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Factors Affecting Corporate's Coping Strategy Choice During The Covid-19 Outbreak: Case of Indonesia

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ABSTRACT

This study aims to investigate what factors determine the process of deciding coping strategies during the COVID-19 outbreak. The data analysis technique used in this study was multinomial logistic regression, using structured questionnaires as a data collection method. By analyzing 103 companies that participated in this survey, we found that financial performances and self-efficacy were determinant factors in selecting coping strategies. However, the perception of COVID-19 and the perception of government did not influence the coping strategy's decision process.

By adding a new perspective on entrepreneurial aspects and using the latest indicators of financial performances and perception on COVID-19 and government's trust, this research contributes to the concept's development of coping strategies decision making process. For business practice, our findings enrich knowledge on the types of coping strategies that managers can take during the COVID-19 outbreak. Our research offers worthwhile insight into the management accounting literature by providing empirical evidence, especially on the factors that drove the probability of coping strategies during the crisis.

INTRODUCTION

COVID-19 outbreak inflicted a devastating impact on whole sectors, including the business sector. For more than a million cases of COVID-19 in Indonesia as of February 2021 are confirmed. A social distancing policy is mandated not only in Indonesia but also applied all over countries in the world. Several procedures were applied in order to restrict the spread of the COVID-19 outbreak. These policies include closing schools, banning public gatherings, and restricting both international arrivals and domestic movements. One of the most impactful regulations regarding pandemic policies is closing nonprimary business sectors and services, which has shocked the nationwide economy.

COVID-19 pandemic has had a serious impact in the economy. In Indonesia, there were more than three million workers laid off during the pandemic, as of May 2020. The pandemic has also caused a decline in the consumptions spending. According to data provided by the Indonesian Ministry of National Development in 2020, the decline in people's purchasing power in the tourism and manufacturing sectors reached more than 300 trillion rupiah during the pandemic. The Micro, small, and medium enterprises (MSEMs) sector is the sector that is most affected by the COVID-19 pandemic. More than 160 thousand MSMEs are affected by the pandemic, and 37 thousand of them have been very seriously affected. Among the impact of the pandemic felt by MSMEs, 56% experienced a decrease in sales, 22% experienced financing problems, 15% had difficulty distributing goods, while 4% experienced difficulties in getting raw materials. [1]

A crisis condition is a risk that cannot be avoided by the company. No company can predict crisis conditions, economic downturn, and stagnation [2]. In facing crisis conditions, companies are forced to implement strategies, hence the company's business activities can be maintained. The decline in financial performance is an indication that the company is facing difficulties, hence an appropriate strategy is needed to implement in order to prevent business activity from worse condition. The decrease in economic conditions is a formidable challenge faced by most business entities in Indonesia. The abnormal conditions resulting from the pandemic prompted

management to make decisions according to the needs of the organization [2]. The process of selecting strategy by an entity during a crisis is called coping strategy. Coping strategy has become a concern among researchers to determine the dominant strategy combination chosen by the organization in crisis conditions.

Most scholars have investigated the effect of the COVID-19 pandemic on the economy. Huu et al., (2021) examined the financial performance of companies during a pandemic which affects companies in choosing strategies to survive the COVID-19 pandemic. The results show that the cost-cut strategy is the strategy most used by companies as an effort to survive during a pandemic. Parker (2020) found the fact that the COVID-19 pandemic forces business entities to change strategies, whenever those were related to business activities, such as changes in business models, or those that were not directly related, such as remote working from home. Le et al. (2020) examined the impact of COVID-19 on capital markets in Vietnam. Le et al. (2020) found that there were a negative effect of the COVID-19 pandemic on company stock returns in Vietnam. Chowdhury et al. (2020) conducted research on the impact of the COVID-19 pandemic on the food and beverage industry, which is an industry that meets the most basic human needs and is the fastest growing industry in the world compared to other industrial sectors. Their study showed that the COVID-19 pandemic also has an impact on the food industry. The impacts experienced by the food and beverage industry include an increase in the level of expired products, difficulties in working capital, a decrease in ROI, and a reduction in employees.

The impact of the COVID-19 outbreak that caused economics recession has prompted researchers to design research models related to corporate strategy. The majority of research that has been conducted has only partially looked at the impact of the COVID-19 outbreak on company performance. A few studies have attempted to explore further the process of selecting strategies taken by management during a pandemic. The ability of management to select turnaround strategy is expected to be influenced by several aspects, including entrepreneurial skills and a management perspective on handling COVID-19 cases in Indonesia [2]. This study aims to examine

the impact of the COVID-19 outbreak on the company's turnaround strategy decision making and examine the factors that influence companies in choosing this strategy.

This study uses turnaround strategy model derived from Hofer (1980) and further developed by Huu et al. (2021). Huu et al. (2021) used four perspective of turnaround strategies namely: costs reduction, employees laid off, new business models implementation, and no action. Huu et al. (2021) uses a questionnaire with an open question that allows respondents to answer subjectively. This study is a development of the framework research of Huu et al., (2021), by modifying the questionnaire using a Likert scale. Hence, respondents can answer easily and the results can be interpreted more objectively. Different from Huu et al. (2021), this research also want to explore more deeply the effect of entrepreneurship skills on the choosing of corporate's coping strategies. We use different indicators in measuring entrepreneurship skills, such as entrepreneurial self-efficacy, entrepreneurial resilience, and innovative work behavior, which are derived from the framework of Zahurul et al. (2020).

Coping strategy is a crucial aspect that management must have. No company will immune from crisis condition, economics recession, or stagnation in their competitive advantage aspect. Therefore, a visioner manager is needed to make a right decision strategy in facing abnormal conditions such as COVID-19 outbreak. In process of selecting strategy, entrepreneurship skill is necessary to support a wide vision of manager. Managers who have a high-self beliefs entrepreneurship skills can enhance both financial performance and non-financial performance of the companies [7].

Choosing strategy is a unique process, which might be affected by many factors, such as working experience, education, and entrepreneurship skills. A person who has an innovative work behaviour tend to be more creative in maximizing the use of resources, in order to improve company's performance. During COVID-19 outbreak, companies are supposed to be more flexible and innovative, therefore they can maintain their business prospects. Companies, which are facing financial performance difficulties, are forced to apply emergency strategy that can helps saving their business activities. Zahurul et al. (2020) found

an evidence that entrepreneurship skills have a positive impact in enhancing financial performance during COVID-19 outbreak. On the other hand, to what extend entrepreneurship skills might have an impact in the process of choosing coping strategy has not clearly investigated yet.

Most studies have been conducted on coping strategies selection among manufacturing companies [8], [9]. However, there are still a few researches which focuses on coping strategy's selection during pandemic. The impact of a crisis or disaster on a business must be of great concern to entrepreneurs because it affects current and future business performances [7].

This study contributes in providing empirical evidence regarding what factors are affecting the process selection of coping strategy during COVID-19 outbreak. We adapted the model developed by Huu et al. (2021). However, our study is different from Huu et al. (2021), who found evidence on the manager's behaviour in order to cope with the financial distress caused by COVID-19 outbreak. We further explored the effect of entrepreneurial aspect on the selection of coping strategy, by adding self-efficacy aspect. This model of self-efficacy aspect is different from the model of Huu et al. (2021), who have not explored the entrepreneurial aspect clearly yet. Furthermore, this research findings can be used as one of the literatures to economics policies, especially those are correlated in boosting corporate financial performances and enhancing entrepreneurship skills in the time of crisis. This research, on the other hand, also provides evidence on the level of firms trust on the government policies in dealing with COVID-19 cases in Indonesia.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Coping Strategy

Crisis condition is unpredictable situation that no company will immune from the condition [6]. Widespread events caused by COVID-19 viruses have affected the global economy, financial health, political and social aspects, including corporate's performance downturn [10]. Most companies do not have planning to overcome the financial difficulties during crisis. However, managers have to be able to survive and prevent the company

from the unexpected situation which might harm a company's blood life. According to Boin (2009) management needs to have strategic planning during a crisis condition. The process of selecting the right strategy during crisis condition in order to survive is called coping strategy.

There are several strategies that can be carried out to overcome the COVID-19 pandemic, namely reducing costs, reducing employees, developing new business models and not taking any action [2]. The cost reduction and asset reduction strategies are linked to the company's operations. In carrying out its operations, a company needs costs. All costs incurred are not all effective. There are several costs incurred that are no benefit. Even though the amount of expenditure will have an effect on the profits earned in that year. The greater the costs incurred by the company, the smaller the profit or profit earned. To avoid this issue, companies should analyze value added activity, therefore they can reduce costs efficiently [12]. According to Egan & Tosangan (2009), cost-cutting strategy is mostly used by companies which face a profit decline condition. By cutting several costs, such as variable costs, rent costs, and temporary worker costs, companies are able to increase up to ten per cent profit. On one hand, Huu et al (2021) stated that companies are predominantly choosing cost-cutting strategies to overcome the crisis condition.

The Impact of Financial Performances on Coping Strategy's Decision Process.

Human resources are also one of the areas which are most affected during pandemic. There are several ways of the impact of COVID-19 outbreak on human resources. Firstly, according to Tsai & Yen (2008) in the field of organization change, the question of whether downsizing practices eventually improve performance is frequently asked and is never satisfactorily answered. The consequences have not always materialized over these years. On the negative side, downsizing harms employees, their families, and at the same time causes social chaos. The possible answers could be the ignorance of some important mechanisms between them. The paper aims to explain this issue. Design/methodology/approach - The paper applies the dynamic strategy capabilities concept from the strategy research field and strategic human resource management (SHRM, downsizing

the number of workers is the easiest strategy that a company can apply during financial distress. In Indonesia, there were more than 2.8 million victims of layoffs during COVID-19 outbreak. Second, another strategy to adapt external changes is by increasing competitiveness and productivity [13] in the field of organization change, the question of whether downsizing practices eventually improve performance is frequently asked and is never satisfactorily answered. The consequences have not always materialized over these years. On the negative side, downsizing harms employees, their families, and at the same time causes social chaos. The possible answers could be the ignorance of some important mechanisms between them. The paper aims to explain this issue. Design/methodology/approach - The paper applies the dynamic strategy capabilities concept from the strategy research field and strategic human resource management (SHRM. Corporate must have ability to maintain their competitive advantage in order to survive during pandemic. Recently, there are still many MSMEs that do not have ability to maintain their competitive advantage due to the lack of capital or other constraints. Therefore, they were difficult in facing crisis conditions, especially COVID-19 pandemic. Because they have limited capital, human resources and understanding of business, many MSMEs are forced to shut down their business during the COVID-19 pandemic [2].

Research conducted by Fabeil et al (2020) explained that in Malaysia, the small business sector is one of the most directly affected by large-scale social restrictions especially micro-enterprises compared to larger firms. Business organizations (companies), especially MSMEs, can grow and develop if in carrying out their business activities they adhere to the concepts of effectiveness and productivity. In order to survive, a company has to implement a well-targeted marketing strategy in terms of quality, price, and competitiveness of the products. Research related to company efforts to overcome crises during a pandemic has been carried out by Eggers (2020) who analyzed what factors drove companies to survive during pandemic. The results of his study explained that to determine the financial performance of companies in the pandemic period, they use financial ratio indicators such as leverage, liquidity and profitability. But the ratios that have been done are not able to overcome

financial problems, hence, a special strategy is needed to maintain the company's financial performances.

Financial performance is the main reason for company to apply the right choice of strategy. The downturn in financial health can be a serious harmful that must be the first concern for management. Companies in which facing financial distress are supposed to apply strategy to cope economy downturn caused by COVID-19 outbreak. The decrease in financial performances will enhance the probability of taking coping strategies. Therefore, the first hypothesis is proposed as follows:

H₁: Corporate financial performances have a negative impact on selecting coping strategies.

The impact of Perception on COVID-19 outbreak on Coping Strategy's Decision Process

COVID-19 outbreak is an unpredicted disaster which has occurred for the last two years. The change in lifestyle starting from new normal era, resulting the significant impact on several sectors, including economy. Non-essentials businesses sectors, such as tourism, entertainment, clothing, and soon, are being restricted in the time of temporary lockdown. The decrease of businesses capacity leads to sharp fall in corporate's income. Most companies reduce their business activities for more than 50 per cent during pandemic. Companies have to obey the regulation from government in order to restrict the COVID-19 spread. On the other hand, companies have to bear the operation costs, including employees' salaries. This situation was getting worse, since followed by the downturn of purchasing power, which might result the economy crisis nationwide. In facing this difficult situation, managers were required to decide fast on what strategies are suitable in order to cope with crisis condition.

The COVID-19' perception is the community' expectation about pandemic situation, especially about how long COVID-19 outbreak become controllable and no longer have a harmful impact in several sectors. To classify whether COVID-19 outbreak is temporary or permanent condition, business activists need to have knowledge about pandemic situation completely, what actually COVID-19 is, what the impact caused by, and how long they realize that COVID-19 have an impact in their business. By knowing the situation thoroughly, managers can decide properly whether

their company need to take an action to mitigate the risks or just waiting until COVID-19 cases become controllable. Managers who consider COVID-19 outbreak as long-term crisis situation, they will tend to be more adaptive and starting to decide strategy' formula in coping with economic recession caused by the pandemic. Therefore, second hypothesis is proposed as follows:

H₂: Perception on COVID-19 have a positive impact on selecting coping strategies.

The impact of Perception on Government on Coping Strategy's Decision Process

In the wave of COVID-19 cases with high level of death cases in Indonesia, government faced two difficult situations. First, government have responsibility to focus on the community' health and work hardly to decrease the number of deaths caused by COVID-19. Thus, government apply several policies to control the spread of corona virus by restricting public gathering, shutting down non-essentials business sectors temporarily, moving education activities from offline to online classes, and others policies. On the other hand, economy sector is the one of the most affected sectors which should become other government' concern.

Government, as the highest regulator, plays an important role in dealing with COVID-19 cases. In the economy sectors, Indonesian Government have financial bailout policy in order to support business sectors and to boost purchasing power during pandemic. Other policies are taxes relaxation, installments relief, and interest rates cut. According to Huu et al. (2021), government' support and interventions to business sectors become the essentials factor in enhancing business performances. Through financial support from the government and other supporting policies, company have a chance to use their resources to improve their performances rather than to close its business. Therefore, supports and quality services from the government will create image or good perception on the government' performances among business participants. Hence, company in which the leaders have a good perception on government, will enhance the probability of deciding coping strategy. The third hypothesis is proposed as follows:

H₃: Perception on government have a positive impact on selecting coping strategies.

The impact of Self-efficacy on Coping Strategy's Decision Process

Running a business is a challenging activity that not everyone has capability in it. A good leadership skill and creativity are the basic skills needed to start a new business. Moreover, a high level of confidence also become a crucial factor to engage a business. According to Sobakinova et al. (2020), a great deal of self-efficacy is positively enhance the creation of business ideas. Additionally, innovation belongs to strategic aspects, which can be used to face unpredictable conditions due to high competition climate, through product development, marketing innovation, and the ability to meet customer demand.

During the COVID-19 outbreak, business sectors become more sensitive due to rapid changing in business structures and the decrease of costumer's buying power. In order to maintain business activities, managers have to be creative and innovative to find what new business opportunities that can be used to boost business performances. Self-efficacy is a form of capability of the leaders in achieving goals in the most challenging situations during COVID-19 outbreak [7]. Additionally, Zahurul et al.(2020) also found evidence on the impact of self-efficacy in boosting financial performances of SMEs during COVID-19 outbreak.

Business risks were increase due to the unpredictable economy stability during COVID-19 outbreak. To dealing with the unstable condition, companies were forced to take risk. Companies in which the leaders have high self-belief, have a greater probability of survival during crisis conditions. Therefore, self-efficacy plays a crucial factor in the process of deciding coping strategy. From the reasons given, the last hypothesis is proposed as follows:

H₄: Self-efficacy have a positive impact on selecting coping strategies.

RESEARCH METHODS

Population and Sample

Population in our study were companies operated in Indonesia. We took sample using convenience random sampling. We also ensure MSMEs' participation in our study in order to increase generalizability.

Data Collection Method

To examine the hypotheses, the structured questionnaire was used as data collection method. Questionnaires were distributed using online forms and email. There were 27 short questions in the questionnaire, which measured corporate financial performance, coping strategy, perception on covid cases in Indonesia, and perception on government respectively. Financial performance was classified as metric data, while coping strategy was categories data. Respondents were required to fill the most suitable strategy for their businesses. There were five choices for coping strategy in the questionnaires, which were cost efficiency, downsizing strategy, business innovation models, bank loan, and sales of fixed assets. For company which did not apply any strategy, they were required to fill do nothing strategy in the questionnaires.

Descriptions of Variables

We employed several independent variables, which are adapted from Huu et al. (2021), namely financial performance, entrepreneurial aspect, company perception on COVID-19 cases, and company perception on government. For the entrepreneurial aspect, we adapted from Zahurul et al. (2020). We focus on entrepreneurial self-efficacy, because it have several critical factors, such as passion in work, independence, problem-solving, taking on risks, and self-motivation [17] and it proposes a refinement of these theoretical frameworks in the context of the study. Design/methodology/approach: A case method was chosen, and face-to-face interviews with 14 owners of firms in island and rural regions of Greece and Spain were conducted. Findings: Content analysis identified the importance of self-efficacy, primarily illustrated by entrepreneurs' determination and self-motivation, propensity to take risks and ability to anticipate consequences of their actions. Acquisition and accumulation of explicit knowledge, particularly through generational or mentoring processes, and subsequent wealth of tacit knowledge, also emerged as very significant in preparing and guiding entrepreneurs. Various links between the adopted theories and findings emerged, particularly regarding forethought, vicarious learning (SCT. Those factors become strong psychological aspects that are needed in coping with business uncertainties caused by COVID-19 outbreak [7].

Financial performances were measured by decrease on revenue, decrease on profit, decrease on cash flow, and decrease on overall performance. Financial performances captured by using metric data, which was provided in percentage. Company perception on COVID-19 was measured by estimation time of COVID-19 cases would be successfully handled in Indonesia and in countries within the world. Company perception on government was measured by the degree of trust in government response on COVID-19 cases, the degree of trust in the effectiveness COVID-19 policies made by government, and positive attitude on supporting social distancing. Company perception on government was measured using five-point Likert scales. The questions are presented in Appendix 1.

For corporate coping strategy, we used the framework originally adapted from Hofer (1980), and had been further developed by Huu et al. (2021). There are six main coping strategies that we used into the models, which are cost-efficiency strategy, downsizing strategy, new business innovation models, bank loan, sales of fixed assets and do nothing. Coping strategy is categorical variable,

which represents the choice of corporate's strategies in facing COVID-19 outbreak.

Data Analysis Technique

To answer research questions, a logistic regression was applied, since corporate coping strategy is categorical variable. Since dependent variables have more than two categories, we use multinomial logistic regression as our data analysis technique. Before we applied multinomial logistic regression, firstly we have to choose a category as reference category [18] as long as they are not detrimental for the patients, are needed. MV with heat and moisture exchangers (HME. According to Ghozali (2016) as long as they are not detrimental for the patients, are needed. MV with heat and moisture exchangers (HME, reference category is used to compare with other categories. Corporate coping strategy have six categories and do-nothing strategy is chosen as reference category. Do-nothing is chosen as reference category in order to compare with the other categories. Therefore, the multinomial logistic regression models are stated as follows:

$$\ln \frac{P(Y_i = \text{Cost efficiency})}{P(Y_i = \text{do nothing})} = \beta_0 + \beta_1 * FP + \beta_2 * PCovid + \beta_3 * PGoV + \beta_4 * ES + \varepsilon \dots (1)$$

$$\ln \frac{P(Y_i = \text{downsizing})}{P(Y_i = \text{do nothing})} = \beta_0 + \beta_1 * FP + \beta_2 * PCovid + \beta_3 * PGoV + \beta_4 * ES + \varepsilon \dots (2)$$

$$\ln \frac{P(Y_i = \text{Business Innovation})}{P(Y_i = \text{do nothing})} = \beta_0 + \beta_1 * FP + \beta_2 * PCovid + \beta_3 * PGoV + \beta_4 * ES + \dots (3)$$

$$\ln \frac{P(Y_i = \text{Bank loan})}{P(Y_i = \text{do nothing})} = \beta_0 + \beta_1 * FP + \beta_2 * PCovid + \beta_3 * PGoV + \beta_4 * ES + \dots (4)$$

$$\ln \frac{P(Y_i = \text{Sales of fixed assets})}{P(Y_i = \text{do nothing})} = \beta_0 + \beta_1 * FP + \beta_2 * PCovid + \beta_3 * PGoV + \beta_4 * ES + \dots (5)$$

Where:

Yi = company's probability in choosing coping strategies

FP = financial performance

PCovid = Perception on COVID-19 cases

PGov = Perception on Government

ES = Entrepreneurial self-efficacy

ε = other factors outside the research models

RESULTS AND DISCUSSION

Descriptive Statistics

Our potential respondents are companies in Indonesia, which come from various business scale. We ensure small and medium size enterprises (SMEs) were selected in our sample in order to enhance the population's representativeness of companies in Indonesia. Questionnaires are distributed using online forms, email, message application and virtual meeting to ensure the response rate from respondents. After selecting valuable respondents, we got 103 final respondents. Figure 1 shows the proportions of respondent's position in the companies which take part in the survey. From figure 1, the most respondents who took part in the study were staff position, which almost 30 per cent of whole participants.

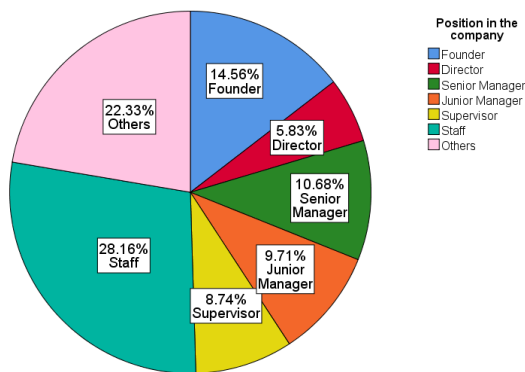


Figure 1. Respondents' positions in the company
Source: Primary data, 2021

Generally, the portion of respondents have been represented all business's scale. Respondents from MSMEs are higher than those are from big companies. Big companies take part for more than 30 per cent of the whole participants. The number of business scale's proportions is presented in figure 2.

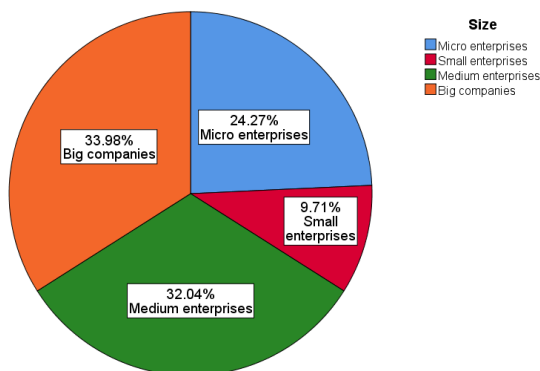


Figure 2. Business scale
Source: Primary data, 2021

From the 103 respondents who participated in this study, more than 50 per cent are from services industry. The rest of the participants are manufactured and retail merchandising, which have 18 per cent and 15 per cent respectively. The proportion of business sector are presented in figure 3.

After collecting data and having questionnaires responses, we test for reliability and validity of the questionnaires. The test ensures that the instruments used are reliable and valid enough to be used as the research instruments. Reliability and validity are employed in perception on government and self-efficacy variables. The result of reliability and validity test are showed in table 1. We used Cronbach-Alpha and Pearson's correlation to test reliability and validity respectively.

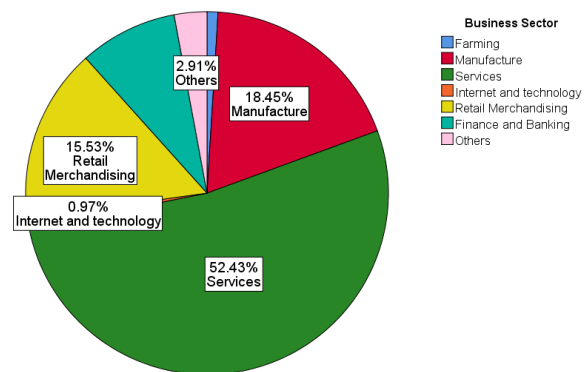


Figure 3. Business Sector
Sources : Primary data, 2021

During the COVID-19 outbreak, more than eighty per cent companies in Indonesia experienced a downturn in financial performance. While only twenty per cent of the rest were not affected by the COVID-19 outbreak. We can see the detail graph on figure 3.

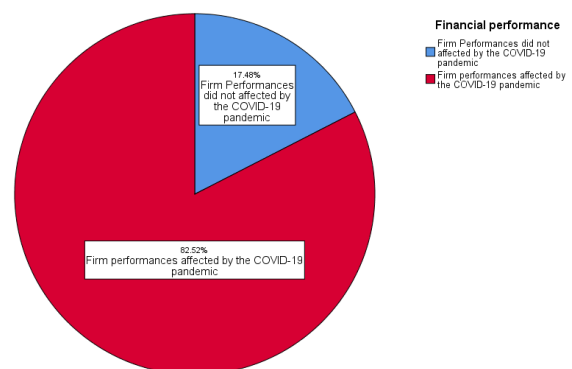


Figure 3. Companies Proportions based on the decrease of financial performances
Source : Primary data, 2021

In order to boost economic growth, Indonesian Government have several policies, especially for supporting business activity by giving financial support to MSEs. Based on survey data, there were only less than thirty per cent companies which received the financial support from the Government. The others, for about seventy per cent companies have not received the financial support yet. This survey data can be seen on figure 4.

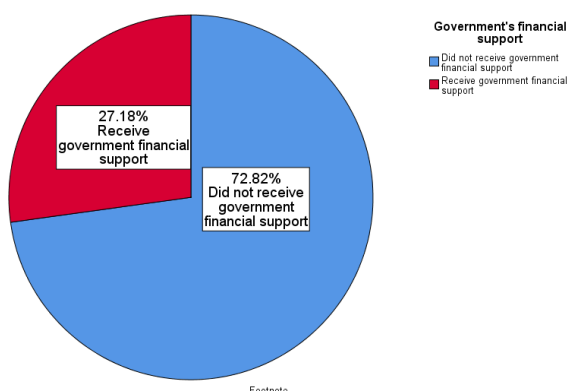


Figure 4. Companies' proportions based on the financial support from Government
Source : Primary data, 2021

For about 65 per cent companies who take participation in the survey, declared that they already had strategy to mitigate crisis conditions, such as COVID-19 outbreak. It means that only

35 per cent of the rest have not mitigation strategy. This condition is clearly stated in figure 5.

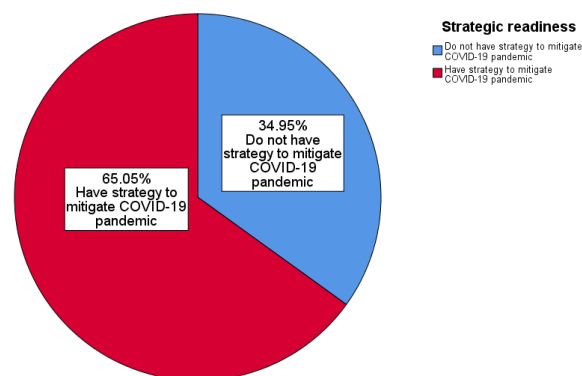


Figure 5. Companies' proportions based on strategic readiness
Source: Primary data, 2021

Research Results

As shown in the table 1, the results of reliability of perception on government about COVID-19 policies and self-efficacy are reliable, based on the value of Cronbach's Alpha, which are higher than 0.70. The results of validity tests can be observed through Pearson's Correlation test, which all the items of questions are valid and significant at 0.05 level. Thus, the questionnaires can be used as measurement tools and indicators for both variables.

Table 1. Reliability and Validity Tests

Variables	Cronbach's Alpha	Pearson's Correlation							
		Item 1	Item 2	Item 3	Item 4	Item 5	Item 6	Item 7	Total score
Perception on Government									
• Item 1	0.81	1	0.64*	0.67*	0.34*	0.32*	0.39*	0.35*	0.74*
• Item 2		0.64*	1	0.39*	0.36*	0.41*	0.41*	0.22*	0.68*
• Item 3		0.67*	0.39*	1	0.36*	0.39*	0.41*	0.38*	0.74*
• Item 4		0.34*	0.36*	0.36*	1	0.19*	0.33*	0.38*	0.61*
• Item 5		0.32*	0.41*	0.39*	0.19*	1	0.78*	0.26*	0.69*
• Item 6		0.39*	0.41*	0.41*	0.33*	0.78*	1	0.35*	0.65*
• Item 7		0.35*	0.22*	0.38*	0.38*	0.26*	0.35*	1	0.65*
Self-efficacy									
• Item 1	0.93	1	0.68*	0.73*	0.66*	0.62*			0.84*
• Item 2		0.68*	1	0.79*	0.75*	0.78*			0.89*
• Item 3		0.73*	0.79*	1	0.78*	0.79*			0.92*
• Item 4		0.66*	0.75*	0.78*	1	0.85*			0.90*
• Item 5		0.62*	0.78*	0.79*	0.85*	1			0.90*

*significant at 0.05 level

The results of logistic regressions are presented in table 2. There are six categories of coping strategy's choices, which are do not take any strategy, operation cost efficiency, downsizing strategy, business models innovation, bank loan,

and sales of fixed asset. We used the first category, namely do not take any strategy, as the reference category. The degree of probability of the company to choose coping strategy is measured by the value of odd ratios.

Table 2. Logistic Regression's Results

Strategy's choices	Variables	Chi-square	Beta	Odd ratio	Sig
Strategy 2: Operation cost efficiency	Financial performance	448,426*	- 12.46	3.89	0.00*
	Perception on Covid		0.05	1.05	0.08
	Perception on Government		0.01	1.01	0.85
	Self-efficacy		10.69	2.82	0.00*
Strategy 3: Downsizing	Financial performance		- 13.41	1.50	0.00*
	Perception on Covid		0.02	0.98	0.60
	Perception on Government		0.02	0.91	0.52
	Self-efficacy		10.42	2.97	0.00*
Strategy 4: Business models innovation	Financial performance		- 11.00	1.67	0.00*
	Perception on Covid		0.04	1.04	0.22
	Perception on Government		0.02	1.01	0.81
	Self-efficacy		10.38	3.09	0.00*
Strategy 5: Bank loan	Financial performance		- 8.97	1.04	0.00*
	Perception on Covid		0.06	1.06	0.16
	Perception on Government		0.06	0.94	0.59
	Self-efficacy		10.45	2.78	0.00*
Strategy 6: Sales of fixed asset	Financial performance		- 11.12	1.47	0.00*
	Perception on Covid		0.04	1.04	0.47
	Perception on Government		0.02	0.98	0.89
	Self-efficacy		10.63	1.04	0.00*

Note : reference category : Do-nothing strategy

*significant at 0.05 level

Table 2 provides information about the number of Chi-Square which is significant at 0.05 level. It can be inferred that the model used in this study has passed goodness of fit criteria. Therefore, the model can be used to predict the relationship between dependent and independent variables. The model also fit enough to empirical data.

Hypothesis 1 investigates the impact of corporate's financial performance in choosing coping strategy. The hypothesis is supported by empirical evidence which can be proved through significance level ($p < 0.05$). Financial performance has a negative impact on the selection of cost

efficiency 3.89 higher than do nothing strategy. It also affected the selection of other strategies, namely downsizing strategy, business models innovation, bank loan, and sales of fixed asset strategy. The probability of choosing strategy 2 to 6 can be seen through odd ratio's values.

This finding gives evidence that financial performance contributes in the process of selecting coping strategy. During the crisis condition caused by COVID-19 outbreak, most of firms had to be closed intentionally either temporary or permanently. This difficult situation harms financial health of the firms due to the decrease of

revenues. Financial difficulties during COVID-19 outbreak, which was faced by more than 80 per cent companies in Indonesia, may cause financial distress, and resulting in bankruptcy, if the condition not handled properly as soon as possible. This condition pressures the companies to make an emergency strategy to save business activity. The decrease of financial performance empirically proven can enhance the probability of choosing the right coping strategy.

The selection of coping strategy itself is a unique process that different from a company to others, depending on what resources they have, and various type of factors [2]. Based on survey data, the most selected strategy that chosen by the companies is cost efficiency strategy. For almost fifty per cent of participating companies had already cut their operating costs immediately after large-scale social restrictions imposed in Indonesia. According to Price et al. (2013), cost efficiency strategy is the most preferable strategy during economic recession, since getting external funds is more difficult to obtain. Cost-efficiency can support companies to be survived during crisis by giving an extra funds internally. Cost-efficiency approach including eliminating non-value-added activities, hold the long-term payments, reduce the level of inventories, and absorb idle capacity to minimize production costs. Thus, companies can focus on growth and maintain the level of capacity that can be used when the crisis is over [2].

Details about the proportions' of chosen coping strategy by the companies are given in picture 6.

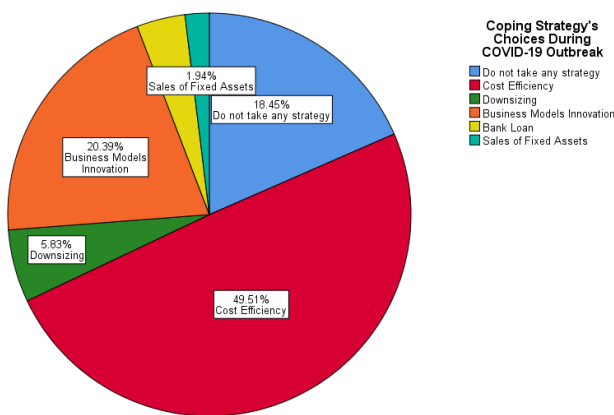


Figure 6. The proportions' companies based on the selected coping strategy

Source: Primary data, 2021

Hypothesis 2 is proposed to explore the impact of perception on COVID-19 outbreak in the process of coping strategy decision making. The finding showed that there is no influence of COVID-19 perception on coping strategy. The perception on COVID-19 outbreak has p value > 0.05 in all coping strategy's models. It means perception on COVID-19 outbreak did not contribute to explain the probability of selecting a suitable coping strategy. Perception on COVID-19 outbreak itself is defined as personal perspective of seeing COVID-19 outbreak, whether the condition is viewed as a threat or not. Perception on COVID-19 outbreak is measured by how long COVID-19 cases can decrease, in most countries in the world, especially in Indonesia.

If the outbreak condition is being classified as a threat, companies will take an action to mitigate this condition before the effect is getting worse. Hence, perception on COVID-19 outbreak can drive decision making process on coping strategy. On the other hand, if COVID-19 outbreak is viewed as temporary condition, businesses participants may take no action to save their businesses. However, the end of the pandemic era and the forecast of businesses conditions after new normal era cannot easily to predict. The difficulties in predicting COVID-19 outbreak, how its impact on economy clearly, and how to mitigate the crisis properly might become the reasons on why perception of COVID-19 did not have an impact significantly on coping strategy's decision process.

According to Huu et al. (2021) the unpredicted impacts of COVID-19 might cause the lack of strategic readiness. In the beginning phase of COVID-19 outbreak, most companies cannot define what factors that caused the decline in economy are. Therefore, the process of selecting coping strategy is not dominated by the perception on COVID-19 outbreak. Since it difficult to be predicted, most companies did not consider it as an essential pressure for coping strategy.

Hypothesis 3 is proposed to answer the relationship of perception on government and the process of selecting coping strategy. The hypothesis could not be supported by empirical evidence, since the value of odd ratio's was not significant (p>0.05) in all coping strategy's models. The level of government's trust and businesses' participation to support social distancing during COVID-19

outbreak are the indicators of perception on government. A good perception in Government's role to response crisis conditions caused by COVID-19 outbreak, therefore, will create public trust. Public trust is defined as the perception of community about policies and behavioral aspects of the government [20].

The level of government' trust of businesses people on COVID-19 policies could not influence the process of coping strategy's decision making. Citizens, especially businesses participants, may have high level of trust in government, but it cannot be a strong reason to decide a strategic action. On the other hand, if there were a low level of trust among businesses people, it could not boost the need of deciding coping strategy as an emergency tool during crisis. Since the government's trust is a personal perception, the presence of perception on the decisions making process will not drive a better coping strategy process. According to Huu et al. (2021), government's support is an important factors in dealing with crisis conditions. Support from government can decrease the level of downsizing and minimize the probability of financial distress. However, as stated by Beuselinck et al. (2017), government's support become more valuable to firms by decreasing the probability of bankruptcy, when the government have a direct ownership in the companies. The perception of managers and owners of the firms on government policies during COVID-19 will not directly affect to the business activity, because the policies did not specifically support companies' activity. An effective policies during crisis condition also did not influenced by the amount of bailed out [21]. Hence, perception on government were not a determinant factor for companies in the process of selecting the suitable coping strategies during COVID-19 outbreak.

Hypothesis 4 aims to investigate the effect of self-efficacy in the process of choosing coping strategy. The hypothesis is empirically proven with the significant odd ratios ($p < 0.05$). Self-efficacy has positive impact in the probability of choosing cost efficiency strategy 2.87 times higher than do nothing strategy. Self-efficacy also positively affected the likelihood of choosing downsizing strategy, business innovation, bank loan and sell asset higher than do nothing strategy, with the odd ratios are 2.97, 3.09, 2.78, and 1.04 respectively.

Self-efficacy, which can be defined as the ability of individuals to continuously improve their performances, skills, and knowledges [22]. Self-efficacy is an internal motivation where individuals create their own personal ability to perform within the best capacity, especially when they faced the difficult conditions. Entrepreneurs who have high self-beliefs and high capabilities are positively affect the probability of controlling negative thoughts in order to overcome the challenge in the business activity, especially new business ventures [23]. This finding is in line with Huu et al. (2021) and Zahurul et al. (2020), who found a positive effect of self-efficacy on the strategic decision process and corporates performance during COVID-19 outbreak. Self-efficacy is an essential skill that entrepreneur must-have. Self-efficacy also ensures the effectiveness of the decision making process through the ability to find business opportunities, coping with difficult situation, and deciding the right combination of strategy. Companies in which the owners are highly self-beliefs, become more resilient in facing crisis conditions [2], therefore, they have higher probability to be survive during difficult situation than firms whose the owners have low level of self-efficacy.

CONCLUSIONS

COVID-19 outbreak caused multiple effects, not only in the health sectors but also in the economy sectors. COVID-19 outbreak struck economies globally, resulting in the decrease of demand and supply in the economy, purchasing power downturn, and also shocks MSMEs business activities. In order to maintain its business performances, companies, both MSMEs and large companies, have to decide what strategies that they need to save their business. They should become more resilient in facing financial distress during COVID-19 outbreak. This study investigates what factors that may influence the process of selecting coping strategies in Indonesian companies during COVID-19 outbreak strategy.

There were approximately 50 per cent of participating companies applied cost-efficiency strategy, while downsizing strategy is taken by only less than 6 per cent of participating companies. This finding become an interesting insight, while the most popular strategy taken by companies

during COVID-19 outbreak is employees-cut, due to its easiness and instant impacts to financial performance [2]. The low fact of downsizing strategy that is taken by participating companies help to raise the level of financial immunity. As stated by Zaremba et al. (2021) that high level of unemployment during crisis conditions will drive to low financial stability.

Financial performances and self-efficacy were empirically proven have a positive effect on coping strategy decision' process. Companies with financial distress are tend to take cost-efficiency strategy 3.89 times higher than do nothing strategy. In addition, companies in which the owners have high level of self-efficacy, are more innovative and more flexible in facing the change of businesses' climates caused by COVID-19 outbreak. Self-efficacy leads the company's leaders to take business innovation strategy 3.09 times higher than do nothing strategy. Leaders with high self-efficacy are tend to be more proactive, optimism, and willing to take high risk in order to maintaining their business performances. Additionally, managers' perception on COVID-19 cases and government were not become the determinant factors in the process of deciding coping strategies. It because of the difficulties in predicting the end of the pandemic and the absence of direct support from government to the companies regarding COVID-19 outbreak' policies.

Finally, our research contributes to the development of coping strategies process, especially during economic downturn caused by COVID-19 outbreak. Practically, our findings provide strong evidence on how to take the right combinations of best coping strategies during crisis. Our findings also provide the fruitful insights on what factors were influence the process of selecting coping strategies. However, we have not clearly explored the impact of difference industries characteristics in the process of deciding coping strategies. Other factors that might influence the process of coping strategies' decision, such as entrepreneurial aspects, leadership, and businesses' competitive advantage among industries, also have not been explored yet. Future research can investigate those relationships sophisticatedly deep.

APPENDIX 1.

Survey Questionnaires

1. Strategic preparedness
 - Q1: Has your company been financially affected by the COVID-19 pandemic?
 - Q2: How long time taken by company to realize that the COVID-19 had an impact on business activities?
 - Q3: Does the company have strategy preparation in dealing with crisis condition caused by COVID-19 outbreak?
2. Financial performances
 - Q4: How much did the decrease of total revenues during pandemic?
 - Q5: How much did the decrease of total net profit during pandemic?
 - Q6: How much did the decrease of cash flow during pandemic?
 - Q7: How much did the decrease of overall financial performance compared to the performance before the COVID-19 pandemic?
3. Perception on COVID-19 outbreak
 - Q8: In your prediction, how long will it take for Indonesia to decrease the status of the COVID-19 outbreak from a pandemic to an epidemic?
 - Q9: In your prediction, how long will it take for Indonesia to decrease the deaths rates of suspected patients?
 - Q10: In your prediction, how long will it take for worldwide countries to decrease the status level of the COVID-19 from a pandemic to an epidemic?
 - Q11: In your prediction, how long will it take for worldwide countries to decrease the deaths rates of suspected patients?
4. Perception on government
 - Q12: In your opinion, how much do you agree with the response of government in dealing with the COVID-19 cases related to social distancing regulations?

- Q13: In your opinion, how much do you agree with the response of government in dealing with the COVID-19 cases related to financial bailout for MSMEs?
- Q14: In your opinion, how much do you agree with the response of government in dealing with the COVID-19 cases related to the large-scale social restrictions?
- Q15: In your opinion, how much do you agree with the response of government in dealing with the COVID-19 cases related to the international arrival restrictions?
- Q16: In your opinion, how well is the government's consistency in implementing policies for handling the COVID-19 cases as a whole?
- Q17: In your opinion, how effective are the government's overall policies in dealing with the COVID-19 pandemic?

Q18: In your opinion, how much do you agree to support and implement health protocols during COVID-19 pandemic?

5. Self-efficacy

Q19: I believe that I can dealing with business problems caused by the COVID-19 well

Q20: I believe I can get recovery from the crisis caused by the COVID-19 pandemic as soon as possible

Q21: I have a good ability in finding solutions to business problems caused by the COVID-19 pandemic

Q22: I believe that I do not need to wait for the COVID-19 outbreak end to be able to solve my business problems

Q23: I believe that I can go through the economic crisis caused by COVID-19 pandemic successfully.

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