

The Role of the National Economic Recovery Program on MSMEs' Sustainability in the Perspective of Maqasid al-Sharia

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Abstract

The purpose of this research is to identify the implementation and implications of Indonesian Government's National Economic Recovery (NER) Program on MSMEs in East Java Province with their harmony and relevance to maqasid al-sharia by Jasser Auda who has studied and aligned them with human activities and conditions in the modern era. This study uses Policy Research with Qualitative Descriptive Approach. The data source is explored through an interview and documentation process from informants as MSMEs business people in East Java who have received assistance from the government through the NER Program, which based on each confession that government assistance greatly helps the sustainability of their business in the midst of an economic crisis during the pandemic. The findings of this study indicate that grants from the NER program that are provided or loaned to MSMEs actors in East Java can help them to continue running their businesses during the Covid-19 pandemic. The program provides results that also meet the maqasid al-sharia standards stated by Jasser Auda. In addition, the government's policies during the pandemic were proven to be in accordance with the teachings of the Prophet Muhammad PBUH and Umar bin Khattab when facing the pandemic in their time.

Keywords: *NER Program, East Java MSMEs, Maqasid al-Sharia.*

INTRODUCTION

The Covid-19 pandemic has had a significant impact on the global economic downturn, including in Indonesia. Various efforts have been made by the government to increase economic growth so that Indonesia can avoid an economic recession. One of the government programs that launched for the



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first time in July 2020, the National Economic Recovery (NER) program has become one of the central policies of the Indonesian government in an effort to restore Indonesia's economic condition during the Covid-19 pandemic after economic growth was recorded to plummet by the Central Bureau of Statistics (BPS) by 2.97% in 2020. The total budget issued at the first launch of the NER policy amounted to IDR695.2 trillion for the health, social protection, Ministry or Institution sector and local government, MSMEs, corporations, and capital market sector (Hasan, 2021).

In 2021, it was recorded that the Indonesian economy was still declining by - 0.74%, so the government evaluated the findings in the implementation of the NER program in the previous year. This is intended so that the NER program this year can be more optimal to patch up shortcomings that have not been implemented in the previous year. A total of IDR699.2 trillion was issued as a reference fund for the NER program in 2021. The funds are intended as in the previous sectors, but the larger funds are intended for the MSMEs and financial institution sectors of IDR193,74 trillion (Widodo, 2021).

The NER program is a series of activities carried out by the government to reduce the impact of Covid-19 on the economy, with the primary objective being to protect, maintain, and improve the economic capabilities of the community, especially business actors in running their businesses (Kementerian Keuangan Republik Indonesia, 2020). The government runs the NER program as a response to a decrease in community activities that have an impact on the economy, especially MSMEs. The main objective of this program is to protect, maintain, and improve the economic capabilities of business actors in running their businesses during the Covid-19 pandemic, especially in the MSMEs sector, which has significantly contributed to the Indonesian economy. This step is aimed primarily at overcoming the crisis, namely not only in the health sector but also in the overall economic sectors. This policy is a form of the government's response to restricted community activities that affect the economic sector, especially the internal sector or Micro, Small, and Medium Enterprises (MSMEs).

Even though the NER program has various potentials, such as protecting, maintaining, and increasing the economic capacity of MSMEs, in fact, it does not make its implementation easier, nor does the implication fit the goals. One of them is that the distribution and use of government funding assistance to MSMEs is not on target. Therefore, it can be seen that there are problems in the implementation of the NER program where the potential of the program has not been fully absorbed. Seeing the phenomena

that have occurred, there are at least two major research questions that require explanation to develop the MSMEs to be sustainable: what are the implementations and implications of the NER program on MSMEs in East Java Province?, what are the relevance of the NER program on MSMEs in East Java Province according to Jasser Auda perspective in *maqasid al-sharia* so that it can be sustainable?.

LITERATURE REVIEW

In addition to having an impact on health, COVID-19 has also had a major impact on the economy, employment, and social welfare (Bartik et al., 2020; Nyanga et al., 2020). The impact on the global economy is significant (Papadopoulos et al., 2020). Many countries have implemented measures to control COVID-19 through isolation, quarantine, social distancing, community detention, work-from-home (WFH), and large-scale social restrictions, which are specifically implemented in Indonesia. This policy has an impact on MSMEs in various countries, including Indonesia, due to limited assets, low capital reserves, and low productivity compared to large companies. Therefore, this threatens the sustainability of MSMEs.

The social distancing policy was implemented due to the healthcare crisis caused by COVID-19 (Farboodi et al., 2020). Efforts to prevent transmission of COVID-19 actually cause economic and health problems (Jones et al., 2020). This fact required the government to take action because the policy has worsened public economic conditions. All policies that have been implemented to prevent the transmission of COVID-19 in the last two years aimed to reduce the death rate but have an impact on the economy.

From an economic standpoint, the application of social distancing has reduced sales of MSMEs due to restrictions on activities in public places. However, the fact is that during the pandemic, the MSMEs sector was really hit. By adhering to health protocols, they are only able to survive modestly (Saidu et al., 2020). Social distancing policies must be implemented by changing behavior and reducing direct contact activities to reduce virus transmission (Reluga, 2010). Social distancing is an essential element in preventing humans from transmitting the virus.

The Government Regulation of the Republic of Indonesia, No. 23 of 2020, explains the Implementation of the National Economic Recovery (NER) Program in order to support state financial policies for handling the Covid-19 pandemic and facing threats that endanger the national economy or

financial system stability as well as saving the national economy (Kementerian Keuangan Republik Indonesia, 2020).

This NER program is still applied continuously until 2022 when the concentration of the program is more focused on the economy. Considering that in previous years, the health sector has improved even more after its focus on this program. Around 39.13% or IDR575.32 trillion of IDR 455.62 trillion was allocated to strengthen economic recovery. This amount is somewhat higher than the other two sectors in this program, namely the health sector with a total of 26.89% or IDR

122.54 trillion and social protection with a total of 33.96% or IDR154.76 trillion (Aritonang, 2022).

Micro, Small, and Medium Enterprises (MSMEs) are businesses carried out by business people engaged in various business fields for the benefit of the community. MSMEs are included in the business that is expected to survive even in times of crisis and is believed to be able to make a positive contribution to the power of efforts to overcome economic problems because MSMEs are more elastic, flexible, and adaptive, in accordance with their initial capital cultivation (Hasanah, 2020).

Budget support for MSMEs is one of the largest allocations of funds on the NER list, considering that this sector has a major impact and is the backbone of the economy with a domino effect in various fields. In 2020, the government allocated a NER budget of IDR695.2 trillion. NER realization of IDR575.85 trillion (82.83% of the NER ceiling of IDR695.2 trillion). While in 2021, the government was still trying to provide a stimulus to keep MSMEs moving. NER 2021 realization reaches IDR658.6 trillion or 88.4% of the IDR744.77 trillion ceilings (Aritonang, 2022).

The MSME cluster program is in the form of interest subsidies, placement of funds, MSME loans, Guarantee Service Compensation Expenditures (IJP), Government-borne MSME Final Income Tax (DTP), Investment Financing for Revolving Fund Management Institutions (LPDB KUMKM) and Productive Presidential Assistance for Micro Enterprises (BPUM) (Aritonang, 2022).

Nowadays, all human activities need to be based on knowledge that also adapts to the times. Maqasid al-sharia is one of Islamic knowledge which, of course, has the thoughts of scholars with different concepts at every age. In every period, there were religious leaders, while in modern times like today,

there are Islamic scholars who are experts in the field of maqasid sharia, namely Jasser Auda.

Maqasid al-sharia is a theory about the principles of the objectives of Islamic law developed by Muslim scholars with their own characteristics (Musolli, 2018). Jasser Auda stressed that maqasid al-sharia is very important and in accordance with the modern context. He encouraged himself to develop his thoughts on maqasid al-sharia (Imam Mawardi, 2020). Jasser Auda defined maqasid al-sharia as a branch of Islamic science that answers the scope of difficult questions and is represented by a seemingly simple word, namely “why?”. Maqasid al-sharia is a combination of good goals pursued by Islamic sharia by allowing or prohibiting something (Auda, 2008a). Jasser Auda explained that maqasid al-sharia explains the “wisdom behind decisions” such as increasing cohesion or social cohesion, which is one of the wisdoms behind generosity, so that we continue to do good to our neighbors and welcome everyone in peace (Auda, 2008b).

Previous Study

Several studies have evaluated the impact of financial assistance from the national economic recovery program on MSMEs in Indonesia. The research includes an analysis of the effectiveness and sustainability of the assistance provided. The results show that financial assistance can provide much-needed assistance to MSMEs to survive during the economic crisis caused by the Covid-19 pandemic.

Hasimi (2020) discusses the government assistance program, such as BPNT program in Merak Village, Lampung, has no effect on the welfare of the recipient’s family. Meanwhile, from an Islamic economic perspective, it can only be seen from the fulfillment of responsibilities and takaful (social security). Also, procedures to improve people’s welfare are only obtained in food needs, namely by reducing the burden of spending on food needs.

Adlan (2021) found the existence of government policies in the form of assistance for MSME business people during the pandemic. These results show the embodiment of the values of the Islamic economy, namely realizing justice, responsibility, and the creation of balance and benefit for the entire community. However, it is difficult to find the results in the field that these assistances are used on target for MSMEs.

Meanwhile, Trisnawaty et al. (2022) stated that the “Sobat Hidup Berkah” community has an important role in the sustainability of the creative

economy and has also achieved prosperity with evidence of the existence of maqasid al-sharia standards that have been met.

It is different from Aulia (2022). The innovations made by the Kudus Regency government in developing the Manpower, Industry, Cooperatives, and MSME Offices are in line with maqasid al-sharia in its points. This study uses an empirical method by looking at legal facts and their realization in people's lives.

In the research of government public policies by Apriliana (2020), the existence of government policies, namely fiscal policy, and efforts to increase national income but have not been realized in the form of appropriate policies during the time of the Prophet Muhammad PBUH and Khulafaurrashidin so that the system implemented is still not as good as expected.

In addition to the above findings, there are findings by Septiani et al. (2022). This study uses qualitative research methods with a descriptive approach. The result of this study is that the application of Government Accounting Standards implemented has not fully reached the standards. However, in terms of leadership, the government's responsibility for accountability is in accordance with the Islamic perspective.

RESEARCH METHOD

The research method used in this study is a qualitative approach with field research and descriptive methods and the Policy Analysis Process as the method of analysis. The descriptive method approach means that the data collected is in the form of words or pictures taken during field observations and then explained in detail according to the research topic. This field research involves direct observation by researchers in the field, and the results are usually documented through field notes and analyzed using various techniques (Moleong, 2018). In addition, the qualitative method approach in this research is a case study, which means an in-depth analysis is carried out on individual units, such as people or communities, with an emphasis on factors related to the environment (Merriamwebster, 2022). This approach was chosen because this research focuses on the practical analysis of each MSME actor who is the subject of research.

Data was collected through interviews, documentation, and a literature study. The informants are 11 people, which consist of regulators, MSMEs practitioners, and academics who are stakeholders in the implementation of

the NER program as well as those who understand and follow the development of the NER program. The details of the resource persons are shown in Table 1.

Table 1 List of Resource Persons Based on Groups and their Origins

No	Resource Group	Amount	Qty	Institution
1	Regulators	2	1	Directorate General of Budget, Ministry of Finance of the Republic of Indonesia
			2	Head of Cooperatives and MSMEs Office of East Java Province
2	MSMEs Practitioners	8	1	Sambel Dede Satoe, Surabaya
			2	Traditional Jamu, Jugo Market Lamongan
			3	Fishery Catfish, Sidoarjo
			4	Maqil Shop, Nganjuk
			5	Khinza Mulia, Jombang
			6	Rika's Craft, Surabaya
			7	Anugerah Maha Perkasa, Malang City
			8	Zahraya Collection, Ponorogo.
3	Academics	1	1	Islamic Economics, UNIDA Gontor

Source: data processed by the researcher

The reason for using the Policy Analysis Process method for data analysis is because it provides information to policymakers, which can be used to solve community problems. In addition, policy analysis also aims to improve the quality of policies made by the government. This method was done in three major steps. First, conduct in-depth interviews with experts, practitioners, and regulators to fully understand the problems engaged to the implementation of the NER program in Indonesia. Second, the results of these interviews were used to develop appropriate policy analysis processes and then to prepare a questionnaire to collect data from respondents. Third, a retrospective model of policy analysis is used to analyze information development after the policy action is taken (Dewi, 2020). This information will be obtained later by policymakers to solve problems as well as improve the quality of policies that have been made by the organization or government agencies.

RESULTS AND DISCUSSION

According to Jasser Auda, *maqasid al-sharia* includes several types of needs, namely *ad-dharuriyat*, *al-hajjiyat*, and *at-tahsiniyat*. *Ad-dharuriyat* is an essential need that must be owned by someone in his life, such as maintenance and protection of religion, soul, mind, lineage, and property. Meanwhile, *al-hajjiyat* is a need that is less vital than *ad-dharuriyat*, such as the need for marriage, trade, and transportation. Nonetheless, Islam encourages its people to meet this need and has regulated the relevant regulations in Islamic law. Meanwhile, *at-tahsiniyat* refers to needs that beautify life, such as fragrances and beautiful clothes. This research focuses on the implementation of the NER program, administered by the Indonesian government, with the primary objective of providing assistance to MSMEs during the challenging period caused by the Covid-19 pandemic. The program is a part of the government's efforts to safeguard and support the well-being of MSME actors, aiming to protect their religion, soul, property, honor, and descendants.

The results of literature studies and interviews with experts (resources) who understand and are involved in the NER program are arranged into several criteria and sub-criteria that are used as the basis for determining the model of NER program implementation and implication for developing sustainable MSMEs programs. Based on the results of interviews with experts and informants, there was a narrowing of aspects of the problems that arise in the issuance of the NER program, which was originally divided into four important aspects, namely: formulation, implementation, performance, and environment into three essential aspects, namely: formulation, implementation, and environment. There are 7 problems in all aspects, including 2 problems in the formulation aspect, 2 problems from the implementation aspect, and 3 problems from the environmental aspect. The details of the problem from each aspect are described as follows:

Formulation

The definition of the formulation here is the activity of compiling and developing the necessary actions to solve problems. This aspect has two problems including:

- a) Insufficient time and resources available
- b) Weakness of the rationale (theoretical)

Implementation

In this case, implementation is seen after a legitimate directive has been issued from a policy that includes efforts to manage inputs to produce outputs or outcomes for society. Details of the problem in this aspect, including:

- a) Inaccuracy of policy objectives with outcomes
- b) The duration of the impact of a policy

Environment

The environment is a spatial unit with all objects, power, conditions, and living things, including humans and their behavior, that affect the life and welfare of humans and other living things. This aspect has three problems, including:

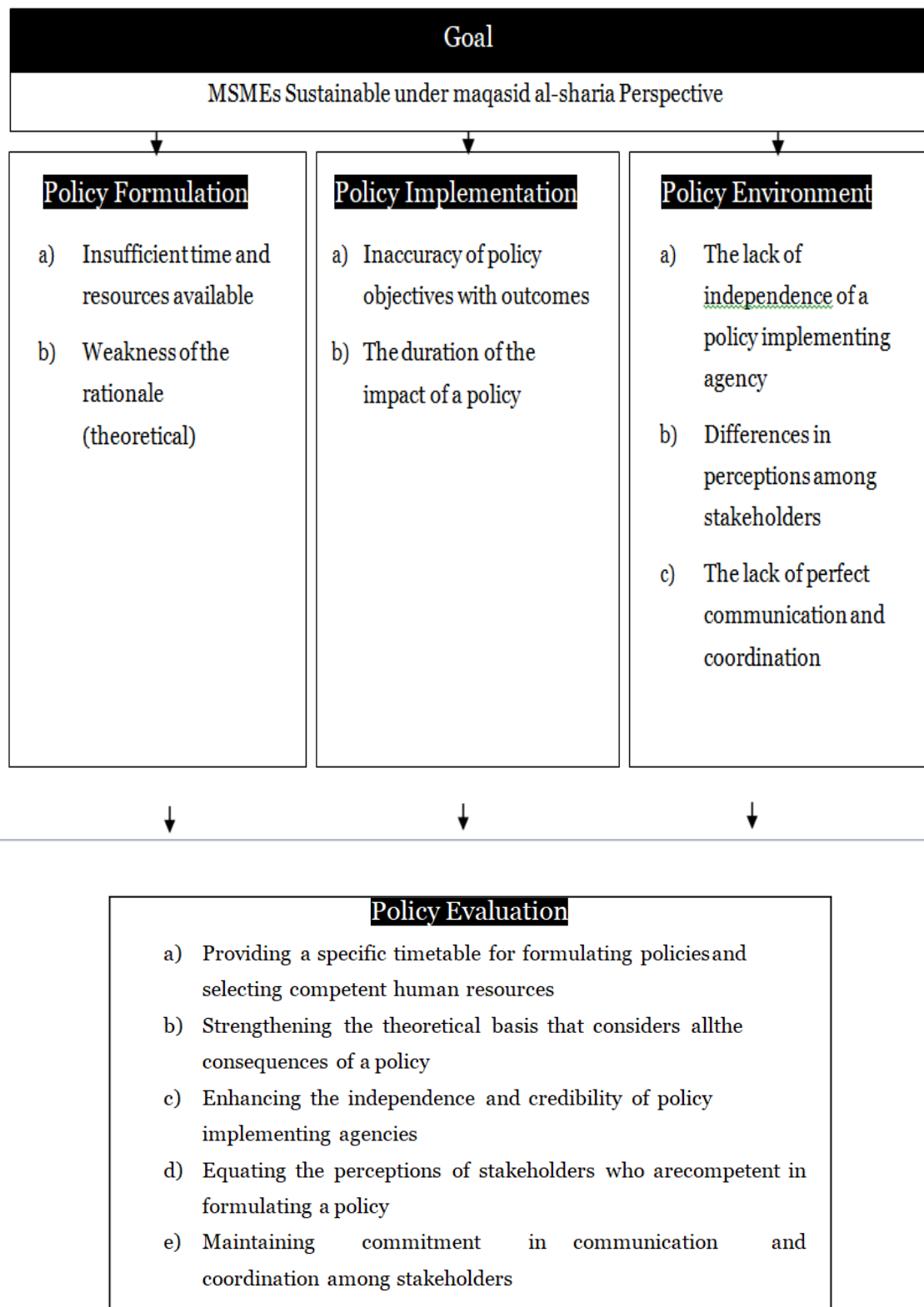
- a) The lack of independence of a policy-implementing agency
- b) Differences in perceptions among stakeholders
- c) The lack of perfect communication and coordination

From these problems, several alternative solutions were identified, including the following:

- a) Providing a specific timetable for formulating policies and selecting competent human resources
- b) Strengthening the theoretical basis that considers all the consequences of a policy
- c) Enhancing the independence and credibility of policy-implementing agencies
- d) Equating the perceptions of stakeholders who are competent in formulating a policy
- e) Maintaining commitment in communication and coordination among stakeholders

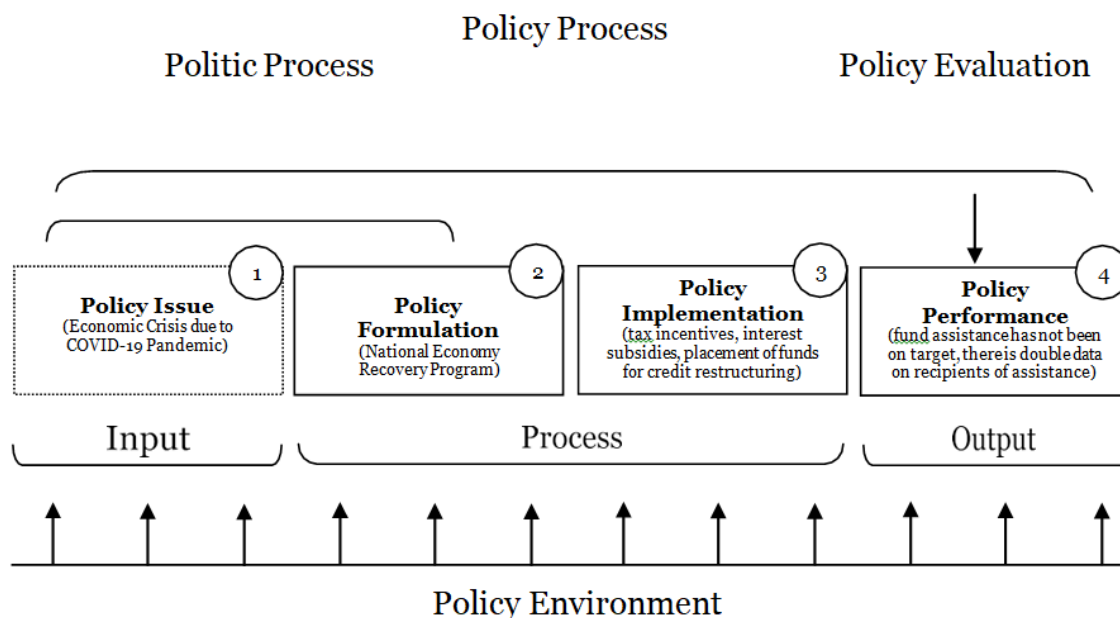
Based on the identification of problems, alternative solutions, and policies for developing the sustainability of MSMEs in Indonesia that have been stated above, the policy analysis model is then formed, as shown in Figure 1.

Figure 1. Public Policy Dimensions as the Focus of Policy Evaluation



Source: Primary data processed

Based on the Policy Analysis Process model that has been compiled, the results of the priority analysis are obtained for each aspect of the problem and solution. In every aspect of the problem, it will be seen which problems dominant/priority and which problems are not dominant.



Technically, almost all MSMEs in Indonesia got fund assistance from the central government through each regional government, including East Java province, where all assistance depended on the abilities, needs, and skills of MSMEs in each region. However, it is noted that not all regencies or cities in East Java Province are fighting for NER loan funds from the Central Government because they see that the condition of their regions is likely not to be worse than other regions that need more assistance. Among the regencies or cities registered to get NER loan assistance in this study successfully are Malang, Nganjuk, Ponorogo, Lamongan, Jombang, Surabaya, and Sidoarjo. Moreover, districts or cities that are estimated to have not been infected by the Pandemic outbreak were not yet a priority to be given loan assistance or grant assistance from the NER program.

The impact of the Covid-19 pandemic on businesses managed by MSMEs in East Java from the negative side is a decrease in turnover and difficulties in distributing goods. Several MSMEs experienced total paralysis in their business operations during the pandemic, not because of a disaster,

but even their businesses collapsed instantly. The positive side that MSME business people can take advantage of is increasing sales in Marketplaces and online shops, and increasing creativity and innovation in trying to improve their business amid the Covid-19 pandemic. However, there are several MSMEs that are still stable amidst the shocks of the crisis during the Covid-19 pandemic by making new products that adapt to the needs during the pandemic, such as convection MSMEs in Ponorogo which are engaged in producing masks from previously producing uniforms and other types, or souvenir MSMEs in Malang, which turned out to have two types of businesses, namely the fruit and snack business, where the snack business was the main product during the pandemic.

The assistance received by MSMEs recorded as informants in this study is of various types, such as capital loans, Direct Cash Assistance (BLT), basic necessities or production materials, and others. The amount of assistance also varies. The results of interviews from various informant sources showed that the assistance provided ranged from IDR200.000 to IDR10.000.000 - as a *grant* and IDR200.000.000 - as capital loan funds provided directly in cash or through transfers to business people's accounts or special accounts created by the local government to distribute assistance. Financial support in the form of grants is particularly provided to Micro and Small Enterprises (MSEs) with the aim of facilitating the endeavors of micro and small entrepreneurs since a significant proportion of them operate outside the purview of official business structures. Meanwhile, medium-sized enterprises that already have formal status are given assistance in the form of loans with subsidized interest by the government.

Some of these assistances have various ways of distributing them, including: once giving cash, namely to MSMEs in Jombang, Lamongan, and Nganjuk, twice periodically with different nominals in cash, namely to MSMEs in Ponorogo and Surabaya, namely Rika Craft, twice periodically with the same nominal amount, namely to MSMEs in Sidoarjo and Malang, and once with a nominal amount adjusting to the needs of the intended MSMEs such as MSMEs in Surabaya, namely UD. Dede Satoe. However, there are also MSMEs that are given the amount of assistance that is considered insufficient to adjust to the needs of these MSMEs in this study are MSMEs in Sidoarjo managed by Muhammad Su'ud.

The assistance that has been distributed by their respective regional governments has actually had a positive impact on every MSMEs in East

Java. Among the positive impacts of government assistance through the NER program are additional capital and production funds so that they can rotate these funds for business continuity, add shortages to the business being run, buy production equipment such as convection MSMEs by Baiq Yeni in Ponorogo and needed materials such as catfish feed by Muhammad Su'ud in Sidoarjo, the assistance is also used to provide workers' salaries, so that they can restore the business as it should be even though it is not as optimal as it was before the crisis due to the Covid-19 pandemic.

Some MSMEs businesses can even expand their business reach to agencies such as Baiq Yeni's convection business in Ponorogo and also expand the export range of production goods such as Dede Satoe in Surabaya. Although for some MSMEs who can still struggle in the midst of a crisis storm during a Pandemic such as FYB Anugerah Maha Perkasa in Malang, it does not look like they need help from the Regional Government, but for these MSMEs, the assistance provided is a little helpful for the business being run, namely, to add all the shortcomings to their business. The following is a statement of the nominal income of MSMEs business informants in this study:

Table 2. Statement of the Income of MSMEs Business Informants

Business Name	Before the Covid-19 Pandemic	Covid-19 Pandemic Period	After the Pandemic (Proceeds from the Amount Government Aid)	MSMEs Type
UD. Dede Satoe	IDR 1.3 billion	IDR 500 million	Production Increases	Small Business/ Formal
Zahray a Collection	IDR 5 million	IDR 2-3 million	IDR 5 million	Micro Enterprises/ Informal
Khinza Mulia	IDR 2.5-5 million	Hundred thousand	IDR 2.5-4 million	Micro Enterprises/ Informal
Toko Maqil	IDR 700k	IDR 500k	Selling Goods Increase	Micro Enterprises/ Informal
Ternak Lele	IDR 5.4 million	IDR 4.5 million	IDR 5 million	Micro Enterprises/ Informal
FYB Anugerah Maha Perkasa	IDR 7-8 million	IDR 6 million	IDR 7-8 million	Micro Enterprises/ Informal

Jamu Tradisional	IDR 200k	IDR 100k	IDR 150k	Day	Micro Enterprises/ Informal
Rika's Craft	IDR 5-7 million	IDR 600k	IDR 4 million	Month	Micro Enterprises/ Informal

Source: Informants of MSMEs Business

The tangible results provided by the government's assistance through the National Economic Recovery (NER) Program to MSMEs have proven to help the sustainability of MSMEs in East Java with increasing income and production after the economic crisis during the 2020-2022 Covid-19 Pandemic. Workers who were previously forced to be laid off can return to work as before, and even government assistance can be used temporarily to pay the salaries of workers in MSMEs. This proves that assistance from the government is very important in the precarious situation of an economic crisis during the past pandemic.

In terms of maqasid al-sharia, which is described by Jasser Auda as the father of contemporary maqasid al-sharia, it shows that the six principles in leading to *falah* or *maslahah* (benefits) in maqasid al-sharia, namely the preservation of religion, wealth, soul, descendants, reason, and honor have been achieved from the assistance provided by the government through the NER program to MSMEs in East Java Province. The preservation of religion is shown by the appreciation expressed by MSME company owners who receive grants and subsidies, as well as capital fund loans from local governments, to support their firms. The crux of the advantages derived from maqasid al-sharia, as identified by Jasser Auda, primarily resides in the preservation of religion. If the preservation of religion has been effectively accomplished, it may pave the way for the attainment of other objectives. This is due to the fact that in the Islamic economy, Tauhid serves as the fundamental principle underlying all aspects of Islamic economic domains.

Next is the preservation of wealth, with evidence of the increasing income of MSMEs business people in East Java after receiving assistance. Even though some of them have not matched their previous income before the Covid-19 pandemic hit, the income of each MSMEs business person increased considerably compared to the crisis during the pandemic. Also, the existence of such assistance is part of the state's wealth that has succeeded in achieving the goal of "public welfare" as described in the concept of maqasid al-sharia by Jasser Auda.

Soul preservation is shown by the physical and spiritual health of MSMEs business people with which they can return to running their businesses more creatively and innovatively. Descendants' preservation is seen by the increase in income from the crisis during the pandemic after receiving government assistance which makes the needs of the family met again; even government assistance by some informants can be used to meet the needs of families that have not been fulfilled.

Reason preservation is meant by the ability of MSMEs business people to think hard, innovate, and be creative in fighting for and rebuilding the business they run after the downturn occurred in their business during the Covid-19 pandemic with additional funds from local government assistance through the NER Program. Meanwhile, the evidence of Honor preservation is that the MSMEs business people can still fully hold their business and run it again so that there is no bankruptcy and leads to poverty or even unemployment, even some of the MSMEs business people can provide job opportunities for other people.

Although there is still an inequality in the provision of assistance provided to the needs of MSMEs and a less efficient period of time, the assistance still positively affects every MSMEs business that gets it. In addition, the MSMEs business people hope that the assistance provided will not only be limited to funds or production materials but also to training and learning to maintain their business, such as training on the use of marketplaces or other social media.

The evidence of the informants' statements shows that the actions taken by the government in overcoming the economic crisis caused by the Covid-19 pandemic are quite in accordance with what was taught by the Prophet Muhammad PBUH and Caliph Umar ibn Khattab when facing the economic crisis on their era. The policies pursued by the central government and regional governments have met Islamic standards in fighting for the welfare and benefit of the people.

In terms of policies in times of crisis due to the pandemic, the sense of responsibility in carrying out the suffering of the crisis with complete example has been carried out optimally by the government of Indonesia. The existence of technical countermeasures activities is included in the process of meeting psychological resilience in society, especially in terms of economics. Assistance and *ta'awun* taking into account all possibilities have been carried out by the central and regional governments. Not only in

terms of the economy but also in terms of health and social aspects of the community are also very concerned.

CONCLUSION

Based on the results of the study, it was found that, in general, there is a positive impact between the implementation and implications of the NER program, which is aimed at developing a sustainable MSMEs program, especially in the province of East Java. As for the NER program run by the government to stabilize the national economy after the economic crisis due to the Covid-19 pandemic, especially for MSMEs in the East Java Province, it is considered very helpful for MSMEs business actors and is of sufficient quality so that the benefits through maqasid al-sharia were achieved. The procedures carried out by the government were sufficiently qualified, as the Prophet Muhammad PBUH and the Caliph Umar ibn Khattab handled the economic crisis of his time. However, problems arise in implementing the NER Program, and these problems are divided into three important aspects, including formulation, implementation, and environment.

From these aspects, the most important problems are obtained; in the aspect of the formulation, from several existing problems, the most important problems of concern are insufficient time and resources available and weakness of the rationale (theoretical); in the implementation aspect, from some of the existing problems, the most important problems of concern were inaccuracy of policy objectives with outcomes and the duration of the impact of a policy; in the environment aspect, from some of the existing problems, the most important problem of concern is the lack of independence of a policy implementing agency, Differences in perceptions among stakeholders, and the lack of perfect communication and coordination.

There are several alternative solutions to answer the problems in the policy of the NER program towards MSMEs sustainability as follows: 1) Providing a specific timetable for formulating policies and selecting competent human resources, 2) Strengthening the theoretical basis that considers all the consequences of a policy, 3) Enhancing the independence and credibility of policy implementing agencies, 4) Equating the perceptions of stakeholders who are competent in formulating a policy,

5) Maintaining commitment in communication and coordination among stakeholders. Among the five alternatives proposed, none of them has a clear dominance. Hence, it is essential to concurrently execute all five

solutions in order to effectively establish a sustainable program for Micro, Small, and Medium Enterprises (MSMEs).

The limitation of this research lies in the small number of expert resource persons who have long experience in the development programs of sustainable MSMEs. In the future, research can be developed by exploring various sources from abroad who have successful experience in running the sustainable MSMEs development scheme.

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