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**BANKRUPTCY PREVENTION FOR SMALL
BUSINESSES DURING COVID-19 PANDEMIC****Reynaldo Aditya Kanan**

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Abstract: COVID-19 pandemic has massively impacted the economy, and tiny businesses. Many small businesses are forced to close due to a lack of customers and other factors supporting small business closures. Due to the pandemic's impact, several small businesses have started to close their businesses due to the "bankruptcy" problem. Therefore, the researcher aims to investigate the causes of bankruptcy during the pandemic and look for aspects of accounting that support bankruptcy in small businesses. The data was obtained through interviews with six informants who had small businesses closed during the pandemic. The results explain that the cause of bankruptcy in small businesses is due to the lack of customers, high costs, and a non-current collection of receivables. The most dominant aspect supporting bankruptcy is the revenue, expense, and accounts receivable sections from the accounting aspect.

Keywords: *Small Businesses, Bankruptcy Prevention, Financial Statement, Entrepreneurship, Cost Accounting, Financial Accounting*

Abstrak: Pandemi COVID-19 berdampak besar pada perekonomian, khususnya para pelaku usaha kecil. Banyak usaha kecil terpaksa tutup karena kurangnya pelanggan dan berbagai faktor lain yang mendukung penutupan usaha kecil. Dari dampak pandemi ini, ada beberapa usaha kecil yang mulai menutup usahanya karena masalah "kebangkrutan". Oleh karena itu, peneliti bertujuan untuk mengetahui penyebab kebangkrutan pada masa pandemi dan mencari aspek akuntansi yang mendukung kebangkrutan pada usaha kecil. Data diperoleh melalui wawancara dengan enam informan yang memiliki usaha kecil tutup selama masa pandemi. Hasil penelitian menjelaskan bahwa penyebab kebangkrutan pada usaha kecil adalah karena kurangnya pelanggan, biaya yang tinggi, dan penagihan piutang yang tidak lancar. Aspek yang paling dominan dalam mendukung kepailitan adalah bagian pendapatan, beban, dan piutang dari aspek akuntansi

Kata kunci: *Usaha Kecil, Pencegahan Kepailitan, Laporan Keuangan, Kewirausahaan, Akuntansi Biaya, Akuntansi Keuangan*

INDEKSASI

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INTRODUCTION

In only a few months, many adjustments took place in people's life due to the COVID-19 pandemic. In addition to the fitness crisis, our society has confronted new political, economic, social, and technological situations. Business models had to adapt to the current pandemic situation (Bostan, 2021).

Many businesses that cannot operate remotely have been forced to shut down due to losses (Andrew & Sarah, 2021). Oche (2021) also describes entrepreneurs whose businesses struggled with canceled or postponed orders and receiving payments and found it challenging to pay suppliers and cover the business running costs. Finally, Ramachandra (2021) explains that businesses faced top-line revenue challenges and confronted receivables delays and higher expenses resulting in cash flow issues and profit erosion.

Based on (Badan Pusat Statistik, 2020), the information shows that around 7.28% of MSEs stopped operating since the COVID-19 pandemic infected Indonesia. Around 11.94% MSEs started running their business operations after June 30, 2020, and 4.68% MSEs stopped temporarily, not due to regulatory factors. Furthermore, around 15.54% of MSEs stopped temporarily due to regulatory factors, and 60.64% MSEs continued to operate and did not stop.

This research was conducted to determine the impact of the COVID-19 pandemic on small business continuity. Researchers want to discover the possibilities for other small businesses to survive the impact of this pandemic. This research is expected to enrich insight into what small businesses face and what kind of accounting aspect can be detected when there is a crisis and as a

preventive measure to avoid business bankruptcy, as well as the proper action to motivate business people to redesign the process for small business reopening. Before conducting the research, the researcher studies previous research on the impact of the COVID-19 pandemic.

The problems raised in this study are how bankruptcy can occur in small businesses and what impacts have been received by small business owners. From there, it can be seen what aspects of accounting that impact and support bankruptcy during the COVID-19 pandemic. The researcher conducted object selection, namely business owners whose small businesses are already bankrupt or the small business that has been bankrupt and prepared their business to continue operation after going bankrupt with the new strategy. The research site was located in Jakarta and its satellite cities (Jakarta, Bogor, Depok, Tangerang, and Bekasi) by looking at the number of cases of covid 19, which is relatively large in a city seen from the data on the distribution of cases based on (Pikobar, 2022; Covid19 Tangerang, 2022; Corona Jakarta, 2022). Researchers used semi-structured interview methods to collect data using online media such as ZOOM, phone calls, and other supporting online media. This research employed a qualitative method, and the test used the triangulation method for validity.

RESEARCH PROBLEM

1. How bankruptcy occurs in a small business during the COVID-19 pandemic?
2. What aspects of accounting can cause bankruptcy in a small business?

LITERATURE REVIEW

Small Business

A small business is defined as a company with high growth potential

that is limited compared to large corporations in its industry, has geographically localized operations, is financed by a small number of people, and has a small management team (Justin et al., 2017). Many efforts have been made to define the term small business, using such criteria as several employees, sales volume, and value of assets. Nevertheless, there is no generally accepted or universally agreed-on definition. Size standards are arbitrary and adapted to serve a particular purpose (Justin et al., 2017).

COVID – 19 Pandemic

The coronavirus pandemic, which first appeared in China, has affected people in more than 188 countries worldwide. The spread of this virus and the millions of deaths it has caused have affected many businesses worldwide and the global economy in general. The pandemic's economic cost seems enormous, and everyone is wondering how economic recovery can be achieved (Kalogiannidis et al., 2020). The COVID-19 pandemic has spread disturbingly to the whole world, infecting millions and affecting the economy of most to a steep downfall resulting in a financial crisis. Global value chains were interrupted due to the coronavirus connecting manufacturers across multiple countries. Moreover, enterprises face a decrease in demand, shortage of raw materials, export order cancellation, and transport disruptions (Kalogiannidis, 2020).

Bankruptcy

Although entrepreneurs are optimistic, business sometimes does not progress as planned, and bankruptcy may become the best option. Bankruptcy is the legal process in which an individual or business declares the inability or impaired ability to pay debts as they come due. This may be a voluntary petition by the debtor, or it may be forced by creditors (involuntary

bankruptcy). Bankruptcy is often used to reorganize finances and secure breathing room for insolvent businesses. The process is meant to ensure the fair treatment of creditors and the debtor, and many companies, large and small, have filed for and emerged from bankruptcy (Mariotti and Glackin, 2016, p. 389)

Bankruptcy Prevention (Profit Maximization)

Bankruptcy happens because of the financial issues of a small business when the owner cannot maintain the finances for operating the business and because of the lack of risk management. In order to prevent bankruptcy, the owner must know how to manage small business finances and understand the Profit & Loss report and Profit Performances and all the components that support profit enhancement.

Revenue

Several things can be done in order to increase income and margin to prevent bankruptcy quoted from (Kaufman 2010: 231 – 231), namely:

1. Increase the number of customers.
2. Increase the average size of each transaction by selling more.
3. Increase the frequency of transactions per customer.
4. Raise the prices.

For service companies, it is calculated as the value of all service contracts or the number of customers multiplied by the average price of services (Corporate Finance Institute).

The formula is listed below:

Figure 2.1

Revenue Formula

$\text{Revenue} = \text{No. of Units Sold} \times \text{Average Price}$ <p>Or</p> $\text{Revenue} = \text{No. of Customers} \times \text{Average Price of Services}$
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(Source: Corporate Financial Institute)

Expense

An accounting expense is a money

a business spends or costs incurred to generate revenues. Account expenses represent the cost of doing business; they are the sum of all the activities that hopefully generate a profit. Cost is the monetary measure (cash) that has been given up in order to buy an asset. An expense is a cost that has expired or been taken up by activities that help generate revenue. Therefore, all expenses are costs, but not all costs are expenses (Corporate Finance Institute).

Below are several things that can be done in order to decrease costs and expenses, escape from financial distress and prevent bankruptcy (Tage, 2007):

1. Focusing on the cost of goods sold and gross margin
2. Analysing advertising and sales promotion costs
3. Appreciating depreciation expense
4. Looking into other expense

Working Capital

Working capital is defined as a firm's current assets (primarily cash, accounts receivable, and inventory), and networking capital is current assets, less current or short-term liabilities (Longenecker et al., 2017).

Working capital management managing current assets and short-term sources of financing (current liabilities) is crucial to most small companies. No financial management process is more important and, yet, more misunderstood. Good business opportunities can be irreparably damaged by ineffective management of current assets and short-term liabilities; a firm's working capital cycle is the flow of resources through the company's accounts as part of its day-to-day operations (Longenecker et al., 2017). As cited by Longenecker et al. (2017), balancing the two is a method for improving capital to prevent bankruptcy by monitoring expenditures and all debt.

Previous Studies

In journals bankruptcy prevention, researchers found journals related to bankruptcy prevention during the COVID-19 pandemic. Based on (Prameka, AS, Sudarmiatin, Wiraguna, RT, Prabowo, SHW, & Do, B. R, 2021), the right strategy to survive the COVID-19 pandemic situation is to maximize technology to reduce unnecessary costs and is also easier to use. Second, maintain business by improving product quality.

This product quality improvement is carried out by prioritizing consumers and products and focusing more on consumers. Furthermore, innovation needs to be done to maintain business continuity and sustainability. The resulting products also follow consumer demand. During a pandemic, businesses must remain innovative according to consumer demand. Other businesses switch to products that consumers are interested in, including masks and food businesses. However, the new product is also not higher than the sales of the old product. This happened because, during the pandemic, people's purchasing power also decreased. The difference between this research and previous research is that this research looks at the problem from an accounting point of view. At the same time, other studies explain the impact from every aspect but are not explained in detail as in this study.

RESEARCH METHOD

Research Basis

This research employed a qualitative research method. Qualitative research begins with assumptions, a worldview, the possible use of a theoretical lens, and the study of research problems inquiring into the meaning individuals

or groups ascribe to a social or human problem (Creswell, 2007).

In this qualitative research, the researcher uses a case study approach. This qualitative case study research involves studying a problem explored through one or more cases within a constrained system (i.e., setting, context). Case study research is a qualitative approach in which the researcher explores a limited system (case) or a limited system (case) over time through detailed and in-depth data collection involving multiple sources of information (e.g., observation, interviews, audiovisual, materials, and documents, and reports), case description reports, and case-based themes.

Research Design

Yin (2003) said that case studies have five essential components, including the research questions, their propositions (if any), their unit(s) of analysis, the logic of linking the data to the propositions, and the criteria for interpreting the findings.

Researchers used qualitative research to collect data on how accounting aspects occurred to cause bankruptcy during the COVID-19 pandemic. The information obtained from this interview contains the condition and situation of the small business owned by the informant, which will be used to prevent small business bankruptcy in the future. Research begins by looking for components related to all aspects of accounting, which can be searched through the income statement. When it was found related to the influencing component, the researcher looked for data on how accounting components affect or encourage small businesses to go bankrupt. For data generation, the researcher used the interview method with a semi-structured design. Below is a form of a semi-structured interview that researchers in interviews will use.

This semi-structured interview

allowed the informants to be asked one-by-one questions the researcher had prepared. The researcher generated data from six select informants as the object of the research. The generated data were analyzed; the way of analyzing the

Table 3.2

Semi-structured Interview Guidelines

Semi-structured Interview Guidelines	
Jenis Penelitian :	
Nama Informan :	
Nama Bisnis Kecil :	
Waktu Wawancara :	
Tanggal :	
Tempat :	
No.	Pertanyaan
1	Apakah boleh dijelaskan secara garis besar mengenai bisnis yang anda punya ?
2	Jika diperbolehkan, bolehkah dijelaskan sedikit mengenai asset pada bisnis ini dan juga omzet yang didapatkan pada masa sebelum pandemic dan setelah pandemic ? (Penjelasan boleh dalam bentuk "Range")
3	Bagaimana operasi bisnis kecil anda sebelum masa pandemi dan pada saat masa pandemic ?
4	Bagaimana reaksi anda Ketika pandemic COVID – 19 mulai masuk ke Indonesia ?
5	Apa yang menjadi kendala pada saat anda menjaga bisnis anda agar tetap beroperasi dalam masa pandemic ?
6	Bagaimana kebangkrutan terjadi pada bisnis anda di masa pandemic ini ?
7	Aspek – aspek apa saja yang mendorong proses kebangkrutan pada bisnis anda ?
8	Menurut anda, tindakan preventif apa yang wajib dilakukan agar menghindari kebangkrutan pada bisnis kecil ?
9	Menurut anda, apakah dikatakan tepat jika bisnis yang bangkrut dibuka Kembali untuk beroperasi ?
10	Bagaimana cara yang tepat agar bisnis kecil bisa beroperasi kembali di masa pandemic ini ?

generated data is through a data reduction process; the results that are appropriate or close to the research problem and unnecessary data are not included as an explanation related to the research problem. The result of research that has been selected becomes data, and a conclusion is drawn.

Data Source

Primary data is collected first-hand for subsequent analysis to find solutions to the problem researched (Sekaran, 2016). A widely used method of collecting data in business

Table 3.3

Informant Description

Informant Name	Interview Date	Interview Place
Abdel Razza Khoirie	13 March 2022	Audiorecord (Whatsapp)
Salman Suherman	16 March 2022	Audiorecord (Whatsapp)
Bernadeth Ling	20 March 2022	Audiorecord and Videorecord (Zoom)
Sira Ripisa	25 March 2022	Audiorecord and Videorecord (Zoom)
Makmur Sani Nababan	28 March 2022	Audiorecord and Videorecord (Zoom)
Dengsi Sitohang	30 March 2022	Audiorecord and Videorecord (Zoom)

(Source: The researcher, 2022)

research is interviewing respondents to obtain information on an issue of interest. An interview is a guided, purposeful conversation between two or more people. There are many different types of interviews. Individual or group interviews may be unstructured or structured and conducted face to face, by telephone, or online (Sekaran, 2016). This primary data is based on information provided directly through interviews, where researchers conduct interviews through online media with small business owners who go bankrupt.

Data Generation

Data generation refers to the theory and methods researchers use to create data from a sampled data source in a qualitative study. Data sources include human participants, documents, organizations, electronic media, and events. To generate data from a sampled data source, researchers interact with the data source using qualitative research methods within an overall strategy of inquiry (Given, 2008). For example, interviews are a data generation method (Given, 2008).

Data Generation Tool

The researcher would be the most critical data generation tool because the researcher assessed and understood the informants. In addition, he is responsible for storing the data for analysis. The interview used notebooks, stationery, and interview scripts. Moreover, a recording device was utilized when the informant agreed to conduct face-to-face interviews. However, when they disagreed, online media such as ZOOM and notepad were used to record all interviews with informants.

Data Generation Method

For the data generation method, the researcher employed the interview method with a semi-structured design that combined unstructured and structured interviews. Unstructured

interviews are so labeled because the interviewer does not enter the interview setting with a planned sequence of questions to be asked of the respondent. Instead, a possible objective of an unstructured interview is to bring some preliminary issues to the surface so that the researcher can determine what factors need further in-depth investigation (Sekaran, 2016).

As stated in Sekaran (2016), the structured interview is conducted when it is known at the outset what information is needed. The interview section consists of several parts: an introduction, a set of topics in a logical order, and suggestions for probing questions. Based on Yin (2003), three principles are used to deal with the problem of establishing the construct validity and reliability of the case study; use multiple sources of evidence, create a case study database, and maintain a chain of evidence.

Data Analysis

Based on Yin (2003), the steps to analyzing case study evidence are:

1. creating a general analytics strategy,
2. analyzing the analytics process,
3. merging quantitative and qualitative data, and
4. matching patterns.

This research is based on Miles and Huberman, as Creswell (2007) quoted. The researcher used several ways to reduce the data and took only the crucial points in the data analysis process. In the qualitative method, namely interviews, researchers generate data from online interviews by asking questions about the research theme. The researcher sorted and generated relevant data from the interview results.

The interview results were concluded in paragraphs or other criteria that make it easier to understand. For this research, the researcher designed some related criteria. The first criteria searched for

small businesses that have gone bankrupt during the COVID-19 pandemic. The second criterion is that the small business was bankrupt during the COVID-19 pandemic but reopened and started operations from scratch. The third criteria, the small business is located in Jakarta and its satellite cities (Bogor, Depok, Tangerang, and Bekasi) by looking at the number of cases of covid 19, which is relatively large in a city seen from the data on the distribution of cases based on (Pikobar, 2022; Covid19 Tangerang, 2022; Corona Jakarta, 2022). From the criteria above, the researcher can make small business owners informants if one of the criteria one or two can be met, plus three must be followed. To determine whether the informant's business can be categorized as a small business, this study refers to Indonesian Law No. 20 of 2008, which says small business assets are between 50 million to 500 million and turnover is between 300 million to 2.5 billion.

Data Validation

In triangulation, researchers make use of multiple and different sources, methods, investigators, and theories to provide corroborating evidence (Ely et al., 1991; Erlandson et al., 1993; Glesne & Peshkin, 1992; Lincoln & Guba, 1985; Merriam, 1988; Miles & Huberman, 1994; Patton, 1980, 1990, as quoted by Creswell, 2007). Typically, this process involves corroborating evidence from different sources to shed light on a theme or perspective (Creswell, 2007). This technique is considered by Lincoln and Guba (1985) to be "the most critical technique for establishing credibility" (p. 314). This approach, written in most qualitative studies, involves taking data, analyses, interpretations, and conclusions back to the participants so they can judge the accuracy and credibility of the account. In this research, to include that this research has a basis on

"reliability," the researcher will use source triangulation, and it will be concluded that the results of each informant's answers will be the same or different. To achieve proper research, the researcher uses a validity test, namely the triangulation technique, which leads to the various sources, such as books and theories, etc., that are relevant to the problem raised by the researcher, following the theory and statements that are consistent with other sources. Here the researcher generated the results of the representative and concluded. The researcher compared the answers from representatives with theories that the previous experts formulated.

FINDINGS AND DISCUSSION

Research Result

From the results of the interviews, the information from all informants can explain the research theme, namely "Bankruptcy Prevention for Small Business during COVID-19 Pandemic", including:

Business Background and Income

From the information described by the informants, each informant has a different business field, and each informant explains their business background starting from Abdel Razza Khoirie, "GlassHood," who explained that his business is in the acrylic sector. This acrylic can be added with pictures or other artworks and used as decoration. This business is located in Bogor, and it was mentioned that Abdel also has a small plot of land. Next, Salman Suherman, the second informant, explained that his business is "Eat Up," which is engaged in local food and beverages located in Bogor, which is now affected by the pandemic. From the side of the third informant, namely Bernadeth Ling, who provided information about his business "Atjongtex," which was engaged in textiles with wholesale sales, not selling retail, and usually, deliveries

can reach out of town and are most often located in small places. The fourth informant, Sira Ripsa, explained his business, "Sakura Salon," which is engaged in services, namely a salon in East Jakarta. Next, informant Makmur Sani Nababan who had run a cake business called "Angel's Cake," which is engaged in cake making, is located in Bekasi. Finally, Dengsi Sitohang, the last informant, has a basic food and coconut sales business located in Bekasi.

The informants also explained in general about net assets and the turnover obtained before and after the pandemic. Abdel Razza explained that before the pandemic, he could earn around 250-300 million per year with assets of around 50-70 million. However, due to this pandemic, Abdel's turnover has decreased, so he can barely cover the costs incurred in business operations, and unfortunately decided to close. Salman Suherman also explained that before the pandemic, he could earn 25-34 million through the business he runs with around 50-60 million assets. However, during this pandemic, the income he mentioned was decreasing and could be considered a loss, so he decided to close. Informant Bernadeth Ling also explained about his business which had gone bankrupt; this business engaged in the textile sector got a turnover of around 1 - 1.5 billion in a year. However, due to the pandemic that entered Indonesia, turnover decreased by half from the previous turnover of around 750 million, and the lowest was 250 million. Because he could not pay the costs that exceeded his income, he sold his shophouse to be able to pay these debts. From informant Sira Ripsa, it was explained that he calculated the average turnover per week. Before the pandemic, he could get 2-3 million on weekdays and 5 million on Saturday and Sunday. Sira Ripsa's informant explained that he

could earn around 34 million per month before the pandemic. For the salon, his assets are around 50 million, and for renting a strategic and good shop, he rents a shop for a price of 24 million/year. Informant Makmur Sani Nababan also explained that his turnover was around 25-30 million. Assets that he has around 50 million and above, the details cannot be stated. Informant Dengsi Sitohang also explained that his turnover was around 20 – 28 million every month, but during the pandemic, his turnover fell in the 5 – 7.5 million range. Assets in the business are 50 – 60 million.

Constraints and Aspects that Drive Business Bankruptcy

According to Informant Abdel Razza, his reaction to this pandemic was panic and fear because, in the beginning, he could not go out, and he was still adapting to new conditions but also forced the digitalization of the times.

According to Abdel, there were only a few buyers. The biggest obstacle, he explained, was that because income was decreasing and continuing to decline, his business partners prioritized other jobs because they had estimated that this business process would recede. Abdel also explained that initially, when the pandemic emerged, he was more focused on the point of return of capital. If operations continued, the costs would increase, and the income would not reach expectations.

The second informant, Salman Suherman, explained, in general, the state of his business. Salman explained that business operations before and after the pandemic were very different; he had received many customers before the pandemic. However, now they were few and tended not to exist. So, he decided to stop his business. He shared that when the pandemic entered Indonesia, he was confused about how to run his business. Many regulations require

him to close his business temporarily. If he closes his business, his business operations do not run, and in the end, he cannot cover expenses either. In the end, he decided to close. Informant Salman also explained that.

“During this pandemic, my business was said to have many obstacles. When the pandemic hit Indonesia, fewer customers came, so sales decreased and if forced, the burden would be even greater and the income that I got could not cover the costs, so I had lost and decided to close.” (Researcher Interview, March 16, 2022)

In terms of the business closure aspect, Salman’s informant explained that his business is more towards income (the number of visitors decreases and income decreases), expenses/expenses (he has to stop unnecessary expenses, when in fact they are necessary), and controlling the flow of money. Salman’s informant also informed that spending in this business was uncontrollable due to his negligence and could not prevent it, so he mostly spent money instead of making a profit.

Informant Bernadeth Ling discussed his business during the pandemic. The business running is a textile factory, and its delivery can reach the island of Java, namely Central Java, East Java, and also around Jakarta. In March 2020, she said that PPKM was carried out for three months, and she said that turnover had started to decline from this event. It was challenging for her to travel long distances due to strict regulations to prevent the transmission of this virus. The problem she got was the billing that she had to do due to a lack of modern knowledge, so payments had to be made conventionally.

Informant Bernadeth Ling had to go to the destination to collect the payment. She briefly explained that taking textile goods from his boss had agreed that she had to take the goods

for three months. The problem she got was that the goods had been delivered, but the money had not yet been received at the end of the time, and she kept taking the goods she took from his boss, making it difficult to pay for them. Delayed payments also make it difficult to pay the costs that go out to run his business, so she tries to sell the shophouse and minimize costs so as not to suffer a sustainable loss. Informant Bernadeth Ling explained that:

“Because of this pandemic, the sales I get are not too big, so I’m trying to close this business. I will briefly explain that this business was closed due to the reduced sales aspect and also the problem of stuck cash flow, so it was not regular in getting money from customers. Coupled with technology that is developing so that I can’t keep up with it because of age and conventional financial methods, it prolongs the work I do.” (Researcher Interview, March 20, 2022).

Informant Sira Ripsa explained that related to her reaction to this pandemic; she explained that she was afraid and that the business she had started from the beginning was afraid it would close. Informant Sira Ripsa thought that this pandemic period would last 2-3 months and the rest would run normally, but as it continued, she decided to close her business. The obstacle obtained by this informant is that there are no customers who want to come to the salon. The informants are also afraid of the customers coming to the salon. The problem was that employee costs had to be paid while the salon’s business conditions lacked customers, so income decreased. Informant Sira Ripsa said that:

“The material that I use is still safe because the expiration date is still long, but for the cost of employee salaries and also the place to be paid, the focal point of the problem I get is the number of customers that are decreasing, but the costs still have to

be paid” (Researcher Interview, March 25, 2022).

Informant Sira Ripsa also explained that there was no income, and financially she had arranged and had an event to minimize future costs. However, due to conditions that could no longer be forced to operate, the informant decided to close his business so that it would not cost too much.

Informant Makmur Sani Nababan explained a little about her business affected by this pandemic. The informant explained that her cake business had stopped during the pandemic. The informant said that:

“Customers who often visit to buy cakes never come to buy cakes again, so there is no income and costs incurred to make the product unprofitable. This cake product did not sell, and I decided to close this business” (Researcher Interview, March 28, 2022)

The informant also explained that when she wanted to make direct deliveries to customers, there were still no customers who wanted to buy cakes because of this pandemic. They might be afraid, so they decided not to buy cakes. The informant was also worried about her business because she could not expect much when the pandemic came, and she explained that like it or not, her cake business had to close because there was no income from his business.

Informant Dengsi Sitohang has a business in the food sector, such as necessities and selling coconuts.

“When the coronavirus entered, I had to deal with many things related to rising food prices and also my coconut business. The problem that I got was the lack of customers who came during the pandemic. Previously many customers came, but now it’s far from usual” (Researcher Interview, March 30, 2022)

The aspect that caused the closure of her business, based on Dengsi’s opinion, was financial problems

because there were no customers. Finally, no income came in while the goods she stocked for merchandise did not sell because few people bought them, and sometimes no one bought them. She also explained that there was a loan that she had to pay off so that there would be no debt. Therefore, it had not been burdened again by the regulation to close the business temporarily.

Precautions and Business Reoperation

It is based on the explanation from Informant Abdel Razza that the right action in prevention is to have a better understanding of the science, not only being able to process raw materials into finished goods but a better understanding of quality and marketing methods. He also explained that analyzing the business is also necessary and how to maintain it. There must be prepared alternatives if things happen that are not desirable. Informant Abdel Razza said that:

“Most importantly, marketing methods need to be improved and look for loyal customers as much as possible by increasing product endorsements and sales through other online media” (Researcher Interview, March 13, 2022).

Abdel Razza added that businesses that want to re-operate should think about products. Products that follow people’s demands and a strategic approach invite people to buy the products being sold.

Informant Salman Suherman explained that the correct preventive action is to return to the business problem, "we have to rethink how to increase revenue from sales such as selling food through social media or being registered on Go-Jek with good health standards or it could be marketing about food. If the business is in the food sector and if possible be more "aware" about finances, controlled and recorded, because we will not know where the money is

going," said Salman. Salman's informant also explained that to return to operations, one must consider what products are suitable for sale or appropriate during this pandemic. Salman Suherman said:

"In terms of food, my business must show cleanliness, especially regarding the corona problem. For food and drinks, the focus is more on sanitation and cleanliness of the place, and it is also appropriate to eat at that place because people also judge, but all of that goes back to the customer" (Researcher Interview, March 16, 2022).

Informant Bernadeth Ling also explained how to prevent what needs to be done by utilizing existing technology and financial records that must move towards a modern way to make work easier.

"Online media for selling goods is also good because millennials are now increasingly skilled in technology and want to get it instantly. It is easier to trade online," (Researcher Interview, March 20, 2022) said Bernadeth Ling. Bernadeth Ling also explained that to prevent bankruptcy, it is necessary to have money saved, and no loans are allowed so that running a business is more effortless.

Informant Sira Ripsa also explained that the most appropriate way is to give discounts so many people, especially women, will come. According to the informant, most women considered the salon to be of interest so that it would be possible for customers to come; however, the informant's salon business has also taken hygiene measures and health protocols. "We have tried that. The salon is a priority for the face; the mask must be opened, and we have tried to do that. "For example, as a customer, I am also like that unless there are other cases, such as haircuts, etc.," said the informant, Sira Ripsa. Informant Sira Ripsa also explained that health safety and marketing must be carried out.

"If I still have the old place, I will give them a sign, so they know where it is. Marketing must be done through online media. If possible, the sanity and quality of service must be considered. If the service is good, customers will look for that good place," (Researcher Interview, March 25, 2022) said the informant, Sira Ripsa.

From the explanation of the informant Makmur Sani Nababan, it was stated that the informant hoped that the government would not have regulations that would make small businesses close because it would be difficult to survive if they were closed. The informant also suggested switching to online media because it is easier.

From informant Dengsi Sitohang, she explained that online media for selling is better, using the right technology to help sell. The informant also explained that assistance from the government is also needed so small businesses can operate again. To get customers, the informant explained that the right way is to procure goods so that people see that this business is selling well and want to buy at the store.

Analysis of the Findings

From the information obtained by the researcher through interviews with the informants, the researcher analyzes the results of the informants brought closer to the research objectives and with data supporting the results of the researcher's analysis.

All informants have businesses engaged in different fields, and it can be concluded that they found problems that made the business bankrupt. As seen from the informant Abdel Razza, his business went bankrupt due to undeveloped income, fixed and made business partners close this business. Judging from the informant Salman Suherman, his business went bankrupt because there were no customers who wanted to

buy, so no income was obtained. According to informant Bernadeth Ling, the problem she got was fewer customers. The financial flow was not smooth because the billing process was challenging, so the money she got was late, causing late payments for textile goods costs to suppliers. Informant Sira Ripsa explained that it was also related to the bankruptcy of his business due to the lack of customers who came, so it impacted the income that his business received. Informant Makmur Sani Nababan also explained that his business was closed due to a lack of customers. So there was no income in his business. Informant Dengsi Sitohang explained related to his business situation that his business went bankrupt due to a lack of visitors/customers who came to buy products from the informant.

From the statements of all informants regarding business bankruptcy during this pandemic, the researcher concludes that the cause of business bankruptcy during the pandemic is the lack of customers (this lack of customers has an impact on the lack of revenue, so it cannot cover all existing costs). The cash flow is jammed due to the difficulty of billing customers cause of the lack of technology and also costs which are increasing (more than the income received so that it suffers a loss and variable cost already decreased, but the fixed cost is still the same).

According to Kaufman (2010), to increase revenue, it is necessary to increase future customers to maximize the revenue that will be received. The statement explains that if there are no customers, then no income will come in, following the results of the explanations from the informants. In addition to the statement concluded by Kaufman (2010), profit can provide assistance that enables the business to deal with impending obstacles. If the business barely generates enough revenue to cover its expenses and those costs suddenly go up, it is in big

trouble. Kim (2020) explained that the pandemic decline in the ability to spend on consumption – spending on travel, restaurant, or personal services dropped dramatically. It makes a reason why some businesses have less income. Based on Fairlie (2020), many businesses' impact worldwide is likely to be severe. Businesses may be closed because of policy mandates, downward demand shifts, health concerns, or other factors. This closure can be permanent because of the inability of owners to pay the ongoing expense and survive the shutdown.

According to Bartik (2020), many businesses had little cash on hand toward the pandemic's beginning, which means that businesses will either have to cut expenses dramatically, take on additional debt, or declare bankruptcy.

From the general information received, the most influential aspect as a driver of bankruptcy is the "Revenue" section. It affected the lack of customers so that sales declined and impacted the informants' business, so it is difficult to pay fees - costs to be incurred in the future. Bostan (2021) stated, "The main ways in which the small businesses of the present research were affected come from sales and orders decrease as employees were afraid to come to work and it was hard to pay their installments, rents, and so on, and the major changes made are concerned with health measures, new partnerships, and managing costs more carefully (cost cuts regarding to materials, utilities, marketing). In conclusion, the majority of small business owners believe there is a positive trend for business and they have faith in their business continuity". Though various sources differ in strategies for post-coronavirus comebacks, they all share one factor: planning. Specifically, any changes to products or manners of distributing/selling products are of

utmost importance, such as assessing or increasing "production and delivery capacity," according to Monson, as quoted by Andrew and Sarah (2021).

From the articles that the researcher found, revenue is one of the most significant factors that cause bankruptcy in small businesses and cause sales to decrease. It affects the revenue that causes loss if the cost exceeds the profit. Looking at the revenue process from an accounting perspective, following the explanation from (Kieso, 2011) that to get a net profit, sales are needed, or it can be said as "Sales Revenue." For the explanation of costs, it can be categorized into two, namely "Cost of Sales" and "Operating Expenses" the difference between "Sales Revenue" and also Cost of Goods Sold becomes Gross Profit. If it is reduced again by "Operating Expenses," it becomes Net Profit (Loss). Kieso (2011) explains Cost Volume Profit which is divided into "Cost Behavior Analysis" and "Cost-Volume-Profit Analysis." Cost behavior analysis explains how specific costs respond to changes in the level of business activity, and the other explains the effect of changes in costs and volumes on company profits.

The final explanation obtained through interviews explains that income has decreased and is also influenced by increased costs. The costs described are variable costs and fixed costs. Variable costs can be closed and minimized; according to explanation by Kieso (2011) explaining that variable costs are costs that are explained costs that remain the same per unit at each level of activity. When activity increases, variable costs also increase, and when activity decreases, variable costs also decrease. In the problems obtained from the informants, because the sales activities of small businesses have decreased, the variable costs have also decreased, but not when referring to fixed costs. Based on Kieso (2011),

fixed costs are costs that will remain the same if there is a change in the level of activity, for example, salaries, rent, and depreciation. Based on the analysis results, "Expense" also includes accounting aspects that caused bankruptcy in small businesses.

CONCLUSION

This research studies how to prevent bankruptcy in small businesses during the COVID-19 pandemic. This research was formed to discover the causes of bankruptcy during the pandemic and related aspects of accounting that led small businesses to bankruptcy during this pandemic. This qualitative research focuses on interviews with informants to find out the causes of bankruptcy in businesses during this pandemic.

The study results explain that several aspects drive bankruptcy during this pandemic, namely the lack of customers buying products from the business. The lack of customers reduced income, and also due to the pandemic period, the price of raw materials also increased, making the informants try to minimize costs (Variable Cost). Due to the long pandemic period, the informants are at a loss due to high costs (Fixed Costs) and must be paid. On the other hand, the income is not in line with the rising costs of additional uncollectible accounts that bankrupt small businesses.

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