



# Sustainability Strategy of Small and Medium Micro Business During the Covid19 Pandemic in Jambi Province

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**Abstract.** The COVID-19 pandemic has a huge impact on the Indonesian economy, including the Micro, Small, and Medium Enterprises (MSME) sector in Jambi Province. As a result of this Coronavirus, many MSME sectors have experienced a decline in sales turnover, a reduction in the number of workers and even an experience of bankruptcy. So far, MSMEs are one of the sectors that can be relied upon as a safety valve during an economic crisis. Therefore, to maintain the sustainability of MSMEs, the right strategies are needed for the MSMEs so that this sector can survive continuously even at the current situation. The objectives of this study are: 1) Identify and analyze internal factors which are the strengths and weaknesses of SMEs. 2) Identify and analyze external factors which are opportunities and threats. 3) Analyzing the right strategy for MSMEs in Jambi Province during the COVID-19 pandemic. This study uses SWOT and AHP analysis methods. From the results of the accumulated swot matrix, it is concluded that MSMEs are currently more towards the weakness and opportunity (WO) factor. Therefore, the right SWOT strategy for MSMEs is to take advantage of internal weaknesses to take advantage of opportunities. The MSME strategies during the COVID-19 pandemic are: 1) improving the marketing system through online promotions to expand the consumer knowledge on the MSME product brands, 2) expand networks to develop MSME products. 3) improve skills through training for MSME actors based on the needed.

**Keywords:** MSME Sustainability Strategy · COVID-19 · SWOT · AHP

## 1 Preliminary

Corona virus disease or Covid-19 is a virus that first appeared in the city of Wuhan and has infected all countries in the world. The quick increase in the spread of the virus made this situations considered as a pandemic, on March 11, 2020 by the World Health Organization (WHO). (Indayani & Hartono, 2020).

Based on data from the Ministry of Health, the increase of the virus spread rate are very fast, until December 2020 there were 76 million cases infected with Covid-19 with the death toll of 1,777,272 people. The highest death toll was in the United States with

a toll of 334,967 people. Indonesia is the third highest death rate in Asia with 19,880 deaths (Wisnuwardani, 2020).

The 2019 Corona virus (Covid 19) outbreak has brought significant changes in the world economy towards a deteriorating situation. The increase in new cases of the corona virus requires quite serious handling, because it has an impact on the weakening of the world economy. Indonesia is one of the countries affected by this crisis, where almost all areas of human activities has drastically changed. This virus not only kills humans, but also paralyzes the world's economy, including Indonesia. Things that need to be considered during this pandemic are changes that have the potential to increase the poverty rate along with the number of unemployed.

According to the Central Statistics Agency, Indonesia's economic growth rate in the second quarter of 2020 was negative 5.07 percent. The increased spread of the Covid-19 virus has hampered commercial sector mobility. The hotel, tourism, and MSME (Micro, Small, and Medium Enterprises) sectors all had significant growth declines.

The report from the Ministry of Cooperatives and MSMEs shows that 37,000 MSME actors in Indonesia stated that 56 percent experienced a decrease in the number of sales, difficulties in capital as much as 22 percent, obstruction of the goods distribution system by 15 percent and difficulty in obtaining raw materials as much as 4 percent (Rosyada & Wigiawati, 2020). Furthermore, 47 percent of MSMEs must go out of business and have to lay off part of the workforce. The number of workers who experienced layoffs was 2,084,593, with the number of laid-off workers from the MSME sector reaching 538,385 people.

Things that need to be considered during this pandemic are changes that have the potential to increase the poverty rate along with the number of unemployed. Therefore, MSME actors must have a strategy so that the business they run continues to produce, considering the role of MSMEs which make a considerable contribution to the regional economy. (Ningrum et al., 2020).

The recovery of MSMEs is one of the most important ways to be pay attention, with the aim that MSMEs can survive even during the economic crisis. The decision making in policies by the government must considered the account of the strengths, weaknesses, opportunities and challenges of MSMEs in Indonesia. In addition, MSME owners are also required to survive by adapting to the environment amid the Covid-19 pandemic conditions, (Liguori & Pittz, 2020). Decision making and policy determination must be based on the basic problems faced by MSMEs during the pandemic.

The COVID-19 pandemic has also caused the economy in Jambi Province to experience a decline. 11,454 micro-enterprises spread across 11 districts/cities affected by this disaster, of which there were 8,202 businesses located in Jambi City, 902 businesses in Sungai Penuh City, Tanjung Jabung Timur Regency 793 businesses and Tanjung Jabung Barat as many as 27 businesses. The impact of this pandemic looks quite varied, starting from a decrease in sales profits to the employees reduction, some have even gone out of business. Business activities ranging from production, marketing and transactions dropped dramatically by up to 50% due to the number of shops and supermarkets being closed during the corona virus.

From the description on the background, the objectives of this study are: 1) to analyze the internal factors which are the strengths and weaknesses of MSMEs. 2) analyze external factors which are the opportunities and threats of SMEs. 3) recommend appropriate sustainability strategies for MSMEs in Jambi Province during the COVID-19 pandemic.

## 2 Literature Review

### 2.1 Sustainability Strategy Concept for Micro, Small and Medium Enterprises

Business sustainability is often defined as an action that is carried out continuously which ends in an existence or resilience. Business sustainability includes a process starting from growth, development, strategy and efforts to maintain the business. The ability of business actors greatly determines the size of the income obtained in maintaining the sustainability of their business. (Faizhal, 2014).

The MSME sector is one of the sectors affected by the COVID-19 pandemic, where there has been a very significant decline in profit for this sector. Almost all countries in the world feel the impact of this virus outbreak.

The Covid 19 pandemic cannot be predicted when it will end, so that the simple way to do not is by adapting and preparing strategies, both in short-term and long-term in the form of digital access for MSME actors. (Pakpahan & Parahyangan, 2020).

Furthermore, (Shafi et al., 2020) advocate strategies to alleviate the burden on MSMEs affected by Covid 19 by expanding the economy, income, and employment support, creating resilience capacities, and good social interactions. In addition to having social and economic effects, the COVID-19 epidemic has produced new issues for the protection of employees' and customers' health and safety, as well as a new workplace operating culture.

The Covid pandemic has also impacted the "key supply chains" such as: pharmaceuticals, personnel protection equipment and national food safety. Therefore, regionalization and government intervention are needed in shortening the food supply chain by empowering producers (micro and small farmers) towards a sustainable society. (Obrenovic et al., 2020).

A study conducted by (Al-Fadly, 2020) reveals that several government actions are needed to support business continuity by providing stimulus funds, an extended moratorium and loans as well as reduced loan interest rates.

The breakout of the covid pandemic has not only generated a global health disaster, but it has also had an influence on the Indonesian economy, because 99% of economic players are MSMEs. The government's many initiatives to assist small persons and MSMEs are inextricably linked to the efficient operation of business through the adoption of a virtual team-based affiliate program. This approach uses gadgets to present or advertise its products and services 2020 (Shofiana).

### 2.2 SWOT

SWOT analysis is one of the strategies used to establish a corporate strategy by identifying a company's risks and opportunities, as well as its strengths and weaknesses.

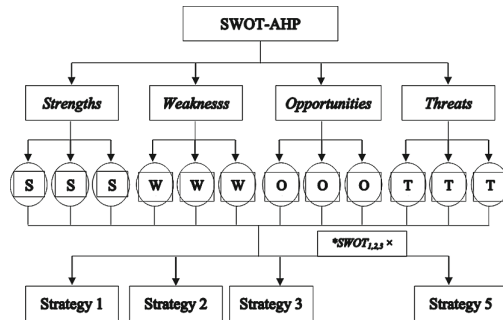


Fig. 1. Hierarchical Representation of the SWOT-AHP Combination

The SWOT analysis identifies the organization’s strengths and weaknesses by studying factors in the environment (internal), while opportunities and dangers are found by examining aspects outside the environment (external). SWOT analysis is a strategic planning method that is used to evaluate an organization’s strengths, weaknesses, opportunities, and threats. This study is important for adjusting an organization’s resources and competencies to the competitive landscape.

**2.3 Analytic Hierarchy Process Method (AHP) – SWOT**

To analyze the MSME sustainability strategy, an analysis using the AHP-SWOT method is used. This analysis is carried out after obtaining alternative strategies to prioritize these alternatives. The AHP method is expected to produce the best strategy that is recommended through the SWOT matrix.

The combination of AHP-SWOT factors used quantitative techniques that are integrated in four stages, namely: The first stage is to conduct a SWOT analysis; The second stage performs pairwise comparisons between the SWOT factors in each SWOT group; The third stage performs pairwise comparisons between the four SWOT groups, namely strengths (S), weaknesses (W), opportunities (O) and threats (T); and the fourth stage is to formulate strategies, plans and various other needs to be evaluated and compared. (Osuna & Aranda, 2007).

**3 Method**

The sampling technique was done purposively (purposive sampling). Primary data collection was obtained through in-depth interviews and Focus Group Discussions (FGD) and questionnaires. The selected respondents were based on the consideration that these respondents had expertise and competence in their fields, namely MSME actors, academics, the community and government (relevant agencies).

The corona virus outbreak cannot be predicted when it will end, MSME actors inevitably have to adapt with the current conditions. They must think the right strategy that must be done for business sustainability, in order to survive in this situation. Several studies have been carried out related to the MSME strategy during the COVID-19 pandemic. In general, some previous studies only recommend qualitative strategies. This

study analyzes the MSME sustainability strategy using SWOT and AHP analysis. This analysis is based on the logic of maximizing strengths and opportunities, but simultaneously minimizing weaknesses and threats. Furthermore, to develop strategic priorities, the AHP model is used. The AHP method is an analytical tool that is supported by a simple mathematical approach that can be used for decision making. To analyze the MSME sustainability strategy, an analysis using the AHP-SWOT method is used. This analysis is carried out after obtaining alternative strategies to prioritize these alternatives. The AHP method is expected to produce the best strategy that is recommended through the SWOT matrix.

## 4 Result and Discussion

SWOT analysis is used to identify internal factors (IFAS) and external factors (EFAS) of SMEs. The data obtained from the respondents are identified and grouped into internal and external strategic factors which are then weighted. The AHP method is used to analyze the MSME sustainability strategy.

### 4.1 Internal Factor Analysis Summary (IFAS)

The IFAS model is used to describe the strengths and weaknesses of the internal conditions of MSME actors during the covid 19 pandemic. Based on the results of the IFAS analysis, the total value of internal factors is 3.08. The main strength of MSME actors with the largest score is the availability of sufficient/easy to obtain raw materials and affordable product prices with a score of 0.23. While the main weakness is limited capital with a score of 0.23.

### 4.2 External Factor Analysis Summary (EFAS)

Based on the results of the analysis of external factors (EFAS), the total value of external factors is 3.6. This value shows that the condition of MSMEs in Jambi City during the covid 19 pandemic gave a positive response, where MSME actors could take advantage of opportunities to minimize the threat due to Covid 19. The main opportunity with the greatest value was the development of promotional media with a score of 0.30, while the threat The biggest factor is the unstable market development, the number of competitors who have used online media in product marketing and the government's policy to increase market prices with a score of 0.21. EFAS's assessment of MSMEs in Jambi City is presented in Table 2.

### 4.3 IFAS -EFAS Matrix Analysis

The SWOT matrix provides four different combinations: SO, WO, ST and WT. Below is shown the strategies identified in this study.

From the results of the accumulated weighting of the SWOT matrix, the determined priority strategies be used as the planning guidelines in the MSME sustainability strategy, where in Fig. 2 the SWOT quadrant, the Weakness - Opportunity (WO) strategy matrix has the highest weight so that it becomes the main priority in the MSME sustainability strategy in the Jambi Province.

**Table 1.** Internal Factor Analysis Summary (IFAS)

No.	INTERNAL FACTOR DOMAINT (IFAS)	TOTAL	WEIGHT	RATING	SCORE
<b>STRENGTHS</b>					
1	Availability of raw materials is sufficient/easy to obtain	81	0.07	3	0.23
2	Attractive product packaging	79	0.07	3	0.22
3	The product has a halal certificate	69	0.06	3	0.17
4	Affordable product prices	80	0.07	3	0.23
5	Product innovation/development	77	0.07	3	0.21
6	Good service	76	0.06	3	0.21
7	Good quality of raw materials	77	0.07	3	0.21
<b>TOTAL VALUES</b>		<b>539</b>	<b>0.46</b>		<b>1.48</b>
<b>WEAKNESS</b>					
<b>1</b>	The financial bookkeeping system is still simple	74	0.06	3	0.19
<b>2</b>	The market share is not yet wide	68	0.06	3	0.16
<b>3</b>	Limited capital	80	0.07	3	0.23
<b>4</b>	Limited means of transportation	79	0.07	3	0.22
<b>5</b>	Less integrated system	75	0.06	3	0.20
<b>6</b>	Slow production process	67	0.06	3	0.16
<b>7</b>	The use of information technology is still low	70	0.06	3	0.17
<b>8</b>	Product does not last long	57	0.05	2	0.12
<b>9</b>	Lack of promotion	64	0.05	3	0.15
<b>TOTAL VALUES</b>		<b>634</b>	<b>0.54</b>		<b>1.60</b>
<b>OVERALL VALUES</b>		<b>1173</b>	<b>1.00</b>		<b>3.08</b>

#### 4.4 Analytical Hierarchy Process-SWOT

The AHP method is used to develop a priority from various options using several criteria (multi criteria). Based on the results of respondents' opinions, there are 5 (five) MSME sustainability strategies during the COVID-19 pandemic, namely:

From the results of data processing with Super Decision 2.4.0 software, the final results are obtained in Fig. 2:

**Table 2.** External factor analysis summary (EFAS)

No	FEXTERNAL FACTOR DOMINAN (EFAS)	TOTAL	WEIGHT	RATING	SCORE
<b><u>OPPORTUNITY</u></b>					
1	High population growth	83	0.06	3	0.21
2	Consumptive habits of society	85	0.06	4	0.22
3	The development of more modern production equipment	92	0.07	4	0.26
4	Market potential that is still open	97	0.07	4	0.29
5	The development of promotional media	99	0.07	4	0.30
6	Increasing number of minimarkets/malls	90	0.07	4	0.25
7	Demand for Jambi's specialty products	91	0.07	4	0.25
8	Government support	96	0.07	4	0.28
<b>TOTAL VALUES</b>		<b>733</b>	<b>0.54</b>		<b>2.05</b>
<b><u>THREATS</u></b>					
1	The existence of similar competitors in the regional environment	80	0.06	3	0.19
2	Consumer tastes are difficult to predict	76	0.06	3	0.18
3	Public perception of goods	79	0.06	3	0.19
4	Products are easy to imitate	69	0.05	3	0.14
5	The development of information technology is very fast	82	0.06	3	0.20
6	Unstable market development	83	0.06	3	0.21
7	Competitors use online media in product marketing	83	0.06	3	0.21

*(continued)*

**Table 2.** (continued)

No	EXTERNAL FACTOR DOMINAN (EFAS)	TOTAL	WEIGHT	RATING	SCORE
8	Government policy in increasing market prices	84	0.06	4	0.21
<b>TOTAL VALUES</b>		<b>636</b>	<b>0.46</b>		<b>1.54</b>
<b>OVERALL VALUES</b>		<b>1369</b>	<b>1.00</b>		<b>3.6</b>

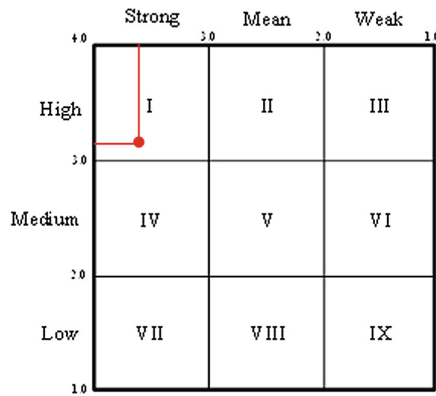
**Table 3.** SWOT Analysis

STRENGTH + OPPORTUNITY STRATEGY (SO)	WEIGHT	WEAKNESSES + OPPORTUNITY STRATEGY (WO)	WEIGHT
SO 1 Increase the use of promotional media by highlighting product advantages in order to expand market share.	<b>3.53</b>	WO 1 Increase knowledge of online marketing strategies	<b>3.65</b>
SO 2 Utilization of technology to facilitate production activities by emphasizing the quality of raw materials and attractive packaging.		WO 2 Efficient use of logistics in product mobility to consumers.	
		WO 3 Building partner relationships with retail and malls in marketing products.	
STRENGTH + THREAT STRATEGY (ST)	WEIGHT	WEAKNESSES + THREATS (WT) STRATEGY	WEIGHT
ST 1 Improving the quality of raw materials in order to continue to stand out among competitors.	<b>3.02</b>	WT 1 Increase promotion in an effort to keep attracting consumers' attention.	<b>3.15</b>
ST2 Improving packaging and service creativity in order to provide a positive public perspective on the product.		WT 2 Applying for credit loans in expanding market share.	
ST3 Continue to innovate in product quality to maintain consumer interest and survive fluctuations in demand due to trends.		WT 3 Start imparting technology knowledge to employees as well as owners	

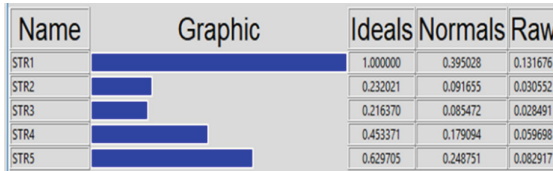


**Table 4.** Value of Alternative Hierarchy Data

Alternatif	Simbol	Ranking
Digital Marketing Knowledge	STR1	1
Capital policy	STR2	4
Raw material preparation	STR3	5
Strengthening human resources	STR4	3
Building a network of SMEs	STR5	2

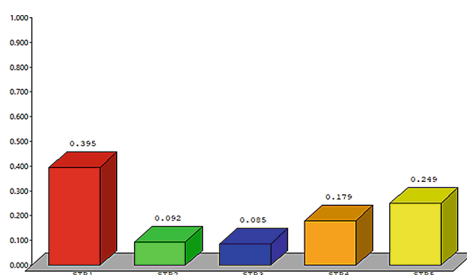


**Fig. 2.** SWOT Quadrant



**Fig. 3.** Alternative Priority

Figure 3 explains that the strategy to increase knowledge of digital marketing as a means of promotion has the highest value with a weight of 0.395, then the strategy to build a network of MSMEs has a weight of 0.249, strengthening MSME human resources (0.179), capital policy (0.092) and provision of raw materials (0.085).



**Fig. 4.** Bar Chart

## 5 Conclusion

From the results the data discussion and data processing using SWOT analysis, it is found that the strength factor has the lowest weight compared to other groups. This means that the strengths of MSMEs have not been utilized optimally so that they must be improved and improved. The results of the IE Matrix value for the condition of MSME sustainability in Jambi Province lead to Weakness and Opportunity (WO), meaning that MSME actors must prioritize strategies to use opportunities as much as possible to cover weaknesses due to the COVID-19 pandemic.

Based on the results of the AHP process, alternative MSME sustainability strategies in the midst of the COVID-19 pandemic are: 1) Increasing the knowledge of MSME actors regarding digital marketing as a means of online promotion. 2) Build a network of SMEs. 3) Strengthening of human resources. 4) Capital policy. 5) Provision of raw materials.

With this strategy, it is hoped that MSMEs can increase and survive due to the COVID-19 pandemic.

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