

Turning Vulnerability into Resilience during Covid-19: Investigating Indonesian MSMEs Business Resilience Drivers

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ABSTRACT

The Covid-19 pandemic that has spread since the beginning of 2020 is considered a "Black Swan" event because it appears unexpectedly, is difficult to predict and occurs not within the normal expected range and has a very extreme impact. The Covid-19 pandemic brought people to enter an era full of turbulence called VUCA, or stands for "volatile, uncertain, complex and ambiguous". The implementation of social mobility restriction policies to overcome the rate of viral infections led the community to enter a prolonged health, social and economic crisis. One of the worst affected sectors is MSME. In Indonesia alone, MSMEs have a significant role in the economy because they contribute 61.07% of GDP and absorb 97% of the total workforce (Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2021). However, the MSME Performance survey during the COVID-19 pandemic showed that during the pandemic, 94.69% of businesses experienced a decrease in sales, and 85.42% of MSME respondents also stated that their business was likely to last only one year since the pandemic took place (Lembaga Ilmu Pengetahuan Indonesia, 2020). The results showed that small and medium-sized enterprises (SMEs) are particularly vulnerable to failure in continuous shifts and unpredictable events (Pal et al., 2014), like Covid-19. SMEs are also the most affected in times of crisis and the least prepared of all organizations. Furthermore, the study of How SMEs prepare and respond to emergencies is still not much explored (Sullivan-Taylor & Branicki, 2011).

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