HOW ARE PEOPLE'S BUSINESS CREDIT AND INTERNET MARKETING NAVIGATE MICRO AND SMALL INDUSTRY PERFORMANCE DURING COVID-19? : EVIDENCE FROM CENTRAL JAVA PROVINCE

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ABSTRACT

This study analyzes the role of people business credit (KUR)and internet marketing strategy in navigating Medium and Small Industry (MSI's) Performance. This study uses OLS multiple linear regression to analyze the factors influencing the value of MSI's performance. This study uses cross-section data from the 2020 MSI Survey of Central Java province consisting of 10,782 micro and small business units. In this study, MSI's performance is measured by the revenue of the Industry. The results show that all explanatory significantly positively affect MSI's performance, excluding paid labor. In more detail, credit and internet marketing are proven effective and have positive implications in influencing the increase in revenue of Industry value to help MSI businesses survive the COVID-19 pandemic storm. The limitation of this study is that it only analyses the income behavior of micro and small business units in Central Java Province without involving large and medium industries. Future research is expected to analyze the role of credit on the soundness indicator of MSI before and after the COVID-19 pandemic in different regions.

Keywords: *Micro and small industry, bank credit, internet marketing, sales performance, COVID-19*

A.   INTRODUCTION

Financing is urgent amid the COVID-19 pandemic for Micro, Small, and Medium Enterprises (MSMEs). MSMEs are among the business sectors most affected by the outbreak. According to BPS, Bappenas and the World Bank, this Pandemic caused many MSMEs to have difficulty paying off loans and electricity, gas, and employee salary bills due to decreased business income. Another improvement area is difficulty getting business capital (Kemenko Perekonomian, 2021).

MSMEs are crucial for the Indonesian economy, considering that 99 percent of all businesses are MSMEs. The manufacturing industry is the most significant contributor to

Indonesia's Gross Domestic Product (GDP) (BPS, 2022a). Besides that, MSMEs also contribute to many workers and can absorb the most significant credit. According to BPKM (2020), MSMEs can absorb 97 percent of the workforce from the total workforce in the business world in 2020 and can absorb the most significant credit in 2018 of approximately IDR 1 trillion. Therefore, the difficulties of MSMEs during the Pandemic need to get attention from the government.

One form of government attention to MSMEs is rolling out a National Economic Recovery Fund (PEN) of IDR 123.5 trillion. The government is also providing super-micro business assistance in the form of People's Business Credit (KUR) with a new relaxation, namely by reducing the KUR interest rate to 6 percent without the need for collateral. This action aims to increase business actors' economic capacity in running their businesses during the Pandemic. According to Riawan & Kusnawan (2018), loan funds can maximize the profits of business actors who use them. Meanwhile, Bairagya et al. (2020) found that businesses that take credit have a higher income than businesses that do not. One of the government's targets for rolling out subsidized aid funds is productive micro and small-scale businesses, for example, micro and small industrial enterprises (MSI).
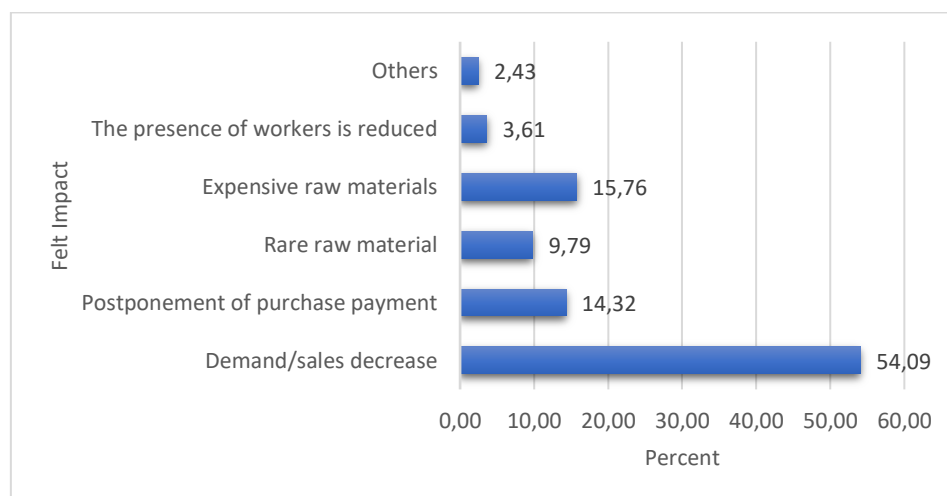

Figure 1. The Impact Felt by MSMEs Due to the Covid-19 Pandemic

Source: (BPS, 2022b)

During the Pandemic, 2,978,426 MSI business units were affected by the Covid-19 outbreak out of 4,209,817 MSI business units. The highest impact felt was decreased business demand or sales (figure 1.). The decreasing business demand is because Large-Scale Social Restrictions (PSBB) make people reluctant to leave their homes with the excuse of maintaining a safe distance. This change forced MSI's business to change its sales business processes by

utilizing digital technology in marketing its products because conventional marketing during the Pandemic could not be carried out freely. Digital technologies include Internet media such as websites and e-mail, digital media such as wireless or mobile, and media for delivering digital television such as cable and satellite (Cepal, 2022). Digitalization is considered an essential requirement during the implementation of Social Distancing or PSBB and the Implementation of Restricting Community Activities (PPKM) for business actors (Mulyantomo et al., 2021). One of the strategies taken by MSI business actors during the Pandemic was selling through E-Commerce. Digital Marketing and social media can also directly reach consumers to reduce promotion costs (Hardilawati, 2020).

Central Java Province has the most significant number of MSI affected by the Pandemic in Indonesia, as one of the provinces with the highest cases of COVID-19 after DKI Jakarta, East Java, and West Java (Katadata, 2021). Central Java Province also received the most considerable KUR assistance after East Java (Rp. 23.33 trillion) to help MSMEs survive the Pandemic (Kemenko Perekonomian, 2020). Based on a survey of micro and small industries in Central Java Province, demand for subsidized credit increased during the Pandemic; before the Pandemic, the number of MSI taking subsidized credit was 35.44 percent of the total MSI taking loans, and during the Pandemic, it was 37.20 percent of the total MSI taking out loans. The use of the Internet as a marketing medium has also increased rapidly during the Pandemic. As many as 85.12 percent of the total MSI who use the internet have also used the internet as a marketing medium. In contrast, before the Pandemic, only 31.59 percent used the internet as a marketing medium (BPS Jateng, 2021, 2022).

Few studies explicitly discuss the relationship between financing and MSI's performance with internet marketing strategies. Most research on the same topic still focuses on MSI audiences' financing and business performance(Asare & Angmor, 2020; Eniola & Entebang, 2015; Saidi et al., 2019). Meanwhile, today's business paradigm has transformed from outlet-based sales to the internet, which is very important (Eniola & Entebang, 2015). Previous research findings, for example, in Nigeria, have revealed that bank financing has positive implications for the development of business performance (Saidi et al., 2019). This increase in business development is thought to come from the government's guarantee in actualizing access to sales support so that the credit disbursed by banks is more productive.

On the other hand, the findings in Ghana reveal a different story. Bank financing has negative short-term and long-term implications for SMI performance (Asare & Angmor, 2020). This finding indicates a need for government navigation and support to create productivity.

The transmission is very likely applicable in Indonesia, given the similarity in pattern and translation. However, research that directly addresses SMIs still focuses on the effect of capital and labor on the income of micro and small businesses in general, such as Kinasih (2021), Midesia (2020), Putra & Sudirman (2015), and others. For this reason, this research is the only study that reviews the impact of bank financing on the performance of SMIs in Indonesia, especially in the internet sales channel, especially after the Pandemic. Thus, it has the potential to be a good research novelty and provide accurate information regarding the navigation and leverage of financing on SMI business performance in Indonesia post-COVID-19 Pandemic.

Based on the description above and previous research, this research will differ from previous research. This research will use the paid labor variable to see its effect on income during the Pandemic. Meanwhile, the bank financing will use the people's business credit (KUR) variable by analyzing whether KUR is effective in helping businesses increase their income during a pandemic. This study will also use the variables of internet use and business training in terms of marketing and production techniques to analyze their effect on business income. This research will focus only on the micro and small industrial sectors with an area coverage of Central Java Province.

This research is expected to contribute to the government's warranty pattern, especially when faced with massive shocks such as crises and pandemics. Thus, the government and stakeholders can formulate policies to stabilize economic performance.

B.   LITERATURE REVIEW

The income/output of a business can also be measured using the production function, where the production function is an equation involving two or more dependent and independent variables. The independent variable is the input of the production process (capital, labor, etc.), and the dependent variable is the output of the production process (Pindyck & Rubinfeld, 2013). The more capital used, the more output produced. More business output will increase producer income and vice versa. Thus, the first hypothesis in this study is:

H_1 = Business capital has a positive effect on MSI's operating income

Labor is also another major factor in the production process. Labor functions as a driver of production activity. The more labor used, the more output/product produced, ultimately increasing income. Therefore, the second hypothesis in this study, namely:

H_2 = Paid labor has a positive effect on MSI's operating income

According to the Human Capital Theory, education, training, and work experience are investments in human resources. The basic assumption of the human capital theory is that individuals can increase their income through increased education, training, and work experience (Borjas, 2019, p. 352). Human capital is considered like traditional capital (technology, machines, land, money, and others), so increased training will increase work productivity. The higher the labor productivity, the higher the output generated from each working hour of the worker (Pindyck & Rubinfeld, 2013). Increased output will ultimately increase business income. Therefore, the third hypothesis in this study, namely:

H_3 = Business training (marketing and production techniques) positively affects MSI's business income.

Business credit is the provision of a certain amount of funds from a bank to support a goal based on a loan agreement or agreement that requires the borrower to pay off the loan within a specific time, along with interest payments and other fees (Natalia & Putranto, 2022). Meanwhile, People's Business Credit (KUR) is credit/financing to MSMEs by providing capital work and investment supported by guarantee facilities for credit businesses (Kemenko Perekonomian, 2022). The KUR program is intended to strengthen business capital capabilities in the context of implementing policies to accelerate the development of the real sector and empower MSMEs. The funds provided are in the form of working capital and investment funds, which are channeled to individual/individual MSME actors, business entities, and business groups that have productive and viable businesses but do not yet have additional or feasible collateral but are not yet bankable (Permenko Nomor 14 Tentang Koperasi Sebagai Penyalur KUR, 2016). Therefore, the more KUR assistance received, the more business capital was used. The increase in venture capital will increase MSI's operating income. So, the fourth hypothesis in this study is:

H_4 = KUR has a positive effect on MSI's business income.

Internet marketing is achieving marketing objectives through applying digital technologies. According to Chaffey & Smith (2017), there are five broad benefits of e-marketing known as 5S, namely: **Sell** – grow sales (through wider distribution to customers you can't service offline, or perhaps through a wider product range than in-store, or better prices); **Serve** – add value (give customers extra benefits online, or inform them of product development through online dialogue and feedback); **Speak** – get closer to customers by tracking them, asking them questions, conducting online interviews, creating a dialogue, monitoring chat rooms, and learning about them; **Save** – save costs of service, sales

transactions, administration, print, and post. Can you reduce transaction costs and therefore either make online sales more profitable or use cost savings to cut prices, which could enable you to generate greater market share; **Sizzle** – extend the brand online. Reinforce brand values in a new medium—the web scores very highly as a medium for creating brand awareness, recognition, and involvement.

The use of the internet as a marketing medium can expand consumer networks. The wider the marketing network will increase the number of sales. Increased sales will increase the operating income received. In addition, using the internet as a marketing medium can reduce promotion and advertising costs. Therefore, the fifth hypothesis in this study, namely:

H_5 = The use of the Internet as a marketing medium positively affects MSI's operating income.

Previous Research

The decline in MSME income caused by COVID-19 impacts MSME difficulties regarding business capital. In the Pecking Order theory, Myers and Majluf 1984 stated that a business would switch to loan funds if internal financing were insufficient (Graham et al., 2017). KUR is one of the loan funds with low-interest relaxation aimed at productive businesses surviving during a pandemic. KUR funds are lifesavers and have been proven to make businesses survive during the COVID-19 pandemic (Ramadhani et al., 2022). Ananda (2022) proves that KUR can increase business income by increasing the capital used. In line with these findings, Rahim et al. (2021) also prove that productive assistance can increase business income through additional capital. Through the production theory approach, increasing capital in a production process can increase the income produced. The greater the loan a business actor takes, the greater the income received by increasing the quantity and variety of commodity products to obtain a more significant income (Sitorus, 2022). This implication differs from Fitrianasari (2022), who found that KUR can increase business income through increased turnover and profits.

As one of the red zone provinces, Central Java dramatically limits the activities of its people, which has an impact on the MSME marketing process. Internet Marketing is the path taken by most MSMEs to market the products they produce. Digital marketing positively impacts each producer's income by expanding marketing areas outside the province and making it easier for consumers to obtain the desired product (Ramida et al., 2022). E-marketing is the most acceptable marketing medium during the COVID-19 pandemic (Yudowati & Handiatmoko, 2021). The use of social media can increase sales of business results (Pradiani,

2017). MSMEs that utilize digital marketing have proven to survive and increase sales during the Pandemic (Hadi & Zakiah, 2021).

Efforts to utilize digitalization for direct buying and selling activities can expand market reach. However, this effort needs a strong foundation in innovation, connections, transaction security, and other creative things so that products are easily accessible and gain consumer trust (Tarigan et al., 2022). Training in marketing is needed to provide the right strategy for marketing business products to increase business income. According to Hendriadi et al. (2019), digital marketing training can help MSMEs improve MSME entrepreneurs' ability to utilize digital marketing, which is marked by increased product sales from online media. According to Borjas (2019:352), training, education, and work experience are considered investments in human resources, so their increase will impact productivity, ultimately affecting the income of business actors.

Labor is one of the main factors of production. The more workers, the more products are produced, generating additional income for business actors (Midesia, 2020). In line with this, Gitayuda & Mawardi (2022) found that the more workers empowered by MSMEs, the higher the income earned. However, on the contrary, adding workers will incur losses during a pandemic because the total revenue is less than the total cost (Kinasih, 2021).

C.   RESEARCH METHOD

This study aims to see the effect of subsidized credit assistance and using the Internet as a marketing tool, business capital, business training (marketing and production techniques), and the amount of labor paid to MSI's performance during COVID-19. The data used in this study is secondary data, namely microdata from the 2020 micro and small industry survey. The objects studied are businesses with a sample of 10,782 micro and small industries spread across Central Java Province.

This study uses the income value of micro and small industrial businesses in Central Java Province as the dependent variable. Estimation using Ordinary Least Square is used to see whether the independent variables used in the model influence the dependent variable. Ordinary Least Square (*OLS*) is the most used technique in multivariate analysis. *OLS* is a general linear modeling technique used to model a single response variable recorded at least on an interval scale. This technique is applied to single or multiple explanatory variables and appropriately coded categorical explanatory variables. *OLS* is a method used to estimate the regression coefficient by minimizing the number of squared residuals (*errors*).

Dhrymes (2017) describes a regression model for a theoretical population in equations:

$$Y_i = \beta_0 + \beta_1 x_i + \mu_i \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (1)$$

Equation (1) cannot be directly observed, so it is estimated through the sample equation function:

$$Y_i = \widehat{\beta_0} + \widehat{\beta_1} x_i + \mu_i \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (2)$$

$$Y_i = \widehat{Y_i} + \mu_i \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (3)$$

Where $\widehat{Y_i}$ is the predicted value of Y_i. OLS is a technique for obtaining estimators $\widehat{\beta_0}$ and $\widehat{\beta_1}$, so that the procedure in minimizing:

$$\sum_{i=1}^{n} e_i^2 = \sum_{i=1}^{n}\left(Y_i - \widehat{Y_i}\right)^2 = \sum_{i=1}^{n}\left(Y_i - \widehat{\beta_0} - \widehat{\beta_1 x_i}\right)^2 \dots\dots\dots\dots\dots\dots\dots\dots\dots (4)$$

Then, the following equation is obtained:

$$\widehat{\beta_1} = \frac{\sum_{i=1}^{n}(x_i - \bar{x})(y_i - \bar{y})}{\sum_{i=1}^{n}(x_i - \bar{x})^2} = \frac{\sum_{i=1}^{n} x_i y_i - n\bar{x}\bar{y}}{\sum_{i=1}^{n} x_i^2} \dots\dots\dots\dots\dots\dots\dots\dots\dots (5)$$

$$\widehat{\beta_0} = \bar{Y} - \widehat{\beta_1}\bar{x} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (6)$$

The analysis model in this study, which aims to analyze the influence of production factors on MSI's business Income, will be analyzed using multiple linear regression — OLS. The analysis model of this research is written as follows:

$$y = ln\_Output_i = \beta_0 + \beta_1 ln\_Cap_i + \beta_2 Emp_i + \beta_3 DTrain_i + \beta_4 KUR_i +$$
$$\beta_5 DInternet_i + \varepsilon_i \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (7)$$

Where:

$y = ln\_Output$ = Natural Logarithm of Business Income (percent)
Cap = Natural Logarithm of Working Capital (percent)
Emp = Number of Paid laborers (people)
KUR = People's Business Credit/KUR (million rupiahs)
$DTrain$ = 1 if received training in marketing and production techniques, 0 otherwise (did not receive marketing training)
$DInternet$ = 1 if using the internet as a means of selling, 0 otherwise (no using the the Internet as a sales tool)
i = 1,2,3….N (N = number of cross-section data)

Classical Assumption Testing

After the regression model is formed, the classical assumption test tests the basic properties. The classic assumption test in this study is the Data Normality Test, Multicollinearity Test, and Heteroscedasticity Test. Data Normality Test can be done with *Skewness/Kurtosis tests for Normality* in STATA. The residuals are normally distributed if the Prob>chi2 value is greater than the significance level. Multicollinearity tests in linear regression can be done by looking at the value of the VIF (*Value Inflation Factor*) and its 1/VIF

value. If the VIF value < 10 and the 1/VIF value > 0.1, there is no multicollinearity between the independent variables in the regression model. The heteroscedasticity test in the linear regression model can be done with the _Pagan Breusch Test_. Suppose the p-value indicated by the value "Prob > chi2" is greater than the significance level (5 percent). In that case, the regression model can be said to be limited by the symptoms of heteroscedasticity.

Robust Standard Error

When the assumptions needed to meet the regression model criteria are violated, the resulting estimate will not be the best linear estimate because the estimate's variance is not necessarily the smallest, or it will be biased and inconsistent. One technique that can be used to overcome this problem is the "_Robust Standard Error_" technique. _Robust Standard Error_ is called Huber-White or sandwich estimator (Schielzeth et al., 2020).

In the _Huber-White Robust Standard Error_ approach, the _OLS_ method is used to calculate the regression coefficient, but the covariance matrix of the coefficient matrix is calculated by:

$$cov(B) = (X^T X)^{-1} X^T S X (X^T X)^{-1} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(8)$$

Where S is the covariance matrix of the residuals, which is under the assumption that the residuals have an average of 0 and are not autocorrelated.

D.   RESULT AND DISCUSSION

The lowest average income (4.79 million) is found in MSI, which obtains or takes subsidized credit below IDR. 5 million. In contrast, the largest average Income value is found in MSI, which takes subsidized credit above IDR. 25 million. Table 1. shows that the greater the value of subsidized credit taken/acquired by MSI's business, the value of its business income will increase. MSI's who have attended marketing training have an average high business Income value of IDR. 140.62 million, while MSI's who have never attended marketing training have an average business Income value of IDR. 9.21 million.

Table 1. Descriptive Variable

Dependent Variable		Income (Million Rupiahs)			
		Mean	Standard Deviation	_Min_	_Max_
Business Capital	< 5 million rupiahs	3.03	2.56	0.06	25.58
	≥ 5 million rupiahs and < 15 million rupiahs	13.76	5.99	5.40	75.00
	≥ 15 million rupiahs and < 25 million rupiahs	28.36	8.94	16.80	84.00
	≥ 25 million rupiahs	105.54	181.54	27.00	2697.10

Dependent Variable		Income (Million Rupiahs)			
		Mean	Standard Deviation	*Min*	*Max*
Labour Paid	≤ 4 people	12.27	51.48	0.06	2697.10
	5-9 people	10.63	26.21	0.13	360.00
	10-14 people	9.79	16.61	0.18	106.00
	15-19 people	8.14	11.67	0.18	52.70
KUR	< 5 million rupiahs	4.79	7.22	0.06	182.11
	≥ 5 million rupiahs and < 15 million rupiahs	27.82	47.44	5.40	1034.20
	≥ 15 million rupiahs and < 25 million rupiahs	65.68	74.11	18.00	757.67
	≥ 25 million rupiahs	179.44	290.82	31.50	2697.11
Marketing Training	Never Received Training	9.21	26.79	0.06	1034.20
	Had Received Training	140.62	255.49	2.16	2697.11
Internet Marketing	Not Using the Internet for Marketing	8.59	22.34	0.06	1034.20
	Using the Internet for Marketing	32.17	116.19	0.09	2697.11

Source: Research Findings

MSI, which utilizes the internet as a medium to market/sell its products, has an average business income value greater (IDR 32.17 million) than MSI, which does not use the internet to sell its products (IDR 8.59 million). This phenomenon shows that selling via the internet can increase the value of MSI's or business income. The PSBB, enforced during the COVID-19 pandemic, forced MSI to look for other alternatives online in selling its products.

Result

This section discusses the results of empirical research and discussion of the multiple linear regression model ─ *OLS* regarding the analysis of the income value of micro and small industrial enterprises in Central Java Province during COVID-19. The empirical results of multiple linear regression models ─ *OLS* are presented in Table 2. The multiple linear regression ─ *OLS* analysis of MSI's performance in Central Java shows that the *R-squared* value is 0.9067, which means that a model that includes independent variables such as production factors, KUR, and internet usage can explain the bond variable with the value of MSI's performance in Central Java is 90.67%. In contrast, other variables outside the model influence the others.

Table 2. Result Regression

Dependent Variable	*Coefficient* (Standard Error)
ln_*Capital* (percent)	0.72071*** (0.00626)
Employee (people)	0.00080 (0.00231)
KUR (million rupiahs)	0.01437*** (0.00355)
DTraining (Had Received Training = 1)	0.17792* (0.09123)
DInternet (Using the Internet for Marketing = 1)	0.03823*** (0.01289)
Constanta	4.74644*** (0.08400)
Classic Assumption	
Normality	Not Normal
Heteroscedasticity	Yes
Multicollinearity	No
Goodness of Fit	
R-Squared	0.9067
Prob > F	0.0000
Number of Observation	10.782

***$p < 0.01$; ** $p < 0.05$; * $p < 0.10$
Standard errors are in parentheses

Source: Research Findings

Table 2. shows that the venture capital variable significantly positively affects MSI's business income in Central Java at a significant level of 1 percent with a coefficient value of 0.72071. This result shows that every 1 percent increase in business capital will increase 72.07 percent in the value of business income. The paid employee variable does not significantly affect the value of MSI's business income. Furthermore, the subsidized credit variable has a significant positive effect on the value of MSI's business income, with a significant level of 1 percent and a coefficient value of 0.01437. This finding shows that every increase of 1 million rupiahs in the KUR variable will increase the value of business income by 1.44 percent.

Business training variables in marketing and production techniques have a significant positive effect on the Income value of MSI's business, with a significance level of 10 percent and a coefficient value of 0.17792. This result shows that every increase in the probability of MSI's getting marketing training will increase 17.79 percent of the value of MSI's business Income. Finally, the variable use of the internet for product marketing/sales purposes has a

significant positive influence with a significant level of 1 percent and a coefficient value of 0.03823. This result shows that with every probability that MSI uses the internet as a marketing medium, the business Income value will increase by 3.82 percent.

Discussion

Capital is the primary business (Rizal et al., 2016), which means the venture capital variable has a significant positive effect on the value of operating income because business capital is one of the leading production inputs (Pindyck & Rubinfeld, 2013). In line with this, Ariessi & Utama (2017) said that capital is the most crucial variable for companies to develop and increase labor productivity. The increase in the value of production inputs will increase the value of production output, increasing the value of business income. Yustie & Retnowati (2020) found results that align with this research, which capita significantly positively affects trader income. Annisa S (2016) and Nayaka & Kartika (2018) also found that business capital has a positive effect on the income of small industries (home furniture industry) and the income of the objection industry.

MSI's business strategy for dealing with the impact of the COVID-19 pandemic is to reduce the number of workers and workers' working days/hours (BPS Jateng, 2022:131). Apart from that, the implementation of the PSBB implemented by the government to prevent the spread of the Covid-19 virus also had an impact on reducing the number of worker attendance. Thus, increasing the number of workers during a pandemic is ineffective and will add to the burden of paying higher costs/salaries for workers. Therefore, the paid labor variable in this study has no significant effect on the value of business income. This result is in line with research (Pranata, 2022), which found that the number of workers did not significantly affect the income of traders during the COVID-19 pandemic. However, it differs from the research results of Shafira & Rahmawati (2021), which found that the more workers are added, the more production results are produced.

During the Pandemic, 88.55 percent of MSI's businesses in Central Java Province required business capital policies/assistance. In this study, subsidized credit (KUR) significantly affects the value of MSI's operating income. This result is in line with the results of Ramadhani et al. (2022), who found that MSME business income began to improve with the help of business capital obtained from KUR. Relaxing KUR by lowering interest rates to 6 percent also helps MSMEs survive and maintain business continuity during a pandemic (Akhmadi et al., 2022). In other words, the results of this study show that KUR assistance can

effectively help MSI's businesses survive during a pandemic. This assistance can be used by MSI's businesses to increase business capital to support their production activities.

The difficulties experienced by MSI during the Pandemic have forced business actors to need new techniques and ways to process and market their products. The use of the training variable in this study shows that this variable had a significant positive effect on MSI's business income during the Pandemic. This result shows that training in production techniques and marketing methods can help MSI overcome the obstacles during the Pandemic by increasing human resources and productivity, ultimately increasing its business income. According to BPS, one of MSI's efforts to survive the Pandemic is to innovate in product marketing and production techniques/processes (BPS Jateng, 2022). According to Ubfal et al. (2022), soft-skill training positively affects the sales index and profits in business. Training can also provide MSEs with business strategy knowledge for the COVID-19 pandemic (Kusumaningrum et al., 2021).

The results of this study indicate that the use of the internet as a marketing medium has a significant positive effect on business income. In other words, product marketing by utilizing internet technology has proven effective in helping MSI's business survive during the Pandemic by increasing MSI's business output/revenue. This result is supported by the implementation of the PSBB, which makes people stay at home more so that to fulfill their needs, the community uses online delivery services through applications and social media by utilizing internet technology. Rakshit et al. (2022) also observe that social media marketing is effective for SMEs and large businesses. Online marketing through social media is a low-cost, efficient, and wide-reaching marketing method that will ultimately impact increasing business income (Hasan, 2021).

The impact of the COVID-19 pandemic varies in each region/province in Indonesia. This study cannot only analyze the effectiveness of KUR and Internet Marketing in influencing the value of MSI's business income in Central Java Province. In other areas, it is possible that the same variable can give different results.

E.   CONCLUSION

This research was conducted in Central Java Province, with the largest number of MSIs affected by the COVID-19 pandemic. This study aimed to see the effect of subsidized credit, internet marketing, and other variables during the COVID-19 pandemic on MSI's income. All variables used in this study have a significant positive effect on operating income received by

MSIs, except for paid labor, which has no significant effect. KUR assistance by relaxing the interest rate to 6 percent has proven effective in helping MSI's businesses survive during the COVID-19 pandemic because it can increase the business income they receive. Likewise, the marketing strategy via the internet has proven to be effective in increasing the business income received by MSI. Apart from having low costs, the change in people's face-to-face and online habits has made internet marketing effective in making MSI's business survive during the Pandemic.

This research only discusses the influence of the variables used during the Pandemic. Suggestions for further research to see the effect of these variables after the COVID-19 pandemic using the latest data. Future researchers can also use other variables, such as the business innovation variable, to see its impact on MSI's efforts to recover from the COVID-19 pandemic.

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