

The Effect of the Covid-19 Pandemic on the Economy of Micro, Small and Medium Enterprises (MSMEs) in Sinarsari Village, Dramaga District, Bogor Regency

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ABSTRACT

Since the initial announcement of Covid-19, MSMEs have become one of the worst and most affected sectors until the emergence of the PSBB and also the new normal. Many MSME business actors experience vulnerability, go out of business, and are only able to survive for a certain period, so the negative impact during the Covid-19 pandemic always accompanies the journey of MSMEs. In addition, various negative impacts during the Covid-19 pandemic have received the attention of various parties to be able to prevent and deal with problems faced by MSMEs during the Covid-19 pandemic. This study will describe the condition of MSMEs and the impact of Covid-19 on the MSME economy in Sinarsari village, Dramaga district, Bogor. This study used a qualitative approach with a descriptive research type, and data collection was carried out using deep interviews. From the results of research and analysis that have been carried out, it is known that the Covid-19 pandemic hurts the vulnerability of MSMEs in Sinarsari village. In addition, the Covid-19 pandemic has also had an impact on the decline in the economy of MSMEs in Sinarsari village, as well as affecting changes in the conditions for MSME business actors to trade with e-commerce and digital marketing to be able to survive and thrive in the face of change.

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INTRODUCTION

The impact of the Covid-19 pandemic is not only in the manufacturing sector. But also the MSME sector since April 2020. One of the efforts to restore the national economy carried out by the government during the Covid-19 pandemic was to encourage the MSME sector, which has an important role in the national economy because many workers are directly involved. Moreover, the number of MSMEs in Indonesia reached 64.19 million (99.92%) of the entire business sector. This group is also experiencing the negative effects of the Covid-19 pandemic (Bahtiar, 2021).

The Covid-19 pandemic has changed consumer behavior and the business competition map, which businesses need to anticipate due to activity restrictions. Consumers are doing more activities at home by utilizing digital technology. That way, business actors including MSMEs need to innovate in producing goods and services according to market needs. They can also develop various new business ideas/ideas that can also contribute to solving social-economic problems in society due to the impact of the pandemic (Bahtiar, 2021).

Micro, Small, and Medium Enterprises (MSMEs) are one of the business fields that can develop and be consistent in the national economy. But it can also extend to the international economy, where small entrepreneurs can export business results to foreign countries according to the demand of buyers or small entrepreneurs who are outside the country, where they can resell products that are produced domestically but have many enthusiasts abroad. Like one of the micro-entrepreneurs with natural herbal drinks (Bandrek, red ginger, and bajigur) in Sinarsari village led by Mr. Yudi, who received enthusiasts from abroad such as Arabia, the Philippines, Thailand to neighboring countries, namely Malaysia, who resold local products Indonesia. But the current situation has changed the export of this product, where all the impacts of the presence of Covid-19 have become obstacles.

The impact of the Covid-19 pandemic is not only a change in national and international economic enthusiasts (Bahtiar, 2021). This incident also had an impact on the price factor of raw materials, buying and selling to employment. Where UMKM is one of the industries that open labor vacancies for small communities. MSMEs can be a good place for the creation of productive jobs. Micro entrepreneurs can employ small communities to become employees. However, the existence of this pandemic has resulted in a decrease in enthusiasts, so the reduction in employees continues to recede (Nabilah, Nursan & Suparyana, 2021). As experienced Mr. Yudi felt this way, where previously he had 8 employees but as time went on the employees continued to reduce, currently, there is only 1 employee left to produce orders every time there is an interest in producing natural herbal drinks which become small businesses that provide small communities get a job.

In a situation of economic crisis like this, the MSME sector needs special attention from the government because it is the largest contributor to GDP and can 19 Vol. XIII, No.10/II/Puslit/May/2021 is a mainstay in absorbing labor and substituting the production of consumer or semi-finished goods. Especially amid positive sentiment that economic conditions will improve this year, the MSME sector must be able to take advantage of the current economic growth momentum to recover (Bahtiar, 2021).

RESEARCH METHOD

This study uses qualitative methods with data collection tools, namely in-depth interviews. Against one of the MSME entrepreneurs in Sinarsari village, Dramaga sub-district, Bogor district, which produces natural herbal drinks (Bandrek, Red Ginger, and Bajigur). Interviews were conducted by researchers who went directly to the production site while still implementing health protocols by existing regulations. Interviews were also conducted by asking for permission to record sound and photos as research documentation.

In addition, the type of research used in this study is descriptive which according to Neuman quoted from (2014) Bahtiar (2021) aims to provide an overview using words and numbers and present profiles (problems/problems), classification of types or outline of research stages Besides that, this approach also documents causal processes or mechanisms and reports the background or context of the situation on new issues. This type of descriptive research is used to provide an overview in words or numbers, presenting a profile, classification of types, or an outline of the impact of the Covid-19 pandemic on the MSME economy. Apart from that, this type of descriptive research is also used in documenting and reporting cause and effect, background or context of the influence of the existence of Covid-19 which has had an impact on the MSME economy in Sinarsari village.

LITERATUR REVIEW

Micro, Small and Medium Enterprises, MSMEs are businesses that have a fairly high role, especially in Indonesia. With a large number of MSMEs, there will be more job opportunities for the unemployed. In addition, MSMEs can also be used as a source of income, especially in rural areas and low-income households. The role of MSMEs cannot be doubted in supporting increasing people's income (Nalini, 2021).

There are several definitions of MSME, including Small business is a productive economic business whose business is independent, which is carried out by individuals or business entities that are not subsidiaries, controlled or become part, either directly or indirectly, of medium-sized businesses or large businesses that meet the criteria for small businesses as stipulated referred to in the law. Meanwhile, micro-enterprises are productive economic enterprises whose implementation is independent and is carried out by individuals or business entities that are not subsidiaries or non-subsidiaries of companies that are owned, controlled, or become part of either directly or indirectly (Nalini, 2021).

The impact of Covid-19 on the Indonesian economy has had a late impact on jobs, especially in the four main sectors of the Indonesian economy, namely trade. Allegedly this has caused the economic activity of product trading to drop drastically. One of these impacts resulted in a high production decline which created unstable product management. Problems with exports and imports were also another impact that caused the

drop in business earnings to decrease. The impact of Covid-19 does not only disrupt the export and import sectors but also attacks the trade sector (Nabilah, Nursan & Suparyana, 2021).

Another impact of Covid-19 on MSMEs includes a decrease in sales turnover, causing a decrease in income by business actors. This is due to reduced community activities outside the home, reduced public trust, and difficulty obtaining raw materials (Central Bureau of Statistics, 2021). Likewise, business actors in Sinarsari village led by Mr. Yudi have experienced a decrease in turnover due to reduced interest and fairly strong competitive prices. But the MSME leader with this type of natural herbal drink in Sinarsari village is optimistic about the quality created for the products he produces, "the most important thing in a product is the raw material, the price can be highly competitive and the quality is also, of course, competitive" explained Mr. Yudi (Leader of the UMKM village Sinarsari, Dramaga sub-district, Bogor district).

RESULTS AND DISCUSSION

Since the official announcement of the existence of Coronavirus Disease 2019 (Covid-19) in Indonesia in early March 2020, various forms of efforts have been made to deal with the spread of Covid-19, various government policies and decrees began to be enforced during the Covid-19 pandemic.. government efforts in Large-Scale Social Restrictions (PSBB), health protocols, and new normal have become the government's scenario in preventing and tackling the spread of Covid-19 (Ihza, 2020). However, the various policies and regulations enacted have created new problems in the social, cultural, and economic fields of society. One of the sectors affected by government policies and decrees during the Covid-19 pandemic is the business sector, starting with micro, small, and medium enterprises (MSMEs) (Central Bureau of Statistics, 2021).

As said by Mr. Yudi the MSME leader from Sinarsari village, Dramaga sub-district, Bogor district. In the in-depth interview session, he said that the MSME business that Pak Yudi is currently running has been running since 2011, his business is very fast and he is getting a lot of fantastic income. However, at the beginning of March 2020, the business dropped in merchandise marketing due to the impact of Covid-19. He also explained that based on economic growth, the implementation of the PSBB as a form of strong intervention in minimizing the spread of Covid-19 could reduce economic growth more severely than the minimal intervention scenario related to the handling of the Covid-19 pandemic. However, in the long term economic growth strategy can be more depressed if what happens is intervention or related to the handling of the Covid-19 pandemic. So that the economic losses arising from the strong intervention strategy are much lower than the economic losses from the minimal intervention scenario.

In addition, he also explained that the impact of the Covid-19 pandemic on the business activities of MSMEs in Sinarsari village could be seen from the decrease in turnover, reduced orders, and decreased income as well as other constraints related to business activities such as production, marketing, and distribution. Some of the MSME business actors in Sinarsari village who were affected during the Covid-19 pandemic always tried to maintain their businesses, apart from that several other MSME business actors tried to divert their business activities into other types of businesses to continue to earn income. So that MSME actors in Sinarsari village expect financial assistance or business capital, product marketing, basic needs, and need medical equipment that can support the production process, maintain business, and earn income during the Covid-19 pandemic.

"Various things that were affected during the Covid-19 pandemic in MSMEs were product absorption, raw material availability, and the distribution process," said Father Yudi, who is always the MSME leader in Sinarsari village. The condition of MSMEs in Sinarsari village during the Covid-19 pandemic was the part that was hardest hit and affected which caused the vulnerability and death of MSMEs. Therefore, the efforts of various parties are needed to prevent and handle this condition. Therefore, the contribution of MSMEs should be an important concern for the government to help restore and revive MSMEs in Indonesia with various government assistance and policies that can support MSME businesses during the Covid-19 pandemic (Ihza, 2020).

CONCLUSION

As is well known, during the Covid-19 pandemic, various regulations were enacted, which had an impact on the health, social, cultural, and economic sectors of the community. MSMEs as one of the sectors that experienced a significant impact during the Covid-19 pandemic have led to the involvement of various parties ranging from the government, MSME business actors, and workers or the general public to be able to survive and develop themselves and MSME businesses. However, so many of the various business sectors have experienced negative impacts, making MSMEs so vulnerable, experiencing setbacks, or being able to survive within a certain period.

The Covid-19 pandemic has indeed had an impact on the MSME economy in Sinarsari village, where several MSMEs were faced with a vulnerable condition, went out of business (died), and survived for a certain

period. This condition has become a dilemma and haunted MSME business actors in Sinarsari village to be able to improve themselves and develop their business during the Covid-19 pandemic, which is not yet known when it will end.

Every business certainly has internal and external challenges and impacts. Especially micro, small, and medium entrepreneurs (MSMEs) who continue to be attacked by the instability of production gains. Moreover, the current situation is increasingly unstable in all fields. Starting from the economy, society, and education, namely with the occurrence of the Covid-19 pandemic. The decline in the economic field certainly makes small entrepreneurs have to keep trying to have a capable strategy to continue selling products. In this case, it has to do with the impact resulting from the Covid-19 pandemic including price competition, abnormal raw material prices, and a lack of manpower.

To the conclusions above, it is necessary to convey some constructive suggestions or recommendations for the future. Correlation and synchronization between MSME business actors and the government are important elements to jointly maintain economic stability at the micro and macro levels, bearing in mind that the MSME sector is one of the sectors that can survive in the face of an economic crisis. In addition, increasing the insights and abilities of MSME business actors in Sinarsari village related to digitalization and e-commerce is important for MSMEs to be able to survive and/or compete during the Covid-19 pandemic. So vulnerable conditions, out of business, and survival for a certain period can be overcome by trading in e-commerce and digital marketing.

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