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The Effect of Reducing Prices for Kuna-Kini MSME Products During the Covid-19 Pandemic on Sales Results

Misrofingah* & Arif Riyanto

Universitas Tama Jagakarsa
e-mail: info@jagakarsa.ac.id

Abstract

During this Covid-19 pandemic, small industries have a fairly large role in supporting the economy of the community, even during this time of crisis that hit Indonesia, many small industries were able to survive in this crisis situation. The strength of small industry so that it is able to survive is because small industry is very flexible and very quick to respond to changes, besides that most of the raw materials and natural resources used are local. But not all small industries use local raw materials, there are some that use imported raw materials, but the amount is relatively small. Due to its local nature, small industries can still produce. Small industries are mostly carried out in rural areas, this is done because of the consideration of various aspects, namely the low wages of labor, a lot of available labor, and the availability of raw materials that are easily available. This aspect can attract residents in rural areas to open businesses both as side businesses and main businesses apart from farming and other businesses. With the increasing questions about product competition from MSMEs, the strategy of reducing selling prices during this pandemic, in this case is implemented by examining the MSME products "Kuna now which has a strategy of reducing selling prices. sales results. It can be concluded that the decrease in selling price has a significant effect on sales results. It is better if Kuna-Kini MSMEs always improve the skills (professionalism) of employees and also need to place the right human resources in handling the promotion section, which in today's digital era can be done through social media, with the hope of having a positive impact on sales results.

Keywords: Effect, Decrease, Selling Price, MSME Products, Covid-19, Sales Results.

1. Introduction

Economic problems have a wide impact on various sectors of life, including companies. For companies, economic conditions are external environmental factors that cannot be avoided and are very difficult to control. However, the company must be able to see the available opportunities and threats faced in running its business. With the growing level of the Indonesian economy or the development of a business activity of a company, there will be many accompanying impacts. One of them is a product of high technology engineering in an advanced society, per capita income shows an increase, this results in a higher demand for goods and services of high quality and easy to obtain for both consumption and industrial purposes. To produce such goods and services, the company's role is increasingly important.

 Correspondence: Misrofingah, *Universitas Tama Jagakarsa*. Email: info@jagakarsa.ac.id

Within the company there are various functions that need to be managed and can be really planned, organized, directed and controlled. Financial management is one of the management functions carried out by companies that play an important role in the company in order to achieve company goals. In general, the company's goals can be in the form of achieving maximum profit, maintaining survival, pursuing growth and accommodating a professional workforce. To be able to achieve some of these goals, the company must be good at managing production factors or resources within the company. Nowadays, the economic condition is felt to be getting better. This is indicated by the increasing level of income and purchasing power of the people accompanied by increasing problems regarding goods. In addition, with the increasing flow of information through various media, both print and electronic, the increase in people's income and public knowledge, makes people more critical in owning a product.

Marketing is generally seen as the task of creating, promoting and delivering goods and services to consumers. Marketing is the core of all business activities, because marketing is the link between companies and consumers Promotion is one of the most important variables in the marketing mix, which is carried out by the company in marketing its products or services. Without promotion, the existence of the product receives less attention from consumers or even consumers do not know anything about the product. At this time, the spread of Covid-19 has become one of the concerns of the community even though at the beginning of the existence of this virus, various efforts in the form of appeals from the government have not been strictly obeyed by the community. In fact, most people think that the virus will not spread as widely as in the country where it initially spread. Various hoaxes regarding weather and climate conditions in Indonesia as conditions that will not cause widespread spread or hoaxes related to ingredients or drugs that are considered to be able to prevent the onset of Covid19 are actually able to influence the public not to fully perceive this virus as a threat.

Over time, the existence of this virus began to be troubling, especially when the government set a funeral protocol for Covid-19 sufferers which the public considered very scary. Because they can not be treated properly by the family. Apart from that, quarantine for residents who have traveled to infected areas is one of the concerns of the community, so that currently people no longer consider this virus as an epidemic that is taken lightly. However, along with public concern about this virus, other impacts have emerged. The implementation of social distancing has had another impact. In the form of social and economic impacts in society. The determination of the status of the Covid-19 Pandemic by the World Health Organization (World Health Organization) based on the number of virus spreads has increased significantly and is sustainable globally, this is responded by the Government of Indonesia by establishing the status of the Covid-19 outbreak as a National Disaster on March 14 as stated in the Decree President Number 12 of 2020 concerning the Determination of Non-Natural Disasters for the Spread of Corona Virus Disease 2019 (COVID-19) as National Disasters. Furthermore, the President formed a Task Force for the Acceleration of Handling Covid-19 in order to coordinate the capacity of the central and regional governments.

The relationship between the central and regional governments is something that is often discussed because in practice it still creates a spanning of interest between the two government units. Especially in a unitary state, the efforts of the central government to always be in control of various government affairs are very clear. The issue of the relationship between the central government and regional governments has resurfaced in the handling of Covid-19. Uncertainty occurs in answering whose authority the Covid-19 business is. Health affairs that are decentralized to local governments have caused each region to formulate unilateral policies in dealing with the spread of Covid-19. Meanwhile the central government is also taking action on its own. This form of attraction can be seen when the local government first takes steps to anticipate and deal with Covid-19. For example, the local lockdown policy taken by the Regent of Tegal since March 23, 2020 by closing access to the city with a movable concrete barrier (MBC). The policy of the Governor of Papua which has closed access in and out of ports, airports, land, including the National Border Post since March 26, 2020. The policy of the Governor of Bali since March 27, 2020, has emphasized to the public not to

gather, work, study and worship from home . Likewise with several other regions, while the Central Government has just issued Government Regulation Number 21 of 2020 concerning Large-Scale Social Restrictions in the Context of Accelerating the Handling of Covid-19 on March 31, 2020.

During this Covid-19 pandemic, small industries have a fairly large role in supporting the economy of the community, even during this time of crisis that hit Indonesia, many small industries were able to survive in this crisis situation. The strength of small industry so that it is able to survive is because small industry is very flexible and very quick to respond to changes, besides that most of the raw materials and natural resources used are local. But not all small industries use local raw materials, there are some that use imported raw materials, but the amount is relatively small. Due to its local nature, small industries can still produce. Small industries are mostly carried out in rural areas, this is done because of the consideration of various aspects, namely the low wages of labor, a lot of available labor, and the availability of raw materials that are easily available. This aspect can attract residents in rural areas to open businesses both as side businesses and main businesses apart from farming and other businesses. With more and more questions about product competition from MSMEs, the strategy of reducing selling prices during this pandemic, in this case is implemented by researching MSME products "Kuna now which has a strategy to reduce selling prices.

2. Methodology

In the preparation of this study the authors conducted research to collect the necessary data. The research methods used are:

Library Research

That is a research method that is carried out to obtain secondary data by reading mandatory books, literatures, magazines, brochures, and other scientific writings that have to do with the subject matter discussed in the research.

Field Research

That is a research method that is carried out directly on MSMEs to obtain primary data.

- Interview (Interview)

Namely by holding a direct question and answer with the leadership and authorized employees.

- Observation (Observation)

Namely by conducting direct observations of the activities carried out related to the field.

Questionaire

That is by submitting a list of questions to the Kuna-Kini SMEs to support the results of interviews and observations.

Data Analysis Techniques

The method of data processing or data analysis used in this study is the method of analyzing the correlation coefficient (coefficient of correlation) and coefficient of determination.

- Understanding the correlation coefficient is a tool used to measure the level of closeness of the relationship between the independent variable and the dependent variable. This analysis is carried out to determine or estimate to what extent the effect of changes in an event on other events and whether changing one variable will cause other variables to change as well. To conduct this analysis, we need two variables, namely variable X and variable Y, where

variable X represents a decrease in selling prices and variable Y represents sales results. Whether or not there is a strong relationship between the decrease in the selling price and the sales results achieved, it can be calculated using the correlation coefficient method, which is denoted by "r". The value of this correlation coefficient is at least -1 and at most 1 or can be stated in the range -1 < r < 1, where: r = +1 the relationship between X and Y is perfect and positive. (close to +1, relationship is very strong and positive). r = -1 relationship between X and Y is perfect and negative (close to -1, the relationship is very strong and negative). r = 0 the relationship between X and Y is very weak or has no relationship. The correlation coefficient formula is as follows:

$$\frac{n.\sum xy - (\sum x).(\sum y)}{\sqrt{n.\sum x^2 - (\sum x)^2}\quad\sqrt{n.\sum y^2 - (\sum y)^2}}$$

- Definition of the determinant coefficient is a tool to determine the percentage of the contribution (contribution) given by the activity of lowering the selling price to the increase in sales results. So the rise and fall of Y (sales proceeds), such that the value of Y varies, is not solely caused by X (Selling Price), because there are still factors (variables) that cause it, for example distribution channels. The formula for the determining coefficient (KP) is:

KP = r2

Description :
KP = Determinant Coefficient
R = Correlation Coefficient.

3. Result and Discussion

Testing the Validity of Research Instruments

Selling Price Decrease Variable

From the questionnaire data, the selling price decline variable (X) consists of 15 (fifteen) questions, and this variable is tested for validity. The purpose of validity testing is to ensure that the questionnaire that we have compiled is correct in measuring symptoms so that valid data can be generated. To test the validity, one method that can be used is to correlate the score of the questions with the total score of the questions. A question item is said to be valid if the value of rcount> rtable. The results of testing data on the decline in selling prices (X1) can be seen in the following table:

Table 1. Validity Test Results Decrease in selling price (X)

No. Question	$r_{pearson}$	r_{table}	Validation Information
Selling Price Decrease_01	.544**	0.345	valid
Selling Price Decrease_02	.559**	0.345	valid
Selling Price Decrease_03	.748**	0.345	valid
Selling Price Decrease_04	.603**	0.345	valid

Penurunan harga jual_05	.755**	0.345	valid
Selling Price Decrease_06	.352**	0.345	valid
Selling Price Decrease_07	.697**	0.345	valid
Selling Price Decrease_08	.757**	0.345	valid
Selling Price Decrease_09	.678**	0.345	valid
Selling Price Decrease_10	.738**	0.345	valid
Selling Price Decrease_11	.663**	0.345	valid
Selling Price Decrease_12	.346**	0.345	valid
Selling Price Decrease_13	.578**	0.345	valid
Selling Price Decrease_14	.547**	0.345	valid
Selling Price Decrease_15	.686**	0.345	valid

Processing results with SPSS 17.0

The test results show that all independent variables The decrease in selling price is valid, because for a sample of 55 people with an accuracy of 0.01 (1%) rtable = 0.345 while the calculated Pearson correlation value is as presented in Table 4-1, all of which are greater than rtable=0.345.

Sales Result Variable

Then from the questionnaire data, the Sales Results variable consists of 15 (fifteen) questions, which can be seen in the data attachment. Such as the decline in the selling price is tested for validity. The results of testing the Sales Results variable data (Y) are presented in Table 4-2 as follows:

Table 2. Sales Results Variable Validity Test Results (Y)

No. Question	$r_{pearson}$	r_{table}	Validation Information
Sales Result_01	.613**	0.345	valid
Sales Result_02	.686**	0.345	valid
Sales Result_03	.613**	0.345	valid
Sales Result_04	.629**	0.345	valid
Sales Result_05	.766**	0.345	valid
Sales Result_06	.723**	0.345	valid
Sales Result_07	.607**	0.345	valid

Sales Result_08	.601**	0.345	valid
Sales Result_09	.817**	0.345	valid
Sales Result_10	.744**	0.345	valid
Sales Result_11	.731**	0.345	valid
Sales Result_12	.762**	0.345	valid
Sales Result_13	.754**	0.345	valid
Sales Result_14	.693**	0.345	valid
Sales Result_15	.682**	0.345	valid

Processing results with SPSS 17.0

The test results show that all independent variables Sales Results are valid, because for a sample of 55 people with an accuracy of 0.01 (1%) rtable = 0.345 while the calculated Pearson correlation value is as presented in Table 4.2. all are greater than rtable=0.345.

Reliability Testing of Research Instruments

Then, after the data is tested for validity, the next step is to test the reliability, reliability is a measure that shows the consistency of the measuring instrument in measuring the same symptoms on other occasions. Consistency here means that the measuring instrument is consistent if it is used to measure concepts or symptoms from one condition to another. One method that can be used to measure reliability is to use the Cronbach Alpha formula. An instrument is said to be reliable if the reliability value is > 0.700. The following presents the results of Cronbach's Alpha acquisition, the independent variable Decrease in selling price, and the dependent variable Sales Results using SPSS 17.0 which are presented in tables 3 and table 4:

Table 3. Cronbach Alpha Calculation Results for Decrease in Selling Price

Reliability Statistics	
Cronbach's Al	N of Items
.882	15

Processing results with SPSS 17.0

Table 4. Cronbach Alpha calculation results for Sales Results

Reliability Statistics	
Cronbach's Alpha	N of Items
.923	15

Processing results with SPSS 17.0

The two variables above are said to be reliable, because Cronbach's Alpha all show numbers greater than 0.700.

Testing the Normality of Research Instruments

Furthermore, based on the SPSS output the magnitude of the Asymp value. Sig (2-tailed) all variables are greater than the level of significant (0.05), thus all research variables can be said to be normal. As shown in Table 5 as follows:

Table 5. Normality Testing of Research Variables

One-Sample Kolmogorov-Smirnov Test			
		Decrease Price	Saels Result
N		55	55
Normal Parameters[a,,b]	Mean	48.36	51.84
	Std. Deviation	8.268	8.011
Most Extreme Differences	Absolute	.098	.142
	Positive	.066	.130
	Negative	-.098	-.142
Kolmogorov-Smirnov Z		.728	1.051
Asymp. Sig. (2-tailed)		.668	.220
a. Test distribution is Normal.			
b. Calculated from data.			

In the results, based on the SPSS output the magnitude of the Asymp value. Sig (2-tailed) all research variables > level of significant (0.05), thus all variables are said to be Normal. Therefore, the analysis with parametric statistics can be continued to find the regression equation.

The Effect of Decline in Selling Price on Sales Results

To find out whether there is an effect of decreasing selling price (X) on Sales Results (Y), simple regression analysis is used. Data analysis was carried out using SPSS software for Windows Version 17.0. From the results of data analysis, the constant values (a) and regression coefficient values (b) are 11.756 and 0.828, respectively, as presented in Table 4-6 below:

Table 6. Regression Coefficient (X against Y)

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	11.756	3.380		3.478	.001
	skor_Penurunan harga jual	.828	.068	.856	12.026	.000
a. Dependent Variable: Score_ Sales Result						

The data can be interpreted as follows:

- a = 11,756 is a constant number, meaning that if the value of the decrease in selling price is ignored, then the sales proceeds will be 11,756.
- b = 0.777; is the value of the regression coefficient, meaning that every time there is an increase in the value of a decrease in the selling price of 1 (one) unit, it will increase the value of Sales Results by 0.828 units.

From the above test, to prove whether the regression coefficient of the decline in selling prices is significant or not, a significance test is carried out through a t-test at the level of 1%. If the value of tcount> ttable, then there is a significant effect and if tcount < ttable, then there is no effect. The ttable value at a significant level of 1% with db = 53 is 2,399. Based on what is shown in Table 4-6, the regression coefficient obtained tcount = 12,026. Furthermore, this tcount is compared with the ttable value. It turns out that the value of tcount is greater than the value of ttable (12,026>2,399), meaning that H0 is rejected and H1 is accepted. Thus, the decrease in the selling price has a significant effect on sales results with a validity of 99%. After the regression equation is found, the next step is to calculate the magnitude of the determinant coefficient (R2). The coefficient of determinant (R2) shows how much influence the variable Decreasing Selling Price has on Sales Results in the form of percent. Based on the SPSS output, the magnitude of the determinant coefficient is 0.733 as presented in Table 7 below:

Table 7. Determinant Coefficient (R Square) X against Y

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.856[a]	.733	.727	4.188
a. Predictors: (Constant), Score_Decrease Price				

The value of R2 indicates that the decrease in selling price has an influence in percent on Sales Results of 73.4%, while the remaining 26.6% is determined by other factors that are not known/not included in the research model.

Constraints Faced and Their Solutions

In relation to this research, which during the Covid-19 pandemic, in conducting its Kuna-Kini MSME business, of course it did not continue to run well, but it could not be separated from the various obstacles that the Kuna-Kini MSME had to face, including MSMEs. Kuna-Kini also took a

good and efficient step, namely carrying out promotional activities through social media. Kuna-Kini MSMEs are also currently experiencing problems with the limited allocation of funds related to promotions. With the obstacles faced by Kuna-Kini MSMEs, the owner made a policy, namely by implementing a price reduction strategy. Then there are other obstacles, namely the inadequacy of promotional activities carried out and the uneven distribution of information about MSME products, which will cause these consumers not to recognize the products offered by Kuna-Kini MSMEs.

4. Conclusion

At the end of this study, conclusions will be presented and suggestions that are expected to be useful will be presented. It can be concluded that based on statistical testing, that the effect of the independent variable of Price Decrease on the dependent variable of sales results, it can be concluded that the decrease in selling prices has a significant effect on sales results with an accuracy of 99%. (the hypothesis is proven). The effect in percent is 73.4%, while the remaining 26.6% is determined by other unknown factors/not included in the research model. It is better if Kuna-Kini MSMEs always improve the skills (professionalism) of employees and also need to place the right human resources in handling the promotion department, which in today's digital era can be done through social media, with the hope of having a positive impact on sales results. In carrying out increasingly fierce competition so that Kuna-Kini SMEs always know the promotion methods or technology carried out by their competitors.

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