

ENTERPRENEURIAL MANAGEMENT ANALYSIS OF MICRO, SMALL AND MEDIUM ENTERPRISES IN THE ERA OF COVID-19 PANDEMIC WITH A QUALITATIVE PHENOMENOLOGY APPROACH

NUNIK HARIYANI^{1*}, NOVY RACHMA HERAWATI² and ANDRI HASMORO KUSUMO BROTO³

^{1, 2, 3}Universitas Merdeka Madiun, Indonesia. *Correspondent author Email: Andri@unmer-madiun.ac

Abstract

The Covid-19 pandemic that has hit many countries globally, including Indonesia, has had a tremendous impact, one of which is the unavoidable layoffs (Termination of Employment) from many companies. Of course, this makes most people turn to the entrepreneurial sector or existing businesses, such as Micro, Small, and Medium Enterprises (MSMEs), to be forced to survive in an uncertain situation. However, the problems are also experienced by MSME actors in Sewulan Village, Dagangan District, Madiun Regency, East Java, such as MSME Batik Tulis Song Song and traditional herbal medicine businesses. Therefore, entrepreneurial management is needed to keep business entities running or operating. The research aims to apply entrepreneurial management strategies to MSMEs in Sewulan Village in the face of the Covid-19 pandemic, including applying the entrepreneurial spirit, managerial activities, individual entrepreneurial activities, and the creation of market opportunities. The research method used in this study is qualitative using a phenomenological theoretical basis, namely a research approach to reveal the meaning implied in the behavior of individual characteristics or interpreted as a method in finding psychological implications that form symptoms through investigation and analysis of examples of symptoms experienced, by participants. The data in this study include primary data and secondary data. Preliminary data were obtained using observation and interviews. In contrast, secondary data was obtained from journals, articles, information on the internet, and archives of MSME data in Sewulan Village.

Keywords: Covid-19 Pandemic, Micro, Small, and Medium Enterprises (MSMEs), entrepreneurial, entrepreneurial management, phenomenological theoretical

1. INTRODUCTION

The Covid-19 pandemic that has hit many countries globally, including Indonesia, has had a tremendous impact, one of which is the unavoidable layoffs (Termination of Employment) from many companies. Nearly 3.5 million workers have been laid off and also laid off (www.kompas.com, accessed on August 26, 2021). Of course, this makes most people turn to the entrepreneurial sector or existing businesses, such as Micro, Small, and Medium Enterprises (MSMEs), to be forced to survive in an uncertain situation. If during the monetary crisis in 1998. MSMEs could stay firmly because of their flexible nature to environmental changes; the current situation is very different. MSME actors feel an extraordinary impact, even many of whom have gone out of business because they cannot afford it. Survive (Pranatasari, 2021). A survey conducted by LIPI (2020) showed that 94.69% of companies experienced a decline in sales during the pandemic. Includes at least several business scales,

namely a decrease in sales of more than 75% experienced by 49.01% of ultra-micro businesses, 43.3% of micro-businesses, 40% of small companies, and 45.83% of medium companies. Based on the length of business, a decline in sales of more than 75% was experienced by 23.27% of enterprises aged 0-5 years, 10.9% of companies aged 6-10 years, and 8.84% of businesses that had been operating for more than 10 years. Judging from the sales method, a sales decline of more than 75% was experienced by 47.44% of offline/physical sales businesses, 40.17% of online sales businesses, and 39.41% of companies using both offline and online sales methods (www.lipi.go. en, accessed August 25, 2021)

The problems are also experienced by MSME actors in Sewulan Village, Dagangan District, Madiun Regency, East Java, such as MSME Batik Tulis Song Song and traditional herbal medicine businesses. Batik's Written Song Song can have very complex problems, such as productions that is not every day, and marketing is still simple, people's buying interest is low, etc. The name Song Song or umbrella itself is one of the historical objects in local wisdom in Sewulan Village as the forerunner to the formation of Sewulan Village and there is only 1 batik business actor in the village with 6 pecanting. In addition to batik, there are also traditional herbal medicine business players located in RT 13 RW 3 of which almost one RT in the area is a seller of traditional herbal medicine. Government regulations related to handling Covid-19 starting from PSBB, Micro PPKM, Emergency PPKM have made traditional herbal medicine business actors experience problems

decrease in income, although traditional herbal medicine in the Pandemic Era was widely consumed by the community to maintain body stamina, the selling area for these business actors was still limited, if previously they were able to sell across sub-districts and more than 3 (three) villages now with these rules only limited in 2 (two) villages only. Therefore, based on the background of the existing problems, the specific purpose of this research is how to apply entrepreneurial management strategies to SMEs in Sewulan Village in the face of the Covid-19 pandemic, with the urgency of the research including the application of the entrepreneurial spirit, managerial activities, and individual entrepreneurial activities and creating market opportunity.

2. LITERATURE REVIEW OR RESEARCH BACKGROUND

Micro, Small, and Medium Enterprises (MSMEs) have a strategic role in the Indonesian economy. Data from the Indonesian Ministry of Cooperatives and Small and Medium Enterprises in 2018 shows that the number of MSME business units is 99.9%, or 62.9 million. MSMEs absorb 97% of the total employment, 89% in the micro sector, and 60% of gross domestic product (Bahtiar & Saragih, 2020). The Covid-19 pandemic, of course, also forces business actors to be able to adapt to existing conditions. Therefore, entrepreneurial management is needed to keep business entities running or operating. The rapidly changing business environment requires MSME actors to adjust to existing conditions, but MSME actors do not own this. It takes entrepreneurship (entrepreneurial) to deal with such complex business problems. Entrepreneurship is a creative and innovative ability, keen to see opportunities, and always open to any positive input and changes that can bring the business to continue to grow

(Saragih, 2017). Entrepreneurship and entrepreneurial management also have a more critical role, where management here is defined as a holistic unit within the company that utilizes the available resources. According to Korpysa (2020), entrepreneurial management consists of four dimensions, including the function of Human Personality, Managerial Activity, Individual entrepreneurial activity, and the last is the function of the market. The first function is more directed to the personality of business actors, related to the entrepreneurial spirit they have; the second function is more about how to carry out the entrepreneurial process and pursue existing opportunities and the third function. More on taking risks, creating innovations, and utilizing the available resources. Meanwhile, the last function is how existing businesses can create economic growth and improve the welfare of their employees. Although MSME actors have only run perfunctory companies so far, the most important thing is that they can use them to meet their daily needs, but unpredictable situations, such as the Covid-19 Pandemic, force MSME actors to change their activities or business flow while it is running.

3. METHODOLOGY

This research uses qualitative research, namely technical data analysis used by describing the object of study and describing in the form of sentences or questions based on the data collected to create a conclusion and formulation of the problem (Arikunto, 2010). In addition, this study uses a basic phenomenological theory, namely a research approach to reveal the meaning implied in the behavior of individual characteristics or interpreted as a method of finding psychological implications that form symptoms through investigation and analysis of examples of symptoms experienced by participants (Helaludin, 2018). The phenomenology used in this study is related to how to apply entrepreneurial management strategies to SMEs in Sewulan Village, which includes the application of an entrepreneurial spirit, managerial activities, individual entrepreneurial activities, and the creation of market opportunities. The data in this study include primary data and secondary data. Primary data was obtained by means of observation and interviews. Interviews were conducted in-depth (in-depth interviews) to obtain detailed information about the phenomena that occurred, namely the problems faced by business actors during the Covid-19 pandemic. The subjects of this research are the entrepreneurs of Batik Tulis Song Song and the sellers of traditional herbal medicine in Sewulan Village. For secondary data from this study, it was obtained from journals, articles, information on the internet and archives of MSME data in Sewulan Village. The methods of data collection are carried out, including the following:

1) Interview Guide

The interview used in this study is a structured interview that directs business actors to answer every question given. As for the things that were conveyed to the research subject before the interview was conducted, including; 1). The aims and interests of this research, 2). Confidentiality regarding the information provided, 3). Research procedures, 4). Preparation for conducting the interview process. With in-depth interviews, it is hoped that detailed information will be obtained compared to using interviews that are more formal or rigid, so that informants (business actors) will also be more free to answer and share their knowledge

and experiences. The number of business actors who were interviewed were 16 people, with 6 people from Batik Tulis Song Song (owner and entrepreneur) and 5 people from traditional herbal medicine businesses. The consideration of selecting informants is based on their role and relationship in the business being run and involvement in running the business.

2) Observation

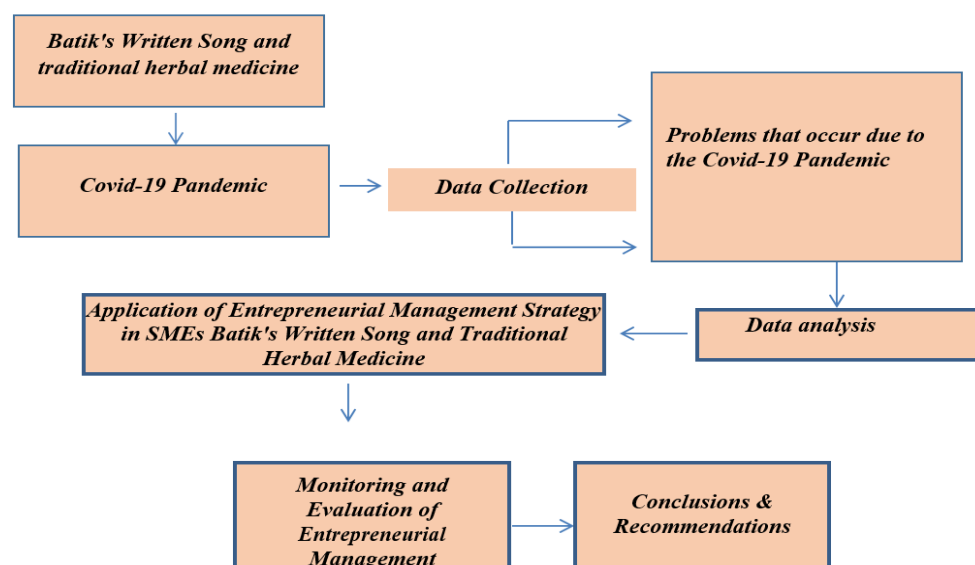
Observations were carried out by observing directly the business actors of Batik Tulis Song Song and traditional herbal medicine to get an overview, activities and also the daily activities carried out by these business actors, so that it would be easier to conduct research. The Covid-19 pandemic has certainly made daily changes and also the routine of business activities very significant.

3) Documentation

Documentation is an activity or a way to obtain data and information in the form of books, archives, documents, written numbers and pictures in the form of reports and information that can support research (Sugiyono, 2015). The documentation of this research is journals, articles and news obtained from the internet which are then collected and used as references, besides that there is a data archive of Sewulan Village SMEs with the latest data in 2021. The data analysis technique used in this research is the data explication technique. The steps taken are: (1) obtaining an understanding of the data as a overall, (2) compiling the Individual Phenomenon Description (DFI), (3) identifying the episodes in each DFI, (4) explication of the themes in each episode, and (5) synthesis of the explanation of each theme in each episode.

Based on the explanation of scientific concepts and theories above, the framework of this research can describe as follows:

Fig 1: Research Framework



4. RESULTS AND DISCUSSION

Batik's Written Song Song and Traditional Herbal Medicine, located in Sewulan Village, Dagangan District, Madiun Regency, felt the impact of the Covid-19 pandemic on their businesses, such as the lack of buyers which resulted in decreased sales, drastically decreased Income, and other problems that caused business activities to be carried out. It cannot run smoothly. The number of batiks in Sewulan Village is 10, where the average is women. During the pandemic, mothers who depended on their life from the batik business also felt the same way; where business activities did not run smoothly, buyers were quiet, even if in one month they could produce 20 million from selling batik, as long as the pandemic lasted for some time. For two years, batik can only be sold with a gross income of 7 million per month. The materials are also not easily obtained, so the costs increase. In addition to batik, other businesses affected are traditional herbal medicine business actors.

The number of classic herbal medicine business actors in Sewulan is the largest among other villages, with around 20 conventional herbal medicine entrepreneurs. The sale of this traditional herbal medicine can be said to be quite simple, including traveling to towns, and the essential ingredients to make it are obtained very quickly, namely in the garden around the house or buying at traditional markets. During the Covid-19 pandemic, sales of traditional herbal medicine can be said to have also decreased; many people could not afford to buy because of low Income and only enough to meet their daily needs. The Covid-19 pandemic has made many people lose their jobs, so people's purchasing power has decreased. The stages in conducting this research, among others, are interviews with business actors, then observing their activities to obtain detailed information so that Entrepreneurial Management in SMEs Batik Written Song Song and Traditional Herbal Medicine can be applied. Interviews were conducted for three consecutive days to receive relevant information about the business activities of business actors during the Covid-19 pandemic. The interview guidelines include the following: a). Business Name, b). Length of Business Standing, c). Number of Employees, d). Total Income each month, e). Ways to get raw materials, f). Marketing techniques used, g). Obstacles faced before Covid-19, h). The conclusion obtained from the interviews is that for traditional herbal medicine business actors, the marketing techniques carried out are still straightforward, namely just by traveling from one area to another, while raw materials are still easily obtained because the raw materials are still in the market. The surrounding environment can be easily obtained in traditional markets. Still, the obstacles faced during Covid-19 are the declining purchasing power of the people and making many herbal medicines unsold so that herbal medicine sellers have to switch professions to continue their daily lives. Meanwhile, there is only one business actor for Batik Song Song, and interviews were conducted with one business owner, six pending, and three marketing divisions. The obstacle faced during Covid-19 was that very few people bought batik due to the declining purchasing power of the people, so during Covid-19, there were only two workers, and they only made batik according to orders. After the interview, the next thing to do is to conduct an FGD (Focus Group Discussion) by forming a small discussion group.

The FGD (Focus Group Discussion) discussed entrepreneurial management consisting of four dimensions, including the function of Human Personality, Managerial Activity, Individual entrepreneurial activity, and the last one is market function. The first function is more directed to the personality of the business actors where the FGD results show that each business actor consisting of traditional herbal medicine makers and also addicts personally does not have an entrepreneurial spirit; this can be seen from when there was a Covid-19 pandemic, many of whom the business actor who finally decided not to sell anymore and chose to change professions. The second function is more about how to carry out the entrepreneurial process and pursue existing opportunities, where until now, this has not been fully seen by business actors, such as not taking advantage of current opportunities, for example, to participate in exhibitions of MSME products for batik, management that is still traditional for medicine. For the third function, it is more about how to take risks, create innovations, and utilize existing resources that cannot be used optimally, where the current innovations are still straightforward, such as herbal medicine which does not yet have innovations to make packaging, short expiration times. Meanwhile, the last function is how existing businesses can create economic growth and improve the welfare of their employees, especially during the Covid-19 pandemic, the herbal medicine business went out of business, and Song Song Batik did not produce optimally. Training and mentoring are carried out for business actors through various activities, including business strengthening, use of technology, partnerships, and management capabilities, to create Entrepreneurial Management for business actors.

5. CONCLUSIONS AND RECOMMENDATIONS

The Covid-19 pandemic that has hit many countries in the world, including Indonesia, has had a tremendous impact, one of which is the unavoidable layoffs (Termination of Employment) from many companies. Of course, this makes most people turn to the entrepreneurial sector or existing businesses, such as Micro, Small, and Medium Enterprises (MSMEs), to be forced to survive in an uncertain situation. The problems that occur are also experienced by MSME actors in Sewulan Village, Dagangan District, Madiun Regency, East Java, such as MSME Batik Tulis Song Song and traditional herbal medicine businesses. Therefore, entrepreneurial management is needed to keep business entities running or operating. This study aims to apply entrepreneurial management strategies to SMEs in Sewulan Village in the face of the Covid-19 pandemic, including using the entrepreneurial spirit, managerial activities, individual entrepreneurial activities, and creating market opportunities. Interviews were conducted for three consecutive days to obtain relevant information about the business activities of business actors during the Covid-19 pandemic.

The interview guidelines include the following: a). Business Name, b). Length of Business Standing, c). Number of Employees, d). Total Income each month, e). Ways to get raw materials, f). Marketing techniques used, g). Obstacles faced before Covid-19, h). The conclusion obtained from the interviews is that for traditional herbal medicine business actors, the marketing techniques used are still straightforward, namely only by traveling from one area to another, while raw materials are still easily obtained because the raw materials are still in

the market. The surrounding environment can be easily obtained in traditional markets. Still, the obstacles faced during Covid-19 are the declining purchasing power of the people and making a lot of herbal medicine unsold so that herbal medicine sellers have to switch professions to continue their daily lives. Meanwhile, there is only one business actor for Batik Song Song, and interviews were conducted with one business owner, six pending, and three marketing divisions. The obstacle faced during Covid-19 was that very few people bought batik due to the declining purchasing power of the people, so during Covid-19, there were only two workers, and they only made batik according to orders.

After the interviews, the next step was to run FGD (Focus Group Discussion) by forming small discussion groups. The FGD discussed entrepreneurial management consisting of four dimensions, including the function of Human Personality, Managerial Activity, Individual entrepreneurial activity, and the last one is market function. The first function is more directed to the personality of the business actors where the FGD results show that each business actor consisting of traditional herbal medicine makers and also addicts personally does not have an entrepreneurial spirit; this can be seen from when there was a Covid-19 pandemic, many of whom the business actor who finally decided not to sell anymore and chose to change professions. The second function is more about how to carry out the entrepreneurial process and pursue existing opportunities, where until now, this has not been fully seen by business actors, such as not taking advantage of current opportunities, for example, to participate in exhibitions of MSME products for batik, management that is still traditional for Jammu. The third function is more about how to take risks, create innovations, and utilize existing resources that cannot be used optimally, where the current innovations are still straightforward, such as herbal medicine, which does not yet have innovations to make packaging, and short expiration times. Meanwhile, the last function is how existing businesses can create economic growth and improve the welfare of their employees, especially during the Covid-19 pandemic, the herbal medicine business went out of business, and Song Batik did not produce optimally. Training and mentoring are carried out for business actors through various activities, including business strengthening, use of technology, partnerships, and management capabilities, to create Entrepreneurial Management for business actors.

Reference

- Arikunto. *Prosedur Penelitian Suatu Pendekatan Praktik*. Yogyakarta: Rineka Cipta.2010
- Bahtiar RA, Saragih PJ. Dampak Covid-19 Terhadap Perlambatan Sektor UMKM. *Puslit BKD DPR RI*. 2020. Vol. XII, No.6/II/Puslit/Maret/2020.
- Harini C, Handayani SB. Entrepreneurial marketing through E-Commerce to improve performance UMKM. *DERIVATIF: Jurnal Manajemen* Vol. 13 No. 2 Nopember 2019. DOI: 10.24127/jm.v13i2.395.
- Helaludin. Mengenal lebih dekat pendekatan fenomenologi: Sebuah penelitian kualitatif. 2018.https://www.researchgate.net/publication/323600431_Mengenal_Lebih_Dekat_dengan_Pendekatan_Fenomenologi_Sebuah_Penelitian_Kualitatif?enrichId=rgreq-81d4c00a04b99a7d64bca3a3d76065cb
- Karunia MA. Imbas Corona, Lebih dari 3, 5 Millions of workers laid off and laid off. (Internet). 2020. <https://money.kompas.com/read/2020/08/04/163900726/imbis-corona-lebih-dari-3-5-juta-pekerja-kena-phk-dan-dirumahkan?page=all>

Korpysa J. Entrepreneurial management of SMEs. *Procedia Computer Science*. 2020; 3466– 347. <https://doi.org/10.1016/j.procs.2020.09.050>.

Nugroho EA. Survey Kinerja UMKM di Masa Pandemi Covid-19. <http://lipi.go.id/berita/survei-kinerja-umkm-di-masa-pandemi-covid19/22071>.

Sugiyono. *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Penerbit Alfabeta. 2015.

Syifa LF. Pengaruh Orientasi kewirausahaan dan pasar terhadap keunggulan bersaing UMK di Era Revolusi Industri 4.0. (Thesis). Purwokerto: IAIN Purwokerto.

Yonaldi S. Kewirausahaan Menumbuhkembangkan UMKM di Era Digital. 2018. 10.31227/osf.io/93