



The Hope of Micro, Small and Medium Industries in Payakumbuh City to Rise Facing the Covid-19 Outbreak

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Abstract. The low ability of micro, small and medium scale enterprises (MSMEs) in dealing with problems that arose during the COVID 19 pandemic in Payakumbuh City, West Sumatra, Indonesia, caused almost all of them to fall during the pandemic. The government carries out assistance efforts through various programs, but not all government support generates MSMEs business activities. This study seeks to find data on the concrete problems and expectations of MSMEs. The method used was the embedded mixed method, where qualitative and quantitative data were obtained simultaneously and become support between the two. Respondents were 15 MSMEs of various types of business. Triangulation was carried out to the Payakumbuh City Manpower and Trade Office. The study states that MSMEs hope to support a maximum capacity of up to conducting business activities in enhancing innovation and digital marketing. It is directed at practices' ability. Business ideas learned by MSMEs from competitors via the Internet can build a business innovation independently. MSMEs require specialized staff who can focus on carrying out digital marketing activities. This research will reference developing a crisis management training model for MSMEs to increase MSMEs' ability to rise the business challenges during the pandemic.

Keywords: Hope · Micro · Small · Medium · Industries

1 Introduction

Coronavirus (COVID-19) is a pandemic that not only causes damage to human health, one of the other impacts felt is the poor condition of the economic sector. Social distancing restrictions and changing demand for COVID-19 have caused many small businesses to go bankrupt. Research data states that 41% of the world's entrepreneurs have gone bankrupt due to the COVID-19 pandemic [1]. Not only for giant companies at this time, but COVID-19 has also massively moved from a health pandemic to an economic crisis that affects the life of small and micro businesses in the world [2].

This economic problem, which has a cycle of problems, later became a more severe crisis than the global financial crisis in 1997. Hadiwardoyo stated that the national loss reached Rp 517 trillion, plus interest on the new state debt. Due to the loss of income

due to no sales, expenses continued to occur even though they could not be fully met [3].

However, COVID-19 does not mean that it is absolute as a series of misfortunes for small, medium, and micro enterprises (MSMEs) that incidentally are entrepreneurs. Like the conditions that occurred during the last economic crisis, the economic strength of European Union countries could rise again by empowering the micro-economy based on the power of household businesses (Holzmann, Hartlieb, and Roth 2018).

UMKM are certainly directly affected by the COVID-19 pandemic, [4] as well as consignment traders in Tondano who experience difficulties ranging from sales or turnover plus raw materials that are getting more expensive so it makes traders have the possibility to stop selling.

The fact found in observations and in-depth interviews with small and medium industries facilitated by the Payakumbuh City Manpower and Trade Office found that from 1902 small and medium industries in the city were Payakumbuh almost entirely slumped and did not experience sales at the beginning of the pandemic. It has an impact on Payakumbuh City's economy, which became slow during the COVID 19 period. This problem later became a sustainable problem for 90% of industries small and medium that run businesses by producing which will be distributed by traders, most of whom are super micro businesses.

The main problems that small and medium enterprises complain about are resilience and ability to survive due to decreased motivation. Due to the low ability to read business opportunities during the COVID 19 outbreak, inability to understand the concept of the era of disruption, and intense involvement with trade transactions in the era of disruption and managing business management during the outbreak. COVID 19 [5].

This research was compiled based on the results of an in- observation depth of the impact of the COVID 19 outbreak and the hopes of small and medium businesses in Payakumbuh City to rise and take advantage of the conditions during the COVID 19 period. An in-depth study of the impact of the COVID 19 outbreak that affected production activities, human resource management, capital, and product distribution produced by small industries in Payakumbuh City is presented in descriptive quantitative and qualitative data. It is as recommendations for developing models management to improve the management of small and medium enterprises affected by COVID 19.

2 Method

This research was conducted by analyzing 15 small and medium industries (MSMEs) in Payakumbuh, West Sumatra, Indonesia. This analysis used quantitative and qualitative analysis simultaneously (embedded mixed-method model) to ensure that all data can be explained and supported by other forms of data. Quantitative and qualitative were used to strengthen the results of fact-finding in research [6].

This method provided a detailed analysis of the conditions being faced by small and medium businesses in Payakumbuh. Sampling is determined based on research needs by considering the limitations of social interaction. Fifteen samples were determined, and representatives were selected based on the type of business in Payakumbuh City, namely culinary business, fashion and handicraft business, business in the infield of agribusiness and agriculture, and business industry metal.

Quantitative data analysis used descriptive non-associative data by revealing data using the percentage technique. Extended observations were made to identify critical problems regarding the object of research to obtain accurate conclusions. It was an effort to ensure that the research results are valid and have proven validity.

3 Finding and Discussion

3.1 Description of Industries Small and Medium that Participated in the Research

Data on research respondents who were representatives' of 1902 managers and owners of small and medium businesses in Payakumbuh City represented by 15 small and medium enterprises can be explained in Fig. 1.

Data shows that three businesses have been operating for more than ten years, five businesses run less than five years, and seven businesses are running a business in the range of 5 to 10 years. This data shows that the respondent's business has been operating for at least two years before the COVID-19 period, the longest-running for 15 years and the youngest for four years [7].

Apart from the Rendang culinary business, the handicraft and fashion business with embroidery and embroidery specifications which is one of the mainstays of the Payakumbuh city business in the fashion sector, is represented by six respondents; embroidery and embroidery are characteristics of the ethnicity Minangkabau which are unique and become the mainstay of the community's economy as one of the mainstays of the community's economy to attract tourists, including the Payakumbuh area.

3.2 Government's Attention During the COVID Period

The cooperation carried out by the government in the form of assistance to MSMEs is, in principle, very helpful [8]. The conditions of aid that the central and regional governments have carried out during the COVID outbreak are in the form of direct and online training and assistance, tax cuts, and reductions in the repayment period of capital loans [9]. Before the pandemic, the government had often used these methods to support

Code Rep.	Line of Business	Length of Business	Number of HR
A	Culinary	4	3
B	Metal machine	5	15
C	Culinary	7	40
D	Craft	4	24
E	Metal machine	5	2
F	Auto repair	15	3
G	Coffee producer	4	8
H	Metal machine	6	2
I	Craft	13	2
J	Culinary	6	4
K	Culinary	11	5
L	Fashion/embroidery	7	21
M	Fashion/embroidery	4	13
N	Fashion/embroidery	5	8
O	Crafts	5	5 The

Fig. 1. Research Respondents Data

the growth of MSMEs in the world [5]. For MSMEs, the government also provides stimulus assistance in periodic cash assistance for the general public with various forms of assistance programs. It is attempted as a step in strengthening people's purchasing power for MSME products.

However, the efforts made by the government did not have much impact on the revival of MSMEs. It can be identified based on the results of interviews with business actors in the City of Payakumbuh stating who said that "...during COVID 19, the government has given much assistance to the general public to increase people's purchasing power, but the products produced by MSMEs are in the form of culinary, fashion and the like are still not a priority for the public to buy" (respondents D, E, and G). Another supporting statement was put forward (respondents K and O) "...in the first year of the COVID-19 pandemic the government provided direct cash assistance, but it did not affect the sales conditions of MSMEs, MSMEs agreed this that cash assistance to the community did not affect sales conditions for MSMEs".

The activities carried out are not useful because they only support theoretical abilities, while MSMEs need practical skills that can help MSMEs to be able to develop products. Innovative and carry out product marketing activities through internet media" (respondent C). Interview data (respondent F) shows that "the government's attention only given in the form of providing without practical guidance is not very beneficial for MSMEs.

In contrast, the government is expected to help MSMEs by encouraging success in facing crisis challenges." Through the relevant agency (Department of Manpower and Trade), the government stated, "MSMEs lack human resources who can carry out online marketing activities and support producing creative products that can attract markets in digital marketing." It is a fact that even medium-sized MSMEs are willing to spend money to hire experts in the field of online marketing because they feel it is vital to keep up with the needs of global competition and the opportunity to have a positive impact during the epidemic period [10].

MSMEs hope for the government, including universities, to strive for natural results and have a practical impact to target MSME success through research activities and community service. This interview concludes that MSMEs have a problem with limited resources that can do digital marketing and can place innovative products in meeting the needs of regional, national and global markets As for supporting the data presented above quantitatively, it can be explained that the government's attention that MSMEs most expect is in Table 1.

Based on the data in Table 1, it can be explained that the government's role in improving the ability of MSMEs to rise during the COVID-19 pandemic. The most needed is to provide online product marketing knowledge and provide business motivation to poor MSMEs; 100% of respondents stated that these two things are the most desired roles for MSMEs in the government. It is a note based on qualitative data that the training carried out is to achieve practical skills in online marketing, not only at the level of knowledge.

Increasing knowledge through training is not enough for theoretical studies. Problem-based practice is the most helpful way to help trainees improve their abilities [11]. Business management training during the pandemic 73% of respondents needs to enhance the ability to survive and rise in terms of business management and management. Only

Table 1. The Most Expected MSMEs

Role of Government	Mean	(%)
Business capital loans	9	60
Tax relief	8	53
Marketing online products	15	100
Offline product marketing	4	27
Product innovation training	7	47
Crisis business management training	11	73
Business motivation	15	100
N = 15		

60% of respondents want capital assistance related to the pressure later to repay the loan. However, in a small amount of interest, but the respondents prioritize the marketing target. It is supported by research which states that MSMEs are increasingly pressured by returning loan money even though the interest rate has been suppressed by the government [12].

3.3 Collaboration with Business Partners During COVID 19 Pandemic

Field interviews currently have positive benefits that can be classified, namely the existence of a form of encouragement in collaborating with MSMEs. It was revealed that “business partners during COVID 19 who were felt to be quite psychologically helpful were manufacturers of similar products. The feeling of feeling the same problem and pressure causes business people to work together to find a way out to get up” (respondent A). Similar responses were expressed by (Respondents D and O), “... first get rid of competition and then find a way out to learn together the weaknesses and advantages of doing business during the epidemic, because we both don’t understand, then there is a desire to learn together, even from similar businesses that we don’t know the owners of through the internet.” Information obtained through the internet is a learning vehicle that is very helpful for MSMEs during COVID-19 [13].

Low innovation can be developed by studying competitors’ techniques by observing and imitating some modifications. The benefits of information through the internet media are central and much needed by MSMEs during the COVID-19 pandemic, “starting to recognize and trying to learn what competitors have, secretly causing businesses to want to collaborate with partners who are competitors” (respondent M), in the era of globalization this ability is known as collaboration ability and mastery of extensive data literacy and media literacy [14].

However, it is not enough to know the innovations made by competitors, make similar efforts, and become the target of MSMEs. MSMEs are gradually implementing business management, product innovation, and marketing. The positive impact of this is that Respondents C and I have benefited from penetrating the national market via the internet during COVID 19. It confirms the theory that the crisis is not only a disaster for

Table 2. Sources of Product Development Ideas during the Pandemic

Source of Ideas	Mean	(%)
Own experience	7	47
Customers	9	60
Similar products that already exist directly	10	67
Similar products that already exist through the internet	14	93
Government	3	20
Distribution channels (traders and distributors)	5	33
Research and development	1	7
N = 15		

an entrepreneur, it should also bring a business opportunity and opportunity [15]. The qualitative description presented is supported by the quantitative data presented in Table 2 regarding the perception of the tendency of innovative ways by MSMEs to develop their businesses during COVID 19.

Research results on sources of product development during the pandemic quantitatively showed support for the qualitative statement. 93% of respondents got thoughts and ideas to rise during the pandemic through information on similar products that already existed from the internet, even though the information was from competitors or manufacturers of similar products. Respondents got at least ideas based on their research and development for product innovation during the COVID 19 pandemic. The internet is a source of information that currently provides convenience in getting entrepreneurial ideas and ideas. Everyone can obtain information to be later developed and directed to their own needs, and this is called information media literacy or policies in using information media [16].

3.4 Digital Marketing Management Resources for MSMEs

Collaborating is part of literacy skills in the era of disruption of the industrial revolution 4.0 (Muharika 2019). You don't have to master all the skills in digital marketing, but doing business by working together is a practical business effort during the COVID 19 period [17]. Based on qualitative data, a more in-depth study found an expectation from MSMEs to rise from the crisis slump due to the COVID-19 outbreak by switching from offline marketing to online marketing or digital marketing.

Digital marketing has many types of platforms during the growing demands of MSMEs to learn and adjustability to balance changes, making the MSMEs require resource digital marketing management that is consistent in addressing this issue. The statement of most of the respondents agreed that "... we are not able to focus on studying digital marketing that has scientific specifications, it is not that we are unable to implement it, but it would be better if we have experts or resources that match this ability", (respondents H, A and J). Another response stated "for example, the campus wants to do community service and research, we hope this is the main competency that

Table 3. Resources needed by MSMEs in Digital Marketing

Sources of Ideas	Mean	(%)
Requires a digital marketing specialist	14	93
Requires digital marketing training	5	33
Implements digital marketing before the COVID 19 pandemic	3	20
Implements digital marketing after the COVID 19 pandemic	5	33
Already has a digital marketing specialist	3	20
Have their own business website	3	20
N = 15		

is given practically to MSMEs”, (respondent B). “.... If there are students who want to be employed in our business if they can carry out online marketing well, we are willing to accept them” (respondent M). The hope of MSMEs to have a workforce that can assist in implementing digital marketing is an urgent need at this time, previously the government had provided training through webinars on implementing digital marketing, but the competencies core requires ability special that must also be carried out by a particular employee [18]. Community service carried out for embroidery MSMEs in the city of Bukittinggi shows that there change in the system is a gradual and significant SME marketing due to digital marketing assistance carried out by academics [19].

For this reason, this solution is something that MSMEs hope for. Utilization of human resources following competence is a wise thing. Professionalism is a characteristic of 21st-century humans that 21st-century humans are designed to become professionals who carry out unique jobs. The qualitative data that has been stated above is then strengthened with quantitative data to assess how vital resources are in implementing digital marketing training and specialist personnel in implementing digital marketing for MSMEs; Table 3 follows.

Based on the acquisition of quantitative data presented in Table 3, it can be explained that 93% of MSMEs need exceptional people who can be employed in implementing digital marketing to help carry out online marketing. There are still 20% of MSMEs that have their website and have special digital marketing personnel. Only 33% want digital marketing training because they need more direct experts who handle digital marketing, and MSMEs have often received training on understanding digital marketing through webinars.

This data shows the seriousness of MSMEs to carry out online marketing. MSME’s understanding of global competition in the era of disruption has increased since the COVID 19 outbreak [5]. This research has been carried out to capture the complaints of MSMEs during the COVID 19 pandemic, efforts to help and make decisions, and find ways to support MSMEs sustainably in Payakumbuh City as one of our industries that has the most MSMEs in West Sumatra. Furthermore, the research results will be a reference for developing a crisis management training model based on the needs of MSMEs.

4 Result

This study aims to determine the barriers to MSMEs in Payakumbuh during the pandemic COVID 19 and the expectations of MSMEs to rebound during this pandemic. Research conducted with qualitative and quantitative methods has concluded that MSMEs hope that the government and universities in carrying out activities will more seek tangible results that have a practical impact on the success of MSMEs.

MSMEs have problems with limited resources in digital marketing activities to place innovative products that meet the needs of regional, national and global markets; therefore, MSMEs are still not able to effectively improve their digital marketing capabilities. Furthermore, the research results will be a reference for developing a crisis management training model based on the needs of MSMEs. This initial analysis step becomes the basis for determining practical steps to improve the ability of MSMEs to rise to face business challenges during the pandemic through activities in collaboration with academics.

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