

The Effect of The Covid-19 Pandemic on MSMEs In Yogyakarta City

Muhammad Adhisena¹, Dimas Bagus Wiranatakusuma^{2*}, Muhamad Kamil³

¹ Bachelor Student in Economics, Universitas Muhammadiyah Yogyakarta, Indonesia

² Lecturer at Department of Economics, Universitas Muhammadiyah Yogyakarta, Indonesia

Corresponding email: dimas_kusuma@umy.ac.id^{2*}

ABSTRACT

MSMEs are Micro, Small and Medium Enterprises that are usually carried out by the community to help their economy, not only that MSMEs also help the country's economy at the same time. However, currently MSMEs are in trouble because they are affected by Covid 19, so that it has an impact on the country's economy. This research uses a qualitative method, namely by conducting interviews with MSME actors. From the results obtained, it will provide answers about the impact of Covid 19 from each different MSME actor, because the impact of each seller will be different.

Keywords: MSME, Covid 19, Economic

INTRODUCTION

At the end of 2019, the office of the world health organization (WHO) in China received a notification of a type of pneumonia whose cause was unknown. An acute respiratory infection that attacks the lungs was detected in the city of Wuhan, Hubei Province, China. According to authorities, some of the patients were traders operating at the Huanan fish market (Jiang, 2020).

Almost all economic sectors throughout Indonesia have experienced a setback due to this pandemic. Yogyakarta City is no exception as a city that is famous for its MSMEs (Micro, Small and Medium Enterprises) where the tourism sector is the mainstay sector in the area. MSMEs in the Yogyakarta City, as many as 59% (Alhamudi, 2023) of MSMEs had to experience a direct impact on the spread of this epidemic. The impact that can be felt directly by MSMEs in the tourism sector is that all tourist attractions in the Yogyakarta area are forced to close by the Yogyakarta government. Thus, automatically MSMEs in this sector will find it very difficult to carry out sales activities because there are no visitors (Sunaryo, 2023).

The effects of the corona virus have made MSMEs in Yogyakarta City have to switch sales to make a living. Rihari Wulandari, head of MSMEs in Yogyakarta City said there were around 217 MSMEs in Yogyakarta that switched sales because their original products were not selling well due to the

corona outbreak. There are around 26000 SMEs in Yogyakarta in various sectors. 4000 MSMEs already have Micro Business Permits (IUM) where due to the corona pandemic there are around 217 MSMEs that have switched their production. 100 MSMEs chose food products as a substitute for their previous business, while another 117 businesses chose to produce Covid-19 PPE (Ginting, 2020).

Based on the description above, it is hoped that the following questions will be answered:

1. What are the impacts of the emergence of the COVID-19 outbreak on MSMEs in Yogyakarta City?
2. How do MSME's in Yogyakarta City survive the COVID-19 pandemic?

LITERATURE REVIEW

Indonesia is very dependent on the MSME sector, almost all places in Indonesia can be used as land for MSMEs, starting from the tourism sector, agriculture, plantations, and so on, then, but when the COVID-19 pandemic attacked the MSME sector, its function went down (Paramawardhani, 2022)

A. MSMEs

Then what is the difference between Middle class, small and medium business.

Middle-class micro-enterprise is a general term in the world of economics which refers to productive economic enterprises owned by individuals or business entities in accordance with the criteria stipulated by Law no. 20 of 2008. MSMEs mean businesses run by individuals, households, or small business entities (Manggala, 2022)

Small business is a productive economic business that stands alone, whether owned by individuals or groups and not as a branch business entity of the main company.

Medium business is a business in a productive economy and is not a branch or subsidiary of a central company and is a direct or indirect part of a small business or large business with a total net worth in accordance with the laws and regulations (Hadiyati2, 2022)

The role of SMEs

Micro, Small and Medium Enterprises (MSMEs) have an important role in economic growth, not only in developing countries, but also developed countries, even Micro, Small and Medium Enterprises (MSMEs) have a strategic role in supporting national economic growth, especially after being affected the Covid-19 pandemic which has resulted in a decline in a country's economic development, besides that MSMEs are also expected to be the main fence in economic growth with employment, decent working conditions, business innovation, adaptation and mitigation of negative economic, social and environmental impacts of business operations for growth. inclusive and sustainable economy.

MSME strengths and weaknesses

The strength possessed by micro-enterprises in Indonesia is creativity in capturing market opportunities and innovating new products. Many small business actors today dare to bring back old products that are not popular nowadays but are accepted by the market (Hadiyati, 2021). The ability of micro-enterprises to carry out efficiency and innovation in the production, distribution and marketing processes makes the products produced and have a price that can compete with other products on the market. For small business actors running efficiently is a culture that has become a habit in running a business (Marwanto, 2023). MSME actors realize that their capacity and finances are limited in doing business, so all processes carried out to produce these products are carried out manually and are carried out independently. Meanwhile, large industries with production capacity and available resources need to build efficiency into a corporate culture.

Meanwhile the problem of MSMEs is when market demand starts to rise while production capacity is limited, besides that the problems faced are limited human resources, limited finances, difficulties in marketing, limited technology, and lack of raw materials, for this reason it is necessary to learn modern management by micro business actors. to be able to face competition with other MSMEs. Every micro business actor wants to develop into a big business actor with a modern management system. Micro and medium enterprises do not really understand the work copyright law. But they want this country to be safe and their business can still run.

B. The effect of (Covid 19) pandemic to MSMEs

One of the impacts of the COVID-19 pandemic is MSMEs in Indonesia, based on data from the ministry of cooperatives which illustrates those 1,785 cooperatives and 163,713 Micro, Small and Medium Enterprises (MSMEs) have established a coronavirus (COVID-19) pandemic (Suminah, 2022). The most limited MSME sector is food

and beverage. The Ministry of Cooperatives and MSMEs said that the MSME sector that was shaken during the COVID-19 pandemic, apart from food and beverages, was also the creative industry and agriculture. One of them is to include MSME actors as recipients of government assistance programs, such as Pre-Employment Cards, electricity tariff subsidies, and Family Hope. The government also provides tax relief for six months, from April 2020 to September 2020. Although the COVID-19 pandemic has created several problems for MSME actors, on the other hand there are opportunities that also arise. MSME actors can take advantage of information and communication technology considering that electronic commerce in 2020 will reach US\$130 billion.

RESEARCH METHOD

This study uses a quantitative approach by using a survey or questionnaire system to several MSME business actors or to traders in the city of Yogyakarta about the impact of covid 19 on their business.

Data collection was done by interview method. This interview gives freedom to respondents to express their opinions, thoughts, views, and life experiences without rules and coercion from researchers. The goal is that participants are free to think according to themselves and what is in accordance with their environment by using their own terms about the phenomenon under study.

The participants in this study were MSME actors. Interviews were conducted in person to obtain responses to these questions. The interview took 20 minutes to complete. This direct interview was conducted by visiting SMEs, such as the culinary business, fashion, agribusiness and others.

Data analysis was carried out by means of thematic content analysis which was applied to analyze the responses through questions issued to identify their answers and correlate them with the research theme.

FINDINGS

Reasons for choosing the business (culinary, fashion, handicraft, cafe, and otomotive)

The business options offered are culinary, fashion, handicrafts, café, and otomotif because these five businesses are the most popular in the city of Yogyakarta.

Culinary, handicrafts, cafes, fashion, and automotive are popular businesses in the city of Yogyakarta, thus supporting the economy here.

One of the answers expressed was culinary, this can be seen from the answers of respondent 1 who is a culinary businessman in the palace area, respondents commented: *"I chose the culinary business because in the city of*

Yogyakarta there are many students and also many tourist attractions, so I chose the culinary business."

Another answer given by respondent 2 is a fashion businessman in the Pasar Malioboro area. His commented: *"I chose fashion because many tourists are looking for souvenirs such as t-shirts and batik when visiting Malioboro."*

More answers. As revealed by respondent 3, namely handicraft businessmen: *"I chose this handicraft business because apart from tourists who buy these handicrafts, they can also be exported outside the Jogja area."*

From some of the answers above, it can be concluded that their main purpose in choosing this business is because of the tourist factor.

Turnover when the pandemic covid strikes.

This turnover will provide a comparison before and after the Covid-19 attack.

The impact of the covid pandemic is felt for many traders, one of which is the decline in their turnover.

One of the answers put forward was a decreased turnover, this can be seen from the answers of respondent 1 who is a culinary businessman in the Kraton area, the respondent commented: *"My turnover, which usually can reach 1 million per day, when the pandemic strikes 500 thousand is difficult now, because there will be a curfew where 9 o'clock should be closed, if it was until 11 pm, my shop is still busy."*

Another answer given by respondent 2 is that fashion businessmen in the Pasar Malioboro area answer that there is no incoming turnover. Those who commented: *"During this pandemic, it's hard to enter, mas, for now for one day it's not necessarily someone who buys it, now maybe it's 3 days or sometimes a week and I just get income and it doesn't even reach millions of revenues"*.

Meanwhile, what respondents 3,4 and 5 said were the same, namely that they had to lay off their employees, due to the limited budget to maintain their business.

From some of the answers above, it can be concluded that the turnover of most of these traders has decreased to the point that some have had to lay off their employees.

Expectations to the government for MSME actors.

Many traders want to be given help, because of the difficulty of their lives during the pandemic.

One of the answers expressed was, hoping to be given minimal assistance for basic ingredients, this can be seen

from the answers of respondent 1 who is a culinary businessman in the Kraton area, respondents commented: *"Hoping to be given assistance in the form of rice, cooking oil, eggs because it will be difficult to buy staple ingredients if there is no money."* And this hope is also the same issued by the 5th respondent.

Another answer given by respondent 2 is that fashion businessmen in the Pasar Malioboro area hope that the rental price will be lower. Respondents commented: *"I hope that the Yogyakarta City Government, especially in the Malioboro Market, will reduce rental prices, because it is heavy, not to mention daily necessities which are hard to come by."*

As revealed by respondents, 3 handicraft businessmen, namely wanting to keep export and import activities open, this is the answer: *"Yes, if no tourists come, at least the export and import markets will remain open, because I also still have dependents for my employees who have been laid off."*

Meanwhile, respondent 4 hopes that the internet cafe will remain open even though it must comply with health protocols and also implement a curfew, rather than not opening at all.

From some of the answers above, it can be concluded that most MSMEs want to make it easier for their daily needs.

DISCUSSION

This research shows that the COVID-19 pandemic has made MSMEs in the city of Yogyakarta sluggish, this is due to several factors, namely the absence of buyers or tourists who come due to mobility restrictions by the Yogyakarta City Government, and also costs. Rent a place that is still at the previous price, this is considered unpleasant by small local MSME actors, especially in Malioboro in particular.

But there is news that taxes for MSMEs have been relaxed. This was conveyed by the XIDPR Commission

"I want to convey to policy makers at this time, taxes must be more humane to the community, because later their MSMEs will be our backbone," said Misbakhun.

Because according to him, currently the rupiah exchange rate is depreciating, so that the US dollar (USD) exchange rate, which in mid-February was in the range of Rp. 13,600, is now approaching Rp. 14,400. The Composite Stock Price Index (JCI) rose sharply in less than a month.

CONCLUSION

The existence of Covid-19 has made it difficult for the country's economy in various sectors, especially the business sector or MSMEs, where MSMEs here can be said to be the backbone of the country's economy, therefore if the MSME sector experiences a decline, the country's economy will experience a decline.

As we see in the city of Yogyakarta, which is famous for its MSMEs in various sectors, such as the food business, fashion, handicrafts and many more, all of them feel the impact of Covid 19, where it all affects their finances, such as employees being laid off, or having to close their businesses.

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