



From Crisis to Opportunity: Innovation Strategies for Business Survival and Growth in MSMEs Post COVID-19 – A Case Study of Tent Rental in Semarang

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ABSTRACT: This study examines how Micro, Small, and Medium Enterprises (MSMEs) adapted to the post-COVID-19 landscape to boost sales and ensure business continuity, focusing on Persewaan Tenda dan Alat Pesta Al-Hadi, a tent and party equipment rental business in Semarang, Indonesia. Using a descriptive qualitative case study approach, the research highlights key strategies that enabled the business to overcome pandemic challenges. Specifically, service, process, and product innovations played crucial roles in its recovery. Service innovation included leveraging social media for brand visibility and offering promotions like free shipping. Meanwhile, process innovation involved restructuring the family business for greater efficiency. Additionally, product innovation focused on improving equipment quality to ensure customer satisfaction. Ultimately, these innovations were pivotal in driving growth, underscoring the importance of adaptive strategies and innovation for MSMEs in a post-crisis economy.

KEYWORDS: Business Survival and Growth, Innovation Strategy, MSME, Post Covid-19; Semarang

INTRODUCTION

The role of Micro, Small, and Medium Enterprises (MSMEs) in driving economic development is evident through their significant contribution to the regional economic output (GRDP). This critical economic role is reflected in the annual growth of MSMEs. In Semarang City, Central Java, the number of MSMEs has steadily increased. According to data from the Semarang City Government, the number of MSMEs in Semarang rose 34% from 2021 to 2022. However, the COVID-19 pandemic severely impacted businesses across various sectors in Indonesia. Field data indicates that fifty percent of micro and small businesses in the country experienced collapse due to the pandemic (Thaha, 2020). In Indonesia, MSMEs remain focused on the local market and must be fully equipped to compete globally. Consequently, many small businesses strive to survive and recover from the COVID-19 crisis.

MSMEs have also felt this impact in the tent and party equipment rental business in Semarang City. The impact on tent and party equipment rental business owners includes fewer buyers and decreased income. The necessity for some workers to switch professions or stop operating their businesses. This drastic decline was attributed to several factors, including regional quarantines or large-scale social restrictions (PSBB), which disrupted the economy and severely limited activities as people's purchasing power decreased despite the lack of sales. This situation has necessitated strategic measures from business owners to adapt and grow; for example, consumer behavior has shifted, with many opting for digital markets over conventional ones (Arditama & Lestari, 2020). Thus, rapid changes in the business environment have made innovation a crucial aspect of maintaining company continuity (Herlinawati & Machmud, 2020). Therefore, in the context of innovation, a tent and party equipment rental business in Semarang must develop a comprehensive innovation strategy to ensure survival and boost sales.

Innovation differs from mere discovery or invention, often starting with analyzing a new opportunity. Many definitions of innovation have emerged since Schumpeter, widely regarded as the founding father of innovation, defined it as implementing a combination of new factors. Innovation is a marker of success in a competitive landscape and a catalyst for organizations to achieve new performance levels (Uula, 2022). It plays a vital role in all operations, systems, and work processes, embedding itself as a fundamental part of the learning culture (Suryana, 2013). Ideally, a business's innovation strategy should stem from its overarching strategy. Furthermore, innovation should consistently align with functional strategies like marketing, production, human resources, and finance. As Nanja Strecker pointed out in 2009, innovation strategy is the collection of strategic decisions a firm makes regarding its innovation activities. It focuses solely on the means, excluding innovation goals (ends). Innovation strategy is viewed as a comprehensive, cross-functional meta-strategy within the firm.

This research aims to explore the innovation strategy used by MSMEs, specifically "Persewaan Tenda dan Alat Pesta Al-Hadi," which is a tent and party equipment rental business in Semarang, Central Java, to keep their business survived and increased sales after the COVID-19 pandemic. Persewaan Tenda dan Alat Pesta Al-Hadi is operating from January 2012. The owner also serves as the manager, overseeing business operations and holding all control and decision-making authority. They also have five employees serving as administrator, treasurer, and handyman. The workshop is located in Tembalang, Semarang.

METHOD

The method used is a descriptive qualitative approach, specifically a single instrumental case study. This approach involves collecting data in words and language rather than numbers (Sugiyono, 2010). Descriptive qualitative research utilizes qualitative data, presented descriptively, to comprehensively summarize phenomena. It is an essential and suitable design for research questions aimed at gaining insights to explore and examine challenges within the field or the frameworks and procedures in daily operations and practices. Qualitative descriptive study design aims to describe rather than explain; it does not require explanatory frameworks and theories to support or ground the study and its results (Kim et al., 2017). The data analysis method follows the Huberman and Miles framework, as illustrated in Figure 1. The primary data analysis phases are collection, reduction, display, and conclusion drawing and verification (Miles & Huberman, 1994).

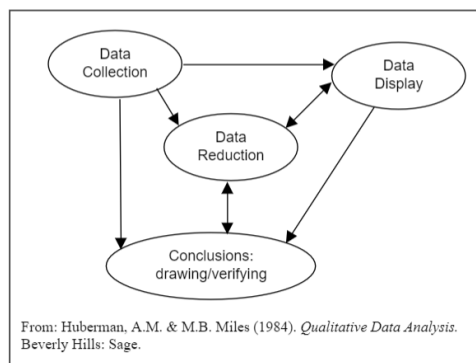


Figure 1. The Huberman and Miles's Model of Qualitative Data Management

Data collection methods generally include one-on-one interviews and focus group discussions, often guided by flexible or semi-structured interview protocols (Neergaard et al., 2009; Sandelowski, 2000). Primary data is collected through interviews, observations, and documentation techniques. For the interview, the researchers conducted a semi-structured, face-to-face interview with the owner of Persewaan Tenda dan Alat Pesta Al-Hadi, who had successfully sustained their business and increased sales after the COVID-19 pandemic. The interview guideline consisted of four primary and follow-up questions to obtain the necessary information related to the research topic. These central questions covered the primary functional areas of the business: marketing, finance, human resources, and operations. The interview occurred at the Persewaan Tenda dan Alat Pesta Al-Hadi office in Tembalang, Semarang. The researchers interviewed only the owner, as they also serve as the manager, overseeing business operations and holding all control and decision-making authority. This enabled a more in-depth interview to explore information pertinent to the research topic thoroughly. Additionally, the interviews were documented using a voice recorder. For secondary data, the researchers utilized internal data from the related MSMEs, such as sales reports and social media engagement results, to support and enhance the primary data. Subsequently, the researchers reviewed the collected data and attempted to identify critical issues, concepts, and themes for further examination and reference (Bryman & Burgess, 1994).

The researcher used Microsoft Word to transcribe the requisite information and thoroughly analyze the collected data. During the writing phase, the researcher segmented the interview transcript into distinct pieces of information, identified emerging themes, and provided subtitles to enhance the clarity and presentation of the data. Drawing a data conclusion entails a comprehensive reflection on the analyzed data to interpret its meaning and assess its implications for the research questions. Data conclusion drawing involves drawing meaning from displayed data (Miles & Huberman, 1994). The researcher formulates a new narrative based on the compiled data to elucidate the previously collected information. By employing primary data obtained through interviews and secondary data, the researchers examine comparisons and changes in strategies implemented before, during, and after the pandemic. To ensure the



validity and reliability of the data, the researcher undertook several meticulous actions. First, the researcher meticulously documented the details of the research process. Second, the researchers shared their analysis and research reports with the respondents, who were the owners, to gain feedback. To enhance credibility, the researcher also analyzed the social media engagement for sales and documented internal MSME data according to the research requirements. The researchers aim to provide detailed contextual information about the study, enabling readers to comprehend directly and assess the applicability of these research topics in other cases.

RESULT AND DISCUSSION

Experts classify various forms of innovation. Hartley, J (2005) identifies seven types of innovation: product innovation, service innovation, process innovation, position innovation, strategic innovation, governance innovation, and rhetorical innovation. Product innovation involves the creation of new products, while service innovation focuses on introducing novel methods for delivering services. Process innovation aims at reaching new contexts or user groups, and strategic innovation entails setting new organizational objectives or purposes. Governance innovation centers on establishing new forms of citizen participation and democratic frameworks, whereas rhetorical innovation involves introducing new terminology and concepts. At the same time, Walker (2007) categorizes innovation into three types: service innovations, organizational process innovations, and ancillary innovations. Service innovations refer to introducing new services designed to address the needs of external users or markets. Organizational process innovations are changes in management and organization, including marketization and organizational innovations. Meanwhile, ancillary innovations are additional innovations that support the primary services and processes.

Based on Hartley, three innovation concepts are implemented by "Persewaan Tenda dan Alat Pesta Al-Hadi." Implementing innovations by MSME owners significantly impacts the success of increasing sales after the pandemic.

A. Service Innovation in Marketing: Leveraging Social Media Platforms for Brand Awareness and Implementing a Free Ongkir Promotion to Increase Sales

Before the pandemic, tent and party equipment rentals operated as traditional businesses. Only some business owners in Semarang utilized social media platforms, including Persewaan Tenda dan Alat Pesta Al-Hadi. Their marketing efforts relied on traditional methods such as word of mouth, mailing proposals, and directly calling customers. The primary disadvantages of traditional marketing include higher resource costs for printing brochures, leaflets, catalog presentations, and product sheets, as well as significant expenses for postage, envelopes, and the additional time and staff required for these activities. During the pandemic, Persewaan Tenda dan Alat Pesta Al-Hadi experienced a drastic decline in sales for nearly a year (2019-2020). This decline was attributed to regional quarantines and Large-Scale Social Restrictions (PSBB), which disrupted economic activities and severely limited events, preventing people from gathering. The social distancing measures in place necessitated a change in business models for industry players and SMEs, including those renting party equipment and tents (Naimi et al., 2023). The impact of the pandemic made MSME owners realize the need for innovation in marketing to survive post-pandemic. Customers became more analytical and sought extensive product information before purchasing (Pascalau & Urziceanu, 2021). Thus, the owner of Persewaan Tenda dan Alat Pesta Al-Hadi began utilizing social media platforms such as Instagram and Google Business. Instagram was chosen due to its popularity, mobile-friendliness, and ease of use. It allows for uploading photos and videos of products, interaction with potential customers through comments and direct messages, and displaying captions, hashtags, and locations.



Figure 2. Instagram Profile



Figure 3. Google Business Profile

Over the past 90 days, Persewaan Tenda dan Alat Pesta Al-Hadi has gained 632 followers on Instagram. The number of unique accounts viewing their Instagram posts, stories, reels, videos, and live videos totals 721 non-followers and 32 followers, as shown in Figure 3. This demonstrates their success in building brand awareness, as evidenced by the growing recognition of their business. On Google Business, their account has achieved 266 interactions from February 2024 to July 2024, as depicted in Figure 4, further indicating successful brand awareness efforts. According to Google Business Analytics, many customers search for their business using the keyword "Persewaan Tenda Semarang." Another innovative marketing strategy implemented is the free ongkir (free shipping) promotion on Instagram. This strategy has led to an increase in sales. As shown in Figure 5, the free ongkir content is their top-performing post, reaching a broader audience.

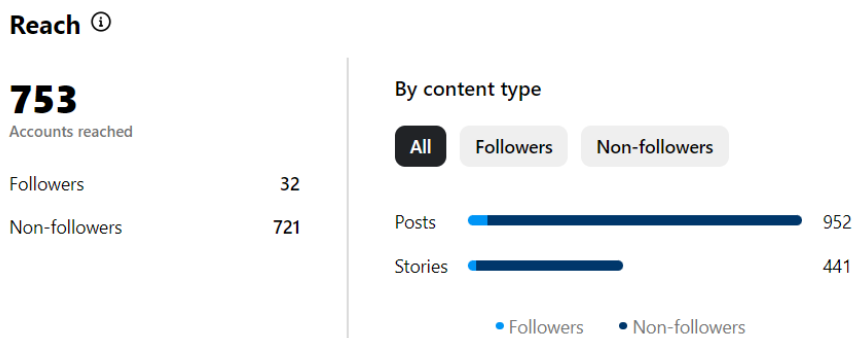


Figure 4. Instagram's Interaction Number



Figure 5. Google Business's Interaction Number

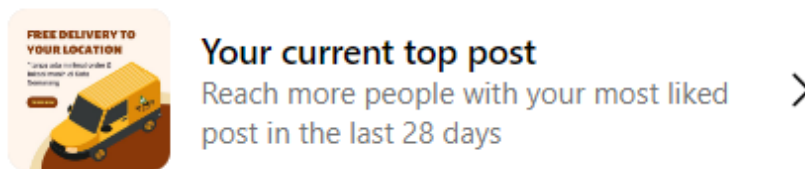


Figure 6. Free Ongkir Content in Instagram

B. Process Innovation in Human Resource: Family Contribution and Engagement Have Been, and Always Will Be, The Backbone of Any Successful Family Business

Persewaan Tenda dan Alat Pesta Al-Hadi is a family business founded in 2012. Although human resources play a critical role in the success of any business, many family-owned companies need to pay more attention to HR management (Robert G Brody & Katherine M Bogard, 2019). Persewaan Tenda dan Alat Pesta Al-Hadi exemplifies this condition. Before the pandemic, they needed a more evident organizational structure. The owner-managed business operations and held all decision-making authority, ensuring the business ran smoothly. Besides the owner, the company employed four tent artisans, with additional family members assisting with administrative tasks as needed. This scenario aligns with Robert G Brody & Katherine M Bogard, 2019, observation that family members often assist with tasks as required in small businesses.

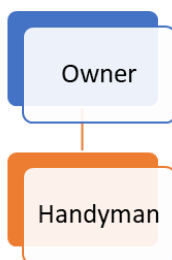


Figure 7. Structure Organization Before Pandemic

During the pandemic, this informal structure caused problems when the owner, lacking survival strategies, lost two artisans who decided to change careers. Post-pandemic, the owner recognized the need for a clear organizational structure and greater involvement from family members. The roles were clearly defined, with responsibilities divided among day-to-day operations, finance, and marketing. Establishing this structure made the business more organized and manageable. Each family member now understands their responsibilities and those of their colleagues, leading to a more efficient and effective operation (Steve Booth, 2024).

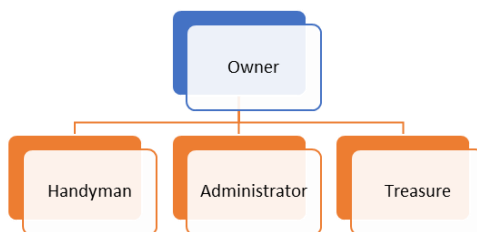


Figure 8. Structure Organization After Pandemic

C. Product Innovation in Operation: What makes the customer loyal is the quality of those goods or services Sales

Businesses involve various processes to maintain consistent product and service quality while meeting customer expectations. At the core of operations management is transforming inputs into final products and services, which involves converting inputs such as raw materials into finished goods and services (Fiorentino, 2016). The ten operations management decisions are essential for managing and maintaining business operations, each playing a crucial role in business management.



Before the pandemic, Persewaan Tenda dan Alat Pesta Al-Hadi focused on delivering goods and services. A business can only thrive by offering valuable products or services to consumers. Therefore, the owner concentrated on identifying unique products or services to gain a competitive edge. The specialty of Persewaan Tenda dan Alat Pesta Al-Hadi is Tenda Lengkung, a product not widely offered by other businesses. After the pandemic, the owner shifted their focus to quality management, recognizing the importance of retaining and attracting customers. This strategy focuses on customers and improving product quality into actions. While well-designed goods or services may initially attract consumers, quality ensures their loyalty. Innovation can enhance product quality, but involving consumers in the process is equally important. To win customers' hearts, MSMEs must meet their needs, which is achieved through high product quality. Superior product quality fosters brand awareness and leads to repeat purchases, as consumers perceive it as beneficial (Dina Lusianti et al., 2023). Following this realization, the owner discovered that good product condition is crucial for customer satisfaction. Consequently, they repaired all products that needed to be in optimal condition, ensuring that everything offered was high quality.

CONCLUSION

The implementation of innovation strategies has proven to be a critical factor in the success of MSMEs, particularly in the case of "Persewaan Tenda dan Alat Pesta Al-Hadi," a tent and party equipment rental business in Semarang, which faced significant challenges due to the COVID-19 pandemic. The business, which primarily relied on traditional marketing methods and a simple organizational structure, adopted various innovative strategies post-pandemic that significantly contributed to its sales recovery. The successful application of service, process, and product innovations demonstrated how small businesses could pivot and adapt in the face of adversity, ensuring their survival and growth in a competitive market.

The first key innovation implemented was in marketing, where "Persewaan Tenda dan Alat Pesta Al-Hadi" embraced social media platforms, such as Instagram and Google Business, to increase brand awareness and engage with customers. This service innovation was pivotal in expanding their reach beyond traditional word-of-mouth methods, allowing them to promote their products and services effectively. Additionally, introducing promotional strategies, such as free shipping offers, successfully attracted a wider audience and boosted sales. These marketing innovations reflected the growing need for MSMEs to integrate digital tools into their business models, especially after the pandemic forced a shift toward online interactions.

Another significant innovation occurred in human resources, where the business restructured its organizational processes. The family-run business, which had initially lacked a clear hierarchy, implemented a more structured approach to managing roles and responsibilities. This process innovation helped the company run more efficiently, improving internal communication and overall operations. Finally, product innovation focuses on enhancing the rental equipment's quality and ensuring customer satisfaction and loyalty. By addressing product quality, the business retained existing customers and attracted new ones, ultimately increasing sales. These combined innovations in marketing, human resources, and product operations allowed the business to thrive after the pandemic, showcasing the importance of strategic adaptation in a rapidly changing environment.

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