



# Organizational Factor and Individual Factor Affect Business Resistance When Facing Covid-19 Era in Medium Small Enterprise Kabupaten Banyumas

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**Abstract.** Covid-19 have an impact on economic crisis. Restricted business activity makes many entrepreneurs try very hard to find out a suit strategy to survive. Many research has examined about the factors that determined firms' survival and resistance during economic crises in covid-19 era. But little research focuses on both organizational and individual factors. This study aims to examine the effect of e-business proactiveness as organizational factor and entrepreneurial passion as individual factor on business resistance during covid-19 era. This study collect data from 86 medium small enterprise in Kabupaten Banyumas. This study use convenience purposive sampling. The result show that both e-business proactiveness and entrepreneurial passion positively affect business resistance. E-business proactiveness and entrepreneurial passion become critical key for business resistance in covid-19 era.

**Keywords:** Entrepreneurial Passion · E-Business Proactiveness · Business Resistance

## 1 Introduction

Covid-19 pandemic become a big challenge for entrepreneur to be survivor. This pandemic makes people have no freedom for getting outdoor activities. So, people reduce their shopping and buying things. This pandemic makes all economic activities are restricted. Many policies are taken for depressing covid-19 case rate. The policies have an impact for many businesses. They lose their revenue drastically. The policies make many firms difficult to move and find strategi for continuing the business.

Innovative strategy is needed for firms to survive in Covid-19 era. Many firms and entrepreneur have to think hardly for seeking a fit strategy facing Covid-era. Operation cost have to be spent overtime, every month. In other side, the revenue gets down drastically. Cash outflow often is much more than cash inflow. Many businesses have deficit overtime facing this pandemic. Some businesses have bankrupts and fail to face this condition. Many businesses then are sold. They are the victims of the change. But many

firm can survive facing this era. They still have cash inflow and can handle operation cost. They sometime still have savings to spend their operation cost.

Information technology and other technology become one of some solution to overcome the economic impact of restricted activities. Covid-19 have changed many roles, many policies and many life styles. People become like spend their money at home. They intent to stay at home and buy anything from they stay. Beside people prefer stay at home, products that they choose to buy also have changing. Traditionally many products have been consumed by people, such as cosmetics, cloths, dress, shoes, and soon. After pandemic, all products that support performance for going outside have become not preferences anymore. Products that become people's preferences are product that support work from home, study at home, such as, laptop, and all gadget and tools that support those activities. These are some examples of changing life style. Indeed, covid-19 pandemic have an impact not just for healthy and safety in physic, but also in economic condition.

Information technology have been used after this pandemic. Organizations depends on this technology to survive. IT Capabilities become a key for many firms to getting survive. Al-Omouh et al. [1] found that e-business proactiveness can make positive outcome, such as agility of firm. In this research, the influence of e-business proactiveness on resilience facing covid-19 era be examined.

Beside of e-business proactiveness, this research also examines the effect of individual factor, passion, for business resilience. Passion is energy for individual to make innovative strategy and product [2]. So, this research will test about the effect of organizational factor, e-business proactiveness and individual factor, passion on business resilience.

This research develops the previous research model by testing the model in other contexts. This research aims to examine the effect of e-business proactiveness and entrepreneurial passion on business reliance in medium and small enterprise.

Medium and small enterprise have many advantages related to facing economic crisis. That firms have characteristic that the operation is flexible, they can change quickly and easily, because medium and small enterprise have simple and flat organizational structure. Radical and fast changing environment makes medium and small enterprise respond and adapt quickly and easily because of that characteristic. E-business support that changing and facilitate that enterprise more effective respond the changing.

Producing variety product, changing processes, changing structure, changing systems is an easy condition for medium and small enterprise. So, these enterprises more flexible and have more capability to respond fast changing.

## 1.1 E-Business Proactiveness

Pro-activeness is an individual attitude for seeking opportunities to introduce new technology, product, system, processes, and other things [3]. E-business proactiveness is that positive attitudes related to e-business. Proactiveness is a solution way to face economic crisis [4]. This way makes firms get survival. E-business makes wider opportunity for firms to reach competitive advantage. Pro-activeness in e-business support firm to get

leader in competitive environment. E-business pro-activeness make firms and organization become a leader to introduce a new product, reach a market, acquire different resources.

There are many advantages of e-business. E-business make enterprises do processes more effective and efficient. Enterprises can make innovative strategy and product quickly. These advantages facilitate firm to get competitive advantage.

In pandemic context, e-business can minimize the negative economic impact of pandemic [5]. Enterprises still can reach the customers. E-commerce can be a solution for reaching customers that does not want to buy product face to face. E-commerce makes customers to buy products easily without going anywhere.

Proactiveness is not just using technology. Proactiveness means that enterprises actively introduce the technology. They do not just respond to the changing, but they use the technology before the changing environment happens. Although many theories explain about how e-business can support firms to get competitive advantage, but little studies examine how e-business proactiveness will increase business resilience. Business resilience means adaptability. Resilience is a new equilibrium of the firm facing a changing environment. This condition includes new structures, resources, and systems. Resilience includes financial capability to cope with loss and harm until survival [6] (Brown et al., 2017). Resilience also means capability to survive [7] (Seville et al., 2008). Capability to respond to the changing theoretically will make firms more resilient facing economic crisis. The above arguments drive this research to propose H1.

H1: E-Business proactiveness positively influence business resilience

## 1.2 Entrepreneurial Passion

Beside organizational factors that can support business resilience, individual factors also have an important role to increase business resilience. This research proposes entrepreneurial passion as a key role to make business resilience increase, especially for facing COVID-19 economic crisis. Entrepreneurial passion becomes energy to boost motivation for an entrepreneur in order to find an effective strategy facing the crisis.

Entrepreneurial passion is a positive strong feeling toward activity and gives energy for doing that activity [2]. Entrepreneurial passion also makes an entrepreneur do innovative and creative things [2]. Entrepreneurial passion is a crucial component to boost doing activities. Entrepreneurial passion is an energy. Business resilience in facing big challenges from COVID-19 crisis needs a full energy for adapting, creating innovativeness, to think of a feasible new strategy. Passion is needed for this condition. Because of the energy that can be gained by the passion, and can make a resilience, this research proposes that entrepreneurial passion influences business resilience.

H2: Entrepreneurial passion positively influence business resilience.

## 2 Research Methods

This research is quantitative research. The aims of this research to examine the hypotheses that are proposed. This research consists of two hypotheses and use regression analysis to testing those hypotheses.

### 2.1 Sample

Data in this research collected by convenience method. This study select respondent who easily meet and willing to respond the questionnaire. This study get 86 respondents who have medium and small enterprise. The data show that respondents consists of 17 man and 69 woman. Education level of respondents consist of 3 respondents are SD, 8 respondents are SMP, 46 respondents are SMA, 25 respondents are S1, 3 respondents are S2 and 1 respondent is S3. The age of respondent are between 19–59 th.

### 2.2 Measures

This research testing 3 variables. The variables are e-business proactiveness, entrepreneurial passion and business resilience. This study testing the direct effect of independent variables.

e-business proactiveness is measured by scales from Oh & Teo [8]. It consists of five items. An example item is “to what extent your business Introducing new IT applications in responding to the effects of the COVID-19 crisis”. This research uses five scale to answer those questions. The scale consists of 1 means not at all until 5 means high extent.

Entrepreneurial Passion is measured by scales from Vallerand et al. [9]. It consists of four items. These items use five Likert’s scale that consist 1 means strongly disagree until 5 means strongly agree. An example item is “I spend a lot of time doing my entrepreneurial activity”.

Business resilience is measured by scales developed by Alzola [10]. The measures use Likert’s scale with range from 1 means strongly disagree until 5 means strongly agree. An example item is “ In face change, my company still exists by adapting to changes in the environment (offering new products or services, incorporating new technologies, negotiating with many suppliers...)”.

### 2.3 Validity and Realibility

Table 1 shows about the validity result of 3 variables. This study uses exploratory factor analysis to testing the validity of variables. This analysis is to test construct validity.

Table 1 show that all variable have valid items. It can be shown by the scores of loading factor are above 0.7. So, all items are valid.

Table 2 show about the reliability. Reliability is consistency of the measures.

Table 2 is reliability result. It shows that all variables are measured by reliable item. The all scores have above 0.85.

**Table 1.** Exploratory factor analysis

Variables	Loading Factors	Loading Factors	Loading Factors
<b>E-business proactiveness</b>	<b>0.841</b>		
<b>1</b>	<b>0.913</b>		
<b>2</b>	<b>0.861</b>		
<b>3</b>	<b>0.870</b>		
<b>4</b>	<b>0.819</b>		
<b>5</b>			
<b>Entrepreneurial Passion</b>		<b>0.748</b>	
<b>1</b>		<b>0.889</b>	
<b>2</b>		<b>0,895</b>	
<b>3</b>		<b>0.863</b>	
<b>4</b>			
<b>Business Resilience</b>			<b>0.863</b>
<b>1</b>			<b>0.902</b>
<b>2</b>			<b>0.827</b>
<b>3</b>			

**Table 2.** Reliability

Variables	Cronbach Alpha
<b>E-business proactiveness</b>	<b>0.936</b>
<b>Entrepreneurial Passion</b>	<b>0.931</b>
<b>Business Resilience</b>	<b>0.890</b>

**Table 3.** Regression analyses for hypotheses testing for business resilience

Variables	Standardized Coef.	t	Sig.
<b>E-business proactiveness</b>	<b>0.392</b>	<b>3.898</b>	<b>0.000</b>
<b>Entrepreneurial Passion</b>	<b>0.359</b>	<b>4.249</b>	<b>0.000</b>
<b>F test</b>	<b>25.641</b>		<b>0.000</b>

### 3 Data Analysis

Testing hypotheses in this study uses regression analysis. This study examine the influence of e-business proactiveness on business resilience (H1) and the influence of entrepreneurial passion on business resilience (H2). The result can be shown in Table 3.

Table 3 shows that e-business proactiveness have standardized coefficient 0.392 with significance 0.000 ( $<0.05$ ). It means that e-business proactiveness positively influences business resilience. Hypothesis 1 is supported by this data.

Entrepreneurial passion has standardized coefficient 0.359 with significance 0.000 ( $<0.05$ ). It means that entrepreneurial passion positively influences business resilience. Hypothesis 2 is supported by this data.

## 4 Conclusions

This empirical evidence shows that e-business proactiveness positively influence business resilience. E-business proactiveness is indicator for enterprise that it ready to face radical change from environment. This medium small enterprise is innovative firms and always be pioneer among its competitors.

This empirical evidence shows that passion positively influence business resilience. Passion is a key for giving energy to survive facing radical change. Challenging environment need individual's passion to make enthusiasm in solving hard problems.

This reseach has limitation. This is cross sectional studies, so, it cannot prove caution effect. Experiment study or longitudinal study are needed for developing this research.

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