

The Blessings Behind the Covid-19 Outbreak: The Sustainability of MSMEs for Organic Products

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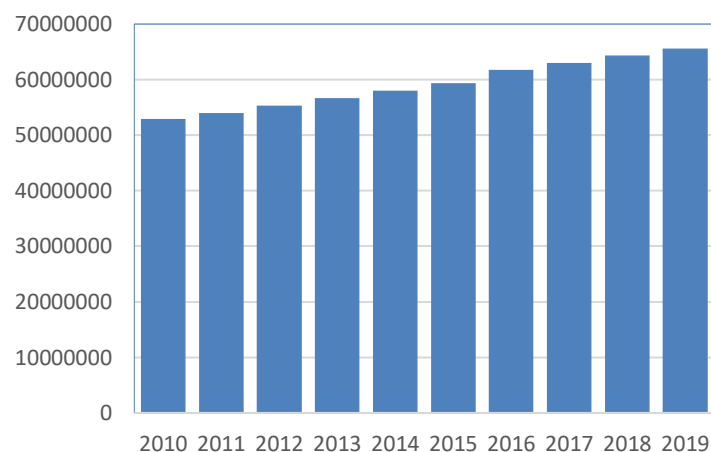
ABSTRACT

This study aims to identify organic products that have sustainability prospects for the MSMEs of organic product in Malang Raya during Covid-19 outbreak. The analytical method used is descriptive based on quantitative and qualitative data. The object of research is MSME of organic products in Malang Raya. The basic concept used is the sustainability livelihood approach (SLA). The SLA concept examines various assets (pentagon assets), which include aspects of capital: human, social, physical, environmental and financial. Based on the results of the identification of the MSMEs, organic products that are successful are organic agricultural products to meet the needs of healthy food (food safety). The results of the market survey during the Covid-19 pandemic also showed a trend of public interest in consuming organic food, so that there were opportunities for MSMEs of organic products in Malang Raya to seize this opportunity. In this study, it is possible to determine the condition of the assets owned by organic products MSMEs based on the SLA concept. The assets owned by MSMEs can be used to capture these opportunities. Thus, it can be said that behind the Covid-19 outbreak there is a blessing for MSMEs of organic products.

Keywords: Covid-19 Outbreak, MSME
Organic Products, SLA Concept.

INTRODUCTION

The Covid-19 pandemic has not only burdened the health sector, but has also affected the economy. Micro, Small and Medium Enterprises (MSMEs) are considered to be the most vulnerable sectors to face the impact of the Covid-19 pandemic (Nelsi. M, 2020). Before the Covid-19 pandemic, MSMEs had an important and strategic role in the national economy. In addition to their role in economic growth and employment, MSMEs also play a role in distributing development results (Tulung & Lengkong, 2021). Based on data from the Ministry of Cooperatives and SMEs, MSMEs have contributed significantly to Indonesia's GDP, amounting to 60.51% (Coordinating Ministry for the Economy, 2021). So MSMEs can be said to be the backbone of the Indonesian economy. The growth in the number of MSMEs over the last decade has shown a gradual increasing trend (Figure 1). With this, of course, gives hope for MSME actors that the number will not fade in the near future to the current level. This is inseparable from MSME business actors who increase creativity. Therefore, the creative economy is one sector that deserves attention because it can encourage development which is characterized by an increase in job creation and export earnings (UNESCO, 2013).

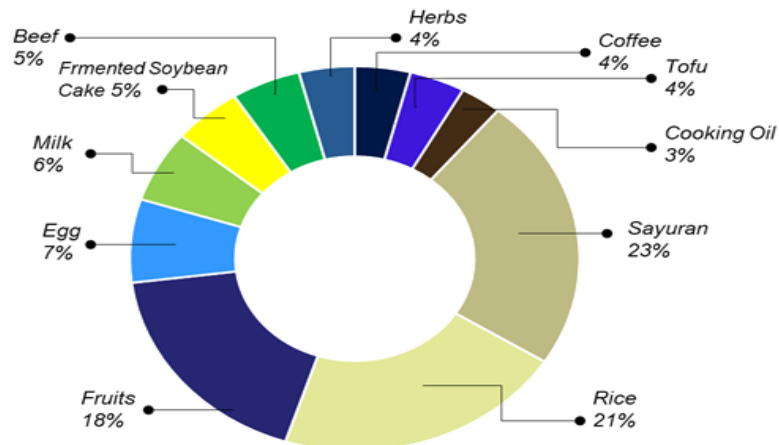


Source: BPS (processed by author)

Figure 1. Number of SMEs in Indonesia

However, the Covid-19 pandemic has led to various policies that hinder MSME activities including social distancing, work from home, Large-Scale Social Restrictions (PSBB), which threaten MSME actors to lose their income (Susanti & Widajatun, 2021). In addition, there is an increase in costs in each sector, due to disruption of the production network, a reduction in consumption, and a shift in consumer preferences. Thus, these conditions disrupt the economic system, both micro and macro.

On the other hand, the COVID-19 pandemic has had an impact on public health. So, many people need healthy food to maintain their immune system. Healthy food (food safety) such as processed food based on food crops, of course, comes from healthy agriculture too, namely organic (sustainable) agriculture. Based on data from the Indonesian Organic Alliance (AOI) in 2020 that there was a surge in demand at organic outlets in Jakarta to 300% (Ministry of Agriculture, 2020). Based on the results of a survey from AOI in 2019 that in 2015 the frequency of purchasing organic products is mostly from vegetables, rice and fruits with a total of 62% of all organic products on the market. This is shown in Figure 2. Therefore, this study wanted to know the condition of MSME Organic Products, especially in Malang Raya.



Source: Survey AOI, 2015 (processed by author)

Figure 2. Purchase of Organic Products Frequency

The agricultural sector also encountered various obstacles, covering various aspects, ranging from production, distribution, and consumption of food products. The price of food needs has become erratic (Rozaki. Z, 2020). However, despite encountering various obstacles, production, market share, and employment in the agricultural sector managed to grow positively during the Covid-19 pandemic (Masyhuri, 2020). The positive growth in the traditional economic sector can be categorized as a savior of the national economy because strategic sectors such as industry and services have not shown a positive direction. Market share shows, the agricultural sector rose significantly. If in 2019 it was 12.7 percent, that number rose to 13.71 percent in 2020 (Ministry of Agriculture, 2020).

When the industrial sector and other sectors reduce workforce, the agricultural sector on the other hand adds to the workforce during a pandemic. This means that the agricultural sector is one of the safety valves for the Indonesian economy. While some other sectors grew negatively, the agricultural sector continued to grow positively. So, this is a key contribution in saving the Indonesian economy. Considering that this research is about MSMEs with organic products, then reviewing the sustainability of these MSMEs. Of course, it is related to the sustainability of their livelihood (Sustainable Livelihood). Thus, the Sustainable Livelihoods Approach (SLA) was adopted.

Based on this background, this study aims to analyze the sustainability of MSME organic products due to the Covid-19 pandemic in Malang Raya based on the concept of the Sustainable Livelihood Approach (SLA). With limited research on organic products and their opportunities during the Covid-19 pandemic, this research is important to do for the resilience of MSMEs and organic products during the Covid-19 pandemic in Indonesia.

LITERATURE REVIEW

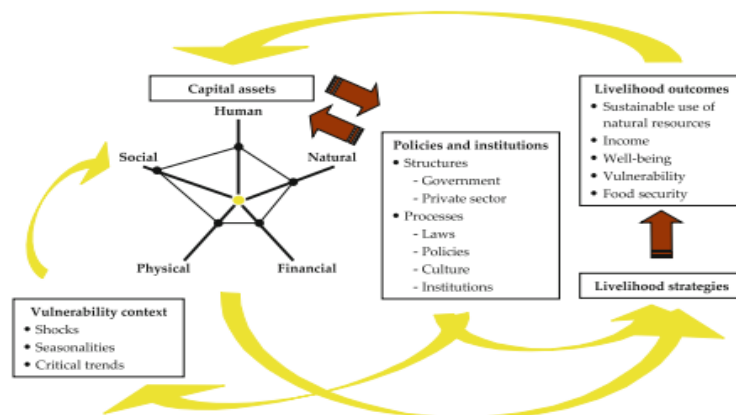
Organic farming combines the tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved (Cukur, 2015). The value added of agriculture is to create an improvement in the physical condition and material value of the agricultural products produced. Increasing the value of agricultural materials or products also adds to the originality of the product (Akyol, 2018). The four principles of organic farming are (Cukur, 2015):

1. Maintain and improve the health of soil, plants, animals, people and the planet as one and indivisible.

2. Based on living ecological systems and cycles, and working with them, imitating them and helping to sustain them.
3. Building relationships that ensure fairness related to the common interests of the environment and life opportunities.
4. Manage in a prudent and responsible manner to protect the health and well-being of present and future generations and the environment

In developing countries, three out of four poor people live in rural areas of which more than 80% of rural people live in households that are involved in agriculture. Improving the livelihoods of poor farmers is central to addressing rural development. Many studies suggest that 'organic' agriculture can contribute substantially to farmers' food security and improve farmers' livelihoods (Nazeer, 2014).

This research uses the concept of Sustainable Livelihood Approach (SLA) (Serrat, 2017). The SLA approach uses practical identification for actions based on the views and interests of development subjects/objects. This approach does not replace the other tools, such as participatory development, sectoral approaches, or integrated rural development. Livelihood consists of abilities, assets, and activities needed as a means of living.



Source: The Sustainable Livelihood Approach (Serrat, 2017)

Figure 3. Framework for Sustainable Livelihood

This approach aims to increase understanding of the livelihoods of the poor. Here are organized the factors that limit or increase livelihood opportunities, and show how these factors relate. This can help plan development activities and assess the contribution of existing activities to sustaining livelihoods. Regarding the framework for the concept of the Sustainable Livelihood Approach (Serrat, 2017) it is shown in Figure 3.

An important part of the SLA approach is Pentagonal Assets with five main categories, that are human capital, natural capital, physical capital, financial capital, and social capital. The five can be described as follows (Serrat 2017):

1. Human Assets
Consists of, for example, health, nutrition, education, knowledge, skills, capacity to work and capacity to adapt
2. Natural Assets
Consists of for example, land and crops, water and water resources, trees and forest products, wildlife, wild food and fiber, biodiversity, environmental services
3. Physical Assets
Consists of, for example, infrastructure (transportation, roads, vehicles, shelters and buildings, water supply and sanitation, energy, communications), equipment and

technology (production tools and equipment, seeds, fertilizers, pesticides, traditional technology)

5. Financial assets

Consists of, for example, savings, credit and debt (formal, informal), remittances, pensions, wages

6. Social Asset

Consists of for example, networks and connections (patronage, environment, kinship), relationships of trust and mutual understanding and support, formal and informal groups, shared values and behaviors, shared rules and sanctions, collective representation, participation mechanisms in decision making, leadership.

RESEARCH METHOD

In order to answer the research objectives regarding the identification of organic products that have sustainability prospects for MSMEs of organic products in Malang Raya during the Covid-19 outbreak. The object of research is the MSMEs located in Malang Raya. As representatives for MSMEs in Malang City are Vigur O and Ewin Brain Energy. In Malang Regency are La-Tanza and Pondok Entrepreneur Raudhatul Madinah are in Batu City. The analytical method used is descriptive based on quantitative and qualitative data. Data collection through direct interviews regarding the condition of MSMEs during the Covid 19 outbreak (early 2020 – 2022). The results of the data collection can describe the condition of the MSMEs, then it can be identified products that are of interest to consumers when the Covid-19 outbreak occurs. Based on the results of the interview, it can be seen that the sustainability of the MSMEs.

Furthermore, to find out the sustainability of MSME organic products in Malang Raya during the Covid-19 outbreak based on the concept of a sustainable livelihood approach. However, it is still limited to the identification of the factors in pentagonal assets, which include human, social, physical, environmental and financial assets. The indicators of these assets can be used as input for further research.

RESULTS

Based on the results of interviews with organic product SMEs in Malang, it can be identified products that are of interest to consumers during the Covid-19 pandemic. It should be noted that these MSMEs supply products to various outlets in several cities in Indonesia. Before identifying the product that the MSME consumers are interested in, the specifications of the MSME are described. For this reason, the description is described as follows:

1. Vigur O.

Vigur O, which shorten name for Villa Gunung Buring Organic - is a housing estate where the members live. According to information from Vigur O Chairman, that the business he has started has been around for a long time, and has even obtained organic certification in accordance with Indonesian national standards in case such certification is able to increase the marketing. Marketing itself reach in several shops and restaurants in Malang, Jakarta, Tangerang, Semarang, and Sidoarjo. In the first year of the Covid-19 pandemic, the turnover increased by 60% around 95 million Rupiah. However, in the second year it decreased by 40% because many regular and loyal customers passed away. In addition, customer stores have also experienced a decline. Likewise, the number of community members has also decreased. Then currently looking for new customers who need healthy food.

2. La-Tanza

La-Tanza is located in Malang Regency and is a community of Lily Organic Group. The owner of the La-Tanza Trade Business (UD) said that, during Covid-19 around 2020, many gift shops were closed and resulted the turnover automatically decreased, because the shop is a partner and La-Tanza is a product supplier. This is very influential on the MSMEs. Such as products in the form of mushroom chips, bananas and others experienced a drastic decline. However, for all-purpose flour products (butter flour), spice powder drinks from ginger and *temulawak*, mocaf flour (modified cassava flour) which consumers are interested in and it increased by 25%. In addition, the marketing coverage in several cities in Indonesia, namely: Jombang, Sidoarjo, Tangerang, Depok and Denpasar.

3. Ewid Brain Energy

Ewid Brain Energy is based in Malang City, is a member of the Lily Organic Group. Business in the form of a company that has products and services. According to information from the business owner, the current products are: Gotu kola teabags, Moringa leaf tea, apple cider vinegar prebiotic. These products are in demand by consumers during the Covid-19 pandemic, up 47%. Meanwhile, service products (acupressure) have increased by 30%. Regarding marketing coverage in Malang Raya, Semarang, Jember, Depok, East Jakarta, Surabaya.

4. The Entrepreneur Islamic Boarding School Raudhatul Madinah

The Entrepreneurial Boarding School Raudhatul Madinah is located in Batu City. The leader of the Islamic boarding school is the chairman of the Lily Organic Group. This Islamic boarding school does not do business like the MSMEs operate. According to information from the Islamic boarding school management, during the Covid-19 pandemic there were no product marketing activities. The product of the Islamic boarding school is goat with natural feed treatment and during the Covid-19 pandemic, they only serve for the needs of sacrificial animals and resulted it increase the sales up to 40%.

CONCLUSION

The results of this study will help entrepreneurs by highlighting organizational effectiveness from a knowledge management perspective. By focusing on these findings, managers can develop and improve organizational effectiveness. KM aims to build organizational competence, understand strategic knowledge, and create intellectual capital when knowledge is considered from a capability perspective. This study identifies elements that are important for building management knowledge in achieving organizational effectiveness for maritime SMEs in Indonesia. First, entrepreneurial orientation, knowledge management cannot achieve organizational effectiveness without the entrepreneurial orientation of business people. Knowledge management requires commitment from all components in the business to have an entrepreneurial orientation. The second is organizational learning, the application of Knowledge Management in business can achieve organizational effectiveness only if there is a commitment from the organization to continue learning. Knowledge transfer will not occur in an organization unless employees and their work groups exhibit high cooperative behavior (Goh 2002). Organizational development does focus on enabling changes in organizational culture, attitudes, values, and beliefs, which emphasizes and supports healthy processes and interpersonal relationships in the workplace (Hodgins et

al. 2014). If all dimensions in knowledge management can be managed properly through the organizational learning process, then organizational effectiveness can be achieved. This finding helps managers to understand the good relationship how Knowledge Management mechanism can increase organizational effectiveness through entrepreneurial orientation and organizational learning. Please continue text in single-spaced lines with 1 space at each paragraph. Please continue text in single-spaced lines with 1 space at each paragraph. Text continues.

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