

# How Covid-19 Pandemic Affects Technology, Relational & Compliance on MSMEs Performance in Indonesia

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**ABSTRACT.** The COVID-19 pandemic started on December 2019 and impacted the global economy including Indonesia. Gross Domestic Product (GDP) is one of the aspects to measure country's economic growth. Micro, Small, and Medium Enterprises (MSMEs) revenue contribute 60% of Indonesia's Gross Domestic Product (GDP). This study analyses the influence of technology utilization, relational capability, and regulatory compliance simultaneously by viewing them from MSMEs performance throughout Indonesia and add Covid-19 pandemic as a new variable. In addition, this study aims to analyse the influence of technology utilization, relational capability, and regulatory compliance on MSMEs performance in Indonesia with Covid-19 pandemic as the moderating variable. There are 308 owners of MSMEs in Indonesia were surveyed using online survey. The simple random sampling technique was used in this study. Data from questionnaire were analysed using SmartPLS. This study concludes that technology utilization has positive effect on MSMEs performance significantly, relational capability has positive effect on MSMEs performance significantly, and regulatory compliance has positive effect on MSMEs performance significantly. However, the Covid-19 pandemic has negative effect on MSMEs performance significantly. This study reveals a moderating effect of Covid-19 pandemic on the relationship between technology utilization and MSMEs performance and a moderating effect of Covid-19 pandemic on the relationship between relational capability to MSMEs performance. Yet, the Covid-19 pandemic has no moderating effect between regulatory compliance and MSMEs performance. The results propose that MSMEs performance is important for Indonesian government to withstand a possibility of long term economic crisis.

**Keywords:** technology utilization, relational capability, regulatory compliance, firm performance, Indonesian MSMEs, Covid19 pandemic.

## 1. INTRODUCTION

The role of MSMEs in a country's economic growth is considered important by looking from the GDP perspective. MSMEs are not only the backbone in driving the economy in Indonesia but also play an important role in creating job opportunities throughout Indonesia. In addition, MSMEs are the key to designing inclusive development, through combine large & small enterprise so that economic equality can touch all levels of society. Based on data from the Ministry of Cooperatives and SMEs from the results of the economic census [1] shows the large contribution of MSMEs to the Indonesian economy absorb up to 89.2% of the total workforce, providing almost 99% of the total field employment, contributing 60.34% of total national GDP, 14.17% of total exports, and 58.18% of total investment.

Rapid development of information and communication technology has influenced major

businesses, including MSMEs in Indonesia that have adopted information and communication technology in managing their businesses which they perceive that technology plays an important role in the growth and management of MSMEs. Websites, social media, and mobile messaging applications are particularly important tools for MSMEs in interacting with consumers to create a transaction. Deloitte (2015) [2] states that 437 SMEs spread across the city of Medan, Jakarta, Bandung, Semarang, Surabaya, and Makassar which show some of the advantages of using digital technology for SMEs in Indonesia such as income incremental up to 80%, more than one and a half times increase employment opportunities, seventeen times more innovative, and more competitive internationally. Nowadays, behavior of consumer in the digital era make use social media to buy goods through online platform adapted by MSMEs with their business digitalization. In addition, MSMEs also utilize technology to assist

them in managing the business activities to complete the tasks. McKinsey report (Das, K., 2018) [3] states that online trading provides tremendous benefits to the economy of a nation, including Indonesia as one of the largest markets for e-commerce in Southeast Asia. Digital economy in Indonesia, according to a report by Google and Temasek, contributes 11% of GDP in Indonesia. The sales transaction of goods online in Indonesia are increasing more rapidly and the income estimation to increase eightfold to US \$ 65 billion (IDR 910 trillion) in just five years. More than 60% or 36 million MSMEs in Indonesia are already in online platform and could be double by 2022 to absorb the potential sales growth.

MSMEs should adapt various technology capabilities to optimize their business performance to be able to compete with other companies. This consequence requires the need for direction and targets for the development of MSMEs in the form of the relationship's ability aimed to build strategic business cooperation and networks. McGovern (2006) [4] states that the increasingly complex business environment requires MSMEs to focus more on learning about organizational networks as a determinant of capability formation. Collaboration between these companies makes it possible to establish relationships and provide solutions to MSMEs problems to gain knowledge to achieve economies of scale, apply more efficient technology, and be able to combine existing resources and expand markets. MSMEs should also be able to face the current nature of competition, where competition shifts between individual companies to competition between business networks. Therefore, relationship development becomes relevant for organizations to increase their resources and generate economic value for MSMEs [5]. Indonesian MSMEs not only should have sufficient insight and knowledge, but they are also expected to understand the appropriate laws and regulations to support their developing business. According to Farashahi et al. (2005) [6], the role of formal institutions through company regulations will direct companies' behavior including MSMEs. The existence of regulations as an external factor can pressure companies to do what is expected and become the most important force in determining the standards of "MSMEs management behavior" in developing countries. Regulation implementation is the minimum responsibility for MSMEs as business guidance. MSMEs may have many business ideas to develop their business which they cannot continue due to lack of additional funds. In some

cases, many MSMEs have difficulty obtaining working capital from financial institutions due to minimum requirements based on banking regulations. The results consistently in survey conducted by PricewaterhouseCoopers (PwC) which found that 74% of MSMEs in Indonesia have not had access to finance [7]. Currently, all business sectors including MSMEs are facing major problems due to the impact of the Covid-19 pandemic. The implementation of Indonesia government regulation called Large-Scale Social Restrictions to prevent the spread of the virus decrease the purchasing power of the consumers especially on MSMEs products that has been selling through offline platform and they have been encourage to carry out their business through online selling platforms. Indonesian government has budgeted IDR 123.46 trillion to handle Covid-19 pandemic for MSMEs and hope that they will be able to transform their business into digital platform ecosystem. The budget breakdown is allocated for interest subsidies of IDR 35.28 trillion, placement of government funds for the restructuring of IDR 78.78 trillion, spending for guarantee fees of IDR 5 trillion, guarantees for working capital worth IDR 1 trillion, income tax for MSME borne by the government IDR 2.4 trillion and investment in cooperatives through the Revolving Fund Management Institution for Micro, Small and Medium Enterprises with amount of IDR 1 trillion [8].

Based on data and information regarding several phenomena of MSMEs in Indonesia, empirical research is needed to develop a study by determining the effect of technology utilization, the relational capability, the regulatory compliance, and the Covid-19 pandemic as independent variables of the performance of Indonesian MSMEs as dependent variable. This study develops a statement question which is "Does Covid-19 pandemic have strengthening or weakening effect of the relationship technology utilization, relational capability & regulatory compliance and Indonesian MSMEs performance?". Originality of this study is to analyze the effect of four independent variables which are technology utilization, relational capability, regulatory compliance and covid-19 pandemic, on the Indonesian MSMEs performance simultaneously and put in Covid-19 pandemic as new perspective for moderating variable. Upon completion of this study, the impact of the Covid-19 pandemic has been causing in a global economic slowdown that develop economic recession in Indonesia due to economic contraction.

### *Hypothesis Development*

The latest technology and product marketing through social media provides several benefits for MSMEs in Indonesia, such as a tool for personal communication with consumers, promotion, record the consumer needs, acknowledge the consumers feedbacks, as a basis for making business decisions and to identify business performance. SMEs, which have limited human resources in running their business, will consider using social media since it can reduce business costs [9]. Nowadays, the popularity of social media in Indonesia has created a new paradigm for e-commerce which is called social commerce. Social commerce is a part of e-commerce that utilizes social interaction and contribution of social media users in online shopping [10]. The results of previous research on the effect of technology utilization on business performance are empirically shown that there is a positive impact on SMEs performance in developing economy of Africa [11] and these results are also supported by other research conducted in Brazil [12] regarding the effect of technology against economic performance in Brazilian firms. Thus, the first hypothesis in this study is technology utilization positively affects MSMEs performance.

H1: Technology utilization (TU) positively affects MSMEs performance (PRF)

MSMEs firms must acquire relational capability as an important strategic ability to identify, access, and obtain technology and skills that cannot be provided by the company [13]. Marzuki (1997: 4) [14] states that for Business firm's relationship that survives for a long time requires the following business rules: (1) mutual benefit, (2) competitive advantage orientation, (3) achieve the aspects of competitive price, excellent quality, adequate quantity that accommodate the requirement, and punctual lead time, and (4) large businesses oblige to provide guidance to small businesses as their business partners. The MSMEs firms entail to achieve each partner requirements. SMEs firms generally feel defied to enter a new partnership, mainly due to constraints on resources and strategic capabilities [15]. A dynamic operating environment requires businesses not only as innovation partners, but also to collaborate with all strategic public and private organizations to obtain external information and resources to enhance their competitive position and performance [16]. Thus, through relational capability, MSMEs can be

developed. Previous research revealed that the relational firm capability has a significant effect on the company's operational performance [17][18]. Furthermore, this ability has a positive impact on the company's financial performance [19]. Pham et al. (2017) [15] reported that relational capabilities not only positively improve performance, but also efficiency in marketing intelligence, pricing performance and communication. However, the other research showed that relational capability has a negative impact with SMEs performance [11]. Thus, the second hypothesis in this study is relational capability positively affects MSMEs performance.

H2: Relational capability (RCA) positively affects MSMEs performance (PRF)

Fajriyan (2015) [20] stated that compliance is a motivation for person, group, or organization to act in accordance with law. Nowadays, enterprises need to comply with regulation, such as business certification, to enter a certain business segments or opportunities. However, a lot of SMEs around the world are lack of awareness and knowledge regarding financial reporting, taxation, and business legality regulations. Howes (1997) [21] also claimed that SMEs' awareness and information about legislation appears to be insufficient. Furthermore, Smith (1997) [22] recognized the importance of raising awareness in the SMEs sector. The SMEs owners prefer to use informal communication and control structures. Mollentz (2002) [23] revealed that some MSMEs were not compliant because the regulations were time consuming and expensive. However, the regulatory compliance is essential to provide a stable business conditions and to obtain trust that can benefit the development of SMEs [24][25]. Thus, the third hypothesis in this study is regulatory compliance positively affects MSMEs performance.

H3: Regulatory compliance (RCO) positively affects to MSMEs performance (PRF)

Covid-19 is an infectious disease caused by coronavirus. Initially, this virus began to become epidemic in Wuhan, China since December 2019 with an extremely fast and widespread [26]. Currently, Covid-19 has become a pandemic that occurred throughout the world, including Indonesia. Indonesia has had a huge impact of Covid-19 on all aspects of life, mainly the economic sector. Covid-19 obstructs the economic activity and as the consequence it affects the state income. The effect of Covid-19 pandemic not only affect the large

business income, but also the micro businesses that spread throughout Indonesia. Micro, Small and Medium Enterprises (MSMEs) that play a major role in Indonesia economic income have suffered various negative impacts during this pandemic period. Thus, the fourth hypothesis in this study is Covid-19 pandemic negatively affects MSMEs performance.

H4: Covid-19 pandemic (CVD) negatively affects MSMEs performance (PRF)

Several government policies in Indonesia, including Work from Home, Large-Scale Social Restrictions, and social distancing also affect the negative impact as mentioned above. These policies alter the MSMEs business model that usually relies on the conventional model becomes more digitalized. The MSMEs start to utilize the online technology for their transactions. The effective relationship between MSMEs firms is the essential key to success in business. Recently, the MSMEs have difficulty in obtaining the most update information on their business development due to Large-Scale Social Restrictions. Hence, MSMEs should maintain the effective communication with their partners to remains sustainable and obtain the latest information on their business developments. Several policies set by the government to break the chain of the spread of Covid-19, such as Large-

Scale Social Restrictions, causing countless MSMEs lose their customers and decrease their sales performance. As the consequence, the availability of cash flow diminishes. On the contrary, MSMEs need working capital in anticipation of their going concern. A worthy financial statement is one of the requirements to get working capital from the creditor. In those decrease sales performance, creditors are not interested to allocate their investment. Therefore, MSMEs may fraud or disobey regulations in terms of financial reports or the side of business law compliance to get their working capital. According to the Association of Certified Fraud Examiners (ACFE), fraud can occur as a result of several underlying factors, such as: (1) Incentives or pressure or encouragement to commit fraud (2) Opportunities to commit fraud or (3) Attitudes or rationalizations to justify fraud. Thus, several hypothesis regarding Covid-19 Pandemic develop as below.

H5: Covid-19 Pandemic (CVD) strengthens effects of technology utilization on MSMEs performance  
H6: Covid-19 pandemic (CVD) strengthens effects of relational capability on MSMEs performance  
H7: Covid-19 pandemic (CVD) weaknesses effects of regulatory compliance on MSMEs performance

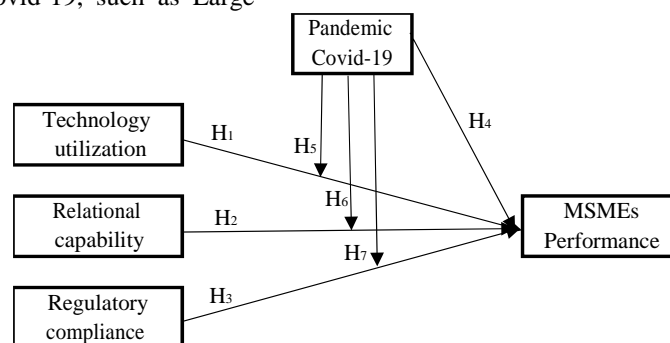


FIGURE 1. Research Model

## 2. METHODS

A field descriptive research was used in this research, while the online questionnaire was distributed to 308 owners of MSMEs in Indonesia. Simple random sampling technique and quantitative data collection methods were adopted in this research. Data collection was conducted during one week on the third week of August 2020. The questionnaire was developed from various articles which obtain from several resources. The questionnaire contained 22 questions, which consist

of technology utilization variables in five question items, relational capability variables in four question items, regulatory compliance variables in five question items, covid-19 pandemic variables in three question items and firm performance variables in five question items. A five Likert scale survey questionnaire (strongly disagree, disagree, undecided, agree and strongly agree) was established to collect the data.

Afterwards, the questionnaire was sorted through complete and incomplete data editing

separated, data coding and data tabulation. The retrieved questionnaire which was incomplete was discarded and only completed questionnaire that was further analyzed. Furthermore, the data entry was carried out using Microsoft excel and analyzed using SmartPLS program.

Key respondents in this study was MSMEs owners in Indonesia. Most respondents were male (59%) and in the age of over 40 years old (34%). 49% of the respondent has established between 2-5 years. Most respondents participated in this research were located on the Java island (67%) with

the most types of business based on yearly business revenue was micro businesses (73%). The respondent data was suitable with the data from the ministry of cooperatives, small and medium enterprises in 2018 which was processed from data from the Indonesian Central Statistics Agency [19] revealed that micro businesses contributed the largest number of business units (98.68%) of the total business units in Indonesia. Overall, the number of samples in our research is described in table 1 below:

**TABLE 1.** Characteristics Of Respondents

Respondent		%age	Respondent		%age
<b><u>Gender</u></b>			<b><u>Length of Business</u></b>		
Male	182	59%	<1 year	65	21%
Female	126	41%	2-5 years	152	49%
<b><u>Age</u></b>			6-10 years	54	18%
<25 years	30	10%	> 10 years	37	12%
25-30 years	56	18%	<b><u>Yearly Business Revenue in IDR</u></b>		
30-35 years	69	22%	< 300 million (Micro)	225	73%
35-40 years	48	16%	300 million - 2.5 billion (Small)	66	21%
> 40 years	105	34%	2.5 - 50 billion (Medium)	17	6%
<b><u>Business Domicile Based on Indonesia Island</u></b>			<b><u>Type of Business</u></b>		
Sumatera	27	9%	Manufacture	64	21%
Java	208	68%	Services	100	32%
Bali & Nusa Tenggara	44	14%	Trading	128	42%
Kalimantan	11	4%	Fishery	3	1%
Sulawesi	15	5%	Plantation	5	2%
Maluku & Papua	3	1%	Farming	5	2%
			Agriculture	3	1%

### 3. RESULT AND DISCUSSION

This study uses PLS – SEM analysis in the assessment of the measurement model (reflective) and the structural model. This reflective measurement model comprises internal consistency (composite reliability), outer loading value validity, and variance inflation factor (VIF). Also, structural equation model evaluation consists of coefficient of determination (R<sup>2</sup>), direct and moderating effect in

this research.

The validity test in this study is shown in table 2, all of the question that we propose is valid because the outer loading values is more than 0.5, also based on result of multicollinearity test on table 2, all correlation values are less than 10, then it can be concluded that there is no problem of multicollinearity in the model.

**TABLE 2.** Result Of Validity And Multicollinearity Test

Variable	Indicators	Outer Loading Value	Variance Inflation Factor (VIF)
TU	TU.1	0.802	2.457
TU	TU.2	0.891	4.033
TU	TU.3	0.850	2.846
TU	TU.4	0.771	1.871
TU	TU.5	0.796	1.995
RCA	RCA.1	0.792	1.813
RCA	RCA.2	0.863	2.225

RCA	RCA.4	0.826	1.953
RCA	RCA.5	0.792	1.727
RCO	RCO.1	0.819	2.104
RCO	RCO.2	0.801	2.099
RCO	RCO.3	0.815	2.331
RCO	RCO.4	0.861	2.878
RCO	RCO.5	0.805	2.028
CVD	CVD.3	0.750	1.352
CVD	CVD.4	0.832	1.575
CVD	CVD.5	0.819	1.415
PRF	PRF.1	0.771	1.677
PRF	PRF.2	0.800	1.946
PRF	PRF.3	0.819	2.057
PRF	PRF.4	0.806	2.120
PRF	PRF.5	0.726	1.714

After validity and multicollinearity test, we examine the reliability of this model, all the question that we propose is reliable because value of Cronbach's Alpha, rho\_A and composite

reliability is more than 0.7 while value of AVE also more than 0.5. The reliability test result can be seen in table 3.

**TABLE 3.** Result Of Reliability Test

Variable	Cronbach's Alpha	Rho_A	Composite Reliability	Average Variance Extracted (AVE)
TU	0.880	0.883	0.913	0.677
RCA	0.836	0.837	0.890	0.670
RCO	0.878	0.880	0.911	0.673
CVD	0.722	0.729	0.843	0.642
PRF	0.844	0.845	0.889	0.616

The R2 denotes the amount of explained variance of MSMEs performance construct of the structural model. The findings in table 4 below, it shows that the value of R2 is 0.625, this means that 62.5% of MSME's performance can be explained variation of the independent variable (TU, RCA, RCO, and CVD). In other words, 37.5% of the variation of the dependent variable cannot be explained by the independent variable in this study.

Based on regression model test in table 4, it shows that technology utilization is positive

significant in MSME's performance as well as relational capability and regulatory compliance. Vice versa, Covid-19 is negative significant in MSME's performance. However, the result also shows that Covid-19 as a moderating variable moderate the effect of technology utilization in MSME's performance as well as moderate the effect of relational capability in MSME's performance but Covid-19 is not a moderating variable that moderates the effect of regulatory compliance in MSME's performance.

**TABLE 4.** Regression Model

Hypothesis	Variables	Coefficients	T-Statistics	Probability	Result
-	R <sup>2</sup>	0.625	-	-	-
H1	TU → PRF	0.163	2.375	0.009	Supported
H2	RCA → PRF	0.287	3.327	0.000	Supported
H3	RCO → PRF	0.279	3.702	0.000	Supported
H4	CVD → PRF	-0.247	4.201	0.000	Supported
H5	TU*CVD → PRF	0.101	2.126	0.017	Supported
H6	RCA*CVD → PRF	0.133	2.652	0.004	Supported
H7	RCO*CVD → PRF	0.077	1.281	0.100	Not Supported

Based on the SmartPLS output in table 4 above, technology utilization variable shows that the regression coefficient is 0.163. The t-statistics indicates a value greater than 1.96 (2.375), while the probability value is less than 0.05 (0.009). It means that hypothesis 1 was successfully supported. This study confirms that technology utilization is positive significant in MSME's performance, which is consistent with research conducted by Zawislak and Reichert (2014), Salisu and Julienty (2020). MSMEs management have limited human resources in running their business, they will consider using the latest technology such as social media to reduce their business costs [9]. In facts, the effectiveness and efficiently of MSMEs can increase since they will focus on working up the revenue and not preoccupied with what can be done by technology utilization that relates to data from the Ministry of Communication and Information in 2020 which shows 9.4 million MSMEs have "Go Online" and benefited from using digital technology for cross-border transactions. These online MSMEs are not only expand their market throughout Indonesia, but also overseas country.

Table 4 show variable relational capability has regression coefficient 0.287. The t-statistics indicates a value greater than 1.96 (3.327), while the probability value is less than 0.05 (0.000) which means that hypothesis 2 was successfully supported. This study confirms that relational capability is positively significant in MSME's performance, which is consistent with research conducted by Lado et.al (2011) and Pham et.al (2017). SMEs firms generally feel challenged to enter a new and foreign partnership environment, especially due to constraints on resources and strategic capabilities [15]. A dynamic operating environment requires business firms to work not only as innovation partners, but also to collaborate with all strategic public and private organizations to attract external information and resources to improve their competitive position and performance [16]. Thus, MSMEs can be developed through relational capability.

The regression result for variable regulatory compliance in table 4 shows that the regression coefficient is 0.279. The t-statistics indicates a value greater than 1.96 (0.279), while the probability value is less than 0.05 (0.000). It means that hypothesis 3 was successfully supported. This study confirms that regulatory compliance is positive significant in MSMEs performance. Compliance with regulations is currently mandatory

for businesses to enter certain business segments or opportunities. There are many new business opportunities that cannot be entered for companies that do not comply with regulations, for example, business certification. MSMEs conduct the tax regulations well, they can run the business safely without feeling anxious that tax authorities will come to do inspection suddenly. Furthermore, bookkeeping is also needed for MSMEs, they can use it for applying working capital loan to bank and other perusal.

The findings in table 4 show the variable of Covid-19 pandemic that regression coefficient is - 0.247. The t-statistics indicates a value greater than 1.96 (4.201), while the probability value is less than 0.05 (0.000). It means that hypothesis 4 was successfully supported. This study confirms that Covid-19 is negatively significant on MSMEs performance. The impact of Covid-19 pandemic affects large business, furthermore micro businesses in Indonesia. According to Indonesian Institute of Science (LIPI) [27], during Covid-19 pandemic, Indonesian MSMEs encounter coming down of sales in the amount of 94.69%. It means that the more spreading of Covid- 19, the lower MSMEs performance.

Next hypothesis is about the variable Covid-19 pandemic as moderating variable from technology utilization on the MSME's performance. It shows that the regression coefficient is 0.101. The t-statistics indicates a value greater than 1.96 (2.126), while the probability value is less than 0.05 (0.017). It means that hypothesis 5 was successfully supported. This study confirms that Covid-19 as a moderating variable moderate the effect of technology utilization in MSME's performance. There are few policies from government such as perform all of activities in the home, work from home, large-scale social restrictions, and social distancing. It makes MSME's transform their business model to digitalization, starting from purchasing to selling activities, all of them use technology. Table 4 also revealed that the variable Covid-19 pandemic as moderating variable from relational capability on the MSMEs performance. It shows that the regression coefficient is 0.133. The t-statistics indicates a value greater than 1.96 (2.652), while the probability value is less than 0.05 (0.004). It means that hypothesis 6 is successfully supported. This study confirms that Covid-19 pandemic as a moderating variable moderate the effect of relational capability in MSMEs performance. The business owner tie great communication with their

partner to keep their business sustainable, while they can share fresh idea and new information that might be the business owner have not thought before.

The findings in table 4, the variable Covid-19 pandemic as moderating variable from regulatory compliance on the MSMEs performance which shows that the regression coefficient is 0.077. The t-statistics indicates a value of less than 1.96 (1.281), while the probability value greater than 0.05 (0.100) which means that hypothesis 7 was not successfully supported. This study proves that Covid-19 pandemic is not moderates the effect of regulatory compliance in MSMEs performance. The awareness of MSMEs regulatory compliance is equal before and during Covid-19 pandemic. With or without covid-19 pandemic, MSMEs owners must keep the business sustain and require cashflow enough for business operational stability. Nowadays, one of the Indonesian MSMEs problem is they do not follow regulatory compliance in terms of making financial reports, taxation, or business legality that add their business costs and affects to business profit decremental. Therefore, the government must disclose and socialize how importance regulatory compliance to MSMEs for them to scale up their business.

#### 4. CONCLUSION

This study was conducted to determine MSMEs performance during Covid-19 pandemic and examine several factors that influence MSMEs. The result of this study shows that technology utilization has a positively significant effect on MSMEs performance as well as relational capabilities and regulatory compliance and Covid-19 pandemic has a negatively significant effect on MSMEs performance. The results of this study show that Covid-19 pandemic variable moderates the effect of technology utilization on MSMEs performance as well as relational capabilities variable on MSMEs performance but the Covid-19 pandemic has not been shown to moderate the effect of regulatory compliance on MSMEs performance. .

This study has several implications for MSMEs owner and Indonesia Government. First, MSMEs owner need to understand and be proficient about latest technology to remain sustainable in facing the intense competition in this 4.0 industry. Second, MSMEs owners must always engage the relationships with their partners to get the latest information about their business and can further disseminate their products because collaboration is the business key to sustain and

grow in this digitalization era. The next implication is specifically for government to give more attention on related regulatory compliance for MSMEs so they able to fulfill regulatory compliance, thus, will be easier for MSMEs to get access for fund to be used for their business working capital.

Since this research was conducted during the Covid-19 pandemic, further research is expected to investigate how MSMEs performance after the pandemic period and to investigate how Indonesian government regulations that relates to Covid-19 pandemic effect on MSMEs afterward. In addition, further researchers should be able to expand the coverage of respondents by comparing MSMEs in other countries to see how their MSMEs perform during or after Covid-19 pandemic.

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