



# Analysis of The Impact of Covid-19 on MSMEs Case Study: Street Vendors (PKL) in Pasar Raya Padang

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## ABSTRACT

The COVID-19 pandemic, which is currently being felt by the world's population, has had a lot of impacts, both by the government and even small communities. The real impact of Covid-19 is that it affects economic problems. One of the impacts that has a very big influence is economic problems. Global economic growth is also declining, marked by a declining world GDP of 2%. Indonesia's economy in the future will be very dependent on the process of handling this pandemic. This research explains the current state of MSMEs that are experiencing a recession, and how MSME actors can maintain their activities. The method used in this study is a qualitative approach with the method of interviewing directly with first-party speakers and SWOT analysis. MSMEs are currently very influential during the pandemic in order to stabilize the economy.

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## 1. Introduction

A Corona virus infection called COVID-19 (Corona Virus Disease 2019) was first discovered in the city of Wuhan, China in late December 2019. The virus is transmitted very quickly and spread to almost all countries, including Indonesia, in just a few months. This has made several countries impose lockdown policies to prevent the Corona virus from spreading further. In Indonesia, the government implemented a policy of Enforcing Restrictions on Community Activities (PPKM) to suppress the spread of this virus. There are 5 major impacts of the Covid-19 pandemic on the national economy: (Stevanus C. Handoko) Weakening of household consumption or weakening of people's purchasing power at large; The decline in investment figures in various business sectors; Regional and national economic downturn; Shifting business patterns and the adoption of unusual business models; Utilization of information and communication technology.

Micro, Small and Medium Enterprises (MSMEs) are business groups that have a large number when viewed from the perspective of their development. MSMEs have proven to be resistant to various kinds of problems in the economic crisis. So that the Micro, Small and Medium Enterprises group that involves many groups as a booster. The following is a classification of Micro, Small and Medium Enterprises: Livelihood Activities, are Micro, Small and Medium Enterprises (MSMEs) which are businesses to create job opportunities to make a living, which is commonly called the informal sector. For example, Street Vendors (PKL); Micro Enterprise, is a Micro, Small and Medium Enterprise (MSME) whose business actors have the skills of craftsmen but do not yet have an entrepreneurial nature; Small

Dynamic Enterprise, is a Micro, Small and Medium Enterprise (MSME) that is able to accept subcontracting and export jobs and already has an entrepreneurial spirit; Fast Moving Enterprise, is a Micro, Small and Medium Enterprise (MSME) that will transform into a large business (UB) and have a good business spirit (Resalawati, 2011).

In accordance with Law number 20 of 2008 concerning Micro, Small, and Medium Enterprises (MSMEs), MSMEs are defined as follows: In this Law, micro-enterprises are productive businesses owned by individuals and / or individual business entities that have met the criteria for Micro Enterprises; Small Business is a stand-alone business, or a business entity that is not a subsidiary managed by an individual or not a branch of a company that is owned, controlled, or is part either directly or indirectly of a Medium Enterprise or Large Business and meets the criteria for Small Business as stated in the Act; What is stated in this law is that medium enterprises are independent productive economic enterprises, which are carried out by individuals of branch companies that are owned, or controlled, either directly or indirectly with Small Businesses or Large Businesses with the amount of net worth or annual sales proceeds (Sudati, 2019).

Based on the explanation above, MSMEs are a form of productive economic business carried out by individual individuals or individual businesses that have met the criteria of Micro, Small, and Medium Enterprises.

The characteristics of MSMEs are to use simple or manual technology so that it is easy to transfer technology, raw materials are easy to obtain, have basic skills generally obtained for generations, market opportunities are quite wide, are labor-intensive or absorb quite a lot of labor, most of their products are marketed in the local or domestic market and not covered by other potential for export (Halim, 2020)

The difficulties experienced by MSME actors during the pandemic are divided into four problems: There was a decrease in sales due to the decrease in community activities outside as consumers; Difficulties in capitalization due to declining sales rates resulting in difficult capital turnover; The existence of restrictions on the movement of product distribution in certain regions is an obstacle to product distribution; Because relying on the availability of raw materials from other industrial sectors makes it difficult for MSMEs (Sugiri D. , 2020).

The Indonesian government supports the development of MSMEs in the form of capital assistance in the form of KUR loans, the existence of cooperatives and MSMEs offices in each province/city to monitor the development of MSMEs, the existence of training programs in improving human resources and the development of MSME creativity and others. Development of MSMEs at the provincial/city level as well as others. The development of MSMEs at the provincial/city level is also a special concern for local governments (diskopumkm.sumbarprov).

The impact of the Covid-19 pandemic on the MSME sector has started since April 2020. One of the efforts to recover the national economy carried out by the government during the Covid-19 pandemic is to encourage the MSME sector, which has an important role in the national economy because of the large number of workers directly involved. The government has provided support incentives for MSMEs through the National Economic Recovery (PEN) program in 2020 and continued in 2021. The realization of PEN to support MSMEs amounting to IDR 112.84 trillion has been enjoyed by more than 30 million MSMEs in 2020 (Coordinating Ministry for Economic Affairs of Indonesia).

When economic activity does not run smoothly, due to obstacles in obtaining income, it makes it difficult for people to meet the needs of clothing, food, and housing. The impact of the COVID-19 pandemic was also felt by regions in Indonesia, one of which was in the city of Padang, namely by Street Vendors (PKL).

Street Vendors (Informal Sector) are those who carry out trading business activities of individuals or groups who in carrying out their business use places of public facilities, such as otoars, side roads, and so on. Traders who carry out their business activities within a certain period by using facilities or landscapes that are easy to move, dismantle and use public facility land. (Damsar 2002:51)

Street Vendors or commonly abbreviated as the word PKL is a term to refer to peddlers who use carts or something. In "etymology" or language, a trader is usually interpreted as a type of work related to buying and selling. A merchant is a person who works by buying an item which then the item is resold at a higher price so as to benefit from the item. Street vendors are defined as trading locations that are not permanent or fixed. Thus, street vendors can be interpreted as traders who do not have a permanent or permanent business location (Momon Sudarma).

Street vendors are hawkers, namely people who offer goods or services for sale in public places, especially sidewalk streets. Street vendors can also be called self-employed people who are warrior spirits, dashing, noble, brave worthy of being an example in the field of business in the foundation of standing on their own feet. (Soeryanto, 2009:89).

The Ministry of Finance examined that the COVID-19 pandemic had a negative impact on the domestic economy, such as a decrease in public consumption and purchasing power, the existence of MSMEs, threats to the banking and financial sectors, and a decline in company performance (Santoso, 2020).

Like one of them that happened to street vendors who sell children's daily clothes owned by Mr. Rafles also felt the impact of the covid-19 virus. The Street Food Business, which sells children's Daily Clothes owned by Mr. Rafles, was established in 2009 with an initial capital of Rp.10,000,000 to buy its merchandise at Bukittinggi wholesale. As time goes by the business continues to grow until every day it can get a profit of around Rp. 3,000,000 per day. Especially during the month of Ramadan sales increased by 20%. Over time, the merchants sold the same merchandise with various factory sources which made the market competition even more intense. And for now, the pandemic has an impact on MSMEs in Indonesia, one of which is Mr. Rafles as a street vendor (PKL). So that the impact of the Covid-19 pandemic has made Mr. Rafles' business income decrease by 60%. Because in the West Padang area where Mr. Rafles sells there are a lot of residents who are exposed to the COVID-19 virus so that the activities of the surrounding community cannot be perfect. When viewed from the classification of MSMEs, Mr. Rafles's business includes Livelihood Activities or life activities because of mr. Rafles' sales system by opening a stall stand by starting sales at 10.00-18.00.

A SWOT analysis was carried out so that the author could find out the situation that occurred in mr. Rafles' current business: Strengths (strengths), there are few competitors because the seller buys his merchandise in different places with different qualities: Weaknesses (weaknesses), the disadvantage of this business is that with the government's rule of opening trades starting from 10.00 WIB, it takes up the time for merchant to open their shops / stalls because of the unloading system, while the average buyer enters the market at 06.00 am; Opportunities , opportunities from this daily clothing business are the daily needs of buyers who demand someone to fulfill them, such as clothes and so on; Threats (threats), this business threat is very much because the economy and people's purchasing power continue to decline, especially during a pandemic like this.

## 2. Methods

This research was conducted on one of the street vendors (PKL) Mr. Rafles who sells at Pasar Raya Padang. By using qualitative methods to describe how Mr. Rafles' business is doing during this pandemic with a SWOT analysis approach. During the pandemic, many small businesses experienced a

decline in income.

To obtain primary data we conduct interviews with business actors. Meanwhile, secondary data is obtained through scientific papers and journals on the official website.

### 3. Results and Discussion

Micro, Small and Medium Enterprises are one of the important parts of a nation's economy. So it needs support from various circles such as human resources (HR) as actors to strengthen MSMEs. Because of this important role, the government continues to make efforts to develop MSMEs.

With a SWOT analysis, the result of the discussion of this research is to be able to make a strategy in developing a business: Strengths, with at least competitors entrepreneurs continue to innovate such as improving business services such as in terms of service to customers and a convenient trading layout for sellers so that they do not lose in market competition; Weaknesses, sales carried out with an offline system make buyers unable to develop, so entrepreneurs must attend training on business innovations held by other business actors and the government; Opportunities, with the same few buyers' interest, entrepreneurs must be more actively involved in activities carried out by the government and other merchant communities; Threats, income that continues to decline makes capital cannot rotate properly and the addition of trading when capital is a little bit difficult for traders so that traders are required to innovate with the right marketing strategy.

When viewed from the results of the SWOT analysis above, Mr. Rafles' business must continue to make new innovations so that it is not inferior to other traders and continue to actively participate in training conducted by the local government and other merchant communities in order to reach a wider business network.

Most of the problems faced in MSMEs or PKL are capital problems. Thus, other ways are needed so that the MSME or PKL sector is more developed, both through marketing and distribution aspects. In terms of marketing, by taking advantage of the advancement of information technology that is developing rapidly today. With internet users in Indonesia that are quite rapid from year to year, online product sales are one of the good ways to market MSME products (Permana, 2017).

However, during the Covid-19 pandemic, product marketing strategies must be carried out online as well as registering merchandise or MSMEs to sites such as Shopee, BukaLapak, and other Online Platforms. Because of the small number of community activities outside the home, entrepreneurs must make new innovations so that their products can be enjoyed by many people by complying with Covid-19 protocols.

### 4. Conclusion

The COVID-19 pandemic has had a major impact on various sectors in all countries in the world. Not only the health sector, the economic sector, education, politics are also affected. In this study, we discussed MSMEs, where MSMEs are one of the economic boosters in Indonesia. For this reason, the government makes a strategy by contributing to business actors so that MSMEs can continue to run and can stabilize the country's economy. As happened to Mr. Rafles' street business (PKL) in Pasar Raya Padang affected by the Covid-19 pandemic, the income from his business decreased by 60%.

It is recommended that Mr. Rafles should attend training programs held by the government and the merchant community. Because by participating in the training, it will add a wider network so that the business can be known to more people. And Mr. Rafles must continue to innovate so that his business can be sold online. Because during this pandemic, many people's activities are carried out online, ranging from work, school, or to shopping.

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