

**SURVIVAL STRATEGIES OF MICRO BUSINESSES IN MANADO DURING COVID-19 PANDEMIC***STRATEGI KELANGSUNGAN BISNIS MIKRO DI MANADO SELAMA PANDEMI COVID-19 STRATEGI*

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**Abstract:** The role of MSMEs in the last few decades is considered strategic, but its performance is not considered maximal in the face of competition and growth of production as a whole in a country. This can be attributed to various constraints and obstacles that must be faced, especially in access to finance, production technology, marketing, as well as skills and access to information. As is known, the era of free trade immediately took place in the ASEAN region, but in entering the export market is not easy for the perpetrators of SMEs. To find out the impact of the covid-19 pandemic on MSMEs in Manado and to know the survival strategies of MSMEs during covid-19 pandemic in Manado. The analytical method used is Descriptive. Based on the results of the analysis and discussion. The impact of covid-19 caused a very drastic decline in sales, especially in the micro business sector in the city of Manado, this happened because of the fear of consumers about the pandemic which made them afraid to leave the house which made the marketing sector especially in micro businesses bad. The survival strategy carried out by micro-enterprises in the city of Manado is that some of them have prepared emergency funds and they are promoting to regular customers by offering products and of course by implementing good health protocols so as to win back the trust of consumers.

**Keywords:** Survival strategies, pandemic Covid-19, micro businesses

**Abstrak:** Peran UMKM dalam beberapa dekade terakhir dinilai strategis, namun kinerjanya dinilai belum maksimal dalam menghadapi persaingan dan pertumbuhan produksi secara keseluruhan di suatu negara. Hal ini dapat dikaitkan dengan berbagai kendala dan kendala yang harus dihadapi terutama dalam akses keuangan, teknologi produksi, pemasaran, serta keterampilan dan akses informasi. Seperti diketahui, era perdagangan bebas langsung berlangsung di kawasan ASEAN, namun dalam memasuki pasar ekspor tidaklah mudah bagi para pelaku UKM. Untuk mengetahui dampak pandemi covid-19 terhadap UMKM di Manado dan Untuk mengetahui strategi kelangsungan hidup UMKM selama masa pandemi covid-19 di Manado. Metode analisis yang digunakan adalah Deskriptif. Berdasarkan hasil analisis dan pembahasan Dampak covid-19 menyebabkan penurunan penjualan yang sangat drastis khususnya pada sektor usaha mikro di Kota Manado, hal ini terjadi karena ketakutan konsumen terhadap pandemi yang membuat mereka takut meninggalkan rumah yang membuat sektor pemasaran khususnya pada usaha mikro menjadi buruk. Strategi bertahan yang dilakukan oleh usaha mikro yang ada di Kota Manado adalah beberapa diantaranya telah menyiapkan dana darurat dan mereka melakukan promosi kepada pelanggan tetap dengan menawarkan produk dan tentunya dengan menerapkan protokol kesehatan yang baik sehingga dapat merebut kembali kepercayaan konsumen. .

**Kata Kunci:** Strategi survival, pandemi Covid-19, usaha mikro

## INTRODUCTION

### Research Background

The Role of Small and Medium Enterprises (SMEs) in the economy of Indonesia is very significant. It is obvious on Indonesian economy development, this sector carries big role to the economic growth and national GDP, creating job employment, also play a powerful role during the economic crisis. According to Levy (2007), there is no doubt that the performance of SMEs is extremely important for the economic development of most less-developed countries. For this reason, governments in these countries have been supporting their SMEs extensively through many different programs. The role of MSMEs in the last few decades is considered strategic, but its performance is not considered maximal in the face of competition and growth of production as a whole in a country. This can be attributed to various constraints and obstacles that must be faced, especially in access to finance, production technology, marketing, as well as skills and access to information. As is known, the era of free trade immediately took place in the ASEAN region, but in entering the export market is not easy for the perpetrators of SMEs. Thurik and Wennekers (2004) confirmed the crucial role of SMEs in promoting economic growth. Thus, it is no doubt that SMEs play a very important role to the economy in particular and development in general.

A study by the Indonesian Ministry of Finance demonstrates that the business sector, especially MSMEs, experiences a sharp drop in demands due to PSBB. The finding is confirmed by the Bank Indonesia's Prompt Manufacturing Index (PMIBI) that provides a general illustration of the manufacturing industry's existing and predicted conditions for current and future quarters. PMI-BI is a composite index constructed from five other indexes: volume of input goods, production or output volume, employment, delivery time from suppliers, and inventories. Ministry of Cooperatives and SMEs' survey indicates that 37,000 MSMEs are affected by Covid-19. More specifically, 56 percent of the respondents experience sales decline, 22 percent suffer financing problems, and 22 percent face obstacles in goods distribution (Thaha, 2020). This of course also applies in North Sulawesi, especially in the city of Manado, where many business sectors have been affected by Covid-19, causing the number of layoffs to increase.

There are 8,090 private employees in Manado City, reported layoffs. Where as many as 6,222 non-tourism and creative economy workers, and the remaining 1,868 are tourism and creative economy sector workers. Meanwhile, nationally, the Indonesian Ministry of Manpower noted that there were more than two million workers affected by the action of layoffs due to the corona virus or Covid-19 outbreak. The number of MSMEs in Manado City is 58.880 Business consisting of 39.064 Micro Business Actors, 6.901 Small Business and 12,915 Medium Business. The impact of the COVID-19 pandemic in the city of Manado, especially on MSMEs is where MSMEs in the sale of souvenirs, tour guides, vehicle rentals and so on are very hit, this is because of the Covid-19 pandemic which makes people have to stay at home due to government regulations for the prevention of the COVID-19 pandemic. The impact of this makes many MSMEs in Manado City have to experience a decline in sales, to the point that they have to reduce the number of employees until they close because there is no income. This is certainly a problem that really needs to be considered because it can damage the economy in the city of Manado.

### Research Objectives

Based on the main problems that have been stated previously, the objectives of this study are:

1. To find out the impact of the covid-19 pandemic on MSMEs in Manado
2. To knows the survival strategies of MSMEs during covid-19 pandemic in Manado

## THEORETICAL FRAMEWORK

### Entrepreneurship

Entrepreneurship is a distinctive character that defines the entrepreneurs different from managers or employees. Entrepreneurs are known to search for and take innovative, proactive and risk-taking actions. Compared to entrepreneurs, managers or workers tend to avoid the risks involved with entrepreneurial actions. Entrepreneurship is a defining characteristic of entrepreneurs who continuously search and identify new business opportunities and create new values for growth (Brockhaus, 1980). Also, it is generally recognized that entrepreneurship is one of the most important ways to build wealth in a capitalist society. In addition, entrepreneurship is a driving force for economic growth and social change (Schumpeter, 1934).

### Strategic Management

Strategic management is a scientific field that is growing and developing rapidly. Strategic management views the company as a series of interrelated processes and tries to explain how the company can develop and succeed in dealing with its environment. There are several definitions of strategy as stated by the experts in their respective books. The word strategy comes from the Greek word Strategos which is a combination of Strato or army and ego or leader. A strategy has a basis or scheme to achieve the intended target. So basically strategy is a tool to achieve goals.

### **Survival Strategies**

The survival strategy is a very interesting concept to research, considering that every business is currently having problems maintaining its business amid the Covid-19 Pandemic. The company's survival strategy is closely related to its ability to survive. Suharto (2009) defines a survival strategy as a person's ability to apply a set of ways to overcome various problems surrounding his life. The strategy for handling this problem is the ability of all family members to manage their assets. Survival strategy is a series of actions chosen by standards by socially and economically poor individuals and households. MSMEs are diligent workers and never give up in any condition; even though they are full of limitations, they can still survive. MSMEs will optimize all the resources they have so that they can maintain the survival of their families. Survival strategies in dealing with economic shocks and pressures can be carried out with various strategies. Survival strategies can be classified into three categories, namely active strategy, passive strategy, and network strategy. Farmers with a survival strategy usually manage very limited natural resources or are forced to become farm laborers and manual labor with low pay, usually just enough to make a living without saving for capital development. Survival strategies in overcoming economic shocks and pressures can be carried out with various strategies. According to Suharto (2009), survival strategies can be classified into three categories, namely active strategy, passive strategy, and network strategy. Farmers with a survival strategy usually manage very limited natural resources or are forced to become farm laborers and manual labor with low pay, usually just enough to make a living without saving for capital development, survival strategies in overcoming economic shocks and pressures can be carried out with various strategies. Survival strategies can be classified into three categories, namely active strategy, passive strategy, and network strategy.

### **Previous Research**

Liguori and Pittz (2020) aimed to help combat the negative effects of the upheaval caused by the spread of COVID-19 is having a devastating effect on small businesses. This article offers practical and tactical strategies for navigating the uncertainty and risk especially prevalent in today's pandemic-filled business environment. A review of the data on COVID-19's impact on micro, small, and medium-sized enterprises suggests the economic fallout from this pandemic will get worse for small businesses and their employees before it gets better.

Ishaq and Hussain (2016) determined the influence of creative marketing strategies and effective execution on business unit performance. Moreover, strategic orientation and environmental uncertainty are used as moderating variables. Data are collected from 368 key informants working in Fast-Moving Consumer Goods (FMCG), banking, pharmaceutical, chemical, insurance, and engineering industries using a multi-stage random sampling technique. Factor analysis and multiple hierarchal regressions are used to test the study hypotheses. The results indicate the creative marketing strategy and effective execution are positively associated with business performance. Moreover, environmental uncertainty and strategic orientation play a moderating role in the above relationships.

Fakhira et al. (2020) aimed to find out the marketing strategies implemented by Garuda Indonesia, and the impact of the marketing strategy to gain back the market. The methods used in this research are the SWOT analysis, PESTEL analysis, Porter's Five Forces, and Porter's Generic Strategy. The source of data comes from various studies conducted before and Focus Group Discussion (FGD) with commercial or marketing experts of Garuda Indonesia. This research found that the marketing strategies affect the number of markets that can be achieved. Then, Garuda Indonesia can conduct intensive strategies which include market penetration, market development, and product development.



### Research Approach

The type of research used is descriptive qualitative. Research with descriptive methods is usually carried out through observation, interviews, and case studies to describe behavior rather than using data that can be analyzed statistically.

### Population, Sample Size, and Sampling Technique

The population in this study was the entire number of registered SMEs in Manado City, which amounted to 58,880 businesses. The sampling technique used is convenience sampling, which is a sampling technique based on chance, the researcher selects the population based on what they feel are willing to become respondents and can provide the information needed. So based on this technique the samples set is 15 Micro Enterprises in Manado.

### Data and Sources Type of Data

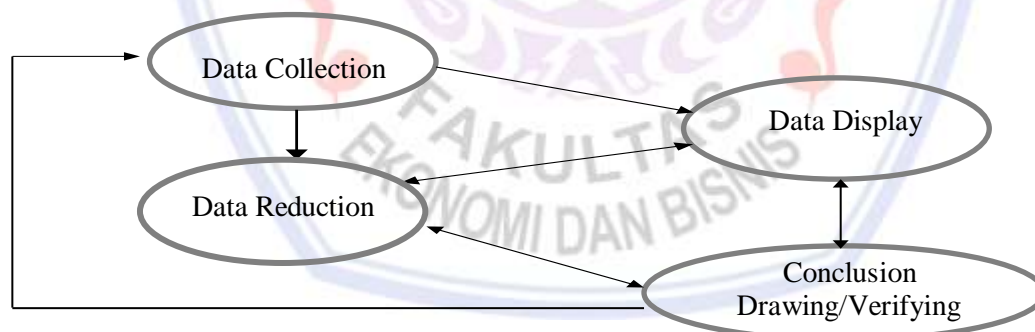
The types of data used in this study are primary and secondary data. Primary data is data obtained directly from the original source (object), not through intermediaries. Primary data in this study were obtained through direct interviews. Secondary data is data obtained indirectly through intermediary media, namely through research results, books, articles, and various publications and related institutions that are relevant to the issues raised. Secondary data in this study was obtained through North Sulawesi Province Cooperatives and MSMEs Service regarding data on the number of MSMEs that are still surviving during the COVID-19 pandemic

### Data Collection Technique

The data collection technique that will be used is the Interview Technique, the technique of collecting data by conducting questions and answers or direct interviews with sources from the Small and Medium Enterprises in Manado City that are still active during the Covid-19 pandemic who will be interviewed according to the list of questions provided in accordance with the research title.

### Qualitative Data Analysis

Qualitative data analysis is the process in which we move from the raw data that have been collected as part of the research study and use it to provide explanations, understanding and interpretation of the phenomena, people and situations which are studying.



**Figure 1. Steps in qualitative data analysis**

*Source: Hair et al. (2007)*

According to Hair et al. (2007), there are several steps in qualitative data analysis, such as;

- Data Collection, is the process where the researcher finds information or data from any kind of source such as books, internet website and gather deeper information from the informant.
- Data Reduction, involves selecting, simplifying and transforming the data to make it more manageable and understandable.
- Data Display, helps qualitative researches to organize information and view it in a way that enables them to identify linkages and develop explanations that relate their findings to existing theories.
- Drawing and Verifying Conclusion, drawing conclusion involves deciding what the identified themes and patterns and how they help to answer the research question. Verification involves checking and rechecking the data ensure the initial conclusions are realistic, supportable and valid.

### **Analysis Technique**

The analysis used by the author in solving the problems in this research is to use qualitative descriptive analysis. The analysis process is the initial process in the planning stage of solving a problem (Sugiyono, 2014). In this study, the author will describe how the impact of covid-19 on MSMEs in the city of Manado is related.

## **RESULT AND DISCUSSION**

### **Result**

#### **Conditions of Business Sales during the Covid-19 Pandemic**

Based on the results of interviews with 15 existing micro-enterprise respondents, they said that the impact of the pandemic on the business conditions they were living had a very bad impact, where during the pandemic the sales they produced actually decreased drastically from their sales before the pandemic. This happened because of a change in behavior from consumers who were afraid of the impact of the COVID-19 pandemic as well as the enactment of regulations from the government that recommended staying at home in the early days of the pandemic which resulted in a drastic decline in sales for micro-enterprises in the city of Manado, especially those examined in this study. As for the decline in sales faced by these micro-enterprises, some of them have prepared emergency funds to deal with conditions such as the COVID-19 pandemic. In addition to providing emergency funds to help the businesses they run, in dealing with the COVID-19 pandemic in order to maintain the economic conditions of the businesses run by these micro-enterprises, they also adapt to market demand conditions that exist during the pandemic by adjusting products and services they sell, so that it can help them in stabilizing their financial condition

#### **Strategies Applied in Survival and Challenges Faced During the Covid-19 Pandemic**

In the face of a pandemic, micro-enterprises that still survive during the pandemic must adapt by implementing useful marketing strategies to stabilize market conditions and the economic conditions of the businesses they run. As for the results of interviews conducted separately with 15 micro-enterprises, it can be seen that only a few of them are able to implement an active strategy, where in implementing an active strategy they carry out promotions by visiting their regular customers by offering products and services, of course, by implementing good health protocols so that they can regain consumer confidence in the products and services they offer. It can be seen that an active strategy is different from a passive marketing strategy which tends to wait for customers, an active marketing strategy aims to reach as many customers as possible. If in a passive marketing strategy all activities are used to build a business directory, then an active marketing strategy will engage readers, build trust, and build company-prospect relationships. Therefore, passive marketing tends to be more invasive of the privacy of potential consumers. One of the active marketing strategies that is often done is using telesales and email marketing where businesses actively contact potential customers. However, over time active marketing strategies can be applied to marketing through digital channels. One of them is by inviting potential customers to webinar events and building active communication in them. In addition, businesses can also hold various events that involve potential consumers directly, such as giving away, giving sweepstakes with prizes, and so on. Active marketing is also seen as building a business reputation because your business provides the information and demonstrates the expertise needed to convince prospects that your product or service will solve their problem. Active marketing is also very suitable for building loyalty to a business brand. The challenges they face in carrying out the marketing strategy of their business are where there is rejection from the consumer for fear of being affected by COVID-19, and the lack of consumer confidence in the implementation of the health protocols that are being carried out make it difficult for them to carry out the strategies implemented.

### **Discussion**

#### **Conditions of Business Sales during the Covid-19 Pandemic**

Based on the results of interviews with 15 existing micro-enterprise respondents, they said that the impact of the pandemic on the business conditions they were living had a very bad impact, where during the pandemic the sales they produced actually decreased drastically from their sales before the pandemic. This happened because of a change in behavior from consumers who were afraid of the impact of the COVID-19 pandemic as well as the enactment of regulations from the government that recommended staying at home in the early days of the pandemic which resulted in a drastic decline in sales for micro-enterprises in the city of Manado, especially those examined in this study. As for the decline in sales faced by these micro-enterprises, some of them have prepared

emergency funds to deal with conditions such as the COVID-19 pandemic. In addition to providing emergency funds to help the businesses they run, in dealing with the COVID-19 pandemic in order to maintain the economic conditions of the businesses run by these micro-enterprises, they also adapt to market demand conditions that exist during the pandemic by adjusting products and services they sell, so that it can help them in stabilizing their financial condition. As for the decline in sales faced by these micro-enterprises, some of them have prepared emergency funds to deal with conditions such as the COVID-19 pandemic. In addition to providing emergency funds to help the businesses they run, in dealing with the COVID-19 pandemic in order to maintain the economic conditions of the businesses run by these micro-enterprises, they also adapt to market demand conditions that exist during the pandemic by adjusting products and services they sell, so that it can help them in stabilizing their financial condition.

### **Survival Strategies of MSMEs during Covid-19 Pandemic In Manado**

It can be seen that only a few of them are able to implement an active strategy, where in implementing an active strategy they carry out promotions by visiting their regular customers by offering products and services, of course, by implementing good health protocols so that they can regain consumer confidence in the products and services they offer. It can be seen that an active strategy is different from a passive marketing strategy which tends to wait for customers, an active marketing strategy aims to reach as many customers as possible. If in a passive marketing strategy all activities are used to build a business directory, then an active marketing strategy will engage readers, build trust, and build company-prospect relationships. The survival strategy is a very interesting concept to research, considering that every business is currently having problems maintaining its business amid the Covid-19 Pandemic. The company's survival strategy is closely related to its ability to survive. Suharto (2009) defines a survival strategy as a person's ability to apply a set of ways to overcome various problems surrounding his life. The strategy for handling this problem is the ability of all family members to manage their assets. Survival strategy is a series of actions chosen by standards by socially and economically poor individuals and households. MSMEs are diligent workers and never give up in any condition; even though they are full of limitations, they can still survive. MSMEs will optimize all the resources they have so that they can maintain the survival of their families. Survival strategies in dealing with economic shocks and pressures can be carried out with various strategies. Survival strategies can be classified into three categories, namely active strategy, passive strategy, and network strategy. Farmers with a survival strategy usually manage very limited natural resources or are forced to become farm laborers and manual labor with low pay, usually just enough to make a living without saving for capital development. Survival strategies in overcoming economic shocks and pressures can be carried out with various strategies. In the face of a pandemic, micro-enterprises that still survive during the pandemic must adapt by implementing useful marketing strategies to stabilize market conditions and the economic conditions of the businesses they run. As for the decline in sales faced by these micro-enterprises, some of them have prepared emergency funds to deal with conditions such as the COVID-19 pandemic. In addition to providing emergency funds to help the businesses they run, in dealing with the COVID-19 pandemic in order to maintain the economic conditions of the businesses run by these micro-enterprises, they also adapt to market demand conditions that exist during the pandemic by adjusting products and services they sell, so that it can help them in stabilizing their financial condition.

## **CONCLUSION AND RECOMMENDATION**

### **Conclusion**

1. The impact of covid-19 caused a very drastic decline in sales, especially in the micro business sector in the city of Manado, this happened because of the fear of consumers about the pandemic which made them afraid to leave the house which made the marketing sector especially in micro businesses bad.
2. The survival strategy carried out by micro-enterprises in the city of Manado is that some of them have prepared emergency funds and they are promoting to regular customers by offering products and of course by implementing good health protocols so as to win back the trust of consumers.

### **Recommendation**

Based on the results of the discussion in this study, the authors provide suggestions as input:

1. For the Manado city government to pay more attention to micro-enterprises in the city of Manado so that by providing assistance to them businesses in the city of Manado can survive and can improve the economic standard in the city of Manado.
2. For MSME entrepreneurs in the city of Manado to further improve the existing survival strategies so that when unexpected things happen, existing businesses can adapt and survive
3. Future research will be carried out in order to expand the research by adding other factors that may affect Survival Strategies that have not been studied in this study so that the research results can better describe the actual conditions over the long term.

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