

THE EFFECT OF ENTREPRENEURS SCALE, LONG ENTREPRENEURSHIP ON THE EXISTENCE OF MSMEs DURING PANDEMIC

Aris Indriyanti^{1,2}

¹Program Doktorat Ilmu Manajemen UTY

²STIE YKP Yogyakarta

E-mail: arisindriyanti@stieykp.ac.id

Abstract: *The Indonesian economy is currently experiencing a bit of a drag due to the pandemic. The existence of this pandemic has made several sectors in Indonesia experience a significant impact, especially in the field, especially MSMEs. This study aims to determine the effect of entrepreneurial scale, duration of entrepreneurship and the existence of MSMEs that can survive during the pandemic. The data collection technique in this study was using a questionnaire. Data analysis using multiple regression model with the help of SPSS analysis. The sampling method for this study was guided by the determination of the number of samples as many as 50 MSME owners. The instrument testing technique in this research is validity and reliability test, regression test, hypothesis test in the form of t test, F test and determination test. The results showed that partially, scale entrepreneurs (X_1) and the number of entrepreneurs (X_2) positive and significant effect on the existence of the SMEs especially true in times of pandemic. Therefore, parties who have an interest in increasing micro-enterprises, especially the Department of Industry, Trade and Cooperatives in the City of Yogyakarta, increase the scale of entrepreneurship and duration of entrepreneurship so that MSMEs can maintain their existence during Pandemic.*

Keywords: *The existence of MSMEs, entrepreneurship, scale of entrepreneurship, duration of entrepreneurship*

Submitted: 2021-08-28

Revised: 2021-10-21

Publish: 2022-01-21

DOI: [10.29040/ijebar.v6i2.4679](https://doi.org/10.29040/ijebar.v6i2.4679)

1. Introduction

The world economy is experiencing economic turmoil due to the effects of the COVID-19 pandemic. MSMEs are one of the pillars of the economy in Indonesia. MSMEs in holding back the turmoil of the economic crisis during the pandemic, controlling the spread of this virus, in the end the government issued an unpopular policy that caused the business world to be destroyed (Sheth, 2020). There are problems that are often faced by small and medium entrepreneurs in developing their entrepreneurship. Problems that occur arise because MSMEs are difficult to access existing economic resources, such as activities related to management, production and marketing, law, and finance.

The purpose of empowering MSMEs in Law no. 20 of 2008 which is to grow and develop the ability of SMEs to become strong and independent entrepreneurs, therefore entrepreneurs should pay attention to the problems that exist micro, small and medium enterprises (MSMEs) are often associated with economic and social problems such as high levels

of poverty, unemployment, as well as the low existence in society, especially in developing countries. Indonesia's economic growth until 2020 is shown in Figure 1.



Figure 1 Economic Growth in a Pandemic

At the end of 2019, the World Health Organization (WHO) on December 31, 2019 declared that the Covid-19 pandemic had hit the whole world. The pandemic affects aspects of the world economy and in Indonesia. Implementation of the isolation and *social distance* policy (Ashraf, 2020) and staying at home (Donthu & Gustafsson, 2020) which world leaders had to take to control the spread of this virus. The impact of the pandemic has also hit the MSME sector. Economic growth in 2020 during the pandemic experienced several declines from various sectors that had previously experienced an increase. In the second quarter of 2020, the information and communication sector can skyrocket. From 9.8% in the first quarter of 2020 to 10.88% in the next quarter. The agricultural sector is also still growing positively, from 0.02% in the first quarter of 2020 to 2.19% in the second quarter of 2020. However, according to the data center at the Ministry of Cooperatives and SMEs, since the outbreak of the Covid-19 pandemic, the sales of MSME products have decreased by 57%.

Although other sectors are declining, there is a chance for positive growth in the future. Economic growth after 2020 to 2021 has progressed even though it is only 5%. It is hoped that the MSME sector can also increase despite a decrease in income, MSMEs are still an alternative to the movement of the people's economy. This is due to the nature of MSMEs themselves which are flexible and easy to innovate both in business and applying appropriate technology, and simple bureaucracy. Other reasons why SMEs can survive is because SMEs

produce products / services become a necessity masyarakat, utilizing local resources (local labor and local raw materials) images can be seen in figure 2

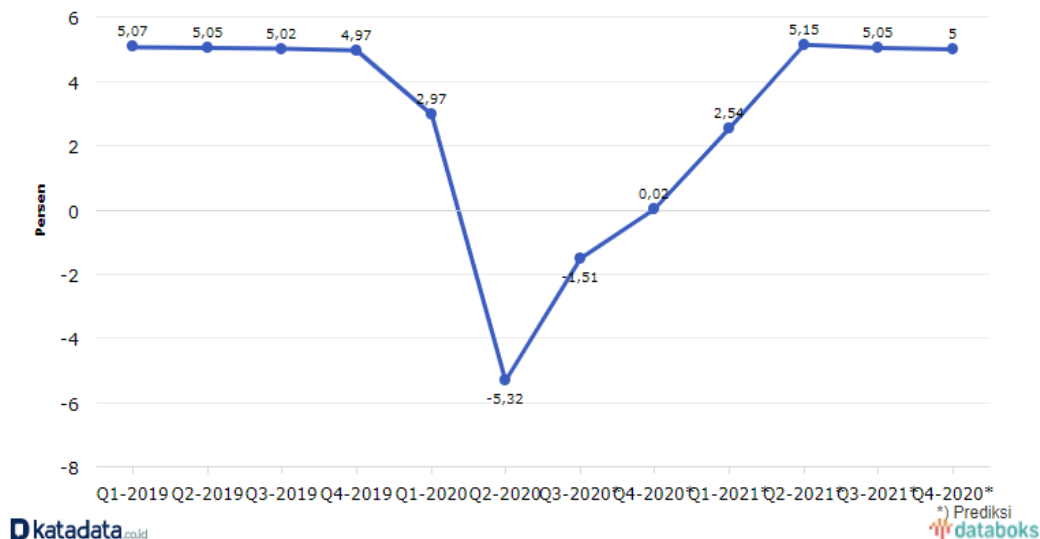


Figure 2. Increasing Indonesia's Economic Growth
Source : PT Bank Mandiri (Persero) Tbk, September 2020

Although the impact of Covid-19 is affecting the hospitality, retail and service industries, 30% of MSMEs will be optimistic to survive in difficult times, even though the crisis disrupts resources for MSMEs but they will find creative approaches to deploy resources (Thorgren & Williams, 2020). Entrepreneurial scale is the ability to manage a business by taking into account the amount of assets, number of employees, and more and more income. Entrepreneurial duration describes how long the company has been operating. The longer the entrepreneur runs, the more positive or negative the development of the company leads to. The existence of MSMEs is the existence of an entrepreneur to be able to survive and continue to exist in the economy. Wirausahaan the old entrepreneurial experience in a variety of conditions that occur in the business world and scale entrepreneurs whether. Penelitian affect the existence of SMEs will be done on SMEs as for other industries is the grocery store, souvenir shops, clothing stores, photograph copy, restaurant.

Literature Review

MSME

Based on the definition of MSMEs according to Law no. 20 of 2008, entrepreneurs owned by individuals and entrepreneurial entities will be classified based on certain criteria to determine the increase in entrepreneurial development and related to MSMEs, focusing more on producing products based on the type of entrepreneur.

According to Law no. 20 of 2008 Chapter IV Article 6 regarding the criteria for MSMEs, namely:

1. Micro Entrepreneurs who have a maximum net worth of IDR 50,000,000.00 (fifty million rupiahs) or annual sales proceeds of a maximum of IDR 300,000,000.00 (three hundred million rupiahs).

2. Small Entrepreneur with a net worth of more than Rp. 50,000,000.00 (fifty million rupiah) to Rp. 500,000,000.00 (five hundred million rupiah) or annual sales proceeds of more than Rp. 300,000,000.00 (three hundred million rupiah) up to Rp.2,500,000,000.00 (two billion five hundred million rupiah).
3. Medium Entrepreneurs who have a net worth of more than Rp. 500,000,000.00 (five hundred million rupiah) to Rp. 10,000,000.00 (ten billion rupiah) or annual sales proceeds of more than Rp. 2,500,000,000.00 (two billion rupiah) five hundred million rupiahs) to Rp.50,000,000,000.00 (fifty billion rupiahs).

The criteria for micro, small and medium enterprises are based on development, apart from the law, from the point of view of development Rahmana (2008) in Sudaryanto (2011) groups MSMEs in several criteria, namely:

1. *Livelihood Activities*, are small and medium entrepreneurs who are used as job opportunities to earn a living, which is more commonly known as the informal sector. An example is a street vendor.
2. *Micro Enterprise*, is a small and medium-sized entrepreneur who has the characteristics of craftsmen but does not yet have entrepreneurial characteristics.
3. *Small Dynamic Enterprise*, is a small and medium-sized entrepreneur who has an entrepreneurial spirit and is able to accept subcontract and export work.
4. *Fast Moving Enterprise*, is a medium-sized entrepreneur who already has an entrepreneurial spirit and will transform into a big entrepreneur (UB).

Entrepreneurial Scale

The Entrepreneurial Scale according to Holmes and Nicholls (1988) is the entrepreneurial ability in managing the company by taking into account the amount of assets, number of employees, and income earned. Entrepreneurial scale is a situation where an entrepreneur has a large or small entrepreneur with the number of employees, total income, total assets, which continue to increase in number of owners (Budiyanto, 2014). By definition, the operational scale of Entrepreneurship is the ability of an Entrepreneur to manage an Entrepreneur by taking into account the amount of assets, number, employees and income earned during one period.

Indicators:

1. Number of employees.
2. Total Income.
3. Amount of assets

H₁: It is suspected that the scale of entrepreneurship has a significant effect on the existence of MSMEs during the pandemic

Old Entrepreneur

Entrepreneurial duration describes how long the company has been operating. The longer the entrepreneurship in the company runs, the more entrepreneurial developments that lead to positive or negative. The length of entrepreneurship is the age or length of the company in

carrying out its entrepreneurship (Budiyanto, 2014). By definition, the old operation of an entrepreneur is to describe how long the company has been operating.

Indicators:

1. The duration of entrepreneurship is based on the year the company was founded until this research was conducted.
2. Development of the company.
3. Entrepreneurial experience in company

H₂: It is suspected that the duration of entrepreneurship has a significant effect on the existence of MSMEs during the pandemic

Existence during the Covid-19 pandemic.

During the Covid-19 pandemic, MSMEs also played a vital role as the backbone and buffer in helping Indonesia overcome various economic problems. threatens the existence of many innovative startups (Kuckertz et al., 2020) to the point of causing a global financial crisis (Shehzad et al., 2020). In the current difficult situation, many MSMEs are able to survive and even increase their sales because they are connected to the digital ecosystem, and some others have difficulty in keeping their business consistent because it is difficult to adapt to the development of science and technology .

2. Research Method

This study uses quantitative research with a population survey method is the owner of MSME Entrepreneurs, while our sample takes 50 MSME owners in Yogyakarta. This study uses primary data obtained directly from the results of questionnaires distributed to MSME owners/managers and uses several secondary literature sources. Data collection by questionnaire. Questionnaires can be in the form of closed or open questions/statements, can be given to respondents directly or sent online via wa or email.

The dependent variable is a variable that is influenced by the response to changes in other variables. The dependent variable in this study is the existence of SMEs. Independent variables are variables that result in changes to the dependent variable. In this study, the independent variables used were entrepreneurial scale, length of entrepreneurship. Methods of Data Analysis using quantitative analysis using regression and hypothesis testing. The instrument was tested for validity and reliability. Hypothesis testing uses t test to determine the significance of each coefficient, F test to see how the influence of all independent variables together on related variables and multiple regression to predict the dependent variable based on two or more independent variables in a linear equation.

3. Results and Discussion

3.1. Results

This section presents research results. Research results can be supplemented by tables, graphs (figures), and / or charts. [Times New Roman, 12, normal].

3.1 1 Respondent Characteristics

Analysis of a data from each sample can be seen from the characteristics of therespondents can be seen in table 1

Table 1 . Respondent characteristics

Description	Amount	percentage
Gender		
boy	13	26
Woman	37	74
Age		
< 20 years	2	4
20 – 35 years	14	28
35 – 50 years	27	54
> 50 years	7	14
Existence		
SD	3	6
junior high school	4	8
senior High School	23	46
Diploma	5	10
S1	15	30
Monthly Income		
< Rp. 1,000,000	12	24
Rp. 1.000.000 – Rp. 3,000,000	22	44
Rp. 3,000,000 – Rp. 5,000,000	10	20
> Rp. 5,000,000	6	12

Source: Analysis Spss 22

3.1.2 Validity Test Results

Test the validity and reliability of the research instrument. This data is generated from the calculation of the variables studied, namely: Entrepreneurial scale (X_1), Entrepreneurship duration (X_2), existence can be seen in Table 2

Tabel 2 Validity

Variable	Items	R Count	R Table	Information
Entrepreneurial Scale	X1P1	0.887	0.287	Valid
	X1P2	0.771	0.287	Valid
	X1P3	0.832	0.287	Valid
	X1P4	0.874	0.287	Valid
	X1P5	0.691	0.287	Valid
	X1P6	0.914	0.287	Valid
Old Entrepreneur	X2P1	0.816	0.287	Valid
	X2P2	0.899	0.287	Valid
	X2P3	0.897	0.287	Valid

	X2p4	0.952	0.287	Valid
	X2p5	0.894	0.287	Valid
	X2P6	0.873	0.287	Valid
The existence of SMEs	YP1	0.705	0.287	Valid
	YP2	0.812	0.287	Valid
	YP3	0.814	0.287	Valid
	YP4	0.917	0.287	Valid
	YP5	0.886	0.287	Valid
	YP6	0.842	0.287	Valid
	YP7	0.850	0.287	Valid
	YP8	0.839	0.287	Valid

Source: Analysis Spss 22

Reliability Test Results		
Variable	Score Cronbach's Alpha	Conclusion
Entrepreneurial Scale	0.832	Reliable
Old Entrepreneur	0.835	Reliable
The existence of SMEs	0.853	Reliable

Source: Analysis Spss 22

3.13 Regression Test Results

Multiple linear regression testing on the entrepreneurial scale variable, the length of entrepreneurship on the existence of MSMEs during the pandemic, the results obtained are as follows:

Table 4. Multiple Regression Test Results Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	Sig.
	B	Std. Error	Beta	
1 (Constant)	5,836	2,784		.042
totalx1	,628	,302	,304	.044
totalx2	,963	,314	,375	,004

Source: Analysis Spss 22

Constant = 5.836 The constant, which is 5.836, means that if the independent variable (scale of entrepreneurship, duration of entrepreneurship d) Y (existence of MSMEs during the pandemic is 5.836).

Scale Entrepreneurs (X_1) = 0.628 coefficient business scale variable (X_1) is 0.628 interpret if a variable scale entrepreneurs has increased by one unit, then the existence of SMEs will increase by 0.628 units assuming a fixed variable. Length of Entrepreneurship (X_2) = 0.963 The coefficient of the variable length of entrepreneurship (X_2) is 0.963 meaning that if the length of entrepreneurship has increased by one unit, then the existence of MSMEs has increased by 0.963 units with the assumption that the variable is fixed.

3.1.4 Hypothesis Test Results

t test

The results of the t-test analysis using SPSS with variables (x1) in the form of entrepreneurial scale, (x2) in the form of length of entrepreneurship and (y) in the form of the existence of SMEs during the pandemic can be seen in table 5

Coefficients^a		
Model	T	Sig.
1 (Constant)	2.097	.042
totalx1	2,074	,023
totalx2	3.066	,003

Source: Analysis Spss 22

Based on the *coefficients* table, the results of the t test can be seen in the significant column for the first variable, namely the Entrepreneurial scale which has a significant value of 0.023 which means it is smaller than 0.05. So the first hypothesis (H_1) which states Entrepreneurial scale effect on the existence of SMEs for the last days of the pandemic.

Based on the table of *coefficients*, the results of the t test can be seen in the significant column for the second variable, namely the length of Entrepreneurship which has a significant value of 0.003 which means it is smaller than 0.05. So that the second hypothesis (H_2) which states that long Entrepreneurial affect the existence of SMEs survive the days of the pandemic.

F Uji test

Based on the analysis of the F test whether the independent variable (X) has a simultaneous effect on the dependent variable (Y), the analysis using SPSS obtained data according to table 6

Table 6. F Test Results ANOVA ^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	836,243	4	209.061	31,144	.000 ^b
Residual	302,077	45	6,713		
Total	1138,320	49			

Source: Analysis Spss 22

Based on the above table F test known significant value 0,000 < 0,005 means that the independent variable (X) consisting of a scale entrepreneurs (X_1), age entrepreneur (X_2), significantly influence the future existence of SMEs pandemic.

Determination Test

Test of determination (R^2) is a value near one assuming the dependent and independent variables give all the information. The results can be seen in table 7 below.

Table 7. Determination Test Results Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.857 ^a	,744	,722	2,681

Source: Analysis Spss 22

Based on table 7 above, it is known that the result of the Adjusted R square value is 0.722, this means that the effect of the variables X_1 , X_2 , simultaneously on the Y variable is 72.2%. Changes in Y, namely the existence of SMEs during the pandemic, can be explained by the two independent variables, namely the entrepreneurial scale, the age of the entrepreneur. While the remaining 27.8% is influenced by other variables outside the study.

3.2. Discussion

3.21 The Effect of Business Scale on the Existence of MSMEs during the pandemic

The business scale has a positive coefficient value of 0.628 and a significance value of 0.023. The results of the regression test show that the business scale has an effect on the existence of MSMEs. The scale of entrepreneurship according to Holmes and Nicholls (1988) is defined as the ability of entrepreneurs to manage the company by taking into account the amount of assets, number of employees, and income earned during an accounting period. The scale of entrepreneurship is one indication of the development of a company where a large one will have an impact on the employees involved in it will also increase.

The greater the number of employees, the higher the level of difficulty faced by the company, so that the need for information increases because of the increasing difficulty of a company, it will increase experience and be able to see the existence of MSMEs during the COVID-19 pandemic.

3.22 The influence of old entrepreneurship on the existence of MSMEs during the pandemic

The duration of entrepreneurship is the length of time the company is running which results in the development of the company that leads to positive or negative. The length of entrepreneurship has a positive coefficient value of 0.963 and a significance value of 0.003. The results of the regression test show that the duration of entrepreneurship has a positive and significant effect on the existence of MSMEs during the pandemic. Determination of entrepreneurial development to be directed to positive developments must be with careful consideration of sufficient entrepreneurial experience so that the company has a great opportunity to develop more rapidly.

3.23. The influence of entrepreneurial scale and length of entrepreneurship on the existence of MSMEs is able to survive during the pandemic

The result of testing the coefficient of determination is 0.722 or 72.2%. This result shows that the use of accounting information can be explained by the entrepreneurial scale, the length of entrepreneurship on the existence of MSMEs is 72.2%, while the remaining 27.8% is explained by other factors studied. (Donthu & Gustafsson, 2020) which world leaders had to take to control the spread of this virus. MSMEs maintain their existence in the midst of a pandemic in terms of MSMEs through various marketing designs both using online and offline media, the internal efforts of MSME actors are not enough, but there must be full encouragement and support from the community as consumers. People should tend to buy domestic products. public consumption of domestic products can have an effect on strengthening the domestic market. Domestic products are no less competitive with foreign products in terms of design to quality, which are unique and of high quality. It takes a joint commitment from the whole community to make the program to increase the use of Indonesian products a success. The use of domestic products has an important meaning for the nation's economy, and contributes greatly to people's job opportunities, so that people's welfare increases. Thus, MSMEs will be victorious and brave in accessing the export market. MSMEs however will find creative approaches to disseminating resources (Thorgren & Williams, 2020).

4. Conclusion

Based on the results of the analysis and discussion that has been carried out, namely regarding the existence of MSMEs during the pandemic, the following conclusions can be drawn:

1. The scale of entrepreneurship has a significant effect on the existence of MSMEs during the pandemic. This is indicated by the significant result of 0.023 and the regression coefficient of 0.304.
2. The duration of entrepreneurship has a positive and significant impact on the existence of MSMEs during the pandemic. This is indicated by the significant result of 0.003 and the regression coefficient of 0.375.
3. The scale of entrepreneurship and the length of entrepreneurship have an effect on the coefficient of determination, namely 0.722 or 72.2%. This result shows that the use of accounting information can be explained by the entrepreneurial scale, the length of

entrepreneurship on the existence of MSMEs is 72.2%, while the remaining 27.8% is explained by factors other researched

Recommendations

This research is useful for MSMEs who will develop their businesses after the pandemic and for further research it can add variables that have the potential to provide an overview of MSME businesses after the pandemic.

Reference

- Ashraf, BN (2020). Economic impact of government interventions during the COVID-19 pandemic: International evidence from financial markets. *Journal of Behavioral and Proceedings of the 2020 Annual Academic Seminar of Economics and Development Studies ISBN: 978-602-53460-5-7*
- Budiyanto, ME (2013). Human Resource Management Information System. Yogyakarta: Graha Ilmu
- Daryanto. (2012). Wrestling in the World of Entrepreneurship. Yogyakarta: Gava Media. Dwi, IP Lili Marlina. 2020. Opportunities and Challenges of MSMEs in Efforts to Strengthen the National Economy in 2020 Amid the Covid 19 Pandemic Economic Journal, Volume 22 Number 2, June 2020 2020, by Postgraduate Program, Borobudur University, Bina Sarana Informatika University, Jakarta
- Donthu, N., & Gustafsson, A. (2020). Effects of COVID-19 on business and research. *Journal of Business Research* , 117 (June), 284–289. <https://doi.org/10.1016/j.jbusres.2020.06.008>
- Kuckertz, A., Bründle, L., Gaudig, A., Hinderer, S., Morales Reyes, CA, Prochotta, A., Steinbrink, KM, & Berger, ESC (2020). Startups in times of crisis – A rapid response to the COVID-19 pandemic. *Journal of Business Venturing Insights* , 13 (April). <https://doi.org/10.1016/j.jbvi.2020.e00169>
- Mansour.(2012). Perceptions of Micro, Small and Medium Enterprises on 8 JOURNAL OF PROFIT VOLUME 3, NUMBER 1, MAY 2016 Use of Financial Statements. Research Journal: Hasanuddin University.
- Rahmana, Arief. (2015). Small and Medium Enterprises (SMEs), leading information about Small and Medium Enterprises. (Online) (<http://infoukm.wordpress.com>, accessed on 28 March 2015)
- Shehzad, K., Xiaoxing, L., & Kazouz, H. (2020). COVID-19's disasters are perilous than Global Financial Crisis: A rumor or fact? *Finance Research Letters* , April , 101669. <https://doi.org/10.1016/j.frl.2020.101669>
- Sheth, J. (2020). Business of business is more than business: Managing during the Covid crisis. *Industrial Marketing Management* , 88 (April), 261–264. <https://doi.org/10.1016/j.indmarman.2020.05.028>

Siti Nuzul Laila Nalini. (2021) The Impact of Covid-19 on Micro, Small and Medium Enterprises
Journal of Islamic Economics & Economics Vol 4 No 1, January 2021 E-ISSN : 2599-3410 | P-ISSN : 2614-3259 DOI : <https://doi.org/10.36778/jesya.v4i1.278>

Sudaryanto, Ragimun. (2011). MSME Empowerment Strategy to Face the Asean Free Market. Yogyakarta: People's Sovereignty.

Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small and Medium Enterprises, (2008). <https://doi.org/10.1016/j.jbvi.2020.e00187>

Thorgren, S., & Williams, TA (2020). Staying alive during an unfolding crisis: How SMEs ward off impending disaster. *Journal of Business Venturing Insights* , 14 (May), e00187. <https://doi.org/10.1016/j.jbvi.2020.e00187>

<https://bps.go.id>