THE IMPACT OF COVID-19 PANDEMIC ON ABSORPTION OF LABOR AND INCOME OF THE COFFEE SHOP IN MALANG CITY

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ABSTRACT

The purpose of this study was to determine the real impact of the covid-19 pandemic on employment and income as well as the strategies taken by coffee shop owners in the Sudimoro coffee center, Malang City. The source of the data in this study was obtained from the owner of a coffee shop in the Sudimoro coffee center, Malang City. The population in this study were 57 coffee shops. The research sample was taken by census. The data analysis technique in this research is paired sample t-test and descriptive analysis. The results showed that, based on the results of the different paired sample t-test, the following results were obtained: (1) there was a significant difference between quantity of labor absorption before the COVID-19 pandemic and during the COVID-19 pandemic, (2) there is a significant difference between income before the covid-19 pandemic and during the covid-19 pandemic, (3) the strategy taken by coffee shop owners to maintain their business is to promote through social media, serve online orders, innovate by changing the concept of the outlet from a coffee shop to a place for discussion and learning, so they must provide printers and storage for bags and books. Several coffee shops have changed the concept into a gathering place for various communities such as the Vespa community, the antique car community and other automotive communities.

Keywords: Coffee Shop, Employment, Social Media

INTRODUCTION

Micro, Small and Medium Enterprises or MSMEs have an important role for economic growth in Indonesia. In addition, MSMEs also play an important role in the absorption of labor and the distribution of development results. MSMEs are businesses that have prospects in the future, meaning that MSMEs are able to increase economic growth and competitiveness along with the growth of business innovation, employment, lifestyle, and convenience in meeting the needs of life.

Bank Indonesia publications stated that the MSME business unit in 2018 reached 99.99% of the total business unit and employment was 97.0% of the total workforce. MSMEs also play a role of 61.1% in the formation of Gross Domestic Product (Bank Indonesia, 2020). This shows
that MSMEs have the potential to be developed in order to further increase their share in the economy. Although MSMEs are relatively small business units, they have high resilience and are flexible to environmental changes. MSMEs that are growing rapidly include those in the city of Malang.

Besides being famous for its natural tourism, Malang city is also famous for its culinary tourism. Based on data (Central Statistics Agency, 2020) Malang City, the accommodation, food and drink provision sector in 2019 was ranked 2nd with a figure of 8.70 percent. Every year the sector of providing accommodation and food and drink in Malang is growing rapidly. So that makes entrepreneurs vying to open a business in the food and beverage sector such as a coffee shop business.

We can find many coffee outlet locations in Malang City with varied concepts and visitors. Even in the city of Malang, there are also locations for the most coffee centers, one of which is the Sudimoro coffee center, Malang City. The development of coffee shops in the Sudimoro coffee center has increased every year. Its strategic location makes the coffee outlets in the Sudimoro coffee center the main attraction for gathering coffee lovers, especially teenagers and students. The outlets in the Sudimoro coffee center are always crowded with visitors every day and never seem empty of visitors.

At the beginning of 2020 conditions around the world underwent a very drastic change, this was due to an outbreak of a new disease called Corona Virus Disease or Covid-19. To suppress the spread of the COVID-19 disease outbreak, new policies have been issued by the central government and local governments. These policies include social distancing and stay at home. Until May 2020, Malang Raya, which consists of Malang City, Malang Regency and Batu City, imposed Large-Scale Social Restrictions. With the Large-Scale Social Restrictions (PSBB), 20 percent or around 1,600 Micro, Small and Medium Enterprises or MSMEs in Malang City experience suspended animation and cannot run their business (Jatimtimes, 2020). Large-Scale Social Restrictions have resulted in the business actors of coffee shops in the Sudimoro coffee center of Malang City deciding to close their businesses. Coffee shop owners choose to close their businesses because their customers choose to stay at home and not travel anywhere. The results of the study on the impact of covid 19 on the performance of MSMEs in Indonesia concluded that covid 19 had an impact on the decline in the performance of MSMEs. From conditions before covid-19, the percentage of MSME business conditions in the good/very good category was 92.7 percent and bad/very bad business conditions 1.0 percent, so after covid the bad or very bad business conditions increased by 56.8 percent(Utami, 2021).

After the large-scale social restriction policy ended and Indonesia began to enter a new normal era starting in June 2020. The business operators of coffee shops in the Sudimoro coffee center of Malang City began to reopen their businesses. However, in this new normal era, there
are also policies from the central and regional governments such as social distancing, enforcement of operating hours, and visitor restrictions. With this policy, it will affect the income received by coffee shop owners. After the Large-Scale Social Restriction policy, the Government issued a follow-up policy in the form of Enforcement of Restrictions on Community Activities (Instruction of the Minister of Home Affairs No. 1 of 2021) which contained restrictions on community activities limited to cities and regencies. This limitation of community activities has an impact on the range of community mobility so that it has an impact on decreasing public demand for goods and services.

The concept of demand states that demand is not only influenced by the price of the good itself, but also influenced by factors other than the price of the good itself, such as the price of other goods, income, tastes, promotions and conditions. The Covid 19 outbreak is a factor other than price that affects demand. Covid 19 has an impact on the health, social and economic conditions of the community. Most of the negative impacts are declining public health and increasing population mortality, increasing unemployment, decreasing purchasing power and increasing the number of poor people. Positive impacts include increased creativity, innovation, ability to use information technology and increased community solidarity. In the business world there is a change in the sales system and online or digital payment system.

In addition to having an impact on decreasing income, the COVID-19 pandemic also has an impact on reducing workers. According to (Nugroho & Negara, 2020), Around 60% of MSMEs reduce employees every month and more than half of MSMEs delay payment of wages to employees. To suppress the spread of the corona virus, policies towards workers were also put in place. For example by implementing a system of working in the office for two weeks and working from home for two weeks. Therefore, this study aims to determine the impact of the covid-19 pandemic on the absorption of labor, income and strategy of coffee shop business in the Sudimoro coffee center, Malang City.

LITERATURE REVIEW

1. Impact of the Covid-19 Pandemic

   Covid-19 is not only economically detrimental, but also has many social and demographic impacts. The economic impacts include shocks on the supply and demand sides in every business sector. Many losses are felt by the global community, whether it is job loss, travel restrictions have an impact on the transportation industry, crowding restrictions have an impact on the tourism, entertainment, sports, banking, finance, trade and large industries as well as micro-enterprises. small medium. According to the Ministry of Cooperatives and Small and Medium Enterprises, there are around 37,000 Micro, Small and Medium Enterprises or MSMEs that have been seriously affected by the COVID-19
pandemic. With details about 56 percent reported a decline in sales, 22 percent had difficulty in financing, 25 percent had problems in distributing goods and 4 percent had difficulty in getting raw materials (Pakpahan, 2020). Based on this, it can be concluded that COVID 19 is an epidemic that has hit the world in the health sector but has a broad impact on other sectors such as the social and economic sectors. If Micro, Small and Medium Enterprises have several times tested their resilience against the shocks of the economic crisis situation, then against the conditions of the COVID-19 outbreak, Micro, Small and Medium Enterprises are very difficult to survive and even experience a more severe impact.

2. Micro, Small and Medium Enterprises (MSMEs)

The 2008 Law No. 20 explains the meaning of micro, small and medium enterprises as follows:

1) Micro Enterprise

According to (Hadiyati, 2011), micro-enterprises are businesses owned by individuals or individual business entities that are in accordance with the criteria for micro-enterprises in Law No. 20 of 2008 as follows:

a) The net worth owned is not more than IDR 50,000,000 (fifty million rupiah). This wealth does not include land and buildings for business premises.

b) Owned annual sales are also not more than IDR 300,000,000 (three hundred million rupiahs).

2) Small Business

According to (Hadiyati, 2011), small businesses are businesses that stand alone and are carried out by individuals or carried out by business entities and are not included in subsidiaries or branches of companies that are owned in accordance with the criteria for small businesses that have been regulated in Law of 2008 No. following:

a) Net assets owned by more than IDR 50,000,000 (fifty million rupiahs) up to IDR 500,000,000 (five hundred million rupiahs). This wealth does not include land and buildings for business premises.

b) Annual sales of more than IDR 300,000,000 (three hundred million rupiah) to IDR 2,500,000,000 (two billion five hundred million rupiah).

3) Medium Enterprise

According to (Hadiyati, 2011), a medium-sized business is a stand-alone business carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of a small business or large business with the criteria regulated in the Act of 1999. 2008 number 20 as follows:
a) Net assets owned by more than IDR 500,000,000 (five hundred million rupiah) up to IDR 10,000,000,000 (ten billion rupiah). Wealth does not include land and buildings for business

b) The annual sales proceeds are more than IDR 2,500,000,000 (two billion five hundred million rupiah) up to a maximum of IDR 50,000,000,000 (fifty billion rupiah).

The resilience of Micro, Small and Medium Enterprises to shocks can be proven to be strong and able to survive since the economic crisis in 1998 until the global financial crisis (Sari, 2014). However, during the COVID-19 pandemic, Micro, Small and Medium Enterprises or MSMEs are the most vulnerable pillars of the economy. The COVID-19 pandemic has disrupted the business ecosystem. Before the pandemic, micro businesses accounted for 98% (or 63.3 million) of the total business, while SMEs were around 1.4% (or 843 thousand). In contrast to the financial crisis in 1997 - 1998 when Micro, Small and Medium Enterprises or MSMEs became a pillar of Indonesia's economic resilience (Nugroho & Negara, 2020). In the condition of the economic crisis, Micro, Small and Medium Enterprises were able to survive, during the COVID-19 pandemic, many businesses were unable to survive. This requires a study to find solutions that can be done by business owners so that their businesses can run even in a pandemic situation.

3. Labor

The definition of labor according to Article 2 paragraph 2 of Law No. 13 of 2013 is every person, male or female, who is or will be doing work, whether bound by a work relationship or not bound by a work relationship to produce goods or services to meet the needs of the community. That is, everyone who is able to do work is called a workforce (Asyhadie & Kusuma, 2019). Meanwhile, the absorption of labor according to (Simanjuntak, 1985) in the book (Malik, 2016) is a derived demand from changes in consumer demand for the company's output. So that the absorption of labor itself occurs when there is an increase in demand for goods produced. changes in the main variables in the company (applied technology, wages, capital structure, company efficiency, managerial aspects and total productivity) also determine employment.

The demand for labor is divided into two, namely in the long run and short term. Short-term demand for labor is defined as during that time there are production inputs that cannot be changed, such as capital. It is also not easy to add and reduce labor due to changes in wages in short-term labor demand, this is because prior adjustments are needed to capital, procedures, raw materials and spatial planning. Meanwhile, in the long run, entrepreneurs
are free to combine the amount of labor and capital, because production inputs can change. The existence of external factors beyond business estimates such as the presence of COVID-19 can result in disruption of production due to several obstacles such as the difficulty of raw materials and ultimately have an impact on the reduction of the workforce.

The results of previous research "Impact of Coronavirus Disease (Covid-19) on the Food & Beverages Industry". The results of this study stated that the coronavirus disease had an impact on reducing employees. This is because many places to eat such as cafes and restaurants are closed. The result of the closure of the restaurant is a decrease in income which ultimately has an impact on the reduction of employees working in the food and beverage industry. (Prakoso, 2020). From the results of this study, it can be concluded that COVID 19 has an impact on reducing labor in the industrial sector, both large, medium and small industries.

4. Income

Income for economic actors according to (Arifini & Mustika, 2013) is money that has been received by the company from customers as a result of selling goods and services. Income can also be interpreted by the amount of income, be it individuals or families in the form of money obtained from the success of their business. While in the journal (Maheswara et al, 2016), income is the most important element in trade, in a business of course we want to know how much or the total value of the income we have earned while running the business. Research on the impact of the COVID-19 pandemic on the coffee industry was conducted by (Kurniawan, 2020) with the title "Integrative Review of the Covid-19 Pandemic and Its Impact on the Coffee Beverage Industry". The results of the study show that due to the social restrictions implemented by the government to suppress the spread of the corona virus, the coffee shop business, especially the coffee shop with the dine-in concept, has decreased in revenue by 50% to 90%. The impact of the COVID-19 pandemic is not only on the coffee industry, the restaurant industry sector has also experienced a 70% decline in revenue. The results of this study indicate the magnitude of the impact of COVID 19 on the decline in the income of business actors. From this, researchers are interested in knowing how the business sector's strategy is to maintain its business during the COVID-19 pandemic.

According to Boediono in the (Rakhmawati, 2009) total income is the product of the product obtained with the selling price. Income can be formulated as follows:

\[ TR = P \times Q \]

Where

\[ TR = \text{total gross income}, \]
P = selling price per unit, and 
Q = production results.

Meanwhile, net income is the difference between the total gross income and the total costs incurred in production. Net income can be formulated as follows:
net income = TR – TC
Where
TR = total gross income
TC = total cost

In this study, the income of micro, small and medium enterprises studied is net income. The reason for using net income in this research is because net income is an indicator of the success of a business.

METHODS

The object of this research is Micro, Small and Medium Enterprises, coffee shops in the Sudimoro coffee center, Jalan Ikan Tombro, Lowokwaru District, Malang City, East Java Province. The population in this study were all coffee outlets located in the Sudimoro coffee center, Malang City, as many as 57 coffee outlets. From the entire population, all of them were used as research samples, so the sampling method used was the census. The type of data used in this study is primary data obtained directly from coffee shop owners. Data collection techniques in this study were conducted by questionnaires, interviews, and observations. The data analysis technique used in this study consisted of statistical analysis of the paired sample t-test and descriptive analysis.

RESULTS

1. Labor Absorption

The number of workers absorbed at coffee shops at the Sudimoro coffee center during the COVID-19 pandemic decreased compared to before the COVID-19 pandemic. There are 4 coffee shops that reduce their workforce from initially using more than 9 workers and during the covid-19 pandemic only 1-4 workers, and 3 coffee outlets that originally used 5-9 workers during the pandemic only used 1-4 workers. The following is a table of labor absorption at coffee shops before the Covid-19 and during the Covid-19 outbreak.

<table>
<thead>
<tr>
<th>No</th>
<th>Number of Workers</th>
<th>Number of Respondents Before Pandemic</th>
<th>Percentage</th>
<th>Number of Respondents During Pandemic</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 – 4 workers</td>
<td>28</td>
<td>49%</td>
<td>35</td>
<td>61%</td>
</tr>
</tbody>
</table>
The reduction in workforce is due to the decrease in the number of coffee shop visitors due to COVID-19. Likewise, the wages received by employees who work at coffee outlets in the Sudimoro coffee center have decreased during the COVID-19 pandemic. The average wage received by employees who worked at coffee shops at the Sudimoro coffee center before the COVID-19 pandemic was IDR 1,228,421,-. While the average wage during the COVID-19 pandemic was IDR 1,067,894, -. This means that there is a decrease of 13%.

2. Income

From the calculation of the average sales of coffee outlets, the number is 1,658 cups per month, while the average price of coffee per cup is IDR 17,105,-. The menus sold other than coffee include drinks with dairy products, processed tea, taro, chocolate, juice, soda, mocktails and others. In addition to providing a drink menu, the coffee shop at the Sudimoro coffee center also provides snacks such as pancong, fried potatoes, banana nuggets and others.

The average sales turnover for one month at the coffee outlets in the Sudimoro coffee center before the COVID-19 pandemic was IDR 67,578,947,-. Meanwhile, the average sales turnover during the COVID-19 pandemic was IDR 34,931,579. This means that sales turnover during the COVID-19 pandemic decreased by 48% from sales turnover before the COVID-19 pandemic. Meanwhile, the highest and lowest average sales turnover received by coffee shop owners in the Sudimoro center also decreased. The highest sales turnover decreased by 57%. The highest average sales turnover in the month before the COVID-19 pandemic was IDR 123,631,579, while the highest average sales turnover during the COVID-19 pandemic was IDR 53,263,158. For the lowest average sales turnover in one month before the covid-19 pandemic, it was IDR 30,089,474,-and the lowest average sales turnover during the covid-19 pandemic of IDR 10,349,474,-. This means that the lowest sales turnover during the COVID-19 pandemic decreased by 66%. The net profit received by coffee shop owners in the Sudimoro coffee center also decreased by 59% during the covid-19 pandemic. The average net profit earned for one month of the COVID-19 pandemic is IDR 19,776,315, -. Meanwhile, the average net profit during the COVID-19 pandemic was IDR 8,160,526.

3. Different Paired Sample T-test

Perbedaan penyerapan tenaga kerja dan pendapatan sebelum pandemic covid-19 dan saat pandemic covid-19 berdasar uji beda paired sample t-test adalah sebagai berikut;
Table 2. Results of Paired Sample T-test Differences

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Paired Differences</th>
<th>95% Confidence Interval of the Difference</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Deviation</td>
<td>Std. Error Mean</td>
<td>Low</td>
<td>Upper</td>
</tr>
<tr>
<td>Number of Workers Before the Pandemic – Number of Workers During the Pandemic</td>
<td>1.439</td>
<td>2.686</td>
<td>.356</td>
<td>.726</td>
<td>2.151</td>
</tr>
<tr>
<td>Income Before the Pandemic – Income During the Pandemic</td>
<td>1193157</td>
<td>1072642</td>
<td>1420749</td>
<td>9085475</td>
<td>14777682</td>
</tr>
</tbody>
</table>

**Source: Primary Data Processed**

Labor variable, with a significant level of 5% (α = 5%), df = 56 and a t-count value of 4.044. The t-count value is greater than the t-table value of 2.003. So it was decided to reject H0 or accept H1. Thus, it can be concluded that there are differences in the absorption of labor at coffee outlets in the Sudimoro coffee center before the covid-19 pandemic and during the covid-19 pandemic. While the income variable, with a significant level of 5% (α = 5%), df = 56 and t-count value of 8.398. The t-count value is greater than the t-table value of 2,003. So it was decided to reject H0 or accept H1. Thus it can be concluded that there is a difference in income at coffee outlets in the Sudimoro coffee center before the covid-19 pandemic and during the covid-19 pandemic.

**DISCUSSION**

From the results of the analysis, it is known that there are significant differences in employment before the COVID-19 pandemic and during the COVID-19 pandemic. During the Covid-19 pandemic, employment at coffee outlets in the Sudimoro coffee center, Malang City decreased. There are fewer workers working during the COVID-19 pandemic than before the COVID-19 pandemic. The results of this study are supported by the theory according to (Simanjuntak, 1985) where the absorption of labor itself occurs if there is an additional demand for goods produced. If consumer demand for output increases, the absorption of labor will also increase. Vice versa, if consumer demand for output is small, labor absorption will also be small. Meanwhile, according to (Malik, 2016) the decrease in labor is caused by a decrease in product demand and a decrease in the amount of production. As for the income earned by the owners of coffee shops in the Sudimoro coffee center, there are also significant differences. During the covid-19 pandemic, the income received at coffee outlets in the Sudimoro coffee center, Malang city decreased or the income earned was less than before the covid-19 pandemic.

The results of this study are in accordance with research (Amri, 2020), where the condition of MSMEs during the pandemic continues to experience a decline in production.
capacity and income. Small food and beverage businesses were affected by 1.77% while for medium-sized businesses it was 0.07%. In difficult economic conditions, MSMEs are actually able to survive. Although it is known that its resilience to deal with the economic slowdown, the COVID-19 pandemic has caused the turnover of MSMEs to decline. The reason is the government's call for social distancing. For this reason, it is necessary to have a policy to protect MSMEs so that they remain competitive even during the COVID-19 pandemic. Another study from the same research (Santika & Maulana, 2020) stated that the COVID-19 pandemic had a real impact on business people and Micro, Small and Medium Enterprises. The impact of the COVID-19 pandemic includes the turnover obtained by business people and Micro, Small and Medium Enterprises which has decreased, orders obtained have also decreased. There are marketing, distribution and production constraints. There are 56% and Micro, Small and Medium Enterprises experienced a decline in sales. The difficulty of costs is 22%, the difficulty of distributing goods is 15% and the difficulty of raw materials is 4%. The impact of the COVID-19 pandemic also made 73.3% of micro businesses temporarily stop their business (3.3%).

The various strategies carried out by coffee shop owners in the Sudimoro coffee center in order to maintain their business, including:

1. Take advantage of e-commerce
   E-commerce is used by coffee shop owners in the Sudimoro coffee center to sell their products. The products sold by coffee shop owners through e-commerce are not finished products (ready-to-drink coffee), but unprocessed coffee beans and ground coffee.

2. Serving Sales Online
   In addition to selling through e-commerce, they work closely with food delivery companies such as go food and grab food to maintain their business. Products sold through food delivery orders are products like those they sell in their outlets.

3. Focus on Social Media.
   Social media is not only used for direct promotion of the products they sell, but also for branding strategies. Social media is also used to provide information, tips and tricks about coffee.

4. Promotion
   This step was taken by many coffee shop owners in the Sudimoro coffee center. Examples of promotions they provide to consumers include holding happy hours, bundling packages, and others.

5. Changing Outlet Concept
   The owner of the coffee shop at the Sudimoro coffee center has changed the concept of their outlet from being used only for drinking coffee to being a place where they can discuss assignments and provide printout services for assignments, especially for students.
6. Doing new innovations

The new innovations they take are changing menus that are less desirable by consumers into menus that are currently trending or hype. Apart from changing the menu, the store owners also collaborate with various communities or organizations to hold events.

Due to the COVID-19 pandemic, many MSMEs have had to close their businesses due to the decline in people's purchasing power. Especially during the COVID-19 pandemic, people prefer to shop online so that interaction between each other is maintained. The shift in people's purchasing power from offline to online makes MSMEs who still sell offline have to adapt to digital sales. Until now, there are only around 10 – 11 million MSMEs connected to digital sales and there are many more MSMEs that must be encouraged for digital sales (Arianto, 2020).

The shift in people's purchasing power from offline to online makes MSMEs who still sell offline have to adapt to digital sales. Until now, there are only around 10 – 11 million MSMEs connected to digital sales and there are many more MSMEs that must be encouraged for digital sales (Arianto, 2020). Digital product sales during a pandemic are considered more prospective because consumers find it easy to get the goods they want. However, not all MSMEs know or are literate in digital sales technology, so they need training to be able to sell digitally. In addition, MSMEs that already sell digitally, the products they sell are also still very limited, because they are not familiar with the use of digital marketing (Awali, 2020).

CONCLUSION

Based on the results of the research that has been put forward, it can be concluded that the COVID-19 pandemic has had a negative and positive impact on coffee shop businesses in the city of Malang. Many coffee shops have reduced their workforce and the income of coffee shops has decreased. While the positive impact is the development of creativity and business innovation of coffee shop owners. The strategy to maintain their business during the covid-19 pandemic is to promote through social media, change business strategy, serve online orders, utilize e-commerce, make new innovations by changing the concept of their outlets.

From the results of the research that has been stated, there are several things that have not been revealed because of the limitations of the research, such as what contribution is made by the government to coffee shops and handling the problem of workers who are laid off from their jobs. The advice for similar Micro, Small and Medium Enterprises is to make new innovations and take advantage of social media and use e-commerce in running their business, considering that Covid-19 is not yet known when it will end, so that businesses can continue to run during the COVID-19 pandemic, there must be creativity and business innovation.
REFERENCES


