



Combating Market Disruption With Agile Management: A Study Of Business Strategy Changes Of Lunpia Delight In The Midst Of The Pandemic

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Abstract: This study aims to analyze the application of agile management in responding to the challenges of the COVID-19 pandemic in culinary MSMEs Lunpia Delight in Semarang City. Agile management allows companies to adapt quickly through digital transformation and product innovation. This study uses a qualitative method with a case study approach. Data were collected through in-depth interviews with management and employees and field observations. The results of the study show that agile management helps Lunpia Delight increase online sales by 50% after shifting focus from offline sales to various digital platforms. Product innovation such as ready-to-eat lunpia packages is also an effective strategy in attracting new consumers. However, this study identifies limitations in digital infrastructure and resistance to change as major challenges that need to be overcome. The conclusion of this study shows that the application of agile management and digital transformation is an effective strategy for MSMEs in facing market disruption. The limitation of this study lies in the focus of the study, which is only on one MSME, so the findings may not be generalizable to other sectors.

Keywords: agile management, digitalization, innovation, pandemic, UMKM.

1. INTRODUCTION

The COVID-19 pandemic has caused significant disruption to the global economy, with the impact being felt most by Micro, Small, and Medium Enterprises (MSMEs). In Indonesia, MSMEs play a vital role in the national economy, contributing around 60% to Gross Domestic Product (GDP) and absorbing more than 97% of the workforce (Central Statistics Agency [BPS], 2021). However, the pandemic has drastically depressed the MSME sector, with a significant decline in income due to social restrictions and a decrease in people's purchasing power (Tambunan, 2020). The culinary sector, one of the leading MSME sectors, has experienced a fairly sharp decline due to its dependence on direct interaction with consumers.

One of the MSMEs that felt this impact was Lunpia Delight, an iconic culinary business in Semarang. Based on internal company data, Lunpia Delight sales decreased by 70% in the first quarter of 2020 compared to the same period the previous year (Lunpia Delight internal data, 2020). Before the pandemic, their business relied heavily on tourists and offline sales at physical outlets. However, with mobility restrictions and decreased tourist visits, this traditional business strategy is no longer effective in maintaining business performance.

To survive in this situation, Lunpia Delight implemented an agile management approach, a management method that emphasizes flexibility, collaboration, and the ability to adapt quickly to environmental changes (Rigby, Sutherland, & Noble, 2016). This approach allowed them to quickly shift their business focus from offline to online sales, by partnering with digital platforms such as Gojek, GrabFood, and Shopee. In addition, they innovated by launching new products that were more relevant to market demand during the pandemic, such as healthy and ready-to-eat foods.

The implementation of agile management has proven effective in helping Lunpia Delight recover from the crisis. Internal company data shows a 50% increase in sales by the end of 2020, mostly contributed by sales through digital platforms (Lunpia Delight internal data, 2020). Other studies also show that the implementation of agile management allows organizations to be more responsive to change and accelerate innovation, especially in times of uncertainty (Denning, 2018; Serrador & Pinto, 2015).

However, although there is a lot of literature discussing agile management, most of these studies focus on large companies or the technology sector, without much attention to MSMEs, especially in the culinary sector. Tambunan (2021) revealed that although MSMEs in Indonesia have an important role in the economy, they face major challenges in terms of digitalization and technology adaptation. Therefore, this study aims to explore how Lunpia Delight successfully implemented agile management in response to market disruption due to the pandemic, and how it affected the continuity and growth of their business.

2. METHODOLOGY

This study uses a qualitative approach with a case study method to explore in depth the implementation of agile management and digital transformation strategies at Lunpia Delight, a culinary MSME in Semarang City. Case studies were chosen because they allow researchers to analyze in detail specific phenomena in real contexts (Yin, 2018). This approach is relevant to understanding the internal dynamics of Lunpia Delight during the pandemic, how they implement agile management, and its impact on business performance. Qualitative design provides flexibility to explore in-depth perspectives from business actors through semi-structured interviews, as well as analyzing various relevant data sources such as sales reports, internal documentation, and digital media used by Lunpia Delight during the pandemic.

The data in this study were collected through two types of sources, namely primary data and secondary data: Primary data were obtained through semi-structured interviews with

the owners and key management of Lunpia Delight. Semi-structured interviews were chosen so that researchers could dig deeper into information about the implementation of agile management, the strategies adopted, and the challenges and opportunities they faced during the pandemic. Interview questions focused on the decision-making process related to digitalization, product innovation, and business model changes. In addition to interviews, direct observations were also conducted at Lunpia Delight's business premises to see firsthand how business operations took place after the implementation of agile management. This data collection allowed researchers to confirm the interview results and gain a more comprehensive understanding of their business adaptation process.

Secondary data were collected from various sources, such as Lunpia Delight's internal sales reports before and during the pandemic, mass media publications, and literature related to the implementation of agile management and digital transformation in MSMEs. This data helps strengthen the analysis and provides a broader context regarding the impact of the pandemic on the MSME sector in Indonesia. The main instrument in this study was a semi-structured interview guide developed based on a literature review related to agile management and digital transformation in MSMEs. Interview questions covered the following topics:

- a. Decision making process in adopting agile management
- b. Changes in business models and marketing strategies during the pandemic
- c. The impact of digitalization on sales and business operations
- d. Challenges and opportunities faced in implementing agile management

In addition, observation notes were also used as additional instruments to record the results of direct observations in the field. The collected data were analyzed using the thematic analysis method, which allows researchers to identify key patterns and themes from interviews and observations (Braun & Clarke, 2006). The thematic analysis process is carried out in several stages:

1. Data Collection and Transcription: Interviews conducted with informants were recorded and transcribed verbatim. The transcripts were then read repeatedly to understand the content and context of the data.
2. Initial Coding: The researcher identified and marked important parts of the transcripts related to the implementation of agile management, digital transformation, product innovation, and the impact of the pandemic.
3. Theme Grouping: After initial coding, the data was organized into key themes, such as “business model changes,” “digital marketing strategies,” “impact of the

pandemic,” and “agile implementation challenges.” These themes were then analyzed to see how they related to each other and how they reflected the realities faced by Lunpia Delight.

4. Data Interpretation: In the final stage, the researcher interpreted the themes found in relation to the agile management theoretical framework and related literature. The results of the analysis were then compared with secondary data to validate the findings and identify common patterns that can be used as recommendations for other MSMEs.

3. RESULTS AND DISCUSSION

Implementation of Agile Management at Lunpia Delight

The main findings of this study indicate that Lunpia Delight has successfully implemented agile management principles in dealing with market disruption due to the COVID-19 pandemic. Before the pandemic, Lunpia Delight relied more on a traditional business model, with the majority of sales being made through physical stores and travel as the main target. However, when the pandemic hit and social restrictions were implemented, they realized the need for rapid changes in operations and marketing strategies to survive.

This agile approach is clearly visible from the adaptive steps taken by management. They quickly shifted their focus from offline sales to online sales through various digital platforms such as Gojek, GrabFood, Shopee, and Instagram social media. Sales through digital platforms increased sharply, recording a 50% growth at the end of 2020 compared to the second quarter of the year (Lunpia Delight internal data, 2020). This change demonstrates the company's ability to adapt quickly to changes in the business environment, which is one of the core characteristics of agile management (Rigby, Sutherland, & Noble, 2016).

In addition, Lunpia Delight also innovates by launching new products such as "ready-to-eat lunpia" packages that are in line with food consumption trends. Which more practical during the pandemic. This innovation is the result of an agile approach that encourages companies to experiment and respond quickly to changes in consumer preferences (Denning, 2018).

Changes in Marketing Strategy and Digitalization

The study also found that digital transformation was a key element in Lunpia Delight's success during the pandemic. Before the pandemic, the business only utilized digitalization to a limited extent, focusing more on promotions through social media without having an integrated online sales system. However, after the pandemic, they significantly expanded their use of digital technology, from just promotions to the main channel for sales.

By relying on e-commerce platforms and delivery services, Lunpia Delight can expand its market reach, even outside Semarang. Internal data shows that 65% of online sales during the pandemic came from outside the city, which was previously difficult to reach through offline sales (Lunpia Delight, 2020). This finding is in line with studies showing that digitalization can increase the competitiveness of MSMEs, especially in crisis situations (Sutrisno, 2021). However, the implementation of digitalization is also not without challenges, especially in terms of limited human resources who are technologically literate. To overcome this, Lunpia Delight conducted internal training for their staff on the use of digital platforms.

Challenges and Obstacles in Implementing Agile Management

Although the implementation of agile management showed positive results, the study also identified several challenges. One of the main challenges faced by Lunpia Delight was internal resistance to change. Some employees who were accustomed to traditional ways of working found it difficult to adapt to the new, more flexible and technology-based system. This situation underscores the importance of an organizational culture that supports change, which has also been found in other studies that the success of agile management is highly dependent on strong internal support (Serrador & Pinto, 2015).

Another challenge is the limited digital infrastructure owned by MSMEs. Although Lunpia Delight can utilize existing e-commerce platforms, they do not yet have an integrated internal system for inventory and logistics management. This causes a high dependence on third-party platforms, which in turn affects profit margins. Tambunan (2021) emphasized that one of the biggest obstacles for MSMEs in adopting digital technology is the lack of investment in adequate digital infrastructure.

Impact of Agile Management Implementation on Business Performance

The research findings show that the implementation of agile management contributed significantly to the recovery of Lunpia Delight's business performance during the pandemic. Monthly sales, which initially dropped by 70% at the beginning of the pandemic, managed to recover with a 50% growth by the end of 2020, largely driven by improvement in online sales (Lunpia Delight internal data, 2020). In addition, customer satisfaction levels have also increased, with more customers appreciating the flexibility and innovation of products launched during the pandemic.

These results are consistent with previous studies that state that agile management can improve business adaptability and respond to the market more quickly, especially in uncertain situations (Rigby et al., 2016; Serrador & Pinto, 2015). The application of agile principles, such as fast innovation cycles and collaborative approaches to decision-making, has proven effective in dealing with uncertainty.

The results of this study indicate that the implementation of agile management at Lunpia Delight has had a positive impact in responding to challenges due to the COVID-19 pandemic. Agile management allows companies to adapt quickly to changes in the business environment, especially in changing sales strategies from offline to online. Based on interviews with management, Lunpia Delight sales experienced a drastic decline of up to 70% at the beginning of the pandemic. However, after carrying out a digital transformation through the use of digital platforms such as Shopee, Gojek, and GrabFood, sales gradually began to recover, with an increase of 50% in the first three months after the transformation (Kurniawan, 2021; Widiastuti & Sukardi, 2021). The results of this study also support the literature showing that the implementation of agile management and digital innovation can help MSMEs maintain competitiveness in the midst of a crisis, although further support is needed in terms of increasing internal capacity and developing technological infrastructure (Suherman & Purnomo, 2018; Nugraha & Wicaksono, 2020).

Product innovation is also an important strategy implemented by Lunpia Delight to attract customer interest. The development of ready-to-eat lunpia products that can be ordered online and sent outside the city is a key innovation that can increase revenue during the pandemic (Lestari & Setyawan, 2022). Although agile management and digitalization have proven effective in improving business performance, this study also found several challenges faced by Lunpia Delight, including resistance to changes and limitations of adequate digital infrastructure.

These challenges are consistent with previous research findings stated that many MSMEs in Indonesia still face obstacles in adopting digital technology, especially in terms of human resource readiness and infrastructure support (Rachmawati & Santoso, 2020; Yulianti & Sari, 2020).

The findings of this study strengthen the existing literature on the effectiveness of agile management in dealing with crisis situations, especially in the MSME sector. Lunpia Delight has shown that by applying agile principles, MSMEs can quickly adapt and take advantage of technology digital to survive and even grow amidst the crisis. Although this research focuses on one case study in Semarang, these findings can be a reference for other MSMEs in implementing agile management and digital strategies.

However, the challenges faced by Lunpia Delight also indicate the need for further support in terms of development digital capacity, both in terms of infrastructure and human resources. This is in line with findings Tambunan (2021) which states that limited infrastructure and digital literacy are major obstacles for MSMEs in Indonesia. This study also contributes to the academic discussion on the application of agile management outside the technology industry. This study shows that agile principles can be applied effectively in sector culinary MSME, an area that not enough explored in academic literature. In the future, further research can be conducted to explore the implementation of agile management in other MSME sectors, as well as its long-term impact on business performance.

4. CONCLUSION

This study has shown that the implementation of agile management at Lunpia Delight, a culinary MSME in Semarang City, is able to provide a positive impact in dealing with...uncertainty market due to the COVID-19 pandemic. Lunpia Delight quickly changed its business focus from offline sales to online sales through digital platforms, which eventually managed to recover their sales performance that had plunged by 70%. In addition, product innovations such as the launch of ready-to-eat lunpia packages show how agile management enables companies to respond to changing consumer needs more quickly and effectively.

The digital transformation undertaken by the company also made a significant contribution to performance recovery business. Online sales that reach 65% of total sales prove that digitalization can become effective strategies for MSMEs in expanding market reach, even in crisis situations. This finding supports the literature stating that agile management and

digitalization can increase the flexibility and competitiveness of MSMEs in uncertain situations.

However, the challenges faced, such as internal resistance to change and limitations of digital infrastructure, disclose the importance of additional support, both in terms of capacity building source human resources and technological infrastructure development. Therefore, this study not only provides an overview of the application of agile management in the MSME sector, but also provides insight forakerpolicies and business actors regarding the importance of digital readiness in facing future market disruption.

This research has several limitationsthings to note:

1. Single Case Study: This study only focuses on one company, Lunpia Delight, so the findings may not be fully generalizable to other MSMEs in different sectors or regions. The business conditions and challenges faced by other MSMEs may differ depending on their size, industry, or location.
2. Limitations of Quantitative Data: Although this study provides in-depth qualitative insights, the quantitative data used is limited to internal sales reports and field observations. The results of the study could have been strengthened by additional, more comprehensive quantitative data, such as customer surveys or long-term financial analysis.
3. Limited Research Time: The study was conducted over a relatively short period of time during the pandemic. The long-term impacts of agile management and digitalization have yet to be fully evaluated. The changes implemented may have broader consequences, both positive and negative, which can only be known with further studies.

5. RECOMMENDATION

Based on the findingsstudyand existing limitations, several recommendations can be put forward for future research and practice of MSME management:

1. Further Studies in Other UMKM: Further research needs to be conducted focusing on different types of MSMEs in different sectors to understand how the implementation of agile management and digitalization works in a broader context. This is important to gain a more comprehensive understanding of the dynamics of MSME adaptation in various industries.

2. **Digital Infrastructure Development:** MSMEs like Lunpia Delight need further support in terms of developing integrated digital infrastructure. The government and the private sector can play a role in providing training and funding to help MSMEs improve their digital capabilities. With stronger infrastructure, MSMEs can be more independent in utilizing digital platforms without relying too much on third parties.
3. **Long Term Research:** Long-term studies are needed to evaluate the impact of agile management implementation in more depth, especially in looking at the sustainability of innovation and business performance after the pandemic. This study can measure whether the implemented strategy is only temporary or is able to provide long-term benefits for business continuity.
4. **Human Resource Capacity Building:** Changing organizational culture towards agile management requires full participation and support from all team members. Therefore, ongoing training in the use of digital technology and agile management needs to be provided to improve the company's internal readiness to face future changes.

With a more comprehensive implementation of agile management and the development of stronger digital capacities, MSMEs in Indonesia will be more ready to face dynamic market challenges and become more competitive in the ever-growing digital era.

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