

# Impact of Covid 19 Towards the Sustainability of Micro, Small, and Medium-Sized Enterprises in Bandar Lampung City

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**Abstract.** Lampung Province's economic growth during COVID-19 has decreased by 1.67%. Note that Bandar Lampung City as an economic center in Lampung Province has many Micro, Small, and Medium-Sized Enterprises (MSMEs) which are certainly affected, especially production and income. The purpose of the study is to analyze the impact of Covid 19 on business performance and determine the survival strategy of MSME actors in Bandar Lampung City during Covid 19. The research method used in this study is a survey method. Then, the respondents are MSME actors totaling 47 people. Determination of respondents is performed intentionally (purposive sampling) by taking into account the location of the business. The analytical method used is descriptive quantitative. The results show that (1) there are a significant change in the amount of production and income, especially in the type of small and medium enterprises, which is around 50%. The decline in revenue is due to the COVID-19 pandemic which causes a decrease in the number of buyers due to activity restrictions. (2) The strategy to survive during the pandemic is to keep producing but reduce the amount of production to 50 – 80. In addition to selling at their usual place of marketing, business actors also travel around the location of people's homes, and utilize the technology of online application services (such as Go-food and Grab-food) and Whatsapp.

KEYWORDS: COVID-19 Pandemic, MSME, Production and Income, Strategy to Survive

## INTRODUCTION

In the midst of the increasingly promising development of MSMEs at this time, in early 2020, the world was tested with the Covid-19 pandemic which began in the city of Wuhan, China. To prevent the spread of the Covid-19 virus, the government implemented a social distancing policy (social distancing restrictions) and attempted to carry out a lockdown (regional quarantine). As a result of this government policy, there has been a decline in various economic sectors in Indonesia. The COVID-19 pandemic has had a profound impact, especially on the economic aspect. The decline in income both at the provincial and national levels is proof of the magnitude of the impact of the COVID-19 pandemic in all business sectors. Based on BPS (Badan Pusat Statistik) in 2022, there was a decline in Indonesia's economic growth rate from 5.02% in 2019 to -2.07% in 2020. The sectors that were most affected were the

Transportation and Warehousing Sector and the Accommodation and Food and Drink Provision Sector. Nevertheless, there are several business sectors that remain stable and even show positive contributions, namely the Information and Communications and Health Services Sector and the Social Activities Sector.

Lampung Province's economic growth during COVID-19 also experienced a decline in various business sectors. On average, the rate of economic growth before covid still showed a positive number and increased from 5.23 in 2018 to 5.26% in 2019. Then during the covid pandemic, the rate of economic growth decreased by 1.67%. Similar to what happened in Indonesia, the sectors that experienced a decline during the pandemic (in 2020) were the Transportation and Warehousing Sector and the Accommodation and Food and Drink Provision Sector, namely 0.21 and 0.05.

This decline in growth rate certainly has an impact on the general public as well as business actors. Residents who work from home, street vendors, cottage industries, manual laborers, and service workers are the occupational groups that are vulnerable to being affected by the pandemic. The pandemic has an impact on the sustainability of MSME actors. The consequence for MSMEs is the inhibition of production and sales activities.

According to the Lampung Province BPS (2021), businesses in Lampung Province were not seriously affected by the COVID-19 pandemic. 65.83 percent of companies are still operating as usual and 19.29 percent are still operating, but this is followed by a reduction in capacity. Reducing capacity in the running of the company can be in the form of reducing working hours, reducing machines, or reducing labor. Only 0.52 percent of companies were operating beyond capacity before the COVID-19 pandemic.

BPS data (2021) shows that there are several businesses that are running despite the Covid-19 outbreak and there are restrictions on community activities. There were several companies in Lampung Province that had stopped during the COVID-19 pandemic and resumed operations after adjusting to the pandemic situation, companies were still operating as usual during the COVID-19 pandemic in Lampung Province in 2020. The companies were engaged in accommodation and food and drink as many as 66, 10%. The food and beverage sector is a sector that can survive because this sector cannot be separated from the main needs of the community.

Even though it is still running, the pandemic still gives a shock to business actors, especially MSMEs. Bandar Lampung City as an economic center in Lampung Province has many MSMEs which are certainly affected by the pandemic. Especially with the establishment of PPKM (Enforcement of Restrictions on Community Activities) so that it has a direct impact on MSMEs.

Previous research showed that the pandemic had an impact on MSMEs, especially production and business income. Astuti, et al. (2022) The Covid 19 pandemic has greatly affected the income level of MSME actors due to the implementation of government policies that limit economic activity, causing production levels to decrease so that it affects income. Research by Erdawati and Desda (2021) also explains that the COVID-19 pandemic has caused business sales to decline by up to 75 percent, resulting in a reduction in salaries and the number of employees. Further research by Kase, et al. (2022) concluded that there was a significant difference in turnover before and during the pandemic, which reached 85-90 percent. Based on the background of the problem, the purpose of the study is to analyze the impact of Covid 19 on income and find out the survival strategy of MSME actors in Bandar Lampung City during Covid 19.

## **METHOD**

The research method used in this study is a survey method. The research data are primary data and secondary data. Primary data were obtained from interviews with research respondents, namely SMEs in Bandar Lampung City. While secondary data was obtained from related institutions such as the Central Statistics Agency, the Social Service of Bandar Lampung City and literature studies. The research was conducted in 2022 in Bandar Lampung City with the consideration that this area is the economic center of Lampung Province and there are many micro, small and medium scale business actors. Respondents are MSME actors totaling 47 people. Determination of respondents is done intentionally (purposive sampling) by taking into account the location of the business, namely the area around the campus and around the center of trade and offices. The analytical method used is descriptive quantitative.

## RESULT

### Respondent Characteristic

#### Level of education

Of the total number of respondents, namely 47 people, the most recent education of respondents was in SMA/SMK, which was 53 percent or as many as 25 people. The results of this study have similarities with research conducted by Islami, et al. (2021) who obtained the results that the majority of MSME actors in Malang Regency had the latest education status at the high school level with a percentage of 58.5%. While the respondent's last education at least is S1 by 2 percent or as much as 1 person.

#### Age

All respondents have different ages, ranging from 20 years and even more than 60 years. It can be seen in the figure that most of the respondents are aged 41-50 years and aged 51 to 60 years. Both of these age ranges have the same size, which is 32 percent. This means that 15 of the 47 respondents are in the age range of 41 to 50 years and 15 of the 47 respondents are in the age range of 51 to 60 years. While at least it is located at the age of more than 60 years, which is 4 percent or only as many as 2 people

#### Business Type

The majority of respondents have a type of street and permanent business. Of the 47 respondents interviewed, it was found that the type of business multiplication and permanent has the same number of respondents, namely 18 respondents with a percentage of 38%, while the type of dismantling business has the smallest percentage value of 9% with a total of 4 respondents. .

#### Business Length

Of all the 47 respondents, the majority of respondents have a business period of 1-10 years. From 47 respondents who were interviewed, it was found that 25 respondents had a business duration of 1-10 years with a percentage of 53%, while a business period of 21-30 years had the smallest percentage value of 2% with a total of 1 respondent. hwa 25 orang responden memiliki lama usaha 1-10 tahun dengan persentase sebesar 53%, sementara lama usaha 21-30 tahun memiliki nilai persentase paling kecil yaitu sebesar 2% dengan jumlah responden sebanyak 1 responden.

### Business Performance

#### Raw material

Raw materials are materials used in the production process. There was a change in the amount and price of raw materials before and during Covid 19. Medium-sized businesses experienced the largest decrease in the amount of raw materials compared to other types of businesses with a percentage of 50%. Types of micro-enterprises experienced the smallest decrease in the amount of raw materials with a percentage of 28%.

**TABLE 1.** Percentage change of raw materials

Type of Business	Percentage change of raw materials (%)	
	Decreasing Amount	Price increases
Micro	28	16
Small	36	20
Medium	50	4

In Table 1 it can also be seen that the type of small business experienced the largest increase in raw material prices when compared to other types of business with a percentage of 20%. Medium-sized businesses experienced the smallest increase in raw material prices with a percentage of 4%. This research has similarities with research on the impact of COVID-19 for MSMEs in Indonesia in the new normal era conducted by Hertina, et al. (2021), namely the results of research stating that MSMEs experienced an increase in raw material prices due to the COVID-19 pandemic.

All types of businesses, namely micro, small and medium enterprises, experienced a decrease in the amount of raw materials, this was due to the decrease in the number of buyers during the COVID-19 period which caused business actors to reduce the amount of their production. On the other hand, the price of raw materials during the COVID-19 period experienced a significant increase. Even so, the availability of raw materials does not experience problems because they already have suppliers of raw materials. The results of this study are different from the research on the impact and strategies of micro, small and medium enterprises during the pandemic and the new normal era conducted by Savitri, et al. (2020), which stated that the majority of respondents in the study experienced obstacles and difficulties in meeting the availability of raw materials, because they depended heavily on the industrial sector which the majority of them stopped their activities during the covid 19 period.

### Equipment

Equipment has also changed in quantity and price from before and during Covid 19. The percentage change in the number and price of equipment for each type of business is obtained by comparing the amount and price of equipment before and after covid 19. All types of businesses, namely micro, small and medium experienced a decrease in the number of equipment due to covid 19. However, it was inversely proportional to the price of equipment which increased during the covid 19 pandemic.

**TABLE 2.** Percentase of equipments change

Type of Business	Percentage of equipments change (%)	
	Decreasing Amount	Price increases
Micro	15	5
Small	25	9
Medium	50	0

Based on Table 2, it can be seen that each type of business experienced a different percentage change in the amount and price of equipment. From the three types of businesses, namely micro, small and medium, the results show that the percentage of the largest decrease in the number of equipment is in the medium business type with a percentage of 50%, while the type of business that experiences the smallest percentage increase in the number of equipment is in the micro business type with a percentage of 15%. In Table 2 it can also be seen that the type of small business experienced the largest increase in equipment prices when compared to other types of business with a percentage of 9%. The type of medium-sized business did not experience an increase in the price of equipment.

### Labor

The decrease in the demand for goods which has an impact on the low production of goods causes changes in the number of workers in a business, but in some businesses such as the micro category, they do not have workers. As many as 68% of respondents in running their business did not use labor either before covid 19 or after covid 19. Only a few respondents did not use labor before covid 19, but after covid 19 they used labor, which was 4%. This is because after covid 19, sales have not been optimal so they cannot incur more costs to use labor.

### Total Production and Revenue

The amount of production is the goods produced by MSME actors, while the income in this study is the number of goods sold multiplied by the selling price. There has been a significant change in the amount of production and income, especially in the types of small and medium enterprises, which is around 50%.

**TABLE 3.** Comparison of the Total Production and Income

Jenis usaha	Average production decrease (%)	Average income (Rp per month)	
		Before covid-19	After covid-19
Micro	33	10.054.687,50	5.817.187,50
Small	57	70.071.428,57	35.071.428,57
Medium	50	53.568.000,00	13.392.000,00

Based on Table 3, it can be seen that from the three types of businesses, namely micro, small and medium, the results show that the average decrease in the amount of production is greatest, namely the type of small business with a percentage of 57%, while the type of micro business has the smallest average decrease in production. when compared to other types of business that is equal to 33%. The results of this study have similarities with the research on the effect of the COVID-19 pandemic on the income level of MSMEs in East Lombok conducted by Astuti, et al. (2022) which stated that MSMEs in East Lombok experienced a decrease in production during the Covid-19 period, this was due to the reduced purchasing power of the people due to the lockdown, PSBB and PPKM regulations during the covid-19 pandemic.

The largest average income before and after covid was in the type of small business with an average income of Rp. become the type of business that has the smallest average income, which is Rp. 10,054,687.50 per month before Covid and Rp. 5,817.187.50 per month after Covid. The decline in revenue was due to the COVID-19 pandemic which caused a decrease in the number of buyers due to activity restrictions. The results of this study are in line with research conducted by Kase, et al. (2022) regarding the difference in the sales turnover of MSMEs before and during the COVID-19 pandemic in North Central Timor Regency, which obtained the results that MSME sales turnover decreased due to the COVID-19 pandemic.

### **Strategy for Survival in a Pandemic Period**

Based on the results of the study, almost all respondents continued to sell as usual with the same working hours as before Covid-19. Only about 10.63% of respondents made slight changes to maintain their business. First, related to the production process. MSME actors continue to produce but the amount of production is reduced. This is due to the lack of buyers resulting in unsold production results as before Covid-19. This reduction in the production process can reach around 50-80 percent of the amount produced before COVID-19.

Second, in addition to marketing, besides continuing to sell products at usual places of sale, business actors also travel around the location of people's homes, and utilize technology such as online application services (such as Go-food and Grab-food) and Whatsapp. Sales that decreased significantly during the time of covid-19 greatly affected revenue so you had to take advantage of the services and opportunities available. This is in line with research conducted by Amini, et al. (2021) regarding the analysis of the impact of the COVID-19 pandemic on micro, small and medium enterprises (MSMEs) in Bogor City, business actors have started selling online either using applications provided by the Bogor City Cooperatives and SMEs Office or using the WhatsApp application. The use of this application can increase sales turnover and also make it easier for consumers who are reducing interactions with other people (activating at home).

### **CONCLUSION**

The conclusions from the results of the study are: (1) There has been a significant change in the amount of production and income, especially in the types of small and medium enterprises, which is around 50%. The decline in revenue was due to the COVID-19 pandemic which caused a decrease in the number of buyers due to activity restrictions. (2) The strategy to survive during the pandemic is to keep producing but reduce the amount of production to 50-80. In addition to selling at their usual place of marketing, business actors also travel around the location of people's homes, and utilize technology such as online application services (such as Go-food and Grab-food) and Whatsapp.

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