

Action of Small Entrepreneurs to Deal with the Risk of Pandemic Covid-19

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Abstract

The Covid-19 phenomenon in Indonesia has had a very big effect, especially on small traders in Labuhanbatu Regency, the main reason for this study to measure the extent to which possible aspects affect the welfare of small traders in the Glugur Rantauprapat Market amidst the Covid-19 storm. This research was conducted in Glugur Market, Rantauprapat City, Labuhanbatu Regency, a sample of 130 traders using purposive sampling technique with survey data collection techniques both from primary data and secondary data. The primary data source uses an instrument in the form of a questionnaire containing statement indicators that are distributed to respondents who are determined based on criteria. Meanwhile, data analysis used IBM SPSS & AMOS path analysis. Based on the coefficient value of the trading hours variable path to the income variable is -0.724 with a p -value $(0,469) > 0.05$, which means it is not significant. Based on the path coefficient value of the capital variable on the income variable, it is 0.701 with a p -value $(0,001) < 0.05$, which means it is significant. Based on the path coefficient value of the trading experience variable on the income variable, it is 0.281 with a p -value $(0,033) < 0.05$, which means it is significant. Based on the path coefficient value of the income variable to the welfare variable, it is 0.388 with a p -value $(0,000) < 0.05$, which means it is significant.

Keywords

trading hours; capital; trading experience; income; welfare



I. Introduction

The outbreak of Covid-19 in the world in early 2020 has disrupted the economic structure of a country. It even destroyed almost all aspects of business and the joints of human life. Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020). Conditions in Indonesia related to this outbreak as of April 20, 2020, had reached a total of 6,760 positive cases of Covid-19 in Indonesia. The trend of the Covid-19 pandemic has increased significantly which has an impact on socio-economic mobility in Indonesia so that of this total, 8.72% have died (Prawoto et al., 2020).

This disaster certainly creates new problems for the acceleration of the development of a country or region which currently focuses on a stable level of economic growth, but this condition is not balanced with the income distribution cycle to improve people's welfare amid during the Covid-19 storm, so substantively the main mission of development a country or a region is related to the standard of living of the people being neglected, especially on an economic basis experiencing shocks among the people whose output makes the people's economy more fragile.

The existence of cracks and fragility of the people's economic base has been started since the economic crisis in 1997, at that time it showed that there was a multi-dimensional crisis experienced by the Indonesian nation and was slowly optimistic about forgetting the New Order government towards the Reformation Era. The acceleration and growth in the Reformation Era, which is now even 20 years old, is inseparable from the economic and monetary crises, although the impact of the 2008 economic crisis was assumed to threaten economic growth, but the government is adapting swiftly to formulate strategies to overcome it.

One of the effects of the economic crisis could include national and local economic shocks, especially in the real sector, which resulted in companies carrying out massive layoffs. In the United States, the financial fragility of small businesses and their impact during the crisis due to Covid-19 caused nearly 43% of businesses to temporarily close, besides that many companies provided cash at the start of the pandemic so that many companies chose to go into debt in the medium term.

Economic paralysis in the past until now still leaves bitter wounds among the people in Labuhanbatu Regency which have an impact on the emergence of unemployment and even the criminal rate. As a stopover city, Labuhanbatu Regency is one of the cities with reasonableness when there is unemployment. The people of Labuhanbatu Regency have a high unemployment rate trying to change their fate to choose to work in the informal sector as small traders in every traditional market (J.E.Sutanto, 2019).

The impact of Covid-19 is no longer significant to disturb but threatens the existence of small traders that are felt by the community in real terms about services for the needs of low-income people, among them, creating conditions for equitable distribution of development results. Now, such conditions are difficult to realize because people have started to limit business activities to combat the Covid-19 outbreak from leaving the house. As we all know, small traders have an attraction as a potential contribution to local revenue (PAD) in the sector or sector of regional income retribution according to the level of need which is regional autonomy.

Therefore, this article was prepared with the aim of finding out specifically the factors of working hours, capital, trading experience and, income (Kasim & Ahmad, 2020) that affect the welfare of traders in the Glugur Rantauprapat Market in the Covid-19 situation, as well as strive to provide solutions from the results of these thoughts. Thinking empirically to deal with these difficult conditions. The research results recommend that small and medium enterprises should be assisted by expanding liquidity through collaboration with microfinance institutions to maintain credit availability for these businesses (Ongesa et al., 2020).(Adedamola & Ekiti, 2017).

II. Review of Literature

Most of the SMEs had reopened during the second round of the survey in May. But many companies, especially surveillance companies, are partly due to insufficient demand. Besides, about 18 percent of SMEs were permanently closed between the two survey waves from February to May, losing 14 percent of total jobs (Dai et al., n.d.), That few small businesses had formal crisis plans and strategies before the outbreak, and these firms tended to have long histories, experience in crises, and work in more regulated sectors (ALVES et al., 2020). Based on these results, we defined five types of survival and renewal strategies for small business and the SME crisis resilience model. Three important elements of business resilience are product excellence, people's behavior, and processes that are supported by digital transformation (Fitriasari, 2020). Many successful

entrepreneurs who describe their experiences in business and identify the main factors believe small businesses have something in common in this area (Makarenko et al., 2019). The strategy that can be done by MSMEs in dealing with the times is to control the market. However, to dominate the market, MSMEs need to get information easily and quickly to expand the MSME marketing network. Besides, the application of information technology to MSMEs will make it easier to expand the market both in the domestic and foreign markets and the establishment of an IT-based MSME Development Center (Adrian, 2019). Important lessons from Australia that might be applied in Indonesia in building government initiatives to better support small and medium enterprises through a one stop shop for licensing. (Bhinekawati, 2016).

Hypothesis :

1. H_1 = trading hours variable has a direct effect on the income variable.
2. H_2 = the capital variable has a direct effect on the income variable.
3. H_3 = the trading experience variable has a direct effect on the income variable.
4. H_4 = variable direct income to the welfare variable.

III. Research Methods

This research was conducted in March 2021, the research location chose Glugur Market, Rantauprapat City, Labuhanbatu Regency which is located right in the City Center. This research was conducted at Glugur Market, Rantauprapat City, Labuhanbatu Regency by taking a sample of 130 traders with purposive sampling technique with data collection techniques in the form of the survey both from primary data and secondary data. The primary data source uses an instrument in the form of a questionnaire containing statement indicators that are distributed to respondents who are determined based on criteria. Meanwhile, data analysis used IBM SPSS & AMOS path analysis.

IV. Results and Discussion

Path Analysis Model

The results of the path analysis model are as follows:

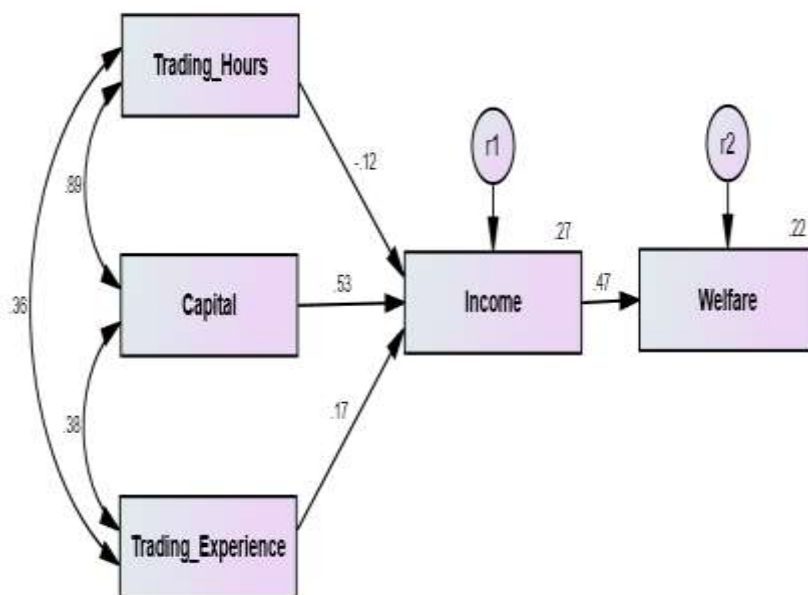


Figure 1. Path Analysis Model

Hypothesis testing is done by looking at the results of the significance of the regression weight. The results of the regression weight path analysis are as follows:

Table 1. Regression Weight Results

	Estimate	S.E.	C.R.	P	Label
Income <--- Trading_Hours	-.171	.236	-.724	.469	par_1
Income <--- Capital	.705	.221	3.195	.001	par_2
Income <--- Trading_Experience	.281	.131	2.136	.033	par_3
Welfare <--- Income	.388	.064	6.022	***	par_4

Source: Amos Output, 2021

Based on the results of the research conducted, it will be briefly discussed as follows:

Based on the coefficient value of the trading hours variable path to the income variable is -0,724 with a p-value (0,469) > 0,05, which means it is not significant. This number indicates that the trading hours variable does not directly affect the income variable. This indicates that the trading hours variable does not have a direct effect on income. The results of this study also have implications for the level of income and welfare of small traders. Even though the average small trader spends more than 10 hours of selling time per day, plus the case of the spread of the Covid-19 outbreak is still in the midst of people's lives and is not yet classified as a red zone, increasingly causing people to be reluctant to shop at the Glugur Rantauprapat market and people prefer to shop in places that are considered more feasible, namely that the modern market is free from the spread of Covid-19 applying the standards of a Healthy and Clean Lifestyle. With such conditions, this increasingly threatens the feasibility of income and welfare of small traders as well as threatens the existence of small traders. This is confirmed where many entrepreneurs and start-ups face a significant decline due to the supply chain of goods and services (Meahjohn & Persad, 2020), traders know that the distribution of merchandise has been delayed so they have to longer trade to get income according to their expectations (Purwianti et al., 2019).

Based on the path coefficient value of the capital variable on the income variable, it is 0,701 with a p-value (0,001) < 0,05, which means it is significant. This number indicates that the capital variable directly affects the income variable. This indicates that the capital variable has a direct effect on income. Capital or in this word, money to open a business is a necessity that is prepared before realizing a business. Long before the spread of the Covid-19 outbreak, traders had prepared capital as an effort to run a business later, traders could not choose too many business fields or businesses to choose because they understood the constraints on venture capital. Capital is part of the factors of production, which directly becomes the benchmark for every trader. Small traders who are seasonal are for people to earn a living meet their daily needs with the aim of obtaining maximum profit. From the conditions in the field as a result of the Covid-19 conditions, the sentiment between the public and small traders has not changed significantly, although some commodity prices have increased, the purchasing power of the people is getting better and more stable. With these conditions, the Covid-19 epidemic which is increasingly troubling every human being even threatens their safety as if it does not make traders afraid of selling, on the contrary with the Covid-19 condition, the selling activities of certain types of merchandise are increasingly being sold which results in the sale of certain types of merchandise. increase in profit. So it can be concluded that the results of this study are in line with research where capital a effect on income (Yustie & Retnowati, 2020).

Based on the path coefficient value of the trading experience variable on the income variable, it is 0,281 with a p-value (0,033) < 0,05, which means it is significant. This number indicates that the trading experience variable directly affects the income variable. This indicates that the trading experience variable has a direct effect on income. Trading experience, in this case, is how long a trader is engaged in or how long does it take for a trader to run his business from his profession. Traders should be able to read the increasingly emergency due to Covid-19 not to make traders afraid of making a living, some of their small traders are accustomed to such conditions such as crop failure commodities or sea fish catches so that distribution to Glugur Market for trading has experienced distraction. Thus, the ability of traders in transaction activities must be able to convince buyers to buy their merchandise so that they can get the income they want. So it can be concluded that the results of this study are in line with the research model there are specific skills of employers with general skills accumulated in experience to provide new insights in entrepreneurship, especially concerning income (Rider et al., 2019).

Based on the path coefficient value of the income variable to the welfare variable, it is 0,388 with a p-value (0,000) < 0,05, which means it is significant. This number indicates that the income variable directly affect the welfare variable. This reflects that the income variable in this study have a direct effect on the level of welfare. This illustrates that the main objective of carrying out trading activities is solely for the sake of obtaining income or profit, where the income can be used to meet the necessities of life and the survival of the trading business. Even though traders benefit from the results of their trading activities, it does not necessarily have to do with the welfare they expect, because in the conditions of the Covid-19 outbreak, Pasar Glugur traders understand that the level of welfare is measuring the economic condition of a person or household in a region or country (Ridley, 2018). During the Covid-19 pandemic, the sentence of welfare for traders was difficult to express because the conditions were difficult, traders were only trying to earn income to meet their daily needs. This is in line with tests in general that the globalization of trade has a negative and significant effect on welfare (Aini et al., 2018).

V. Conclusion

The conclusions of this study include trading hours do not have a direct effect on income, capital has a direct influence on income, trading experience has a direct influence on income, and income has a direct influence on welfare. The author recommends that readers be able to make breakthroughs, especially developing various latent variables and their indicators in measuring the income and welfare of small traders during the covid-19 period. In addition, the author must be able to understand various business situations including the policies experienced by small traders so that later the research is sharper in exploring the income and welfare of small traders. Finally, the author in solving the problems in the study still pays attention to ethics and research rules such as taking by sampling techniques, building research models that are supported by relevant literature, and appropriate data analysis.

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