



Revealing boarding room pricing practices during the covid-19 pandemic

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ABSTRACT

Boarding houses are one of the needs for nomads, both workers or students from one region who are working or studying in other areas. At first, the boarding house business was considered a very promising business and had good prospects. The Covid-19 pandemic has had a tremendous impact on various aspects of life, including the boarding house business. This will have an impact on boarding room occupancy because students can take lectures online and can be done at their respective regional homes. This research is important to reveal how boarding house owners determine boarding room rentals during the pandemic. The study was conducted on boarding houses in the city of Malang located around a large campus with a concentration level of students. This research method uses qualitative methods, with an interpretive approach. Informants of boarding house owners and occupants are used to uncover the pricing of boarding room rents. The results showed that room rates were determined in various ways by calling fraternity prices, pandemic prices, and mutual aid prices. The fraternity price determines the rental price of a boarding room by looking at the ability of boarding house residents whose parents have been affected by the pandemic, for example not working anymore because they are laid off for an uncertain time. The estuary of price reductions and payment delays due to parents of residents of their business boarding houses being affected by the pandemic formed pandemic prices. The price of mutual assistance arises because boarding house residents do not occupy boarding rooms and only leave goods so that they only pay for electricity, wifi and water. The contribution of this research, especially to boarding house business actors specifically, as well as business people in general, in extraordinary conditions in the future can determine the price of mutual assistance and sympathy prices as a form of win win solutions.

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1. INTRODUCTION

The rapid spread of COVID-19 has had a tremendous impact on various aspects of life. This is certainly a challenge and concern for many parties. Not only in terms of health but also the economy (Fornaro & Wolf, 2020). COVID-19 has caused economic recessions around the world (Handoyo, 2020). The implementation of *lock-down* or PSBB (Large-Scale Social Restrictions) in various regions to slow the spread of COVID-19 has caused various problems such as weakening people's purchasing power. Many companies in various countries went bankrupt and many people lost their jobs (Fu & Shen, 2020). Many small businesses operate in the retail and service sectors and serve end consumers through face-to-face interaction. These sectors are the sectors most affected by the COVID-19 pandemic due to restrictions and closures imposed by the authorities (Cao & Leung, 2020). Not only large business companies are affected by COVID-19, but small and medium enterprises that are managed independently by the community are also affected by the presence of the virus. One of them is the boarding house business (detikHealth, 2020). Small businesses have been severely impacted, as they tend to be more concentrated in sectors directly affected by COVID-19 (e.g. retail and services) (Cao & Leung, 2020; Kumar & Francisco, 2005). Unfortunately, small businesses make up the majority of companies in the economy and are responsible for the majority of employment (Humphries et al., 2020). In addition, these companies have a fundamental function in growing employment prospects, offering employment to about half the workforce worldwide (Habibi et al., 2023), and These jobs are created both in cities and in rural areas (Roy et al., 2020). According to Fairlie (2020), the number of business owners throughout 2020 has decreased, due to COVID-19 and shifts in demand driven by health and the economy. Bartik et al., (2020) conducted a survey at the end of March of nearly 6000 small businesses that are members of the Alignable business network. They found that 43% of businesses closed temporarily, massive employee reductions and most businesses only had less than 1 month of cash.

Boarding houses often also referred to as boarding houses are one of the needs for nomads, both workers or students from one area who are working or studying in other areas, and boarding houses are the main needs as a place to live or temporary housing. In general, workers or students with family backgrounds who have a high economy will choose to live in an apartment, guest house, or even in a hotel. Meanwhile, those who have middle to lower economic conditions, tend to choose to rent a room which is usually called a boarding house. However, currently, the boarding house model is very diverse, ranging from cheap to expensive, from ordinary to luxurious, and from economy class to exclusive such as hotels with various facilities offered by boarding house owners.

At first, the boarding house business was considered a very promising business and had good prospects, because this business was very light, did not require much energy, did not require delivery or delivery activities, and the financial statements could be done very simply. This opinion was expressed by Endang, one of the retired lecturers in Malang in the daily Kompas.com. He further said that the boarding house business is very promising because the rental rates continue to rise following inflation and are suitable as passive income to enjoy old age (Wiranto, 2021). The same thing is also explained by (Prasдика et al., 2018) that the boarding house business has a fairly high prospect because there is no need to make a business place land, but simply by having land property assets or private houses, it can be used as boarding house business capital. The boarding house business is one of the most stable businesses in Indonesia and is one of the targets of local taxes and a lucrative business field for capital owners to invest (Oktavianingtyas, 2015).

This assumption has become less relevant since the presence of the COVID-19 pandemic which has continued for almost more than a year (Rizal, 2020). It is proven that this pandemic has dealt a hard blow to business people in various business sectors,

including the boarding house business (Nashrillah, 2021). The implementation of PSBB (Large-Scale Social Restrictions) in various regions to slow the spread of COVID-19 and the implementation of work from home (WFH) or working from home made some regional workers decide not to continue extending the boarding rent because they prefer to return to their hometowns. In addition, an appeal from the Minister of Education and Culture on March 24, 2020, to carry out the learning process from home through online/distance learning, as written in Circular Letter No. 4 of 2020 concerning the Implementation of Education Policy in the Emergency Period of the Spread of Coronavirus Disease (COVID-19) made all activities in schools and campuses suspended. As a result, students who migrate also choose to return to their respective hometowns and leave their boarding rooms because learning can be done virtually or online from home.

Palasari et al., (2022) stated that in the theory of public relations, it provides solutions to problems that arise by increasing communication and mutual understanding between groups experiencing problems or conflicts, and increasing tolerance so that people can accept each other's diversity that exists in society. This theory is related to the presence of pandemic problems which cause conflict between service users and the complexity of the impact of the pandemic. Apart from that, in negotiation theory, this theory explains that if conflict occurs due to differences between parties, then the parties must be able to separate their personal feelings from existing conflicts and be able to negotiate based on interests.

Amaliah & Sugianto (2018) conducted research to reveal the concept of selling prices based on the values of the Pitung Betawi community. Researchers found that the selling price set by the Betawi community is not only formed by material values but also contains religious values in the form of alms and social values. The selling price also reflects *ubuddiyah* profit and religious profit.

Amaliah & Mattoasi (2020) conducted a similar study on the concept of Umoonu (perfume) pricing and from the results of the study that Umoonu pricing reflects the value of obedience to the Creator and *motoliango* (compassion). In addition, trust has an important role in the process of price formation, because the purpose of umoonu pricing is to obtain material benefits (money), create peace of life, and humanize people.

The novelty of this study is that previous studies have discussed the pricing of boarding room rentals under normal conditions. This research is specifically intended for determining the price of boarding room rentals during the pandemic, with the condition that lectures are carried out online so that many students outside the city of Malang do not live in boarding houses.

The basis of this statement is also to test the implications of community relations theory and principled negotiation theory for finding agreements between entrepreneurs and service users. Based on previous research and the phenomenon of the COVID-19 pandemic which has had a huge impact on the economy, researchers are motivated to reveal how service owners set rental prices during the pandemic to maintain their business.

2. RESEARCH METHOD

Researchers chose Malang City as the location studied because there are many boarding houses for students in Malang City. Considering that this city is a City of Education that has various State Universities or Swata, such as Brawijaya University, Malang State University, Malang State Polytechnic, Malang Islamic University, and so on. The admission of new students every year causes the need for housing or housing, especially for students outside Malang, such as boarding houses in Malang City continues to increase.

This research uses interpretive paradigms and qualitative methods as tools in the answer-finding process and uses a phenomenological approach as an analytical knife to

answer its meaning (Kamayanti, 2021; Kuswarno, 2013; Polkinghorne, 1989). As explained by Creswell, (2013); Denzin & Lincoln, (2009) phenomenological research describes the common meaning for some individuals from their life experience of a concept or phenomenon. Phenomenological research focuses on describing what all informants have in common when they experience a phenomenon. Therefore, researchers choose a phenomenological approach to try to explain or uncover the concept of meaning and experience experienced by boarding house owners in Malang City from a phenomenon of the COVID-19 pandemic, and researchers also want to know how boarding house owners in Malang determine the rental price of boarding houses during the COVID-19 pandemic.

The data analysis technique uses triangulation techniques which then synthesize the findings into research findings. The data collection method uses interviews, observation, and documentation. Interviews were conducted with informants, namely the owners and managers of boarding houses in Malang City. The selection of informants is carried out deliberately and purposively, that is, informants have long been integrated with the activities that are the target of research, namely having been boarding house owners from before the pandemic and their businesses still exist during the pandemic. In addition, boarding houses are close to large campuses that have the top 5 students in the city of Malang. Observations are made to observe boarding houses to determine the capacity and number of occupancy. The documents needed in this study are records or books owned by boarding house owners who are informants in this study.

Table 1: List of Informants

Name of boarding house owner*)	Cost Name
Mr. Anto	Griya Kembang Turi (near Unitri Campus)
Mother Dance	Kos Sumbersari (near UB &; UIN campus)
Mrs. Ani	Kos (near UM campus)
Mr. Budi	BCT boarding house (near campus 3 UMM)

*) The name of the owner of the boarding house is a pseudonym

3. RESULTS AND DISCUSSIONS

3.1 Impact of the Pandemic on the Boarding Room Business

Small businesses are the backbone of any economy, and with the massive impact of COVID-19 on economies around the world, protecting small businesses has never been more important in 2022. Small businesses are considered an important growth driver in the economy, and in a constantly changing economic environment, their advantages are reflected in flexibility, quick response, adaptability to market changes, and quick decision-making (Bommer & Jalajas D. S, 2004; Tzadik A, 2007). Harel et al., (2019) point out that although small businesses face difficulties in driving innovation, most small businesses in the industrial sector are actively involved in various types of innovations, although many of those innovations are relatively small. One of the small businesses affected by the pandemic is the boarding room business. For boarding and rental house owners, the pandemic has also had a real impact. The reason is, most boarding children are students or regional workers from outside the city. During the pandemic, the government implemented work-from-home, and student lectures were carried out online. Many students choose to go home and leave their boarding rooms. The following is the explanation of Mr. Budi, the owner of the boarding house at BCT Malang:

"The occupancy in our boarding house is very drastic due to the COVID-19 pandemic. Since the implementation of distance or online learning, only about 30% live in boarding houses. That's because his home is far away in Jakarta and beyond the island. However, the impact of the pandemic has greatly reduced our income for boarding house owners. We are retirees and have prepared these boarding houses since we were

still actively working. Suddenly having to experience a global disaster, Yaa is grateful that he still gets a pension even though there are not many. Thank God I was able to live alone with my wife"

The same opinion was conveyed by Mrs. Tari, the owner of a boarding house in Summersari, and Mrs. Ani, the owner of a boarding house near the UM campus, along with an explanation related to the impact of the pandemic on the boarding houses owned.

"There are many boarding children here from Unibraw because it is close to campus. They come from various regions in East Java, Kediri, Tulungagung, Nganjuk, Madiun, Lumajang, Pasuran, and Madura. When the campus is closed and lectures can be from home, many of them go home temporarily. After 3 months of not subsiding from the pandemic outbreak, they returned to take their belongings and no longer cost because online lectures would take place in an uncertain time, said the student. Yes, I can't prevent them and can only surrender. (said Mrs. Tari)

Ibu Ani also expressed a more concerning opinion: "We only have income from boarding houses, since the pandemic has been empty, not a single student has boarded. So yes, you can only surrender and be sure that the pandemic will not be long. It turned out to be worse because many died because the parents of boarding children asked their children to just go home so that the parents were relieved to be close to their children".

3.2 Fraternal Price

The owner instills a sense of brotherhood in every business he undertakes so that the business owner considers the tenant part of the family. The rental price of a boarding room during the pandemic is determined by looking at the ability of boarding house residents whose parents are affected by the pandemic, for example not working anymore because they are laid off for an uncertain time. Difficult economic conditions also have an impact on the process of paying room rent, because not a few boarding house residents have to be in arrears paying costs because their parents' income is affected by the pandemic. Fraternal pricing comes about by providing price reductions and payment delays.

Mr. Anto expressed his opinion: "Our boarding house residents are mostly Unitri students from Eastern Indonesia. On average, they have lived for more than a year, so it is like a family. Payment costs are at us quarterly and annually. With the onset of the pandemic, some students have their parents' income affected so it is rather difficult to pay the cost on time, some even ask for monthly payments because it is difficult to pay for 3 months and we allow. Instead of being in arrears, it's better to get paid every month."

The same opinion from Mrs. Ani: "Incidentally, the boarding children here did not go home all during the pandemic so it was still quite crowded. Even so, some of them were late in paying, I finally changed the payment pattern which was originally paid every 6 months, during the pandemic they could pay every month".

3.3 Pandemic Price

During the pandemic, many boarding rooms were left behind by residents because the government implemented work-from-home (WFH) activities and students studied online from home. There are also many boarding house residents who choose not to continue renting because they are affected by salary cuts or laid off so that they can no longer afford to pay for boarding rooms at normal prices. The boarding house owner provides promo prices, provides discounts, and allows 1 room occupied by 2 people at normal prices so that low prices must be borne by everyone.

Here's the opinion of Mr. Anto, the owner of Griya Kembang Turi boarding house: "The pandemic actually has little impact on the number of our boarding houses because most of them are Unitri students who come from Eastern Indonesia. It is rare to go home,

maybe once a year just return to the area because it is far away and expensive. But yes, paying the cost becomes often late because the parents don't work anymore. Finally, we gave them leeway to pay late fees, some even deducted 25%. It's also a pity for them because they want to go home and there is no fare, shipments are often late".

Mr. Budi, the owner of the boarding house at BCT, said something a little contradictory: "The boarding house residents here are mostly UMM students and come from East Java. Yes, we are very influential about this pandemic, only 30% are filled from the existing 20 rooms. Most of them returned home and all their belongings were taken, some were deposited by friends who were still in boarding houses here or in other boarding houses. We even make allowances for them to stay together in one room so that their burden is not too heavy."

From the discussion of the conversation, information was obtained that during the pandemic, many service users experienced economic constraints. Aligned with the opinions Alon et al., (2020); Glover et al., (2020); Kaplan et al., (2020); Stantcheva, (2022) on the dynamics of income and/or wealth inequality during the pandemic crisis. Their employers agreed on the need for pricing and loosening as well as negotiating regulations to avoid losses or zero income.

3.4 Gotong Royong Price

This type of mutual aid price arises because boarding house residents do not occupy boarding rooms and only leave goods when they leave their hometown. There is a fixed burden that must be paid by the owner of the boarding house, namely paying for electricity, wifi, and water. For boarding house owners who only get income from the cost, it will be difficult to pay for electricity, wifi, and water which are still large loads.

Electricity and water costs are charged to boarding house residents whose belongings are still in the boarding room. Here's what Tari's mother had to say:

"The children are boarding here at home but the goods are still left here. If they pay the full normal price for objections and complaints. In the end, we only charge them to pay for electricity, water, or PDAM."

Ibu Ani has almost the same opinion, following her words: "Alhamdulillah, not all boarding children return to the area, but more than 50% return to their homes. Our policy for returning home still has to pay the cost but I reduce it because we have to pay for wifi, electricity which is already a large fixed load".

The results of this study contribute to boarding house rental service business actors, namely as a step to anticipate similar conditions in the future. This also confirms and has implications for the use of public relations theory and principle negotiation theory, with negotiation dialogue, agreements, and understanding the reality of the pandemic conditions that are occurring, the community provides solutions to the problems that arise. The visible empirical implication is increasing communication and mutual understanding between boarding house business owners and service users who experience problems or conflicts, and increasing tolerance so that both parties can mutually accept the agreed price and produce a win-win solution for both parties. Therefore, we can anticipate that the innovation rate of most small businesses in the industrial sector will not be adversely affected in the future, and may even increase, given the increasing efforts of most of these companies to identify and utilize external knowledge, and the increase in innovation-oriented collaboration with external entities (Harel, 2021).

4. CONCLUSION

The COVID-19 pandemic has had a tremendous impact on all business fields, both trade and services. Even worse because of the implementation of PSBB (Large-Scale Social Restrictions) where people are not allowed to carry out normal activities so employees

work from home and school children and lectures are carried out online. The policy has an impact on boarding house business owners. Many students return home if they don't go home and have to stay in the boarding house because there is no fare.

This research is to reveal the pricing of boarding rooms during the COVID-19 pandemic. The results showed that room rates were determined by various designations, namely fraternity prices, pandemic prices, and mutual aid prices. The price of brotherhood occurs because boarding children have been occupying boarding rooms for a long time but their parents have been hit by the pandemic, for example: temporarily laid off without wages or salaries, their businesses are abandoned, deserted, and even forced to close. The pandemic price arises when boarding house residents continue to live in boarding houses and cannot go home even though lectures are carried out online. The reason there is no return fare, the delivery is late for various reasons. Price reductions and payment delays due to parents of residents of their business boarding houses were affected by the pandemic. Therefore, the payment of costs can be delayed or late, and ask for a discount. The third finding is the price of mutual aid. This type of price arises because boarding house residents do not occupy boarding rooms and only leave goods because they are left home, so they only pay for electricity, wifi, and water. This is because the boarding house owner has a fixed load of electricity and water so that the boarding house owner asks the boarding house residents whose goods are still in the boarding house to help pay for electricity, wifi, and water.

During the pandemic, many boarding house residents returned to their respective areas, so researchers did not consider them in the interview process of returning residents as a comparison of income from boarding house owners. Further research can conduct interviews with boarding house residents who decide to return to the area because lectures are conducted online.

Many Boarding house owners who surrender to pandemic conditions and let boarding rooms hang out are not productive. This research was conducted after the pandemic period passed so that it could not see directly the condition of boarding houses at that time. Further research can be done by revealing income trends during and after the pandemic and how prices are currently determined.

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