



# Building socioeconomic resilience through an organizational culture approach: Lesson learned from the COVID-19 pandemic

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## ABSTRACT

Economic crises or shocks have become commonly encountered phenomena due to the competitive business environment and regional strategic changes. This situation requires business organizations and economic entities to strengthen their internal systems and organizational culture to demonstrate resilience, enabling them to survive and take recovery actions promptly. The COVID-19 pandemic demonstrates the collaboration between government, society, and economic actors to save lives, prevent the spread of the virus, and promote economic activity. This article explains how to build socioeconomic resilience through an organizational culture approach. Organizational resilience is built through long processes and time; and succeeds through challenges and adversity, so that the organization performs sustainability and resilience. Organizational resilience is significantly influenced by foresight, a flexible culture, networking, and the involvement of human resources in driving innovation. Essential points reviewed include the role of human resource competency, leadership, social capital, and related issues of diversity, equity, and inclusion (DEI). These points demonstrate how organizational culture enhances human-centered activities at all stages of the organization's development.

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## INTRODUCTION

The development of human life continues alongside modernization and economic progress. Economic activities work to meet the demands and needs of consumption and industry in many sectors. Technological developments, especially information and communication significantly help and speed up processes, technology, and business management in various economic activities. This enhances the efficiency and competitiveness of economic life and businesses, leading to competitive advantages.

On the other hand, economic activity is also influenced by social, political, monetary, and regional

development situations. It is well known that the emergence of economic issues or conflicts in one region will have interactions and impacts on other regions, producing multiple impacts on other economic sectors and social factors. It is important to oversee and calculate the potential implications and impact on economic life. Every economic actor must be able to see the multidimensional impact of every development that occurs and must strive for business excellence and sustainability. In certain situations, due to a crisis or an unfavorable business climate, some economic actors can survive and maintain sustainability, while others may fail and suffer losses.

It's important to view a crisis as a learning experience for everyone involved, including businesses, the government, and society as a whole. Businesses aim to create strong internal systems and organizational cultures that will enable them to be resilient in the face of a crisis, allowing them to recover quickly and minimize the impact. The government also plays a role by developing emergency response policies to address the effects of a crisis, aiding in the quick recovery of economic and social activities to normal levels.

Resilience can be simply defined as the ability of human institutions to adapt to change (Horne et al., 1999). Economic resilience refers to the ability of the economy as a whole to overcome, recover, and rebuild following a crisis or shock. This term also encompasses economic resilience at the household or company level, referring to their capacity to withstand and recover from shocks and adapt to changes in the economic environment.

## LESSON LEARNED FROM THE COVID-19 PANDEMIC

During the COVID-19 pandemic, valuable lessons were learned about society's socioeconomic resilience in facing the crisis caused by the transmission of the virus. The pandemic has led to the paralysis or halt of most social and economic activities. In developed countries, lockdown measures implemented from April 2020 to May 2021 aimed to stop the spread of the virus, resulting in the cessation of all social and economic activities. Consequently, individuals had to carry out their activities at home or work from home, leading to the immobilization of production and distribution of economic activities.

In Indonesia, the spread of the virus was controlled selectively and limitedly through the policy of Implementing Restrictions on Community Activities (PPKM). PPKM does not stop economic activity completely but adjusts to the level of virus spread in a given area. In areas where the virus is spreading rapidly, restrictions on community mobility are implemented, while in areas where cases are decreasing, economic activity is allowed to proceed more freely.

The national economic growth data shows that in 2020, the pandemic resulted in a negative economic growth of -2.51%. The quarterly growth rates were 3.18% (QI), -5.25% (QII), -3.41% (QIII), and -2.44%

(QIV). However, in 2021 and 2022, the economy showed signs of recovery, growing positively at 3.70% and 5.31% respectively (BPS, 2023). The World Bank has recognized Indonesia's relatively fast economic recovery compared to other countries and has categorized Indonesia as capable of managing the pandemic well.

Managing the economy during and after the pandemic has been challenging. Indonesia's vast geography, diverse socioeconomic characteristics, and population mobility have greatly influenced pandemic response measures and have had a significant impact on the economy.

Figure 1 displays the quarterly economic growth (year-on-year) in several provinces in Java, Bali, and Nusa Tenggara. Most provinces experienced economic contraction or negative growth rates, especially from the second quarter (QII) of 2020 to the first quarter (QI) of 2021. However, the economy quickly recovered after this period.

Bali province was the most severely impacted during the pandemic due to its reliance on international tourism. It experienced an economic contraction of -12% in the third (QIII) and fourth (QIV) quarters. In contrast, the Yogyakarta Special Region (DI Yogyakarta, DIY) province showed better economic resilience than other regions. In 2020, DIY only experienced contraction in QII, QIII, and QIV, with rates of -6.86%, -2.95%, and -0.68%. In QI 2022, the DIY economy fully recovered with a growth rate of 5.83%.

Figure 1 illustrates the economic resilience of each province following the pandemic. This has sparked discussions about the factors influencing resilience based on the community's socioeconomic characteristics and other variables. DIY Province has shown remarkable synergy between its society, government, and economic actors, enabling it to swiftly recover from the pandemic. In recognition of its efforts, it was awarded the PPKM Award in 2023. According to Wattimena et al. (2021), the DIY government has adopted an agile public administration paradigm, necessitating the swift and meticulous formulation of public policy innovations to shield society from the pandemic's impact. The Department of Agriculture and Food Security (DPKP) has played a crucial role in bolstering DIY Province's resilience by introducing innovative approaches to food production, consumption, and distribution.

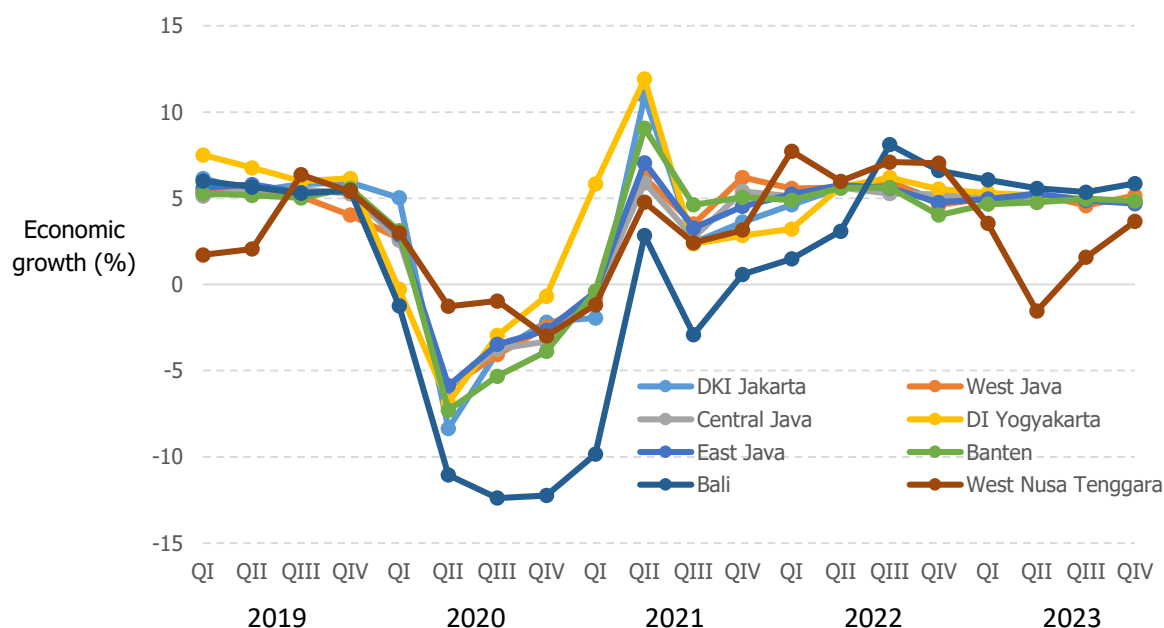


Figure 1. Quarterly economic growth (y-o-y) of various selected provinces, 2019-2023 (BPS, 2024)

During the pandemic, many countries implemented lockdown policies, such as closing airports, to prevent the spread of the virus. Bali Province, heavily reliant on foreign tourism, suffered severe economic losses. The COVID-19 pandemic led to a drastic drop in hotel occupancy rates and employment (Aprilianti & Utama, 2024). The government's efforts to implement social restrictions initially had a psychological impact and caused conflict. However, these efforts ended up creating a conducive and orderly atmosphere among tourism actors (Dewi et al., 2023). Gradual efforts to recover tourism activities are yielding real results by relying on domestic tourists (Putra et al., 2021). A study by Darmayanti & Budarsa (2021) shows that Balinese women play a crucial role in ensuring family economic resilience during the pandemic, especially when their husbands may have lost their jobs. Engaging in activities such as running a food stall can help meet the family's financial needs.

The pandemic has taught valuable lessons for tourism in Bali. There has been a noticeable shift in the behavior and habits of the community, tourism industry, and visitors. People now understand the importance of following health protocols and preventing the spread of COVID-19 through steps like

washing hands, wearing masks, and maintaining distance, as well as adhering to CHSE guidelines (cleanliness, health, safety, and environment). The government has played a crucial role in dynamically setting tourism policies by adjusting PPKM restrictions to ensure the economy continues to operate and grow. These measures have contributed to a relatively quick recovery (Purwahita et al., 2021).

## BUILDING SOCIOECONOMIC RESILIENCE

Economic resilience involves the ability to adapt to change and recover from economic challenges. Within an organization, its culture plays a significant role in determining its resilience to environmental changes, reducing risks, and ensuring sustainability (Schein, 2010). Organizational resilience is developed over time, as the organization successfully navigates through challenges and difficulties. The role of organizational culture is crucial in fostering sustainability and resilience (Sakikawa, 2022). Anticipatory abilities, adaptive culture, networking, and human resource involvement all contribute to building organizational resilience (Şengül et al., 2019).

Organizational culture encompasses a set of values, beliefs, attitudes, systems, and rules that shape employee behavior. Consistent and authentic

behavior is key to establishing and maintaining organizational culture, allowing the organization to empower and revive itself (Wong, 2023). Social relations within organizational culture are based on the shared goal of productivity and welfare, and are tested by various challenges and shocks over time. Furthermore, organizational culture can help reduce risks and recover from environmental changes to ensure sustainability (Sakikawa, 2022; Schein, 2010; Su et al., 2023).

The crisis has offered valuable lessons for government, corporate, and community organizations. It has become apparent that the business environment is constantly changing and there is intense competition in meeting customer needs. As a result, organizations are aiming to establish robust internal systems and organizational culture in order to be resilient. This resilience enables them to manage the impact and recover quickly when a crisis occurs. The following outlines some key elements for developing socioeconomic resilience through an organizational culture approach.

**First**, human resource competency. Organizations that are focused on advancement prioritize the development of human resource competencies to help employees reach their full potential. This enables the human resources to foster effective communication and social relations within a team framework, leading to innovative solutions for anticipating and adapting to environmental changes. During a crisis, there is a collective understanding of the immense costs and losses incurred, motivating efforts to apply innovations and develop empathy to navigate through the crisis.

A study by Jaka, Wahyuni, & Sutyarjoko (2022) demonstrates that innovative capabilities can be instrumental in taking strategic steps to survive a crisis and gain a competitive advantage to keep pace with changes. Economic entities are embracing digitalization to reinforce their businesses and to enhance their content marketing and branding strategies (Aydogan et al., 2023; Megawati, 2022).

Simultaneously, social engineering innovations highlight how organizational culture places focus on people-centered work. Social institutions, individuals, and community groups are actively supporting affected families and adhering to the government's social distancing program (Nugroho et al., 2024).

**Second**, leadership. Organizational resilience and health require a strategic leadership profile to confront environmental business uncertainty and change (Ho et

al., 2023). A resilient organizational culture teaches leaders to notice and respond to change appropriately. Leadership transforms human values and dares to make decisions to save people and address crises, including implementing and adjusting social distancing to fulfill health goals and economic activity. Organizational culture, with its character and values, will be able to overcome crises, exhibit resilience, and quickly recover the situation towards sustainability (Nugroho et al., 2021).

The success of the DIY province in managing the 2020 crisis caused by the pandemic explains how leadership at various levels built collaboration and took strategic steps to protect society from the impact of the pandemic and ensure food security. Public leadership can communicate agile government (Muttaqin & Permatasari, 2023), namely the ability of government organizations to respond quickly to meet the demands and needs of society during the pandemic.

**Third**, social capital. A strong organizational culture reflects the social capital within the organization, demonstrated by strong cohesion, networking, and trust. This motivates all human resources at various levels to perform their functions well, leading to innovation (Wang et al., 2017) and strengthening the organization (Nugroho, 2013). Faeni et al. (2023) argue that social capital and the role of human resources are crucial for the success of business ventures during a pandemic and for achieving faster economic recovery. Furthermore, social capital is developed through networks or online media, which can support communication to prevent pandemics and facilitate economic transactions (Nugroho, 2020).

Cohesion and networking represent the connections of influence and dependence between stakeholders, working together to revive the economy from a crisis. Synergy involves managing potential conflicts so that they do not hinder collaboration in economic recovery efforts (Handayani et al., 2022). Collaboration will have the effect of increasing resilience when change or crisis occurs, and organizations can swiftly recover by utilizing networking (Kim et al., 2021). Trust encourages all parties to express themselves, rely on, and support each other to generate ideas and innovations in anticipation of change (Pučetaité et al., 2015).

**Fourth**, diversity, equity and inclusion (DEI). DEI initiatives help to raise awareness, promote positive

changes in attitudes and behavior, and foster an organizational culture that values diversity and inclusivity. By doing so, these initiatives aim to prevent discriminatory practices and ethical violations. DEI creates an environment where employees can feel motivated, appreciated, and happy, leading to greater involvement and accountability, and ultimately spurring innovation and solutions. Furthermore, DEI also helps organizations become more aware of their social responsibilities (Saxena et al., 2023).

DEI serves as an inspiration for the ethical development of people-centered organizations. It is no surprise that businesses that adhere to DEI standards experience progress and excellence, thus displaying organizational resilience. The collective awareness prompted by the pandemic has highlighted the importance of breaking down barriers between different groups, as everyone seeks to contribute their best efforts to safeguard humanity from the pandemic.

DEI has emerged as a relatively new issue, and it needs to be integrated into organizations through various activities or training. According to Luthia, Rao, & Tripathi (2023), DEI training often triggers a more emotional response than other types of training. This training promotes collaboration and fosters the generation of new ideas or innovations. DEI training is crucial for fostering a workplace that values diverse perspectives and life experiences. It focuses on establishing individual values, diverse views, and perceptions that influence behavior and interpersonal relationships. This type of training not only ensures compliance but also contributes to creating a more inclusive work environment. Training materials cover safety protocols, anti-discrimination policies, harassment prevention, and data security procedures.

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