
Business Resilience during the Pandemic in Indonesia

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Abstract

Micro Small Medium Enterprise (SME) is one of the main contributors to a nation's gross domestic product (GDP). However, with the current Covid-19 pandemic, it has led to business closing and travel banning disrupting the SME business supply chain. Rahman (2020) highlighted that the SMEs are experiencing sales reduction, difficulty in financing the business and facing trouble in acquiring supply as well as distributing goods during the Covid-19 pandemic. The purpose of this study is to identify the SMEs resilience strategies during this challenging time. This study has taken a quantitative exploratory approach. Data were collected using an online questionnaire survey. Results indicate that SMEs focus on product differentiation as well as cost, financing and technology processes, thus suggesting the companies are resilient to disruptions. In addition, the result suggests that leveraging technology through e-commerce and digital marketing for business products and services facilitate SMEs to survive the pandemic.

Keywords: Business Resilience, Covid-19 Pandemic, SME, E-Commerce, Digital Marketing

1. Introduction

In this era of globalisation, every business sector around the world needs to be prepared for any unforeseen circumstances such as global recession, natural disaster and political changes that may interrupt their day-to-day business operations. In recent years, the world has been struck by another unprecedented circumstance named the Coronavirus disease (Covid-19). The World Health Organisation (WHO) stated that Covid-19 is an infectious disease which causes fever and mild to moderate respiratory illness towards the infected person. It was first discovered on 31st December 2019 in Wuhan, China and since then it has been considered as a pandemic due to its quick and widespread of virus across the world.

Globally, a total of 1,607,595 Covid-19 cases were reported as at 10th April 2020 (Hidayat et al., 2020). The huge number of cases has created an alarming situation towards global economies in facing problems such as the disruption of supply and demand. According to Shafi et al. (2020), the lockdown restriction all over the world in reducing the spread of the virus from one person to another has significantly affected most of the business sectors, particularly on the micro small and

medium enterprises (SMEs). This is because SMEs lack flexibility and preparation in facing this pandemic in a longer period of time. This situation has led SMEs to deal with shortages and business disruption.

Domestically in Indonesia, the Ministry of Cooperatives and Small Medium Enterprises revealed that approximately 37,000 SMEs were severely affected during the Covid-19 pandemic that about 56 percent has issue in sales decline, 22 percent has problem in sourcing the finance, 15 percent has trouble in distributing the goods, and 4 percent has difficulty in acquiring raw materials (Rahman, 2020). SMEs act as the backbone of Indonesia's national economy due to their contribution to Indonesia's Gross Domestic Products (GDP) over the years. Nadyan et al. (2021) revealed that the contribution of SMEs in Indonesia towards the growth of GDP is more than 56 percent every year. However, because of the Covid-19 pandemic, the SMEs contribution to the GDP has dropped by 18.7 percent which makes the total contribution of SMEs to the GDP in 2020 to 37.3 percent. The fluctuations will significantly affect business performance due to declining business revenues and consumer spending.

The development of SMEs specifically in Indonesia has always an undivided attention from the government because of the SMEs great performance in contributing to Indonesia's economic growth (Hariyati et al., 2018). Ambarwatiand Riyanto (2020) stated that 2nd March 2020 was the beginning of Indonesia being hit by the pandemic. The existence of the disease outbreaks in Indonesia has negatively impacted the selling and purchasing system of SMEs. Due to that, rivalry among the competitors have grown rapidly. Ambarwatiand Riyanto (2020) further explained that SMEs need to create competitive advantage to fulfil the customer satisfaction in improving their business performance during this pandemic.

Therefore, short-term and long-term strategies should be prepared by SMEs in maintaining their business resilience, particularly during this pandemic. The pandemic is still ongoing and no one knows when it will end. As the backbone of the national economy in Indonesia, Resmi et al. (2020) described the approaches that can be implemented by SMEs to maintain the business resilience which are the financial assistance, the use of digital technology and preparation towards facing the Fourth Industrial Revolution (IR 4.0). To summarise, this study will examine the business resilience of SMEs in Indonesia during Covid-19 pandemic by focusing on three dimensions which are product differentiation, cost and financing, as well as technology and process of the business.

This paper presents the current study with a brief literature review in the second section; research methodology in the third section; findings and discussion in the fourth section; and conclusion in the last section.

2. Literature Review

2.1. Micro, Small and Medium Enterprises (SMEs)

The resilience capabilities of Micro, Small and Medium Enterprises (SMEs) are undeniable when it comes to responding towards the crisis and disruption. SMEs that act as the backbone of many economies have their own definition of SMEs which varies across the globe. According to Tambunan (2008), many countries usually define SMEs using the money measurement concept such as annual sales or turnover, assets, and the invested capital. The number of employees is another common measurement that will be used by many countries to differentiate between

microenterprise (MIE), small enterprise (SE), and medium enterprise (ME). OECD/ERIA (2018) highlights SME Policy Index for ASEAN 2018, in particular the characteristics considered in determining the SMEs status. The characteristics include number of employees, annual sales or turnover, fixed assets, and invested capital. The most common and comparable element is the number of employees. From the definition, it can be concluded that companies with fewer than 200 staff are SMEs.

Table 1. Definition of SMEs in ASEAN Member Countries

Member country	No. of Employee	Annual Sales/Turnover	Assets	Invested capital
Brunei				
MIE	1 – 4			
SE	5 – 19			
ME	20 – 99			
Cambodia				
MIE	≤ 10		*assets excl. land (USD)	
SE	11 – 50		50,000	
ME	51 – 100		> 50,000 – 250,000 > 250,000 – 500,000	
Indonesia				
MIE	1 – 4	* IDR currency = 300mil	*net assets (IDR) = 50mil	
SE	5 – 19	> 300mil – 2.5bil	> 50mil – 500mil	
ME	20 – 99	> 2.5bil – 50bil	> 500mil – 10bil	
Lao PDR				
MIE				
- manufacturing	1 – 5	≤ 400mil	≤ 100mil	
- trade	1 – 5	≤ 400 mil	≤ 150 mil	
- services	1 – 5	≤ 400 mil	≤ 200 mil	
SE				
- manufacturing	6 – 50	≤ 3bil	≤ 1bil	
- trade	6 – 50	≤ 3 bil	≤ 1bil	
- services	6 – 50	≤ 1.5bil	≤ 1bil	
ME				
- manufacturing	51 – 99	≤ 4bil	≤ 4bil	
- trade	51 – 99	≤ 6bil	≤ 4bil	
- services	51 – 99	≤ 4bil	≤ 6bil	
Malaysia				
MIE				
- manufacturing	1 – 4	< 300,000		
- services & others	1 – 4	< 300,000		
SE				
- manufacturing	5 – 74	300,000 – <		
- manufacturing	5 – 29	15mil		

Member country	No. of Employee	Annual Sales/Turnover	Assets	Invested capital
- services & others	75 – 200	300,000 – < 3mil		
ME	30 – 75	15mil – 50mil		
- manufacturing		3mil – 20mil		
- services & others				
Myanmar		*MMK currency	*fixed assets (MMK)	
SE				
- manufacturing	1 – 50		< 500mil	
- labour-intensive manufacturing	1 – 300		< 500mil	
- wholesale	1 – 30	< 100mil		
- retail	1 – 30	< 50mil		
- services	1 – 30	< 100mil		
- other activities	1 – 30	< 50mil		
ME				
- manufacturing	51 – 300		500mil – 1bil	
- labour-intensive manufacturing	301 – 600		500mil – 1bil	
- wholesale	31 – 60	100mil – 300mil		
- retail	31 – 60	50mil – 100mil		
- services	31 – 100	100mil – 200mil		
- other activities	31 – 60	50mil – 100mil		
Philippines			*fixed assets (PHP)	
MIE			< 3mil	
SE			3mil – 15mil	
ME			> 15mil – 100mil	
Singapore		*S\$ currency		
SMEs	= 200	= 100mil		
Thailand			*fixed assets (THB)	
SE				
- manufacturing	≤ 50		≤ 50mil	
- services	≤ 50		≤ 50mil	
- wholesale	≤ 25		≤ 50mil	
- retail	≤ 15		≤ 30mil	
ME				
- manufacturing	51 – 200		> 50mil – 200mil	
- services	51 – 200		> 50mil – 200mil	
- wholesale	26 – 50		>50mil – 100mil	
- retail	16 – 30		> 30mil – 60mil	
Viet Nam		*VND currency		*in VND

Member country	No. of Employee	Annual Sales/Turnover	Assets	Invested capital
MIE				
- agriculture, forestry and fishing industry, construction	≤ 10	< 3bil		< 3bil
- trade & services	≤ 10	< 10bil		< 3bil
SE				
- agriculture, forestry and fishing industry, construction	11 – 100	< 50bil		< 20bil
- trade & services	11 – 50	< 100bil		< 50bil
ME				
- agriculture, forestry and fishing industry, construction	101 – 200	≤ 300bil		≤ 100bil
- trade & services	51 – 100	≤ 300bil		≤ 100bil

Source: SME Policy Index, ASEAN 2018

A variety of official definitions of SMEs from the table above can be seen through these three criteria. First, all member countries except for the Philippines use the number of employees as a criteria to define SMEs. Countries from Malaysia, Myanmar, Thailand, and VietNam have different ranges of employees from each sector. Only Brunei, Indonesia, and Lao PDR adopt the definition of SMEs that corresponds with the standard Organisation for Economic Co-operation and Development (OECD) definition by having 99 employees at most. Second, except for Brunei, all member countries use additional criteria of annual sales or turnover, assets, and the invested capital to define the SMEs. Third, only Myanmar, Singapore, and Thailand do not distinguish microenterprise (MIE) from their SMEs category.

Table 2 below shows the contribution of SMEs to the Gross Domestic Product (GDP) in ASEAN member countries. It is observed that there is variation in the year of updated data due to lack of data availability for certain countries in making SMEs performance assessment which leads the data of SMEs not to be updated periodically (NESDC, 2019).

Table 2. Contribution of SMEs on Gross Domestic Product (GDP)

Country	Contribution of SMEs (as % of national economy)	
	GDP	Year of updated data
Brunei	-	-
Cambodia	-	-
Indonesia	57.24%	2018
Lao PDR	≤20%	2019
Malaysia	38.9%	2019
Myanmar	-	-
Philippines	36%	2016
Singapore	44%	2019
	(Nominal Value Added)	
Thailand	43%	2018
VietNam	45%	2016

SMEs play a crucial role in the economic growth and the gross domestic product of every country (Haseeb et al., 2019). Meanwhile, according to Tambunan (2019), the major roles of SMEs are to reduce poverty, enhance equality, and to create job opportunities. Since Indonesia has been struck by Covid-19 pandemic since March 2020, the government has prepared a new policy to reduce the transmission of Covid-19 such as Social Distancing, Physical Distancing, Large-Scale Social Restrictions (PSBB), and Restrictions on Community Activities (PKM) (Nadyan et al., 2021). Due to these restrictions, SMEs are severely affected.

Due to that, the government has taken an initiative to maintain the business resilience by preparing five schemes for sustainability of SMEs during this pandemic (Hidayat et al., 2020). The first scheme is on the social assistance for SMEs that are severely affected by the pandemic. The second scheme is regarding the tax incentives for the public that will decrease the final income tax rate for SMEs from 0.5 to 0 percent for a period of six months. The third scheme is on the loan restructuring and relaxation whereby the loans are under obligation of SMEs. The fourth scheme is on the working capital assistance that helps SMEs to expand their financing during this pandemic. The last scheme is related to the ecosystem of SMEs in which the ministries, institutions, state-owned enterprises, and local governments will act as buffers, particularly in early stages of post-pandemic business consolidation and recovery.

2.2. Business Resilience

Chowdhury et al. (2019) defined business resilience as the capability of an individual or organisation to respond and recover quickly from various types of failures, along with the ability to solve the problems successfully. SMEs need to be resilient to succeed in operating their business during the outbreak. Klein and Todesco (2021) explained that resilience is an essential ability of an organisation to adapt with the changes and disruption no matter when those changes will happen. Due to that, the organisation will be prepared for any anticipated or unanticipated conditions. According to Madni and Jackson (2009), resilience comes in the form of reaction and adaptation, which implies short-term action and long-term learning respectively.

Based on prior research conducted by Korber and McNaughton (2018), it was found that various empirical testings of business resilience were done previously which included preparedness, coping ability and adaptability. These three antecedents of business resilience are relevant with the current study that will be conducted towards SMEs in Indonesia. As for preparedness, it relates to the readiness of SMEs to use technology particularly during this pandemic. The coping ability can be associated with the ability of SMEs to survive in the market by having adequate financing particularly when those strategies require a certain amount of costs that need to be borne with. The adaptability can be viewed from the quick response of SMEs to adapt to changing customer preferences during the pandemic by introducing product differentiation. Therefore, every organisation should be prepared and responsive towards the unexpected surroundings to maintain the resilience of the business in this digital age.

2.3. Product Differentiation

Generally, differentiation refers to a product or service of an organisation which differs with the other rivals and the differences will enable the business to achieve its competitive advantage. According to Porter (1985), differentiation is when the organisation develops a product or service that is considered unique to the buyers. Despite its expensive price for being unique, the product or service can improve the performance of the organisation due to its brand loyalty, high quality products or services, and inelastic demand since buyers are insensitive to the price.

Due to the outbreak of the Covid-19 pandemic in early 2020, it is a must for SMEs to be involved in adjusting and customising the sales of their products and services that fit the situation that everyone is currently facing. It is important for SMEs to grab customers' attention by enhancing the quality of products and services according to their preferences (Nadyan et al., 2021). Previous study conducted by Leitner and Guldenberg (2010) stated that product innovation and product quality are considered as differentiation alternatives for SMEs. Product innovation helps the organisation to be resilient in vibrant environments. Product quality can be determined from these eight aspects (Garvin, 1988). First, it is the product performance that determines the extent to which the product can be measured. Second, it is extra features or traits that improve the functionality of the product. Third, it is the product reliability which enables it to bear any possible changes anytime in the business environment. Fourth, it is the suitability that stresses on the extent to which the product conforms to existing standards in the industry. Fifth, it is the durability of the product from the perspective of technical and economic values. Sixth, it is the ease of repairing the products if there are problems that need to be fixed promptly. Seventh, it is the product aesthetics on how the product is perceived by the buyers. Eighth, it is the last aspect of product quality that relates to the viewpoint of product quality that will influence customer perceptions such as brand reputation of the business.

Meanwhile, Hidayat et al. (2020) revealed that the personal characteristics of entrepreneurs also give impact on the business resilience during the pandemic. The researchers found that the most relevant entrepreneurship characteristics to cope with this pandemic are those that relate to the strive, innovation and creativity, and customer innovation. Strive is when the entrepreneurs perform serious efforts without giving up. Innovation and creativity describe the entrepreneurs to be creative and innovative in achieving the customer expectations. Meanwhile, customer orientation is about the entrepreneurs who always focus on fulfilling the needs and wants of their

customers. These characteristics will aim at the entrepreneurs to maintain business resilience in the future.

2.4. Cost and Financing

It is crucial for every organisation to manage its cost and finances to generate better income for the business. Other than differentiation strategy, the cost leadership is also a strategy that can create competitive advantage in terms of its efficiency in reducing and controlling the costs (Porter, 1985). Generally, cost leadership is a strategy that enables the organisation to be the lowest cost producer among the competitors within the industry (Gachuma & Karugu, 2018). Several ways to create cost leadership strategy and attain the required performance include the economies of scale, proprietary technology, and experience curve when employees become better at their jobs.

Gachuma and Karugu (2018) pointed out some advantages of cost leadership strategy. By having lower costs than the competitors, it will increase the barrier to entry by the potential new entrants. This is because the new entrants will find difficulty to attract customers by lowering the production costs during the initial stage of the business life cycle. The presence of cost leadership will demotivate the new entrants from entering the respective industry. Thus, it will reduce the threats of new entrants that may harm the industry to have an increasing number of competitors in the same industry. Another advantage of cost leadership can be seen from the market share of the organisation. The customers believe that the products and services are attractive and worth it when they can get goods and services of acceptable quality with cheaper prices. However, Thompson et al. (2010) pointed out that, since customers are sensitive to the price change, it will result in an increase of switching cost and will reduce the customer loyalty of the business. In addition, the low quality of the products and services will also tarnish the business reputation. It will be hard for the organisation to change to a differentiation strategy due to the affected image and reputation from implementing the cost leadership strategy.

Financing is also important for every business to sustain and grow its operations. Since the Covid-19 pandemic has struck the world, many organisations find difficulties to source their funding in improving the products and services as well as in adapting to the change. According to Hidayat et al. (2020), government support is crucial for SMEs to maintain their business resilience during this pandemic. The government support comes in the form of regulation of incentives and financial support so that SMEs can overcome their financial problems and working capital during this outbreak. The power of the government to perform credit relaxation, delay of loan payments, loan rescheduling and deferral of tax payment will help SMEs to manage their cash flow as well as create new strategies to attract customers during this crisis.

2.5. Technology and Process

The business world has become increasingly technological over time. This is due to the growing need of technology in business particularly during this digital era. The key role of technology in business is to improve operation towards faster and more efficient transactions. Technology also changes the process of operating the business such as in accounting, logistics, and marketing the products and services (Melo, 2018).

The Covid-19 outbreak has resulted in regional lockdowns and physical social distancing which makes people stay at home more often. According to Hidayat et al. (2020), it is important for every business to react quickly with the situation by utilising the technology through digital marketing to remain resilient amidst pandemic. Social media platforms, business web usage, and good knowledge of information technology have been the most extensively used technology in this globalised world. Thus, digital marketing will be the best option in coping with the pandemic by developing a website that focuses on the application of e-commerce in its business. Melo (2018) also highlighted that globalisation helps businesses to promote its products and services with less hassle in this borderless world. The development of e-commerce and spread of information technology also give great advantage for the business since it is much cheaper and easier to use. Thus, every business organisation should start taking the matter of technology seriously since it has a lot of positive outcomes for the business during the pandemic and in the near future.

3. Methodology

This study use qualitative method by adopted an exploratory study to understand the business resilience taken by SMEs in Indonesia during the Covid-19 pandemic. A total of 55 SMEs were chosen by using area sampling located in Indonesia. The primary data were collected from the respondents through an online questionnaire. The questionnaire focussed on three aspects which are product differentiation, cost and financing, as well as technology and process. The questionnaire was sent through e-mail to gauge the opinion from all 55 SMEs owners in Indonesia as respondents in this study. However, after taking into consideration several factors, the valid respondents to be the final sample was only 42. The questionnaire in this study consisted of 22 questions with a 4-point Likert scale measurement. The questionnaire was based on (1) = strongly disagree; (2) = disagree; (3) = agree; (4) = strongly agree response structure.

Table 3. Final sample of SMEs according to industries

Industry	Total
Food companies	13
Service companies	29
Total	42

The responses of submitted questionnaire are used for quantitative data analysis. Quantitative data analysis was employed. This analysis used numerical scores from the answers of respondents from the distributed questionnaire. The questionnaire in this study consisted of 22 questions with a 4-point Likert scale measurement. The questionnaire was based on (1) = strongly disagree; (2) = disagree; (3) = agree; (4) = strongly agree response structure. Through responses from the questionnaire, the data were analysed by calculating the values of mean from each question. The values of mean were grouped into different groups of strategies to find out the total values of mean from different perspectives of business resilience strategies which are product differentiation, cost and financing, as well as technology and process.

4. Discussion

The result has been taken from the questionnaire. The quantitative data were conducted to obtain the average score or the values of mean from each item in the questionnaire. As seen in Table 4 below, it is the total value of mean obtained from each group of strategies. The mean from these three aspects were above three, which indicates that SMEs in Indonesia are being resilient in maintaining their business during this pandemic. Meanwhile, Table 4 onwards represents the details of value of mean from each item in the survey taken.

Table 4. Results according to the major focus in business resilience

Major focus in business resilience	Average score
Product differentiation	3.52
Cost and financing	3.14
Technology and process	3.38

4.1. Product Differentiation

Table 5. Results related to product differentiation

Related items	Average score
You always make different products with products from other businesses during the pandemic.	3.40
You update the packaging, attributes, and features of their products during the pandemic.	3.36
You continue to innovate and be creative in terms of products and services according to changing preferences and consumer behaviour.	3.62
You do product innovation and process innovation.	3.58
You create or prepare products that focus on consumer needs.	3.53
You are always looking for business opportunities to maintain market share during the pandemic.	3.64

It is important for SMEs to improve their business products through product differentiation in order to compete with their rivals during this pandemic. This is because product differentiation will create a competitive advantage that makes the business to be more outstanding than the other competitors. According to Nadyan et al. (2021), product differentiation can be done through quality improvement of the products and services that can attract customers' attention. The result shows that SMEs in Indonesia always strive to create product differentiation during the pandemic. They will have better resilience to survive as this strategy will increase customer satisfaction and loyalty towards the products. The result also shows that product attributes are emphasised by updating the product packaging and features during the pandemic. This is in line with what was raised by Garvin (1988) which revealed that product functionality can be enhanced through features and attributes. Customers will give perception that the products are having better quality considering the additional adjustment on the product aesthetics that become more attractive in the market.

All these improvements and enhancements can be done through innovation in adapting to the new consumer behaviour and preferences. The result indicates that SMEs continue to be creative and smart in keeping up with the changing preferences of customers to remain resilient towards a competitive environment during this pandemic. Peterson (2020) described that nowadays customers are more comfortable to opt for online shopping since they spend their time more frequently in front of the screen. It will enhance customer satisfaction if SMEs respond to the changes by leveraging social media platforms for selling and marketing purposes. Besides, the result of this study also shows that SMEs in Indonesia perform product and process innovation to survive during the pandemic. The cashless transaction process that occurred between seller and buyer via online banking helps SMEs to operate their businesses remotely despite the lockdown restrictions by the government. According to Shafi et al. (2020), online banking will reduce the transaction cost and shorten the time of transaction process. Thus, it is proven that digitalization will improve the business process with regards to the time and cost saving (Klein & Todesco, 2021).

In relation to performing product and process innovation to adapt to the new consumer behaviour and preferences, it is also important for SMEs to respond to consumer needs. The result shows that SMEs in Indonesia are emphasising on their customer needs whereby they strive to develop new products and services. Not only that, SMEs in Indonesia always look for business opportunities to maintain their market share during the pandemic. They should be able to turn the threat of the Covid-19 pandemic into an opportunity so that their businesses will be more resilient in future (Hidayat et al., 2020). Despite the process of innovation made through online shopping, SMEs can also develop new product innovation to meet the consumer needs and therefore will increase their market share. For instance, SMEs should perform product development that relates to the customer demand during the pandemic, such as manufacturing personal protective equipment (PPE), respirators, or hand sanitizers (Shafi et al., 2020). Thus, exploring new products through critical thinking will make customers feel safer during this pandemic and enable SMEs to build customer's trust and loyalty (Peterson, 2020).

4.2. Cost and Financing

Table 6. Results related to cost and financing

Related items	Average score
You added capital for the business during Covid-19.	3.11
You are taking advantage of the tax relief provided by the government during the pandemic.	3.44
You take advantage of government-provided loan restructuring (filled out if the company has loan in the Bank).	2.91
You are taking advantage of emergency working capital assistance designed specifically for SMEs who feel the impact of Covid-19.	2.49
You are trying to sell cheap products due to declining consumer purchasing power.	3.36
You use a product cost reduction strategy.	3.51

Business efficiency is prominent for SMEs as the backbone of many economies worldwide. One of the approaches to make the business more efficient is through managing its own costs and financing. The result of this study indicates that additional capital is needed for SMEs in Indonesia during this pandemic. SMEs have difficulties in accessing capital because banks lack confidence to provide finance for them (Klein & Todesco, 2021). This issue leads SMEs to be left behind the other large companies due to the scarcity of capital resources. The result also shows that SMEs in Indonesia take advantage of the tax relief, loan restructuring, and working capital assistance provided by the government during the pandemic. Thus, government support can solve the issue of capital scarcity by providing financial resources for SMEs. The Government of Indonesia has prepared five schemes to protect and maintain business resilience of SMEs and three of them are related to the abovementioned results.

Tax relief will act as extra funding for SMEs that take advantage on the schemes. Ramaswamy (2021) described that government support is crucial for SMEs to overcome this global health crisis. SMEs have high expectations for the government to provide either tax discount or exemption to reduce their burden in paying tax during this pandemic. Nevertheless, the government needs to bear the declining tax revenue due to the relaxation of tax regulations during this crisis (Hidayat et al., 2020). Meanwhile, the loan restructuring helps to ease the business operation. Due to the pandemic, such loans can be restructured at lower interest rates (Ramaswamy, 2021). Government can also offer loans with long-term repayment, extension of loan repayment and also raising the loan limit for SMEs. Thus, they will have additional debt financing with cheaper interest rates to be resilient amid economic downturn during this pandemic (Shafi et al., 2020). In addition, the working capital assistance is also being utilised particularly by the affected SMEs during this pandemic. With the help of the government in supplying assistance schemes for SMEs, these businesses will enable themselves to be resilient particularly during the Covid-19 pandemic (Shafi et al., 2020).

This pandemic has negatively impacted all economic activities around the world. Situmorang (2020) revealed that one of the main economic impacts on this outbreak was the decline in the purchasing power of buyers. The reduction in community activities to move freely has resulted in declining number of buyers which leads to falling income of the business (Hidayati & Yansi, 2020). The result indicates that the declining consumer purchasing power has led the business to sell products at lower prices. SMEs can offer sales promotions such as discounts to customers so that they can buy products with reasonable prices. Other than promotional strategies, SMEs can also use cost reduction strategies during this pandemic. The result shows that SMEs in Indonesia have employed a cost reduction strategy. It is a strategy that will minimise the production costs and increase the profitability to gain competitive advantage in the market. Ambarwati and Riyanto (2020) explained that the cost reduction strategy prioritized more on cost efficiency by producing standardized products in high volumes. It is also known as the economies of scale. Thus, this strategy helps SMEs to be resilient despite the declining economy during this pandemic.

4.3. Technology and Process

Table 7. Results related to technology and process

Related items	Average score
You have difficulty adapting to the technology at the heart of the Covid-19 pandemic.	2.80
You believe that the future of online business will grow.	3.58
You believe that businesses need to adapt and leverage technology.	3.62
You do research and development to increase business resilience in the face of the crisis.	3.40
You innovate in the form of aggressive collaboration and marketing using digital and online platforms.	3.62
You feel the need that employees should be able to use technology.	3.44
You provide training for employees to cope with the Covid-19 pandemic.	3.16
You strive to ensure adequate supply of raw materials and merchandise.	3.56
You are making changes to the production and distribution processes for consumers.	3.27
You and your employees develop the ability to use online culture for business activities.	3.38

The utilisation of technology becomes a crucial matter during this pandemic. Besides, the disruption of technology has also made the process of the business to be affected. The result of this study shows that SMEs in Indonesia have difficulty in adapting to the technology during this pandemic. Generally, most SMEs in Indonesia lack technological readiness in preparing for disruption of E-Commerce. This is because of several reasons such as the complexity to operate the technology, limited technology infrastructure and ignorance of using social media for trading purposes (Syuhada & Gambett, 2013). Due to that, it is even more difficult for SMEs to adapt to the technology during the Covid-19 pandemic.

Despite its difficulty to adapt to the technology, SMEs in Indonesia believe that the online business will grow in the future. Hidayati and Yansi (2020) described that currently, internet marketing is widely adopted and there is an increase of the use of online shopping for the past few years. This shows that utilisation of technology has started to grow before the pandemic and it has bloomed even more when the pandemic struck globally (Hidayat et al., 2020). The Coordinating Minister for Economics Affairs stated that, until the end of June 2020, approximately 301,115 SMEs in Indonesia were shifting their businesses towards the digital platform (Alika, 2020). Therefore, SMEs in Indonesia believe that all businesses must leverage and adapt to the technology. In order to be resilient in times of the outbreak, they should be alert to the changes by adapting to the technology so that their businesses will survive in the future (Hardilawati, 2020).

Business resilience can be achieved through research and development, collaboration and the use of digital platforms. The result indicates that SMEs in Indonesia performed research and development to increase the business resilience during this pandemic. Digital development will help SMEs to penetrate and expand their businesses easily across the world through online marketing (Nadyan et al., 2021). Not only that, SMEs can also develop a web presence to

improve their earnings during this pandemic. In a study performed by Ramaswamy (2021), it was found that around 30 percent of SMEs in India challenged themselves to create a business website and become involved in e-commerce during the outbreak. However, drawbacks from this technology development can be seen from lack of financing and technical expertise to create the web presence. Thus, to overcome the scarcity of resources, it is possible for SMEs to perform collaboration with other entities that are pleased to share the resources together towards digital adaptation (Klein & Todesco, 2021). According to Hidayati and Yansi (2020), it is also necessary for SMEs to utilize digital marketing through social media platforms such as TikTok, Instagram and Facebook. Since customers are shifting their preferences to using these platforms, SMEs should adapt with the changes to maintain their business resilience during this pandemic. These approaches are in line with the result of this study which indicates that SMEs in Indonesia have given consideration on collaboration and online marketing using digital platforms.

With the technology advancement being implemented in the business operation, it is a must for the employees to be able to use the technology wisely. However, Klein and Todesco (2021) revealed that, there is a gap of technological knowledge for most of the SMEs due to the absence of knowledge as well as lack of skills and expertise to use the digital technology. The result of this study shows that SMEs believe that employees should be able to use the technology. Thus, to reduce the gap, SMEs should provide training for their employees so that they own meaningful skills to grow their business globally (Affandi et al., 2020). SMEs in Indonesia also agreed that employees should be trained to cope with Covid-19 pandemic. Informal training can also be done through cost-effective learning such as networking, mentoring, or coaching (Saunders et al., 2014).

Since the outbreak of Covid-19, this disease has seriously affected the business efficiency across the world, leading to shortage of supply during this pandemic due to the struggle that the business has to face. The import and export of goods will be affected due to the movement restriction that the countries need to comply with to reduce the spread of the virus. Since China is the largest exporter of goods in the world, Indonesia will also be affected when the virus badly hit them. The demand of raw materials from China has fallen due to the disruption of trading activities in China. As a trading partner, the reduction of production in China will then cause shortage of supply in Indonesia (Hidayat et al., 2020). Thus, the result of this study shows that SMEs in Indonesia strive to ensure that the supply of raw materials is adequate during this pandemic. To overcome the shortage of supply, Mohan et al. (2021) described that instead of relying on one supplier, it is better for firms to diversify their suppliers to have a secured value chain.

The result of this study also indicates that SMEs in Indonesia will make changes to the production and distribution process for consumers. With the advancement of technology, the internet has changed the way of communication with customers when marketing the business products (Hidayati & Yansi, 2020). According to Varabi (2020), SMEs have utilised the logistics and courier services for their distribution channel. Data from the Ministry of Finance stated that the logistics segment was relatively stable during the Covid-19 pandemic. In fact, the purchase transactions via e-commerce has increased to 18.1 percent which equals 98.3 million transactions. A total transaction value of 9.9 percent has resulted in a total of Rp 20.7 trillion. Moreover, with the result obtained from this study, it shows that SMEs have no problem with the

culture of doing business through online platforms. This is because they believe that by creating a new working environment, the benefits will outweigh the drawbacks when using digital marketing as an opportunity to grow their business in future (Hidayati & Yansi, 2020).

5. Conclusion

From the findings in the previous section, it can be concluded that despite the struggle to survive during this pandemic, SMEs in Indonesia managed to maintain their business resilience through the implementation of various strategies in adapting to the current situation. Throughout this study, the product differentiation, cost and financing, as well as technology and process were seen to be crucial to help SMEs to realize the sustainability and development of their business. However, there are several limitations in this study.

One-shot or cross-sectional study was adopted in this research whereby from the selected population, the information was collected at a single point in time. Due to this, the measurement on the changes of perceptions and opinions over the time cannot be performed by the target respondents. It is recommended that future research should be performed by considering the longitudinal studies. From there, the comparison of business resilience of SMEs during and after the pandemic can be further studied.

In addition, closed questions were structured as a survey instrument since it is much easier to conduct. However, this type of questionnaire might limit the respondents to express and give their own opinions and perspectives as they need to answer only based on the options given in the questionnaire. The answers by the respondents might be biased particularly when the provided answers are contrary to their own thoughts and perceptions. It is advised that future researchers who wish to conduct the same scope of study should opt for open-ended questions to gain better insights from the respondents.

Finally, this study focused on SMEs in Indonesia only. The findings of this study may not be relevant to other organizations due to different geographical areas. Thus, it is advised that SMEs in other areas should be further studied to find out whether those SMEs would respond the same way or not in maintaining their business resilience during this pandemic.

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