

The Business Resilience of MSME in Time of Pandemic: A Case Study

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Abstract

Due to the pandemic in 2020, micro, small and medium enterprises (MSMEs) experienced poor performance. This change creates impacts on business management to survive in an uncertain situation. This study analyzed the Leverage Secondary Association's (LSA) concept in business resilience to maintain the business long-term. This research focuses on the partnership elements: people, places, things, and collaboration with other parties and suggests optimized programs to support future business sustainability. This research uses a qualitative approach and develops a list of interview questions based on elements of LSA. The results were analyzed using data reduction, categorization, and synthesis methods. The interview involved three MSME owners from the tourism sector and small business retail. The result of the study has explored some primary issues in employees, resources, and market expansion. In Peoples, the LSA strategy encourages the company to empower the employee and enhance the sense of belonging to the company. In Things, by developing a partnership with other parties, the business maintains the supply of raw materials and stability of the prices. In Places, partnership's sustainability, especially with the distributors at the national and international level, opened the opportunity for market expansions.

Keywords: *leverage secondary association, business resilience, MSME.*



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INTRODUCTION

Micro, small and medium businesses (MSMEs) are more vulnerable to the COVID-19 pandemic. MSMEs experienced a more significant decline in revenue than the corporate segment. The magnitude of the risk of bankruptcy in micro-enterprises has caused the micro-business segment to experience the most significant reduction in revenue. The McKinsey survey said the impact of COVID-19 was related to the supply and demand side and movement restrictions. During the COVID-19 pandemic, changes in customer behavior will cause a decrease in income in the retail banking segment, which will force banks to digitalize. MSMEs have a significant impact because they cannot run their business. This situation is especially happening from February until June 2020, when the closing of traditional markets and modern shopping centers has a severe impact on the ability of MSMEs to do business and directly affects their ability to make actual payments (debt) and interest to banks (Wardah, 2020).

Bank Indonesia stated that 87.5 percent or 2,600 MSMEs in amount were negatively affected by the COVID-19 pandemic, 93.2 percent were affected from the sales side. As many as 16.2 percent of the affected MSMEs experienced a decline in sales of up to 25 percent, 40 percent of MSMEs

experienced a 25-50 percent decline in sales, 28.2 percent of MSMEs experienced a sales decline of 51-75 percent, and 15.6 percent MSMEs sales fell above 75 percent. As many as 64.2 percent of the affected SMEs have implemented strategies to minimize the impact of the pandemic. Meanwhile, 52.1 percent of MSMEs were not corporatized, and 35.5 percent were corporatized (Victoria, 2020).

According to the Central Statistics Agency survey in 2020, around 69.02 percent of MSMEs experienced capital difficulties during the COVID-19 pandemic. Meanwhile, according to the Complaint Report to the Ministry of Cooperative and SMEs of the Republic of Indonesia, as of October 2020, 39.22 percent of SMEs experienced problems with capital in the Covid-19 pandemic. Previously, as of April 13, 2020, the Ministry of Manpower and BPJS of Employment noted that at least 2.8 million workers were affected by the COVID-19 pandemic (Ministry of Finance of the Republic of Indonesia, 2021). This situation makes the International Monetary Fund (2021) also project Indonesia's unemployment rate in 2020 to be 7.5 percent, up from 2019, which was only 5.3 percent.

In 2020 the government launched the Micro Business Productive Assistance (BPUM) program worth IDR 2,4 million for MSMEs which are not currently receiving credit or financing from banks. The program is ongoing until this year, with some improvements, including assistance and admission requirements. This is considered very helpful for MSMEs that almost went bankrupt due to financial problems.

Indonesia Minister of Finance, Sri Mulyani said that BPUM was able to become a financial buffer for MSMEs. This problem is also evidenced by the statement from the Head of the East Kalimantan Industry, Trade, Cooperatives, and MSMEs Office, who explained that approximately 307,000 SMEs in East Kalimantan, with a workforce of 1.5 million people, were greatly helped to raise and survive to do their business amid the pandemic.

The tourism industry, trade, and handicrafts, as part of MSMEs, are also affected. Tourism is an industrial sector that attracts many people, involves many parties, and increases economic growth. The COVID-19 pandemic has harmed the tourism sector. At the same time, companies have to deal with social distancing and maintaining a distance that results in vacancies and a decrease in the number of tourists. This regulation impacts the sustainability of the tourism business, especially on the island of Bali.

For a big corporation, many studies have examined the sustainability business in the corporate sector. The result was presented annually in the business performance report. However, there is not much research on the MSMEs' sustainability aspect. The lack of research is due to data that does not represent actual business performance. This research gap will be an exciting issue to be discussed.

The sustainability of the tourism industry, trade, and handicrafts is determined by how to anticipate facing the COVID-19 pandemic. Changes in business models are essential in seeing consumer desires for traveling and producing new habits (Sahebalzamani & Bertella, 2018). All industrial sectors must face a new perspective, including hotels, nature tourism, culinary, and local communities. The tourism industry must diversify products, event management with the nuances of local wisdom, destination image, sustainable tourist improvement, management systems, appropriate promotion and branding strategies, partnerships with various parties, and collaboration between communities (Valeri & Fadlon, 2016).

LITERATURE REVIEW

Business resilience during a pandemic is one of the targets for all business sectors. Organizational resilience (business resilience) is defined as an action that business organizations must take to develop adaptively and innovatively according to business demands (Tibay et al., 2018). Business resilience in the tourism industry will involve many parties. Communities and owners of the tourism industry depend highly on tourist visits at home and abroad. Merging mutually beneficial partnerships and reducing the impact of higher costs requires high business innovation (Williams et al., 2020). The Covid-19 pandemic has made the business impact so uncertain that it has pushed back its overall performance. Business resilience requires government policies that can adapt to foster high survival rates in all industrial sectors (Kareiva & Fuller, 2016).

The implementation of sustainable business by MSMEs must demonstrate the values of customers and all stakeholders (D'Amato et al., 2020). This implementation is also strengthened in the convection business of Wafi and Se-Collection and Parta Porte by creating sustainable business value that must provide value. The value is also in line with the business concept of maintaining environmental propriety or regenerating natural capital from taking business processes (Schaltegger et al., 2016). The business model that must be run must balance business operations and the goals of global organizational sustainability (Bocken et al., 2014; Rauter et al., 2017). Sustainable business processes can be implemented at the level of creation, delivery of value, use of alternative or renewable resources, innovation of environmentally friendly technologies, and involvement of responsible suppliers or contractors, and the scope is extended to social, ecological, and economic aspects (Boons & Lüdeke-Freund, 2013). There are eight sustainable business archetypes, namely three main business model innovations: technological, social, and organizational (Bocken et al., 2014).

MSMEs must improve their knowledge and operating skills (Urban & Naidoo, 2012). Certain types of decisions must be made more effective for the production operating environment. The long-term strategic decisions include the new product development decision, design for the new product production process, raw materials allocation, utilities, production capacity, and other resources, what new business is needed, and where to find it. Operations decisions deal with issues related to planning production to meet customer demands. The primary responsibilities of operations are taking product orders and shipping finished products to customers. Decisions are made in terms of how much-finished goods inventory to carry for each product, product quantity to be included in next month's production schedule, production capacity increase for next month through overtime, and subcontracting details of raw material purchasing plan to support next month's production schedule, and control deals with various day-to-day execution problems in operations, such as low quality and machine breakdowns. Control decisions may include what to do about the department's failure to meet planned basic labor costs, development of labor cost standards, new quality control accompanied by product acceptance criteria, and maintenance of production machinery to prevent breakdowns. MSMEs must make improvements and quality improvements on an ongoing basis. Inputs from customers and rapidly changing market needs must be responded to by MSMEs (Sohal et al., 2001).

The tourism business faced many problems during the COVID-19 pandemic. The tourism industry's measurement of business resilience can go through the stages of vulnerability, business, and operations planning, preparation and recovery planning, communication, and workforce

(Usher et al., 2019). The five components are more directed at government policies that prioritize employee training, develop a practical framework, and consistent communication patterns to build togetherness in providing excellent service to consumers. All communities are involved in creating the tourism industry with the company's external challenges (Thompson & Zang, 2018). Therefore, business resilience must be made through effective recovery planning and nuanced concepts of local wisdom owned by specific regions.

This study analyzes the concept of supporting the business resilience strategy through leverage secondary association (LSA), strengthening the role of the company's stakeholder elements as state of the art in this study. LSA has initially been a concept that describes the techniques for developing brand equity. According to Keller (2013), LSA consists of elements that collaborate various aspects to strengthen the brand name of both the product and the company. These four elements are optimized to support the company's performance to be optimal. Each of these elements is said to be a company's stakeholder who collaborates to improve brand reputation. Companies cannot excel alone but need several aspects that support the company's existence in the long term through partnerships (Andrews & Entwistle, 2010). This collaboration between actors uses a stakeholder approach that shows that related parties, including the government, other partners, consumers, communities, investors, and social institutions, jointly support implementing a program in the company. Collaboration between these actors has a greater carrying capacity to achieve program goals (Russo & Perrini, 2010).

Elements of Leverage Secondary Association

1. People. There are two aspects, namely employees and partners. Companies can develop partners and empower employees who work within the company. This aspect is related to individuals who have a role in supporting brand performance.
2. Things. Things are considered capable of enhancing the development and support of the company's brand performance. There are three aspects: events, third-party endorsements, and causes. Events can increase brand awareness because consumers get exposure to information. In this case, the company can hold activities or collaborate with other parties to support each other and complement each other's performance.
3. Places. There are channels, locations, and the surrounding environment, including the community. Cooperation with suppliers or other partners is a significant supporter. This is also supported by the cooperation of the surrounding environment, including the community, which can help the organization survive. The location and utilization of existing resources are also expected to be optimized to support performance.

Previous Research

This research aims to fit the theme that the faculty has proposed as a form of the Three Pillars of Higher Education. This research has also conducted previous research. Research of Mayasari et al. (2019). This study has three main objectives: first, to determine the application of leverage secondary association in strengthening the brand of Wanderlust company products. Brand strengthening through a leveraged secondary association looks at the achievements of external competitors and enhances the company's internal components. Second, knowing the implementation of the stakeholder approach in supporting the strengthening of the brand and the

sustainability of WAI. The stakeholder performance approach provides an overview of the partnerships built so far in its efforts to strengthen product awareness among consumers. Third, knowing the extent to which the implementation of the leveraged secondary association, whose primary orientation is to enhance the brand and the company's sustainability, basically directly or indirectly strengthens the cultural products of a region engaged in the tourism sector.

In the preliminary research in 2021, the study aims to obtain an initial picture of the tourism sector's business management and performance achievement. Initial research on this concept has been conducted through interviews with a business actor in Bali engaged in the tourism sector. Interviews were conducted by asking about business resilience and the concept of a partnership involving all elements of partners in the leverage secondary association. This study provides information on the importance of strengthening partner elements to support company performance.

RESEARCH METHOD

This research uses a qualitative approach through interviews with related companies and partners. Analysis of interview data for the partnership process and supporting factors was analyzed using data reduction, categorization, and synthesis methods. After the literature study is carried out, the research will develop a list of questions based on the elements of the leverage secondary association to be used as interview material.

Research Question Blueprint

The aspects that will be interviewed based on the LSA concept proposed by [Keller \(2013\)](#) are as follows:

People

- a. Who are the partners? (company, government, community).
- b. Who is the company's target market?
- c. What are the challenges in running the business?
- d. Do you collaborate with other partners in developing business strategies?
- e. Which partners are with the company?
- f. Who are the partners who determine the company's performance?
- g. What kind of collaboration program is it?
- h. What is the collaboration process like?

Places

- a. How do companies communicate with one another?
- b. Are there any efforts by the company to be able to develop to a wider level?
- c. How does the company sell the "product" that is the strength?

Things

- a. What challenges and problems do you currently have?
- b. What events or activities have been carried out by the company to improve its quality?
- c. What is the purpose of doing it?
- d. Who is involved in this activity?

- e. What are the results achieved from these activities?

FINDINGS AND DISCUSSION

Findings

1. Wafi and Se-Collection

Convection Wafi and Se-Collection is a business located in the Binong area, Bandung, which produces apparel as the main product, with the main specification on knitted clothes. In 2009-2010, the company was founded by Ms. Ade Royani, who started from her home with three knitting machines, with a total capital of ten million rupiahs. Armed with the knowledge and experience gained by the owner while working in a knitting factory, this convection designs its knitted clothes, which are currently still devoted to the youth market and young adults who prefer to follow current trends. Customizing the design of knitted clothes can also be adapted to provide comfort for consumers. Attractive designs and high-quality materials cause this convection knitwear product to be easily absorbed by markets, including international markets. Currently being produced, the knitted clothing products have been marketed in areas outside Bandung such as Jakarta, Medan, Kalimantan Island, Sulawesi Island, and Malaysia. The development of the business is armed with the ability of the founders, who have extensive networks to form sustainable partnerships. The impact of the COVID-19 pandemic, resulting in the price of raw materials-knitting yarn, tends to rise and brings challenges to this business. In addition, the closure of regional boundaries due to restrictions on social activities is also a challenge. However, the condition of market demand, which is still strong and armed with various innovations, can bring this convection business to survive well.

Interview result

Regarding the first respondent, the apparel product has a specific market area, which focuses on Jakarta and Medan. During this pandemic, the company has a problem with raw materials. The price of raw materials often increases, and at the same time, product sales are experiencing difficulties. The company cooperates with raw materials suppliers and marketing and delivery partners to overcome the existing problems. The company needs another party to deliver the goods. This collaboration is helpful during the pandemic because the third party will transfer the money first, then the company will send the product.

For me, for example, sending it to Malaysia and Sulawesi via Jakarta through other parties. So, I was helped to send it to another place; I wasn't the one who took care of it. (Respondent 1)

The element of people in helping business continuity is constructive, especially in the production process. To fulfill orders, at least the employees in this production house must have at least 100 dozen pieces of knitted clothes in one week. During the pandemic, there were now 13 employees. Before the pandemic, the company employed 24 people. Most of the employees are from Tasikmalaya, Garut, and Bandung. The company also does not do co-branding or cooperate with other parties.

Never before, this is all my own capital. At least with a yarn shop, given to taking it first and paying later. Yarn shops usually don't go to random people like that. They give it to me, for example, those who already have their own houses, if they are rented, they are rarely given.
(Respondent 1)

To maintain its business continuity, the company strives to develop innovative products. Consumers as company partners need to pay attention to their needs, especially regarding the quality of clothes, by maintaining comparable prices. The company strives to maintain quality from the past until now so that consumers who buy are never disappointed.

If I look at the quality of the clothes, see how thick they are, then in terms of price. If the price comes in and the goods are good, people will believe it. (Respondent 1)

The company wants to expand its business if the pandemic has subsided, then sales abroad have been opened again. This effort is strived to develop the business well and support business sustainability in the long term.

If anyone is interested in collaborating, I'm ok; it doesn't matter as long as the finances are fine; that's all for me. But when I went to Malaysia, I didn't do it right away, and someone else offered me. (Respondent 1)

The company also maintains good relations with distributors. Distributors are essential partners to be able to offer products to consumers directly. Cooperation with distributors needs to be maintained because this is related to maintaining the trust of distributors to be willing to offer to end consumers. Although the company focused on cooperation with cooperatives in the past, relations with the cooperatives are not so good.

Yes, sometimes I give a later payment scheme to those who have subscribed, for example, 1-2 days, I just pay after the goods are received. Because I was sold through a distributor, sometimes I could even receive the money first, but I never had to go to only one shop because I was tied up and couldn't sell anywhere. Meanwhile, I have to divide the production among the five distributors. (Respondent 1)

But now, the management of the cooperative is conflicting because the management of the cooperative has a knit like this, and the management of the cooperative cannot be arbitrary, so the younger management carries it on. Now, this delivery is everywhere, wide, so it doesn't work; there are pros and cons to certain people, so because I can do it myself, I can do it myself.
(Respondent 1)

2. Parta Porte

Parta Porte was founded in 1984 and was started as a hobby for Indian antiques and leather crafts. This company became commercial beginning in 1988. The company's product is the utilization of leather waste from a shoe factory located in the city of Bandung. The products are

bracelets, leather brooches, leather bags, shoes, and jackets with Indian patterns, utilizing the waste from small leather pieces to larger ones.

Since the outlet's opening in 1998 on Jalan Cihampelas and the booming monetary crisis, this Parta Porte company has started to get extraordinary and successful profits. The initial capital since its establishment is 10,000 rupiah. The success of this company started from the arrival of foreign tourists from Greece who was interested in products with Indian motive, so they ordered two cubic containers. After that, they repeat the orders for two years, for winter and summer supply in Europe. Parta Porte's customers are generally from mainland Europe and America and Latin America itself. When viewed from the LSA (people) concept, this company does not enter into partnerships because it is considered that the supply will always be there. The company's target market is Europe, America, Australia, and even Latin America from leather waste. The challenge faced so far is skilled human resources. The business strategy so far is to use a promotional website through the company's website. The determinant of company performance is human resources because the market already exists. Until now, the company has not collaborated or partnered.

Regarding the location, business development began with a shop window on Jalan Cihampelas. The company's efforts towards a large scale are currently still focusing on handicrafts and need special skills. The product depends on the demand and adjusts from the tourists who come to the shop. The current challenge is the pandemic so that all business sectors stagnate. Still, this company maintains quality by selecting the desired raw materials and adding the skills to make these products.

Interview result

This company was founded during the economic crisis in 1998 and did not have partners. The company's Cooperation with investors was only implemented when the company had experienced business progress. For the target market, because the products are souvenirs, these are people who have hobbies and tourist attractions. The challenge in business management is related to the availability of human resources. If there are many orders, the company needs a lot of special skills. The company is aware of this.

The challenge or constraint in leather products has been in human resources from the past until now, especially if there are many orders because they are special skills; also, work partners should help to be a nuisance. (Respondent 2)

The company is developing business strategies related to the collaboration of other partners. This cooperation is related to the purchase of leather scraps from shoe factories. Its business strategy is more on sales and promotion abroad through the website. In developing the business, the company does not collaborate with any partners. For partners, they are more of a supplier.

Meanwhile, it has not collaborated either with producers or with banks since its inception, even though there are offers. (Respondent 2)

The company in the future still wants to develop its business in the future. It also aims to maintain business during a pandemic. Companies must grow by focusing on human resources as an element of the company's internal partners that need to be maintained.

Because this company is a leather handcraft that requires individual skills, skilled and capable human resources are needed once again. (Respondent 2)

During this pandemic, the company did not hold any events because it was aware of a decline in sales. The company focuses more on strengthening the company's personnel as resources to produce higher quality products.

The quality improvement is from the selection of leather materials and the skills of the company's employees according to orders. (Respondent 2)

The company has not planned to collaborate with other companies such as suppliers of goods to improve performance. Cooperation is only based on the needs of the company. The company does not have the agreements or ties before the pandemic. Previously, the company worked together to meet requests from Sweden, Germany, and other European countries.

3. Puri Madha Dive Resort

This company has a relatively large business in the Northside of Bali. The company's performance has had a significant impact due to the COVID-19 pandemic. This company can represent several Bali companies to be parties willing to become resource persons and partners in research. Puri Madha Dive Resort is an inn that provides Bungalows, Dive shops, and restaurants. The location of this inn is at Jalan Tulamben, Kubu, Karangasem Regency, Bali. Its strategic location is on the beach and offers tourists a relaxed and beautiful sea atmosphere at Puri Madha Dive Resort. Various activities can be done at Puri Madha Dive Resort, including trips and tours, diving, and snorkeling.

Interview result

The COVID-19 pandemic has drastically affected the tourism business in Bali; some have even closed their businesses because they do not know how to develop them. This condition requires assistance from the central government. The company's business was initially good, especially in the Tulamben area.

In 2000, considering we saw that the tourism market share to come to Tulamben 2000 had increased significantly. Especially tourists who visit Tulamben are divers or marine tourists who like to enjoy the underwater beauty. So that's why in 2000, we saw that the market share seemed to be good, so our family agreed to develop it even more. (Respondent 3)

The tourism industry in Tulamben is not very competitive. Each company cooperates through associations that function to guide members. The following function is to develop the partnership of each member so that it will affect performance. This function can be carried out by providing education or training and coaching to the parties concerned.

In Tulamben, there is no competition problem. Yes, but here there is an association of hoteliers to don't run into each other. Because it's a mutual agreement. (Respondent 3)

We have a meeting once a month. Each entrepreneur submits a complaint or problem from each entrepreneur. Then we'll break it all down. (Respondent 3)

The company, before the pandemic, collaborated with partners in the form of tour agents. Travel tour agents act as parties who deal directly with potential tourists and indirectly promote the best tourist destinations in Tulamben. With the existence of a travel tour agent, prospective tourists will be more easily facilitated to gain access to destination tourist destinations.

For Chinese tourists, it is usually three or four days. After diving, he will definitely go on a tour; if you want an automatic tour from the resort, I will contact the transportation service in Tulamben, which usually handles tours. I'll call them tomorrow, or today there are guests who want a tour. As soon as I arrived, I said that the guests wanted this program. If the problem does not exist in Tulamben. (Respondent 3)

The company realizes that employees as company partners are the primary resource. Until now, none of the employees have been laid off during the pandemic. The rights of employees are still fulfilled by the company, such as health insurance (BPJS of Health) and commensurate salary. Employees are treated well because people are genuine, and they know all current conditions. When the situation and requirements return to normal, they can work as usual and get their rights as standard.

Why don't I lay off, because they are all genuine people and they know all the current conditions. With him not being laid off, he is already very happy. When the situation and conditions return to normal, they can work as usual and get their rights as usual. They don't demand much; they just ask BPJS for health to be paid because, frankly, we frequently fall sick. If we don't pay for their BPJS, their illness will double. (Respondent 3)

The company owner realizes that an essential element is developing partners outside the company. However, employees are considered partners who provide ideas and support the company's long-term sustainability. The employees are primarily natives of the company. They are people who have an excellent dedication to the company. Thus, they can be trusted to be good partners.

We invite all employees here to be aware and understand and serve the company. If it is normal in 2022 or earlier, what I have to do as soon as possible is to make new breakthroughs for the progress of this company. (Respondent 3)

Discussion

When it comes to the concept of Leverage Secondary Association, the main elements in business management at the three Puri Madha Dive Resort, Parta Porte, and Wafi and Se-Collection convection companies prioritize strengthening internally, namely employees and their strengths. The primary collaboration is more on employees. So far, before and during the pandemic, they did not collaborate with other parties. The main partners are the employees themselves as the

prominent supporters of business continuity in the long term. However, they realize that future partners also need to be pursued.

Business sustainability is a formula that combines social, economic, and environmental components to a business process run by an organization or business unit. MSMEs must have sustainable business principles by making business development priority plans and responsible business behavior and implementing them into business strategies ([Gross-Gołacka et al., 2020](#)). The three main bases in building a sustainable business are the broader context of environmental, social, and economic demands. Ethical, historical, and moral aspects must be a top priority and seek maximum profitability for business sustainability. The era of globalization and increasingly widespread competition must be equal to the business principles of sustainability in a balanced way.

Puri Madha Dive Resort, Parta Porte, and Wafi and Se-Collection convection companies are MSMEs that adhere to a sustainable business philosophy. MSMEs must develop the concept of business sustainability from the perspective of global business competition. They must implement social and environmental goals in business processes while still interacting with stakeholders (government, community, environment, and regulations). MSMEs business actors must ensure that all employees understand that the work process from product quality, customer service, and customer complaints will impact the environment and society. The need for socialization to develop awareness and knowledge in implementing sustainable business affects MSMEs. From several perspectives related to sustainable business, there are three main obstacles in implementation focused on MSMEs, namely ignoring the importance of the organization's impact on the environment, lack of adequate knowledge of solving environmental problems, and low costs and benefits of investing in reducing business impacts on environmental damage ([Bos-Brouwers, 2010](#); [Simpson et al., 2004](#)).

Several studies have examined the sustainability business in the corporate sector. The result can be seen in the annual business performance report. However, there is not much research on MSMEs. The lack of research is due to data that does not represent actual business performance. The business sustainability in MSMEs related to social, environmental, and operational elements is not much researched, especially in emerging markets ([Das & Rangarajan, 2020](#)). MSMEs must make improvements that are focused on business sustainability with three business principles ([Hernita et al., 2021](#)). There are three basic principles: sustainability in the economic aspect by conducting cost efficiency and optimizing natural resources. Both social elements are focused on increasing the productivity of MSMEs through job creation, reducing productive unemployment, reducing poverty levels, and renewing social cohesion. The third is a sustainable environment by driving increased business productivity that is aligned with saving the environment, recycling products, clean products, and controlling environmental pollution based on the participation of MSMEs actors. Some of these efforts to encourage MSMEs' business sustainability by strengthening human resources through policy support from the government include optimizing the use of environmentally friendly technology, diversifying the MSMEs market through product innovation according to consumer needs, and market research according to business trends. These aspects are used to encourage MSMEs' productivity toward a sustainable business. Associated with Puri Madha Dive Resort, they are trying to avoid unemployment. They employ local people to keep working.

Market orientation and focus on how to provide health-based services. MSMEs in the tourism sector must be able to answer business challenges during a pandemic ([Berzina & Tsoy, 2021](#);

Kukanja et al., 2020). Consumers must feel safe, comfortable, healthy, and calm during their tourist visits. The post-pandemic challenge is that tourism MSMEs must change business patterns from conventional to digital. Some MSMEs sectors need a new adaptation period after the pandemic. Hotels, tourist attractions, and various other MSMEs must adapt at high speed. The MSMEs sustainability business is directed to meet the needs and desires of providers and recipients (customers, consumers, communities) in value creation processes without reducing the quality of business value (Fisk, 2011). The focus of sustainability business directed at tourism MSMEs leads to future companies collaborating with government, academics, practitioners, and culture-based communities (Belal et al., 2019). Companies need to focus on the three areas mentioned above into service-based value to translate sustainability opportunities in business. As much of the world has evolved, managing interactions has also evolved. So, only producing and selling good products is not enough to secure market share and future growth, to become a wealthy company. Due to limited resources, MSMEs have limited options to compete with more established companies and offer new product variations to existing markets to attract new customers.

CONCLUSION

The MSMEs contribute the most significant part to Indonesia's economic system. Based on the data of the Ministry of Cooperatives and SMEs, 99 percent of business entities in Indonesia consist of SMEs. The Pandemic of COVID-19 created the most significant decline in sales and reduction in revenue. The social restriction has led the massive changes in supply and demand, which are also affected by the changes in consumer behavior. The MSMEs' financial condition, which is negatively affected by the COVID-19 pandemic, is to be responded to strategically by the initiatives from MSMEs actors and the Government.

The result of the case study has explored some primary issues that the respondents face in pandemic situations. The analysis uses the three elements of LSA show:

1. In the Peoples element, the respondents face the availability of qualified employees. LSA strategy encourages the company to empower the employee and enhance the sense of belonging to the company. This strategy will provide opportunities for the employees to support the brand performance.
2. In the element of the Things, the supply of raw materials and stability of the prices are essential issues to be solved. The respondents will benefit by developing a partnership with other parties, for example, the raw materials supplier, to support their performance.
3. In the element of Places, partnership's sustainability, especially with the distributors at the national and international level, opened the opportunity for market expansions. The collaboration with business partners could be optimized to support the business performance.

This study has shown that the implementation of LSA through the combination of its elements in Wafi and Se Collection, Parta Porte, and Puri Madha Dive Resort supported the business to remain in good condition to overcome the negative effect of the COVID-19 pandemic.

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