The Impact of the Covid-19 Virus on the Development of Micro, Small and Small Enterprises (MSEs) Partners of LPPM Untag Surabaya

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ABSTRACT

The corona virus that is spreading in several countries including Indonesia has a very significant impact on social and economic life, this is because the impact of the virus can cause death, and this has been found in several provinces in Indonesia. The impact of this virus is very influential on the national economy, including the existence of Micro and Small Enterprises (MSEs). Likewise, what has happened to MSEs that have become LPPM Untag Surabaya Partners. UMKS who have become LPPM Partners include those who are doing business in the fields of batik, handicrafts, food and beverages and others. UMKS which became the respondents in this study were: 1. Teyeng Batik UMK, 2. Kartini Bordi UMK, 3. Kanta Craft UMK, 4. ESM Collection UMK, 5. Cassava UMK, 6. Delicious UMK. The title of this research is the Impact of the Covid-19 Virus on the Development of Micro, Small and Small Business Partners of Lppm Untag Surabaya. Problems in research: How is the impact of Covid-19 on the Business Activities (UMK) of LPPM Untag Surabaya Partners and how these MSEs overcome the problem. Research objectives: 1. To find out how the condition of Covid-19 has an impact on the business activities of UMK Partners LPPM Untag Surabaya. 2. How can UMK partners of LPPM Untag Surabaya solve the problem. Research Outcomes: 1. Research reports that can be used as input for SMEs LPPM Partners in running their business, 2. Scientific journals with ISSN or accredited journals / SINTA. The research method used is descriptive qualitative method. The results showed that the Covid-19 pandemic had a tremendous impact on the development of the MSEs of the LPPM partners under study, namely the average decreased up to 90%. Meanwhile, MSEs for food products decreased by 70%. 2. All MSEs maximize their online sales by using social media such as Facebook, Instagram, WhatsApp. The solution made by most of the LPPM partner MSEs shifted their business by making masks, food and taking orders outside of their usual business.

Keywords: Covid-19, Micro Business, Small Business

1. Introduction

The corona virus that is spreading in several countries including Indonesia has a very significant impact on social and economic life, this is because the impact of the virus can cause death, and this has been found in several provinces in Indonesia. The impact of this virus is very influential on the national economy, including on the existence of MSMEs.

According to the Minister of Cooperatives and MSMEs, the government is aware that the Covid-19 virus has an impact on the national economy. The Ministry of Cooperatives and SMEs opens a complaint channel (hotline) through the Call Center. This Call Center functions to find out the business conditions of Cooperatives and SMEs who are affected by the covid-19 virus outbreak. There are various reports from MSME actors, and those who complain about a decrease in demand, some do not dare to open their business because they are afraid that people are afraid to directly interact, some have disrupted the distribution of goods and various other complaints.

The number of MSMEs in East Java is quite large, this has contributed greatly to the realization of investment. East Java’s investment realization in 2017 amounted to IDR 152.39 trillion, while in the first semester of 2018 it was IDR 95.95 trillion, an increase of 22.87 percent from the same period in 2017. From these data, in 2017 the contribution of PMDN Non Facilities reached 56.34 percent, and in the first semester of 2018 this increased to 74.36 percent. This indicates that MSMEs dominate non-facility PMDN and become the main source of driving the economic development of East Java in the midst of a dynamic global economy. This increase is in line with the rapid growth of MSMEs in East Java, which based on the national economic census, East Java’s MSME population has experienced significant growth, from 6.8 million in 2012, increasing to 9.59 million in 2017. Of the 9.59 million MSMEs, as many as 4.61 million MSMEs in the non-agricultural sector, and 4.98 million MSMEs in agriculture. The growth of the cooperative and UMKM sectors has had a positive impact on reducing unemployment and poverty rates in East Java. This is because this sector is able to absorb 18.95 million workers. When compared with the existing workforce of 20.16
With the Covid-19 pandemic, it will have an impact on the development of MSME businesses, especially Micro and Small Enterprises, in running their business. It has a positive impact on reducing unemployment and poverty rates in East Java. This is because this sector is able to absorb 18.95 million workers. When compared with the existing workforce of 20.16 million, then more than 90 percent of the workforce is absorbed by MSMEs. (jatimprov.go.id, 15 August 2018). With the Covid-19 pandemic, it will have an impact on the development of MSME businesses, especially Micro and Small Enterprises, in running their business.

Likewise, what happened to Micro and Small Businesses that had become LPPM Untag Surabaya Partners. UMKM partners were accompanied by several lecturers by introducing equipment and machines, banners and brochures and some of them with product packaging, as well as business assistance and training and training on the use of equipment after being introduced. The equipment needed by MSEs. Micro and Small Businesses that become partners of LPPM include those who are doing business in the fields of batik, handicrafts, food and beverages and others. These UMK partners include the LIPI IPTEKDA Program, and the IbM or PKM Program from the Ministry of Research and Technology of Higher Education and the PKM Grant program of PT.

UMKs that are partners of LPPM Untag Surabaya include the Teyeng Batik UMK, the Embroidery Kartini UMK, the Kanta Craft UMK, the ESM Collection UMK, the Cassava UMK and the Delicious UMK.

The Covid-19 pandemic certainly had a tremendous impact on the development of LPPM partner MSEs, sales of handicraft products the average decreased up to 90%. Meanwhile, MSEs for food products decreased by 70%. Efforts are being made to reduce the impact of Covid-19 is that all MSEs maximize online sales by using social media such as FB, Instagram, WhatsApp. For this reason, it is important to conduct research with the title: The Impact of the Covid-19 Virus on the Development of Micro, Small and Business Partners of Lppm Untag Surabaya.

2. Research methods

2.1 Types of research
This research is descriptive qualitative and analyzed qualitatively.

2.2 Location and Time of Study
This research activity was carried out at UMK Partners LPPM Untag within a period of 4 (four) months, planned for July - December 2020.

2.3 Research Object
This research activity will be focused on identifying the impact of Covid-19 on the development of UMK partners LPPM Untag Surabaya. MSEs in this study are:

a. UMK in Surabaya area: UMK Teyeng Batik, Embroidery Kartini, Kanta Craft and ESM Collection.

b. UMK in Mojokerto: UMK Cassava

c. UMK in Jombang: UMK Delicious

2.4 Method of collecting data
In compiling this research, several complementary activities will be carried out, including:

a. Initial survey through social media, conducted an initial survey to be able to provide Figan in general conditions of UMK Partners LPPM Untag Surabaya

b. Conducting an in-depth interview to find out the conditions of the LPPM partner’s UMK business activities during the Covid-19 condition.

2.5 Types and sources of data
The data used in this study were obtained from secondary data and primary data, data collection in this research activity uses several techniques, namely as follows:

a. Questionnaire, by providing an interview guide to the UMK respondents, a sample of LPPM Untag Surabaya partners

b. Interview, by conducting questions and answers to data sources in depth in accordance with the problems studied

c. Documentation, data collection using data that has been collected by other agencies / units related to their business activities during the Covid-19 condition.

2.6 Data analysis
The data analysis in this study is a qualitative descriptive, namely by describing the impact of covid-19 on the business activities of LPPM partners and what steps they have taken.

2.7 Research Implementation Stages
In general, the implementation of this study activity is grouped into stages, namely:

a. Preparation phase
In the preparation stage, activities include the following activities:

1) Prepare a Study Design that is refined continuously

2) Coordinating with various parties for common perception and data collection preparation

3) Prepare Research Instruments and maturation of survey officers
4) Prepare other supporting administrative activities

b. **Data collection stage**
The data collection stage is the stage for sending researchers into the field to obtain the required data using the techniques described above.

c. **Data Analysis Stages**
The data analysis stage is the stage for sorting, classifying, analyzing and explaining various field data findings according to the focus and direction of the study. This stage is expected to be able to provide Figan with a detailed and valid study focus. Therefore, in order to achieve this goal, this stage will be reproduced by a discussion process among experts to obtain a truly comprehensive analysis result.

d. **Report Preparation Stage**
After the data is analyzed, the next step is to prepare a study report. The study report compiled consists of two types of reporting, namely:
1) 70% report
2) Research Seminar
3) 100% Final Report

3. **Results and Discussion**

3.1 **UMK Batik Teyeng**
The owner of the Teyeng batik business is Firman Asyhari (52), who lives on Jl. Wisma Tengger VI / No. 33 Surabaya. Started his batik business since October 10, 2013.

a. **Production result**
The products produced by Batik Teyeng are: Teyeng batik cloth, stamped teyeng batik cloth, uniform with teyeng motif (based on order), scarf.

b. **Marketing**
The results of their business are marketed as follows:
2) Participating in exhibitions both held by various agencies and other trade shows
3) online at IG @galerybatikteyeng, Google my business website and Google Maps Batik Te'ye'ng. WA batik lovers community group, FB

c. **Finance**
Like medium and micro entrepreneurs, finance is still mixed with needs other than business. Turnover per month before the pandemic had reached Rp. 15,000,000. The price of stamped batik teyeng starts at Rp. 100,000/sheet, while the price of written batik starts at Rp. 250,000/sheet.

d. **Personnel**
So far, teyeng batik has been done by himself. However, if there are many orders, Mr. Firman uses freelance workers who are paid according to existing orders.

3.2 **UMK Embroidery Kartini**
The owner of this embroidery Kartini is named Kartini Hari Asih. This business was initiated in 2010. Starting from a follow-up, he founded the Kartini Embroidery business on Jalan Kedurus 4C, Surabaya (Arya, 2015). With a capital of IDR 1 million, he started making various bags made of scraps or patchwork. In 2011, with an unyielding spirit, Kartini bought an embroidery machine and added a sewing machine. Embroidery machines are purchased from savings. Before the pandemic, Kartini Hari Asih was able to market her products outside the island, even abroad.

a. **Production result**
The resulting products are: application embroidery bag, application embroidery wallet, embossed application bag, embroidered application wallet
b. Marketing
Marketing of their business results in the following ways:
1) Surabaya City Government Outlet, Mall, JIM, Surabaya Plaza, MERR, Malaysia
2) Participating in exhibitions both held by various agencies and other trade shows.
3) Facebook, WA group, Instagram, Tokopedia
4) Direct selling and reseller

c. Finance
Finance has not been completely separated, it is still mixed with needs other than business. Turnover per
month before the pandemic had reached Rp. 1 million to 2 million / outlet
Product prices start at Rp. 12,000 to Rp. 200,000

d. Personnel
Kartini Bordir has 4 employees. During the peak period, the order can reach 12 employees.

3.3 UMK Kanta Craft
Ucil Ahmadi is a person with disabilities who was born without intact arms and legs. Likewise his wife,
Supiah, who is also a disabled person, required to wear prosthetic limbs after having an accident when she was
17 years old. Kanta products have been distributed to a number of small and medium business centers. Some are
located at the Surabaya City Hall, Bappemas, BK3S, to the Bungurasih UMK center. One center can earn
more than IDR 1 million every month.

a. Production result
The resulting products are: bags, wallets, hanging napkins, pencil cases and cell phone cases

b. Marketing
Kanta Craft products have been marketed in the following ways:
1) Surabaya City Government Outlet, Surabaya Zoo (KBS), PGS (Pusat Grosis Surabaya, Sentra UMK
Dinas, BK3S, SIOLA
2) Participating in good exhibitions and bazaars held by various agencies and other trade shows.
3) Facebook, WA group, Instagram
4) Direct selling and reseller

c. Finance
Finance has not been completely separated, it is still mixed with needs other than business. Turnover per
month before the pandemic had reached Rp. 1 million to 2 million / outlet. Sales turnover / month Rp.
1,000,000 to Rp. 5,000,000
Product prices start at Rp. 5,000 to Rp. 175,000

d. Personnel
Pak Ucil’s daily production is assisted by his wife Supiah. If there are a lot of orders and are unable to
work on their own, they will be assisted by their relatives as freelance employees.

3.4 UMK ESM Collection
The origin of the idea of treating waste cement paper to be used as a craft material appears when Ermien
Setyawatiattended a workshop held by the Cooperatives and UMKM Office in 2011. According to him, crafts
from materialcement paperthis is quite unique and interesting. The name of the business is ESM Collection.

a. Production result
The resulting products are: Bags, Wallets and Umbrellas
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Fig 4. Production Result of ESM Collection

b. Marketing
ESM Collection products have been marketed in the following ways:
1) Siola, MERR, Juanda
2) Participating in good exhibitions and bazaars held by various agencies and other trade shows.
3) Facebook, WA group, Instagram
4) Direct selling and reseller

c. Finance
Finances are still mixed with needs other than business. Turnover per month before the pandemic had reached Rp. 500,000 to 1 million / outlet. Sales turnover / month Rp. 1,000,000 to Rp. 5,000,000
Product prices start at Rp. 50,000 to Rp. 200,000

d. Personnel
ESM Collection only has 1 employee specifically for sewing, while all processes from washing paper to ironing are done by Ermin herself.

3.5 UMK Cassava
The owner of this business is Mrs. Arik Agustiani. Armed with cassava crackers training, then with the idea of product innovation he produced cassava crackers which initially sold for Rp. 500. Starting a business in 2005. The business is growing. In 2009, the name of cassava crackers was changed to Cassava crackers.

a. Production result
The resulting products are: Cassava crackers, available in 4 flavors: Spicy sweet, Ebi, Pineapple and Onion. Both raw and cooked and corn crackers

Fig 5. Cassava Production Results

b. Marketing
1) The marketing of Cassava products covers all areas of East Java, parts of Central Java and West Java, Pontianak, Lombok, Bali, Makassar
2) Participating in good exhibitions and bazaars held by various agencies and other trade shows.
3) Facebook, WA group, Instagram, Website, Showroom
4) Direct selling and reseller

c. Finance
UMK Cassava has managed its finances well. Turnover per month before the pandemic reached Rp. 100 million / month. The raw product price is Rp. 7,500 / pack, while the price per kilogram is Rp. 32,000. Cooked cassava costs Rp. 9,000 / pack.

d. Personnel
The number of employees at Cassava is 25 people.

3.6 Smoky Delicious
Ms. Anik Setiyowati, a successful entrepreneur who started a small business, namely Opak Jepitdan Bolu Plemben. Residing on Jl. Kawi RT. 04 RW 03 Dsn. Together with Kec. Together with Kab. Jombang. This business has been around for 11 years, which started in 2009 until now. Its products have been marketed in many shops in Jombang and souvenir centers in Jombang.

a. Production result
The products produced are: Bolu Plemben and Opak jepitjahewijen, spicy shrimp clamp opaque, purple telo opaque, honey jepittelo opak.
b. Marketing
1) Marketing of Bolu Plemben and Opak Jepit products covers the entire area of Jombang, deposited in shops and in markets.
2) Participating in good exhibitions and bazaars held by various agencies and other trade shows.
3) Facebook, WA group, Instagram
4) Direct selling and reseller

c. Finance
Finance has not been fully managed professionally. Turnover per month before the pandemic reached Rp. 1,500,000 / day.
Product price:
1) Plemben Bolu: Large size (10 seeds) Rp. 4,000
   Small size (5 seeds) Rp. 2,000
2) Opak Pinch various flavors: ginger, spicy shrimp, purple telo, honey telo. Price Rp. 10,000 / pack

d. Personnel
The number of employees at UMK Nikmat is 12 people.

3.7 The impact of the Covid-19 Pandemic on each MSE and the solutions taken.

a. UMK BATIK TEYENG
1) Conditions for the Covid-19 Pandemic:
   The Covid-19 pandemic that broke out since March has caused the batik business to continue to decline until September, a decline of up to 90%. A total of 3 outlets for batik products were withdrawn, namely in Dekranasda, East Java province Jalan Kedungdoro, KenPark Kenjeran and Jatim Park 3 Batu Malang.
2) Solutions Done
   a) With the Covid-19 pandemic, efforts being made to stay alive include selling other products from the Reseller Dropship application and holding shibori / tie dye training (Japanese dyeing technique, which actually looks like batik if you pay attention again) by online.
   b) Because batik is not an important necessity, to be purchased, and the price is relatively expensive, while selling other products that are in high demand is trending in the Marketplace. Such as selling shoes, bags, women’s clothes etc. As well as selling training materials online at the WA Group. While working as a reseller, he also becomes security in his own village.

b. UMK KARTINI EMBROIDERY
1) Conditions for the Covid-19 Pandemic:
   a) Product marketing experienced a 75% decrease in sales.
   b) Withdraw all products at municipal government outlets and other outlets.
2) Solutions Done
   a) Increase promotion through social media
   b) Selling new products by opening a grilled fish and soup restaurant
   c) Workers are closed and enter only when there is an order.
   d) Does not increase stock of goods

c. UMK KANTA CRAFT
1) Conditions for the Covid-19 Pandemic:
   a) Product marketing experienced a 90% decrease in sales.
   b) Withdrawing all products at the Surabaya City Government Outlets, Surabaya Zoo (KBS), PGS (Surabaya Grosis Center, Sentra UMK Dinas, BK3S, SIOLA leaving only product samples
2) Solutions Done
   a) Make a mask
   b) Take advantage of social media to sell products online
   c) Receive stitches, change stitches

d. UMK ESM COLLECTION
1) Conditions for the Covid-19 Pandemic:
   a) Product marketing crumbled, experiencing a 100% drop in sales.
   b) There are no exhibitions to participate in
   c) Products at outlets are limited to examples
2) Solutions Done
a) Do not carry out production activities  
b) Try umbrella design opportunities  

e. UMK CASSAVA MOJOKERTO  
1) Conditions for the Covid-19 Pandemic:  
a) Product marketing has decreased sales up to May 50%, June to September down again to 70%  
b) Cannot send to other areas because of the PSBB  
c) The agent has no orders  
d) Product stock is piling up  
2) Solutions Done  
a) Increase marketing through social media  
b) To help employees stay income, we reduce production and do not layoffs.  
c) Doing sales only ripe cassava ones.  
f. UMK ENJOY  
1) Conditions for the Covid-19 Pandemic:  
a) Product marketing experienced a 90% decrease in sales.  
b) Because the market is closed, all products deposited are withdrawn  
c) Products that do not sell are damaged, moldy, so many products are given to family and neighbors  
d) Temporary workers will be closed  
2) Solutions Done  
a) Maximizing sales through online  
b) Selling other products, making chili sauce, wet cakes  
c) Receive orders for boxed rice and deliveries for weddings and other occasions  

3.8 Discussion  
The Covid-19 pandemic has touched all life and the domestic economy, especially in terms of consumption, corporations, the financial sector, and especially Micro and Small Enterprises (MSEs). The impact of covid-19 was extraordinary, making MSEs experience free fall in sales growth, including that experienced by the UMK partners of LPPM Untag Surabaya who were studied. UMK is a people’s business that is usually resilient as evidenced by the strong standing of MSEs during the 1998 monetary crisis. During the 1998 crisis, many large companies went bankrupt but micro and small businesses continued to exist during the crisis. When Indonesia experienced the monetary crisis in 1998, MSEs became a buffer for the national economy. Absorb labor, and move the economy. Meanwhile in 2008 during the global financial crisis, MSEs remained strong to support the economy.  
The impact of Covid-19 is very different, this time SMEs are in fact the sector most vulnerable to the economic crisis. UMK partners Untag Surabaya, in this study 6 MSEs became helpless. Since Covid-19, transactions have decreased suddenly around January 2020. Sales and revenue have dropped dramatically, operating costs and other expenses that must be incurred. This cost is greater than the current profit. Employee salaries that have to be paid, costs for electricity, water, telephone / internet and others have to be incurred, while business transactions are few or even no transactions at all. Sales at outlets, trade shows, shops all experience an external decline the usual. For handicraft MSEs, sales growth fell by up to 90% (Batik Teyeng, Kartini Embroidery, ESM Collection). Meanwhile, food products decreased by 50% to 70% (UMK Cassava and Nkmat). MSEs withdraw their products from outlets.  
There is no other choice in order to survive, some MSEs choose to sell other products according to their competence, such as Kanta Craft making masks, receiving stitches. New business opportunities have been entered by switching to opening a restaurant (Kartini Embroidery), receiving orders for boxed rice and cakes (UMK Nikmat). They laid off their employees because they were unable to pay employee salaries. To grow sales, MSEs maximize social media as a means of promotion. Some of the government assistance for the UMK program still receives assistance, some of them still have loan dependents.  

4. Conclusion  
Based on research activities that have been carried out at UMK partners LPPM Untag Surabaya, it can be concluded as follows:  
a. The UMK partners of LPPM Untag Surabaya studied were Teyeng Batik, Embroidery Kartini, Kanta Craft, ESM Collection, Cassava Mojokerto and Favors.  
b. The impact of the Covid-19 pandemic for MSEs all experienced a tremendous decline, especially MSEs with almost no handicraft sales on average they decreased by up to 90%. Meanwhile, MSEs for food products decreased by 70%.  
c. All MSEs maximize their online sales by using social media such as FB, Instagram, WhatsApp.  
d. Most of the LPPM partner MSEs shifted their business to business masks, food and took orders outside of their usual business.
c. Government assistance during the covid-19 pandemic for MSEs was Rp. 2,400,000 not all received. Some of them could not accept it because they still had loan dependents.

5. Reference