

## Analysis Of Msmes Performance And Strategy During Covid-19 Pandemic (Case Study on Halwa Cakes in Aceh)

Ahmad Munawar\*<sup>1</sup>, Husnul Mirzal<sup>2</sup>, Intan Qurratulaini<sup>3</sup>, Fitria Idham Chalid<sup>4</sup>,

<sup>1,2,4</sup> Universitas Airlangga Surabaya, <sup>3</sup>Universitas Islam Negeri Ar-Raniry

Email: [ahmadmunawar870@gmail.com](mailto:ahmadmunawar870@gmail.com), [husnul.mirzal-2019@feb.unair.ac.id](mailto:husnul.mirzal-2019@feb.unair.ac.id), [intan.qurratulaini@ar-raniry.ac.id](mailto:intan.qurratulaini@ar-raniry.ac.id), [chalidfitria@gmail.com](mailto:chalidfitria@gmail.com)

Diterima: 26 Juli 2021 | Disetujui: 23 Desember 2022 | Dipublikasikan: 28 Desember 2022

### Abstract

*Covid-19 is a health crisis that has a very broad impact, not only on the health sector but also on the socio-economic in general, one of which is MSMEs. This study aims to analyze Performance that Including production costs, income, profit and efficiency of Micro, Small and Medium Enterprises (MSMEs) during the Covid-19 Pandemic. In addition, it also aims to know the strategy and factors that affect the results of the efficiency analysis. This research is important to know the strategy of MSMEs in surviving when a crisis occurs. The research was conducted using a qualitative method with a Case Study approach on home industry businesses with the Halwa Cakes brand, located in Aceh Province. Data obtained by conducting In-depth interviews and field observation. The results of this study indicate that the total cost of production is IDR 4,337,800 per month, with fixed costs of IDR 28,800 per month and variable costs of IDR 4,050,000 per month. Meanwhile, operating revenues amounted to IDR 7,560,000 with a profit of IDR 3,222,200. The efficiency value of the R / C ratio is 1.74. This means that the Halwa Cake business is considered efficient and profitable even during the Covid-19 Pandemic. This efficiency is influenced by good business and production planning, strategic location and the right product marketing strategy. The results of this study are expected to be useful for MSMEs owners and all related parties as a strategy to survive in time of Covid-19 pandemic.*

**Keywords:** MSMEs; Performace; Strategy; Covid-19.

### INTRODUCTION

MSMEs is a type of business that has an important role in the economy of a country (Iswanti et al., 2020; Susan, 2020). MSMEs play a role in helping the economy by accelerating economic growth (Rahayuningsih, 2017; Tjahjadi et al., 2020). So far, MSMEs have proven to have a very vital role as a safety business in crisis conditions such as the crises that occurred in 1998 and 2008 (Susan, 2020). This vital role is shown by creating jobs and enabling the collection of state revenue in the form of taxes (Iswanti et al., 2020).

Currently, MSMEs in Indonesia are experiencing very rapid development, based on reports data from Ministry of Cooperatives and MSMEs, until 2018 the number of MSMEs in Indonesia has reached 64 thousand business unit, 99% of this figure falls into the micro business category, while the rest are small and medium enterprises category (Bella, 2020). This very large number is of course very potential if it can be utilized properly by related parties. MSMEs will contribute greatly to increasing economic growth especially during Covid-19 pandemic (Sultan & Sultan, 2020; Zaazou & Salman Abdou, 2021).

To maximize the potential of MSMEs in improving the Indonesian economy, strategic steps are needed to save MSMEs from the pandemic crisis, because MSMEs are

one of the sectors most affected by the Covid-19 Pandemic (Zaazou & Salman Abdou, 2021). Income aggregate of the MSME sector during the Covid-19 pandemic decreased significantly until 80% (Wijaya, 2020), this was due to restrictions on social activities carried out by the government which resulted in decreased demand for products from MSMEs. Low income causes some MSMEs to have difficulty meeting operational needs, such as for employee salaries. As a result, many employees have to be laid off, which ultimately contributes to an increase in unemployment in Indonesia (Bella, 2020).

To save MSMEs, the government carried out various policy strategies such as providing cash assistance, imposing tax incentives and debt restructuring for the affected MSME sector (Bella, 2020). In addition to these strategies, MSMEs owner and related parties can also learn from several other MSME who have survived in the midst of the Covid-19 pandemic. Strategies in production and marketing implemented by MSMEs that have survived the midst of a pandemic must become learning materials for other MSMEs. One of the MSMEs that has recorded positive results is a Home Business called the Halwa Cakes business, this household scale business is able to survive the midst of the Covid pandemic. Therefore, the authors are interested in conducting research with case studies on the Halwa Cakes business. And until now, as far as the author's knowledge, no one has examined the same method, namely by applying case studies by analyzing costs, profit and efficiency as well as the causal factors of the results of the analysis so that it becomes learning for other MSMEs. Theoretically, this research will be useful as one of the academic texts in the field of MSMEs's economics, namely as a way to assess the business efficiency of MSMEs. and practically, this research is expected to be an inspiration for MSMEs in maintaining good performance during a crisis.

The question in this research is how much the production costs are needed to produce production outputs at Halwa Cakes, and how much income and profit will be obtained. Those analysis is needed to assist business owners in making managerial decisions so that they can survive both during the Covid-19 pandemic and in the future (Wulansari et al., 2020), because every business those not analyzed and evaluated properly, the business owners will be difficult to determine strategic steps in advancing their business (Suchyawati, 2019; Wulansari et al., 2020). In addition, the results of the analysis are also needed by researchers to analyze the efficiency and the factors that cause it. This study aims to determine the cost structure, income and business efficiency of Halwa Cakes and the factors caused the results. The results of research are expected to be useful for business owners themselves and for the development of MSMEs in Indonesia, especially during the Covid-19 Pandemic. This research is presented in four parts from the introduction, research methods, results and discussion and the last is conclusions.

## RESEARCH METHOD

The method used in this research is a qualitative method with a case study approach. A case study is a scientific activity carried out to obtain a knowledge of an object of observation (Soeherman, 2019). The case study method was chosen because researchers wanted to know specific cases and phenomena that occurred in a research object (Wicaksono et al., 2020). With the object of study on the small household scale industry (*Home Industry*) owned by Rahmi Saputri with the business name "Halwa Cakes" which is located in Aceh Jaya Regency. The location determination is based on the consideration that this area is potential for the development of the Home Industry. The efficiency and

performance of Halwa Cakes is measured using the formula introduced by Soehartawi in Makmur (2016). After first knowing the costs, revenues and profits of Halwa Cakes.

The type of data used in this research is qualitative data. The data source comes from primary data obtained from direct observation in the field so that production and marketing activities can be clearly identified, and by direct interviews with the Halwa Cakes business owner. The data that has been collected is then analyzed to determine the cost of production, income, profit and efficiency of the business. Production costs are assessed based on the sum of fixed costs and variable costs. Income is calculated by adding up all income before deducting expenses. While business profits according to Soehartawi 1995 in Makmur (2016) can be calculated using the following formula:

$$\pi = TR - TC \dots\dots\dots(1)$$

where:

$\pi$  = Net Income  
 TR = Total Revenue  
 TC = Total Cost

Meanwhile, to find out business efficiency can be done using the formula:

$$RCR = \frac{TR}{TC} \dots\dots\dots(2)$$

where:

RCR = *Return Cost of Ratio*  
 TR = *Total Revenue*  
 TC = *Total Cost*

With the criteria:

- RCR > 1 means that the Halwa Cakes business is profitable
- RCR = 1 means the business Halwa Cakes is at the break-even point
- RCR < 1 means that the Halwa Cakes business is not profitable

After the results of the analysis of efficiency are obtained, whether the results show that they are efficient (profitable) or not, the researcher then delves further into what factors cause these results. This deepening is done by looking directly at the reality in the field (Observation) and by hearing the opinions of business owners through interviews. The use of documentation techniques was not carried out because the data needed to answer the objectives of the study were not available.

## RESULTS AND DISCUSSION

### Halwa Cakes Brief Profile

The production activity business which is the object of this research is the Micro, Small and Medium Enterprises (MSMEs) owned by Rahmi Saputri with the brand name is Halwa Cakes which runs its business in the production of bread, pastries and cakes. This business is located in Bahagia Village, Krueng Sabee District, Aceh Jaya Regency, Aceh

Province. This business was first run in 2007 with initial capital in the form of assistance from the Aceh Provincial Government in the form of cash, equipment and raw materials for production. This effort is part of the Government of Indonesia's rehabilitation and reconstruction program for the MSMEs sector after the earthquake and tsunami that occurred in Aceh in 2004. Until 2020 this business has had two permanent employees and two temporary employees.

This business is a type of household scale business (*home industry*) that carries out production activities at the home of the business owner (Zuhri, 2013). Production activities are carried out to meet market demand for bread, cakes and pastries. This demand occurs in two forms: first, consumers place orders directly from owners with a certain type, quality and quantity. Second, producers sell their products directly without ordering by consumers. Quantity, type and quality considerations in production are dependent on the tastes and preferences of consumers.

After knowing market conditions and new consumer orders then producers carry out production planning. Production planning is carried out by calculating all the needs in the form of equipment, raw materials and labor needed to carry out production activities. If all the equipment, raw materials and labor are sufficient, production activities will continue. If this is not sufficient, the producer will do it first.

After all the needs are fulfilled, the production activity then begins. So far, Halwa Cakes has produced various types of bread and cakes such as sandwiches with various variants such as chocolate, cheese, coconut, and srikaya, then pizza, sponge cake, decorative cakes and wet cakes of various types such as klepon, serabi, pukis, pancong, timphan, pulot, bakwan, risol and others. pizza and decorative cakes are usually produced according to the quality and quantity of consumer orders, while wet cakes are usually produced regularly every day.

In an effort to get consumers and facilitate market access, a production activity absolutely requires a good marketing strategy. Halwa Cakes' business carries out a marketing strategy with two approaches, namely by utilizing social media platforms in the form of WhatsApp and Facebook and with conventional methods such as choosing a strategic place and word of mouth promotion, this approach is carried out with a strategy of establishing good relationships with consumers, build relationships with government institutions and the private sector, offer products for free, and provide incentives for each recommendation.

### Production Costs of Halwa Cakes Business

Costs are things that must be incurred by the producer in the processing of raw material to become products that are ready to be sold. The production costs of the Halwa Cakes business consist of *variable costs* and *fixed costs* (Makmur, 2016).

#### Total of Variable Costs

Total variable costs is the sum of the variable cost components in the Halwa Cakes business. The components and the amount of variable costs are presented in Table 1.

Table 1. Total Variable Cost

No	Components	Price per Production (IDR)	Cost per month
1.	Raw materials	200.000	1.600.000
2.	Wage for 4 labour	250.000	2.000.000
3.	Packaging	8.750	70.000
4.	Transportation	3.750	30.000

5.	Electricity	25.000	200.000
6.	Fuel	18.750	150.000
<b>Total Variable Cost</b>		<b>506.250</b>	<b>4.050.000</b>

### Total of Fixed Cost

Fixed costs are costs incurred during the production process, the amount of which is not influenced by the amount of production produced. fixed costs are including depreciation costs for buildings and depreciation costs for equipment (Makmur, 2016). The components and the amount of fixed costs are presented in Table 2.

Table 2. Total Fixed Cost

No	Components	Economic Age	Price (IDR)	Depresiation (Monts)
1.	Building	10 Year	10.000.000	83.300
2.	Table	5 Year	500.000	8.300
3.	Chair	5 Year	100.000	1.600
4.	Shelves	5 Year	500.000	8.300
5.	Cabinet	5 Year	1.200.000	20.000
6.	Big Mixer	5 Year	5.000.000	83.300
7.	Small Mixer	2 Year	500.000	20.800
8.	Ampia	2 Year	300.000	12.500
9.	Big Oven	5 Year	500.000	8.300
10.	Small Oven	5 Year	300.000	5.000
11.	Tin	5 Year	500.000	8.300
12.	Spatula	1 Year	20.000	1.600
13.	Spoon	1 Year	100.000	8.300
14.	Pot	3 Year	300.000	8.300
15.	Knife	5 Year	100.000	1.600
16.	Blender	2 Year	200.000	8.300
<b>Total Fixed Cost</b>				<b>287.800</b>

### Total Cost

Total Cost is the sum of total fixed costs and total variable costs (Makmur, 2016). An overview of the total production costs of Halwa Cakes are presented in Table 3 below:

Table 3. Total Cost

No	Cost Components	Cost per Month (IDR)
1.	Variable Cost	4.050.000
2.	Fixed Cost	287.800
<b>Total of Production Cost</b>		<b>4.337.800</b>

### Production Output

Results of the output produced by Halwa Cakes in one production is 51 pcs. The details are presented in table 4 below.

Table 4. Total of Production Output

No	Type	Amount per Production
1.	Filled Bread	25
2.	Pizza	2
3.	Bolu	2
4.	Decorated Cake	2

5.	Wet Cake	20
<b>Total Output</b>		<b>51</b>

### Revenues of Business

Revenue is the result of production multiplied by the selling price (Makmur, 2016). The amount of revenue from Halwa Cakes in one one-time production can be seen in Table 5 below:

Table 5. Total Revenues

No	Type	Price per Pcs (IDR)	Output per Production	Revenue per Production (IDR)	Revenue Per Monts (IDR)
1.	Filled Bread	15.000	25	375.000	3.000.000
2.	Pizza	35.000	2	70.000	560.000
3.	Bolu	80.000	2	160.000	1.280.000
4.	Decorated Cake	160.000	2	320.000	2.560.000
5.	Wet Cake	1.000	20	20.000	160.000
<b>Total Revenues</b>			<b>51</b>	<b>945.000</b>	<b>7.560.000</b>

### Profit of Business

The profit from the business is the total income after deducting the total costs (Makmur, 2016). The amount of profit obtained from the Halwa Cake business can be seen in Table 6 below.

Table 6. Total Profit

Description	Total (IDR)
Total of Revenues	7. 560. 000
Total of Variable Cost	4. 050. 000
Total of Fixed Cost	287. 800
Total of Production Cost	4. 337. 800
<b>Total Profit (TR-TC)</b>	<b>3. 222. 200</b>

### Efficiency Analysis/ R/C (Revenue/Cost) Analysis

Furthermore, the efficiency of Halwa Cake's business can be seen from the RCR value (Makmur, 2016). The RCR value of Halwa Cake's business is 1.74 which means that every use of production costs of. 1 will result in an income of. 1.74, - and a profit of. 0.74, -. From these results it can be concluded that the Halwa Cake business is feasible to continue (profitable) because the revenue is greater than the expenses used in the business, to be more clearly seen in Table 7. This is in accordance with the opinion of Hernanto, 1989 in Amsari (2019), The feasibility of business is assessed by calculating the *Revenue Cost of Ratio* (RCR).

Table 7. Efficiency Analysis

Description	Amount (IDR)
Gross Revenue	7. 560. 000
Total Production Cost	4. 337. 800
<b>R/C rasio</b>	<b>1, 74</b>

### Factors Influencing Efficient Results

Based on the results of observations and interviews with business owners, the researcher concluded that at least there are several factors that cause the Halwa Cake business to be considered very efficient and profitable although in time of Covid-19 Pandemic. These factors are in the form of good business and production planning, the right marketing strategy and a strategic business location. Business planning is done very well by business owners, even though it is carried out traditionally without various complicated analyzes such as *SWOT* analysis and so on. The owner is able to see the business potential well, where at that time (2007) after the rehabilitation and reconstruction of the earthquake and tsunami there were not many MSMEs running the same business, the presence of Halwa Cake was very potential to meet the needs of various breads and cakes in Aceh Jaya, especially the District Krueng Sabee.

In addition, in the production process, business owners are able to make good and accurate planning, where the quantity and quality of the majority of *output* production has been determined by the previous day ordering mechanism (*purchase order*). For the types of bread and cakes that are produced without *purchase order* mechanism, the production is carried out based on day and weather considerations, for certain days such as Saturday and Sunday the quantity of production is higher than usual because there is a tendency for higher demand. Weather is also a consideration where there are several cakes more favorable in certain weather. Both production strategies are carried out to minimize losses potential from unsold products.

The marketing strategy carried out by Halwa Cake is quite appropriate to the characteristics of the market. Where marketing is done using social media, providing discounts and *word of mouth* promotion. The promotion via social media was done using Whatsapp, Instagram and Facebook, this media is quite effective in getting attention, especially from millennial consumers (Joseph et al., 2020; Muhammad Sri Wahyudi suliswanto & Rofik, 2019). Discounts in the form of discounted prices or additional quantity of goods are also the right strategy which will lead to consumer loyalty. Marketing through *word of mouth* itself is a logical consequence of the quality of products and services provided by business owners (Cheung & Lee, 2012).

The location of the business premises is also very strategic which is located in the city center and beside the main road, this location makes it easy for access and attention from consumers. In addition, the location of the business premises is also close to several government offices, so that at certain moments such as meetings, seminars and other events, Halwa Cake is often a reference in meeting consumption needs in the form of bread and cakes.

The result of an efficient analysis is a positive achievement that Halwa has been able to do even without additional capital from the banking sector and other financing institutions. Because in general, MSMEs will be able to develop if they have good capital support (Munda & Swain, 2014; Singh & Singh, 2014), apart from general capital, it is also supported by managerial knowledge (Wulansari et al., 2020) and good business record (Latifah et al., 2020).

## CONCLUSION

Based on the research and discussion that has been carried out, it can be concluded that the Halwa Cakes business is quite efficient and feasible to continue (providing financial benefits) even during the Covid-19 pandemic. The cause of the efficiency of Halwa Cake's business are influenced by good business planning and production, strategic

location and marketing strategies that are in accordance with the character of the market. The results of this study are expected to be useful for MSMEs actors and all parties in charge of taking virtue in the field of MSMEs development, both executive and legislative, especially during the Covid-19 Pandemic. For MSMEs that operate traditionally and on a home scale, they can apply several business strategies carried out by Halwa Cake in increasing the efficiency of their business during the Covid-19 pandemic even without relying on capital from third parties, having standard accounting records and knowledge of managerial. The strategy is to carry out proper business and production planning, select strategic production and marketing locations and apply a marketing model that is in accordance with the character of the market. The scope of this research is very limited to only one UMKM, for further researchers it is recommended to carry out research in the same field with quantitative methods and with a broader research object.

### REFERENCES

- Amsari, M. M. (2019). Analisis Biaya Dan Efisiensi Produksi Dalam Ekonomi Islam. *Balanca*, 133–148.
- Bella, F. I. (2020). *Optimization of Islamic Peer-to-Peer Lending for Micro and Small Enterprises ( MSEs ) After Pandemic of Covid-19*. 3(2), 108–123.
- Cheung, C. M. K., & Lee, M. K. O. (2012). What drives consumers to spread electronic word of mouth in online consumer-opinion platforms. *Decision Support Systems*, 53(1), 218–225. <https://doi.org/10.1016/j.dss.2012.01.015>
- Iswanti, Machmud, A., Ahman, E., & Suwardi, D. M. (2020). The Determinant of Green Entrepreneurial Knowledge on SMEs in Indonesia. *Jurnal Pendidikan Bisnis Dan Manajemen*, 6(2), 99–111.
- Joseph, O. P., Tulung, J. E., & Wangke, S. (2020). Impact of Social Media Marketing Towards Business Performance of MSMES in Manado During Covid-19 Pandemic. *Jurnal EMBA*, 8(4), 596–605.
- Latifah, L., Setiawan, D., Aryani, Y. A., & Rahmawati, R. (2020). Business strategy – MSMEs’ performance relationship: innovation and accounting information system as mediators. *Journal of Small Business and Enterprise Development*, 28(1), 1–21. <https://doi.org/10.1108/JSBED-04-2019-0116>
- Makmur. (2016). Analisis Biaya Produksi Dan Titik Impas Usaha Kecil Pembuatan Sari Jahe Instan. *Jurnal Ilmiah Cano Ekonomos*, 5(1), 55–62.
- Muhammad Sri Wahyudi suliswanto, & Rofik, M. (2019). Digitalization of Micro, Small & Medium Enterprises (MSMEs) In East Java, Indonesia. *Muhammadiyah International Journal of Economics and Business*, 2(1), 34–43.
- Munda, S. K., & Swain, S. (2014). Micro , Small and Medium Enterprises ( MSME ) in India; Financing by banks. *International Journal of Business and Management Invention*, 3(1), 07–16.
- Rahayuningsih, S. (2017). Education Analysis and Entrepreneurship Training For Micro , Small and Medium Enterprises ( SMEs ) in Sentra Tenun Ikat Lamongan Regency. *Jurnal Pendidikan Bisnis Dan Manajemen*, 3(3), 235–242.
- Singh, J., & Singh, D. (2014). Problems Related to the Financing of Small Firms in India. *International Journal of Innovative Research and Development*, 3(1), 317–321.
- Soeherman, B. (2019). *Fun Research: Penelitian Kualitatif dengan design Thingking* (Ebook). PT. Elex Media Komputindo.
- Sucahyawati, A. H. K. (2019). Dimensi Kreativitas dan Pengembangan Usaha Mikro Kecil dan Menengah ( UMKM ). *Jurnal Hummanssi*, 2(1), 25–36. <https://journal.stikomys.ac.id/index.php/jurnal-hummanssi/index> 25



- Sultan, S., & Sultan, W. I. M. (2020). Women MSMEs in times of crisis: challenges and opportunities. *Journal of Small Business and Enterprise Development*, 27(7), 1069–1083. <https://doi.org/10.1108/JSBED-06-2020-0226>
- Susan, M. (2020). Financial literacy and growth of micro, small, and medium enterprises in west java, indonesia. *Advanced Issue in The Economics of Emerging Market (International Symposia in Economic Theory and Econometrics)*, 27, 39–48. <https://doi.org/10.1108/S1571-038620200000027004>
- Tjahjadi, B., Soewarno, N., Nadyaningrum, V., & Aminy, A. (2020). Human capital readiness and global market orientation in Indonesian Micro-, Small- and-Medium-sized Enterprises business performance. *International Journal of Productivity and Performance Management*. <https://doi.org/10.1108/IJPPM-04-2020-0181>
- Wicaksono, A., Pratikto, H., & Winarno, A. (2020). *Javanese Values Integration in Business Management During The Digital Era : A Case Study of Entrepreneurs in Malang*. 6(3), 138–145.
- Wijaya, O. Y. A. (2020). The Impact of Covid-19 on Micro , Small and Medium Enterprises ( MSMEs ) in East Java Province , Indonesia and Strategies for Overcoming: Ad Interim. *Talent Development & Excellence*, 12(2), 3454–3469.
- Wulansari, N. A., Ranihusna, D., & AP Wijaya. (2020). The role of knowledge management in MSMEs business performance. *IOP Conference Series: Earth and Environmental Science PAPER*, 1–8. <https://doi.org/10.1088/1755-1315/485/1/012059>
- Zaazou, Z. A., & Salman Abdou, D. (2021). Egyptian small and medium sized enterprises' battle against COVID-19 pandemic: March – July 2020. *Journal of Humanities and Applied Social Sciences*, ahead-of-p(ahead-of-print). <https://doi.org/10.1108/jhass-09-2020-0161>
- Zuhri, S. (2013). Analisis Pengembangan Usaha Kecil Home Industri Sangkar Ayam dalam Rangka Pengentas`an Kemiskinan. *Jurnal Manajemen Dan Akuntansi*, 46–65.