

**BUSINESS INNOVATION IN MICRO, SMALL, MEDIUM ENTERPRISES (MSMEs)
(CASE STUDY ON PUTZA COFFEE SHOP)**

Risnawati

STIE Pembangunan Tanjungpinang
Email: risna.nina1988@gmail.com

Selvi Fauzar

STIE Pembangunan Tanjungpinang
Email: selvifauzar@gmail.com

Ahmat Rahman

STIE Pembangunan Tanjungpinang
Email: ahmatrahman78@gmail.com

Andi

STIE Pembangunan Tanjungpinang
Email: olandi31@gmail.com

Mohammad Farhan Mahyansah

STIE Pembangunan Tanjungpinang
Email: farhanmahyansyah22@gmail.com

Titik Jernih Hia

STIE Pembangunan Tanjungpinang
Email: titikjernihhia07@gmail.com

Korespondensi penulis: risna.nina1988@gmail.com

Abstract.

(MSMEs) as a strategic force in accelerating regional development. In this connection, especially the micro business sector indeed occupies a strategic position in development as a safety belt, because the growth of MSMEs is increasing every year. Micro, Small and Medium Enterprises have an important position, not only in the absorption of labor and the welfare of the people in the regions, in many ways they become the glue and blocker of social problems. In this regard, efforts are needed to foster a conducive climate for the development of MSMEs in accelerating regional development. Placing micro, small and medium enterprises as the main target of development must be based on commitment and good coordination between the government, businessmen and non-business institutions and the local community by implementing an aggressive strategy based on economic networks (Partnerships); Developing micro, small and medium enterprises as a whole by how to provide positive and real support for the development of human resources (entrepreneurship training), technology, information, access to financing and marketing, Expansion of the export market, is an indicator of success in building a people-based business climate.

Keywords: *innovation, business, MSMEs.*

INTRODUCTION

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*Corresponding author, e-mail : risna.nina1988@gmail.com

Population growth has a positive influence on economic growth in a country, this can be seen by the increasing number of businesses formed by individuals, in other words the increasing population is seen in general, the smaller the number of jobs. With so many people making creative ideas to build their own business, basically all humans have needs that must be fulfilled every day, thus the need for more income.

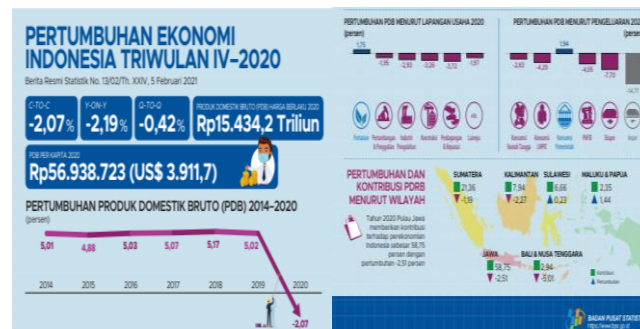
Micro, Small and Medium Enterprises (MSMEs) are small and medium enterprises created by individuals who have creative ideas to create a product from their respective regions. In addition, MSMEs can also open jobs so that reducing unemployment has a positive impact on the economy..

It has been regulated by the government (Law of the Republic of Indonesia Number 20 of 2008) concerning micro, small and medium enterprises, chapter II, the principles and objectives of article 3, namely that MSMEs aim to grow and develop their businesses in the framework of building a national economy based on a just economic democracy.

The business scale targeted by the Micro, Small and Medium Enterprises business is not as big as big-name companies, many people are comfortable doing business at this level. Because of the advantages offered to micro and small and medium business businesses and these advantages are difficult to obtain at the giant business level. One of the main advantages is the ease in adopting innovation in business, especially in the field of technology. It is easier to adopt the latest technology to increase MSMEs business growth because it does not have complicated bureaucracy and complicated systems. In addition to the ease of technology application, advantages in terms of employee relations due to the smaller scope, and the flexibility to adapt the business to dynamic market conditions.

IMAGE 1

Indonesia's Gross Domestic Product (GDP) Growth 2014 – 2020



Sumber: Data (BPS, 2021)

The global disaster Covid-19 has caused several micro, small and medium enterprises to experience a decline which has caused huge losses, in other words, bankrupt, especially in Indonesia, thus small, micro and medium entrepreneurs must make the latest and most viral innovations that are of interest to the public in a small scope. as well as a large scope where the goal is to maintain its business as well as develop.

Coffee shops are businesses that are most in demand by many people, not just for enjoying coffee, coffee shops are also used as a place to gather with friends, reunions, business negotiations and so on, the existence of coffee shops, both traditional and modern, has mushroomed in Indonesia, especially in Tanjung Pinang, several people have made coffee

shops a necessity and a habit. It is known from the stories of some people, this is evidenced by their complaints when they were in other cities where it was difficult to find coffee shops. However, for some time a government policy was enacted to limit community activities due to Covid-19 which made complaints from several parties, especially for the entrepreneurs themselves who were required to close and limit their operations. It was from these problems that made the writer take the theme of business innovation in MSMEs (Case Study in Putza Coffee Shop) in the city of Tanjungpinang.

LITERATURE REVIEW

1. MSMEs (Micro, Small and Medium Enterprises)

Micro, Small and Medium Enterprises Article 1 (Undang-Undang Republik Indonesia Nomor 20 Tahun, 2008) regarding Micro, Small and Medium Enterprises (MSMES), what is meant by Micro, Small and Medium Enterprises are:

1. Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law.
2. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branch companies that are owned, controlled, or become part either directly or indirectly of Medium or Large Businesses that fulfill the criteria for Small Enterprises as referred to in this Law.
3. Medium Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with Small Businesses or Large Businesses with total net worth or annual sales proceeds as regulated in this Law

Based on the definition above, it can be concluded that Micro, Small and Medium Enterprises are a form of productive economic business carried out by individuals or individual business entities that meet the criteria of Micro, Small and Medium Enterprises.

a. The Role of Micro, Small and Medium Enterprises (MSMEs)

According to (Tulus T.H. Tambunan, 2017) The Role of Micro, Small and Medium Enterprises (MSMES) from a world perspective, it is recognized that Micro, Small and Medium Enterprises (MSMES) have a very vital role in development and economic growth, not only in Developing Countries. such as Indonesia, but also in Developed Countries, Japan, the United States (US) and European countries. In Indonesia, it has often been stated in many seminars and workshops, and also widely discussed in various mass media that Micro, Small and Medium Enterprises (MSMEs) in Indonesia are very important, especially as a source of growth in employment opportunities or income. The fact shows that job opportunities can be absorbed by large businesses. Therefore, it is hoped that Micro, Small and Medium Enterprises (MSMEs) will continue to play an optimal role in efforts to tackle unemployment, whose number tends to increase every year. With many absorbing workers, it means that Micro, Small and Medium Enterprises also have a strategic role in the government's efforts so far to fight poverty in the country.

b. Characteristics of Micro, Small and Medium Enterprises (MSMEs)

Micro, Small and Medium Enterprises are not only different from large businesses, but within the Micro, Small and Medium Enterprises group itself there are characteristics between

micro and small businesses in a number of aspects that can be easily seen everyday in developing countries, including Indonesia. These aspects include market orientation, profile of the business owner, nature of employment opportunities in the company, organizational and management systems applied in the business, degree of mechanism in production, sources of raw materials and capital, location of the business place, external relations and degree of women's involvement as entrepreneurs.

c. Micro, Small and Medium Enterprises (MSMEs) are very important because of their distinctive characteristics, according to (Tambunan, 2017), including the following:

- 1) The number of companies is very large (far exceeding the number of large enterprises, especially from the category of Micro Enterprises and Small Enterprises . In contrast to Large Enterprises and Medium Enterprises, Micro Enterprises and Enterprises Small are scattered throughout the Kelurahan, including in relatively isolated areas. Therefore, this business group has a special "Local" significance for the Kelurahan economy.
- 2) Because it is very labor-intensive, which means it has a very large potential for employment growth, the growth of Micro, Small and Medium Enterprises can be included as an important element of national policies to increase employment opportunities and create income, especially for the poor.
- 3) Not only are the majority of Micro, Small and Medium Enterprises (MSMEs), especially Micro Enterprises in developing countries located in urban areas, the production activities of this business group are also generally based on agriculture. Therefore the government's efforts to support Micro, Small and Medium Enterprises (MSMEs) are also an indirect but effective way to support the development and growth of production in the agricultural sector.
- 4) Micro, Small and Medium Enterprises (MSMEs) use technologies that are more "suitable" (compared to the advanced technologies commonly used by modern companies/large enterprises.
- 5) Many Micro, Small and Medium Enterprises can grow rapidly. In fact, many Micro, Small and Medium Enterprises (MSMEs) were able to survive when the Indonesian economy was hit by a major crisis in 1997/98. Therefore, this business group is considered as companies that have a function as a basis for larger business development.
- 6) Although in general the Kelurahan community is poor, there is a lot of evidence showing that poor Kelurahan people can save and they are willing to take risks by investing. In this case, MSMES can be a starting point for mobilizing savings/or investment in the Kelurahan.

d. The Purpose of Micro, Small and Medium Enterprises (MSMEs)

According to (Tambunan, 2017), the goals of Micro, Small and Medium Enterprises are as follows:

- 1) Realizing a balanced, developing and just national economic structure.
- 2) Growing and developing the capabilities of Micro, Small and Medium Enterprises to become strong and independent businesses.

- 3) Increasing the role of Micro, Small and Medium Enterprises in regional development, creating jobs, equalizing income, economic growth and alleviating people's poverty
- e. Criteria for Micro Small Medium Enterprises (MSMEs)
- According to (Undang-Undang Republik Indonesia Nomor 20 Tahun, 2008), concerning Micro, Small and Medium Enterprises (UU MSMEs), the definition of MSMEs is as follows:
- 1) Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-enterprises as stipulated in this Law, (UU MSMEs Number 20 of 2008). The criteria for Micro Enterprises are as follows: having a net worth of at most Rp. 50,000,000.- (fifty million rupiah) excluding land and buildings for business premises; or have annual sales results of a maximum of IDR 300,000,000.- (three hundred million rupiah).
 - 2) Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part either directly or indirectly of medium or large businesses that meet the criteria for small businesses. as referred to in this Law, (Law of the Republic of Indonesia Number 20 of 2008b). The criteria for a small business are as follows: having a net worth of more than Rp. 50,000,000.- (fifty million rupiah) up to a maximum of Rp. 500,000,000.- (five hundred million rupiah) excluding land and buildings for business premises; or have annual sales of more than Rp. 300,000,000.- (three hundred million rupiah) up to a maximum of Rp. 2,500,000,000.- (two billion five hundred million rupiah).
 - 3) Medium Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries that are owned, controlled, or become part of either directly or indirectly from small businesses or large businesses with total net assets or annual sales results. as referred to in this Law. The criteria for Medium Enterprises are having a net worth of more than Rp. 500,000,000.- (five hundred million rupiah) up to a maximum of Rp. 10,000,000,000.- (ten billion rupiah) excluding land and buildings for business premises; or have annual sales of more than Rp. 2,500,000,000 (two billion five hundred million rupiah) up to a maximum of Rp. 50,000,000,000.- (fifty billion rupiah).
- f. The Advantages of Micro, Small and Medium Enterprises (MSMEs)
- 1) Easy to start, one of the weaknesses of large-scale businesses is that they require large capital, but small and medium businesses are not like that.
 - 2) It is faster to innovate the Small and Medium Enterprises business system, it tends to be very easy, especially the operations. That way, Small and Medium Enterprises actors are even quicker to think of and create new ideas.
 - 3) More focus Small and Medium Enterprises are more free to be creative and produce as much as the actor or actors want. If the company is large, of course they will be more dependent on market demand for what goods will be produced.
 - 4) More flexibility in terms of operations Small and Medium Enterprises are often only managed by a few people so that decisions regarding the business being run can often be made quickly.

- 5) Creating more jobs because the operational system is easier to implement, makes Small and Medium Enterprises develop faster than other types of businesses.
- g. Shortage of Micro Small Medium Enterprises (MSMEs)
 - 1) The amount of budgetary funds and financing that tends to be small, the weakness of Small and Medium Enterprises lies in the availability of funds along with the budget and financing that tends to be small.
 - 2) Often vulnerable to pressure from the outside, pressure from the outside is often felt by owners of small and medium enterprises. There are several pressures from outside that usually interfere with Small and Medium Enterprises so that they cannot develop optimally.
 - 3) Lack of small and medium business experts, apart from being run by only a few people, some of them are still lacking in expertise. This causes the results of production work by Small and Medium Enterprises themselves to sometimes become less professional.
 - 4) Production capacity is small, besides that, the production capacity of Small and Medium Enterprises is usually not as much as that of large businesses due to limited production personnel.

2. Innovation

Innovation comes from the English word innovation which means change so that innovation can be defined as a process of activity or human thought in discovering something new related to input, process and output, and can provide benefits in life man (Makmur dan Thahier, 2015).

Innovation is creativity that is translated into something that can be implemented and provides benefits and added value to the resources we have (Joesyiana, 2020). So that to be able to innovate requires creative intelligence. Innovation related to input is defined as patterns of human thought or ideas that are contributed to the latest findings. For innovations related to processes, they are more oriented towards methods, techniques, or ways of working in order to produce something new. Innovations related to output based on this definition are shown in the results that have been achieved, especially the use of thought patterns and working methods or techniques that have been carried out. The three elements in the innovation actually form a unified whole.

The term innovation is oriented to human thoughts and actions. Changes related to animals, nature, space, machines, and other objects are not properly said to be expressions of innovation, except for humans who deserve the nickname symbol of innovation. Changes here are mainly related to shape, color, time and so on where the process of change develops naturally. Based on the above arguments, it reveals that changes in novelty are not always indicated as innovation. Something can be said to be an innovation if the renewal occurs due to thought processes or human actions by using or utilizing abilities so that they find something new in human life (Makmur dan Thahier, 2015).

3. Business innovation

Business innovation is divided into a number of ways, including:

a. Product Innovation

Product innovation is a process of using new technology in a product so that the product gets added value (Rizky Valeo Nugraha, 2019). Through innovation one can add value from products, services, work processes, marketing and delivery systems not only for companies but also for shareholders and society. Ability to apply creativity in solving problems and opportunities to improve life. Product innovation is the result of new product development by a company or industry.

Product offerings by companies are now diverse, of course there are advantages of each product according to needs. As consumers, they will prefer and be selective on products that make them interested, then entrepreneurs will compete to innovate the products they produce so that consumers are interested in their products, and product innovation is carried out to retain consumers as regular customers. Product innovation needs to be done regularly, there are changes that require us to keep up with these changes. An entrepreneur must have an innovation for a product because consumer tastes for a product will always change with the times. Product innovation is carried out to maintain the continuity of a company along with increasingly fierce competition. The main key to winning the competition is to create the most reliable product changes or developments to win the market.

According to (Amara Dyah Rachmasari, 2022) Product innovation carried out by business actors is also the result of reading market opportunities and the results of observing competitors. Therefore, product innovation determined through market orientation can improve business performance. In other words, product innovation acts as a mediator between market orientation and business performance

Old products that have reached saturation point in the market require an innovation to replace these old products. Implementing product innovation within the company is one of the impacts of rapid technological change and high product variety that will improve company performance. Creative innovation activities, both product innovation, will increase the company's ability to create quality products which are then expected to increase the company's competitive advantage which will have an impact on company performance (Ayuningtias dan Ekawati, 2017).

Innovation is a company's adaptation process in creating ideas about new products that can be obtained from consumers and competitors. Product innovation, can come from improvements or changes to existing products. In order to win the competition, companies are expected to be able to present new ideas and produce innovative products in order to increase revenue. The goal is to meet market demand, so that product innovation creates a competitive advantage for the company. Through product innovation, the company has an advantage in facing competition to meet market needs so as to create a strategic position. Companies that are able to design their products according to consumer desires will be able to survive the competition because their products are still in demand. Product innovation will lead to product development from a company perspective (Arief dan Rosiawan, 2018).

According to research (Pratiwi, 2016), there are three product innovation dimensions, including:

- a. Line extensions, namely the products produced by the company vary, making it easier for consumers to find goods according to their wishes.
- b. New product (me too product) is a product produced by the company but not new to the market.

- c. A truly new product (new to the world product) is a product that is new to both the company and the market.

The concept of product innovation (Prajogo, 2016) as the development of changes in meeting strategic needs of customers and entering new markets.

Based on the literature above, product innovation refers to indicators (Bao, Y., Li Y., Pang, C., Bao, Y., & YI, 2017):

1. The company introduces product innovations with completely new attributes to the market.
2. New products are very innovative in meeting customer needs.
3. Companies often adopt new ideas in new product development.
4. The company introduces new products quickly to the market.

b. Process Innovation

Measuring process innovation in improving the production process to produce a product (Prajogo, 2016) namely:

- a The speed and efficiency of the production process
- b Reliability of production processes and technology
- c Trying to keep the production process ahead of competitors

c. Service Innovation

Service innovation involves not only new services but also new technologies, new networks and new procedures. It is undeniable that sales and service are a big triangle that cannot be separated, the success of a business is thanks to good support and service. In this way, the business will develop to reach its optimal capacity. Quality of service consumer expectations of the performance of a product or service after the consumer uses or benefits from a product. In other words, quality is a determinant of whether or not a product or service is good for consumers.

Service quality provides the perfection of services performed by service providers in meeting the needs and desires of customers and the accuracy of their delivery to match customer expectations. Service quality is an important thing that must be considered and maximized in order to survive and remain an option.

The dimensions used in this study are the dimensions put forward by (Muslichati, 2015):

- a. Developing New Business Models. Developing a new business model involves a fundamental change in the way revenue and profits are earned. Innovation in business models can occur in one process.
- b. Developing New Services. New service development can occur in many ways, namely in the form of new services or concepts. Forms of new services will affect business performance.
- c. Make interactions with new customers. The interaction between service providers and customers has a very close relationship, this interaction creates closeness between consumers and companies so that companies will easily find out the wants and needs of consumers.

Measurement of service innovation will affect the success of the company in innovating. According to (Muslichati, 2015) states that measuring service innovation can be done through:

a) Developing New Business Models.

Developing a new business model involves fundamental changes in the way revenues and profits are earned. Innovation in business models can occur in a single process.

b) Developing New Services.

New service development can occur in many ways, namely in the form of new services or concepts. Forms of new services will affect business performance.

c) Make interactions with new customers.

The interaction between service providers and customers has a very close relationship, this interaction creates closeness between consumers and companies so that companies will easily find out the wants and needs of consumers.

RESEACRH METHODOLOGY

This type of research uses a qualitative research method, which is research in the form of a study of documents/texts. Study of documents or texts is a study that focuses on the analysis of written materials based on their context. so researchers must try to find the theory. The results are not in the form of numbers, but words or sentences that can be scientifically accounted for, and behavior that can be observed and is interpretive (using interpretation) involving many methods, and examines the research problem.

According to (Sugiyono, 2019) the qualitative research method is a research method based on the philosophy of postpositivism, used to research the conditions of natural objects, (as opposed to experiments) where the researcher is the key instrument, data collection techniques are carried out triangulation (combined), data analysis is inductive/qualitative in nature, and the results of qualitative research emphasize the meaning of generalizations. Qualitative research is used to look at various social phenomena. The results are not in the form of numbers such as quantitative, but rather a collection of sentences, words that will be tested for the truth. So that precise precision and accuracy are needed because qualitative requires field observations. Source of data in this research is primary data. Primary data is data collected by researchers directly from the first source (Suliyanto, 2018). In this case the data obtained was in the form of interviews with the direct owner of the Putza Coffee Shop, namely Mrs. Dinda.

The data collection technique in this study uses several techniques, namely:

1. Interview Techniques

According to (Suliyanto, 2018) Interview is a data collection technique in which the researcher directly engages in dialogue with the respondent to gather information from the respondent. At the time of the interview the researcher does not have to meet face to face but can through certain media, for example by telephone, teleconference or chat via the internet. The advantage of this technique is that researchers can dig up as much information from respondents as the interview process can continue to develop. The weakness of this technique is that it is expensive, takes a long time and is difficult to find a suitable time between the prospective respondent and the interviewer. Another weakness of this technique is because the

interview process can continue to develop so that if the interviewer cannot control the flow of the conversation then the interview will deviate from the objectives to be achieved previously.

2. Observation Techniques

Observation is a data collection technique using the senses, so it's not just observing with the eyes. Listening, smelling, tasting, touching are forms of observation. The instruments used in observation are observation guides and observation sheets (Suliyanto, 2018)

RESULT AND DISCUSSION

Micro, Small and Medium Enterprises (UMKM) have an important role in a country's economy. There are three main reasons a country should encourage existing small businesses to continue to grow. The first reason is because in general small businesses tend to perform better in terms of generating a productive workforce. Then the second reason, often achieve increased productivity through investment and technological change. This is part of the dynamics of its business which continues to adapt to the times. For the third reason, it turns out that small businesses have an advantage in terms of flexibility compared to large companies. Micro-enterprises play an important role in developing the country's economy, especially the economy of the surrounding community to meet their daily needs, especially in the future. Putza Coffee Shop is a coffee shop located in Tanjung Pinang City which is located in D.I. Pandjaitan KM.9, along with the details of the Putza Coffee Shop which can be explained based on the results of interviews with the original owner:

Table.1.1.
Putza Coffee Shop

Stand up	August 18, 2018
Income/day	Before covid 19 : Rp. 1,500,000 After covid 19 : Rp. 800,000
Operational	13.00-00.00 WIB
Employee	4 People
Owner / Ownership	Mrs. Dinda / Own Business
Entertainment	Karaoke

Product	Coffee O Tea O Tea Obeng Pull Tea Young coconut Green chilli chicken Green chilli catfish chicken Soto Anchovies fried rice
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The increasing consumption of coffee by the public certainly has an impact on competition between coffee shops to meet consumer wants and needs (Alfiana, Hartiati dan Yoga, 2020). In carrying out innovations to achieve goals at the Puzta coffee shop, strategies can be carried out, namely:

1. Products

The addition of products whose purpose is to get the convenience and needs of customers because basically the coffee shop in Tanjung Pinang is not only a place to enjoy coffee, but there are many activities that customers do at that place so that the presentation of products also adds more value to the coffee shop as usual. already done or provided by the Putza Coffee Shop

2. Price

The prices set by the Putza Coffee Shop are very affordable and competitive with competing coffee shops, this is evidenced by the explanations of several customers who were in place when the researchers conducted field research.

3. Place

The place or location of the Putza Coffee Shop is very strategic which is on Jalan DI Pandjaitan right on the side of the road which makes it easier for people to stop by and easy to find.

4. Entertainment

Putza Coffee Shop provides karaoke entertainment which not all coffee shops have, so coffee shops have added value to facilitate business innovation.

Apart from the several things above, there is a need for more innovation to achieve maximum results, such as:

1. Adding flavors

By adding a variety of flavors this is an added value as a variation where today's young people like variety, especially at the Putza Coffee Shop

2. Digital marketing

Judging from the progress of time and technology, it is certain that this can be taken advantage of by micro, small and medium enterprises to facilitate the promotion of their business, Keda Kopi Putza needs these innovations, things that Kedai Kopi Putza can do:Kedai Kopi Putza dapat membuat website sendiri untuk usahanya

Having a business website is like having a private house, the owner is free to do anything. Likewise with business websites. Entrepreneurs can determine marketing strategies in various ways. For example, providing various promos to attract consumers to buy, including

discount promos or price cuts, free shipping, special prices, flash sales, and so on. This is the advantage of having your own business website. Try it if you join an e-commerce or marketplace, of course you have to follow the rules that have been set. If not, then you cannot sell on the online store. Website design as complete as possible, where visitors or potential customers can see the products or services being sold. Then provide features to buy online which can be sent via courier or online motorcycle taxi. So have a choice for consumers, buy online or offline by visiting the store.

- a. Pricing freedom : It's called a business website itself, free to set a selling price. Of course this must be accompanied by the quality of the coffee. In other words, there is a price, there is a way. Can display product specifications sold at the Putza Coffee Shop so that website visitors feel confident about quality. When compared to joining e-commerce, there are other sellers selling similar products or services at competitive prices. E-commerce visitors also usually pay more attention to price than product quality. That is one of the big considerations of the online shopping community.
- b. Easy to access : Having a website provides an opportunity to interact with consumers directly. Anytime and anywhere. In this case, the website acts as a provider of product information, like a storefront that is open 24 hours. Especially in today's digital era, almost all people have cellphones that are connected to the internet. So easy access is needed. Only by typing the website name in a search engine, consumers will get all the product information they need. If in the past you used catalogs as a promotional medium, so not now. Websites are easier, more effective and faster in promoting goods or services. In terms of advancing UMKM, the government also does not remain silent. The success and success of MSMEs is one of them with the existence of policies carried out by the Government, both at the center and in the regions. Policies that are made and carried out encourage and support according to the needs of MSME actors. Policies that are pro for UMKM greatly facilitate the continuity of the SME business. Now, there have been many policy products made by the Government, which contain ease of doing business, examples of several legislative products and policies made by the government in general in an effort to support the sustainability of UMKM businesses, including:
 - 1) The government has provided support incentives for MSMEs through the National Economic Recovery (PEN) program in 2020, which will then be continued in 2021. The realization of this PEN is intended for the Proceedings of the National Seminar on Poverty Reduction 23 Volume 1 Number 1 of 2021 supporting UMKM of Rp. 112.84 trillion, and will be enjoyed by more than 30 million UMKM in 2020. Meanwhile, for 2021, the Government has budgeted a PEN allocation with funds of Rp. 121.90 trillion.
 - 2) The government has made efforts to encourage UMKM to go on board to digital platforms, through the Proudly Made in Indonesia National Movement (Gernas BBI), which at the end of 2020 had 11.7 million UMKM on board. Then it is hoped that by 2030, the number of UMKM that go digital will reach 30 million.

- 3) The government has encouraged the expansion of exports of Indonesian products through ASEAN Online Sale Day (AOSD) activities in 2020.
- 4) The government is also making efforts to encourage UMKM to transform from the informal sector to the formal sector. Because based on existing data, out of 64.19 UMKM in Indonesia, as many as 64.13 million are still UMKM in the informal sector.
- 5) The government has passed the Job Creation Law in which there are articles regarding the convenience, protection and empowerment of UMKM. Because so far Indonesia is still considered to have complicated licensing issues, with many central and regional regulations or hyper-regulation in various sectors which cause disharmony, overlap, are not operational and are highly sectoral in nature.
- 6) The government has made a Ministerial Regulation, namely a Minister of Finance Regulation (Number 65/PMK.05/2020) which was later updated with a Minister of Finance Regulation (Number 85/PMK.05/2020). This regulation regulates MSME credit restructuring, which is then classified into two policy groups, namely UMKM credit restructuring and working capital loans. The MSME loan restructuring program is carried out by;
 - a) Relaxation of asset quality assessment,
 - b) Postponement of principal and interest subsidies,
 - c) Working capital loans with low interest rates,
 - d) Guarantor for Indonesian Credit Insurance (Askrindo) and Indonesian Credit Guarantee (Jamkrindo). The UMKM working capital loan guarantee scheme has been regulated through the Regulation of the Minister of Finance Proceedings of the National Seminar on Poverty Reduction 24 Volume 1 Number 1 of 2021 Number 71/PMK.08/2020. This program is also carried out based on the relaxation of asset valuation in the Financial Services Authority Regulation Number 11/POJK.03/2020 and 14/POJK.05/2020.
- 7) The provision of UMKM final PPh incentives is deferred by the Government, with a final PPh rate of 0.5% (according to PP 23/2018). This tax incentive for UMKM is also regulated in Minister of Finance Regulation Number 44/PMK.03/2020 which was later updated with Minister of Finance Regulation Number 86/PMK.03/2020.
- 8) The government has provided a productive presidential assistance for micro businesses (BPOM), in the amount of Rp. 600 thousand per month for 4 months, with 2.4 million per recipient. This assistance is provided to 12 million micro-entrepreneurs who are not currently receiving bank credit
- 9) Increase the target of pre-employment card beneficiaries to approximately 5.6 million people with priority on laid off workers and affected UMKM actors, with a total budget of Rp. 20 trillion

CONCLUSION

The need for more innovation for the Putza Coffee Shop in maintaining its business in conditions of increasingly fierce competition, this is marked by a decrease in revenue for the coffee shop. The decline in sales is not only due to the impact of Covid-19, seeing the progress

of the times, this has not been used as an opportunity for innovation. For entertainment, the Putza Coffee Shop is already at the stage that the community wants, but the Putza Coffee Shop shouldn't just stick to that. Some suggestions for innovation that Putza Coffee Shop should do:

1. Adding variants to the product as a variation so that all people can feel fulfilled and satisfied which will provide positive value for the continuity of the business.
2. Putza Coffee Shops are advised to utilize social media as an effective promotional tool and can save both manpower and costs.

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