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AN ECONOMIC RESILIENCE OF FAMILIES IN PANDEMIC OUTBREAK: A LITERATURE REVIEW APPROACH

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ABSTRACT:

The Covid-19 pandemic is able to change all aspects of people's lives, especially in Indonesia, including economic resilience of families during the pandemic period. Resilience does not only apply to industry or other business institutions, but also to the family entity. This study aims to analyze through literature review approach to develop a conceptual model of family economic resilience during a pandemic. There is a lot of literature that has explained the concept of resilience for business organizations since the 1990s, especially alongside with the introduction of the concept of business continuity. Along with the covid-19 pandemic, the development of literature related to business and organizational resilience is also increasing. Using a literature review approach, this study identifies several factors that can form the concept. Several protective factors in the psychological approach make it possible to form this concept, as well as other attributes including rebounding/ reintegration, high expectancy/family determination, positive relationship/social support, flexibility, and family self-esteem/self-efficacy. Even further also some literature finds the power of resilience for business when it was built by the family or the so-called home-based business in times of crisis. The theoretical implications and further research agenda will also be the subject of future discussion and be significant findings for other researchers and policymakers.

Keywords: family, economic resilience, home based business, pandemic

Introduction

There have been changes in all aspects of life in the world both institutionally, professionally, and in the community because of Covid-19 pandemic (Verma et al,2020). As of October 14, 2020, in the world there were 38,195,651 confirmed cases of Covid, with the highest cases in the United States (CSSE, 2020). For Indonesia, the data also states that the number of cases reached 344,749 cases with a death rate of 12,156. The pandemic that has spread in the end carries a very bad risk for the world economy, including Indonesia, especially in terms of tourism, trade and investment. Hanoatubun (2020) states some of the impacts that will be experienced by the economic sector, including: 1) More than 1.5 million workers who are laid off and affected by layoffs, of which 1.24 million are formal workers while 265 thousand are informal workers; 2) Indonesia's PMI manufacturing contracted or fell to 45.3 in March 2020; 3) Imports in Q1 decreased by 3.7% year to date; 4) Inflation / price increases in general and continuously in March 2020 reached 2.96% year on year; 5) 12,703 flights at 15 airports were canceled during January-March 2020; 6) tourist arrivals decreased to 6,800 per day; 7) the loss of revenue in the air service sector reached Rp. 207 billion; 8)

decrease in occupancy at 6 thousand hotels by up to 50%, and it is estimated that there is a potential loss of tourism foreign exchange by half compared to 2019.

Based on ILO data (2020), the number of workers in the G20 countries has decreased significantly, for example nearly 40% in Mexico to around 8-9% in Japan and Korea, as well as the number of working hours which decreased ranging from a staggering 46% in Mexico to a still substantial decline of around 10% in Australia. ILO predicts that this decline will also continue, even the decrease in working hours spent in paid work is proportional to the increase in hours of unpaid care work as a consequence of school closures and day care, reduction of public services for persons with disabilities and the elderly, unavailability of household assistants, and the need caring for family members who have Covid-19. ILO also stated that there was a significant increase in the unemployment rate in Canada and the United States (unemployment rate of 15.9 million). However, for workers who are still working, many of them seem to get lower wages, in part because of the results of joint negotiations between workers and employers. For example, in Argentina, a collective agreement included a 25% cut in the wages of workers in shutdown sectors for 60 days. Likewise, several other countries including 35% in the US, 30% in the UK and 20% in Germany reported a decrease in wages compared to previous months. Especially in Indonesia, based on ILO data (2020) it was experienced a larger decline than other countries (28% for G20 countries), namely 40 and 60 percent.

Facing this crisis situation, the pandemic outbreak, the economic resilience needs to be strengthened. There are many literatures that have explained the concept of resilience for business organizations since the 1990s, especially alongside with the introduction of the concept of business continuity. Along with the covid-19 pandemic, the development of literature related to business and organizational resilience is also increasing. Through google scholar search engine, it was found 787-790 research published related to economic or business resilience during covid-19 pandemic. Some of them are related to economic risk (Noy et al, 2020), economic resilience (Jenny, 2020), or socio-economic (Jethwaney, 2020). However, the literature that discusses family business resilience is still limited, especially if this family business only appears during or after a pandemic condition.

Resilience testing does not only apply to industry or other business institutions. Resilience is also needed to maintain the family economy.

Therefore, this study aims to analyze through literature review approach to develop a conceptual model of family economic resilience during a pandemic. In this literature review, there are various definitions related to resilience that are presented to get the concept of economic resilience of families. Furthermore, this study also identifies several factors that can form the concept.

Business and Economic Resilience

The concept of resilience develops widely in various disciplines, including economics, ecology, pedology, psychology, sociology, risk management, and network theory (Fiksel, 2006). In Fiksel (2003), resilience is defined as the capacity of a system to tolerate disturbance while maintaining its structure and function. Likewise, Jun and Conroy (2014) stated that resilience is the ability to survive change, recover from change, adapt to changes in the system. There is a lot of literature that has explained the concept of resilience for business organizations since the 1990s, especially alongside with the introduction of the concept of business continuity. Fiksel (2006) also states that in a business context, enterprise resilience is defined as the ability for enterprises to survive, adapt and grow to face turbulent changes.

According to McCourt (2011a), business resilience is defined as business continuity,

emergency management, and disaster recovery, while according to Husman and Aldridge (2007) defines business resilience as the ability to quickly adapt and respond to risk opportunities, and maintain business operations continuously to be a more trusted business by partners, and enables sustainable growth. In fact, according to McCourt (2008), of the top 500 trends related to security, the first is business resilience and crisis management, among other security issues.

The results of observations of 45 companies in the world, summarized the existence of sustainable management practices, which Avery and Bergsteiner (2011) described in the form of a pyramid, which includes foundation practices, higher level practices, and the main performance drivers (key performance drivers), and performance outcomes. A sustainable management strategy is an option, but this choice leads to increased resilience for the company

According to Foster and Dye (2005), the main objectives for company leaders to create business resilience are 1) securing the people in the company, 2) securing the company's main business (systems, facilities, infrastructure, and processes), and 3) securing business networks (eg supply chain). For real estate companies, there are 5 leverage points to realize a sustainable strategy, namely understanding business plans and strategies (knowledge of the business), capabilities and competencies (including management information system facilities), relationships with business units (including customer relationship management/CRM), integration of sustainability into organizational strategic processes, as well as information systems and information technology.

An organization's business resilience can be usually demonstrated after a crisis. According to Berman (2009), in times of crisis, organizational performance can return with unusual solutions. It takes leadership to force all components in the organization to find solutions that can be justified, anticipatory, future approaches, optimism, patience, flexibility, transparency, and constant thinking on business. Meanwhile, according to Millar (2004), resilience depends on the initiative, creativity, and passion of the members of the organization. Management should be able to reduce bureaucracy to experience first hand what staff want. This approach will lead to continuous improvement for the organization, and will prevent changes that the organization makes only in times of crisis.

Much literature links business resilience with the company's ability to manage the risks it faces. Zalud (2009) explicitly states that in order to have business resilience, organizations need to have a system to mitigate risks. McCourt (2011b) argues that corporate leaders focus on understanding the contribution of security to achieving goals by running business operations to perform effectively, which means increasing revenue and reducing costs. This contribution is primarily aimed at reducing risk and to ensure resilience. Business resilience is at the heart of crisis management, business continuity and disaster recovery. In line with that, Burchill (2013) states that in order to form a resilient organization, companies must be aware of proactive risk identification and monitoring, to ensure that every source of risk has been ideally identified, managed, and mitigated. Business resilience and competitive advantage are not just about preventing disasters, but having a solid mitigation plan. These are needed in time of financial or economical crisis.

Home Based Business

The covid-19 pandemic not only has a significant impact on business and economy, but also allows opportunities to enable entrepreneurial capabilities from different sides. Maritz et al (2020) expressed their views that there are several insights related to entrepreneurship in Australia during pandemic, including the entrepreneurial mindset, the multidimensional effects of resilience and entrepreneurship, entrepreneurship education, entrepreneurship enablers and the entrepreneurial ecosystem. More specifically, resilience is required by SMEs

to survive and thrive throughout the uncertainty during the crisis. Entrepreneurship and resilience will go hand in hand, by bouncing back to condition as before, adapting to new behaviors so that they can survive, and making radical changes even though it has implications for a different socio-economic structure.

Bollough et al (2014) also have the same finding that resilience has the same role as entrepreneurship, which is to foster entrepreneurial intentions in a dangerous environment. Even in dangerous situations, an individual who believes in his abilities and is able to withstand the tough conditions will be sufficiently capable of starting a business.

Reuschke and Mason (2020) mention several main reasons for running a business from home, namely minimizing costs, the nature of a business that does not require a commercial area, comfort, and flexibility. Mason et al (2011) also stated that home based businesses operate full time, although the proportion is smaller than other businesses. Even some of them are able to do business internationally.

Home based business is a part of MSMEs. In Indonesia, the number of micro businesses dominates the business scale in Indonesia, which amounts to 63 million units, while small businesses reach 783,000 units (Indrawan, 2019). Furthermore, MSMEs contribute 97% of the total workforce, 99% of total employment, 60.34% of total National GDP, and even 58.18% of total investment in Indonesia. However, Mason et al (2011) also do not deny that home based businesses have less employment and turnover than other SMEs.

Home based business growth does not only occur in rural areas, but also occurs in urban areas, especially with the support of information technology. Home based business relates to online sales in a high proportion which supports that a home based business is an “online” business (Reuschke and Mason, 2020). However, the online business growth is still quite low compared to the high growth in home based businesses operating offline. Especially for home based businesses in rural areas that do not take advantage of the role of e-commerce.

Economic Resilience of Family

If then home based business can be considered as one of the smallest forms of SME, then this formation is one of the entrepreneurial adaptations of the family economy, the conceptual model of family economic resilience might be created based on several considerations. One of the concepts may adapt from Kuckertz et al (2020) concept related to entrepreneurial start-ups. They found that start-ups carried out rapid responses to the conditions of the Covid 19 pandemic which had economic implications for them. Entrepreneurship deals with the effects of the crisis and how to deal with it to protect their business, growth, and innovation potential for those who are at risk. Policies are needed not only for first aid but also in the long term to ensure a wider entrepreneurial ecosystem and its subsequent faster recovery and growth.

Kuckertz et al (2020) concept introduced 3 milestones to perform entrepreneurial resilience, namely crisis, rapid response, and resilience. Crisis describes a condition in which an entity experiences failure, including liquidity problems and existence threats. In addition, in this phase the entity will also experience growth problems. As a result, entities need to be pre-required to adapt to face both internal and external disruption. Furthermore, the entity will carry out a rapid response through relational capability, financial capacity, and usually supported by political support. With this rapid response, the entity will slowly form an entrepreneurial opportunity. In addition, the entity will adapt and perform internal restructuring so that it is able to create resilience for the entity.

However, the family is not purely a business entity or organization like start-ups, the family bases its ties psychologically. Therefore, the family resilience approach also requires psychological attributes. Using a psychological approach, several protective factors make it

possible to form this concept, as well as other attributes including rebounding/ reintegration, high expectancy/family determination, positive relationship/social support, flexibility, family self-esteem/self-efficacy, and antecedents that have ever be associated with the families (Earvolino-Ramirez,2007).

In the Earvolino-Ramirez (2007) approach, forming rebounding resilience is a positive direction or response, while reintegration is a process after disruption in which individuals want to return to their original state or get into normal. In addition, high expectancy/self-determination provides a sense of purpose and concept of self-worth. Another factor that is a protective factor is a positive relationship that will provide the opportunity for communication and support, as well as flexibility that allows for adaptability and self-esteem which will make some people snap and other snap back.

These two concepts were then combined to explain the economic resilience of family. The concept used is the approach of economic and psychological entities. What appears in the economic resilience of the family in times of crisis, especially the Covid 19 pandemic, is the rapid response carried out by the family, both through relational, financial, and additional support from the government through social assistance programs and social safety nets. Families need to ensure income and food access, access to basic services, social safety nets, and assets, to further support adaptive capacity, and stability (Rahmadana and Sagala, 2020). Adaptation to the concept of resilience Kuckertz et al. (2020) is the generation of entrepreneurial opportunities, including through home based business, then family adaptation and internal financial restructuring within a family, for example through reducing expense accounts that are usually done during normal times and adapting to different types of consumption.

Rahmadana and Sagala (2020) researched in the Medan area and produced quite complex data sets, ranging from socio- demographics, main sources of income, income and access to food sources, access to basic services (health, transportation, clean water, electricity, and the internet), social safety nets, assets, adaptive capacity, and stability. Among the evaluations carried out is the implementation of physical distancing in the respondent group. The results show that there is no difference between the attributes of income and access to food sources, access to basic services, social safety nets, and assets for groups that carry out physical distancing or not. However, differences occurred in adaptive capacity and stability. Meanwhile, if the respondent group is grouped by source of income and duration of resilience, there are significant differences in all attributes of income and food access variables, access to basic services, social safety nets, assets, adaptive capacity, and stability. The data shows the attractiveness of patterns and characteristics of the Medan community in terms of their economicresilience.

Nevertheless, this apparent resilience is actually supported by the psychological attributes of the family. The adaptation of the Earvolino-Ramirez (2007) concept is a resilience process that is actually not visible on the surface. Strengthening families to face the problem of the Covid-19 pandemic (adversity) as an antecedent makes families strengthen their protective factors, including rebounding / reintegration, high expectancy / family determination, positive relationship / social support, flexibility, family self-esteem / self-efficacy. Strengthening and stability of family psychology will lead to rapid respond to the economic crisis faced by families. As a consequence, psychologically it will have an impact on effective coping, mastery, and positive adaptation, where the visible output is measures of economic resilience, such as the emergence of a home based business or financial restructuring. Thus, the concept can be introduced in the figure 1.

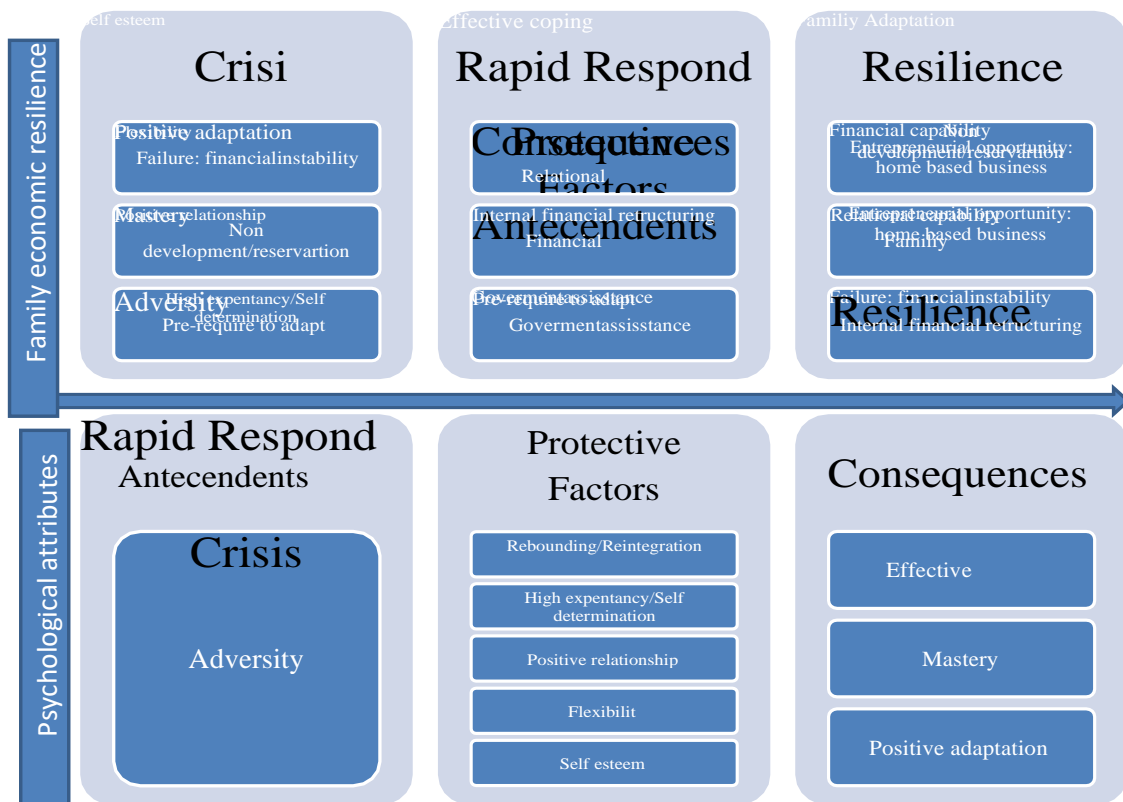


Figure 1. Conceptual Model of Family Economic Resilience

Conclusion and Implications

The COVID-19 pandemic has not only had a significant and catastrophic effect on business and economies globally, but Kuckertz et al (2020) found that start-ups carried out rapid responds to the conditions of the Covid 19 pandemic which had economic implications for them. If then home based business can be considered as one of the smallest forms of SME or kind a start-ups, then this formation is one of the entrepreneurial adaptations of the family economy. Even further also some literature finds the power of resilience for business when it was built by the family or the so-called home-based business in times of crisis. Likewise, a home based business should be one form of implementation of entrepreneurship. Home based business can be a form of how economic resilience in the household or family is realized during a pandemic outbreak.

The conceptual model of family economic resilience might be created based on several consideration. The concepts of Kuckertz et al (2020) and Earvolino-Ramirez (2007) were then combined to explain the economic resilience of family. The concept used is the approach of economic and psychological entities. What appears in the economic resilience of the

family in times of crisis, especially the Covid 19 pandemic, is the rapid response carried out by the family, both through relational, financial, and additional support from the government through social assistance programs and social safety nets. Adaptation to the concept of resilience Kuckertz et al. (2020) is the generation of entrepreneurial opportunities, including through home based business, then family adaptation and internal financial restructuring within a family. Meanwhile, the adaptation of the Earvolino- Ramirez (2007) concept is strengthening families to face the problem of the Covid-19 pandemic (adversity) as an antecedent makes families strengthen their protective factors, including rebounding / reintegration, high expectancy / family determination, positive relationship / social support, flexibility, family self-esteem / self-efficacy. As a consequence, psychologically it will have an impact on effective coping, mastery, and positive adaptation, where the visible output is measures of economic resilience, such as the emergence of a home based business or financial restructuring.

The theoretical implications and further research agenda will also be the subject of future discussion. The conceptual idea of family economic resilience needs further research and real or empirical tested using dataset, for example a kind of Rahmadana and Sagala (2020) dataset. Besides, future research should thus not only to test the concept but further aiming to understand the how the psychological attributes contribute to the economic resilience. This may be conducted through in depth interview of a group of respondents. It will be important to follow up on the effects of the measures taken during the pandemic outbreak.

Another managerial and policy implications is that first aid financial support needs further support from psychological perspective. Wiresti (2020) stated that the economic resilience of families that was disrupted during a pandemic had several psychological effects on the comfort and safety of children in the family. In addition, the shift in parenting styles to authoritarian resulted in a crisis care during a pandemic outbreak. The government aids have to closely support of wider psychological ecosystem to ensure the family resilience during pandemic outbreak. Therefore, the implications will also be significant findings for other researchers and policy makers.

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