

## Business decision preference - qualitative study on SMES owner in the post pandemic era

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### Abstract

Pandemic has hit the business world. All business entities, especially the SMES had to deal with the negative impacts of the pandemic. They should stop – simply because the business could not compete in the market anymore. However, things have gone better, and so would the business world. This paper investigate the business decision preference among a number of SMES of a small local organization in West Jakarta, Indonesia. The findings stated that although the business owners would like to restart their business, there were several factors that have been their concerns. Those factors are; the uncertainty of the conditions, the fear of failure, and the “starting over and search for new buyers”.

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## INTRODUCTION

Pandemic has huge impacts in the human race. One of the impacts is easily be seen in the business fields. Business fields, from the SMEs to the corporation level have the same problems. Pandemic has impacted the whole things completely. According to (Tisdell, 2021), the significant drop of the demand had cause some problems for the businesses. Some of them had to close down the businesses(Bartik et al., 2020), some others had to manage the business model to be able to adapt, even for such temporary moment, such as by reducing the cost. Furthermore, in this paper, it was explained that the lockdown policies of the governments in all over the world had created other problems. The work-from-home employees gave them such certain problems and obstacle to keep producing their goods, which might impact other sectors that rely on their supplies.

Similar statement found in the paper of (Meyer et al., 2022) that stated, due to the pandemic, firms tend to cut the wages in order to cut the cost. However, the impact of the pandemic did not really effect the big companies (Tkach & Kurpayanidi, 2000). On the other side, small businesses did not have the comfortability to deal with the pandemic, as they did not have enough backups to deal with the impact of the pandemic.

The most impacted sector in the business world, in term of SMEs is the service sector, which normally the business would push them to have interactions with others, and suddenly, due to the restrictions, it should be stopped, or at least, being decreased significantly (Tkach & Kurpayanidi, 2000).

Mass layoff and closure of SMEs had already happened during the first weeks of the pandemic. Small business did not have the equity power to remain in operational, and this fragile factor had pushed them to close the business (Bartik et al., 2020).

As we all have already awared, the pandemic has seemed to be decreased after the second wave – as we all know called as the wave of Delta varian. The question that then came up was; would the SMEs go back into normal businesses as what they were? This question is the starting point of this study.

Although the delta variant has been considered declining, yet, the condition is considerably still quite terrfying as the omicron varian emerged (Fink, 2021). This would create another massive concerns, due to the development of the numbers that seemed to grow significantly.

However, in Indonesia, after the Delta variant numbers went decreasing, the awareness of the covid-19 pandemic seemed to be reduced. People have decided to do their daily basis activities, normally, certainly with certain health protocol applied. It is also seen that even during the pandemic, some new businesses had been opened. Not limited to that, if we checked on the (DSInnovate, 2021), there are huge numbers of money had been injected to the startups, during the pandemic.

This, again, is like a confirmation of the statement of some scholars that the pandemic has different impacts (Tkach & Kurpayanidi, 2000), and it hit the small business (SMEs) the most due the fragility of them, financially (Bartik et al.,

2020).

The next question is; by the declining of the delta varian, and by the fact that the people seemed to gain their normal life back, would the SMEs – that should close the businesses due to the pandemic, would reopen their businesses?

The answer is not as simple as how we saw that people started having their normal life back. The work of (Balla-Elliot et al., 2021) stated that there are doubts to reopen the business due to three considerations: possible legal restriction (related to lockdown policy); the expectation of stricher regulation that might emerge in such close period, and; the concern of the lower – significantly lower demand after the pandemic.

To be able to reopen the business, small business must change significantly. To be survived in this condition, the small business should be able to make some extremen changes in the way they operate the business (Dua et al., 2020).

This study is being conducted in a very small group of people, a community. The community consists of varies range of ages, and also varies economical backgroud. The study is determining the business decision preferences that would be considered by the SMEs owners after the pandemic; would they reopen the business as soon as possible – and regain the market that they have left, or they might have other options that could be taken?

## **METHODS**

### **Research Design**

This is a qualitative research. Referring to the objective of the research, it is simply being done to understand the information about how the SME owners think on the business continuation in the post pandemic era. The current researched phenomena were happening in the certain period of timeframe, therefore it could not be manipulated. This research is being done in 2021.

Based on this situation, the researcher had decided to use the Case Study method as the most suitable approach to the research objective.

### **Research Focus**

The focus of this study is to understand the information about how the SME owners think on the business continuation in the post pandemic era.

## **Research Objective**

The objective of this research is to understand the information about how the SME owners think on the business continuation in the post pandemic era.

## **Research Benefits**

The result would give the overview of how the small SME owners think on the business continuation in the post pandemic era.

## **Research Informants**

The respondents in this research are the informant respondents. The informants were the members of a group of SMEs owners in a small local organization in West Jakarta, Indonesia.

## **Data Collection Methods**

In-depth interview method is being used to collect the data. Generally, in-depth interview is a process to search and gain the necessary information by directly asking the informant (face-to-face). The interview is being done from individual to individual in order to get the clear information from the informants (Bungin, 2007).

## **Data Collection Procedures**

### **1. Preliminari Study**

We decided to set some appointments to those members to have some set of interviews. The interviews were consisted of two set of interviews. Each set is being done for two times, in a four-to-five-weeks interval.

### **2. Research Respondent Determination**

Informants of the research were determined with the *purposive sampling* technique. This technique was chosen to get the accurate result from the relevant informant (to the research subject).

According to (Bungin, 2007), one of the most common strategy to determine the qualitative informant is the purposive method, where the informants were determined based on the relevant chosen criteria.

Furthermore, (Bungin, 2007), sampling size were measured based on saturation theory. There would be no further informant addition when there were no new information gathered, which means, there would not be any new information that could add the new point of view in this research.

The chosen informants were chosen based on:

1. They possessed a business prior the pandemic
2. The pandemic had given the negative impact to the business – the business was closed.
3. The SMES owners have reopened, or at least have the desire to reopen the businesses.

Based on those criteria, we have managed to screen 16 informants (6 males, and 10 females).

### **3. Research Execution**

In-Depth Interview is being done based on the agreement between researchers and informants. The interviews were being done in the different places and in the different time. Each informant was given the same *open-ended* questions.

### **Data Analysis Method**

The collected from the in-depth interview were analyzed soon after the collected data were being coded. The coding process were being applied to all the key words. After the coding processes had done, it should be followed by making abstraction. Abstraction is a process to create the summary of all important facts, process and statements of the informants. This process would be followed by the transformation the data into units. The units would be categorized into groups, based in the similar topics of the units. The researcher generated the summary to simplify the interpretation.

### **Research Limitation**

Limitations of this research are:

1. The research is only being done to the a very small group of SMEs owners – which were the members of a local organization in West Jakarta, Indonesia.
2. Due to the condition mentioned in number one, the result might only valid for this specific group of informants.

## **RESULT & DISCUSSION**

### **Informant Characteristics**

16 informants were being involved in this research, consisted of 6 male and 10 female. All of the informants are the active members of the specific local organization that had been chosen as the object of this research.

**Table 1: Informants information**

<b>Informants</b>	<b>Gender</b>	<b>Age</b>	<b>Duration of being Member of the organization (year)</b>
Male 1	M	63	8
Male 2	M	69	6
Male 3	M	45	5
Male 4	M	46	5
Male 5	M	47	5
Male 6	M	43	5
Female 1	F	55	6
Female 2	F	56	6
Female 3	F	52	5
Female 4	F	48	5
Female 5	F	43	5
Female 6	F	47	4
Female 7	F	44	4
Female 8	F	52	4
Female 9	F	35	4
Female 10	F	38	3

### **Research Result Analysis Theme**

Based on the interview, related to the objective of the study, the research had managed to identify three themes. The themes are: 1) *the uncertainty of the conditions*; 2) *the fear of failure*, and 3) *starting over and search for new buyers* .

### **Discussion**

#### **The uncertainty of the condition**

The interview results have shown that the SMEs owners consider that the market condition is not uncertain at the moment, and has not shown the possibility to more considerably more certain in the future.

The term 'market' in this phrase, according to the informants, refers to what they consider as the trend in the area that they considered as the prospective area for the business. This is nearly absolutely subjective. However, given the fact that the SMEs owners had to face on daily basis, they had to come to the conclusion. All informants agreed that although the conditions after the second wave of the pandemic (the Delta varian) was considered much better, the issue of the third wave is still haunting. The issue that was the main topic of many media has taken a certain level of concern of the SMEs owners.

All of them agreed, this uncertainly brought certian fear for the to reopen the business. Majority of the informants (68%) stated that they had to close down

the business on the first wave of the pandemic. It was considerably immediate when the local government – along with almost all governments in the world, announced the activities restrictions. The other informants had to close the business due to the lack of supplies (18%) and the rest closed the business because of the security concerns, due to the second wave.

Reopening the business would cost them certain amount of money, that they could not have any projection how it would be returned, and most concerning issue, when it would be returned. All agreed that their main concern is related to the uncertainty of the condition due to the pandemic, especially related to the third wave issue.

### **The Fear of Failure**

The fear, as we have discussed previously is the main factor that stopped the SMEs owners to reopen the business. In this case, the most dominant fear that they all possessed is the fear of failure.

As they all understood, it would take some efforts to reopen the business. The main concern is the initial capital that they had to allocate and spend to start it all over again, which for them (all informants agree) was considered quite much.

The uncertainty factor is the factor behind this fear of failure. The uncertainty of the condition has brought most of the informants to think that there would be failure possibilities that might happen in the very close future if they decided to reopen the business again (75%).

The rest of the informants have the different perspective of the fear of failure. Although it still related to the uncertainty factor, they have more concern to the condition that would push them into the condition that they had to start the whole things from the very beginning, which is related to the next factor that were found in this study.

### **The starting-over-and-search-for-new-buyers factor**

In the theme “starting-over-and-search-for-new-buyers”, the owners have at least three considerations as the main reasons of why they decided not to reopen the business in this close episode.

*First*, they did not know the condition of the market. This question is purely related to the previous business, which they stated that the business had already gained attentions from some certain persons, that had become their permanent buyers. What they considered as a permanent buyer is someone that regularly

bought their product at least once a week (75%) of the informant, or someone that had been their loyal customer for more than 5 years (25%). These are the definition of the loyal customers according to these informants.

Reopening the business would mean that they might not be able to meet the previous customers, due to their absence for nearly two years, and the considerations (that was purely based on their assumptions) that the “loyal customers” might have changed their desire and had the new habits which might not related to their product anymore. Therefore, this consideration leads to:

*Second*, it is the hesitance of the UMKM owners to search for the new buyers. It might because of various reasons such as; embarrassed to be interacted with new people, especially to promote their product, and; the fear of being criticized by the new prospective customers (a feeling that they remembered they had when they started the old business.

*Three*, this would be related to their hesitance to learn how to use the new marketing media. In this study, 14 of the 16 informants were in their 40s to 60s, and only two were in their 30s. The older informants stated their objective to deal with such social media, especially to promote a product.

Two of the informants had already tried to ask for their children to help them with the social media, yet, due to the inconsistency of the media management, the social media did not work well and did not developed as it was expected to be. This condition prevent them to restart the business – at least at the moment.

## CONCLUSIONS

It is clearly shown that the owners of SMEs tend to take considerations based on their conclusions on their own point of views. This is certainly debatable and arguable. The judgement of the owners were considerably very bias, yet very understandable.

These three terms: 1) *the uncertainty of the conditions*; 2) *the fear of failure*, and 3) *starting over and search for new buyers*, were truly the most appear factors that the researcher could find, see and conclude based on the interviews to the SMEs owners.

The subjective decisions that were made, normally would bring them to some certain issues, and the results were clear, up until this paper is being written,



there is not a single business of the informants had been reopened.

### **Limitations of the Research**

This study has limitations. Since the research was only being done to the a very small group of SMEs owners – which were the members of a local organization in West Jakarta, Indonesia, the result might be very subjective and only applicable to this group.

However, the three factors that were found in this study might be found in other places as well, considering that the whole world is dealing with the same pandemic at the same time.

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