

IMPACT OF THE COVID-19 PANDEMIC FOR MSMEs IN EFFORTS TO INCREASE INCOME

¹Stepanus Sandy^{*)},²Rulan L. Manduapessy, ³Johanis Nifanngeljau, ⁴Tharsisius Pabendon

^{1,2,3,4} Sekolah Tinggi Ilmu Ekonomi Jambatan Bulan

Email: ¹stepanussandy09@gmail.com^{*)}; ²ruanmanduapessy01@gmail.com;
³johannifan05@gmail.com; ⁴asispabendon@hotmail.com

*)Corresponding Author

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Abstract

The purpose of this research is to directly find out that there is a COVID-19 outbreak that has a much bigger impact on Micro, Small and Medium Enterprises in an effort to increase income. This research was conducted in Pasar Rentra Village, Mimika Baru District, Mimika Regency. This research uses a qualitative descriptive method as well as data or information collection techniques in the form of ongoing interviews with 10 informants who have the profession of Micro, Small and Medium Enterprises as representatives of MSMEs in the Mimika Baru District Rentra Market. The results found in this research are regarding the spread of the existing COVID-19, so that it will directly have a very significant impact on Micro, Small and Medium Enterprises. The impact is grouped into several parts, including: (a) income has decreased drastically; (b) lack of consumers; and (c) raw material prices have increased. Therefore, it is necessary for MSMEs to be able to sell online, open a side business, provide good service, and pay attention to the quality of the goods to be sold.

Keywords : *Impact of COVID-19, MSMEs, Business Income.*

1. INTRODUCTION

The COVID-19 pandemic, which is increasingly spreading throughout the world, including the Republic of Indonesia, will directly have a very significant impact on the economy in Indonesia, one of which is the Micro, Small and Medium Enterprises economic sectors. On the other hand, the economy is something that is much more important to the standard of human life, and it can be seen that if someone is able to compete directly with the level of needs, on the other hand, the economy can be interpreted as one of the activities that is much more important to the standard of life in society. Which can be seen if someone is directly able to compete both in terms of economic needs and directly in carrying out and improving the standard of living (Hanoatubun 2020). As stated by Hadiwardoyo (2020), basically the direct spread of COVID-19 can provide an action that has a significant impact on the level of the economy in the Republic of Indonesia, which has

reached 5.3%, which will experience various levels that will be able to predict the level of economic growth reaching 2%.

The economic system is the system used by a country to allocate the resources it has to both individuals and organizations in that country. However, since this pandemic, the country has experienced an economic crisis that is expected to be weaker than previous years. The Minister of Economy said that economic growth could be depressed to a level of 2.5% to 0%. This can happen when a good and appropriate prevention strategy is not implemented to overcome this, currently, the country has added intensive care for health workers by 20%, and the number of health sectors is 6.1 trillion at this time. This is also a concern for the global economy at this time, including ASEAN countries.

MSMEs can directly provide income or a higher level of contribution to the internal environment as well as the external environment. Micro, Small and Medium Enterprises can be defined as one of the potentials that can be promoted by government levels because the business population increases, so poverty in society will also increase. Therefore, if the economic system in a country becomes stronger, the region can benefit from natural resources and local financing systems. Even though Micro, Small and Medium Enterprises have a level of expertise that will enable them to progress and survive in turbulent situations, there is a lot of data that says that not always Micro, Small and Medium Enterprises will be able to survive in such situations.

The economic downturn in the Micro, Small and Medium Enterprises sector can be said to be the impact of the spread of COVID-19. Specifically, this will be done by providing assistance or incentives to tourism companies, even to the extent of minimal payments on loans to Micro, Small and Medium Enterprises, as well as by creating a contact center for complaints from Micro, Small and Medium Enterprises and cooperatives. The government has taken action that could be related to the slow economy and the spread of COVID-19 (Bhatiar *et al.* 2020).

MSMEs that are developing in the Rentra Market, Mimika Baru District, Mimika Regency are businesses that are known to be a source of income for families, both in the form of various types of businesses and individuals and parties who need them; therefore, they will be able to directly supplement their needs. The Mimika Cooperatives and SMEs Department is also carrying out development from various sides, especially on the MSME side, which has a budget of Rp. 4,692,960,000, Phase II 2018 at Rp. 1,244,200,000, and Phase III 2019 at Rp. 14,905,590,000. Therefore, the level of trust of the local government has a large policy side in supporting the development of cooperatives and MSMEs in Mimika as well as providing facilities for the needs of the MSME layer (Elfrida 2020). The role of MSMEs in the Mimika Baru District Rentra Market, Mimika Regency, is very important in increasing the income of families and the communities involved. MSMEs really need a strategy that will also be able to have an influence on income, and apart from that, it can also address various obstacles found at the MSME level in the Rentra Market, Mimika Baru District, Mimika Regency. In the midst of the spread of COVID-19, which is currently spreading throughout the world, entrepreneurs operating in MSMEs are experiencing problems related to generating income from the businesses run by each entrepreneur.

2. RESEARCH METHODS

The type of research that will be used in this research is descriptive-qualitative, while the location that will be used in this research is at MSMEs in the Rentra Market, Mimika Baru District, Mimika Regency. The type of data or information that will be used in this research can be grouped into several sections, including documentation, observation, interviews, and techniques. The data analysis that will be used in this research is data reduction, presentation, and conclusion.

4. RESULT AND DISCUSSION

The spread of COVID-19 in the current situation can be said to be a disaster for countries that are more specific to health and the economy. An action that focuses on developing the economy nationally, namely MSMEs, is one of the foundations that will encourage a popular mechanism that will in no way show a problem related to the system of inequality between groups and between business people, or the assignment system, to be able to advance from poverty to prosperity. The level of development of Micro, Small and Medium Enterprises will directly expand the resilience of the global economy. One of the things is that the existence of Micro, Small and Medium Enterprises is getting better at that time. Micro, Small and Medium Enterprises will directly be able to provide a visible contribution with the aim of strengthening the economy in society. Meanwhile, at present, Micro, Small and Medium Enterprises have carried out a social tradition where Micro,

Small and Medium Enterprises are directly able to maximize the economy and society, where life patterns will always be prioritized within the scope of Micro, Small and Medium Enterprises.

When there is a disease that spreads throughout the world, especially in NKR, namely the spread of COVID-19, it will directly be able to provide a rule to be able to overcome and minimize the spread of COVID-19. This problem is subordinate to the spread of COVID-19, which will cause levels of anxiety at various levels of society. The government will directly be able to issue rules and policies for levels of society to be able to carry out activities remotely, with the aim of breaking the chain of the spread of COVID-19. However, the reality is that it is very difficult for the social strata to achieve this, which has much more optimal social characteristics. One of the policies implemented has a purpose. However, the reality is that it is very difficult for the social strata to achieve this, which has much more optimal social characteristics. One of the policies implemented has a purpose.

The impact of the spread of COVID-19 is very influential on Micro, Small and Medium Enterprises. This is very visible among MSMEs in the Central Market Village, Mimika Baru District, Mimika Regency, who have been affected by COVID-19 because their merchandise is not selling due to a lack of consumers. The current spread of the coronavirus is one of the disasters faced by the world, which can pose a threat to the health aspects of society. However, the spread of COVID-19 also causes a threat to the national economy. Therefore, the economic system at the social level will be able to experience a much higher impact from the spread of COVID-19.

Based on the financial report, the total income of 10 MSMEs that were interviewed before and after the COVID-19 pandemic was obtained. The data is presented in the following table.

Table 1
Income of 10 MSMEs in Pasar Sentral Subdistrict, New Mimika District,
Mimika Regency Before and after the pandemic (2019–2021)

Business Name	Annual Income		Percentage (%)
	Before the pandemic	After the pandemic	
Usaha Buah Salam Dua	Rp 1.800.000.000	Rp 1.080.000.000	40%
Usaha Dagang Kios	Rp 1.440.000.000	Rp 720.000.000	50%
Usaha Kuliner Friska Juliana Sianipar	Rp 36.000.000.000	Rp 18.000.000.000	50%
Usaha Dagang Cotje Lidaya Nanaryan	Rp 1.800.000.000	Rp 1.080.000.000	40%
Usaha Kuliner Musriatun	Rp 900.000.000	Rp 720.000.000	20%
Usaha Kuliner Sugianti	Rp 3.600.000.000	Rp 2.880.000.000	20%
Usaha Asesoris Irsma Sesa	Rp 720.000.000	Rp 288.000.000	60%
Usaha Produk Kreatif Demiana Bokega	Rp 900.000.000	Rp 720.000.000	20%
Usaha Kuliner Uliarta Simanjuntak	Rp 36.000.000.000	Rp 10.800.000.000	60%

Source: Processed Data, 2022.

From the table above, it is known that the impact of the COVID-19 pandemic caused a decrease in income for the Salam Dua Fruit Business by 40%, the Kiosk Trading Business by 50%, the Friska Juliana Sianipar Kuliner Business by 50%, the Cotje Lidaya Nanaryan Trading Business by 40%, the Musriatun's Culinary Business is 20%, Sugianti's Culinary Business is 20%, Irsma Sesa's Accessories Business is 60%, Demiana Bokega's Creative Products Business is 20%, Uliarta Simanjuntak's Culinary Business is 60%, and Ratina Grace's Culinary Business is 40%. This can prove that there is a spread of COVID-19, which can also cause business activities to be hampered, reducing the amount of income for business people. Decreasing revenue due to a lack of customer buying.

The spread of COVID-19 will directly limit various types of activities in society when outside the home and can also break the chain of transmission of COVID-19 in accordance with the rules that have been implemented. MSME profits have plummeted due to the Covid-19 pandemic. As a business actor, you obviously don't want to experience a much greater failure, but on the other hand, in a situation like this, whether the business wants it or not, it will experience risks. If one of the business actors should be able to make considerations or create a strategy that

will never forget a recommendation given by the government, for example, carrying out any activity where health protocols should be implemented to maximize the income aspect.

Discussion

From the results of interviews with 10 MSMEs as representatives of MSMEs in a sub-district, namely in Pasar Sentral Village, Mimika Baru District, Mimika Regency, during the COVID-19 conditions, the impact on MSME businesses was maximizing the price aspect of raw materials and minimizing the power aspect. Consumers are competitive because many consumers do not dare to go outside at all, so they are not at all afraid of contracting this epidemic, and also because social distancing is enforced by the Government to prevent the spread of the COVID-19 virus, resulting in MSMEs experiencing a decline in income. The impact of COVID-19 has also resulted in a decrease in buying and selling activities among business actors with the existence of government policies that recommend social distancing by avoiding too much or too little, which has been found by experts who cannot be separated from judging to be able to minimize buying and selling activities at levels of society.

Based on data from the Ministry of Manpower as of April 20, 2020, data on the total number of companies, formal workers or laborers, and informal sector workers affected by COVID-19 was recorded. There were 84,926 companies in the formal sector who were laid off, while the number of workers or laborers was 1,546,208. Meanwhile, for the affected informal sector, there were 31,444 companies that had to lay off employees, with the number of workers affected by layoffs reaching 538,385 people. So in total, between the formal sector and the informal sector, there are 116,370 companies, and the number of workers is 2,084,593 people. This number is not a small one, the increasing unemployment rate in Indonesia could have an enormous impact in the future. It is not easy for a country to recover its economic condition quickly, especially since the unemployment rate is quite high. By temporarily closing various industrial sectors, employees are forced to agree to the decisions given.

Layoffs were also carried out due to a lack of purchases from consumers and limited exports to certain countries, which would hamper exports and reduce company income, and the company could even experience losses. This layoff is the last alternative for entrepreneurs. Before deciding to carry out layoffs, many alternatives have been implemented to avoid layoffs, such as reducing wages and facilities for top-level workers such as managers and directors, reducing working hours (shifts), limiting and eliminating overtime hours, reducing working days, and laying off or laying off workers on a temporary basis. However, with the increasing rate of spread of COVID-19, employers are forced to choose the last option, namely layoffs, because there is no income generated to be able to provide salaries or allowances to employees.

The impact of the COVID-19 pandemic has caused all business sectors to experience a decline in income due to several policies implemented by the government, which has caused a decline in MSME income in Pasar Sentral Village, Mimika Baru District, Mimika Regency, due to a lack of consumers. As found from the results of this research, it can be said that Micro, Small and Medium Enterprises can be said to be one of the foundations of the national economic level. The spread of COVID-19 will be a threat to Micro, Small and Medium Enterprises in carrying out all forms of business. An impact was found that would directly stem from the spread of COVID-19. This is because it was discovered that there were several policies relating to activities that needed to be limited, for example, stalls and shops that had to be closed. This was done to avoid crowds. This can result in a decrease in the income level of MSME actors in Pasar Sentral Subdistrict, Mimika Baru District, Mimika Regency, an increase in the price of raw materials, and an increase in the level of buyers in production output. Therefore, it is always hoped that Micro, Small and Medium Enterprises actors will be sustainable and able to stimulate the national economy.

The COVID-19 pandemic has hampered the business activities of MSME actors in Pasar Sentral Subdistrict, Mimika Baru District, Mimika Regency; therefore, another method is urgently needed

5. CONCLUSION

From the results of this research, it can be seen that the spread of COVID-19 can directly have an impact on decreasing income for MSMEs located in Pasar Sentral Village, Mimika Baru District, Mimika Regency. Therefore, it is always expected that MSME players must maintain their businesses so that they continue to run smoothly and serve customers well.

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