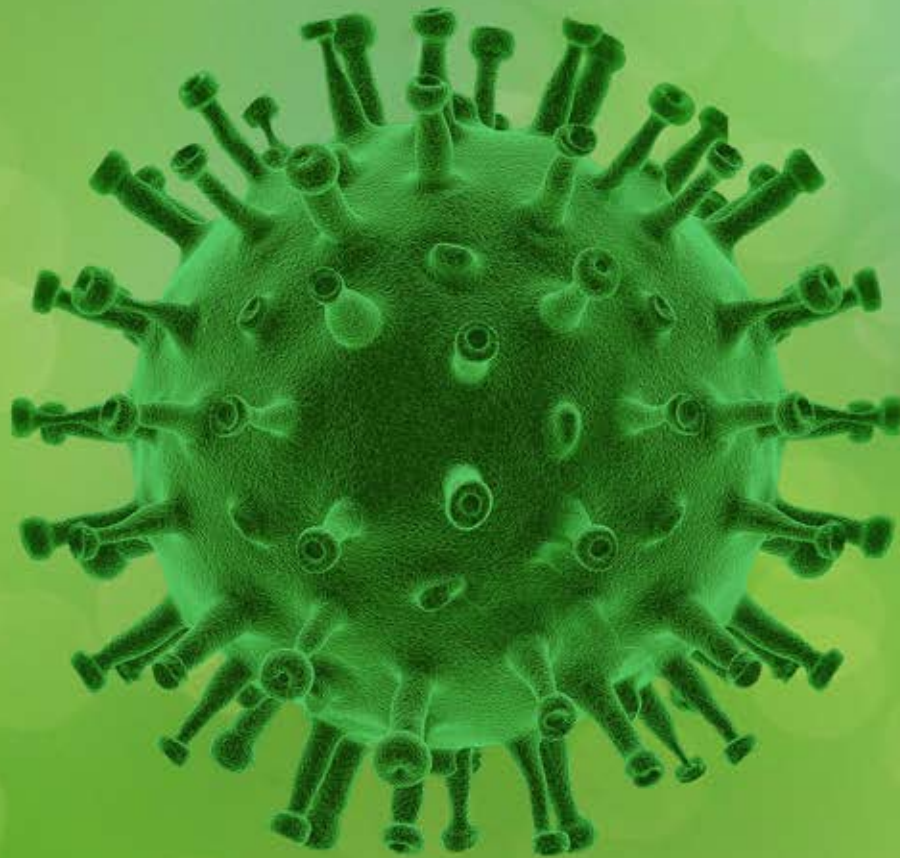




The Role of Business Continuity Plan and Strategic Flexibility

How Do Micro, Small, & Medium-Sized Enterprises Survive Through COVID-19 Pandemic?



Muhammad Alif Putra Pratama

The Role of
**Business Plan Continuity
& Strategic Flexibility**

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Exceller Open



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DEDICATION

This work is dedicated to all MSMEs owners who are facing tough times due to COVID-19 pandemic.
Stay strong, obey health protocols, and keep fighting.
This is not over yet.

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ABSTRACT

Most of the micro, small and medium enterprises (MSMEs) in Indonesia are experiencing the impacts and challenges that tend to be negative from the COVID-19 pandemic on the survival of their business, especially the MSMEs that are not engaged in the medical and healthcare sectors. Besides, new regulations from the Indonesian government such as lockdown initiation, social distancing, and work from home (WFH) have drastically reduced social / physical interactions, making people stay at home and cutting the act of consumerism. This study aims to determine the meaning, role, and importance of business continuity planning (BCP) and strategic flexibility for MSMEs in Bandar Lampung, Indonesia. In addition, it is also to see whether the MSMEs are familiar with the term BCP and strategic flexibility or not.

This research is a field research that uses a qualitative approach. This research was conducted in Bandar Lampung. The informants in this study were several MSME owners engaged in the food and beverage sector. Primary data was collected by conducting interviews with informants while secondary data was obtained from the internet. The data that has been collected from field research is discussed systematically using a descriptive method using a thematic matrix.

The results showed that 3 out of 4 informants (MSME owners) have implemented the concept of business continuity planning (BCP) and strategic flexibility which is also relevant to the BCP and strategic flexibility framework, but they did not know the “formal” term of BCP and strategic flexibility. This shows that the continuity plan they have made is not robust but rather instant, and still has various weak points that can be strengthened. The results also showed that the information on health protocol regulations and government assistance is not fully disseminated. The suggestions listed in this study include: The Indonesian National Board for Disaster should educate or spread awareness of BCP, to conduct “Fasilitasi Lembaga Usaha Dalam Penyusunan Business Continuity Plan (BCP)” or to facilitate businesses in devising business continuity plan, credit support at low interest rates, and for MSMEs to raise awareness and find out more about government regulations and assistance.

Keywords: *MSMEs, business continuity plan, strategic flexibility, COVID-19*

CHAPTER 1| INTRODUCTION

1.1. Research Background

In December 2019, a new virus outbreak called the coronavirus or COVID-19 commenced from Wuhan, China. According to the World Health Organization (WHO), coronaviruses are known to cause respiratory infections and other severe diseases such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). COVID-19 is the most recently discovered coronavirus (World Health Organization, 2020). The COVID-19 spread at astonishing speed globally as the author is writing this thesis; the current number of people infected by COVID-19 has reached approximately 5,136 people in Indonesia and 2,083,033 people worldwide. It only took about 4 months to reach that number. The WHO also announced that COVID-19 constitutes a "public health emergency of international concern" (Zhang, et al., 2020). In 23rd January, 2020, China sealed Wuhan to control the spread of COVID-19 and expanded lockdown to the other twelve cities in Hubei province (Ji, et al., 2020). The government of most nations, including Indonesia, initiated lockdown/mass quarantine in an effort to stop the spreading of the COVID-19, which means most of outdoors and social activities are supposed to be suspended. This situation also requires people's awareness to self-quarantine, stay home, and to encourage each other not to do outdoor/social activities if it is not highly necessary.

Since only a few people are interacting and going outside, local businesses are facing difficulties and challenges that disrupt their cash flow due to the low income caused by the shocking decrease in the number of consumers. In Indonesia, COVID-19 has only spared businesses moving in the medical sector, which mostly offers medical and healthcare products and services, while many others like food and beverages, airlines, hotels, and retails have taken a hard hit. In addition, some employees, who could not work from home (WFH), also become a victim of unemployment. Suitable strategic flexibility and solid business continuity plans could be indispensable for businesses, especially the micro, small, and medium-sized enterprises (MSMEs) who have taken a hard hit in this unfortunate situation in order to survive.

1.2. Research Rationale

This research project will focus first on finding the impact of COVID-19 pandemic to the MSMEs moving in non-medical sector in Indonesia. Second, the researcher also would like to find out about the role and importance of business continuity plan and strategic flexibility to the MSMEs in Indonesia. Business continuity plan and strategic flexibility represents and advises some kind of risk mitigation action and altering strategies when disruptions from internal or external business environment occur. Third, is to find out about the impact of new regulations and government contribution to MSMEs during this difficult time. Last but not least, this research project will find out how MSMEs survive through COVID-19 pandemic and hope that this research can contribute to

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raise awareness of business continuity planning and strategic flexibility to MSMEs in Indonesia also to contribute to further research if necessary.

1.3. Research Problem

- Micro, small, and medium-sized enterprises (MSMEs) in Indonesia, especially moving in a non-medical sector, are facing difficulties due to the COVID-19 pandemic which results in a decreasing significant amount of customers caused by mass lockdown and social distancing, until the uncertain period of time.
- To find out if MSMEs have been neglecting and not being aware of business continuity plans and strategic flexibility or not.
- To find out the role and importance of business continuity plans and strategic flexibility to MSMEs in Indonesia.
- To find out more regarding the government's assistance and attention.
- Lack of previous literature review surrounding this topic due to the recently COVID-19 pandemic in Indonesia.

1.4. Research Question

- What is/are the impact/s of COVID-19 pandemic to MSMEs in Bandar Lampung, Indonesia?
- Are MSMEs aware of business continuity plan (BCP) and strategic flexibility?
- What is/are the role/s and importance of BCP and strategic flexibility to MSMEs in Bandar Lampung, Indonesia especially during the COVID-19 pandemic?
- Is/are there significant assistance/s from the government to MSMEs in Indonesia during the COVID-19 pandemic?
- How do MSMEs survive through disruptions due to COVID-19 pandemic in Bandar Lampung, Indonesia?

CHAPTER 2| LITERATURE REVIEW

2.1. Business Continuity Plan

In recent today's intensity of fluctuating and uncertain business environment, disruptions can occur and bring heavy load to the businesses (Craighead, et al., 2007) & (Kull & Closs, 2008) as cited in (Azadegan, et al., 2020). *"Businesses are increasingly subject to disruptions. It is almost impossible to predict their nature, time and extent. Therefore, organizations need a proactive approach equipped with a decision support framework to protect themselves against the outcomes of disruptive events"* (Sahebjamnia, et al., 2015). The disruptions that the businesses are facing may be different and each disruption has different impact on the organizational resources. The potential disruptions could not only be caused by human errors, utility disruptions, and outsiders posing malicious threats (Cerullo & Cerullo, 2004) but also a pandemic, for instance, the recent COVID-19 pandemic. The crisis management literature considered that the effects of the risk and disruption management practices are contingent on the businesses' response orientation (Sutcliffe & Vogus, 2003) & (Deverell & Olsson, 2010). Business continuity plan (BCP), suggested by risk and continuity experts, can provide an effective mechanism to help businesses recuperate from disruptions (Zsidisin, et al., 2005) & (Kildow, 2011) as cited in (Azadegan, et al., 2020). The situation may raise the awareness of disaster recovery/business continuity plan (BCP) (Savage, 2002). BCP involves generating strategies for the various business units which ensure the continuance of the critical business operations while recovering from the disruptions (Botha & Von Solms, 2004). BCP surrounds the activities of risk mitigation, risk management, continuity planning, and emergency response activities (Engemann & Henderson, 2011) & (Kildow, 2011) as cited in (Azadegan, et al., 2020). BCP should be comprehensive based on its unique situation, therefore there are no fixed BCP; they have to be kept updated and tested. BCP is designed to avoid and mitigate risks, reduce the impact of the disruptions, and to reduce the time to restore conditions to the normal operating state (Cerullo & Cerullo, 2004).

Azadegan, et al. (2020) said, there are at least three main knowledge in starting a BCP which are:

- BCP commences from business impact analysis (BIA) where in this phase, the risks to the business are identified, prioritized and contrasted to the businesses' available resources (Cerullo & Cerullo, 2004) & (Engemann & Henderson, 2011). *Outputs from the BIA include risk-related prioritization of products, services, and critical functions. Such outputs offer a quantifiable assessment of the likely financial and operational consequences of disruptions (Azadegan, et al., 2020).*
- Second, it is to specify what is expected from the activities of risk mitigation and disruption response (Engemann & Henderson, 2011). Another addition from (Cerullo & Cerullo, 2004), which was to develop a disaster contingency recovery plan (DCRP) to run certain procedures when disaster happens, including identification of primary and substitute team

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members and their specific role, to maintain operational activities working while the damaged resources are being restored, and etc.

- The third one would be training and exercises (disaster scenarios and drills)(Chopra & Sodhi, 2014). It is to better understand the BCP by implicating it in practice and understanding more about each role of the business' personnel (Azadegan, et al., 2020).

BCPs have gained focus in corporate boardrooms because they offer the means to identify risks, set objectives, and help institutionalize practices in mitigating risks and facing disruptions (Norrman & Jansson, 2004); (Hiles, 2010);&(Waters, 2011).

According to the definition and how it functions, a comprehensive BCP could play an important role for small businesses during the COVID-19 pandemic. The BCP may not be as formal as large enterprises but BCP could help with the survival of the small businesses by ensuring operational or core activities remain going while fixing the damaged resources.

2.2. Strategic Flexibility

"The strategic flexibility can be defined as the proactive as well as reactive strategic moves for change, both internally and externally, by leveraging the vital and desirable aspects of the continuity of the organization in terms of core values, culture, core competence, brand, and its strategic positioning" (Sushil, 2015). Basically, strategic flexibility can be defined as a firm's ability to do something that was not originally planned or intended (Roberts & Stockport, 2009). Strategic flexibility contributes to any enterprise in terms of continuity and change (Sushil, 2015).According to (Aaker & Mascarenhas, 1984) flexibility represents the adaptation ability of a business to a substantial, fast occurring, and uncertain environmental changes that have significant impact to the business' performance. *"Strategic Flexibility relates to both the internal and external environment of a company"*(Roberts & Stockport, 2009). The business' surrounding environment provides external factors: regulatory, economic, political, and social changes which affect the business' tasks (Achrol& Kotler, 1999). On the other hand, strategic flexibility internally within an organization, according to the level of strategic decision making, has three types of strategy. (Burnes, 1992)

2.2.1. Corporate Level Strategy

"Being concerned with the direction, composition and coordination of the various business units within a large and diversified organization"

2.2.2. Business Level Strategy

It is related to operational activities and direction of single business units within a large and diversified organization.

2.2.3. Functional Level Strategy

It is related to the business function itself

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According to (Roberts & Stockport, 2009), in strategic flexibility it is essential to combine both external and internal perspectives. Strategic flexibility is about: the capability to manage strategic risk, responding to environmental changes (opportunities and threats), and the ability for a business to use its resources in both reactive and proactive way.

2.3. From the previous working paper of "How Are Small Businesses Adjusting to COVID-19? Early Evidence from a Survey" by (Bartik, et al., 2020)

This working paper has conducted a survey of more than 5,800 small businesses across the United States of America about how they navigate through the economic disruption caused by COVID-19. The working paper also slightly focused on the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was introduced by the United State Congress with the intention to assist businesses owners with any needs they have at the moment. CARES, when implemented, will provide resources available for small businesses.

On the other hand, the results showed that fifty percent of American workers are employed by small businesses with financial fragility. Small businesses are significantly affected by the current crisis. The situation reflects a shock to America's small businesses.

The working paper categorized three main results which are; the current impact of COVID-19 on business operations and employment, the report their results on the financial fragility of the small businesses they surveyed, and they turn to their expectations about the duration of the crisis and the small businesses' own economic survival.

The result exhibited the small businesses' responses to the COVID-19 pandemic and the lockdown which are:

2.3.1. Temporary Closing and Employment

According to the results from the working paper, 41.1 percent of businesses were temporarily shut down, 1.8 percent were permanently closed, 1.3 percent were temporarily shut down for other reason, while 55.4 percent were still operational. It indicates almost half of the small businesses surveyed experience temporarily shut down. Moving on to the employment, the number of full-time employee had fallen by 32 percent while part-time workers had fallen by 56 percent, lower than it had been on the first month of the year 2020. This showed a significant amount of inoperative businesses due to the global pandemic and enterprises laid off workers.

2.3.2. Financial Fragility

The question used by this working paper to help identify the financial fragility of the surveyed businesses was: *"roughly how much cash (e.g. in savings, checking) do you have access to without seeking further loans or money from family or friends to pay for your business?"*

Again, the result showed a short amount of cash to cover for more than two months of expenses; one fourth of the result even showed their cash availability can only cover less than one month's worth of expenses. This is also the cause of the shut downs and workers' layoffs. Without more credit infusion, it is hard to picture the firms that are still operational to survive without taking actions such as laying off their current workers.

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2.3.3. Predicting the Path of the Crisis

In this section, the researchers from this working paper asked the small businesses about how long they think the COVID-19 pandemic/the crisis will last and asked about their confidence in surviving their businesses. The results showed different answers on how long will the pandemic last, but the ones pointing out from the chart on when the pandemic will end would be on the end of May, beginning of July, and up to December. Without further notices from the government and their policy, uncertainty will be unavoidable. To add more, their confidence levels in surviving their businesses vary too. It was due to the amount of cash on hand. Businesses, which have more cash on hand, are more confident about their future and vice versa.

Moving on, this working paper also mentioned about CARES Act, which was a sort of government's contribution to assisting small business. Although there are some issues regarding this kind of contribution, businesses across America are still expecting the congress to fix this 'premature' CARES Act system, and aid in better regulating and mature condition.

To add more, this working paper also analyzed the differences in response to the pandemic/crisis from the businesses they surveyed. It indicates that business which are more exposed to the situation such as restaurants are less likely to weather extended disruptions

This working paper from (Bartik, et al., 2020) has given meaningful insights and contribution to this research not only due to the similarities in the certain areas of where the researcher would like to explore (such as how the businesses respond to the pandemic/crisis) but also it provided other factors to be taken into account such as government contribution.

2.4. From the Previous Working Paper of "How to Help Small Businesses Survive COVID-19" by (Baker & Judge, 2020)

This working paper mainly discussed the government's role and response to COVID-19 pandemic in helping small businesses in the United States of America. This working paper argues that the small businesses and the workers working in it are one of the crucial parts in boosting the country's economy. They collectively produce 45 percent of United States GDP.

This working paper calls on the government and/or regulators to come up with more creative and mature ways in helping small businesses, *"to work with existing intermediaries, including banks and online lenders, who have the infrastructure and tools needed to help small businesses get the additional loans they need to survive and thrive"*.

This working paper suggested that there are still ways to help small businesses survive the pandemic/crisis by maximizing access to credit through existing intermediaries. Again, this working paper focused on government actions and contribution.

2.5. From the Previous Paper of "Business Continuity Management and Pandemic Influenza" by (Dalton, 2006)

This paper by (Dalton, 2006) focused on the challenges faced by both the government and the businesses and business continuity planning during influenza pandemic in Australia.

"The major challenges for government include communicating a realistic estimate of pandemic risk, managing community anxiety, communicating the need for rationing of vaccines and

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antiviral medications, setting standards for preparedness, and gaining the trust of essential service workers.” The essential roles and challenges of the government during the pandemic according to this paper would be:

- Obtaining the attention of continuity managers and keeping it
- Prevent anxiety and panic
- Prioritization of antiviral and vaccines
- Developing standards for business continuity plan

Mass absenteeism from both customers and essential workers for businesses due to the pandemic may result in upstream and downstream supply chain failures. In addition, demand fluctuation, panic buying, and overstocking may add more complexity to the existing issues. Businesses and critical infrastructure may face challenges such as making plans for their business continuity. This paper provides examples of the challenges and issues like:

- Even though some businesses are equipped and provided with information technology perspectives in making and preparing their business continuity plans, the uncertainties given by the influenza pandemic circumstances may be overlooked. *“The standard advice from business continuity management plans, such as ‘cross-training’, telecommuting and infection control (including respiratory and cough hygiene), may be superficially reassuring in pandemic planning guides, but they are not a guarantee of appropriate readiness.”* The need to consolidate pandemic preparedness can be achieved through effective communication from internal and external parties and by using risk assessments.
- The need to educate the staffs with infection control interventions and practices, keeping up hygiene, basic cleaning standard operational procedure and etc. to *“ensure maximum staff trust and satisfaction, and minimum absenteeism.”*
- Risk of transmission in the workplace.
- Testing the business continuity plan and assumptions through scenario explorations.

This paper highlights the challenges in implementing business continuity plan in the society during an influenza pandemic. This paper relates to current situation that the world is facing right now, COVID-19 pandemic, where mass absenteeism, lockdown, and new government regulations are applied. This paper suggested that close cooperation and public communication strategy with pre-tested messages would be essential during the pandemic.

2.6. From the Previous Survey Report: “Impact of COVID-19 (Coronavirus) on Small and Medium Enterprises (SMEs) in Pakistan” by (Ganaie, et al., 2020)

Pakistan’s local government report has conducted research on total 920 businesses to the survey. The result from this report showed that 95 percent experienced reduction in operation, 92 percent experienced in supply chain disruptions, 89% were facing financial issues, 48 percent laid off their employees, and 23 percent reported a 100 percent loss in export orders. On the other hand, this report represented another governmental perspective in giving support through public sectors. *“These include SME-specific support measures including financial packages, tax relief,*

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guarantees and grants, relaxation in payments of utility bills, support in paying salaries and easing conditions for loan repayments.” These are some of the key interventions identified throughout the report and the government assistance.

This report relates to this research as the researcher wanted to identify the government’s contribution and assistance to the MSMEs in Indonesia during the COVID-19 pandemic and how it really helps the MSMEs (in terms of what) according to the MSMEs point of view.

2.7. From the Previous Journal Article of “Business Continuity and Pandemic Preparedness: US Health Care Versus Non-health Care Agencies” by (Rebmann, et al., 2013)

This journal article emphasizes on having a strong business continuity plan, but it is critical to minimize the impact of biological events. According to this journal article, *“a biologic event is expected to result in disruption of usual business operations, increased costs, and incapacitation of 15% to 35% of employees.”*

This journal article discussed the doubled number of worker absence due to H1N1 influenza pandemic back in 2009 with the previous year’s (time based on this article) flu season absenteeism rates, resulting in significant socioeconomic impacts.

The components of business continuity should address occupational health policies and SOP like allowing staff for sick leaves, tele-work or work from home, ensuring the availability of personal protective equipment (PPE) to health care personnels, and offering seasonal influenza vaccines to all employees. It is to minimize the risk of infection transmission in the workplace, especially to maintain core activities and operation of the businesses.

The result from this research indicated that many U.S. businesses are inadequate of pandemic plans. *“It is critical that businesses of all sizes and types become better prepared for a biologic event.”*

This journal article showed that not only business continuity planning is important to U.S. health care agencies, but also for business moving in a non-medical sector. In fact, the result said it is for all types and sizes of businesses to better have preparation for biologic event such as COVID-19 pandemic. So in conclusion, the insight from this journal article is no businesses are inevitable to the impact of biological event no matter the size of the impact. All businesses should have unique and tailored business continuity plan which is most suitable for each business, because businesses may have different core activities and operation.

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2.8. Summary of the Issues in Previous Studies

<p>(Bartik, et al., 2020) “How Are Small Businesses Adjusting to COVID-19? Early Evidence from a Survey”</p>	<p>This paper showed how businesses react to the economic disruption caused by COVID-19 pandemic in the United States of America. The result showed almost half of the surveyed businesses experienced temporary closing and laid off their staff, short amount of cash without further credit infusion which made it more financially fragile, and the small businesses' expectation of when the pandemic will end which affect their confidence in operating their businesses to the normal state.</p>
<p>(Baker & Judge, 2020) “How to Help Small Businesses Survive COVID-19”</p>	<p>This paper showed that there were still assistances that the government could provide through existing intermediaries such as banks and online lenders for businesses to get additional loans in the difficult time.</p>
<p>(Dalton, 2006) “Business Continuity Management and Pandemic Influenza”</p>	<p>This paper showed the challenges that the government and businesses are facing in developing business plan continuity in preparation for pandemic influenza. The challenges and issues faced by the government were:</p> <ul style="list-style-type: none"> • Obtaining the attention of continuity managers and keeping it prevent public anxiety and panic, • Prioritization of antiviral and vaccines, • Developing standards for business continuity plan. <p>While the challenges and issues faced by businesses were:</p> <ul style="list-style-type: none"> • Consolidation of pandemic preparedness through effective communication with external and internal parties, • Implementing risk assessments, • Educating staffs with standard infection control protocol,

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	<ul style="list-style-type: none"> • Risk of transmission of infection in the workplace, • Testing the business continuity plan.
(Ganaie, et al., 2020) “Impact of COVID-19 (Coronavirus) on Small and Medium Enterprises (SMEs) in Pakistan”	This paper showed some similarities in their findings with the first paper by (Bartik, et al., 2020). This paper analyzed the impact of COVID-19 pandemic on small businesses operating activities in Pakistan. The findings indicated that almost half of the small businesses, they surveyed, laid off their employees and 89 percent were facing financial issues. In addition, this paper also provided information on the government assistance such as tax relief, relaxation in payment of utility bills, and guarantees and grants.
(Rebmann, et al., 2013) “Business continuity and pandemic preparedness: US health care versus non-health care agencies.”	This paper showed that a better business plan continuity and pandemic preparedness must be achieved. This was due to no business sectors are inevitable to the impact of a biological event such as the COVID-19 pandemic.

Table 1

2.9. Business Continuity Plan Framework

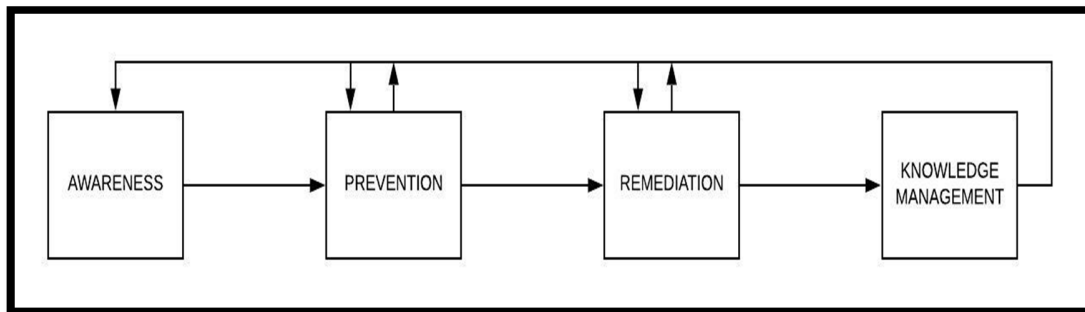


Figure 1: Business Continuity Planning Framework (Zsidisin, et al., 2003)

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This is the business continuity planning framework by (Zsidisin, et al., 2003). It was formed by four major elements that Zsidisin and friends identified which were: awareness, prevention, remediation, and knowledge management.

2.9.1. Awareness

“Awareness is developed when the firm recognizes that it is exposed to risk of supply chain disruptions, and realizes the potentially serious consequences of such disruptions” (Zsidisin, et al., 2003). This constitutes the same approach to the first business continuity plan knowledge which is a business impact analysis (BIA) where risks are identified, prioritized and contrasted to the businesses' available resources (Cerullo & Cerullo, 2004) & (Engemann & Henderson, 2011).

Zsidisin suggested spreading this awareness to the customers and suppliers so that their hope can be enlisted in an effort to manage the risk.

2.9.2. Prevention

This phase focuses on reducing the impact of the disruptions which comprises four key processes: risk identification, risk assessment, risk treatment, and risk monitoring. This phase also shared the same approach to the second business continuity plan knowledge which is to specify what is expected from the activities of risk mitigation and disruption response (Engemann & Henderson, 2011), and to develop disaster contingency recovery plan (DCRP) to initiate certain procedures when disruption happens including identification of primary and substitute team members and their specific role, to maintain operational activities working while the damaged resources are being restored, and etc. (Cerullo & Cerullo, 2004)

2.9.3. Remediation

To develop some set of actions to re-assess the steps taken in the prevention phase.

2.9.4. Knowledge Management

It is basically a phase to learn from experience after the disruption has occurred. This phase requires post-incident audit to identify the important lessons learned.

2.10. Strategic Flexibility Framework

The researcher found a strategic flexibility framework from (Radomska, 2015)

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Strategic management area	Flexibility manifestations
competitive advantage	temporary, short-lived, requiring modification in the activity profile
organisation of works on the strategy	the strategy is developed on a day-to-day basis, works are performed irregularly, there are no scheduled meetings or sessions
employee participation	employees are engaged at the strategy development stage, they have an opportunity to decide on the method of its implementation, roles are allocated in a flexible manner in response to current needs
strategy content	the strategy assumes the form of an informal idea, it is at times formulated only in the form of basic development rules and principles
strategy horizon	a short horizon of the devised strategy
domain of activity	a continuous search for new fields of activity (both in terms of market and product), it is facilitated by cooperation with partners from other industries
strategy implementation	the strategy implementation plan development and its concept creation are simultaneous

Figure 2: Strategic Flexibility – Framework by (Radomska, 2015)

The strategic flexibility framework, provided by Radomska, provided a scheme that comprises strategic management process components building strategic flexibility which has been adopted as the basis of Radomska's further research. The result from Radomska's research resulted in the direction of further research.

"The direction for further research was only determined. It would be worth investigating the results for groups of enterprises distinguished based on the criterion of size and checking whether flexibility is a characteristic feature of mainly small entities" (Radomska, 2015). The researcher would also like to continue Radomska's further research to check whether flexibility is a characteristic feature of mainly small entities.

2.11. Why MSMEs?

Usaha Mikro Kecil Menengah (UMKM) or Micro, Small, and Medium-Sized Enterprises (MSMEs) in Indonesia have been playing a pivotal role since the 1997-1998 when monetary and economic crisis in Indonesia took part that caused massive laid off of workers. They provided opportunities for the laid off workers that got no chance in working as civil servants and large enterprises (Wahyuningsih, 2009). According to Indonesia's State Minister for Chairperson of the National Development Planning Agency (BAPPENAS), the main contributions/roles for MSMEs in Indonesia are:

- Employment opportunities
- Forming GDP

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- Provision of safety nets, especially for low-income people to carry out productive economic activities.

And according to State Minister of Cooperative Small and Medium Enterprises, economic census, and the Central Bureau of Statistics in 2016, MSMEs in Indonesia has shown contributions in:

- MSMEs absorbs up to 89.2 percent of the total workforce.
- MSMEs provide up to 99 percent of total employment.
- MSMEs contribute 60.34 percent of the total national GDP.
- MSMEs contribute 14.17 percent of total exports.
- MSMEs contribute 58.18 percent of the total investment.

MSMEs have been contributing to Indonesia's economy and providing people with jobs. In recent conditions where COVID-19 Pandemic strikes, MSMEs are facing disruptions due to new government regulations which require citizens of Indonesia to commit on social distancing, large scale social restrictions, and quarantine. The fewer people going out resulted in the fewer consumers to the MSMEs. This has been causing chain reaction disruptions to MSMEs inside their business environment.

CHAPTER 3| METHODOLOGY

3.1. Introduction

This research project is using qualitative research methods. Bodgan and Tyler (Moleong, 2006) defined qualitative methods as a research procedure resulting in descriptive data in the form of written or spoken words from people and observable behavior. The researcher assumes the problems researched are quite complex and dynamic so the data obtained from the informants were captured by a method which is more natural, namely direct or in depth interviews with the speakers' natural answers are obtained.

3.2. Source of Data

3.2.1. Primary Data

The firsthand data obtained directly by the researcher. Face to face conversation with the respondent (in-depth interview) will be engaged to gain more insights from the several owners of MSMEs in Bandar Lampung, Indonesia mainly moving in food and beverages sector.

3.2.2. Secondary Data

Data collected or produced by others. It mainly focuses on the reliable news providers from the internet and statistical data from the Central Bureau of Statistics Indonesia.

3.3. Sample Selection

The researcher has determined the key informants, which are the business owners of several MSMEs in Bandar Lampung, Indonesia which moves in a non-medical sector: food and beverages.

3.4. Data Analysis Method

A thematic matrix was created using the codes from the previous working papers and literature reviews: impact (Ganaie, et al, 2020) and response (Baker & Judge, 2020). In addition, codes from the data of the respondent were also extracted: the government's regulation and assistance and the importance of BCP and strategic flexibility.

This type of content analysis has been defined by (Bowen, 2009) as *"the process of organizing information into categories related to the central questions of the research"*.

CHAPTER 4| DATA ANALYSIS

4.1. Result from the Matrix

The table below represents the thematic matrix constituted from codes extracted from the themes of the previous researches and from the respondent's data collected itself and answers from the respondent will be provided correspondingly. All the respondents are CEOs of several MSMEs in Bandar Lampung, Indonesia. The codes from the themes and data are meant for and towards their businesses. In addition, the perspectives from local news articles will be provided.

	Government's Regulation & Assistance	Impact	Response	Importance of BCP and S.F
Respondent 1	For Bandar Lampung city, the government hasn't applied many regulations such as PSBB or large scale social restrictions like in the capital and big cities in Indonesia. But the Bandar Lampung's government urges us not to gather in social places such as coffee shop. In Bandar Lampung the regulations were not as strict as in the big cities. There was no significant assistance from the government but they ease the development tax up to 50 percent.	Our revenue stream declined as much as 70 to 80 percent since the beginning of this pandemic. The most fatal impact is the fact that we are in the risk of being permanently closed.	This COVID-19 pandemic is quite a new phenomenon and we did not expect it to be like this. We are completely "in shock". We came unprepared and unaware of this situation. It was almost the same for all businesses to experience such disruption, except companies moving in a non-medical sector. We are thinking of a new strategy in response to this pandemic in order to survive.	We need to learn more about BCP after knowing the definition and what it does; it's going to become handy in the midst of this hard time by protecting our core activities to remain running while finding alternative strategies. We were not really aware of the strategic flexibility concept but we are very flexible in terms of strategy development, operation, and employees' roles.

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	Government's Regulation & Assistance	Impact	Response	Importance of BCP and S.F
Respondent 2	<p>The government regulation tends to be preventive and we took it into account that we also care to stop the spreading of the virus by following the regulation. There was a suggestion by the local government to temporarily close the store. Some can re-open but with certain prerequisite. We have to follow the regulation or else there will be consequences such as revoked permission to open. There were and still no significant assistance or contribution from the government. The only "assistance" they gave us was just a permission to open with a set of rules.</p>	<p>We have taken a hard hit and our revenue stream declined more than 50 percent and we have been gradually losing the "vibes". This business is actually considered as startup. This phenomenon has caused chaos in our financial calculation and our greatest risk would be not being able to reach break-even point (BEP).</p>	<p>This pandemic is a shock and of course has been a major disruption to our business. There was a time we followed government's suggestion to temporarily close, we were closed for a week and re-opened with additional rules such as providing hand sanitizers and re-setting the opening and closing hours. We re-opened because our employees and customers also urged us to open. We are also still thinking of a new strategy.</p>	<p>It's not the matter of our interest in learning BCP, but we think that BCP is a must so that we can become more prepared in dealing with disruptions. We have not really heard about the concept of strategic flexibility since we are considered SMEs. Things have been going flexibly and we are trying to adjust to current conditions. It's not really formal.</p>

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	Government's Regulation & Assistance	Impact	Response	Importance of BCP and S.F
Respondent 3	The government deployed police officers to come to several public and social gathering areas, including our café, to urge and suggest that we should follow the well-being protocol by providing hand sanitizers, masks, hand soap, and to distance the tables and chairs from each other. There has not been significant assistance or contribution from the government to our business until now.	Our profit has been declining approximately 50 percent since the beginning of covid-19 pandemic in Bandar Lampung, Indonesia. Our greatest risk if we are to be exposed by a more strict government rules in larger scale of social and physical restrictions, we could close temporarily... even permanently!	We tried temporary closing but it seems like we couldn't continue that way. We need income no matter how small it will be. Even some of my dividend must be sacrificed to fulfill other payments. We are still developing new strategies to adjust to this current situation.	As we learn from this unfortunate event, it is important to learn and develop BCP according to our needs. It is important to reduce risks and loss and to increase the business' capability to recover from the disruptions. It has been flexible around here and we do what we could to adapt to new situations in a fast phase in order to survive. Yes, flexibility is really important and we have to be flexible in every management area. But it is informal the way we develop and apply our strategy contents.

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	Government's Regulation & Assistance	Impact	Response	Importance of BCP and S.F
Respondent 4	We were not quite aware of the government regulations but seeing all the similar businesses being closed, we knew that this is not going to be good for our survival since we are considered as a startup business. There were no announcements that the government will provide us contributions or any kind of assistance. But in fact, the new regulation of PSBB has affected our business. We were losing customers!	Due to the fact that we did not have any solid planning whatsoever and seeing other similar business were closed, we lost 100 percent of our profit and we could not pay all of the bills!	Our response to this covid-19 pandemic at first we experienced a shock and a really declining number of customers. We did not expect it to be like this! So we needed to close our business permanently and lay off our workers.	Since we were a small business startup, I think it is really important to learn the concept of BCP and be flexible in terms of strategy making and implementation. Everything happened so fast that we could not manage the disruptions wisely, so we lost our business.

Data Analysis

	Government's Regulation & Assistance	Impact	Response	Importance of BCP and S.F
News Articles	<p>President Joko "Jokowi" Widodo declared emergency and public health status due to covid-19. According to the national constitution (U.U. No. 6 2018) regarding lockdown, large-scale social restriction is a response or PSBB is a response from emergency and public health status (BBC, 2020) which affect MSMEs in an unpleasant way. However, Indonesia's Minister of Finance, Sri Mulyani, reaffirms the income tax exemption plan for MSMEs for 6 months.</p>	<p>The MSMEs' economies in Indonesia are declining drastically due to covid-19 pandemic as most of them rely on what people's needs, using local resources and they do not rely on imports, and most of them are not supported with bank loans but personal funding (Nurhidayat, 2020).</p>	<p>Some MSMEs are evaluating their business models, innovating, seeking new strategies, and continue developing their business. In contrast, there are approximately 6,800 businesses moving in food and beverages sectors were being closed either temporarily or permanently (Hamdani, 2020).</p>	<p>According to (Insani, 2020), TDA Community Surabaya requested every MSME to prepare its unique business continuity plan (BCP) which matches to its needs and condition. In addition, back in 2008, Indonesian National Board for Disaster Management conducted "<i>Fasilitasi Lembaga Usaha dalam Penyusunan Business Continuity Plan (BCP)</i>" or to facilitate businesses in devising business continuity plan.</p>

Table 2

4.2. Government Regulation and Assistance

From the data gathered and direct observations, the researcher believes that the government regulations in Bandar Lampung, Indonesia, regarding this COVID-19 pandemic, are not

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as strict as in other big cities in Indonesia that already implemented large-scale of social distancing (PSBB). However, some restrictions and suggestions were still implemented by the Bandar Lampung's government to MSMEs.

Respondent 1 said:

"[...] although they (the government) urges us not to gather in social facilities and public places, they don't seem to take this situation seriously, so we can still operate during this unfortunate time."

Respondent 2 & 3 said:

"Police officers suggested that if we still want to operate during covid-19 pandemic, we need to follow certain well-being protocol like providing hand sanitizers, and shorten our operating hours [...] one of the police officers also told us there might be consequences if we do not follow the protocols like they will revoke our permission to operate."

"Although there are certain suggestions and rules that we must obey like the well-being protocol, it is our self-awareness too to provide them with hand sanitizers and masks [...] we did not know where they came from and what they might carry. We are just being preventive."

If the government wishes to implement strict large-scale social distancing like in the big cities, it would affect their business in a more unfortunate way.

Respondent 3 said:

"If there are further notices about the government implying more strict rules like large-scale of social distancing like in Jakarta, we could temporarily close. But that's the thing! We need income no matter how small; we still need income to pay our bills. Even if it has to sacrifice my dividend [...]"

Moving on, talking about the government assistance or contribution to MSMEs in Indonesia, the author observed that the assistance from the government actually exists but it was not well informed to the MSMEs. Like respondent 4 said:

"We were not aware of government's regulation as they did not really say anything to us, we were not well informed [...] or maybe it was just our fault for not finding out about that (?)"

However, one of the respondents said the government eased them in the development tax for up to 50 percent. Development tax or *Periode Pajak Pembangunan* (PPB 1) in Indonesia means tax levied by the central government based on Law Number 14 of 1947 concerning Collection of Development Tax in Restaurants and Lodging Houses (UU PPb I of 1947). Another insight from respondents 2 and 3:

"[...] but actually the government has already assisted us in giving us permission to remain open"

Data Analysis

"[...] well, as long as the government still let us to operate, we'll be just fine. We hope so."

Respondents 2 & 3 thought that just by giving them permission to be open as usual, even if there are set of rules that they followed (which they did), the government has assisted them enough to survive during the COVID-19 pandemic.

In conclusion, the government's regulations and assistance were not spread thoroughly, so some of the MSMEs were still not well informed. However some of the MSMEs were grateful due to the less strict rules of social distancing here in Bandar Lampung, Indonesia. Some of the customers were still able to come by even though it was not many as expected, so at least there was an income.

4.3. Impact of COVID-19 Pandemic

From the data, most of MSMEs showed an issue similar to the previous report from (Ganaie, et al., 2020). The report said *"89% were facing financial issues"* in Pakistan. Here, according to the data, the respondent reveals how much loss they have to bear since the beginning of this COVID-19 pandemic.

Respondent 1 said:

"In total, it was almost 70 to 80 percent decline in our revenue. We thought it was our time to shine, especially in this Ramadan time where we usually get the most customers [...] but it turned out we lost 70 to 80 percent of our revenue. Even though we are grateful we can still survive. Even some of our employees were willing to be not paid in full."

Respondents 2 & 3 said:

"We have reached about 50 percent loss in our revenue! It was supposed to be our break-even point (BEP) already (since we are still considered as a startup) but it was really out of our financial plan. We did not expect such things."

"[...] almost 50 percent of our revenue was gone."

The biggest impact went to respondent 4:

"It's 100 percent gone! We have no income at all, it was hard to pay the contracts and we also need to pay the employees too. That was why we had to permanently close our business [...] but in the future if we still get opportunities to re build everything, we will"

In conclusion, the impact of COVID-19 to MSMEs in Bandar Lampung, Indonesia, hit heavy on their revenue streams. Some of them even had to sacrifice their dividend so that they could pay their employees. And some of the employees were willing to be not paid in full. They lost their revenue streams from 50 up to 100 percent since the beginning of this pandemic.

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4.4. Response to COVID-19 Pandemic

The findings showed some similarities with the previous research by (Bartik, et al., 2020) regarding the businesses' response to the COVID-19 pandemic. In the previous research by Bartik and friends, the result showed that 1.8 percent of the businesses they surveyed experienced a permanently closed situation. And moving on to the employment part, some businesses laid off workers. Moving on, it has been really clear what one of the respondents said in response to this COVID-19 pandemic.

Respondent 4 said:

"This situation has been really hard [...] we had to permanently close our business and whether we want it or not, we had to lay off our workers."

Other respondents were in shock due to the fewer customers going in. It turned out not only because government's regulation that restricts most of the social activities, but also it's their own awareness of the coronavirus itself. They fear to get infected too if they happen to go out frequently. It is going to increase the probability of getting infected. So the MSMEs have to come up with other strategies.

Respondent 1 said:

"As far as we know, these people (customers) tend to go out and chill. So we did not change anything. It has always been like that. But now, we are thinking of changing our strategy by maximizing our selling through the media (online) and change our product a little bit, like we change our cups into bottles so it's going to be easier to deliver. And we also partner up with GoJek, so that people can reach us without actually coming here."*

**GoJek can be described as a local Uber. It also provides food delivery services. GoJek was first established in Indonesia in 2009 as a call center to connect consumers to courier delivery and two-wheeled ride-hailing services.*

It was pretty much the same answer from respondent 2 and 3. They altered their strategies by pushing online promotions and GoJek delivery and changing their product in a fast phase.

In conclusion, the response from respondents 1, 2, and 3 are similar: they tend to promote their products online and become available in GoJek application so that their product can be delivered from the customers' smartphones.

4.5. Importance of Business Continuity Plan (BCP) and Strategic Flexibility

Almost all respondent answered that they wish they would have known or heard about business continuity plan and strategic flexibility sooner so perhaps it could be really useful in this difficult time. They claimed that maybe because they are part of MSMEs, they did not really learn or prepare this kind of disruptions formally. They just "go with the flow" and be flexible as they could in adjusting to changes.

Data Analysis

Respondents 1 & 2 said:

“Perhaps we did not know much about this, but by looking at the characteristics and features of BCP and strategic flexibility, we have been doing it like we identified the risk, we process and try to reduce the risk, and we learn from it [...] But maybe it was just not as formal as large enterprises. We are just not aware of the term BCP.”

“We may not be aware of the formal term but we have been really flexible when it comes to changes in our business environment [...] we are able to adjust in a quick phase and exchanging roles with other members in order to adapt.”

4.6. Research Questions Answered

4.6.1. What is/are the Impact/s of COVID-19 Pandemic to MSMEs in Bandar Lampung, Indonesia?

The result showed that the impacts of COVID-19 pandemic in Indonesia, mainly in Bandar Lampung to the MSMEs are the declining percentage of their revenue ranging from 50 to 100 percent. Some of the MSMEs have to remain open to keep the cash flowing in no matter how small it can contribute to their business. One of our respondents even sacrificed his dividend in order to pay the rest of the bill of his business. This result showed similarities from the previous research of Ganaie (Ganaie, et al., 2020) which in Pakistan, 89% of small businesses were facing financial issues.

4.6.2. Are MSMEs Aware of Business Continuity Plan (BCP) and Strategic Flexibility?

All of the respondents from this research claimed that they never heard of business continuity plan or strategic flexibility. However, even though they were not aware of the ‘fancy term’ the researcher observed and found out that they were using the same concept and nature of business continuity plan of (Zsidisin, et al., 2003) (from the framework) and showed that their flexibility manifestation of their strategic management area were relevant with the framework shown by (Radomska, 2015).

And to answer the question from the previous research of Radomska, *“checking whether flexibility is a characteristic feature of mainly small entities”* (Radomska, 2015), based on the data collected, the researcher is confident that flexibility is a characteristic feature of mainly MSMEs. However, the previous research mainly focuses on how strategic flexibility could affect the businesses’ competitive advantage. But in this case, flexibility is needed to adjust with the new regulations and for the businesses’ survival.

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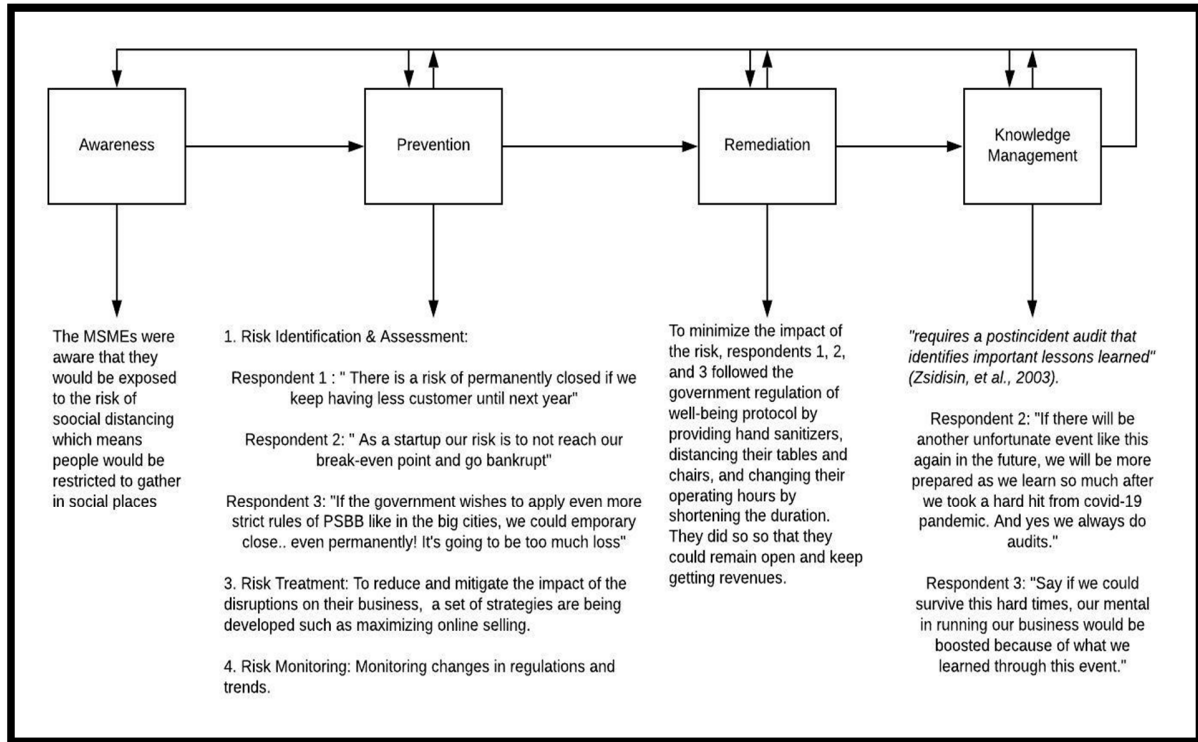


Figure 3

Data Analysis

Strategic Management Area	Flexibility Manifestation
Competitive advantage	Respondent 1: "Of course it's temporary. A little modification in our profile activity was made. There was an attempt where we change our system into only take away orders. And yes it kept our revenue flowing."
Organization of works on the strategy	Respondent 1, 2, & 3: They claimed that there was no formality and scheduled meetings. But they do have audits.
Employee participation	Respondent 1: "Employee participation in our strategy development is highly recommended. They may contribute their ideas and thoughts. Their waiters' roles are flexible [...] maybe except the barista." Respondent 2: "Our employees were encouraged to express their ideas in developing strategies." Respondent 3: "[...] yes, employees engagement in
Strategy content	Respondent 1: "Our strategy content is informal." Respondent 3: "The content of strategy is informal, we just adjust to what was given to us."
Strategy horizon	Respondent 1: "The devised strategy was just for a short term, just to adjust to the regulations and event. But if it turned out to be good, we could use it for the long term"
Domain of activity	Respondent 1, 2, & 3: They partner up with other company called GoJek which is really helpful in our online selling strategy.

Figure 4

4.6.3. What is/are the Role/s and Importance of BCP and Strategic Flexibility to MSMEs in Bandar Lampung, Indonesia Especially During the COVID-19 Pandemic?

When prepared, to the MSMEs, BCP and strategic flexibility act to avoid the delay of normal business activities. It is to minimize the impact of the risks and disruptions and an effort to maintain business processes. The purpose of BCP and strategic flexibility is to keep the business operating in the midst of disruption by identifying the risks, reducing threats, responding to the disruptions, recovering from the disruptions, and restoring operation processes.

4.6.4. Is/Are There Significant Assistance/s from the government to MSMEs in Indonesia During the COVID-19 Pandemic?

The result indicated that there was no significant assistance or contribution to the MSMEs from the government in Bandar Lampung, Indonesia. However, the news informed us that there

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will be income tax exemption plan for MSMEs for 6 months. Our respondents stated that just by giving them permission to operate during the pandemic, the government already assisted us.

4.6.5. How do MSMEs Survive through Disruptions Due to COVID-19 Pandemic in Bandar Lampung, Indonesia?

The MSMEs survive by following a set of regulations for their businesses to remain open such as by providing hand sanitizers and applying social distancing in their stores by an effort of moving their tables and chairs farther and to shorten their operating hour from the usual. They did this so that they could remain open no matter how small the income will be. In addition, they maximize their online selling by partnering up with GoJek, so that customers can order via smartphones and the product can be delivered in an attempt to minimize social and physical interactions with people to reduce the spreading of the coronavirus. They did a little modification as well in their product so that it will ease the storage and transportation process.

CHAPTER 5| CONCLUSION

The MSMEs have been playing pivotal roles in Indonesia since the economic crisis in 1997-1998. They have been providing employment opportunities, GDP formation, and safety nets for low-income people to carry out productive economic activities (Wahyuningsih, 2009). Now they are taking a hard hit from COVID-19 pandemic, almost 6,800 businesses in Indonesia moving in food and beverages sector are closed temporarily or even permanently (Hamdani, 2020). The disruptions mainly caused a chain reaction in their supply chain and they experience an extreme decline in their revenues.

From the result of the data analysis, most of the MSMEs in Bandar Lampung, Indonesia were not aware of business continuity plan and strategic flexibility. However, the researcher stated that:

“Even though they were not aware of the ‘fancy term’ the researcher observed and found out that they were using the same concept and nature of business continuity plan of (Zsidisin, et al., 2003) (from the framework) and showed that their flexibility manifestation of their strategic management area were relevant with the framework.”

This indicated that they have not formalized the planning and it was still ‘raw’. They did not come up with a robust and solid planning due to the fact that they never expected this situation would happen, so they rely on their flexibility to develop new quick-phased strategies in coping with the disruptions, such as by following the government’s regulations and protocol so they can remain open and partnering up with another company to assist them in maximizing their online selling.

On the other hand, the result from the data analysis also indicated that the government’s regulation and assistance were not spread thoroughly, so MSMEs were not well informed and aware of it.

The researcher suggested that:

- The Indonesian National Board for Disaster should educate or spread awareness of BCP, to conduct “*Fasilitasi Lembaga Usaha dalam Penyusunan Business Continuity Plan (BCP)*” or to facilitate businesses in devising business continuity plan like they did back in 2008 (Insani, 2020).
- New regulations to support MSMEs such as credit support with low interest and ease of handling business establishment.
- The government has to make sure that the new regulations and assistance are spread to the society thoroughly so that they become aware and well informed.
- The MSMEs should be more aware of their surroundings, to find out about what is currently happening and be aware of new regulations for their businesses so that they can engage their risk assessments.

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- The MSMEs should also learn from this unfortunate event and learn to create a solid, unique, simple, and valid business continuity plan according to their requirements, and allowing themselves to become more flexible in strategy development to minimize the impact of the disruptions so that they are well prepared in other cases of disruptions.

5.1. Limitation and Further Research

This research is limited due to the COVID-19 pandemic which resulted in massive social distancing and lockdowns. Some of the targeted respondents could not make it due to self-quarantine. Telephone/virtual interview did not provide sufficient data compared to face-to-face in depth and unstructured interview, which allowed the respondents to express their answers naturally. Further in-depth research is advisable for the roles of BCP and strategic flexibility to MSMEs of the big cities and large enterprises in dealing with disruptions and pandemic preparedness.

5.2. Reflection on the Process

Through this research process not only it developed the researcher's academic skills but also it built the researcher's mentality to risk and go out during a pandemic searching for operating businesses to be surveyed and meet people to be interviewed. This challenged the researcher's ability to focus and work under pressure, especially during the holy month of Ramadan where the researcher fasted while doing surveys. The researcher achieved skills in communicating, analyzing the qualitative data, and sharpening the ability to do referencing as the researcher was quite unusual with it before.

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APPENDICES

Respondent 1	Fariz Amri Islami	Coffee and Chill Coffee
Respondent 2	Zeid Geraldo Halban	Kosan Coffee Bar
Respondent 3	Muhammad Agil Khalid	Marimo
Respondent 4	Dr. Teti Herawati	Geboy Duck

Q1	What is your name, age, and occupation?
Q2	Could you tell me about your business?
Q3	What is your thought of COVID-19 pandemic?
Q4	Were there any new regulations from the government to your business?
Q5	What is the impact of this pandemic to your business?
Q6	Have you identified the risks and what aspect of your business that will be affected?
Q7	What have you done to minimize the impact of the risks and disruptions to your business?
Q8	Were there any significant changes to your business activity profile to adjust to current situations?
Q9	Were your strategies developed formally?
Q10	Are your employees able to participate in developing strategies? And do they have flexible roles?
Q11	Were the devised strategies developed for the long term or short term? And have you been using assistance from other company?
Q12	Was there any significant assistance from the government to your business?
Q13	Are you familiar with the term business continuity planning (BCP) and strategic flexibility?
Q14	After knowing the basics of BCP and strategic flexibility are you interested to explore, learn more, and implement it on your business?

Appendices

	Respondent 1	Respondent 2	Respondent 3	Respondent 4
Q1	Fariz AmriIslami, age 25, student in Lampung University	Zeid Geraldo Halban, age 22, a student.	Muhammad Agil Khalid, age 20, a student.	Dr. Teti Herawati, age 49, a civil servant candidate.
Q2	I have been learning about coffee and have been building up my team since 2013 until we establish this business called coffee and chill, selling coffee and non-coffee beverages too.	It was funny because this business was unplanned and at first it was just messing around [...] but then we officially established this coffee shop last year (2019).	It's called Marimo, and it is acafé. We provide not only coffee but other beverages and foods. We started this business last year on August, 2019.	It's called Geboy Duck, it is a restaurant and we are duck specialists.
Q3	It is a disaster, and nobody knows it would wind up like this.	This pandemic is such an unfortunate event, it really affects our business from revenue streams to the "vibes".	This is going to disrupt our revenue streams and if it keeps happening, it's going to ruin our operation processes.	We have been taking a really hard hit because of this pandemic.
Q4	In Bandar Lampung, large scale of social distancing or PSBB have not been applied like in the big cities, however, there are restrictions to not gather more than 5 people at the same time and place. The police officers sometimes came by to remind us of social distancing.	The government was just being preventive; we somehow were supporting the regulations of social distancing for the sake of people's well-being. The new regulations include providing hand sanitizers and wash, to distance the chairs and etc.	Far as I know, we need to follow health regulations if we want to remain open by providing hand sanitizers, hand soap, masks, and distance the tables and chairs. And it is also self-awareness from people.	We were not aware of the government's new regulations. However, we heard the news of people doing social distancing and we see similar businesses like ours were closed.

The Role of Business Plan Continuity and Strategic Flexibility

	Respondent 1	Respondent 2	Respondent 3	Respondent 4
Q5	Like any other businesses, except maybe businesses in medical sector, almost all coffee shops in Bandar, Lampung experience declining revenues. In this month (Ramadan) we were supposed to get the most revenue streams, but in fact we got 70-80 percent of revenue decline.	Since the beginning of this COVID-19 pandemic, we experience more than 50 percent decline in our revenue stream.	This pandemic caused our revenue stream to decline at 50 percent rate since the outbreak commenced here in Bandar Lampung. And it has caused us (the owners) to sacrifice our dividend to pay the bills since the revenue could not cover it up.	It is true that we already had problems before COVID-19 pandemic. And this pandemic thing going on made it worse! We lost 100 percent of our revenue.
Q6	We were afraid we could not pay installment and credits, and cannot cover the building expenses. We could close permanently if our revenues keep declining... even forever.	This business is actually considered as startup. This phenomenon has caused chaos in our financial calculation and our greatest risk would be not being able to reach break-even point (BEP) and go bankrupt.	The greatest risk in our area is when the government applies more strict rules; we could be closed for the uncertain period of time. We can't take that; we need to remain open no matter how small the income will be.	Because of that, we could not pay the bills and employees, so we had to lay them off and close our business [...] permanently.

Appendices

	Respondent 1	Respondent 2	Respondent 3	Respondent 4
Q7	<p>We never thought of maximizing our selling through online delivery application like GoJek, we always thought people would like to go out and hang out with friends (which they did before this pandemic). But now we have to change our product for delivery friendly and suitable through online platforms so that we can have the opportunity to flowing income.</p>	<p>In order to survive and get permission to remain open, first we needed to follow the health protocols. We tried temporary closing to adjust to new regulations and to brainstorm in order to come up with ideas such as maximizing our online selling through GoJek and a little product modification to ease product transportation.</p>	<p>There is also a risk of the virus transmission in the workplace, so we treat that by shift system. And to minimize the risk of losing greater income, we remain open and partner up with GoJek so that our product could still be delivered.</p>	<p>We already partnered up with GoJek long before this pandemic commenced. And that's our main strategy. We were still thinking about other alternatives, but it was too late. We did not have any plan and we did not expect this pandemic and social distancing would happen.</p>

The Role of Business Plan Continuity and Strategic Flexibility

	Respondent 1	Respondent 2	Respondent 3	Respondent 4
Q8	There was an attempt when we change our system to drive through only, at the beginning of new regulations. We want to keep working.	We follow the regulations and protocols from the government, we also change and shorten our operating hours, and we tried maximizing online selling through GoJek.	We did temporary closing for a while and takeaway only. But we could not continue that simply because we need income. So we try to remain open by modifying our operating hours, following the government rules and protocol by providing hand sanitizers, and maximizing our online selling through GoJek application and modifying our product to be transported easily.	Since we were closed, we have not had the change to modify anything. But, if we do have the chance, we could maximize our selling through modern online promotion. Although it is a traditional food, we could still come up to date! It's not really that old fashioned anymore.

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	Respondent 1	Respondent 2	Respondent 3	Respondent 4
Q9	The strategies were not developed formally, it was just like brainstorming at first and we did not have any scheduled meetings for that. So it has been far from formal.	The strategies were quite informal, I guess. We did not have structured plan whatsoever, we just went with the flow. There was not any scheduled meeting to develop new strategies as well.	Yes, it was informal and we did not violate any regulations.	It would be informal, I guess. We are not large enterprises.
Q10	We expect them to actively engage in our brainstorming in making strategy. They also have flexible roles so that one can cover another when needed.	Our employees are free to express their ideas to make this business better. And yes they have flexible roles... may be except the baristas.	Our employees actually know better as they are in the field. So, suggestions and opinion from them are expected. And yes they have flexible roles except the baristas.	Of course they can. They know better about our customers, their suggestions and opinions are important. Their roles are flexible even for the chef.
Q11	For now, I think it is more for the short term (short horizon) until we can operate in normal conditions. And we partner up with other company called GoJek to assist us in online selling through delivery via smart phones.	The strategies are for now, short term, but we will note and audit everything in case there will be another unfortunate situation like this.	The strategies developed were only just for now, so it is a short term. But we do not know how long this will last... ha-ha.	I think it would be for a short term first, just to adjust with this pandemic. But if it turns out to be profitable, we can use it for long term

The Role of Business Plan Continuity and Strategic Flexibility

	Respondent 1	Respondent 2	Respondent 3	Respondent 4
Q12	So far, they only ease the development tax up to 50 percent.	The greatest assistance from the government would be allowing us to open and operate even there are restrictions and protocols. We still need income in order to survive no matter how small the income is. We still need to pay other bills.	There was no significant assistance from the government. As long as they allow us to remain open, we would be fine [...] I hope.	We were not aware of the government assistance; there were no notifications from them whatsoever.
Q13	So far we are not aware of the term business continuity plan (BCP) or strategic flexibility.	We [...] never heard of it both business continuity plan and strategic flexibility.	We never heard of business continuity planning and strategic flexibility.	No, we never heard of business continuity plan or strategic flexibility.
Q14	First of all, we should have been aware of this. After knowing the definition and basics, we have to learn deeper about BCP and strategic flexibility so that we will become more prepared and we could minimize the impact of the disruptions and risks.	After I heard the basic meanings, it is not whether you want it or not. I think it is a must to learn and implement BCP and strategic flexibility in most of MSMEs rather than to act all of a sudden without plan. Perhaps it could save our business someday.	We did not really need the formality to do so. However, to create a set of plans and allocate our resources and operating activities in response to future disruptions sounds good rather than unprepared at all. After this all ends, I believe it's going to build our mentality in doing business! We can survive this!	It sounds like what we needed! We would have been more prepared if we were aware of this concept! Everything would have a backup! And even it could save our business [...] but it happened, and what is important is that we learn from it.

Table 3

Most of the micro, small and medium enterprises (MSMEs) in Indonesia are experiencing the impacts and challenges that tend to be negative from the COVID-19 pandemic on the survival of their business; especially the MSMEs that are not engaged in the medical and healthcare sectors. In addition, new regulations from the Indonesian government such as lockdown initiation, social distancing, and work from home (WFH) have drastically reduced social and physical interactions, making people stay at home and cutting the act of consumerism. This study aims to determine the meaning, role, and importance of business continuity planning (BCP) and strategic flexibility for MSMEs in Bandar Lampung, Indonesia. In addition, it is also to see whether the MSMEs are familiar with the term BCP and strategic flexibility or not. This book is based on a field research that uses a qualitative approach. This research was conducted in Bandar Lampung. The informants in this study were several MSME owners engaged in the food and beverage sector. Primary data was collected by conducting interviews with informants while secondary data was obtained from the internet. The results showed that 3 out of 4 informants (MSME owners) have implemented the concept of business continuity planning (BCP) and strategic flexibility which is also relevant to the BCP and strategic flexibility framework, but they did not know the “formal” term of BCP and strategic flexibility. This shows that the continuity plan they have made is not robust but rather instant, and still has various weak points that can be strengthened. The results also showed that the information on health protocol regulations and government assistance is not fully disseminated. The suggestions listed in this study include: The Indonesian National Board for Disaster should educate or spread awareness of BCP, to conduct “Fasilitasi Lembaga Usaha dalam Penyusunan Business Continuity Plan (BCP)” or to facilitate businesses in devising business continuity plan, credit support at low interest rates, and for MSMEs to raise awareness and find out more about government regulations and assistance.



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