

Collaborative Entrepreneurship and Group Commitment as a Strategy for Survival in the Pandemic Covid 19: A Case Study of SMEs in Bogo Village - Bojonegoro Regency- East Java

Elsye Tandelilin^{1,*}Karina C. Rani²Nikmatul I. E. Jayani²Noviaty K. Darmasetiawan¹

¹ *Management Department, Business and Economics Faculty, University of Surabaya, Surabaya, Indonesia*

² *Pharmacy Faculty, University of Surabaya, Surabaya, Indonesia*

**Corresponding author. Email: elsyetandelilin@gmail.com*

ABSTRACT

The Coronavirus (COVID-10) outbreak causes a global economic slowdown and hit hardest to micro and small businesses. Most of them are shuttered and far more experiencing financial difficulties, raising questions, how they will survive in this situation? Moringa plant is known as a beneficial plant to health. Various herbal medicines and products are the development of Moringa. Bogo village-Bojonegoro district is one of the moringa plant centers, and micro and small businesses (MSEs) producing many herbal products. During the pandemic, they have difficulty in producing and marketing products that are mostly still based offline. This paper aims to explore the strategies used by MSEs in the Bogo village to survive in the pandemic. This study uses a qualitative paradigm with a field research approach. Direct conversations and observation of the informants' lives are the way to get detailed data. The results showed that the collaboration strategy and group commitment carried out made MSEs in the Bogo village still survive and begin to experience business recovery during this pandemic.

Keywords: *Collaborative Entrepreneurship, Group Commitment, Micro and Small Enterprises*

1. INTRODUCTION

The number of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia has increased from year to year. In 2011 the number of MSMEs is 52,764,750 increased to 56,534,592 in 2012. From 2014 to 2016, the number of MSMEs reached more than 57,900,000, and in 2018 it reached 64,194,057. Compared to the number of total enterprises in Indonesia, the number is quite a lot, although the percentage is still relatively small compared to Indonesia's total population. (www.depkop.go.id). Recent evidence shows that micro, small and medium enterprises (MSMEs) provide a large portion of national income, contributing around 70-99% and job creation worldwide [9]. It has even resulted in a sizeable increase in GDP in most countries, although only a small increase in MSMEs' productivity [8]. On the other hand, the mortality rates of MSMEs are high also. An enormous variety of obstacles affect MSME's ability to survive and compete in the market compared to large

companies, such as constraints on capital, competence, innovation [7].

The pandemic COVID 19 since the beginning of 2020 has made many micros, small and medium enterprises experience liquidity difficulties, and many have gone bankrupt. A practical solution for the above conditions is to undertake a collaborative strategy between MSMEs and building group commitment. The amount of collaboration between MSMEs and group commitment is not a popular strategy for MSMEs. The popular image of micro, small and medium entrepreneurs that collaboration and commitment with other people's will jeopardize each MSMEs' business autonomy. Therefore, studying collaborative activities and group commitment is seen more in understanding as small-scale cooperation.

A powerful strategy to facilitate the achievement of a vision is collaboration. It might be possible when entities work dependently [4]. Research conducted by Koch, Martin & Nash, 2013 in Germany on the wine

business identified that effective regional collaboration could help develop the brand identity and improve business [4]. A study by Alvarez & Barney, 2001; Nakos et al., 2014 showed that most MSMEs conduct collaboration with large companies. The collaboration is among MSEs need to done because MSME tends to lack bargaining power in collaborative practices with large companies and will reduce the benefits of the collaboration [17]. Therefore, MSME should collaborate with fellow MSME because one of the factors driving the success of this collaboration is the similarity or linkage between MSMEs [2]. The creation of innovation is one of the benefits obtained from collaboration among MSMEs and is that the presence of business survival, growth, and sustainability [14].

The selection of micro and small enterprises to be studied taking from Bogo village-Kapas District-Bojonegoro Regency - East Java. Bogo Village is the center for Moringaoleifera Lam, which has been sold only in raw material form to consumers in the market and intermediaries. Currently, various products from Moringa leaves have available, for example, food and beverages. Based on our community service for two years in Bogo's village, several problems faced by MSEs were revealed, as follows:

1. The mindset of business people who are still oriented to meet the needs of their daily lives only. They lack the ambition to become prominent entrepreneurs.
2. The Moringa tree planting system has unmanaged so that the continuity of Moringa leaves as a raw material for production is not guaranteed (supply chain is not well established)
3. People use traditional and simple production system and work individually.
4. Packing is still pure, and the marketing reach network is still limited in the Bogo area and its surroundings.
5. Not all products produced have a Home Industry Product (PIRT) license.
6. There is no product standardization and manual production
7. Limited competency of human resources so that innovation has not followed market dynamics, and there is no management standard in managing the business.
8. Limited communication providers, making it difficult to do online marketing.
9. Access to locations that are quite far and not well organized
10. Pandemic conditions make sales decline dramatically.

Based on these phenomena, the paper aims is to answer the following research questions: Can collaboration strategies and group commitment make MSEs in Bogo village survive and thrive? The development of MSEs in Bogo village and collaborative entrepreneurship concepts are the contributions of this research.

1.1. Collaborative entrepreneurship

[4]explains that collaboration theory consists of generally accepted abstractions and principles. The observations from some parties and individuals working together to develop an alliance strategy generated the theory. Based on the concept of collaborative entrepreneurship, creating something economic value that arises from new ideas created together that arise from sharing information and knowledge [5]. Collaborative entrepreneurship is a process that involves the use of networks to deliver better decision-making activities when in business cooperation [16].

Entrepreneurship is a mechanism to develop opportunities in a natural and communal environment that combines economic and social benefits (Patzelt& Shepherd, 2011). Personal economic gain is a crucial motivator of sustainable entrepreneurship. In collaborating, it is necessary to pay attention to several main factors (key factor of collaborative entrepreneurship) because there are different collaboration levels.

1.1.1. Individual Level

Entrepreneurship gives individuals the ability to pursue their dreams and personal desires in business collaboration formations [3]. The statement indicates that entrepreneurial activity is related to meaning because it comes from individual self-awareness. There are various entrepreneurial competencies needed for successful collaboration, such as lateral thinking, intuition, knowledge. Creativity, leadership, and communication. The collaboration benefits include the ease of obtaining market information, information on changes in business conditions, and extent market network.

1.1.2. Community Level

The interaction between entrepreneurial activities and communal activities is known as the concept of community-based business, which shows that a community pursues common goals to achieve business goals [14]. In developing countries, people, economies, and societies join together to promote entrepreneurial activities that sustain societal well-being. People's behavior in developing countries tends to be more collective so that a collective approach to doing business allows people to focus together on business

opportunities [16]. Community-based companies help improve developing countries' economic conditions by creating solutions to social problems [15].

1.1.3. Institutional Level

The government is a regulatory agency in developing countries. They established business policies and provides programs that offer information on business practices. The government provide various collaboration with MSMEs to help them improve such as business funding/loan, training, and assistance to improve the competence of MSMEs, providing facilities and infrastructure, and facilitating licensing arrangements is the government's role in supporting entrepreneurial development [16].

1.2. Commitment to the Group

Employee commitment is more associated with organizational commitment. Various personal factors, organizational factors, and non-organizational factors affect the commitment to the organization. The definition of organizational commitment is (1) a strong desire to remain a member of a particular organization; (2) a willingness to exert high levels of effort on behalf of the organization; and (3) a definite belief in, and acceptance of, the values and goals of the organization [11]. Based on the definition of organizational commitment, it is then adapted to define commitment to the group. The definition of commitment to the group is as group feelings, sensations, and beliefs held by members of the group. Group members who have the commitment, trust, and are proud of what the group does, show a high level of loyalty and have a deep sense of friendship [6]. Therefore team members will act according to a sense of responsibility above all else to help their team [13].

Commitment is an essential component in the group process because commitment is a feeling of identifying members with their group and the level of group unity in carrying out goals and achieving goals [1]. Commitment is also an emotional link between the individual and the group. Various researchers propose that a variety of things drives strong member commitment. The basic need for personal development leads individuals to have a greater sense of commitment to the group [10]. In general, people who have strong feelings of commitment with their group tend to think more about fellow group members' welfare. As a result, they try hard to solve various group problems and find the best ways to solve group problems [1].

2. METHOD

From among the qualitative study approach, we used a field research approach, which the researcher directly

observes and participates in small-scale social activities. Researchers can also interact face to face with "real people" in the natural social order [12, p. 432]. Field research requires direct conversation and observation of the informants. Through direct and in-depth involvement of the researcher in the form of direct contact with sources/informants/participants, theoretical / literature studies only as initial information (not an absolute basis for making research questions), and research results that are following the experiences of the informants.

The research focuses on examining the ways of thinking, behaving, interacting, culture, and ways of doing business of the people in Bogo Village, Bojonegoro District. This method allows obtaining the accurate and definite results, due to the researcher's involvement for two years with the community in the village. Field research allows researchers to explore broader social conditions, subcultures, and aspects of social life. The steps in field research are as follows: (1) Prepare oneself, read the literature and defocus; (2) Select a site and gain access to its field; (3) Enter the field and establish social relations with members; (4) Adopt a social role, learn the ropes and get along with members; (5) Watch, listen, and collect quality data; (6) Disengage and physically leave the setting [12, p. 439].

The method for collecting data uses multiple sources to support the Validity and Reliability of the data obtained. The development of theory and sampling time, situation, type of event, location, type of person, or context of interest are guiding field research methods. Reliability in field research is carrying out through internal consistency and external consistency [12, p. 247-248].

3. RESULT AND DISCUSSION

3.1. Collaborative Entrepreneurship

The collaboration strategy and group commitment are the right solutions to overcome the problem of MSEs in Bogo village. Various activities are carrying out to encourage MSEs to collaborate and encourage commitment from group members. Initial efforts were focusing on changing the mindset of MSEs through training programs, such as collaborative entrepreneurship training, the power of group commitment training, entrepreneurial success training, and sharing forums. Afterward, the MSEs are inviting to collaborate at the individual level. This process's first stage is challenging because each entrepreneur still chooses to work alone and sees other MSEs as competitors. Each entrepreneur makes their product in their home and their standard also. As a consequence, non-standard products and non-standard quality. To solve the problem, we implement various training,

mentoring, and discussions. Finally, the entrepreneurs agreed to collaborate according to the business they were running.

After the individual collaboration is running well, the next step is community collaboration. Because most entrepreneurs are women, they establish the house of production, called *Kelompok Wanita Tani* (KWT) "SRI REJEKI," which became a pioneer in the processing and development of moringa - based food products. They produce various processed products based on moringa. The collaboration results in creativity, such as inventing better product designs, better marketing systems, and networking and leads to increased product sales. The absence of clear and systematic SOPs results in a non product standard and non product quality. Through the collaboration, clear SOPs were made and applied to moringa production houses. The sanitation and hygiene aspects are also aware of the production house. The improvement of raw material quality is proposing for managing inventory and production capacity. Stock control and production plans have started to be carrying out gradually so that production continuity is maintained.

Finally, collaborative entrepreneurship at the institutional level builds with the government, especially the forestry service, the agriculture service, the cooperative and Micro, Small and Medium offices, the health department, and universities, such as the University of Surabaya. Collaboration with various agencies resulted in various assistance: the moringa seeds, land for planting moringa trees, and product licensing. The collaboration with universities resulted in mentoring and training in appropriate technology to help develop processed products, product marketing, and business management (such as simple bookkeeping with the SI APIK program, supply chain, and inventory system). Besides, collaboration is also carrying out with Village-Owned Enterprises (BUMDES), especially product marketing. The institutional program of village-owned enterprises (BUMDES) is one of the official government programs to help small businesses in the villages to survive and develop. Financial assistance through this institution is very much taken care of by the government, passed down through the village budget (AD) every year. The benefits obtained after collaborating are (1) the creativity emerging a variety of food products (moringa martabak, moringa sticks) and beverages (moringa leaf powder, moringa leaf tea, and moringa seeds) produced, (2) creating a home production with production standards to make better products, (3) the establishment of "Kelorita" houses as outlets and restaurant, (4) the division of job descriptions for each individual in the group (work divided following each member competencies), (5) the reach of marketing has become more extensive, (6) bookkeeping begins to be recorded and neatly arranged

according to simple accounting principles, (7) sales increase.

The benefits of collaboration felt by MSEs in Bogo's village are in line with the results of research by (Gajda, 2004), which states that in a collaborative entrepreneurship approach, individual skills are integrated into a group activity to make the innovation process bigger. Another result is also in line with research conducted by Peredo and Chrisman [15] demonstrate that community-based enterprises help improve economic conditions by creating solutions to social problems.

3.2. Commitment to the Group

In order for collaboration to run well, each group member's commitment is necessary to achieve common goals. After the collaboration is carried out by MSEs in Bogo's village, members' commitment to the group is not automatically forming. It takes a long time to build a commitment. One of the methods used to build group commitment is a joining responsibility strategy. The work of one person is a shared responsibility. It describes, if there is an error or loss in the working group, this will be the joint responsibility of all group members. The method makes each member working carefully and responsibly. Besides, a strong sense of kinship is built among group members so that each of them considers the other group members to be his own family. The strong sense of kinship is also to ensure that no group member leaves the group. A sense of empathy is also developing among group members. Each group member feels the problems experienced by other group members and is willing to help overcome them. The group's commitment is carrying out because they do not want to be isolated by the group and their community and cultural factors, namely the feeling of reluctance, which requires them to remain in their group. The benefits of the commitments formed by MSE groups in the village of Bogo are: (1) prioritizing group interests, (2) helping each other group members who experience problems, (3) trying to prosper together, (4) each member the group does work with a sense of responsibility and (5) jointly overcome the problems that arise during the COVID pandemic 19. The results of this commitment are following the Haskins et al. [6] argument that group members who have the commitment, trust, and pride of what the group does show a high level of loyalty and have a deep sense of friendship. Group members will also act with a sense of responsibility above all else to help their group [13].

4. CONCLUSION

Collaborative entrepreneurship at the MSE level is still rarely done because it collides with MSEs entrepreneurs' mind set who see fellow businesspeople

as competitors to be defeated. The lack of understanding of collaboration benefits is also one factor that makes it difficult for MSEs to collaborate. Collaboration carried out at the individual, community, and institutional levels provide many benefits for MSEs in Bogo's village. For effective collaboration, it requires commitment from members to the group. The strong sense of commitment among MSEs members in Bogo village makes them robust, creative and unified to overcome the hard condition and survive the pandemic. ON January - in the middle of March 2020, sales go down 70% because of the pandemic. However, in the middle of March - Juli 2020, sales increase by about 200% compared to previous sales (source: internal production house "Kelorita"). In conclusion, the collaboration strategy and group commitment is the proper strategy in dealing with the pandemic conditions.

REFERENCES

- [1] G. Akehurst, J. M. Comeche, and M. A. Galindo, "Job Satisfaction and Commitment in the Entrepreneurial SME," *Small Business Economics*, vol. 32, no. 3, pp. 277–289, 2009. <https://doi.org/10.1007/s11187-008-9116-z>
- [2] H. Chun & S. B. Mun, "Determinants of R&D cooperation in small and medium-sized enterprises," *Small Business Economics*, vol. 39, no. 2, pp. 419–436, 2012. <https://doi.org/10.1007/s11187-010-9312-5>
- [3] E. Fauchart & M. Gruber, "Darwinians, communitarians, and missionaries: The role of founder identity in entrepreneurship. *Academy of Management Journal*, vol. 54, no. 5, pp. 935–957, 2011. <https://doi.org/10.5465/amj.2009.0211>
- [4] R. Gajda, "Utilizing collaboration theory to evaluate strategic alliances," *American Journal of Evaluation*, vol. 25, no. 1, pp. 65–77, 2004. <https://doi.org/10.1016/j.ameval.2003.11.002>
- [5] V. Gupta & N. Levenburg, "Cultures, ideologies and family businesses," *Journal of Family Business Management*, vol. 2, no. 1, pp. 57–75, 2012. <https://doi.org/10.1108/20436231211216420>
- [6] M. E. Haskins, J. Liedtka, & J. Rosenblum, "Beyond teams: Toward an ethic of collaboration. *Organizational Dynamics*, vol. 26, no. 4, pp. 34–50, 1998. [https://doi.org/10.1016/s0090-2616\(98\)90004-3](https://doi.org/10.1016/s0090-2616(98)90004-3)
- [7] O. Heidrich, & A. Tiwary, "Environmental appraisal of green production systems: Challenges faced by small companies using life cycle assessment," *International Journal of Production Research*, vol. 51, no. 19, pp. 5884–5896, 2003. <https://doi.org/10.1080/00207543.2013.807372>
- [8] D. A. Higón & N. Driffield, "Exporting and innovation performance: Analysis of the annual small business survey in the UK," *International Small Business Journal*, vol. 29, no. 1, pp. 4–24, 2011. <https://doi.org/10.1177/0266242610369742>
- [9] P. Hong, C. Huang, & B. Li, "Crisis management for SMEs: Insights from a multiple-case study," *International Journal of Business Excellence*, vol. 5, no. 5, pp. 535–553, 2012. <https://doi.org/10.1504/IJBEX.2012.048802>
- [10] R. Levine, *Finance, Inequality, and Poverty: Cross-Country Evidence. January 2005*, 2014. <https://doi.org/10.1596/1813-9450-3338>
- [11] F. Luthans, *Organizational Behavior*, 12th Ed. New York: McGraw-Hill. 2011.
- [12] L. W. Neuman, *Social Research Methods: Qualitative and Quantitative Approaches*, 7th Ed. Pearson Education Limited, 2014.
- [13] J. E. Mathieu & D. M. Zajac, "A Review and meta-analysis of the antecedents, correlates, and consequences of organizational commitment," *Psychological Bulletin*, vol. 108, no. 2, pp. 171–194, 1990. <https://doi.org/10.1037/0033-2909.108.2.171>
- [14] H. Patzelt & D. A. Shepherd, "Recognizing opportunities for sustainable development," *Entrepreneurship: Theory and Practice*, vol. 35, no. 4, pp. 631–652, 2011. <https://doi.org/10.1111/j.1540-6520.2010.00386.x>
- [15] A. M. Peredo & J. J. Chrisman, "Toward a theory of community-based enterprise," *Academy of Management Review*, vol. 1, no. 2, pp. 309–328, 2006. <https://doi.org/10.5465/AMR.2006.20208683>
- [16] V. Ratten, "Collaborative entrepreneurship and the fostering of entrepreneurialism in developing countries," *International Journal of Social Entrepreneurship and Innovation*, vol. 3, no. 2, pp. 137, 2014. <https://doi.org/10.1504/ijsei.2014.064831>
- [17] A. Rezazadeh & M. Mahjoub, "Alliance entrepreneurship and entrepreneurial orientation: The mediating effect of knowledge transfer," *GadjahMada International Journal of Business*, vol. 18, no. 3, pp. 263–284, 2016. <https://doi.org/10.22146/gamaijb.16899>