principles of growth theory have actually failed. The application of this growth theory in developing countries actually leads to an increase in socio-economic disparities.

While we have experienced two economic crises, namely the Pertamina debt crisis and the crisis due to the fall in oil prices, the average national economic growth is still above 6 percent per year. We have implemented various poverty alleviation programs, but they have not been able to overcome poverty problems (Jawatir Pardosi et al., 2020). Therefore, what we need is not a poverty alleviation program but a development strategy that is suitable for Indonesia (Moh. Bahzar, 2014). If the economic development strategy we adopt is correct, then in fact all development programs will also be poverty alleviation programs (Suryaningsi & Muhazir, 2020).

MSMEs can be said to be the driving force of the community's economy, guided by a people's economy in every economic activity (Jawatir Pardosi, Rudi Agung Nugroho, Rita Mariati, 2021). MSMEs

can be used as a driving force for the millennial generation in developing innovations that have so far been under-channeled to meet the economic needs of the Indonesian people. Through the creative economy, the millennial generation can channel ideas, creativity and innovation to create products or businesses for the welfare of the Indonesian people.

A people's economy is the characteristic of a people's economy, where ownership of economic assets must be distributed to as many citizens as possible. The distribution of economic assets to as many citizens as possible will ensure the fair distribution of goods and services. If there is inequality in the distribution of goods and services, the market will fail, unable to achieve optimal efficiency (Pareto efficiency) in the economy, and there will be no invisible hand that can regulate justice and welfare (Suryaningsi, 2016).

Each region has a different pattern of economic growth from other regions. Therefore, planning a region's economic development first requires considering the economic, social, and physical characteristics of the region itself, including its interactions with other regions. Therefore, there is no single strategy for regional economic development, either short-term or long-term. In any theory and concept of economic development, the ultimate goal is the welfare of the people. Through high output growth, it is hoped that it will create extensive employment opportunities and increase the level of public consumption, which ultimately leads to how the people's welfare is achieved.

Discussing the economic system itself, makes me look at how the economic system in my region especially in Samarinda, East Kalimantan. The economic system in Samarinda itself is not very good, because there are still many things that make the economic system in Samarinda decline, especially with the state of Indonesia itself which is experiencing covid-19. Many Micro, Small and Medium Enterprises themselves are affected by the presence of covid-19 which causes the people's economy, especially in Samarinda it self, to be unstable, because of social policies that make it difficult for MSMEs to move, even many MSMEs have decided to close their businesses because of this pandemic itself, but on the other hand there are also many people who are trying to start looking for a livelihood by opening MSMEs, in addition to that, various efforts are made by the Provincial Government so that the trade sector and local MSMEs continue to live because that way, the wheels of the economy continue to turn and the welfare of the community increases .

2. LITERATURE REVIEW

2.1 The Role of MSMEs as the Pillar of the People's Economy

MSMEs (Micro, Small, and Medium Enterprises) are the backbone of national economies, particularly in developing countries like Indonesia. Globally, this sector accounts for approximately 90% of business units and contributes to 60% to 70% of total employment (World Trade Organization, 2016). In Indonesia, MSMEs contribute 61.07% to the GDP and absorb roughly 96% of the workforce (Indonesian MSMEs Resilience During Covid-19 Pandemics, 2025). Historically, MSMEs have demonstrated high resilience against conventional financial crises, such as the 1998 crash, due to their limited integration with complex global financial sectors (Amri, 2020).

2.2 The Impact of the Covid-19 Pandemic: Supply and Demand Disruptions

Unlike previous economic crises, the Covid-19 pandemic triggered a health crisis that led to the paralysis of economic activity due to mobility restrictions (lockdowns).

Revenue Decline: Data indicates that approximately 87.5% of MSMEs were negatively impacted, with over 63.9% experiencing a turnover drop of more than 30% (Indonesian MSMEs Resilience During Covid-19 Pandemics, 2025).

Operational Constraints: MSMEs faced a dual challenge: supply chain disruptions (difficulty obtaining raw materials) and a decline in public purchasing power (Amri, 2020; Sahoo & Ashwani, 2020).

Liquidity Issues: A shortage of working capital and difficulty meeting fixed costs (electricity, rent, salaries) became the primary obstacles to business continuity (Tripathy & Bisoyi, 2021).

2.3 Challenges in the Era of Globalization and Digital Transformation

Globalization demands that MSMEs become more competitive through efficiency and innovation. The pandemic accelerated the

necessity for digital transformation.

Digitalization as a Catalyst: The use of digital technology (e-commerce and social media) has proven to enhance MSME resilience. Digitalization reduces export barriers and increases customer engagement (Clemente-Almendros et al., 2025; Digital Transformation in MSME Financial Management, 2026).

Adaptation Barriers: Despite its importance, many MSMEs face hurdles such as low digital literacy, limited internet infrastructure, and concerns regarding data security (Digital Transformation in MSME Financial Management, 2026; Setiawati, 2020).

2.4 Support Policies and Resilience

The government launched various programs to maintain the stability of the people's economy, including:

Fiscal Stimulus. Providing interest rate subsidies, tax incentives, and productive direct cash assistance (Setiawati, 2020).

Credit Relaxation Loan restructuring through the deferral of principal and interest payments to ease cash flow burdens (COVID-19 Pandemic and MSMEs in Indonesia, 2020).

Supportive Ecosystems. Collaboration between the government, private sector, and communities (such as the "Proud of Indonesian Products" movement) is crucial to creating a market for local products amidst global competitive pressures (Indonesian MSMEs Resilience During Covid-19 Pandemics, 2025).

3. METHOD

The research method used in this study is a qualitative approach with interviews. Qualitative research methods are used to examine natural objects where the researcher acts as the key instrument, data collection techniques are combined, data analysis is inductive, and qualitative research results emphasize meaning rather than generalization. Also using the interview method, the researcher interviewed two MSME owners, namely a grocery store and a coffee shop in the Artas Samarinda housing complex.

4. RESULT AND DISCUSSION

Based on the interviews and observations that have been conducted , I can describe the people's economy used in this Micro, Small, and Medium Enterprise. In this study, the author obtained results regarding the form of Micro, Small, and Medium Enterprises carried out amid this pandemic and in this increasingly advanced era of globalization. My first source named Mrs. Fitri who is a housewife, she started her MSME by selling food and drinks near the football field of the Artas housing complex, but because of the pandemic that made football training activities unable to continue, she also tried to close her first business. Then she tried MSMEs by following today's globalization, namely selling sheets and bed covers, through social media not only social media she also tried to offer her products to relatives and people she knew, but still she felt the business she was running was very quiet and lacked interest so she felt disadvantaged. Finally, she opened her third MSME, namely selling coffee, drinks and snacks, she has been running this business for approximately 8 months. He feels that his business this time is running smoothly and without many obstacles, every night his coffee shop is always busy with visitors, including residents of the housing complex itself and his relatives too, he also continues to promote or introduce his business through his social media platforms, his income is enough to cover his capital every day he said.

However, my second source, Mrs. Siti Aisyah, who also owns a grocery store, shared a different sentiment. She has been selling from her yard for 13 years. Her business has become less popular amidst the pandemic. She feels her regular customers have stopped shopping at her store. Many products have even expired, even though they haven't been sold, resulting in significant losses. However, she continues to operate her business, as she said it's a business she's built over the years. Although her only source of income is from the store, her income is still sufficient for her daily needs, believing that after the pandemic is over, her store will be busy again.

Indonesia is striving for alternative development concepts that are appropriate to the nation's circumstances, while still prioritizing economic growth. This economic growth must be human-centric, while still accommodating the interests of other individuals and communities.

This embodies a welfare development strategy that prioritizes community empowerment. Ultimately, this effort gave rise to the concept of a people's economy .

Indonesia is currently dominated by a population of which almost half are in poor condition as stated by the World Bank, namely the number of poor people in Indonesia was 115 million people in 2008. This number is very large and has the potential to trigger problems of economic and social jealousy. The large number of poor people certainly requires a more active role from the government in saving them from poverty and simultaneously contributing to their well-being. If the government implements a liberal economic system, it will further close off equal opportunities for competition and will actually increase the number of poor people, in addition to widening economic and social disparities. However, if the government chooses to implement a people-centered economy, it will open up more opportunities for lower-income communities to participate as widely as possible in economic development, thereby increasing their chances of earning a more decent income and becoming more prosperous.

So, the essence lies in the goal of people's sovereignty. This kind of people's economy is usually identified with the existence of Micro, Small and Medium Enterprises (MSMEs). The existence or activities of MSMEs are aimed at fulfilling the basic needs of the people in a country. To determine the economic system used in a country, of course many considerations are needed. Indonesia itself also went through many considerations when it wanted to implement a people's economic system.

So we can see from the results of the interview above that there are still many MSMEs that have not received results or forms from the form of the people's economy itself, even though the Samarinda City Government has actually provided assistance for MSMEs in Samarinda, as many as 160,000 MSMEs in East Kalimantan were affected by the Covid-19 pandemic itself, but only 90,000 MSMEs have been able to receive assistance worth 2.4 million from the East Kalimantan Provincial Government, while the other 70,000 MSMEs will be fought for through the East Kalimantan Regional Budget. Hopefully the East Kalimantan Provincial Government can provide people's welfare to MSMEs that have not received assistance in order to realize a just people's economy.

5. CONCLUSION

The people's economy based on Pancasila and the 1945 Constitution and Article 33 is an economic system based on the economic strength of the people. Where the form of the people's economy itself is in the form of economic activities or businesses carried out by the majority of people who independently manage any economic resources that can be cultivated and controlled, hereinafter referred to as Micro, Small and Medium Enterprises (MSMEs), especially covering the agricultural, livestock, crafts, and food sectors. It can be concluded from the results of the research that has been conducted that entrepreneurs who run MSMEs have experienced ups and downs before the Covid pandemic like this, but during the Covid pandemic, the differences in business before and after the pandemic have not experienced a significant gap, making MSME entrepreneurs progress slightly due to the increasing primary needs of the community that must be met, resulting in increased sales and demand, even many.

People who opened MSMEs took advantage of the situation and needs during this pandemic, such as entrepreneurs who started selling medical and non-medical masks during this pandemic, of course with various models and colors that can attract people, especially in this era of globalization.

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