

The Impact of Covid 19 on UMKM Sector in Indonesia

Ignatius Lorenzo^{1*}, Michelle Dinita², Riska Kristiani³, Ratu Balqis
Putri Tarfin⁴, Hetty Karunia Tunjungsari⁵

¹ Indonesia Faculty of Information Technology, Universitas Tarumanagara, Indonesia

² Faculty of Law, Universitas Tarumanagara, Indonesia

³ Faculty of Communications, Institut Bisnis Nusantara, Indonesia

⁴ Department of Civil Engineering, Faculty of Engineering, Universitas Tarumanagara,

⁵ Master of Management Department, Universitas Tarumanagara, Indonesia

*Corresponding Author Email : ignatius.825190067@stu.untar.ac.id

ABSTRACT

The motivation behind this investigation is to discover and examine what sort of effect brought about by the Covid on the advancement of UMKM organizations in Indonesia. The technique for investigation in this examination is a subjective engaging method. Small and medium-sized organizations (UMKM) are at the bleeding edge of financial shocks brought about by the Coronavirus pandemic. Lockdown measures have suddenly halted financial movement, with request falling and upsetting stockpile chains all throughout the planet. In the underlying study, over half of UMKM demonstrated that they could shut down inside the following not many months. The effect of the Coronavirus pandemic on the UMKM area is absolutely exceptionally compelling on Indonesia's financial conditions where the commitment of UMKM to the Indonesian economy is extremely huge in various fields including (1) The quantity of specialty units in Indonesia per 2018 adding up to 64.2 million specialty units, with the quantity of units UMKM organizations adding up to 64.1 Million (99.9%) (2) Commitment to the quantity of Laborers, the complete number of workers in Indonesia per 2018 adding up to 120.6 Million individuals, with the quantity of laborers in UMKM adding up to 116.9 Million (97%) (3) Commitment to Gross domestic product, All out commitment of business world Gross domestic product in Indonesia per 2018 adding up to 14,038,598 billion, with UMKM commitment to Gross domestic product of 8,573,895 billion (61.07%) (4) Commitment to Non-Oil and Gas Fares All out non-oil trades Indonesian oil and gas per 2018 all out 2,044,490 billion, with the commitment of UMKM to non-oil and gas sends out adding up to 293,840 billion (14.37%) (5) Commitments to Speculation, All out interest in Indonesia per 2018 adding up to 4,244,685 billion, with the commitment of UMKMr reached Get a venture of 2,564,549 billion (60.42%)

Keywords: *Coronavirus, the effect of Coronavirus, a little and medium sized micro business.*

1. INTRODUCTION

Corona virus or severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) is a virus that attacks the respiratory system. Reporting from the website [who.int/emergencies/diseases](https://www.who.int/emergencies/diseases), the most common symptoms of Covid-19 are fever, dry cough, fatigue. The disease caused by SARS-CoV-2 is known as Corona Virus Disease 2019 (COVID-19). Covid-19 causes severe infections in the lungs that are severe, up to death. The Covid-19 virus infection was found in the city of Wuhan, China at the end of December 2019. This virus spreads very quickly and has spread to almost all countries, including Indonesia. Based on data quoted from the [worldometers.info/coronavirus/](https://www.worldometers.info/coronavirus/) website on 27 December 2020, 08.05 GMT, the total number of positive Covid-19 cases in the world reached 80,763,522 people and 1,765,629 of them died from Covid-19. The country that contributed positive numbers for Covid-19 until December 27, 2020 was still occupied by the USA. In the country there were 19,433,847 positive cases of Covid-19 and as many as 339,921 of them died due to Covid-19. Various countries have implemented lockdown policies to reduce the impact of the spread of the Covid-19 virus. In addition to creating a global health crisis, efforts to suppress and mitigate the Covid-19 pandemic have also caused a strong disruption to the international trade order. From the supply side, the lockdown and working from home policies resulted in a reduction in the workforce involved in production activities.

With the policies made by the government, of course, it will also have an impact on MSME actors (Micro, Small, and Medium Enterprises) including the author himself. The decline in the turnover of MSME actors in the village of

Kabasiran Parung Panjang itself had occurred before the government implemented the lockdown and working from home policies. This happened because many people were afraid of being exposed to the corona virus itself, and caused traders in the village of Kabasiran to experience a decrease in the number of buyers, because consumers who usually eat snacks outside and consumptively buy food outside, now prefer to cook at home and they also better able to know for themselves the cleanliness of the food they make. Corona virus or severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) is a virus that attacks the respiratory system. Reporting from the website [who.int/emergencies/diseases](https://www.who.int/emergencies/diseases), the most common symptoms of Covid-19 are fever, dry cough, fatigue. The disease caused by SARS-CoV-2 is known as Corona Virus Disease 2019 (COVID-19). Covid-19 causes severe infections in the lungs that are severe, up to death. The Covid-19 virus infection was found in the city of Wuhan, China at the end of December 2019. This virus spreads very quickly and has spread to almost all countries, including Indonesia. Based on data quoted from the [worldometers.info/coronavirus/](https://www.worldometers.info/coronavirus/) website on 27 December 2020, 08.05 GMT, the total number of positive Covid-19 cases in the world reached 80,763,522 people and 1,765,629 of them died from Covid-19. The country that contributed positive numbers for Covid-19 until December 27, 2020 was still occupied by the USA. In the country there were 19,433,847 positive cases of Covid-19 and as many as 339,921 of them died due to Covid-19. Various countries have implemented lockdown policies to reduce the impact of the spread of the Covid-19 virus. In addition to creating a global health crisis, efforts to suppress and

mitigate the Covid-19 pandemic have also caused a strong disruption to the international trade order. From the supply side, the lockdown and working from home policies resulted in a reduction in the workforce involved in production activities.

With the situation continuing like this for the past few months, many MSME entrepreneurs (Micro, Small and Medium Enterprises) have gone out of business due to lack of buyers. The average MSME entrepreneurs who went bankrupt were those who did not join online couriers such as gofood and grabfood. And MSME entrepreneurs who have been able to survive in the midst of the COVID-19 pandemic like this are those who sell basic necessities such as basic necessities, vegetables, and restaurants whose prices are medium to low.

Based on data from the ministry of cooperatives obtained from <http://www.depkop.go.id/>, 1,785 cooperatives and 163,713 Micro, Small and Medium Enterprises (MSMEs) are affected by the coronavirus (COVID-19) pandemic. Most of the cooperatives affected by COVID-19 are those engaged in daily necessities, while the MSME sector that is most affected is food and beverage. However, in the last few months the UMKM entrepreneurs in the village of Kabasiran Parung Panjang can breathe a little easier with the socialization from the local village officials about the additional capital grant subsidies from the government of Rp. 2.4 million. With the grant assistance from the government, many MSME actors in the village of Kabasiran Parung Panjang hope to increase their business capital, and roll back their merchandise, which had previously experienced a decline in turnover. One of the government assistance programs is enough to bring fresh air for MSME entrepreneurs in the village of Kabasiran Parung Panjang. For example, several MSME actors who sell in front of the Griya Parung Panjang gate and in shophouses near Parung Panjang Market who have received the aid fund, they said that "from

the grant they can use it to pay rent for a place of business that is more than 2 months, because the daily profits that you get can only be used to rotate the merchandise capital the next day".

The expansion in nations influenced by the Coronavirus infection all throughout the planet, for example, America, Spain and Italy has exacerbated the world financial circumstance. A few organizations have even anticipated a debilitating of the world economy, including the Worldwide Money related Asset (IMF) which extends the worldwide economy to develop at less 3%. The effect of the Coronavirus episode on the economies of nations on the planet is additionally extremely incredible. In the primary quarter of 2020, financial development in some of Indonesia's exchanging accomplice nations developed negative: Singapore - 2.2, Hong Kong - 8.9, the European Association -

2.7 and China diminished to short 6.8. A few nations actually developed decidedly however diminished when contrasted with the past quarter. The US tumbled from 2.3 to 0.3, South Korea from 2.3 to 1.3 and Vietnam from 6.8 to 3.8. Indonesia encountered a genuinely profound constriction from 4.97 in the final quarter of 2019 to just 2.97 in the principal quarter. This genuinely profound withdrawal in the primary quarter in Indonesia was past assumptions thinking about that the physical separating and PSBB game plans happened toward the beginning of April 2020, where in the principal quarter (Q1) 2020 it just arrived at 2.97 percent. The worth arrived a long way from the principal quarter target which is required to arrive at the scope of 4.5-4.6 percent. In light of year-on-year development, the biggest wellspring of Indonesia's monetary development in Q1 2020 was in the data and correspondence area at 0.53 percent. This is sensible thinking about that with the suggestion not to take off from the house, numerous individuals access work, amusement and training through data innovation. In accordance with this, the volume of PLN power deals to families expanded. In view of a delivery from

the Focal Measurements Office, the quantity of unfamiliar travelers who came to Indonesia in the principal quarter of 2020 additionally dropped drastically to just 2.61 million visits, a reduction of 34.9 percent contrasted with last year. This is in accordance with the restriction on trips between nations which happened in mid-February. Number of rail travelers what's more, air likewise filled contrarily in accordance with the establishment of PSBB. Little and medium endeavors (UMKMs) were at the bleeding edge of the monetary shocks brought about by the Coronavirus pandemic. Lockdown measures have carried monetary action to an abrupt end, dropping interest and disturbing inventory chains all throughout the planet. In the underlying overview, over half of UMKMs demonstrated that they could leave business in the following not many months. From that point forward, insolvencies have stacked up and the underlying rate started to disintegrate. For instance, in Spring, US business applications fell by somewhere in the range of 40% and 75% contrasted with the earlier year – contracting considerably more pointedly than during the Incomparable Downturn. UMKMs give each two out of three positions in the OECD locale and contribute half of Gross domestic product. These figures show the possible penances of a huge section of the economy. For sure, OECD information shows that UMKMs are overrepresented in the areas generally influenced by the lockdown measures, specifically the travel industry, retail and expert administrations, and development and transport, where they represent 3/4 of all business. This scourge has uncovered the high weakness of numerous private companies, whose conditions are getting longer and longer the current circumstance keeps going. The effect of the Coronavirus pandemic on the UMKM area is absolutely exceptionally compelling on the state of the Indonesian economy where the commitment of UMKMs to the Indonesian economy is extremely enormous in different fields including other (1) Number of Specialty Units in Indonesia

starting at 2018 an aggregate of 64.2 million specialty units, with the quantity of UMKM specialty units adding up to 64.1 million (99.9%) (2) Commitment to the quantity of Labor, Number of laborers in Indonesia starting at 2018 a sum of 120.6 million individuals, with a complete labor force in UMKMs of 116.9 million (97%) (3) Commitment to Gross domestic product, The all out Gross domestic product commitment of the business world in Indonesia starting at 2018 sums 14,038,598 billion, with the commitment of UMKMs to Gross domestic product of 8,573,895 Billion (61.07%)

One of the effects of the Coronavirus pandemic that has hit UMKMs is that upwards of 1,785 cooperatives and 163,713 miniature, little and medium endeavors have been influenced by the Covid (Coronavirus) pandemic. The greater part of the cooperatives influenced by Coronavirus are occupied with day by day necessities, while the UMKM area that is most influenced is food and refreshment. Agreeable supervisors feel the decrease in deals, absence of capital and hampered dispersion. In the mean time, the UMKM area that was shaken during the Coronavirus pandemic, aside from food and drinks, was the imaginative business and agribusiness.

2. LITERATURE REVIEW

- a. Diminished turnover for UMKM.
- b. Change of plan of action from customary to digitalization

3. METHOD

The research method in this investigation is a subjective graphic strategy. Analysts gather, inspect and portray every one of the manifestations that happen due to Coronavirus and its consequences for UMKM organizations in Indonesia. from different sources on the web

4. RESULT AND DISCUSSION

- a. Diminished turnover for UMKM.

Since its appearance toward the finish of 2019, the Coronavirus infection has spread all

through the world. With the fast spread of Coronavirus, the effect of the worldwide monetary lull is beginning to be felt locally. Beginning from the cost of raw petroleum which tumbled to its most reduced two days prior, the financial exchange in free fall, and the costs of different products, for example, gas and palm oil are likewise expected to be pulled down if request doesn't recuperate soon (Kompas, 11 Walk 2020). The travel industry is one of the enterprises influenced by the spread of this infection. The executive of the Bali The travel industry Board (BTB)/Indonesian The travel Industry Affiliation (GIPI) Bali, Ida Bagus Agung Partha Adnyana, said there had been 40,000 lodging retractions with misfortunes arriving at Rp. 1 trillion consistently (Kontan, Walk 5, 2020). The languid the travel industry area has a cascading type of influence on the UMKM area. In view of information prepared by P2E LIPI, the effect of the decrease in the travel industry on UMKMs occupied with the miniature food and drink business came to 27%. While the effect on little food and drink organizations is 1.77%, and medium endeavors is 0.07%. The effect of the Coronavirus infection on wood and rattan make units, miniature endeavors will be at 17.03%. For private companies in the wood and rattan make area 1.77% and 0.01% for medium endeavors. In the interim, family utilization will likewise address somewhere in the range of 0.5% and 0.8% (katadata.co.id, Walk 2, 2020). Indeed, Miniature, Little and Medium Undertakings (UMKMs) have an extremely essential job in the Indonesian economy. Information from the Indonesian Service of Cooperatives and Little and Medium Undertakings in 2018 shows the quantity of UMKM specialty units is 99.9% of the all out specialty units or 62.9 million units. UMKMs retain 97% of the complete work, 89% of which are in the miniature area, and contribute 60% to GDP (Kemenkop and UMKMs, 2018).

b. Change of plan of action from customary to digitalization.

Advanced improvements in globalization are exceptionally persuasive on the economy, including the retail market. The retail market that some time recently attempted to uproot the presence of conventional business sectors, however truth be told the presence of the cutting edge retail market is impacted by globalization, apparently some retail advertises are beginning to fall like pre-winter. Individually, the advanced retail market, huge, miniature, and little started to decrease individually. This is because of the absence of buyer interest in regular shopping despite the fact that the actual offices are entirely agreeable and there are basically no holes. In any case, by introducing the accommodation of shopping, indeed in the advanced period individuals are as yet hesitant and really like to do web based shopping exercises or use media applications. Here are a few reasons individuals are hesitant to do ordinary shopping exercises:

- a) Limit Costs Cost and time effectiveness are the principle factors in going through with online exchanges. Other than being more effective as far as expenses, including transportation costs, stopping charges, and convenience costs, which are one bundle with the exchange cycle. Also as far as time effectiveness, you need to need to set aside uncommon effort to do shopping exercises, particularly invest a great deal of time picking and searching for merchandise, so you need solid actual energy.
- b) Diminish Weariness In online market exchanges, you don't need to try going to the store, shopping center or spot to eat. So we don't need to be drained and burn through additional effort also driving a vehicle, gridlocks, and different issues that emerge out and about. In the event that the exchange is on the web, we can shop while doing different exercises at home or at work, so it is considered exceptionally functional.
- c) Force Productivity Shopping exercises through computerized are likewise energy effectiveness. Customers presently don't have to invest energy lining

before the clerk, lining and squeezing the work area to pick the best things, also holding back to be served by retailers when the shop is occupied and there are numerous guests. Obviously, it is totally different from shopping through on the web, which just requires one action to open a cell phone, all shopping

5. CONCLUSION

the accompanying ends can be drawn:

1. The state of UMKMs amidst a pandemic keeps on encountering a decrease in limit, going from creation ability to a decline in pay.
2. There should be an arrangement to secure UMKMs so they can stay cutthroat even amidst the Coronavirus pandemic.
3. Take advantage of existing technologies such as e-commerce and delivery services to make it easier for sellers and buyers
4. UMKMs must manage and plan the budget carefully so that there is no loss
5. The thing that needs an UMKM during the pandemic in addition to devising financial tactics is to develop digital marketing tactics to facilitate UMKMs on marketing products & services owned digitally.
6. Join the community, UMKMs are not only limited to increasing knowledge, but so that they strengthen to each other, assist in production materials, including promoting business.

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