



PRO-SOCIAL BEHAVIOR ON SME RESILIENCE: SME'S LEADERSHIP IN OVERCOMING COVID-19 CRISIS

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Abstract:

Purpose: The pro-social behavior of SME's owners is one of the phenomena that is most often recognized as the reason why SMEs are kept in running business. This article supposes to elaborate SME resilience and to examine the impact of pro-social behavior on business resilience. Does the owner's prosocial behavior have more impact rather than the implementation of Covid-19 protocol to build business resilience?

Research Methodology: This article is based on a quantitative and cross-sectional study which involved 506 owners and/or managers of SME in Sumatera and Jawa. The data collected through online questionnaires were processed using the PLS-SEM (structural partial least square equation modelling) approach.

Results: The results explain that in dealing with Covid-19, SME needs a pro-social behavior approach in leading business. Pro-social behavior impact directly and indirectly on SME resilience. Pro-social behavior also influences the implementation of Covid-19 protocol in daily business activity.

Limitations: Sampling method should be improved for being more probabilistic. Further research is recommended to elaborate other factors such as business flexibility, financial management, and other factors.

Contribution: this study contributes to the organizational behavior study, especial leadership in SME.

Keywords: pro-social behavior, business resilience, small medium enterprise

I. INTRODUCTION

The Covid-19 pandemic not only inflicted a sheer health crisis but also had a great impact on social-cultural life, economics, even politics. Not only are experienced by developed countries alone, it will but also be experienced by the rest of the world. No single country is forgotten from the current impact of COVID-19 pandemic (Pakpahan, 2020). It is further revealed that this Covid-19 pandemic has the potential to cause an economic recession marked by the halt of production activity in many countries, the fall in the consumption rate of the public, the loss of heretic trust, the fall of the stock exchange that ultimately leads to economic uncertainty (OECD, 2020).

The crisis also impacted micro, small and medium-sized businesses (SME'S). As one of the pillars of the national economy, SME's played a strategic role because of several things: (1) the number of the most business units was 64.2 million units, (2) employing 116, 9 million residents or 97% of the overall employment field, (3) contributing 61.07% to gross domestic income, (4) contributing to 14.37% of non-oil and gas exports, and (5) contributing 60.42% to the cultivation of the same capital or investment in Indonesian (Thaha, 2020).

Many business owners tend to fail to get through the crisis because they cannot recognize the crisis. Whereas this ability is essential for owners to handle the crisis quickly and provide solutions to deal with the crisis (Yawson, 2015). In addition to the ability to recognize the crisis, a business owner must also have empathy for the problems felt by employees for their welfare during the crisis

Due to this strategic role then, SME's should be helped to be able to increase its business resilience in the face of the multi-dimensional crisis associated with Covid-19. Because of the resilience of SME's this would have been very influential to family resilience as well as individual resilience that would eventually affect national resilience. Business resilience is the ability of individuals or organisations to survive a

crisis or disruptive and traumatic experiences so that as the crisis passes, SME's become more resilient and add up again.

That's why this article aims to elaborate business resilience of SME in dealing with Covid-19 economic crisis and also to examine the impact of pro-social behaviour of owner or manager and implementation of Covid-19 protocol in business practice on SME resilience.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Business Resilience. In addressing the occurrence of Covid-19-related crises, SME's as an organization requires resilience. Such resistance can be the individual characteristics or even the organisation resting on individual (psychological, cognitive) aspects, organizational aspects, and institutional aspects that are the output of entrepreneurial behaviour (Korber & McNaughton, 2018). Such resilience or resilience is the ability of individuals or organizations to recover or make improvements quickly from a wide variety of setbacks, errors or pun failures encountered; as well as adaptability to various problems. Things can happen because having individuals or organizations have a growth mindset. who corroborate them in overcoming challenges to find alternative solutions (Chowdhury, M. H., Quaddus, & Agarwal, 2019).

In this article, business resilience is reflected in three dimensions, namely (1) expectation or hope-individual or organizational ability to keep a better look at opportunities, opportunities, and futures despite the current difficulties, failures, and setbacks; (2) problem resolution or problem-solving how focused an individual or organization is to remain in search of solutions or resolve problems one at a time even if it is in a state of a versatile crisis or difficulty, (3) persistence. or toughness - how powerful or passionate individual knows the organization to continue to make improvements, revamping, and initiatives despite repeated failures.

Pro-Social Behaviour. It is a vital aspect of humanity and is an important thing for human survival power because it is a major component in building and maintaining relationships with others. Such pro-social behaviour has to do with motivational actions, attitudes, and values aimed at directly providing benefits to others (Ewest, 2018). Pro-social behaviour is a voluntary action taken to provide benefits to individuals as well as groups that take the form of aiding, sharing comforts, or also opening up opportunities to cooperate (Johnson, Tariq, & Baker, 2018).

Concerning SME's facing the Covid-19 crisis, the owners and/or managers often retained their business or venture because of their concern or concern for the lives of the employees and their families. Although conditions are difficult to make adequate profits, even the great loss at hand, the owner and/or manager of the SME's remain to remain able to provide a livelihood to his employees and family. On this writing, the pro-social behaviour of the owner or manager has reflected in four dimensions, namely (1) willingness to share-mind to share, (2) build togetherness-aloneness, (3) provide moral-moral support, and (4) provide financial-financial support.

A survey conducted involving 2,457 low-income households in the Texas United States found that prosocial behaviour played an important part in the development of attachment to efforts to improve health as did the physical activity. Social behaviour is also an indicator of individual resilience (Moore, Kulesza, Kimbro, Flores, & Jackson, 2020). Besides, an empirical study involving 456 children in China also proved that pro-social behaviour is a predictor of academic success in school learning (Guo, Zhou, & Feng, 2018). Based on these empirical facts, this article supposes to examine the impact of pro-social behavior on business resilience as a hypothesis.

H1: *Pro-social behavior impact on business resilience significantly*

Implementation of Covid-19 Protocol. As the outbreak of the Corona or Covid-19 virus became widespread to various countries, the government of the Republic of Indonesia published health protocols to prevent the spread of the Coronavirus. Such healthcare protocols are encouraged to be implemented across Indonesia and sectors or economic areas and centrally guided (Kementerian Kesehatan, 2020).

Local governments also seem to be vigorously applying the Covid-19 protocol to various sectors of life. For example, the Banten Youth encouraged the implementation of the Covid-19 protocol in nine life sectors of society. The protocol regulates how socially guaranteed to minimize the spread of viruses when

the community performs activities in (1) houses of worship, (2) food and beverage services, (3) people's market, (4) health clinics, (5) outdoor facilities, (6) industrialization, (7) private vehicles, (8) public vehicles, and (9) shopping centres as examples of implementation of Covid-19 protocol in the people' market, Banten's government encouraged market traders to (1) limit the maximum number of visitors to only 50% of capacity, (2) providing the means and infrastructure of proponent prevention of deployment of Covid-19, (3) keeping the inter-trader interaction distance at least 1.5 meters, and (4) restrictions on operational hours ranging from 6:00 pm–2:00 pm (Nurcahyati, 2020).

Concerning the pro-social behaviour of the owner and the manager of SME'S, the implementation of the Covid-19 protocol within their business practice or venture a day is a form of concern, concern, and protection against workers or employees to be constantly healthy without inflecting the Covid-19 virus. And also to test whether the correct implementation of the Covid-19 protocol helped improve the SME's business resilience. With the implementation of the Covid-19 protocol whether it becomes its attractiveness for consumers to buy from to other non-completion SME's. Through this research, it will be tested whether true pro-social behaviour has a significant impact on the implementation of the Covid-19 protocol and the implementation of the COvid-19 protocol has a significant impact on business resilience.

H2: *Pro-social behavior impact on implementation of Covid-19 protocol significantly*

H3: *Implementation of Covid-19 protocol impact on business resilience significantly*

III. RESEARCH METHODOLOGY

This article is based on cross-sectional and quantitative study by using convenience and snowballing approach in sampling method. Online questionnaires are distributed to the owners and/or the managers of SME's. The respondents came from personal and professional contacts of the research team. The distribution of the online questionnaire is focused only on the SME which arelocated inJawa and Sumatra. Because both of two islands already represent more than 70% of Indonesia's population. A total of 521 owners and/or SME'S managers who have answered and returned the questionnaire to the research team. However, after inspection, only as many as 503 respondents provide a complete and relevant answers

Table 1 shows the profile of respondents. The respondents are distributed quite equally into male (45%) and female (55%). They are mostly millennials who have age less than 40 years old or (55%). Most respondents had a diploma or bachelor's degree as educational background (52%), but about a quarter of respondents (26%) have a high school degree as educational background. Most respondents engaged directly in daily business activity as managers and/or owners (66%). Scale of business of respondents are dominated by micro and small business (71%).

Based on collected data from this 503 respondents, statistical calculation was conducted by using SmartPLS version 3.0 application. The collected data was structured into first order construct by partial least square structural equation model (PLS-SEM) approach. The research model is structured into measurement and structural model. There are two steps of statistical calculation. First step is PLS algorithm calculation. This calculation is conducted for ensuring validity and reliability of measurement model. Result of validity and reliability analysis is shown in Table 2 and Table 3. Second step is bootstrapping calculation. It is conducted for testing the significance of structural model. Result of second calculation step provide information about hypothesizes testing.

Table 1. Respondent Profile

Profile of Respondents				
Gender	Male	226	45%	45%
	Female	277	55%	100%
Age	20 – 29	101	20%	20%
	30 – 39	176	35%	55%
	40 – 49	136	27%	82%
	50 – 59	70	14%	96%
	> 59	20	4%	100%
Education	High School	131	26%	26%
	Diploma	60	12%	38%

Profile of Respondents				
	Bachelor	201	40%	78%
	Master	86	17%	95%
	Doctor of PhD	25	5%	100%
Position	Owner	171	34%	34%
	Owner and Manager	246	49%	83%
	Manager	86	17%	100%
Enterprise Scale	Micro Business	357	71%	71%
	Small Business	96	19%	90%
	Medium Business	50	10%	100%

Table 2 displays validity analysis results and reliability analysis. For indicators validity, this article uses Outer Loading (OL) scores. An indicator is valid, when its OL score more than 0.60. If the OL score is less than 0,6; the indicator is excluded from the measurement model. Table 3 demonstrates discriminant validity. If the diagonally bold scores (square root of AVE) are more than 0,7 or are the highest score in its column; it means that the variable is discriminant valid.

Table 2. Validity and Reliability Analysis

VARIABLE	Item	OL	CA	CR	AVE
Business Resilience	BR06	0.588	0.71	0.82	0.54
	BR07	0.771			
	BR08	0.844			
	BR09	0.708			
Pro-Social Behaviour	PR06	0.68	0.91	0.92	0.60
	PR05	0.72			
	PR04	0.72			
	PR03	0.78			
	PR01	0.79			
	PR02	0.80			
	PR08	0.84			
	PR07	0.86			
Implementation of Covid-19 Protocol	CO01	0.74	0.94	0.95	0.67
	CO03	0.77			
	CO02	0.77			
	CO08	0.80			
	CO04	0.80			
	CO09	0.84			
	CO05	0.85			
	CO06	0.88			
CO07	0.90				

From Table 2, Business Resilience is measured by nine indicators (BR01, BR02, BR03, BR04, BR05, BR06, BR07, BR08, BR09), but only four indicators (BR06, BR07, BR08, BR09) have OL score more than 0,6. The five indicators (BR01, BR02, BR03, BR04, BR05) are excluded from the measurement model because they are not valid as indicators. Meanwhile, all indicators of Pro-social Behavior and Implementation of Covid-10 Protocol variables have OL score more than 0,6. It means that all indicator of Pro-Social Behavior and Implementation of Covid-19 Protocol are valid. AVE score of Business Resilience, Pro-Social Behavior, and Implementation of Covid-19 Protocol are more than 0,5. It means that all variables are valid too. From

Table 3, we can see that the all diagonally bold score or square root of AVE score are more than 0,70 and become the highest score on its column, it indicates that all variables are discriminant valid. From Table 2, we can see that CA or CR score of all variable are more than 0,7. It means that all variables are reliable. Based on validity and reliability, measurement model is composed by valid indicators and valid and reliable variables.

Table 3. Analysis of the Validity of Discriminants

Variable	[1]	[2]	[3]
[1] Business Resilience	0.734		
[2] Pro-Social Behaviour	0.201	0.818	
[3] Implementation of Covid-19 Protocol	0.351	0.552	0.777

IV. RESULTS AND DISCUSSIONS

Based on valid and reliable measurement model, the hypothesizes testing was conducted. Hypothesizes testing was based on bootstrapping calculation on structural model with 1000 subsamples. Table 4 displays the bootstrapping calculation result. A hypothesis is acceptable when the path coefficient has *t*-Statistics more than 1.96 or *p*-Values less than 0.05. Based on the path coefficient score in Table 4, only the H3 hypothesis is rejected because it has *p*-Values more than 0.05 or *t*-Statistics less than 1.96. Two hypotheses (H1 and H2) are accepted while one hypothesis is rejected (H3)

Table 4. Hypothesis Test

Hypothesis	Path Coef	<i>t</i> -Statistics	<i>p</i> -Values	Sig.
H1: Pro-Social Behaviour → Business Resilience	0.35	5.49	0.00	Accepted
H2: Pro-Social Behaviour → Implementation of Covid-19 Protocol	0.55	13.03	0.00	Accepted
H3: Implementation of Covid-19 Protocol → Business Resilience	0.01	0.19	0.85	Rejected

According to result of hypothesis testing, this article concludes that pro-social behavior developed by SME'S owners has significantly impact on business resilience and the implementation of Covid-19 protocol. However, the implementation of the Covid-19 protocol did not prove to have significant effect on business resilience. In dealing with Covid-19-related crisis, implementing the Covid-19 protocol did not have any effect on their business resilience, but it is an implication of pro-social behavior from the owner or manager of SME to the health and safety of the employee. It is real and relevant concern of owner or manager of SME for the safety and health of employees as well as customers, so they implemented the Covid-19 protocol seriously.

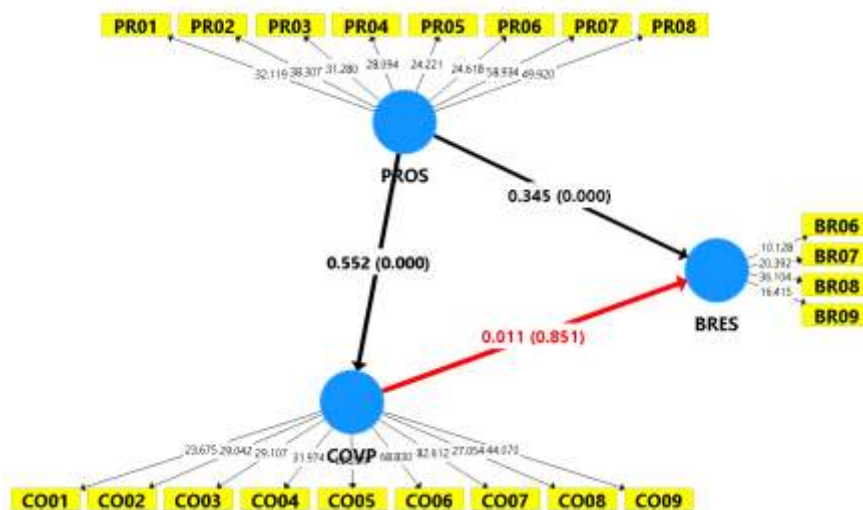


Figure 1. Tested Research Model

If the owner or manager does not put a big care on working conditions faced by employees, the business of SME would not have survived. Because during crisis conditions, where operating costs can be higher than earned income, it will trigger SME'S owners or managers to close their businesses and dismiss employees from their jobs. However, due to great pro-social behavior, business is not solely for profit but business is also a social means of anonymizing the lives of the crowd, then the owner and/or manager choose to bear the loss during a crisis provided that the employee can support his family. This pro-social behavior not only demands owners and/or businesspeople declare that they feel and insured with employees in the face of a crisis, but also demands moral support as well as financial support from the owners and/or managers of the SME'S.

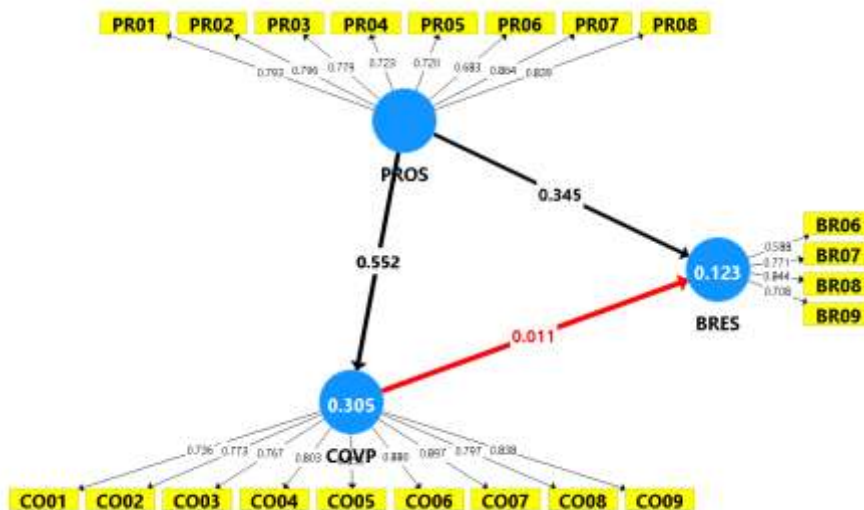


Figure 1. Test Research Model 2

In Figure 2 it is seen that pro-social behavior is an influential factor by 12.3% on business resilience. It indicates that there are other influential factors on business resilience but not included in this research. It is about 87.7%. Other influential factors can be the ability of SME'S in performing cooperation (collaboration) as well as the ability to changing businesses (business flexibility). In Figure 2 it is also seen that the pro-social behavior of the owner and/or manager impact stronger on the implementation of the Covid-19 protocol (30.5%) rather than on business resilience (12.3%). It means that pro-social behavior of SME'S owner or managers are more reflected on social motive rather than business motive. In dealing with economic crisis for being survival or resilience as business entity, the owner or manager of SME show redirect or shift the concern to social perspective rather than business perspective.

The implementation of the Covid-19 protocol appears to not affect business resilience can be understood because for SME'S customers especially on the scale of the micro-caring business to the implementation of Covid-19 has not been an important consideration of their buying. It is probable that for customers or users of SME's pay more attention oneconomic reason rather than quality or healthy aspect. Ifits price is low or affordable, although Covid-19 protocol is not implemented, it is not an obstacle for buying or dealing business with SME. Implementing Covid-19 protocol causes the increasing product or service price. It makes pricemore expensive.

V. CONCLUSION

For being survival in passing through the economic crisis, the owners and/or managers ofsmall medium enterprisesshould concern and develop the pro-social behaviour in leading the business. It is a behaviour that grounds on social concern for the employees and their family. Pro-social behaviour of SME's owner or manager makes a significant impact on business resilience. Pro-social behaviour also impacts directly and significantly on implementation of Covid-19 protocol in daily business activity. The more intensive the pro-social behaviour that the owner and/or manager of the SME's demonstrates, the higher possibility of SME will be survival in facing economic crisis.

LIMITATION AND STUDY FORWARD

The sampling method should be improved more random or probabilistic with bigger size of sample. Further research or study is recommended to highlight other influential factors such as collaborative capability, business flexibility, utilization of digital technology and personal networking for developing market.

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