

The Impact of Covid-19 on Micro Small Medium Enterprises (UMKM) in Tanjung Morawa Deli Serdang North Sumatera

Lya Novaria Nainggolan^{1*}, Irsad Lubis², Ahmad Albar Tanjung³, Sukardi⁵, Dede Ruslan

^{1,2,3,4,5} Economy and Business Study Program, Faculty of Economy, North Sumatera University, North Sumatera, Indonesia

*Corresponding Author: lya.novaria@gmail.com

Article history

Received : 2022-04-06

Accepted : 2022-07-14

Published : 2023-04-13

Keywords:

Covid-19, UMKM, Traders.

Abstract: The Covid-19 virus is a deadly virus that is faced by almost all countries, without exception, in various parts of Indonesia. Our country Indonesia has been greatly affected by the spread of Covid-19. Various kinds of new variants are coming back, namely the Covid-19 variant of Delta, which forces the government to act quickly even though sometimes it's not right. All forms of policies are taken to suppress the spread of the virus. We call it Lock Down, Large-Scale Social Restrictions (PSBB), Micro-Scale Social Restrictions, there is also the Enforcement of Restrictions on Community Activities (PPKM in all provinces and DKI). Apart from health and mortality rates, Covid-19 does not also affect the economy. The middle to lower class society is greatly affected by this condition. Therefore, this research will review the impact of COVID-19 on the economic conditions of UMKM in the Tanjung Morawa area, Deli Serdang. The data collection process was carried out by means of interviews with several traders selling around the Tanjung Morawa Market area and documentation then carried out a qualitative descriptive research method approach. The results of this study show that there is a significant impact of the covid19 pandemic on UMKM.

Abstrak: Virus Covid-19 adalah virus mematikan yang dihadapi oleh hampir semua negara tanpa terkecuali berbagai Indonesia. Negara kita Indonesia terkena dampak sangat besar dari penyebaran covid-19. Bernagai macam varian baru yang kembali datang yaitu Covid-19 varian Delta, yang memaksa pemerintah harus bertindak cepat walau kadang tidak tepat. Segala bentuk kebijakan diambil untuk menekan penyebaran virus. Kita sebut saja dengan Lock Down, Pembatasan Sosial Berskala Besar (PSBB), Pembatasan Sosial Berskala Mikro, ada juga Pemberlakuan Pembatasan Kegiatan Masyarakat (PPKM di semua provinsi dan DKI). Selain tingkat kesehatan dan tingkat mortalitas, Covid-19 ini bukan juga mempengaruhi perekonomian. Masyarakat menengah ke bawah sangat terpengaruh oleh kondisi ini. Oleh sebab itu penelitian kali ini akan mengulas dampak covid19 terhadap kondisi perekonomian UMKM di daerah Tanjung Morawa, Deli Serdang. Proses Pengumpulan data dilakukan dengan cara wawancara kepada beberapa pedagang yang berjualan disekitar daerah Pasar Tanjung Morawa dan dokumentasi kemudian melakukan pendekatan penelitian metode deskriptif kualitatif. Adapun hasil penelitian ini menunjukkan adanya dampak yang signifikan dari pandemic.



Available online at
<http://jurnal.unsyiah.ac.id/riwayat/>

INTRODUCTION

From an economic standpoint, the impact of Covid-19 can be seen from the slowdown in the global economic growth rate. Covid-19 has not only had a negative impact on reducing economic growth in developing and poor countries, but has also hit the economies of developed countries. Some developed countries are even trapped in a deep economic recession. The impact of Covid-19 can also be seen from the decline in investment rates globally. According to the United Nations Conference on Trade and Development (UNCTAD) report, global foreign direct investment (FDI) fell 42% over the past year, from US\$ 1.5 trillion in 2019 to around US\$ 859 billion. Meanwhile, uncertainty about the Covid-19 pandemic and the global investment policy environment will continue to affect foreign investment flows in 2021.

Despite projections that the global economy will recover in 2021, UNCTAD expects FDI flows to remain weak due to the uncertain evolution of Covid-19. The impact of Covid-19 on investment rates this year can be seen in the UNCTAD report, which projects a decline in FDI of 5-10%. According to the report, developed countries were hit the hardest where flows fell by 69% to around US\$229 billion. Covid-19 (Coronavirus disease 2019) is a disease caused by a virus from the coronavirus class, which is termed SARS-CoV-2. This case occurred for the first time in the city of Wuhan, China. Very quickly this virus spread and spread very quickly to all countries, including Indonesia. The spread of this virus happened so quickly that it didn't take long, in just a matter of months this virus could spread to various countries. According to data released directly by the Task Force for the Acceleration of Handling Hidzani Asti Rahyuni N and Izzudin Fuad 246 Journal of Syntax Fusion, Vol. 1, No. August 8, 2021 Covid-19 Republic of Indonesia the number of positive confirmed cases as of July 23, 2021 was 3,033,339 people with 79,032 deaths. At the end of 2020, there was a lot of information

saying that the coronavirus had mutated into several types, starting from the Alpha variant, the Beta variant, the Gamma variant, the Delta variant and others. Of the various cases of Covid-19, it has not only had an impact on the health crisis and death, but has greatly impacted the people's economy. Covid-19 has succeeded in causing anxiety among economic actors. A study states that in 2020 covid-19 has succeeded in reducing the percentage of the economy by 0.1%. The Organization for Economic Cooperation and Development (OECD) reports that this pandemic will affect the threat of a sizeable economic crisis marked by the cessation of production activities in various countries, falling levels of public consumption, loss of consumer confidence, falling stock markets which ultimately lead to uncertainty. Meanwhile, the economy is one of the important factors in life, as it is known that someone will be in direct contact with economic activities. (Hanoatubun, 2020). The consequences of the Covid-19 pandemic are being felt by several economic sectors, including UMKM Various efforts have been made by the government, one of which is PPKM, but the government's good intentions have been greeted with grief by most of the economic actors in the UMKM sector. The reality is that they can only trade for a limited time or a time determined by the regulations and with a limited number of consumer activities as well. Finally, in his daily business, he only earns less than 50% of his usual income. From this decrease in income, traders were very nervous and confused about selling their wares due to the decreasing number of buyers during this PPKM period.

The occurrence of these problems makes the writer interested and interested in conducting research which aims to find out the extent of the impact of the spread of Covid-19 on the economy of the UMKM sector in the Tanjung Morawa area, Deli Serdang, North Sumatra and is expected to provide information to readers regarding the impact of the pandemic. so that together we can find a solution to this problem. This study aims to find out what policies in the economic field have been implemented by the government in

dealing with the Covid-19 pandemic that is being experienced by the State of Indonesia in 2020. And to find out and add insight to students in addressing economic problems due to the Covid-19 pandemic that has occurred in Indonesia. Based on the research results obtained, this policy will be successful and reach its goals if there is good cooperation from all. For Indonesia, the impact of Covid-19 can be seen from the contraction in economic growth. In his presentation to the House of Representatives (DPR), Minister of Finance Sri Mulyani revealed that the contraction rate of national economic growth in 2020 was recorded at minus 2.07%. This level shows that Indonesia has a moderate level of economic contraction affected by the Covid-19 pandemic.

Even though it has contracted, the impact of Covid-19 on Indonesia is not as bad as that of neighboring countries. Based on Asian Development Bank Outlook data for April 2021, Indonesia's economic growth in 2020 will be relatively better compared to the average Southeast Asian country which experienced a contraction of 4.0%. The contraction in Indonesia's economic growth in 2020 is also much better than the average G-20 countries which experienced a contraction of minus 4.7%. Indonesia is also still doing better when compared to ASEAN-6 countries which experienced a contraction of 4.3%.

The impact of Covid-19 which has caused a contraction is caused by three things, namely a decrease in purchasing power, investment uncertainty, and a decline in commodity prices. In terms of purchasing power, the government said that the public's ability to consume is currently weakening due to declining incomes. One of the reasons for this decline in income is the layoffs (PHK) as a result of Covid-19. In a virtual discussion, Executive Secretary I of the Committee for Handling Covid-19 and National Economic Recovery (PC-PEN) Raden Pardede said the decline in purchasing power was caused by the increasing number of unemployed people, companies were reluctant to recruit workers, even those who were working from home by companies. due to reduced operating hours.

From the investment side, the impact of Covid-19 can be seen from the interest of foreign investors to invest in Indonesia which

has decreased over the past year. This condition is in line with the weakening global economy affected by the Covid-19 pandemic. Data from the Investment Coordinating Board (BKPM) show investment realization from foreign investment (PMA) or FDI throughout 2020 amounting to IDR 412.8 trillion. This achievement was minus 2.4% from the previous year's realization which reached IDR 423.1 trillion.

However, it is hoped that the impact of Covid-19 on the growth rate of incoming investment will not be too large this year, considering that Indonesia is no longer "shocked" by the Covid-19 pandemic. Indonesia also has a post-pandemic recovery target in 2023, plus it already has a special institution to handle investment, namely the Ministry of Investment. For Indonesia, the impact of Covid-19 can be seen from the contraction in economic growth. In his presentation to the House of Representatives (DPR), Minister of Finance Sri Mulyani revealed that the contraction rate of national economic growth in 2020 was recorded at minus 2.07%. This level shows that Indonesia has a moderate level of economic contraction affected by the Covid-19 pandemic. Even though it has contracted, the impact of Covid-19 on Indonesia is not as bad as that of neighboring countries. Based on Asian Development Bank Outlook data for April 2021, Indonesia's economic growth in 2020 will be relatively better compared to the average Southeast Asian country which experienced a contraction of 4.0%.

The contraction in Indonesia's economic growth in 2020 is also much better than the average G-20 countries which experienced a contraction of minus 4.7%. Indonesia is also still doing better when compared to ASEAN-6 countries which experienced a contraction of 4.3%. The impact of Covid-19 which has caused a contraction is caused by three things, namely a decrease in purchasing power, investment uncertainty, and a decline in commodity prices. In terms of purchasing power, the government said that the public's ability to consume is currently weakening due to declining incomes. One of the reasons for this decline in income is the layoffs (PHK) as a result of Covid-19. In a virtual discussion, Executive Secretary I of the Committee for Handling Covid-19 and National Economic Recovery (PC-PEN) Raden Pardede said the decline in

purchasing power was caused by the increasing number of unemployed people, companies were reluctant to recruit workers, even those who were working from home by companies. due to reduced operating hours.

From the investment side, the impact of Covid-19 can be seen from the interest of foreign investors to invest in Indonesia which has decreased over the past year. This condition is in line with the weakening global economy affected by the Covid-19 pandemic. Data from the Investment Coordinating Board (BKPM) show investment realization from foreign investment (PMA) or FDI throughout 2020 amounting to IDR 412.8 trillion. This achievement was minus 2.4% from the previous year's realization which reached IDR 423.1 trillion. However, it is hoped that the impact of Covid-19 on the growth rate of incoming investment will not be too large this year, considering that Indonesia is no longer "shocked" by the Covid-19 pandemic. Indonesia also has a post-pandemic recovery target in 2023, plus it already has a special institution to handle investment, namely the Ministry of Investment.

The impact of Covid-19 on FDI entering Indonesia does not seem too big this year. This can be seen from the data from the Investment Coordinating Board (BKPM) which shows investment realization during the first quarter of 2021 reached IDR 219.7 trillion, with a growth of 4.3% (year on year/yoy). Of this value, 50.8% or IDR 111.7 trillion is FDI. While the remaining 49.2% or IDR 108 trillion is domestic investment (PMDN). The impact of Covid-19 on FDI entering Indonesia does not seem too big this year. This can be seen from the data from the Investment Coordinating Board (BKPM) which shows investment realization during the first quarter of 2021 reached IDR 219.7 trillion, with a growth of 4.3% (year on year/yoy). Of this value, 50.8% or IDR 111.7 trillion is FDI. While the remaining 49.2% or IDR 108 trillion is domestic investment (PMDN).

RESEARCH METHODS

This research was conducted in the Tanjung Morawa Region, Deli Serdang, North Sumatra using a qualitative descriptive approach. Qualitative data is a research method by collecting as much data as possible to prove a phenomenon that occurs. Qualitative data was also produced in

the form of descriptive and narrative data obtained from direct observation of the object under study and the results of interviews conducted with informants (Suyono, 1985). According to (Sugiyono, 2017)

The steps in conducting data analysis are as follows: Impact of Covid-19 on Micro, Small and Medium Enterprises (UMKM)

- Data Collection Data collection was carried out by means of observation, in-depth interviews, and documentation. Or it can also be done by combining the three (triangulation) to find out the impact of Covid-19 on the income of UMKM
- Data Reduction Data reduction includes summarizing, selecting and sorting out the main things.
- Data Presentation Presentation of data in the form of narrative text.
- Conclusion and Verification. The data source for this research is in the form of primary data generated from informants, in this case the actors of Tanjung Morawa, Deli Serdang, North Sumatra.

And secondary data obtained through the literature, the results of previous research or a document study. with broader points (Korver, 1985).

RESULTS AND DISCUSSION

The Covid-19 pandemic is currently becoming an interesting topic of discussion because it spreads so fast and disrupts the economy. If you look at the map of the spread of positive cases of Covid-19, they have spread across 34 provinces in Indonesia (Withworth, 2020 in Harirah, 2020). The transmission of this virus is very significant because almost all parts of the world have experienced it, including Indonesia (Yunus, 2020). Under these conditions, it seems that the corona virus cannot be taken for granted. Not only does it affect health but also the condition of the Indonesian economy, including the UMKM sector. This pandemic is quite disturbing to the community, starting from worrying about family health, declining income, uncertain business results, limited trading time and many other problems. In addition, the traders stated that their daily needs during PPKM were increasing. This condition is very confusing for SMEs.

Table 1. The following table shows the percentage of the impact of Covid-19 on the income of Tanjung Morawa traders, Deli Serdang, North Sumatra.

NO	TRADE TYPE	PERCENTAGE
1	VEGETABLE	50 %

2	NINE STAPLES INGREDIENTS	50 %
3	RIVER TRADERS	50 %
4	TOYS	50 %
5	FOOD WEIGHT	60 %
6	MOBILE SHOPS	80 %
7	ONLINE TRADERS	50 %
8	CLOTHES	50 %
9	COOKING SPICES	50 %
10	FRUITS	70 %

Source of data comes from the results of direct interviews.

From these data it can be seen that the impact of Covid-19 on the economic sector is quite significant. Starting from vegetable traders, it was seen that they only achieved a 50% percentage of income from before the emergence of Covid 19. This was due to the small number of buyers, which also reduced the income of the buyer, resulting in a decrease in income for sellers or vegetable traders. Some vegetable traders assume that with these restrictions on activities, itinerant vegetable traders are increasingly busy, so that people no longer feel worried about shopping outside their homes, they just have to wait for the vegetable sellers in front of their respective homes. Likewise for basic food traders, their income also decreased by 50%. When the initial restrictions on all activities were imposed, the basic food traders received a fairly high income because many people bought supplies while the restrictions were in effect. However, such conditions do not last long. The longer the return of buyers decreases due to restrictions on community activities outside the home. Not to mention that the roads and markets that were closed made people even more reluctant to leave their homes and chose to buy ready-to-eat food through online services. For home toy traders, during this pandemic toy craftsmen also experienced a decline due to parents' concerns about letting their children go out to play outside the house. Usually the children of the local community are enthusiastic enough to buy toys, even if it's only small toys. However, with this pandemic, more children are at home and playing gadgets to minimize the transmission of Covid-19. Itinerant trader. The impact of this pandemic has turned out to have an influence on people to just stay at home so that mobile

vendors are a safe choice for shopping mothers to avoid the market crowds when shopping. So that itinerant traders are able to achieve a sufficient percentage of 80% than usual. Heavy food reaches a percentage of 60%.

For heavy food traders, reaching a percentage of 60% is already very lucky compared to nothing. Some people choose to buy heavy, cooked food to meet their needs during PPKM. But many also choose to buy instant food for everyday. So that traders anticipate sales both online and around the complex to increase their income. Toko Selular achieves 80% percentage. For large cellular store traders, it might be an advantage during this pandemic. Because a lot of activities are currently being carried out online so that it requires a quota as a support. However, it is different from small cellular shops, which again can only wait for visits from the decreasing number of buyers. So that not a few store employees who submitted resignation. Online Traders reach 50% percentage. In this case the hijab online trader. Along with the decline in economic income that has occurred as a result of the impact of the Covid-19 outbreak, it has caused a decrease in interest in buying hijab clothing or clothing because some feel that they have to arrange expenses that are prioritized to fulfill basic needs first. Clothing reaches a percentage of 50%.

It's the same with online traders. Market clothing traders are quite nervous about the pandemic conditions. They experienced a decline in sales. On normal days, it is certain that there will be buyers from children's clothes, school clothes, Muslim clothes and many more. However, along with the pandemic, purchases have decreased. Fruits have reached a percentage of 70% in this pandemic, fruit sellers sell quite a lot of their fruits. Although not as many as usual, fruit traders claim to be quite lucky, because there are fruit buyers to boost immunity during this pandemic. Cooking spices only reached 50% as well as vegetables, cooking spices have decreased due to a decrease in the number of buyers and people who choose to buy ready-made food through online services. Based on this explanation, it can be seen that the presence of Covid-19 has had a significant

impact on the UMKM economic sector. It is hoped that after the termination of this PPKM, traders can return to increase their income to fulfill their daily needs.

CONCLUSION

Indonesia has no doubt received a blow as a result of Covid-19, just like other countries in the world. But that does not mean the government is silent and does not respond to existing conditions. Since the emergence of the Covid-19 pandemic, the government has issued a series of policies, which in the end have been able to minimize the impact of Covid-19. The policies issued are the Covid-19 and PEN Pandemic Handling Program (PCPEN). This program covers six clusters, namely health, social protection, MSME support, corporate financing, sectoral Ministries/Institutions and Regional Governments as well as business incentives which are the focus of crisis management, with a budget of Rp 695.2 trillion last year. Indonesia has no doubt received a blow as a result of Covid-19, just like other countries in the world. But that does not mean the government is silent and does not respond to existing conditions.

Since the emergence of the Covid-19 pandemic, the government has issued a series of policies, which in the end have been able to minimize the impact of Covid-19. The policies issued are the Covid-19 and PEN Pandemic Handling Program (PCPEN). This program covers six clusters, namely health, social protection, MSME support, corporate financing, sectoral Ministries/Institutions and Regional Governments as well as business incentives which are the focus of crisis management, with a budget of Rp 695.2 trillion last year.

In the health sector, in order to counteract the impact of Covid-19 last year, the government paid for the treatment and care of 200,545 patients, procured medical devices in 160 hospitals, provided 1.56 million PPE, 2,612 ventilators, 5.7 million rapid test kits, construction of facilities health through 260 new rooms in health centers and rehabilitation of 269 hospitals. The government also provides health incentives to

684 thousand health workers at the center and 449 thousand health workers in the regions.

In the social protection program, to minimize the impact of Covid-19 the government distributed PKH assistance to 10 million beneficiary families, wage subsidy assistance to 12 million employees, assistance through pre-employment cards to 5.6 million job seekers, provision of electricity assistance and electricity discount subsidies, as well as providing internet quota subsidies to 42 million beneficiaries.

The Perlinsos program in last year's PCPEN was able to reduce the poverty rate to the level of 10.19%. A World Bank study shows that without additional social assistance, the impact of Covid-19 will increase poverty by up to 11.8%. This means that the expansion of social protection in PCPEN 2020 is able to save more than 5 million people from falling into poverty.

In the health sector, in order to counteract the impact of Covid-19 last year, the government paid for the treatment and care of 200,545 patients, procured medical devices in 160 hospitals, provided 1.56 million PPE, 2,612 ventilators, 5.7 million rapid test kits, construction of facilities health through 260 new rooms in health centers and rehabilitation of 269 hospitals. The government also provides health incentives to 684 thousand health workers at the center and 449 thousand health workers in the regions. In the social protection program, to minimize the impact of Covid-19 the government distributed PKH assistance to 10 million beneficiary families, wage subsidy assistance to 12 million employees, assistance through pre-employment cards to 5.6 million job seekers, provision of electricity assistance and electricity discount subsidies, as well as providing internet quota subsidies to 42 million beneficiaries.

The Perlinsos program in last year's PCPEN was able to reduce the poverty rate to the level of 10.19%. A World Bank study shows that without additional social

assistance, the impact of Covid-19 will increase poverty by up to 11.8%. This means that the expansion of social protection in PCPEN 2020 is able to save more than 5 million people from falling into poverty. The results of research on the impact of Covid-19 on the economic conditions of the MSME sector in Tanjung Morawa, Deli Serdang, North Sumatra, are the large numbers of traders' income decreased during the pandemic. Among them, 50% vegetables, 50% groceries, 50% children's toys, 80% mobile vendors, 60% heavy food, 80% mobile shops, 50% online traders, 50% clothes, 50% fruits and 50% spices.

REFERENCES

- Abdullah, *Nuriman, & Rahmah, S. (2022). Empowerment of Community Broad-Base Education Center for Arabic-Jawi Study at Deah Nurul Yaqin. *Riwayat: Educational Journal of History and Humanities*, 5(2), 306–317. <https://doi.org/10.24815/jr.v5i2.27132>
- Asmini, I.N. (2020). *Manajemen Business Cycle Sebagai Basis Peluang Usaha Pasca Covid19*.
- Budiantoro, *Harry, Madjid, S., Asaari, M., Sari, I., & Tambuati Subing, H. J. (2022). Waste Management in Sumur Batu Village, Central Jakarta. *Riwayat: Educational Journal of History and Humanities*, 5(2), 382–387. <https://doi.org/10.24815/jr.v5i2.27333>
- Hadiwardoyo, Wibowo. (2020). *Suatu Strategi Pemulihan Ekonomi Masyarakat*
- Hanoatubun, S. (2020). *Kerugian Ekonomi Nasional Akibat Pandemi Covid-19*. Baskara: Journal of Business & Entrepreneurship, 2(2), 83-92.
- Harirah, Z., & Rizaldi, A. (2020). *Dampak Covid-19 terhadap Perekonomian Indonesia*. *EduPhyCouns: Journal of Education, Psychology and Counseling*, 2(1), 146-153.
- Kuswati, *Ratih Tri, Yuniyanto, T., & Kurniawan, D. A. (2022). The Existence of Women in Harian Neraca Press 1989-1994. *Riwayat: Educational Journal of History and Humanities*, 5(2), 253–268. <https://doi.org/10.24815/jr.v5i2.26793>
- Munawar, *Zaid, & Sucipto, S. (2022). Sultan Agung's Cultural Insights: Reflections of Javanese Insights. *Riwayat: Educational Journal of History and Humanities*, 5(2), 341–350. <https://doi.org/10.24815/jr.v5i2.27151>
- Nurlailah, *Nurlailah, & Ardiansyah, H. (2022). The Influence of the School Environment on Character Form Students in PKN Lessons. *Riwayat: Educational Journal of History and Humanities*, 5(2), 281–289. <https://doi.org/10.24815/jr.v5i2.27347>
- Sugiyono, (2017). *Merespon Nalar Kebijakan Negara dalam Menangani Pandemi Covid-19 di Indonesia*. *Jurnal Ekonomi dan Kebijakan Publik Indonesia*, 7(1).
- Sukarddin, *Sukarddin, & Suryaningsih, L. (2022). Changes in the Perception of the Sumbawa Community in the Nyorong Tradition Sumbawa Regency. *Riwayat: Educational Journal of History and Humanities*, 5(2), 276–280. <https://doi.org/10.24815/jr.v5i2.2728>
- Yunus, N., & Rezki, A. (2020). *Metode Penelitian Kualitatif Untuk Penelitian yang Bersifat : Eksploratif, Enterpretif, Interaktif dan Konstruktif*. Bandung: