

CHAPTER 1

INTRODUCTION

1.1 Backgrounds

According to Firfiray and Mejia (2021), COVID-19 pandemic is a public health crisis that has never happened before and it has a huge impact on consumer and business confidence. De Massis & Rondi (2020) stated that the world is currently suffering many problems because of COVID-19. There are some big changes in terms of management of organizations. Likewise, it has been a huge challenge for family businesses to survive. Furthermore, Badan Pusat Statistik (2021) shows that the economic growth in Indonesia underwent 2.07% reduction during the COVID-19 pandemic in 2020. In particular, the Gross Domestic Regional Product (GDRP) in the province of Sumatra decreased by 1.19%. According to PwC (2021), 46% of family businesses predict that its sales will drop during a pandemic while others feel optimistic to sustain the businesses. The World Bank (2020) also stated that many companies are suffering a reduction in sales and the financing is also getting worse. Moreover, companies also feel uncertainty about the future.

The family business is considered important because it contributes to economic growth and also creates huge job opportunities for Indonesian people (Chitania & Mustamu, 2014; Soedibyo, 2012). Family business is a business that is run and controlled by family members inside it where the family member potentially continues the business for the next generation. In general, to define a

family business, the owner has to involve in operation and ownership that can influence the business (Rau *et al.*, 2018)

Novita and Husna (2020) analysed a literature review and concluded that the dominance in finance, performance, and market positioning mainly contribute to the origin of competitive advantage. In regard to having competitive advantage, the company will be able to have an additional value in all aspects and gain superior position in relation to other competitors.

Obrenovic *et al.* (2020) recommend that in the future, the writers can research about the case that shows how the company operates in a pandemic situation to sustain the business. Likewise, identify the best practices, and the side effects on company operation. Furthermore, Rashid and Ratten (2021) recommend studying further the biggest challenge that businesses have to face and sustain during COVID-19.

1.2. Research Problem

PT. Perintis Hardamandiri is a private company which was established in 1990 by Setijono Pratomo in Palembang, South Sumatera. He is a Chinese Indonesian businessman who has a faith in christianity. This company is selling industrial products such as valves, steel plates, etc. During the pandemic, most of the companies struggled to reach their sales target or even make a profit. According to Badan Pusat Statistik (2021), the trading industry has decreased by 3,72%. It went down from 1440,3 Trillion Rupiah to 1386,7 trillion Rupiah on a whole. However, PT. Perintis Hardamandiri could sustain its business and make a

profit. Therefore, this study will cover how PT. Perintis Hardamandiri survived during COVID-19.

Table 1. 1 Growth of Gross Domestic Product in 2020 (Percentage)
Source: Badan Pusat Statistik (2021)

Lapangan Usaha	Triw IV-2020 Terhadap Triw III-2020 (q-to-q)	Triw III-2020 Terhadap Triw III-2019 (y-on-y)	Triw IV-2020 Terhadap Triw IV-2019 (y-on-y)	Laju Pertumbuhan 2020	Sumber Pertumbuhan 2020
(1)	(2)	(3)	(4)	(5)	(6)
A. Pertanian, Kehutanan dan Perikanan	-20,15	2,16	2,59	1,75	0,22
B. Pertambangan dan Penggalian	1,65	-4,28	-1,20	-1,95	-0,14
C. Industri Pengolahan	-0,38	-4,34	-3,14	-2,93	-0,61
D. Pengadaan Listrik dan Gas	0,94	-2,44	-5,01	-2,34	-0,02
E. Pengadaan Air, Pengelolaan Sampah, Limbah dan Daur Ulang	3,11	5,94	4,98	4,94	0,00
F. Konstruksi	3,48	-4,52	-5,67	-3,26	-0,33
G. Perdagangan Besar dan Eceran, Reparasi Mobil dan Sepeda Motor	-0,87	-5,05	-3,64	-3,72	-0,49
H. Transportasi dan Pergudangan	5,08	-16,71	-13,42	-15,04	-0,64
I. Penyediaan Akomodasi dan Makan Minum	5,86	-11,81	-8,88	-10,22	-0,31
J. Informasi dan Komunikasi	0,99	10,72	10,91	10,58	0,57
K. Jasa Keuangan dan Asuransi	5,61	-0,95	2,37	3,25	0,13
L. Real Estat	0,07	1,96	1,25	2,32	0,07
M,N. Jasa Perusahaan	2,66	-7,61	-7,02	-5,44	-0,10
O. Administrasi Pemerintahan, Pertahanan dan Jaminan Sosial Wajib	8,95	1,82	-1,55	-0,03	0,00
P. Jasa Pendidikan	7,83	2,41	1,36	2,63	0,08
Q. Jasa Kesehatan dan Kegiatan Sosial	5,78	15,29	16,54	11,60	0,13
R,S,T,U. Jasa Lainnya	2,29	-5,55	-4,84	-4,10	-0,08
Nilai Tambah Bruto Atas Dasar Harga Dasar	-1,21	-2,57	-1,83	-1,58	-1,52
Pajak Dikurang Subsidi Atas Produk	21,37	-23,30	-9,69	-13,42	-0,55
Produk Domestik Bruto (PDB)	-0,42	-3,49	-2,19	-2,07	-2,07

Keterangan:

q-to-q: PDB atas dasar harga konstan pada suatu triwulan dibandingkan dengan triwulan sebelumnya

y-on-y: PDB atas dasar harga konstan pada suatu triwulan dibandingkan dengan triwulan yang sama tahun sebelumnya

c-to-c: PDB atas dasar harga konstan kumulatif sampai dengan suatu triwulan dibandingkan periode kumulatif yang sama pada tahun sebelumnya

Table 1. 2 Growth of Gross Domestic Product in 2020 (Trillion Rupiah)
Source: Badan Pusat Statistik (2021)

Lapangan Usaha	Harga Berlaku			Harga Konstan 2010		
	2018	2019	2020	2018	2019	2020
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A. Pertanian, Kehutanan dan Perikanan	1 900,6	2 012,8	2 115,1	1 307,3	1 354,4	1 378,1
B. Pertambangan dan Penggalian	1 199,0	1 149,9	993,5	796,5	806,2	790,5
C. Industri Pengolahan	2 947,5	3 119,6	3 068,0	2 193,4	2 276,7	2 209,9
D. Pengadaan Listrik dan Gas	176,6	185,1	179,7	107,1	111,5	108,8
E. Pengadaan Air, Pengelolaan Sampah, Limbah dan Daur Ulang	10,0	10,7	11,3	8,4	9,0	9,5
F. Konstruksi	1 562,3	1 701,7	1 652,7	1 048,1	1 108,4	1 072,3
G. Perdagangan Besar dan Eceran, Reparasi Mobil dan Sepeda Motor	1 931,8	2 060,4	1 995,5	1 376,9	1 440,3	1 386,7
H. Transportasi dan Pergudangan	797,8	881,6	689,7	435,3	463,2	393,5
I. Penyediaan Akomodasi dan Makan Minum	412,7	440,2	394,2	315,1	333,3	299,3
J. Informasi dan Komunikasi	558,9	626,5	695,8	538,8	589,5	651,9
K. Jasa Keuangan dan Asuransi	616,3	671,4	696,1	415,6	443,1	457,5
L. Real Estat	406,0	439,5	453,8	299,6	316,9	324,3
M,N. Jasa Perusahaan	267,1	304,3	294,3	187,7	206,9	195,7
O. Administrasi Pemerintahan, Pertahanan dan Jaminan Sosial Wajib	541,7	571,6	580,2	349,3	365,5	365,4
P. Jasa Pendidikan	481,8	522,4	549,4	321,1	341,4	350,3
Q. Jasa Kesehatan dan Kegiatan Sosial	158,1	174,7	201,1	117,3	127,5	142,3
R,S,T,U. Jasa Lainnya	268,6	309,0	302,6	185,4	205,0	196,6
Nilai Tambah Bruto Atas Dasar Harga Dasar	14 236,8	15 181,4	14 873,0	10 002,9	10 498,8	10 332,6
Pajak Dikurang Subsidi Atas Produk	602,0	651,1	561,2	423,0	450,2	389,8
Produk Domestik Bruto (PDB)	14 838,8	15 832,5	15 434,2	10 425,9	10 949,0	10 722,4

The government often does lockdowns that make people unable to work in the office. In Sumatera Selatan, there are so many competitors who would like to offer their products and supply them to state-owned companies. COVID-19 also impacted state-owned companies to stop its operation and limit its expenses. PT. Perintis Hardamandiri owner made a statement that nowadays there are so many new entrants that makes the competition become more difficult than the past and

it can be seen from the contracts invitation to the firm is increasing year by year. There are so many new products that come with a cheaper price and decent quality. However, PT. Perintis Hardamandiri somehow survived the business and even exceeded the target for the year 2020.

Therefore, this research will define how PT. Perintis Hardamandiri is able to sustain and even exceed the target on the revenue during COVID-19 Pandemic. Besides that, the researcher is also the successor of this business. Furthermore, this research is helping the researcher to fully understand the business.

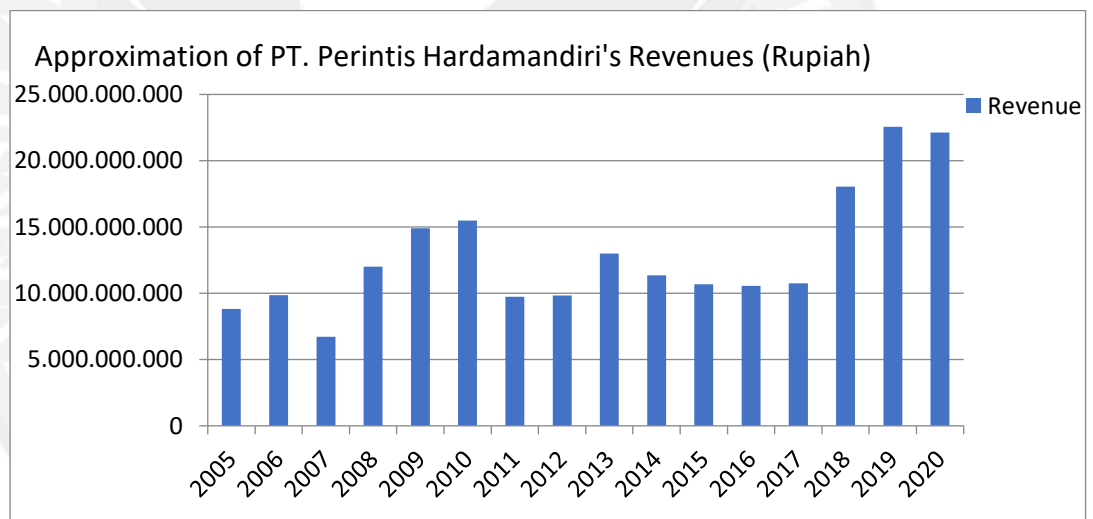


Figure 1.1. Approximation of PT. Perintis Hardamandiri's Revenues (Rupiah). Sources : Owner, Mr. Setijono Pratomo

From this chart, we can see that there is a significant growth in revenues during the COVID-19 pandemic. The number of workers in PT. Perintis Hardamandiri is still the same. Even during the lockdown , PT. Perintis Hardamandiri still paid full salaries to the employees. Furthermore, there is no worker rotation in each division.

1.3. Research Question

1. What factors enable PT. Perintis Hardamandiri to sustain its business during this pandemic?
2. How does PT. Perintis Hardamandiri implement its strategies to achieve competitive advantage during the pandemic?

1.4 Research Purpose

The purpose of this research is to know what factors and how PT. Perintis Hardamandiri strategies in order to sustain the business in COVID-19 pandemic from three different perspectives which are the owner, employees, and customers. Moreover, this research will lead to mini model theory that shows the competitive advantages in order to sustain the business.