



Corona Virus Pandemic Impact on Sales Revenue of Micro Small and Medium Enterprises (MSMEs) in Pekalongan City, Indonesia

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Abstract - This study aims to determine the impact of the covid-19 pandemic on the sales revenue of Micro Small and Medium Enterprises (MSMEs) in Pekalongan City. The data collected from surveys are sales revenue before and after Corona virus Pademic starting from the enactment of social distancing rules (March 16 2020 until 16 April 2020). The analysis carried out in the form of data analysis and descriptive data analysis. Based on 282 SMEs units sampled, it was found a decrease in total sales revenue of 53.5%. The type of business that has the greatest reduction in revenue sales is the fashion business. The corona virus pandemic has an economic impact to the community, especially to the Micro Small and Medium Enterprises (MSMEs) in Pekalongan City. This research is expected to be a policy reference for the local governments to deal with the economic crisis caused by the corona virus pandemic.

Keywords – corona virus, impact, sales revenue, MSMEs, pekalongan

Submission: April 20, 2020

Correction: May 08, 2020

Accepted: May 15, 2020

Doi: <http://dx.doi.org/10.14710/jvsar.2.1.2020.7-10>

[How to cite this article: Milzam, M., Mahardika, A., and Amalia R. (2020). Corona Virus Pandemic Impact on Sales Revenue of Micro Small and Medium Enterprises (MSMEs) in Pekalongan City. *Journal of Vocational Studies on Applied Research*, 2(1), 7-10. doi: <http://dx.doi.org/10.14710/jvsar.2.1.2020.7-10>]

1. Introduction

The global pandemic of the corona virus, known as Covid-19, has spread throughout the world, and poses a threat to all countries, including Indonesia. As of April 16, 2020, based on data from World Health Organization (WHO), there are 212 infected countries, 1.914.916 positive cases, and 123,010 deaths [1]. According to official information from the Indonesian Government, Directorate General of Disease Prevention and Control of the Ministry of Health, Indonesia has recorded 5.136 cases, 446 recovered, and 469 deaths [2].

The transmission risks causes the public concern, thereby affecting their social life. Global pandemic has a negative effect on the microeconomics and macroeconomics. Several infectious diseases such as HIV, H1N1 influenza 2009, H5N1, and the SARS epidemic and pandemic can easily cross borders in threaten the economy and regional stability of a country in the past [3]. This is due to several factors such as commodity distribution, import-export, and production or operational activities [4].

Richard et. al. [5] states that the government's policies in dealing with a global pandemic also greatly affect the economic health of the country. The Indonesian Government has established a national emergency situation in March 2020. Furthermore, the PSBB was regulated in Regulation of Minister of Health Number 9 of 2020 on Guidelines to Large-scale Social Restrictions in Accelerating COVID-19 mitigation [6]. There are regulations that restricting the community interactions, including economic activities. This was done to prevent further spread.

Economic losses due to corona virus have differences between one unit business and the other. It based on several factors including the type of business, the size of the company, the formal-informal sector, and the policies of the company. The types of businesses such as food and the main commodity assumed will sustain eventhough this will affected by PSBB policy. In contrast, the secondary needs such as clothing, tourism, and entertainment will crashing down due to the PSBB policy. There are four sectors that are most depressed due to the corona virus outbreak, such

as the household, MSMEs, industry, and financial sector [7]. On the other side, there are several types of businesses that have increased, like medical tools : masks and personal protective equipment (PPE) which are currently needed by the paramedics.

The company size also greatly influences the different impact, especially from capital, assets or the financial health of the business unit. For large investors, the impact of covid 19 can be handled with emergency funds until return to the normal life. Company size measured by total assets [8] helps the companies to maintain their business in the crisis times [9-12]. The World Bank also stated that the corona virus pandemic crisis has transformed into a global economic crisis.

Informal sector is dominant in all developing countries in the world. The informal workers include home industry, MSMEs, freelancers, etc. While the formal sector are civil servants, public company employees, police, army, etc. BPS-Statistics Indonesia in 2019 reported that the percentage of informal sector is 57.27% or 74.08 million [13-15]. The informal sector become the most vulnerable sector to the economic crisis during the corona virus pandemic caused by the restriction of social interactions outside the home, therefore most of the informal sector could not fully implement the Work From Home (WFH) rules. As a result, the usual income earned every day or every week becomes reduced or even temporarily does not get income.

The company policies also has a significant contribution in suppressing the current spread of the corona virus. The Government through the relevant Ministries has issued a Ministerial Regulation which directly regulates companies or business units to prevent the spread of covid 19 in their business environment. The policy including decreasing operational hours, employee shift systems, and doing health protocols according to WHO standards in prevention.

Pekalongan city in Indonesia also has been infected by covid 19. There is one positive patient in care at the Kraton Regional Hospital. Since the government has begun to establish a red zone in Pekalongan City, various efforts have been made to comply with central government procedures. There are several restrictions on the activities in Pekalongan, among others; work and school from home, impose curfews and forbidding to hold events or gatherings.

Bappenas (2009) states that the impact of the global crisis can be felt in the regions or small cities [16]. Based on statistical data of Pekalongan city, the number of informal sector is more dominant than the formal sector [17]. With these data, there is an assumption that the economy of Pekalongan City has also significantly decreased over the past 3 months. One influential variable is the sales revenue of entrepreneurs or business units. One of the most vulnerable business units is Micro, Small, and Medium Enterprises (MSMEs). Based on previous research MSME is

a business unit that is vulnerable for being affected by the national economic crisis because of its minimal adaptability and technological mastery [18]. Therefore this study aims to analyze the effect of the corona pandemic on the MSMEs sales revenue in Pekalongan City.

2. Methodology

2.1 Data Analysis

2.1.1 Data, Samples, and Populations

The data used in this study were divided into two variables : sales revenue before and after corona pandemic. The data was obtained using survey method starting from the enactment of social distancing rules (March 16 2020 until 16 April 2020). While the method used to determine the sample is random sampling. The population in this study is the MSMEs in Pekalongan City.

2.1.2 Comparative Descriptive Data Analysis

The comparative descriptive data analysis is based on the sales revenue data before and after covid-19 pandemic in Pekalongan City with MSMEs sample surveyed. This comparative analysis uses the average method of revenue in the form of percentages. The following formula is:

$$\Delta \bar{X} (\%) = \frac{\bar{X}_1}{\bar{X}_2 - \bar{X}_1} \times 100\%$$

$\Delta \bar{X}$: Change in Average Sales Revenue (%)

\bar{X}_1 : Sales Revenue before the pandemic

\bar{X}_2 : Sales Revenue after the pandemic
(April 16th 2020)

2.2. Descriptive Data Analysis

Business analysis in this study uses the ranking method of the business type of MSMEs sample. The business types will be ranked from the smallest to the largest percentage of revenues change difference in the form of tables and diagrams.

3. RESULTS & DISCUSSIONS

3.1. Data Analysis

3.1.1. Data, Samples and Populations

In this study, the total sample of MSMEs was 282 business units out of a total population of 21,791. Table 1 shows that the total MSMEs sales revenue in Pekalongan City before the corona virus pandemic period was Rp. 208,062,201.00. While the total sales revenue after the corona virus pandemic period (April 16th 2020) was Rp. 83,105,362.

Table 1. Data, Sample, and Population

MSMEs	MSMEs Sample	Sales Revenue before pandemic	Sales Revenue during pandemic
21.791*	282**	Rp208.062.201**	Rp83.105.362**

Sources :

* Pekalongan City's Office of Trade, Cooperatives & SMEs

** Survey

Table 2. Changes of MSMEs Sales Revenue

Type of MSMEs	Sample	Sales Revenue before pandemic	Sales Revenue during pandemic	Sales Revenue Changing	Percentage
Food and beverages	176	Rp25.905.381	Rp9.110.081	Rp (16.795.299,99)	65%
Handycraft	23	Rp72.043.478	Rp40.765.217	Rp (31.278.260,87)	43%
Fashion	60	Rp95.313.342	Rp22.820.833	Rp (72.492.508,35)	76%
Others	23	Rp14.800.000	Rp10.409.231	Rp (4.390.769,23)	30%
Total	282	Rp208.062.201	Rp83.105.362	Rp (124.956.838,44)	53,5%

Sources : Survey & Microsoft Excel Data Process

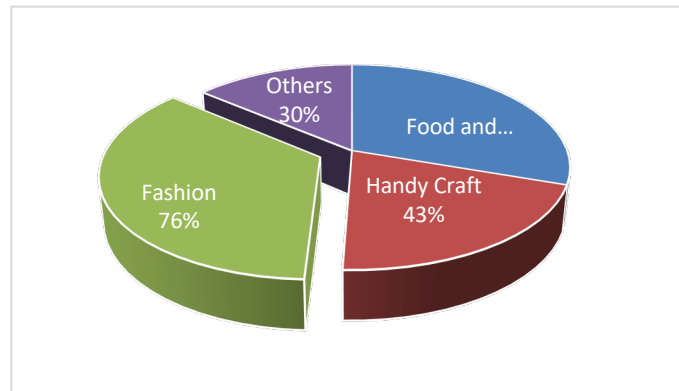


Figure 1. Number of Revenues Decrease
Sources : Survey & Microsoft Excel Data Process

3.1.2. Comparative Descriptive Data Analysis

Based on Table 2 the sales revenue during one month social distancing have decreased by 53,5% with the total sales revenue of Rp. 124,956,800.00 for all MSME samples. This number show a significant decrease of economic condition in Kota Pekalongan. This is according to Verikios research [3] which reports that global pandemic has a negative impact on economy. It happened due to several factors such as limitation of commodity distribution, import-export, and production or operational activities [4]. It can be concluded, this result show that corona virus have an impact the MSMEs sales an revenue according to Indonesian Ministry of Financial statement [7], data report from Bapennas [13-15], and Budiyanti reseach [4].

3.1.3. Descriptive Data Analysis

Figure 1 shows the level of sales revenue decreased for each type of business. It can be seen that the biggest decrease occurred on the fashion business which equal to 76%. The decline in public consumption for fashion shows the decline in people's purchasing power. This is caused by the people's purchasing decisions to buy the more important things (such as health needs and other needs) during the pandemic. In line with fashion business, other basic necessities such as food and beverages business also decreased by 65%. This is due to the purchasing decision of the people of Pekalongan city more concerned with buying staples that can be stored for several days at home rather than buying the fast food based on survey. While other types of businesses such as handicraft and service

businesses also experienced a decline due to the reduced community activities in direct shopping and entertainment centers because of the government policy on pandemic according to Richard research [5] specifically PSBB policy [6].

4. Conclusion

Based on 282 SMEs units sampled, it was found a decrease in total sales revenue of 53.5%. The type of business that has the greatest reduction in revenue sales is the fashion business. The corona virus pandemic has an economic impact to the community, especially to the Micro Small and Medium Enterprises (MSMEs) in Pekalongan City. This research is expected to be a policy reference for the local governments to deal with the economic crisis caused by the corona virus pandemic.

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