

## **MSME Entrepreneurial Behavior during the Covid 19 Pandemic (Study on MSMEs in Lumajang Regency, East Java, Indonesia)**

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### **Abstract**

Covid19 pandemic, in Lumajang District, was accompanied by a policy of social restrictions for the community. This has an influence on the existence of UMKM Business practitioners. The responses of UMKM business players that occur are quite diverse, some are able to respond well, so that their existence is still maintained, but not a few are actually going down. This study aims to look at the responses or responses of SMEs from the perspective of entrepreneurial behavior with indicators of attitude, ability and skills. The research methodology is carried out by describing the statements of the respondents or participants. Data collection by giving questionnaires. Respondents or Participants are business people with the criteria of being micro entrepreneurs with monthly turnover of up to 5 million rupiah. Distribution of participant areas is areas directly affected or in the red subdistrict zone with an average age of 21 to 47 years. The results showed that the majority of respondents stated that they were still consistent in trying to maintain their existence with positive attitude attitudes, the ability to manage business and skills in innovative business matters. However, there are some who are not ready for the changes that occur, resulting in a shift in entrepreneurial behavior that has been inherent.

**Keyword: Entrepreneurial Behavior, MSMEs, Covid19**

### **INTRODUCTION**

Entrepreneurship is inherent for SMEs. This aspect is the driving force for their business development. In entrepreneurship there is a behavioral aspect that distinguishes it from other activity actors. Entrepreneurial behavior is a hallmark of an entrepreneur. Persistence, tenacity and innovation are some of the entrepreneurial behaviors commonly encountered in their activities. Several studies conducted by previous researchers stated that entrepreneurial behavior has a positive relationship with the success of a business (Zainura, Kusnadi, & Burhanuddin, 2017) which examines the Effect of Entrepreneurial Behavior on Gayo Arabica Coffee Farming Performance in Bener Meriah District, Aceh Province. Another research by nusiah with the title Entrepreneurial Behavior in Micro and Small Enterprises (UMKM) Tempe in Bogor, West Java (Nursiah, Kusnadi, & Burhanuddin, 2017). This means that one of the drivers of entrepreneurial or business success, especially in the MSME sector is entrepreneurial behavior on the subject or business actor.

At the end of 2019, until April 2020, Indonesia was shocked by the corona virus pandemic, or better known as Covid 19. The spread of the virus entered Indonesia from outside countries. According to the Ministry of Health, as a measure to anticipate the spread of the Covid-19 pandemic, social distancing, working and studying at home, as an appeal from the president translated by regional heads (Zahrotunnimah, 2020). In Lumajang itself, it is also one of the affected districts. Along with the policy for preventive measures with social distancing, especially Lumajang district, being one of the red districts, along with the presence of residents who are positively infected. This condition certainly has a direct impact on MSME actors. Turnover has decreased a lot as well as other social impacts (Lumajang one, 2020).

A similar experience occurred in 1998, during the monetary crisis, where the MSME sector was the most resilient compared to other sectors. It's different for now, where it is the micro sector that is most vulnerable to facing the current crisis. That's why, in the midst of the Covid-19 pandemic crisis, the MSME sector is again tested whether they survive and exist or vice versa. Entrepreneurial behavior is an interesting variable for researchers to see how this behavior is implemented during the COVID-19 pandemic crisis.

## **THEORITICAL REVIEW**

### **Entrepreneurship**

Entrepreneurship is the ability to face risk and uncertainty in creating new businesses, organizing and managing these businesses. If the previous two views state that an entrepreneur has a creative, innovative spirit, and is able to capture opportunities, then this third view states that an entrepreneur must dare to take entrepreneurial risks containing several concepts such as the ability to create something new and different (creativity and innovation). , organizing resources, seizing opportunities, taking risks, as well as results orientation(Maisaroh, 2018).

### **Entrepreneurial Behavior**

entrepreneurial behavior is an important part in the entrepreneurial process, where entrepreneurial behavior is human behavior in identifying and exploiting opportunities through business formation and development.(Zainura et al., 2017)The same thing according to the Header there are two sources of attribution to behavior; (1) internal attribution or dispositional attribution, and (2) external attribution or environmental attribution. This concept is known as "Causal Attribution" which is the process of explaining the causes of a behavior, internal causes and external causes. Entrepreneurial behavior includes several aspects, including Diligent, Opportunity responsive Innovative, Dare to take risk and Independent(Puspitasari et al, 2018). From these references, the indicators of Entrepreneurial Behavior include; Attitude, Ability to manage business, Skills possessed.

### **Covid 19 and National Disaster**

Novel Corona virus or better known as Corona Virus Disease (COVID) 19 is a disease that first appeared in China in early December 2019. This disease was officially announced on December 31, 2019 which resulted in illness in 41 sufferers with details 1 ( one) person died. This virus is suspected by the WHO from animals that are traded freely in Wuhan, China. One of the causes is transmission or spread through bats which are then consumed by humans(Ibnu & Setiawan, 2018).

Information from the Task Force for the handling of Covid-19 in Indonesia, said that the number of patients was increasing day by day, both in the ODP, PDP and Positive categories. President Jokowi has officially declared this situation a national disaster.This determination was made through the issuance of Presidential Decree No. 12 of 2020 concerning the Determination of Non-Natural Disasters for the Spread of Corona Virus Disease 2019 (Covid-19) as a national disaster. The important point in the Presidential Decree is "Governors, regents, and mayors as Chair of the Task Force for the Acceleration of Handling Corona Virus Disease 2019 (COVID-I19) in the regions, in setting policies in their respective regions must pay attention to the policies of the Central Government.(Compass, 2020)

## **METHODOLOGY**

This type of research uses a descriptive qualitative approach, by describing statements from respondents or participants. The study was conducted in the period of November 2020. Collecting data by giving questionnaires and data analysis techniques by tabulating each question item and putting it in the form of a percentage table to then describe each answer item. Disclosure of data is done by translating into 3 variables of entrepreneurial behavior, namely, attitudes, abilities and skills. In this study also explored several other questions that support the information, which is a complementary part of the research.

## RESULTS AND DISCUSSION

Description of respondents or participants, consisting of business actors with the characteristics of the business being carried out in the home industry, food, animal husbandry and other businesses. The number of participants involved as resource persons is 15 people, while the criteria are micro entrepreneurs with a monthly turnover of up to 5 million rupiah. The distribution of the participant areas is directly affected areas or in the red sub-district zone including Sukodono, Randuagung, Pasirian, Tempoh, Kedungjajang and Summersuko as well as an additional yellow zone, namely Lumajang sub-district. The average age of the participants was 21 to 47 years.

The results of data collection, obtained information on the impact of the Covid19 pandemic for MSME actors directly experiencing a decline in turnover of up to 75% from usual. This happens because of changes in consumer behavior to stay at home more.

There are variations in the behavioral attitudes shown by MSME actors in doing business and responding to the Covid19 pandemic. Descriptions of entrepreneurial behavior are presented in the tabulation of participants' responses to the statements given.

Table Description of Respondents Response

	Tolerance	VIF
CSR	1,000	1,000

Source: Results of SPSS Data Processing

Based on the above, it is the estimation result of the equation of the independent variable and the dependent variable, from the table above it can be seen that all the variables in this study produce a tolerance value above 0.1 and a VIF value of not more than 10. These results indicate that the independent variables do not occur. multicollinearity.

Table Description of Respondents Response

Variable	Indicator	Statement	SS	S	CS	TS	STS
Attitude	Discipline	Stay optimistic and disciplined in running your business during the covid19 pandemic	43%	21%	21%	7%	7%
	Perseverance and persistence	Stay Diligent and persistent in doing business in the COVID-19 pandemic situation	50%	21%	21%	7%	0%
	Commitment	Stay committed to continuing your business	36%	36%	14%	7%	7%
Ability	Strategy Implementation	Implementing certain strategies in running a business in the midst of the current covid 19 pandemic	57%	14%	29%	0%	0%
	Management	Have management skills in carrying out business strategies in the midst of the covid 19 pandemic	50%	14%	21%	7%	7%
Skills	take a chance	The existence of the COVID-19 pandemic, actually provides	29%	14%	29%	14%	14%

	opportunities for business development						
consider the risk	Considering business risk factors with the covid19 pandemic on business	36%	36%	29%	0%	0%	
Creative innovative	Doing creative and innovative businesses in the midst of the COVID-19 pandemic	36%	29%	29%	7%	0%	

Source: processed data

Variable Attitude with 3 indicators revealed that, discipline, perseverance and persistence as well as commitment to the business being run, showed the percentage strongly agree and agree dominant. This means that the attitude of entrepreneurial behavior in Lumajang shows a high number. MSME actors still have an optimistic attitude and commitment to continue running their business even during the COVID-19 pandemic. They feel sure, that this gloomy period will soon pass. However, there are also some MSME actors who experience a negative attitude change, even though the percentage is smaller. Some of these conditions occur considering that their business is classified as vulnerable and relies heavily on direct market interaction with buyers/consumers, and has not been able to make alternatives or other sales methods.

The ability variable, with 2 indicators of the implementation of strategy and management, shows the percentage strongly agrees is dominant. This means that they are MSME actors, they really have to implement a special strategy in maintaining their business. In addition to the management ability strategy, it is also applied in dealing with different situations. However, what is interesting is that there are those who express doubts and even the inability of management to respond to change, although at a smaller percentage. There are several characters of MSME actors who do have special anticipation of unusual situations, or existing threats. They are MSME actors who are more educated, accustomed to modern patterns, for example through sales in cyberspace, while those who do not apply or use conventional patterns.

The skill variable with 3 indicators of opportunity, risk consideration and innovative creative, provides information that positive numbers are still dominant, with the highest number of strongly agreeing. Most MSME business players actually take a threat situation, it becomes a challenge which in the end becomes a business opportunity. For example, making online sales that have previously been done, increasingly positioning their strengths more readily, compared to online impromptu ones. When others don't feel ready enough, it makes their existence even stronger, because competition decreases. However, there are still vulnerable MSMEs, which actually have an impact on decreasing turnover and some even stop temporarily, due to unpreparedness. Most of the risk factors are also considered, for example reducing activities by reducing production numbers, in order to reduce the risk of higher losses. Meanwhile, creative and innovative indicators are something they want to do or not, so that at least they can survive. Some of the creativity and innovation carried out are online sales service models, providing delivery services and several other types of creations and innovations.

## CONCLUSION

An entrepreneur is a person whose soul is attached to the behavioral aspects of an entrepreneur. Entrepreneurial behavior is translated as a positive attitude that encourages business success, including attitudes, abilities and skills. However, behavior as part of a person's value is very dependent on internal and external situations and conditions that influence it. The crisis conditions in 1998, even more showed the existence of MSMEs compared to other business sectors. It is different at the current time, where the COVID-19 pandemic requires the government to carry out social restrictions, where this has an impact on the business conditions of MSMEs. There are some MSMEs that are able to respond with their readiness to existing changes, and in fact there are

some who have not been able to get there. This is where entrepreneurial behavior that is characteristic of an entrepreneur is again tested. The conclusions in this study indicate that most of them still show the characteristics of maintaining the existence of entrepreneurial behavior, although there are still some who have not gone that way, given the different conditions.

The diversity of attitudes and behavior shown by MSME business actors means that the internal situation is strongly influenced by external conditions. Although there are those who have positive behavioral attitudes by maintaining them, there are also those who have the opposite. So that a good business climate and concern for others are things that should be considered. Examples of tightening regulations provide various attitudes and impacts for MSMEs. The most directly affected are food vendors selling food to school children. So it is appropriate for them to get attention, both from the government side, business actors and other communities.

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