

Business Resilience in the Digital Transformation Era

**Haedar Akib¹, Nuril Furkan², Sumarno³, Ahmad Budidarma⁴, Rudi Salam⁵,
Syamsul Hadi⁶**

^{1,5} Department of Administrative Science, Universitas Negeri Makassar, South Sulawesi,
Indonesia

² Universitas PGRI Palembang, South Sumatra, Indonesia

^{3,4,6} Direktorat Guru Pendidikan Menengah dan Pendidikan Khusus Kementerian Pendidikan,
Kebudayaan, Riset, dan Teknologi, Indonesia

Email: haedarakib@unm.ac.id



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ABSTRACT

During and after the pandemic, digital transformation is the driving force behind organizations' business resilience. In addition, continuous innovation should be encouraged. Business resilience is a firm's capacity to forecast, plan, respond and adapt to change in order to survive. Business resilience must be supported by digital transformation, one of the breakthroughs that can jump-start an entire organization. The interrelated factors include dynamic capabilities, technological capabilities, agile leadership, innovative ambidexterity, and knowledge stock.

Keywords: Business Resilience; Digital Transformation; Innovation

INTRODUCTION

In 2019 the world was hit by the COVID-19 pandemic crisis (Budd et al., 2020; Chen et al., 2022; Piccarozzi & Aquilani, 2022; Zhou et al., 2022). Most business chains have had a tremendous impact (Abu Bakar et al., 2017; Campbell & Park, 2017; Das, 2018; Fraser & Olsen, 2002). The impact obtained by the world community, not only during the pandemic, but also post-pandemic. Therefore, a strategy is needed to provide the best solution, so that the business that is run can run well. The COVID-19 pandemic has shown that no business is 100 percent resilient, but that businesses powered by digital technology will become more resilient and more capable of transformation when faced with mass structural changes (Seo, 2022; Suprianto et al., 2020; Valensis). , 2020).

Things that must be a concern throughout the business are expected to be able to survive and be able to continue the business well (Holling, 1973; Nicola & Benaben, 2018; Thomas & Rony, 2022). However, during the pandemic, many businesses, especially small, medium and large businesses, experienced losses or went bankrupt. Therefore, business resilience is needed as

the right solution in responding to these challenges (Campos, 2016; Soroka et al., 2020; Tibay et al., 2018). Business resilience is the ability of an organization to anticipate, prepare, respond, and adapt to change in order to survive (Campos, 2016; Duchek, 2020; Huiskamp et al., 2022; Varona, 2017). Resilient organizations are able to adapt and thrive in a changing environment (Tibay et al., 2018).

Researchers have conducted research related to business resilience in each sector. Likewise, research conducted in the United States has conducted research on 5800 small companies. As a result of the pandemic, 43 percent of businesses have closed (Bartik, 2020). All over the world have made strategic efforts to overcome these problems. The strategic effort that has become the focus of attention to survive in the business world, even though the whole community cannot move outside the home, is the use of the internet. According to Kotarba (2018), one of the efforts made in the resilience business is that it must be supported by digital transformation which is one of the innovations that can jump-start the entire business. This solution has become the focus of attention by experts and changed the mindset of the world community.

Supporting Factors of Business Resilience

Efforts to help companies become Business Resilience require several factors that are able to provide solutions related to global problems that plague society (Fachrunnisa et al., 2020). According to...there are several solutions that can increase the business resilience of a company, namely dynamic capability, agile leadership, and innovation ambidexterity. In addition, other opinions provide solutions by adding digital transformation as a very important factor in the pandemic and post-pandemic era. Technological capabilities can help exploit organizational innovation to support Business Resilience. Meanwhile, according to Aldianto et al. (2021) suggests that there are several interrelated factors such as: dynamic capability, technology capability, agile leadership, innovation ambidexterity, knowledge stock (figure 1).

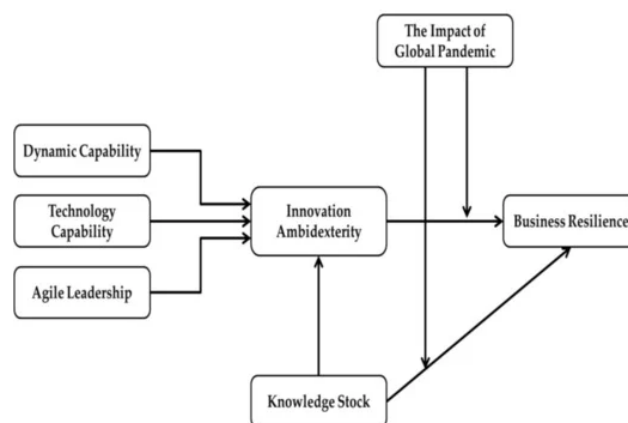


Figure 1 Supporting Factors of Business Resilience (Aldianto et al., 2021)

Organizational resilience must be increased through digital transformation, but this does not require companies to give up their resources and expertise. With the reason that they will

maintain their initial advantage, they must strengthen their ability to adapt to the new environment (Nwankpa, 2016).

Innovation is another important element that enables enterprises to be resilient with digital transformation. According to research by Zang, et al. (2021), there is a relationship between firm resilience and innovation literature. Innovation is now a necessity and not an option. According to Haris Izmee, President Director of Microsoft Indonesia, "Recent crises have been observed driving transformation across the region, and companies must put innovation capacity into their core, to recover." "Initially, the aim of this study was to better understand the relationship between innovation culture and organizational development. But now, we understand that having a mature culture of innovation means having the resilience and fortitude to weather economic shocks and recover beyond just achieving growth.

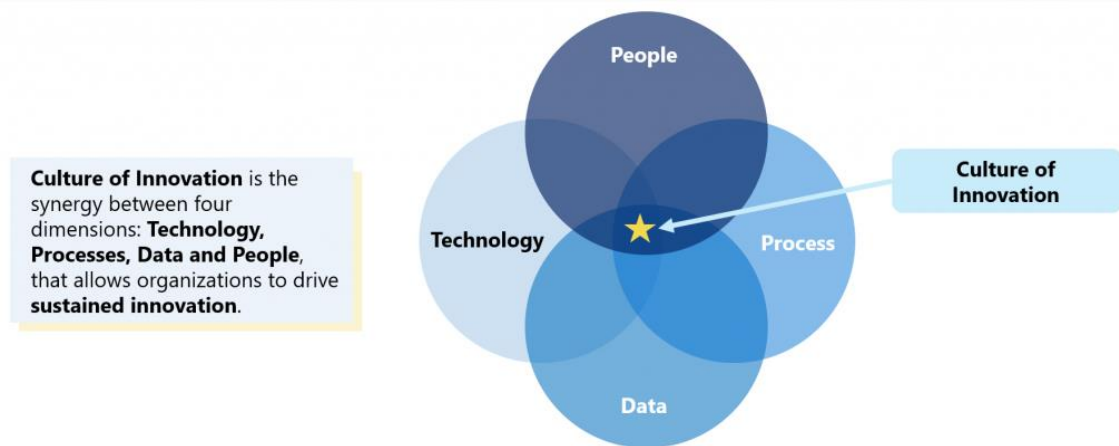


Figure 2. Innovation culture framework

In figure 2. This study introduces the innovation culture framework, which records an organization's approach to innovation. Through research, the maturity of an organization is mapped into four dimensions -HR, process, data, and technology. As a result, organizations were grouped into four stages – traditionalists (stage 1), startups (stage 2), adapters (stage 3) and leaders (stage 4). Leaders consist of the most mature organizations in building a culture of innovation. The study found that within six months, 19% of organizations in Indonesia had a mature innovation culture, an indication that they have improved their ability to innovate. In comparison, organizations in Asia Pacific experienced an 11% growth in innovation culture readiness.

People and technology are considered the weakest dimensions of the innovation culture framework for organizations in Indonesia. When asked about their priorities for the next 12 months, they stated that the priority was on human resources (22%) and technology (45%) as the most important parts for business resilience and recovery. "It is heartening to see business leaders in Indonesia realize that a focus on human resources and culture, in addition to technology, is critical to driving sustainable innovation and realizing digital transformation ambitions," continued Haris Izmee. "Achieving success in digital transformation requires the adoption of tools and technology and the capabilities of employees themselves – what we call technology intensity – a critical component of a culture of innovation."

As an embodiment of Microsoft's mission to encourage the empowerment of every person and organization in the world to achieve more, the Microsoft Cloud Innovation Summit 2020 presents high-ranking officials from leading companies in Indonesia such as Angkasa Pura I,

Astra International, Bank Mandiri, Bluebird, Bukalapak, Indonesia Stock Exchange, JNE , Kalbe Farma, Kino, Pertamina, SOHO, XL Axiata, industry associations, and other Microsoft partners to discuss the importance of a culture of innovation to encourage business resilience and economic recovery after the COVID-19 pandemic.

Relationship of Business Resilience with Digital Transformation

The business environment has a dynamic and unpredictable footprint, due to the accelerated evolution of digitization, organizations strive to turn any risk of resilience into profit (Farooq et al., 2017; Winn, 2013). The relationship between business resilience and digital transformation has been supported by various references every year. The data was obtained from the scientificdirect.com database accessed in 2022 with the keyword business resilience. For clarity, the number of publications on business resilience is presented in Figure 3.



Figure 3. Publication Trends on Business Resilience supporting Digital Transformation (Trifan et al., 2022).

By numbers, interest in this topic increased from 2016, with the number of articles published as many as 2177, doubling in 2020 with 4032 papers and then in 2021 tripled, with 6147 publications. Obviously, the sanitation crisis is increasing the interest of researchers and organizations to scale up business and turn it into a resilient business. To identify the main factors influencing business resilience in the context of digital transformation, 100 scientific papers were considered, as listed in Table no.1. Therefore, three suitable organizational sectors were identified and assessed as follows: firm characteristics (1), business environment (2) and entrepreneurial characteristics (3). After assessing each sector of the organization, we identify the fit between the identified influencing factors and the sector of the organization.

Creating resilience with the help of digital transformation presupposes balancing short-term needs with realizing long-term opportunities (Bond et al., 2018; Li, 2016; Nambisan et al., 2019; Reis et al., 2018; Zaki, 2019). There are various opinions in the scientific literature regarding the effect of digital transformation on business resilience. Organizations should review IT systems for capacity and security; indeed, online meetings are a great way to gain time and

energy, but behind that, there is a need for good remote hardware and software audits to ensure an unrestricted period of work from home (Hanelt et al., 2021; Lewrick et al. al., 2018; Singh & Hess, 2020). Also, businesses should consider automating routine tasks to get increased productivity. Therefore, cybersecurity risks should also be considered and invested in them, as data confidentiality decreases in terms of security, due to remote work.

CONCLUSION

During the pandemic and post-pandemic digital transformation is the spearhead in realizing business resilience in the organization. Apart from that, continuous innovation must be supported. Business resilience is an organization's ability to anticipate, prepare, respond, and adapt to change in order to survive. business resilience must be supported by digital transformation, which is one of the innovations that can jump-start the entire business. interrelated factors such as: dynamic capability, technology capability, agile leadership, innovation ambidexterity, knowledge stock.

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