

ANALYSIS OF THE IMPACT OF COVID-19 ON MSMEs (Case Study: Home Industry of Taro Chips in Tabanan Regency)

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ABSTRACT

Analysis of the Impact of Covid-19 on MSMEs (Case Study: Home Industry of Taro Chips in Tabanan Regency). The COVID-19 pandemic has had many impacts on the government, even small communities. One of the impacts that have a very large influence is economic problems. The Indonesian economy in the future will be very helpful in the process of handling this pandemic. This study explains how the current state of MSMEs is experiencing a recession and how MSME actors are able to maintain their business. The method used in this study is a qualitative approach with direct interviews with the first informant and SWOT analysis. MSMEs are currently very influential during the pandemic so they can observe the economy.

Keyword : Impact of pandemic, Development strategy, MSMEs

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have an important and strategic role in achieving the success of economic development in Indonesia, because this sector is able to increase the income of small people, open up many jobs and be able to support people's daily lives because they can meet household consumption. Impact of the COVID-19 pandemic has also been felt on the MSME sector economy, where currently MSMEs in Indonesia are experiencing a recession due to the weakening economy. MSME is a business group that has a large number when viewed from the perspective of its development. MSMEs are proven to be resistant to various kinds of problems during the economic crisis. So that the MSME group which involves many groups as reinforcement. The following is the classification of Micro, Small and Medium Enterprises :

1. Livelihood Activities, is a Micro, Small and Medium Enterprise (MSME) which is an effort to create job opportunities to earn a living, which is more commonly called the informal sector, for example: street vendors.
2. Micro Enterprise, is a Micro, Small and Medium Enterprise (MSME) whose business actors have craftsman skills but do not yet have entrepreneurial characteristics.
3. Small Dinamic Enterprise, is a Micro, Small and Medium Enterprise (MSME) that is able to accept subcontract and export work and already has an entrepreneurial spirit.
4. Fast Moving Enterprise, is a Micro, Small and Medium Enterprise (MSME) that will transform into a big business (UB) and has a good business spirit (Suryani, 2021).

Covid-19 is a virus that originated in China and has spread all over the world quickly. As a result of the spread of the virus has a big impact on the whole world. In Indonesia, the impact of Covid-19 has affected several sectors, ranging from health, economy, education and many others who have been affected by the Covid-19 outbreak (Suryani, 2021). One of the impacts of

the COVID-19 pandemic is MSMEs (Micro, Small and Medium Enterprises) which can be seen from the supply side and the demand side (Febrantara, 2020). From the supply side, with the COVID-19 pandemic, many MSMEs are experiencing a shortage of manpower. This happened for reasons of maintaining the health of workers and the implementation of social distancing. Both of these reasons lead to people's reluctance to work temporarily during the COVID-19 pandemic. From the demand side, reduced demand for goods and services has an impact on SMEs that cannot function optimally which can lead to reduced company liquidity, where this can cause people to lose income, because SMEs are unable to pay workers' wages. In the worst case, termination of employment occurs unilaterally (Sugiri, 2020).

The Ministry of Finance reviewed that the COVID-19 pandemic had a negative impact on the domestic economy, such as a decrease in people's consumption and purchasing power, the existence of MSMEs, threats to the banking and financial sector, a decline in company work. (Suryani, 2021).

One of them happened in the home industry of Kitato taro chips owned by Mrs. Tati. Mrs. Tati's taro chips business was founded in 2017 with a capital of Rp. 300,000 and produce 60 packs. Over time, the business continues to grow until it sells approximately 100 packs per day, where capital and tools are still manual and require less efficient time. Starting in 2019, the market competition for Mrs. Tati's taro chips business has experienced a decline in purchasing power, so the impact of the COVID-19 pandemic has decreased by 40%. In the area where Mrs. Tati sells, social distancing occurs which results in imperfect community activities. When viewed from the MSME classification, Mrs. Tati's business includes Livelihood Activities or living activities because Mrs. Tati's sales system is to leave her wares at a food stall.

A SWOT analysis was carried out so that the author could find out the current situation in Mrs. Tati's business.

1. Strengths, from the taro chip product with the name Kitato, among others, this product is a processed product from local raw materials, where taro is one of the functional foods that has a much better nutritional content than cassava so that it is expected to be not only filling but also able to meet the nutritional needs of the community.
2. Weaknesses, from this business, namely a decline in sales due to reduced community activities outside as consumer actors, difficulties in capital due to declining sales levels so that capital turnover is difficult, restrictions on the movement of product distribution in certain areas become obstacles to product distribution, as well as dependence on the availability of materials. raw materials from other industrial sectors make it difficult for MSMEs.
3. Opportunities, opportunities from the taro chips business in the absence of competitors, entrepreneurs continue to innovate such as improving services, packaging in wrapping products and products created (for example, from taro chips, you can add various flavors).
4. Threats, as income continues to decline, capital cannot rotate properly, and raw materials continue to rise, so entrepreneurs must be able to anticipate the increase in raw materials by cooperating with other culinary entrepreneurs to become suppliers of raw materials.

LITERATURE REVIEW

Micro, Small and Medium Enterprises

In accordance with Law number 20 of 2008 concerning MSMEs, it can be defined as follows :

1. In this Law, micro-enterprises are productive businesses owned by individuals and/or individual business entities that have met the criteria for Micro-enterprises.
2. Small business is a stand-alone business, or a business entity that is not a subsidiary managed by individuals or is not a branch of a company that is owned, controlled or become a part either directly or indirectly of a Medium or Large Business and meets the Small Business criteria as contained in the Act.
3. What is stated in this Law is a medium-sized business is a productive economic business that stands alone, which is carried out by an individual branch of a company that is owned or controlled either directly or indirectly by a Small Business or a Large Business with a total net worth or sales proceeds annual (Sarfiah *et al*, 2019).

The characteristics of MSMEs are using simple technology or manuals so that they are easy to do, raw materials are easy to obtain, have basic skills, which are generally obtained from generation to generation, market opportunities are wide enough, are labor intensive or absorb a large number of workers, most of the products are marketed in the local or domestic market and some other parts have the potential to be exported (Halim, 2020). Judging from the characteristics of SMEs, among others :

1. The absence of a clear division of tasks in the field, usually the owner of the business concurrently carries out the tasks in its operation.
2. The industry's low access to formal credit, so that their business capital is mostly purely from personal capital and family relatives.
3. Most of the small businesses do not have a legal entity permit.
4. MSMEs are mostly engaged in beverage, food and tobacco businesses (Suryani, 2021).

Micro, Small and Medium Enterprises in a Pandemic Period

The Covid-19 pandemic that has hit Indonesia since the beginning of 2020 has had a serious impact on the condition of MSMEs. This impact is indicated by a decrease in the level of consumption and people's purchasing power. This condition is caused by the large number of workers who experience a decrease in income, even lose their income so that it affects the level of people's purchasing power, especially informal and daily workers (Amri, 2020). This has a further impact on business units, namely the low market absorption of products produced by MSMEs.

The Covid-19 pandemic in Indonesia has had a serious impact on the survival of MSMEs, both in terms of production, distribution, financing, and market demand. With these conditions, the government has issued a policy by prioritizing the MSME sector. This policy is an effort to solve various problems faced by MSMEs that are slumped in the midst of a pandemic. These government policies include (Kementerian Koperasi dan UKM, 2020):

1. National Economic Recovery Program (PEN). This program is intended to encourage MSMEs to recover during this pandemic. In this program, the government provides incentive support for MSMEs. The 2020 PEN program provides support for the business world, especially the informal sector to survive during the pandemic. In the same year, the realization of MSME support reached Rp112.84 trillion, which was enjoyed by more than 30 million MSMEs.
2. Restructuring program for delaying installments and interest for MSMEs for up to six months. This is because most MSMEs are experiencing financial problems and are unable to pay installments or loan interest. The government provides financing with subsidized taxes, so that cashflow problems can be resolved.

3. MSME financing program through People's Business Credit (KUR). Data from the Ministry of Cooperatives and SMEs for 2020 shows that IDR129 trillion of KUR is still available from IDR190 trillion of KUR that has not been disbursed with 3 percent interest for 20 months.
4. Efforts to encourage government spending to prioritize MSME products. The rationale is that SOE and government spending to absorb MSME products can revive the MSME economy which is currently slumping. This program also supports the National Movement for Indonesian-made Expenditures (Gernas BBI). The Gernas BBI program is intended to encourage MSMEs to start utilizing digital platforms. By the end of 2020, 11.7 million MSMEs were recorded to have utilized digital platforms in selling their products.
5. Efforts to encourage MSMEs to innovate and adapt to new markets. This is because the current pandemic situation requires business actors, including MSMEs, to innovate and adapt to new markets. Data from the Ministry of Cooperatives and SMEs for 2020 recorded that only 13 percent or around eight million MSME actors were connected online in their operations, so mentoring programs, digital marketing training, and collaboration with the big business sector were needed.

Marketing strategy

The success and ability of the company to survive in the long term is influenced by its ability to formulate marketing strategies by considering the environment (Utami, 2022). An analysis of the environment needs to be done because environmental changes occur rapidly, so systematic analysis is important. Understanding the company's environmental conditions that can be both threats and opportunities is an important factor, so that companies can work more effectively and efficiently to better recognize the environment (Utami, 2022). Analysis of the company's environment can be classified into internal and external environments. The company's internal environment includes factors within the company, namely its strengths and weaknesses, while the company's external environment is an influence from outside the company that cannot be controlled but can affect the company's performance (Utami, 2022). The company's external environment includes opportunities (opportunities) and threats (threats).

SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) is the systematic identification of various environmental factors to formulate corporate strategy. The company's marketing strategy is structured to maximize strengths and opportunities, and simultaneously minimize weaknesses and threats. The four quadrants are different strategy choices for each quadrant. The SWOT quadrant can provide an overview of the marketing strategy used by the company as follows (Utami, 2022):

1. Growth oriented strategy namely a strategy to support an aggressive growth policy. This strategy is carried out when the company has both strengths and opportunities. The company's strengths are used to take advantage of existing opportunities.
2. Diversification strategy applied when the company's situation has strength, but the company also faces threats. This strategy is taken by utilizing existing strengths to deal with threats.
3. Turn around strategy namely a situation when the company faces such a large market opportunity, but the company also faces weaknesses on the other side. The focus of this strategy is an effort to minimize weaknesses in order to seize the opportunities that exist.
4. Defensive strategy which is a situation when the company has many weaknesses and at the same time faces many threats. This strategy is done by maintaining the current position to avoid worse conditions.

METHOD

This research was conducted in one of Mrs. Tati's home industry businesses in the Penebel Tabanan area. By using a qualitative method to describe how the state of Mrs. Tati's business during the pandemic with a SWOT analysis approach. Where during the pandemic many small businesses experienced a decline in income.

To obtain primary data, the authors conducted interviews with business actors. While secondary data is obtained through scientific works and also journals on the official website.

RESULTS AND DISCUSSION

MSMEs are an important part of a nation's economy. Therefore, it needs support from various groups such as human resources as actors to strengthen MSMEs. Because of this important role, the government continues to make efforts to develop MSMEs.

With a SWOT analysis, the results of the discussion of this study are in order to be able to make a strategy in developing a business :

1. Strengths, from the taro chip product with the name Kitato, among others, this product is a processed product from local raw materials, where taro is one of the functional foods that has a much better nutritional content than cassava so that it is expected to be not only filling but also able to meet the nutritional needs of the community.
2. Weaknesses, namely a decrease in sales due to reduced community activities outside as consumer actors, difficulties in capital due to declining sales levels so that capital turnover is difficult, restrictions on the movement of product distribution in certain areas become obstacles to product distribution, as well as dependence on the availability of raw materials from the sector. other industries make it difficult for MSMEs.
3. Opportunities, in the absence of competitors, entrepreneurs continue to innovate such as improving services, packaging in wrapping products and products created (for example, from taro chips, you can add various flavors).
4. Threats, As income continues to decline, capital cannot rotate properly, and raw materials continue to rise, so entrepreneurs must be able to anticipate the increase in raw materials by cooperating with other culinary entrepreneurs to become suppliers of raw materials.

When viewed from the SWOT analysis above, Mrs. Tati must continue to make new innovations both in terms of the taste of the taro chips and the packaging of the taro chips, so as not to lose competition with modern snacks and continue to actively participate in training conducted by the local government and other business groups so that business networks can network. could be wider.

Most of the problems faced by SMEs are capital problems. So that other ways are needed so that the MSME sector can develop even more, both through marketing and distribution aspects. In terms of marketing by taking advantage of advances in information technology that is currently growing rapidly. With the rapid use of the internet, product marketing strategies can be carried out online by registering MSMEs on the Gofood and Grabfood sites. Due to the lack of community activities outside the home, entrepreneurs must make new innovations so that their products can be enjoyed by many people.

CONCLUSION

The COVID-19 pandemic has had a major impact on various sectors in all countries in the world. One of the sectors affected is the MSME economic sector. For this reason, the government makes a strategy by contributing to business actors so that MSMEs can continue to run and can stabilize the Indonesian economy. As happened to Tati's mother Tati's taro chips business, which was affected by COVID-19, where Tati's mother's income decreased by 40%.

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