

Identification and Classification of MSMEs During The Covid-19 Pandemic In The DKI Jakarta

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Abstract— The Covid-19 pandemic that has occurred since March 2020 has caused a recession in the Indonesian economy. Unlike the economic crises in 1998 and 2008 in Indonesia, the economic crisis in 2020 due to the Covid-19 pandemic affected almost all sectors and threatened the existence of MSMEs. This study aims to determine the impact of the Covid-19 pandemic on MSMEs in DKI Jakarta, identify and classify MSMEs during the Covid-19 pandemic and provide alternative solutions and strategies for MSME actors in dealing with the economic crisis due to the Covid-19 pandemic. The study was conducted on MSMEs in DKI Jakarta with a total sample of 1,511 respondents. The research was conducted through qualitative and quantitative approaches with descriptive statistical data analysis techniques and SWOT analysis. The results showed as many as 83% of MSMEs experienced a decrease in business circulation, with the classification of a decrease in business circulation of up to 50% by 48%, and the remaining 35% experiencing a decrease in business circulation of more than 50%. As many as 83% of MSMEs experienced a decline in business circulation, which was dominated by micro-businesses in the trade, hotel, and restaurant sectors, with an average age of 0-5 years. The MSME recommendation strategy was prepared through a SWOT analysis and an in-depth assessment of internal and external factors referring to the MSME main recommendation strategy through a Cartesian diagram.

Keywords: Covid-19 Pandemic, Recession, MSMEs, SWOT Analysis, Cartesian Diagram.

INTRODUCTION

A. Background of the Study

The Covid-19 pandemic has caused severe human suffering globally and has even resulted in the loss of life on a fairly large scale. The Covid-19 pandemic can be said to be a health crisis that has an impact on the global economic crisis even in several countries in the world experiencing a recession due to the Covid-19 Pandemic. In Indonesia, positive cases of COVID-19 have been detected since March 2, 2020 and subsequently spread on April 9, 2020. The Covid-19 virus has spread to 34 provinces in Indonesia. In addition, the COVID-19 pandemic has also had a negative impact on the Indonesian economy. A study by the Minister of Finance of the Republic of Indonesia stated that Indonesia experienced a recession in the third quarter of 2020 due to the Covid-19 pandemic. Meanwhile, the Ministry of Finance of the Republic of Indonesia also stated that the Covid-19 pandemic also had negative implications for the existence of MSMEs.

Unlike the case with the economic crisis in 1998, which was caused by the drop in the rupiah against the US

dollar in less than a year, which was a chain effect of fluctuations in the Thai currency exchange rate triggered by a series of speculative actions. In addition, Indonesia's economic growth at that time experienced a decline of up to -13.8% and inflation up to 77%. However, the economic crisis in 1998 when MSMEs became heroes for the Indonesian economy. Where, MSMEs appear as saviors of the national economy with exports increasing up to 350 percent, especially for furniture and local raw materials for marine and agricultural products. BPS data recorded that although the number of business units and the number of MSME workers decreased in 1997-1998, the number of MSME business units experienced an increase after the economic crisis in 1998 by 2.98 percent while looking at the number of workers through MSMEs also increased by 4.44 percent, where in 1998 the number of workers through MSMEs was 64.3 million and one year after that it increased to 67.1 million people (Central Bureau of Statistics, 2020).

Then in 2008, Indonesia was dragged into the global economic crisis triggered by the subprime mortgage that started in the United States. However, MSMEs have again

succeeded in maintaining the national economy. This is based on BPS data, where the number of employments in MSMEs has increased by 3.9% to 90.49 million compared to the following year (Central Bureau of Statistics, 2020).

The economic crisis (recession) that occurred in Indonesia with different scales and problems. Basically, the recession has an impact on Termination of Employment (PHK), Unemployment, and Decrease in Gross Domestic Product (GDP). The impact of a layoff causes the threat of loss of income for households, both formal and informal workers, namely a decrease in consumption levels and people's purchasing power. In addition, when the Covid-19 pandemic will not end, it is currently impossible for most people to be very careful in managing their spending. In the MSME Aspect, this has a decreasing impact on the performance of MSME demand, where the level of consumption and people's purchasing power decreases against MSME demand, resulting in a decline in MSME business circulation. The economic crisis in 2020 due to the Covid-19 pandemic has ravaged the economic sector to the bottom, especially cooperatives and micro, small and medium enterprises (MSMEs) (Suwandi, 2020). Through data received by the Ministry of Cooperatives, there are 300,000 reports of MSMEs that have been hit by the Covid-19 pandemic.

DKI Jakarta as the province with the highest exposure to the COVID-19 virus in Indonesia and being the center of the Indonesian economy is a concern for both the central government and regional governments. Data from depkop.go.id states that there are around 1,061,988 MSME units in DKI Jakarta. Several efforts have been made by the central government and local governments in order to strengthen DKI Jakarta MSMEs in dealing with the factors that arise due to the Covid-19 Pandemic.

B. Formulation of the Problem

- How is the impact of the Covid-19 Pandemic on MSMEs in DKI Jakarta?
- What is the right strategy for MSME actors to deal with the economic crisis during the Covid-19 Pandemic?

C. Research Purposes

- Identifying and classifying MSMEs during the Covid-19 Pandemic.
- Provide alternative strategies and solutions for MSME actors in dealing with the economic crisis due to the Covid-19 Pandemic.

D. Literature Review

Micro, Small and Medium Enterprises or commonly called MSMEs. In Indonesia, the definition of MSMEs is regulated in the Republic of Indonesia Law No. 20 of 2008 concerning MSMEs. Article 1 of the law states that MSMEs (Law No. 20 of 2008):

- Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this law.
- Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of the company, which are owned, controlled, or become a part either directly or indirectly of Medium Enterprises or Large Businesses that meet the criteria for Small Business as referred to in this law.
- Medium Enterprises are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly with Small Businesses, or Large Businesses with net worth or annual sales proceeds as regulated in this law.
- Large business is a productive economic business carried out by a business entity with a net worth or annual sales income greater than that of a Medium Enterprise, which includes state-owned or private national businesses, joint ventures, and foreign businesses conducting economic activities in Indonesia.
- Business World is Micro, Small, Medium and Large Enterprises conducting economic activities in Indonesia and domiciled in Indonesia.

According to Law No. 11 of 2020 concerning Job Creation in article 87 where the criteria for MSMEs are regulated in Government Regulation No. 7 of 2021 concerning the convenience, protection, and empowerment of cooperatives and MSMEs article 35 based on business capital and annual sales results are as follows:

Table 1. MSME criteria based on the 2021 Government Regulation (PP)

Business Size	Business Capital	Annual Sales Results
Micro Business	Rp.1,000,000,000 (One billion Rupiah) excluding land and buildings for business premises;	Rp.2,000,000,000 (two billion rupiah);
Small Business	Rp. 1,000,000,000 (One billion rupiah) – Rp 5,000,000,000 (Five billion rupiah) excluding land and buildings for business premises;	Rp. 2,000,000,000 (Two billion rupiah) – Rp. 15,000,000,000 (Fifteen billion rupiah);
Medium Business	Rp. 5,000,000,000 (Five billion rupiah) –Rp.	Rp. 15,000,000,000 (Fifteen billion

	10,000,000,000 (Ten billion rupiahs) excluding land and buildings for business premises;	rupiah – Rp. 50,000,000,000 (Fifty billion rupiah);
Big Business	>Rp.10,000,000,000 (More than ten billion rupiah) excluding land and buildings for business premises.	Rp.50,000,000,000 (More than fifty billion rupiah).

Source: PP UMKM No. 7 Tahun 2021

Quoted from the LPPI Cooperation with BI, 2015, the classification of types of economic activities is intended to facilitate comparison of the level of economic activity between various types of activities by following the ISIC International Standard Classification of All Economic Activities concept which was revised in 1968, here are the nine main classifications of the economic sector. (LPPI and Bank Indonesia, 2015)

Table 2. Classification of business sectors based on economic activity.

No.	Classification	Description
1	Agriculture, Livestock, Forestry and Fisheries	Includes all kinds of exploitation and utilization of biological (living) objects/goods originating from nature to meet other needs or businesses.
2	Mining and excavation	Mining and quarrying sector includes oil and gas sub-sector, non-oil and gas mining sub-sector, and quarrying sub-sector.
3	Processing industry	Processing industry is the activity of converting basic materials (raw materials) into finished/semi-finished materials and/or from goods of less value to goods of higher value, either mechanically, chemically, by machine or by hand.
4	Electricity, Gas and Clean Water	Electricity includes the activities of generating, transmitting, and distributing electricity for household, business, industrial, government office buildings, public street lighting etc.

		Gas includes liquefied gas processing activities, gas production by carbonization of charcoal or by processing that mixes gas with natural gas or petroleum or other gases, as well as distribution of liquefied gas through a pipeline system to households, industrial companies, or other commercial users. Clean water includes the activities of storing, purifying, and distributing water, raw or clean water from the water terminal through water channels, pipes or tank cars (in one administrative management with economic activities) to households, industrial companies or other commercial users.
5	Building/Construction	Building or construction is an activity to prepare, manufacture, install, maintain or repair a building/construction that is integrated with its domicile, whether used as a residence or other facilities.
6	Trade, Hotel and Restaurant	Trading is the activity of reselling (without technical changes) new or used goods. Hotel is part of the business field in the category of providing accommodation and providing food and drink. Restaurant, which is called the activity of providing food and drink, is a food service business located in part or all of a permanent building that sells and serves food and drink to the public at its place of business.
7	Transportation and Communication	Transportation is the activity of moving people/passengers and/or

		goods/livestock from one place to another by land, water or air by using motorized or non-motorized means of transportation. Communication is a communication service business for the public either by post, telephone, telex, or radio call (pager).
8	Finance, Leasing and Corporate Services	The financial, leasing and corporate services sector covers the activities of financial intermediaries, insurance, pension funds, supporting financial intermediaries, real estate, leasing businesses, and corporate services.
9	Services	Services include service activities to the community aimed at serving the interests of households, business entities, government and other institutions.

Source: Kerjasama LPPI and BI, 2015

METHOD OF RESEARCH

A. Method of Research

The research method in this study is through a qualitative and quantitative approach. Where researchers collect, identify and classify emerging variables that affect MSMEs during the Covid-19 pandemic and assist MSMEs in formulating appropriate recommendation strategies for MSMEs for their businesses.

The time of the research took place in December 2020 in the DKI Jakarta area, Indonesia. The research subjects in this study are MSME actors who run their businesses in the DKI Jakarta area and whose businesses are registered with the DKI Jakarta Provincial KUKM Office. The object of research in this study is MSMEs whose regional business is in DKI Jakarta and registered with the KUKM Office of DKI Jakarta province. The population in this study is MSMEs whose regional business is in DKI Jakarta and registered with the KUKM Office of DKI Jakarta province.

The sampling technique in this study uses the Slovin formula. In this study the confidence level of 95%, with an error rate of 5%. Through the Slovin formula above, it can be calculated as follows:

$$n = \frac{N}{1 + Ne^2} = \frac{1.061.988}{1 + 1.061.988 (5\%)^2} = \frac{1.061.988}{2655,97} = 399,85 \rightarrow 400 \text{ Orang}$$

From the above calculation, the minimum number of samples for this research is 400 population.

This research instrument uses closed questions and open questions. Closed questions are quantitative and structured through several questions to identify the characteristics of MSMEs. While open questions are qualitative in nature aimed at finding variables that affect MSMEs during the Covid-19 pandemic. These variables will be identified and classified to support researchers in providing appropriate strategy recommendations for MSMEs.

The closed-question survey data analysis technique used descriptive statistical data analysis. Through the open-ended question survey, the researcher used data grouping and data coding as part of the survey analysis technique for open-ended questions. The results of this grouping and coding can be continued to make recommendation strategies for MSMEs through SWOT analysis (Fatimah, 2016).

Furthermore, the SWOT analysis that has been compiled is then formulated using a strategy formulation using a SWOT matrix. This SWOT matrix is one way to get alternative strategies by combining each of the factors, namely the SO (Strengths – Opportunities) strategy, the WO (Weaknesses – Opportunities) strategy, the ST (Strengths – Threats) strategy, and the WT (Weaknesses – Threats) strategy.) (Solihin, 2012).

In determining the decision to choose an alternative strategy (main strategy) a weighting and ranking of internal factors is carried out through IFAS (Internal Factor Analysis Summary) and weighting and ranking of external factors through EFAS (External Factor Analysis Summary). This is done to find out in advance the position of MSMEs in what conditions, so that the strategy chosen is the most appropriate strategy because it is in accordance with the current internal and external conditions of MSMEs.

The IFAS table consists of internal factors with aspects of strengths and weaknesses, internal factors are obtained from data analysis of survey results on respondents. The IFAS table is arranged in 5 columns, the first column is filled with internal factors consisting of aspects of strengths and weaknesses. the second column provides an assessment of the weight of the internal factors with a total of 1.0. Giving starts from 0.0 (not important), up to 0.5 (very important), this means that the higher the weight the more important and very influential on the sustainability of MSMEs. the third column is rating with a scale of 1.0 - 5.0. Where the level of 1.0 indicates (poor) and up to 5.0 indicates (outstanding).

The assessment of weights and ratings is carried out by people who understand MSMEs best, in this case are MSME actors, academics, DKI KUKM Office. Furthermore, the use of Cartesian diagrams as a determination of the main strategy of SMEs. The trick is to compare external and internal factors by calculating the

difference between the subtotal aspects of strengths and weaknesses as the first point and the difference between the subtotals of opportunities and threats as the second point. If the result of the difference between the subtotals of strengths and weaknesses is positive (+), then the first point will be on the horizontal line to the right of point 0, if the result is negative (-), then the first point will be on the horizontal line to the left of point 0. Then, if the result of the difference between the subtotal of the opportunity aspect and the threat aspect is positive (+), then the second point will be on the vertical side above 0, if the result is negative (-), then the second point will be on the vertical side below 0. Finally, there will be two point that will later determine which area is selected to determine the right strategy for MSMEs.

FINDING AND DISCUSSION

A. The impact of the Covid-19 pandemic on MSMEs in the DKI Jakarta area

The uncertainty of when the Covid-19 Pandemic will end can illustrate how uncertainty is also about the recovery of the Indonesian economy. The government is faced with a difficult decision where economic growth is heavily influenced by success in overcoming the Covid-19 pandemic. The COVID-19 pandemic certainly has an impact on the performance of MSMEs in the DKI Jakarta area. In this study, based on Figure 4. changes in business circulation in the last three months through survey data, 1511 respondents explained that there were as many as 48% of businesses experiencing a decrease in business circulation by up to 50%, then as many as 35% of businesses experiencing a decrease in business circulation above 50%, then as many as 14% of businesses experienced an increase in business turnover of up to 50% and 3% of businesses experienced an increase in business turnover of more than 50%. This shows that the Covid-19 pandemic that has occurred for almost a year is still having a deep impact on MSMEs in DKI Jakarta.

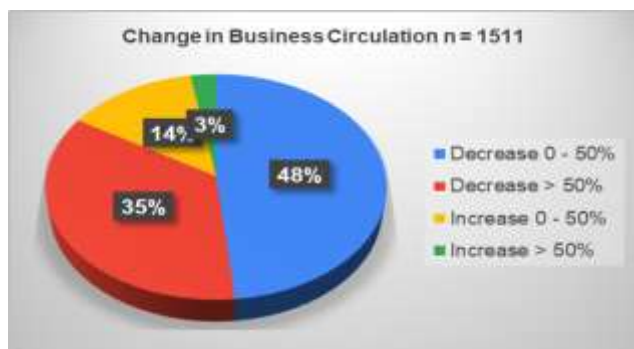


Figure 4. Changes in business circulation in the last three months

Based on the size of the business, it was explained that from 48% of respondents who experienced a decrease in business circulation up to 50% consisted of 725 micro businesses and 6 small businesses, while from 35% of respondents who experienced a decrease in business circulation above 50% consisted of 530 micro businesses and 5 small businesses. Furthermore, from 14% of respondents who experienced an increase in business up to 50% consisted of 203 micro businesses and 2 small businesses, while from 3% of respondents who experienced an increase in business turnover above 50% consisted of 36 micro businesses, 3 small businesses and 1 medium business.

Then based on Figure. 5 the business sector explains that from 48% of respondents who experienced a decrease in business circulation to 50% consisting of 642 business sectors SU-2 Trade, Hotel and Restaurant, 54 business sectors SU-4 Manufacturing Industry (Change raw materials to finished for sale), 28 business sectors SU-5 Services (other than financial services, leasing and corporate services). Meanwhile, from 35% of respondents who experienced a decrease in business turnover above 50%, consisting of 462 business sectors SU-2 Trading, Hotel and Restaurant, 41 business sectors SU-4 Manufacturing Industry (Changing raw materials to finished materials for sale), 28 sectors SU-5 Services (other than financial services, leasing and company services). Furthermore, from 14% of respondents who experienced a business increase of up to 50% consisting of 181 business sectors SU-2 Trading, Hotel and Restaurant, 19 business sectors SU-4 Manufacturing Industry (Changing raw materials to finished materials for sale), 3 business sectors SU -5 Services (other than financial services, leasing and company services). Meanwhile, from 3% of respondents who experienced an increase in business turnover above 50%, consisting of 34 business sectors SU-2 Trading, Hotel and Restaurant and 6 business sectors SU-4 Manufacturing Industry (Changing raw materials to finished materials for sale).

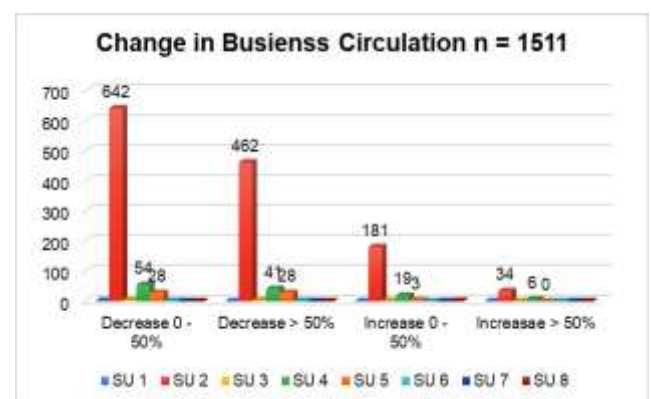


Figure 5. Changes in business circulation in the last three months by business sector

B. Inhibiting Factors for MSMEs during the Covid-19 Pandemic.

The difficult economic conditions due to the Covid-19 pandemic have a negative impact on DKI Jakarta's MSMEs. Several emerging and interrelated inhibiting factors are currently being faced by MSMEs. Figure 6 shows the results of the identification and classification of respondents who gave their answers regarding the factors that hindered their business during the Covid-19 pandemic.



Figure 6. Factors inhibiting MSMEs during the Covid-19 Pandemic

Source: Primary data processing, 2021

The government's dilemma regarding economic growth and improving public health through the PSBB/PPKM policy implemented in Indonesia is an obstacle for MSMEs during this pandemic. The existence of the PSBB/PPKM to suppress the spread of the COVID-19 virus has an impact on the limitations of business activities, such as the distribution of goods/services, the limitations of buying and selling transactions, and limitations of other business operations. In addition, the existence of the Work from Home (WFH) policy or working from home as well as Online Schools, namely learning methods that use internet-based interactive models and Learning Management Systems have a direct impact on several MSMEs whose businesses/business areas depend on office and school activities.

The impact of termination of employment also encourages people to open new businesses or try their luck to survive in these difficult conditions. The unpreparedness of MSMEs when a significant new competitor emerges is an inhibiting factor for MSMEs during this COVID-19 pandemic. As a result, the quality of competitive products, lack of knowledge of information on marketing strategies, and the use of technology to remain competitive are other inhibiting factors that arise for business actors, one of which also has an impact on decreasing purchases from their businesses.

The social assistance provided by the government to the community in the form of basic food assistance is also a factor inhibiting MSMEs during the COVID-19 pandemic. Instead of helping the community in these difficult

economic times, it has a negative impact on MSME actors whose business lines sell necessities (groceries) such as rice, oil, sugar, etc. Raw material problems were also encountered in this study. In addition, the problem of the availability of raw materials was also encountered in this study. Although the government with several policies maintains the supply chain for domestic needs, it cannot be denied that there are still several other raw materials needs that are experiencing scarcity and price increases. This can occur from the cause and effect of the economic problems of a country.

C. Supporting Factors for MSMEs during the Covid-19 Pandemic

Even though there are several problems that have arisen during the Covid-19 pandemic, there are still supporting factors that can be used as opportunities to overcome and avoid problems that arise to strengthen and maintain business in today's difficult conditions.

First, there are still regular customers who still use business goods/services. This is certainly something good for MSME actors when their business circulation decreases. This is inseparable from the efforts of MSME actors in maintaining good relations with customers, especially during the Covid-19 pandemic to keep customers in business. (Hardilawati, 2020) in his research stated that maintaining good relations with customers during the covid-19 pandemic is very important. This can be done by showing concern and empathy for this epidemic by providing service delivery, promotions, price discounts, and setting aside a portion of the income from sales to people in need to create positive customer engagement.

Second, the use of Digital Marketing. In the current digital era, the use of the internet is no stranger to many people. The results of research on respondents revealed that 73% have used online media to market their business products/services. The existence of social distancing and PSBB / PPKM in the context of suppressing the spread of the COVID-19 virus has hampered the limited space for business movement. The existence of online media currently helps MSME actors in communicating these goods/services to customers and with a wider reach. However, the success of using digital marketing cannot be separated from the ability of business actors in business marketing strategies.

Third, the strength of the products/services offered where the products/services produced by MSMEs also have the advantage of being close to the needs of the community. This is a separate strength for business actors in offering goods/services products to consumers. Respondents believe that the goods/services offered are goods/services that are needed by the community and have the advantage of being able to compete. In this case, innovation is needed to increase added value and business sustainability.

Fourth, a relatively sufficient supply of raw materials. Since the Indonesian government confirmed the entry of

the covid-19 virus in Indonesia on March 2, 2020. The Indonesian government has prepared several strategies and policies, one of which is maintaining supply chain security. This is done as government support for the availability of raw materials for business continuity for business actors. Although there are still some problems with the increase in raw material prices which are enough to make the public uneasy, but these can be overcome by the Indonesian government.

Fifth, the government's policy in helping MSMEs during the Covid-19 pandemic. A series of efforts by the Indonesian government through its policies to save and assist MSMEs in maintaining their business during this COVID-19 pandemic.

1. Ministry of Cooperative SMEs RI: Social Assistance for SMEs Affected by COVID-19: Loan payment concessions; Tax relief for six months, cash transfers for micro-scale business actors (*Banpres* Productive for Micro-enterprises).
2. Program of the Ministry of Industry of the Republic of Indonesia: Providing loans with low interest rates to small and medium enterprises (SMEs); Connecting SMEs with online technology shops; Cooperating with local industries that provide raw materials to produce SMEs; Cooperating with the Ministry of Foreign Affairs and Industrial Attaches abroad to continue the trade negotiation process to continue exporting products produced by Indonesian SMEs (DINAS PPKUKM, 2020).

In addition, through government policies in Law No. 11 of 2020 concerning Job Creation to improve the ease of doing business in Indonesia. Through the signing of the commitment of Foreign Investment (PMA) and Domestic Investment (PMDN) with MSMEs, encouraging mutually beneficial strategic partnership partnerships in order to encourage MSMEs to be able to enter the global production chain (global value chain).

D. Strategies carried out by MSMEs during the Covid-19 Pandemic.

- Customer Relationship: Most of the actions taken by respondents in maintaining their business by maintaining relationships with customers. including by providing discount promos, buy 1 get 1 promo, postage promos, making package prices and so on to customers to retain regular customers and get new customers. Sometimes they contact the customer directly in order to maintain a relationship with the customer. For example, just asking for product opinions, offering promos and other product offers. This is done by respondents to deal with problems that arise due to declining economic conditions, declining people's purchasing power, the emergence of new competitors, as well as improvements in marketing strategies.
- Product Innovation: Some respondents also carry out Product Innovation in maintaining their business. Create or create new products or new breakthroughs by looking

at current business opportunities. For example, for their food business they try to make frozen food so that their products can be reached more widely by customers with a long enough time to last, there are variants of the food menu to increase their competitiveness. In addition, innovations to products in the fashion business are also carried out such as making masks that match clothes, as well as various shapes and designs of masks that look out of place. It is known that masks are a necessity for today's society. This is done by respondents to deal with problems that arise with the PSBB policy, the emergence of new competitors, changes in consumer patterns, a decrease in purchases, an increase in marketing strategy, and raw material problems.

- Process and Position Innovation: This action was also carried out by some respondents through process changes, namely changes to their business starting from getting raw materials to consumers' hands and changing business positions, namely, how to introduce their business to consumers. Some of the changes made in distributing their products for example, creating a reseller strategy, consignment strategy, and even offering directly to their customers through a door-to-door system. This action was taken by respondents in dealing with problems that arise regarding business area problems, PSBB policies, business financial problems, the emergence of new competitors, fewer buyers, and improvements to their business marketing strategies.
- Utilization of Digital Marketing: Respondents also use digital marketing in communicating their business. Through social media, respondents offer and introduce their business by using online. They communicate information - information related to products, processes, giving discounts, and so on through online media. This action was taken by respondents in dealing with problems with the PSBB policy, business area problems, economic problems, the emergence of new competitors, changes in consumer patterns, as well as improvements to business marketing strategies.
- Improved quality and business services: The Covid-19 pandemic has changed consumer patterns. Some people are worried that they will catch the Covid-19 virus. Actions to improve services are part of the actions taken by respondents in improving their business. For example, by implementing 3M, namely using masks, washing hands and maintaining distance. In addition, the respondent made improvements to the quality and service of the business in dealing with problems with the emergence of new competitors, increasing the number of buyers who were reduced, maintaining their finances, and business marketing strategies.
- Financial Management: During this difficult period, most of the respondents experienced a decline in business revenues. The best possible financial management is the action taken by the respondent in maintaining the business. For example, utilizing MSME assistance funds from the government by re-managing direct cash assistance provided by the government, then business loan loans are also actions taken by several

respondents to maintain their business capital. In addition, closing several offline businesses and laying off workers became part of what respondents did in maintaining their business. This action was taken by respondents in dealing with problems related to the PSBB policy, declining economic conditions, the emergence of new competitors, declining public purchasing power, as well as financial and capital problems.

- **Inventory management:** Inventory management actions carried out for some respondents through slow-moving stock checks to be reconsidered whether they can be processed with other business products or not producing or producing only when receiving orders. In addition, reducing products for sale is an action for some respondents in maintaining their business. This action was taken by respondents in dealing with problems including declining economic conditions, PSBB policies, financial and capital problems, raw material problems, declining public purchasing power and the existence of social assistance in the form of basic food needs.
- **Attending Training:** The existence of a training program through webinars and other training is also used by some respondents to increase their knowledge because they realize that this is necessary in order to maintain their business even in difficult conditions. The training was carried out by some respondents in dealing with emerging problems such as the PSBB policy, the emergence of new competitors, declining public purchasing power, problems with the distribution of goods/services and improvement in business marketing strategies.
- **Coordination with MSME partnerships:** Maintaining good relations and communication with other MSME actors is also part of the actions taken by respondents to obtain other information about the business. This action was also carried out by respondents in dealing with PSBB policy problems and hoax information.

E. Strategy recommendations for MSMEs during the Covid-19 Pandemic

This recommendation strategy was prepared for the Trade, Hotel and Resto business sector as one of the largest business sectors from the results of respondents in the DKI Jakarta area. This sector includes business selling food and beverages, fashion products, herbal medicine products, pulse products, basic food products, stationery products and other household needs.

Strengths, weaknesses, opportunities, and threats that emerged in this study were compiled based on the SWOT analysis in Table 3.

Table 3. SWOT analysis

STRENGTH (S)	OPPORTUNITIES (O)
(S1) Essential Products	(O1) Government policies in the national economic
(S2) Good relationship	

with customers or Customer Engagement (S3) Low labor cost (S4) Digital marketing technology (S5) Service and product quality	recovery program through MSMEs (O2) Supply chain stability for business continuity (O3) Many trainings and webinars related to MSMEs (O4) MSME products are close to consumer needs
WEAKNESSES (W)	THREAT (T)
(W1) Inadequate financial management (W2) Limited capital and cash flow constraints. (W3) Ability of business marketing strategy (W4) Limited trading business area. (W5) Delivery distribution to customers is hampered.	(T1) Economic conditions are declining (T2) DKI Jakarta PSBB Policy (T3) The emergence of a new competitor (T4) Changes in consumer behavior (T5) Giving Social Assistance

Source: Primary data processing, 2021

Table 4. IFAS

Strategic Factor	Weight	Rating	Weight Score	Remark
Strengths				
Essential Products	0,03	3,0	0,09	(S1)
Customer Engagement	0,05	3,0	0,15	(S2)
Low Labor Cost	0,06	2,5	0,15	(S3)
Digital Marketing Technology	0,18	3,3	0,59	(S4)
Services and Qualities Product	0,22	3,5	0,77*	(S5)
SUBTOTAL	0,54		1,75	
WEAKNESSES				
Inadequate Financial Management	0,07	3,0	0,21	(W1)
Limited capital and hampered cashflow	0,11	3,2	0,35	(W2)
Ability of marketing business strategy	0,13	3,5	0,46*	(W3)
Limited trading area	0,08	3,6	0,29	(W4)
Hampered delivery distribution to Customers	0,07	3,0	0,21	(W5)

SUBTOTAL	0,46		1,52	
GRAND TOTAL	1,00		3,27	

Source: Researcher Process, 2021. Note: * is the highest score

From table 4. IFAS, the internal factors that become strengths are service and product quality with a total score of 0.77 and the weakness is the ability of business marketing strategies with a total score of 0.46 The results of the IFAS analysis on the MSME sector this is to have a stronger power to defend his business with a total score of 3.27

Table 5. EFAS

Strategic Factor	Weight	Rating	Weight Score	Remark
OPPORTUNITIES				
PEN government policy for MSMEs	0,12	3,9	0,47 *	(O1)
Supply chain stability in business continuity	0,12	3,7	0,44	(O2)
Lots of training and webinars related to MSMEs	0,08	3,9	0,31	(O3)
MSME products are close to consumer needs	0,08	3,8	0,30	(O4)
Ease of using digital access in JKT	0,11	3,8	0,42	(O5)
SUBTOTAL	0,51		1,95	
THREATS				
Declining economic conditions	0,12	4,0	0,48	(T1)
PSBB/PPKM Policy	0,14	3,8	0,53 *	(T2)
The emergence of new competitors	0,07	3,5	0,25	(T3)
Changes in consumer behavior	0,09	3,6	0,32	(T4)
Social Assistance	0,07	3,0	0,21	(T5)
SUBTOTAL	0,49		1,79	
GRAND TOTAL	1,00		3,74	

Source: Researcher Process, 2021. Note: * is the highest score

In table 5. EFAS the external factors that became the strength were government policies in the national recovery program with a total score of 0.47 and the weakness was the DKI Jakarta PSBB policy with a total score of 0.53. The results of the EFAS analysis on MSMEs in this sector are that they have strong enough opportunities and threats so that several strategies are needed to maintain their business with a total score of 3.74.

After conducting a SWOT analysis, the recommendation strategy is compiled through the SWOT Matrix in table.6

Table 6. SWOT Matrix

IFAS EFAS	STRENGTH (S) (S1) Essential Products (S2) Good relationship with customers or (S3) Customer Engagement (S4) Low labor cost (S5) Digital marketing technology (S5) Service and product quality	WEAKNESSES (W) (W1) Inadequate financial management (W2) Limited capital and cash flow constraints. (W3) Ability of business marketing strategy (W4) Limited trading business area. (W5) Delivery distribution to customers is hampered.
OPPORTUNITIES (O) (O1) Government policies in the national economic recovery program through MSMEs (O2) Supply chain stability for business continuity (O3) Many trainings and webinars related to MSMEs (O4) MSME products are close to consumer needs	STRATEGI SO Improve good relations with customers, analyze products that are needed by the community, participate in webinar training, improve service and product quality, carry out process and product innovation, 7P marketing mix strategies, take advantage of existing human resources. (S1,S2,S4,S5,O2,O3,O4,O5)	STRATEGI WO Improve financial management, re-analyze costs that can be narrowed or eliminated, make financial projections and take advantage of government programs related to business funding assistance, improve business marketing through the STP or 4P marketing method. (W3,W4,W5,O3,O4, O5).
THREAT (T) (T1) Economic	STRATEGI ST	STRATEGI WT

<p>conditions are declining (T2) DKI Jakarta PSBB Policy (T3) The emergence of a new competitor (T4) Changes in consumer behavior (T5) Giving Social Assistance</p>	<p>Doing a small research with an analysis of essential products that people need, analyze changes in consumer behavior, improve customer relationships, establish communication relationships, improve product and business quality, increase the use of digital marketing with a 7P marketing mix strategy (S1,S2,S4,S5,T1,T2 ,T3,T4)</p>	<p>Improve STP or 4P marketing strategies, increase the use of digital marketing, partnership strategies in overcoming delivery problems to customers (W3,W4,W5,T2,T3,T4,T5)</p>
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Source: Researcher Process, 2021

In terms of determining the actual position of MSMEs so that they can provide the main strategy for MSMEs. So we need an assessment of all internal factors and external factors in the IFAS and EFAS tables by calculating the determination of the difference in score scores.

Based on Table 4. IFAS score for the strength factor is 1.75 and the score for the weakness factor is 1.52. Meanwhile, based on Table 5. EFAS score for the opportunity factor is 1.95 and the threat factor is 1.79. The strength score is above the weakness score (+) 0.24 and the opportunity score is above the threat score (+) 0.16. From these results, the determination of the difference in score values is described in the Cartesian SWOT diagram, where the strength and weakness factors are given a positive value (+) and the opportunity and threat factors are given a positive value (+).

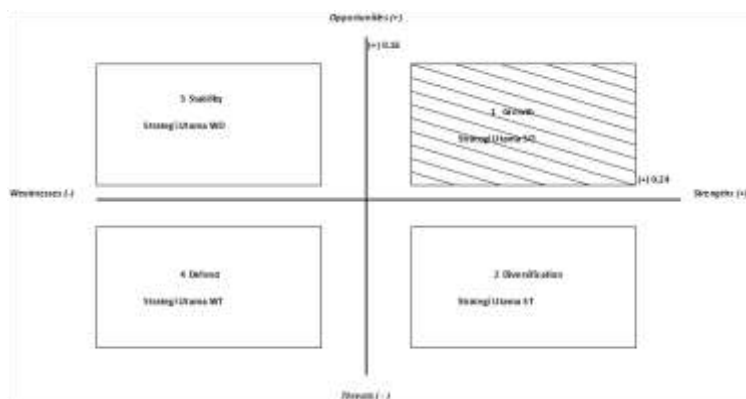


Figure 7. Cartesian SWOT Diagram

Source: Researcher Process, 2021

In figure 7. Cartesian SWOT diagram, MSMEs in this business sector are in Quadrant I diagram, which means

that the strategy used is the Strengths – Opportunities (SO) strategy. This condition can be said to be a favorable condition even in a declining economic condition. However, under these conditions, MSMEs have strong strengths and opportunities, so aggressive strategy recommendations are needed to continue to survive and increase growth in achieving maximum progress. The following are the recommended strategies:

- Improve good relationships with customers, do a little research on what your customers need, analyze essential products that people need, innovate products, get feedback from your customers, establish good communication relationships with customers and give gifts or promotions to customers, attend training and webinars to help increase your knowledge in terms of improving good relationships with customers (S1, S2, O3, O4)
- Improve service and product quality through process innovation and position innovation while still utilizing existing human resources. Process innovation: done by updating the way you get business products (you can take advantage of the availability of the existing supply chain) as well as how you deliver products to your customers by taking advantage of the ease of access to digital marketing, especially the DKI area For example, you can take the example of the restaurant business "Ayam Goreng Suharti" they create a process innovation where currently customers can enjoy packaged fried chicken that you can prepare directly at home. Position innovation: done by making changes to the way you introduce your business. In addition to using offline to online to introduce a business, you can take the example of the "Si Jago Coffee" business, they changed the concept of a coffee shop which is identical to chairs and a comfortable atmosphere when enjoying coffee, but they introduced a coffee business around by bicycle and coffee cart but while maintaining the quality of the barista-style coffee. You can attend many trainings and webinars to increase your information and insight on innovation, use of technology and utilize existing human resources. (S2,S3,S4,S5,O2,O3,O4,O5)
- You can use the 7P's marketing mix strategy (Product, Price, Place, Promotion, People, Process, and Physical Evidence) to improve your current digital marketing strategy. In addition, you can join through MSME training and webinars to increase your insight in improving your digital marketing business, besides the ease of digital access in the Jakarta area really helps you to introduce your business online today (S1,S2,S4,S5,O2 ,O3,O4,O5).
- Take advantage of the current human resources in your business so that you can focus more on product development and marketing your business. Take advantage of training programs and other seminars to increase your insight and knowledge (and your team), as well as your productivity (and your team) to continue to develop innovations and other strategies. In addition, you can obtain information about human resource

management through the training program so that labor costs do not become a weakness for your business (S3,O3).

F. Integration of DKI Jakarta provincial KUKM policy with the reality of existing MSMEs

Seeing the large role of MSMEs for the Indonesian economy, the Indonesian government (through policies and programs of the central government through the DKI Jakarta KUKM service) has several special policies to help MSMEs during the Covid-19 Pandemic to save and strengthen DKI Jakarta MSMEs.

Seeing the large role of MSMEs for the Indonesian economy, the Indonesian government (one of them through the DKI Jakarta KUKM service) has several special policies to help MSMEs during the Covid-19 Pandemic in the context of saving and strengthening DKI Jakarta MSMEs. In table 7 there are several proposals for policies and programs of the DKI Jakarta provincial government to be considered based on current conditions.

Table 7. Proposed DKI Jakarta KUKM Policy with the current reality of MSMEs

No	DKI Jakarta Provincial Government Policies and Programs	Proposed Policy/Program with the current reality
1	Credit Relaxation	In addition to providing credit relaxation that has been carried out by the DKI Provincial Government. The proposal for guidance on the reserve fund program can be carried out in accordance with each type of business and business needs. For example, the determination of reserve funds is based on 6-12 months of routine business expenses. This is based on the existing reality that most MSMEs do not have reserve funds that can assist their operations when experiencing undesirable conditions, so they do not stop their business even in difficult conditions.
2	IUMK Relaxation	During this COVID-19 pandemic, it is possible that some MSME business actors try their luck by opening new types of business opportunities, for example from a beauty salon business to a culinary business. The relaxation of the IUMK is expected to consider the convenience for MSME actors to

		change their type of business. In addition, the program provides rewards for Jakpreneur MSME actors who have joined as the guidance of DKI Jakarta KUKM to invite new business actors who have not participated in the IUMK Relaxation program. For example, by providing socialization about the benefits and advantages of joining Jakpreneur. Under these conditions, most entrepreneurs will see the opportunities and conditions that exist today. The emergence of new competitors. Therefore, the emergence of new competitors can be used by the DKI Jakarta KUKM to cooperate with them, so that their business continues to run, not just trial and error.
3	KSBB UMKM	A proposal to create an application / system that can be accessed by all Indonesian people to be able to buy / consume MSME goods / services. Like the existing system, namely e-order. Unfortunately, the system can only make purchases by ASN. It is hoped that this system can be accessed by all Indonesian people. Another suggestion is that MSMEs can collaborate with the current marketplace to develop an e-order system so that it can be reached by all Indonesian people. For example, the vegetablebox application, which previously had its own application, is currently working with the grab/gojek application, as well as several other minimarkets or supermarkets such as Alfa or Indomart which have joined via grab/gojek. Or a marketplace like Tokopedia in which there are already official stores such as Unilever, Frisian Flag, and even other well-known fashion products. Furthermore, in the e-order application there are several categories of business types from various MSME merchants, when buyers enter the e-order they find MSME merchants who offer various goods/services products

	<p>which will later connect directly between buyers and each of these merchants.</p> <p>Although most MSMEs already use online media in marketing their businesses, not all of them have the same abilities as others in utilizing online media. This can help other MSMEs that are still far behind with other MSMEs that already have a rating in the use of digital marketing and help deal with business marketing problems.</p>
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Source: Researcher Process, 2021

CONCLUSIONS

The impact of the Covid-19 Pandemic in DKI Jakarta on 1511 respondents showed that there were 83% of MSMEs experiencing a decline in business circulation, with the classification of a decrease in business circulation of up to 50% as much as 48%, and the rest as much as 35% of MSMEs experienced a decrease in business circulation above 50%. This is inseparable from the emergence of factors inhibiting MSMEs because of the Covid-19 Pandemic. As many as 83% of MSMEs that experienced a decline in business circulation due to the Covid-19 Pandemic were mostly dominated by Micro Enterprises whose type of business was the Trade, Hotel and Resto Business Sector with an average business age of 0-5 years. In maintaining their business during the Covid-19 Pandemic, several actions were taken by MSME actors including establishing good relations with consumers (Customer Relationship), product innovation, process innovation and business position, utilizing digital marketing, improving business quality and services, financial management, inventory management, participate in training and establish relationships and coordinate with MSME partnerships.

In this study, an appropriate recommendation strategy for MSMEs is prepared by providing an in-depth assessment of weights and ratings of the internal and external factors of MSMEs. The results of the assessment refer to the main strategy of MSMEs through a Cartesian diagram. The provision of appropriate strategic policy recommendations by MSMEs is carried out for the trade, hotel, and restaurant business sectors. Where, this sector is the largest business sector in this study which also describes the largest sector in DKI Jakarta. Namely, businesses selling Food and Beverages, Fashion Products, Herbal Medicine Products, Credit Products, Basic Food Products, ATK Products and other household needs. Then from the results of the analysis and assessment carried out the main strategy of this sector is referring to the Growth strategy or SO strategy. This position is a very profitable position for MSMEs. Where MSMEs have strengths and opportunities so they can take advantage of existing

opportunities through their strengths. The strategy applied is to support an aggressive growth policy (growth strategy).

SUGGESTIONS

In determining the main strategy for the MSME business sector, representatives are carried out through Practitioners, MSME Actors and the DKI Jakarta KUKM Service. The assumption given is that it can provide an assessment of each MSME sector in general. In an assessment, an in-depth analysis of the internal and external factors of the effort made in assigning weights and ratings is needed by people who really understand the business. MSME actors are advised to give weights and ratings to the factors in the IFAS and EFAS columns by people who understand your business best. Giving the right weight and rating value can result in determining the main strategy for the business to be formed so that it is right on target.

The formulation of recommendation strategies for MSMEs is carried out based on the classification of the Business Sector, which is 99% of respondents from Micro Enterprises. The formulation of MSME strategy recommendations based on the Business Sector can be utilized for DKI Jakarta MSMEs in the form of Micro, Small or Medium Enterprises because they have generalizable factors.

This research is not recommended as a generalization of Indonesian MSMEs because this research was conducted on MSMEs in DKI Jakarta, so that the variables that appear reflect the conditions of MSMEs in DKI Jakarta. In addition, several local government policies to support MSMEs in the region are also different. However, this technique can be used by other MSMEs in Indonesia to obtain a more appropriate main recommendation strategy for these MSMEs.

This research is expected to provide input for the DKI Jakarta government to provide appropriate policies to strengthen MSMEs.

- In the Credit Relaxation program: the suggestion is that this program not only provides convenience for MSMEs to obtain funding loans, but the existence of the Reserve Fund Benefit Guidance program can help MSMEs to be more prepared and independent in managing finances, especially in dealing with undesirable things in the future.
- Relaxation of IUMK: the suggestion is that this program does not only provide convenience for MSMEs to register their businesses. However, MSMEs that are already active in the IUMK program can provide experience on the benefits of this program to invite other MSMEs that have not been registered (by giving rewards, it becomes an attraction in itself to introduce IUMK Relaxation). The emergence of new competitors can be used to attract more MSMEs assisted by DKI Jakarta so that newly emerging

businesses will grow into strong MSMEs. In addition, it is also necessary to consider if there are MSMEs that have been registered to change their type of business. This is by considering that many MSMEs are changing their business by looking at the current opportunities.

- KSB Program: this program can be utilized by developing the existing e-order system. In this case, the DKI Jakarta KUKM Office can collaborate with other MSMEs to market their businesses through applications that can be accessed by all Indonesian people. The e-order system can collaborate with well-known marketplaces such as Shopee, Tokopedia, etc. This can help other MSMEs who are still lagging in the use of digital marketing, as well as obstacles in marketing their businesses.

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