

Online Transportation Growth Opportunities with MSME Empowerment During the Covid 19 Pandemic

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Abstract. COVID-19 pandemic has devastated the economies of all countries in the world. The existence of restrictions makes the wheels of the economy seem to stop. The transportation sector as the driving force of the economy is also affected. Transportation such as online transportation that relies on income from people and goods has experienced a decline in revenue. It is necessary to find new opportunities on how to make this online transportation sustainable. Therefore, this study tries to increase online transportation growth by empowering MSMEs during the COVID-19 pandemic. This study uses a qualitative approach with descriptive analysis. The study results show that the empowerment of MSMEs during this pandemic can be done by utilizing digital technology that is currently developing. By using digital technology, MSME actors can market their products and services more broadly and larger. This will undoubtedly impact the growth of online transportation because, in general, digital platforms use online transportation services in delivery and delivery services.

Keywords: Online Transportation, COVID-19, Empowerment, Micro, Small and Medium Enterprises (MSMEs).

1. Introduction

COVID-19 (Coronavirus Disease-2019) is an infectious disease caused by the coronavirus, the first spread recorded by the World Health Organization (WHO) occurred in Wuhan, China. Coronavirus is a disease or virus that can infect humans and animals. An infection of the respiratory tract causes the condition. The symptoms that appear when exposed to COVID-19 are: pain, aches, nasal congestion, headache, conjunctivitis, sore throat, diarrhea, loss of smell, skin rash, skin discoloration on fingers and toes (Luo et al., 2020)

The term "transportation" derives from the Latin word for "to raise or carry." Transportation is the transportation of people or things by humans or machines utilizing equipment or vehicles. The objective is to make daily tasks easier for people. According to Handy (2008), transportation is the process of physically moving products and persons from one location to another in order to reach their objective. Transportation benefits the community since it allows for the marketing of an area's products and raw resources to industrial firms. Transportation also directly participates in population distribution activities and equitable development throughout Indonesia using various transportation modes. Another role of transportation is to connect the raw material source area, production area, marketing area, and residential area as a place for consumers to live (Kadir, 2006).

Transportation is one of the most important means of communication in all aspects of human activity. The more developed the means of transportation, the easier it is to establish human relationships. Since ancient times the mobility of human society has occurred. The migration of people from one place to another has occurred. This population mobility is followed by the mobility of the goods carried by them. Therefore, the means of transportation since the past has been needed by humans. When the mobility of people and goods is very high and occurs not only within one region but also between islands and even between countries, transportation facilities play an essential role (Kadarisman et al., 2016).

With the increasing development of information technology, there are breakthroughs, including in artificial intelligence, where computer technology is a scientific discipline that converts one's expertise into a technology-based application and births information technology and automated production processes. The introduction of digital technology in the industrial revolution 4.0 has had a global influence on human existence. In industrial revolution 4.0, all procedures are automated. The advancement of internet technology continues to accelerate, connecting individuals from all over the world and establishing a foundation for online commerce and transportation transaction procedures (Setiono, 2019).

Ridesharing software, often known as online-based transportation services, first debuted in Indonesia in 2014. With regards to the phenomena of web-based applications, it is worth noting that prior to the development and spread of programs like as Gojek, Grab, and others, we were already familiar with Uber. This online-based application company was born by Garret Camp and Travis Kalanick in San Francisco, the United States, around 2009. Even in San Francisco, not only Uber but its most significant competitors are Lyft and SideCar. In other countries such as India, online-based transportation applications already exist, such as EasyTaxi and Ola in India. The rise of online application-based transportation services is a response to the community's desire for convenient, pleasant, quick, and affordable transportation (Nistal & Regidor, 2016). Many factors make this online-based application needed by many people, especially in big cities like Jakarta. In Jakarta, in terms of community needs, online transportation has become an alternative model that people want after previously people had to use conventional transportation modes, which reaped several problems such as lack of security and comfort when using public buses, which were often not feasible to operate and other factors (Agustin & Khuzaini, 2017).

Online transportation is based on the principles of a sharing economy, offering opportunities for increased efficiency, employment, and growth. How it works through an application on the Play Store will bring together consumers who have private vehicles (cars or motorbikes) with consumers who need transportation services to their destinations with reasonable transaction costs. The service advantage of online transportation is that it not only offers online motorcycle taxis that pamper consumers at affordable prices but also makes time more efficient and faster to get to their destination compared to traditional transportation; online transportation also offers food and beverage delivery services and goods delivery services (Azizah & Adawia, 2018).

The importance of micro, small and medium enterprises (MSMEs) can be seen from their contribution to the national economy. According to data from the Ministry of Cooperatives and Small and Medium Enterprises, more than 99% of existing business units can be classified as MSMEs, contributing about 61% of Indonesia's GDP and provide 97% of employment opportunities for all Indonesian workers (Damuri et al., 2020). During this effort to empower MSMEs, Indonesia and the world face an unexpected disaster, namely the emergence of the COVID-19 outbreak. This outbreak, of course, raises new short-term challenges to support MSMEs (Pakpahan, 2020).

The main challenge faced by MSMEs is the decline in demand. The decline in activity and economic growth both nationally and globally has impacted the decrease in the public market, including for products and services produced by MSMEs. The first half of 2020 saw a sharp decline in growth in sectors where many MSMEs operate, such as the manufacturing industry, wholesale and retail trade, and the accommodation and food service provision sector.

Support for MSMEs in entering the economic era and digital business is significant in the pandemic era, considering the need for restrictions on movement and physical interaction. To utilize digital platforms optimally, at least three supports are needed: providing comprehensive training on digital business, support

for the development of online business aggregators, and support in delivering supporting facilities and infrastructure to digital firms (Damuri et al., 2020).

Based on this, the researchers tried to study and find out the empowerment of MSMEs by utilizing digitalization through online transportation services. The results of this study are believed to be very important as study material in taking policies related to the opportunity for developing online transportation and empowering MSMEs and in regulating and protecting online transportation workers, as well as MSMEs and people. They do not have a business to take advantage of/maximize all the service facilities offered. Through online transportation and empowering MSMEs to increase income and become new business opportunities, especially during a pandemic like we are experiencing now.

2. Method

This study utilizes a descriptive research technique to the collection of information, circumstances, and phenomena that occur when the research takes place and presenting it. Researchers interact directly with research respondents, and even for data mining that requires limited participation of researchers, researcher involvement becomes a must (Moloeng, 2011). According to (Sugiyono 2020), Qualitative research investigates the status of natural things where the researcher is the primary tool. There are several stages of qualitative analysis, namely data collection (data obtained from interviews), data reduction (data that has been collected will then be examined to fetch related data to make it easier to conclude), data presentation (data presentation). Used is a narrative form, where the data is presented in the form of information that is arranged systematically and can be understood), and concluding (data that has been compiled will be compared with other data to obtain conclusions).

3. Result and Discussion

Online Transportation

Online transportation is defined as transportation that is based on a specific application, in which users purchase a mode of transportation via a smartphone application system. When customers make an order using the application, the specifics of the order, including the mileage, price, driver's identification, the estimated time of arrival at the consumer's location, and the management company's information, are immediately displayed on the consumer's smartphone screen. The driver's complete identification is certain because the management business verified him before to getting into a relationship with him (Anindhita et al., 2016).

Passengers no longer need to approach the motorcycle taxi stand or wait on the side of the road to hail a cab using online transportation. Additionally, passengers are not required to participate in the negotiation process, as the prices are calculated based on the distance traveled. When stopped in traffic, passengers are not subject to increased fares as they are with metered transit, as the cost is decided at the start of the trip depending on the distance traveled.

It is obvious that individuals in large cities now prefer to travel online using smartphone applications. Apart from saving time, online vehicles may also save money because to the numerous promotions available. It's as simple as downloading the program on a smartphone, registering, and adding the pick-up and drop-off locations. Transportation service actors are prepared to convey customers to their destination in a couple of minutes. Sector actors leverage this lifestyle shift to enter the internet transportation business.

This transportation web application includes three main elements, including:

1. Provider of Application (Electronic System Operator). The provider of the electronic systems as a link between drivers of vehicles with service users is the online application-based transport service provider, which is a central part of the creation of this online application-based transport service as a service provider, since the application services have a crucial part to play in the success of an online application-based transport service system.
2. Rider (Driver) A driver is a driver who drives a car. A competent driver means a person who is mentally and physically fit, has acquired fundamental driving skills, driving abilities, good conditions and a good judgement. The driver's position is a person standing alone as the vehicle

owner or the person responsible for the vehicle in operation. Drivers utilize an application supplied to orders by an internet application provider (orders received will include the destination address, name, mobile number, and photo of the service user). The driver then goes to the place where the transport service is ordered.

3. Transport services users (Consumers). Before the production process is done, service consumers interact with the firm since they are products users. Online transport service users typically need rapid, safe, comfortable and cheap transportation services.

Online Transportation and Empowering MSMEs During the COVID-19 Pandemic

Around 98% of companies in Indonesia are in the MSME category. They are proven to make a real contribution to economic development and job creation. MSMEs also contributed 60.34% to the national economy in 2016. In 2016 MSME growth increased to 2.76%. Judging from the percentage of the contribution of MSMEs to GDP, the 2014-2016 period also experienced an increase. In 2014 the contribution of MSME GDP was 5.40 percent, increasing in 2015 to 6.46%. This figure increased again in 2016 to 6.86% (LPPI & BI, 2017).

Under Law No. 20 of 2008, MSMEs are plentiful business prospects held by people or individual companies that satisfy the legal conditions for micro-entities. Small business is productive economic opportunities, performed by persons or business entities not owned, controlled or made a part directly or indirectly of a medium-sized or big business that fulfills the requirements—small business criteria as set out in the legislation.

During the crisis, MSMEs have been proven to maintain their business continuity. MSMEs have been proven to be able to survive and develop during the crisis that hit Indonesia. During the economic situation in Indonesia since 1997, many large-scale businesses have stagnated and even stopped their activities, but MSMEs have proven to be more resilient in facing the problem. Based on BPS data in Indonesia from 1997 to 1998 shows that MSMEs can survive the crisis. The labor absorption table in 1997 indicates that small companies are 57.40 million (87.62%), medium companies are 7.7 million (11.75%), and large companies are 0.393 million (0.61%). Whereas in 1998, small companies showed 57.34 million (88.66%), medium companies 6.9 million (10.78%), and large companies 0.364 million (0.56%). (Indonesian Central Statistics Agency, 2017). MSMEs have also been proven as a business group that has extraordinary responsiveness, flexibility, and adaptation to various market changes. With the spirit of nationalism, while still prioritizing the professionalism of the perpetrators of Cooperatives and SMEs, they must continue to develop following developments.

In view of the aforesaid phenomena, the maintenance of economic stability is vital for micro-, small- and medium-sized enterprises (MSMEs). Ashariyadi (2016) remarked that small, medium-sized and micro-enterprises in Indonesia could show their presence inside industry. The same thing was expressed by Ashariyadi. This is because the majority of small companies are not relying too much on large foreign-currency investments or loans. If the currency exchange rate fluctuates, the possibility for crises is not too high for SMEs that are not dependent on external currencies. Furthermore, the MSME business can absorb sufficiently big workforce and offer MSMEs the opportunity to expand and compete with firms with considerable capital usage (capital intensive).

The use of digital technology has proven to accelerate the growth of micro, small and medium enterprises (MSMEs) in Indonesia. One of the uses of digital technology is to take advantage of platforms that have been provided by various start-up ridesharing (Online transportation) companies such as Gojek and Grab as a means to expand their marketing network. These ridesharing companies usually work with well-known e-commerce companies such as Tokopedia and Bukalapak in providing delivery services to consumers. The more people who take advantage of this digital technology, the more traffic between goods, which will turn on online transportation amidst the slowdown in people's traffic during this pandemic.

This COVID-19 pandemic has made some people lose their livelihoods, and some are at home without getting a salary or only on a wage that is not as big as if they work full time. This, of course, makes people try to find other sources of livelihood. One of their efforts is to open home-based businesses such as culinary, fashion, handicraft, ornamental plant, etc. These businesses can be classified as SMEs so that their

business can run well in this pandemic situation. They must take advantage of existing information technology by utilizing social media and exploring and utilizing all the possibilities of digital technology that can help develop their business.

One possibility is to register their business on existing e-commerce platforms such as Tokopedia, Bukalapak, Shopee, and so on. Besides that, they also use ridesharing platforms such as grab and gojek, which also provide applications for MSMEs (especially for Culinary MSMEs). Grab even collaborates with various MSME entrepreneurs to join their grabkios. With MSME actors using these different digital platforms, it will undoubtedly make their business grow. This development will certainly have an impact on the transportation sector, especially online transportation. Almost all of these digital platforms use delivery services by utilizing existing online transportation. Delivery services owned by online transportation companies such as Gojek and Grab will also be boosted by the increasing demand for goods and services from MSME business actors.

Opportunities for developing online transportation by empowering MSME actors during the pandemic can be done by utilizing digital technology as optimally as possible. MSMEs, which have been proven to survive several past crises, are expected to prove that they are driving the wheels of the economy during the economic downturn due to the COVID-19 pandemic. With MSME actors registering their businesses into various digital platforms, they will receive training and empowerment organized by these digital platforms, which help advance their business. With the development of their business, it will undoubtedly impact other sectors involved in it, including online transportation.

4. Conclusion

Almost all countries in the world have been affected by the COVID-19 pandemic. This non-natural disaster has brought down the economy so that countries whose economic growth has become minus. The transportation sector, which is the driving force of the economy, was also affected. One of the sub-sectors, namely online transportation, is one of the most affected. The existence of restrictions on traveling and activities makes most of these service providers lose their customers, resulting in a decrease in their income. The empowerment of MSMEs by utilizing digital technology for the perpetrators is expected to move the economy again. The use of various digital platforms such as Bukalapak, Tokopedia, Shopee is expected to impact online transportation growth opportunities because most of these digital platforms use online transportation services as couriers to deliver goods, food, etc. Besides that, ridesharing companies such as Gojek and Grab also collaborate with many MSME actors, especially in the culinary sector, into their platform. And this is very helpful for the drivers of their partners to survive this pandemic period.

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