

## BUSINESS STRATEGY DURING COVID PANDEMIC EVENT: SURVIVAL PLANS OF INSTANT COFFEE MANUFACTURERS IN VIETNAM

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**Abstract:** In Vietnam, the covid situation started in the beginning of 2020 but not until May 2021, it severely impacts the country economically and socially. Some of the top instant coffee producers in Vietnam are struggling to calibrate their business decision-making to survive but others are taking advantage of the situation and fetch for opportunistic expansion. The theoretical framework initiates a global examination in the coffee industry to seek understandings through different business approaches from international organizations against the pandemic and determines dominant components succor firms to overcome adversities. Specifically, this study focuses on understanding the business strategies of Vietnam instant coffee manufacturers using business case study and unstructured interview. The result unveils that for the company survival plan categorizes into three directions: expanding, hibernating, and idling tactic. The paper suggests that during the pandemic event, the business decision-making highly relates to the degree of automation and liquidation. Furthermore, the study suggests that the decision of whether to embrace vertical or horizontal acquisition tactic during this period is a dependent variable with the magnitude of synchronization among the firm sub-business ecosystem. The study, hence, suggested instant coffee manufacturer to establish a set of backup plan in case of unexpected pandemic occasions by improving their automation degree and upgrading its liquidation channels.

**Key words:** Covid pandemic, business strategy, instant coffee.

DOI: 10.17512/pjms.2022.25.2.23

*Article history:*

*Received* March 11, 2022; *Revised* April 02, 2022; *Accepted* April 27, 2022

### Introduction

Coffee is considered the second most liquidated commodity in the world with an annual traded volume of around 166.06 million bags, or 10 million metric tons, at an average year-over-year growth rate of 0.5% to 1.0% (Lordemann et al., 2021). In which, Vietnam is the second-biggest coffee producer the world's No. 1 Robusta coffee producer. One of the coffee value-added products is instant coffee, or soluble coffee, which originated at the beginning of the twentieth century. Over the years, the instant coffee section has started gaining attention from coffee experts due to its attractive growth in global consumption as well as its enormous capacity for

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innovative exploration (Ai et al. 2021). Since the end of 2019, the COVID-19 pandemic has had a significant impact on the global economy and humans. Thus, many countries temporarily closed their borders and tightly controlled their economic activities. It is necessary for companies to have plans and strategies in place to handle both short-term and long-term issues in order to preserve operational efficiency in the face of external challenges. (Androniceanu, 2020) suggests that the governments of EU member states develop a unified and cohesive policy to avoid economic and social imbalances. According to Shannak (2012), the tricky relationship between strategic alignment and firm performance necessitates more research into intermediary variables that transform alignment into higher firm performance. Because of the epidemic's significant impact, many researchers are interested in learning more. Among them, the study by Cepel et al. (2020) on the influence of the COVID-19 crisis on SME entrepreneurs' perceptions regarding chosen business risks, with 822 respondents responding to business risks prior to the COVID-19 crisis and 680 responding during the COVID-19 crisis in the Czech and Slovak business environment. Maspul (2020) recognizes the impact of the pandemic on business and consumer shift that facilitates creative thinking as a key element to improving the resilience and operation of companies. In addition, the research by Alaattin Parlakkilic shows the same length of the agreement with Maspul by emphasizing the involvement of e-commerce instruments to capture the switch in buying behavior from consumers during the pandemic (PARLAKKILIÇ et al., 2020). The thesis from Kamarthi and Li (2020) approaches the need for building a resilience system for the manufacturing sector by fine-tuning the automation, system distance-friendly interface, digital security, and virtual reality. Although, the recent studies on the impact of The Covid-19 epidemic on the regional business funnels toward the change in upstream or technology involvement of the mid-stream segment, this study channels the academic contribution to the mid-stream business survival strategy within the Vietnam instant coffee sector by identifying the difficulties domestic the targeted producers during this period and seek answers for the main research question on:

Q1. What restrictions from the authorities directly impact the instant coffee manufacturing sector in Vietnam?

Q2. What strategies are adopted by the manufacturers?

Q3. What are the key drivers that initiate such firms to choose a particular strategy?

#### ***Covid situation in Vietnam***

Vietnam receives early Covid infected cases in the beginning of 2020 but not until middle of July 2021, the authority imposes heavier social distancing policies to counter the spike of Covid-19 cases. The restriction progresses quickly to a lock down of none-movement with exception only to those who are working in medical sector, food essentials, and Government security forces (Everstream, 2021). The regulations quickly expand to Binh Duong, Dong Nai, Long An where most of the instant coffee factories locates. Soon after, the new mandates impose to the manufacturing sectors governing the following highlights:

-“Three in one spot”: companies must organize the necessities for all employees to work, dine, and sleep at the same place where they work such as office, factory, or warehouse.

-“One route two locations”: as an alternative, companies may choose to rent specific occupations such as hotel, motel, or any rentable places and submit the plan to the municipal government for approval. If the authority approves, companies, at its own expense, are allowed to transport the workers back and forth between the workplace and such dedicated residence.

-As long as companies operate during the pandemic, they are required to perform covid-19 test on weekly basis for all employees with their own account.

Companies are required to select either the first or the second option in addition to the third highlights as mandatory. If any companies fail to comply, their business are legally discontinued until the covid restriction is lifted (Everstream, 2021).

### **Literature Review**

Since the Covid-19 breakouts, numerous researches are conducted to observe and analyze the economic impacts to the manufacturing zones. The overflowing bankruptcies are filed while the unemployment rate is spiking across the globe. The economic downturn causes many business segments to scan for a substantial subsidy from the Government to mitigate the short-term impact. In addition, business enthusiasts and analysts are focusing on building new strategies to cope with the dramatic changes in the new economic landscape.

According to Androniceanu (2020), the COVID-19 pandemic has had a significant impact on the global economy and humans. The author investigated the actions taken by the governments of European Union nations to manage this exceedingly tough scenario. The essay examines the European Union's and nations' collaboration in the context of the COVID-19 epidemic. The study's findings are valuable and intriguing to the governments of EU member countries, which require a cohesive and coordinated policy to minimize economic and social imbalances. The proposals in this paper can be a reference and inspiration for developing a cohesive plan for the quick economic and social recovery of EU institutions.

One of the earliest snapshot of the interconnection between coffee industry and the epidemic is published in the “A Brief Overview between Coffee and Covid-19 Pandemic” (Maspul, 2020). The article underscores the resilient ability as a crucial component for firms to operate in the uncertainty business prospect. As implied by Vargas and Rivera, immunity is the capability of a firm to encompass interruptions but still sustain its organizational constitution and functions fluently (Vargas & Rivera, 2019). In this period, the shift of coffee consumption from brick-to-mortar shops to either takeaway model or online private label products for direct home consumption seems to be the fitting makeover. Further engaging in the context, Maspul propounds that creativeness along with an understanding of customer behavior triggers firms to reach economic upswing at a minimum cost for physical investment (Maspul, 2020). This conceptual strategy well aligns with Parlakkiliç's

finding on Asian markets (PARLAKKILIÇ et al., 2020). Parlakkiliç agrees that since the outbreak, the ecommerce shopping channel is thriving exponentially especially in Asian markets where the modern payment foundation is already in practice such as credit cards, QR code exchange, digital wallets or electronic currencies (PARLAKKILIÇ et al., 2020). The publication by Sascha Kraus in 2020 raises attentions on the business strategy and risk management against the pandemic through the scope of family-oriented organization (Kraus et al., 2020). This article is designed and qualitatively measured to provide insights on how family-oriented firms in Europe facilitate and execute their strategies upon the short-term slump of business ecosystem. Especially during the Covid crisis, family-oriented firms are viewed to have a complete ownership of their financial ledger, thus more flexible in making decision in case there is a drastic supply and demand shift. The economic chaos in most of manufacturing section urge the academic scrutiny for propositions and recommendations. In this direction, Kamarthi and Li study channels to the business defensive strategy which is oiled by 4.0 industrial mechanism such as automating reliance, immersive communication, virtual interaction, human capital, digitalized physical equipment (Kamarthi & Li, 2020).

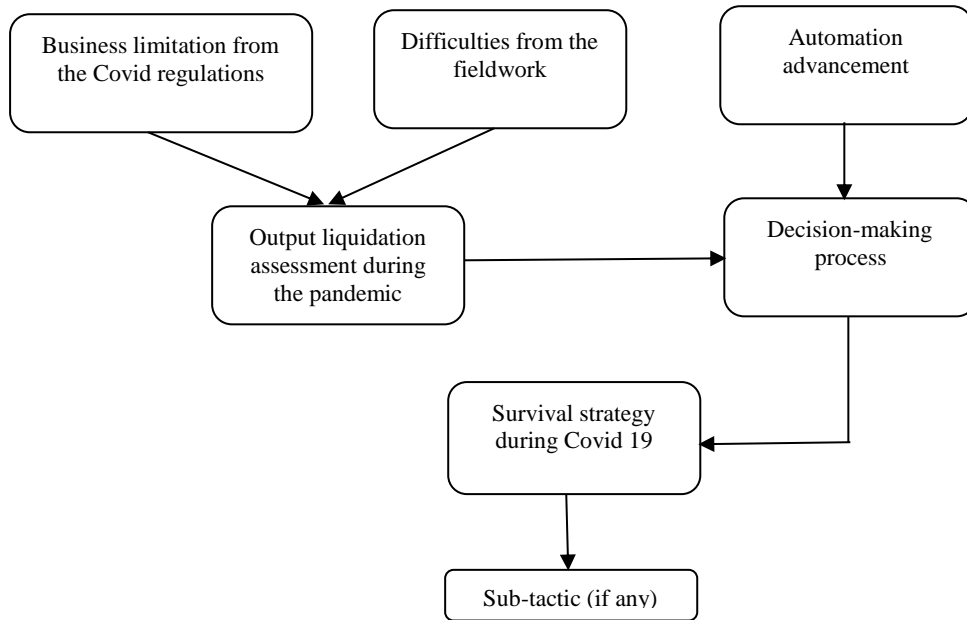
In general, only few research is funneled to instant coffee industry in which there is a deficit in academic field that channels to the strategy of the industry against the government restriction. This paper is expected to fill the gap by lightening three main pillars consisting of hibernating, idling, and expanding approaches by top instant coffee producer in Vietnam.

## **Research Methodology**

### ***Application method***

The authors use qualitative approaches to collect and analyze primary data. According to Ospina (2004) and Marišová et al. (2021), the benefit of this strategy is that it provides a richer and deeper description, such as knowing how and why. This approach is frequently used to investigate complicated and sensitive issues (Veal, 2011), such as management choices from the past, present, and even future, where quantitative tools are difficult to use. Furthermore, it is appropriate for reaching out to hard-to-reach groups such as corporate executives. Furthermore, unstructured interviews are one of the most successful methods for reaching goals (Qu and Dumay, 2011). El Ammar & Profiroiu (2020) and Androniceanu (2012) used a qualitative approach based on centered semi-structured interviews in their study. Valuable interview replies were obtained from the interviewee's experience by professionally relaxing and normalizing the atmosphere, decreasing defensive barriers, and encouraging transparency from individuals. Furthermore, unstructured or unstructured interviewing is a type of interview in which the interviewer does not prepare a precise set of questions but instead focuses on open-ended queries (Ryan et al., 2009). According to Widdowson (2011), the advantage of case studies in research techniques is the amount of information that allows academics to reproduce and compare comparable fieldwork, thus enabling future studies. Encourage a

diverse range of discoveries. The value-driven business case in this study is as follows:



**Figure 1: Business case value stream.**

The interview process is divided into six phases. Phase 1: Before the interview, create an open and friendly environment. Phase 2: Obtain some basic information about the firm, such as the interviewer's title, the number of employees, and the company's financial status. The authors will spend roughly 15 minutes on this stage. Phase 3: Use information connected to the Ministry of Health and government rules on the state of the COVID-19 pandemic that most impacts the firm. The length of the interview is determined by the number of effects, although it is expected to last 5 minutes. Phase 4: What is your view on the reasons for the Ministry of Health and the government's regulations? The authors will devote 5–10 minutes to this part. Phase 5: gain access to information on company performance throughout the epidemic season, including rules from the most impacted authorities and sales channels? This part will take the authors roughly ten minutes to complete. Phase 6: Business survival actions such as pandemic response strategies such as operational status, short-term plan during the epidemic, business recovery after the current pandemic, but also consider the standard organization's equipment for other events such as subsequent waves of CoViD -19, floods, climate change, and interviewees'

perspectives. The final segment should take roughly 15 minutes. Table 1 summarizes the author's summary of the phases in the interview schedule. The authors conduct interviews in two languages: English (for respondents who are foreigners or specialize in utilizing English in communication and work) and Vietnamese.

**Table 1. Unstructured interview platform.**

Focus area	Time consumed	Questions and Probes	Information verification window
<i>*Sample size n=5</i>			
Greeting	20 - 30 seconds	1. Formal business greetings according to Vietnam culture	none
Company background	10-15 minutes	1. What is your title in the company? 2. What is the current number of employees in your company? 3. How many tons of finished products you can produce? 4. What is the consuming channel of your output? I.e. export, local consumption. 5. Do you have your own instant coffee brand? 6. Do you offer private label in your service offering list?	10 minutes on average
Most impactful covid regulation	5 minutes	1. From the recent set of regulation against the pandemic from the government, which section does your company find the most difficulty to comply?	none
Main obstacles from the regulation	5-10 minutes	1. Could you please justify the reason for your choice? How do you find the regulation to be negatively impactful to your company productivity?	5 minutes
Technology advancement	15 minutes	1. How many workers are directly involved in the production process? 2. How do you see the level of the automation in comparison with other competitors? 3. Optional: Which key element within your production scheme you refer as more advanced than the competitors.	5 minutes

Demand overview	10 minutes	1. How do you see the sales performance before and within the application of the authority's covid governance? 2. Which sale channel of your company is considered as suffered the most?	10 minutes on average
Counter strategy during the pandemic	10-15 minutes	1. What is the current status of the factory? What is the short-term plan basis existent of covid regulations? 2. Optional: What is your point of view on post covid performance?	none

Interview subject: The study's subjects are representatives of top managers from five coffee production and trade firms in Vietnam, who are thought to be capable of providing reliable and in-depth information, and significant, secret, and unequivocal corporate perspectives (Lincoln and Guba, 1985) about coffee industry policies. Like, Jennings (2007) shows that policymakers, analysts, managers, and reformers have devoted great attention devoted to the identification of best practices and evidence-based practices in public policy and administration in recent years. The seniority of management, such as general directors, CEOs, owners, or department heads, who can make choices and have working experience of 5 years or more, ample time to access the company's long-term goals and policies, is one of the criteria for choosing participation. A total of five interviews were conducted at the five firms chosen. Businesses will be identified with the letters A, B, C, D, E) to minimize traceability impacting the firm participating in the interview. Businesses were chosen based on factors such as being substantial in the sector, having been considerably impacted by the COVID-19 outbreak, and being willing to participate in the study.

**Table 2. Background of interviewees.**

Firm	Size*	Number of employees	IC Production volume in tons	Representative roles	Firms core business	Target market
A	Large	42	15,000	Factory manager	Instant coffee producer for export / No private brand	Oversea
B	Large	65	10,000	Purchasing manager	Instant coffee producer for export / Private brand	Oversea
C	Medium	49	6,000	Factory manager	Instant coffee producer for local market/ Private brand	Domestic

D	Medium	41	3,000	Managing director	Instant coffee producer for export / No private brand	Oversea
E	Small	36	1,500	Purchasing manager	Instant coffee producer for export / No private brand	Oversea

**Note:** The size of each firm is arranged based on the total production capacity of the factory.

### *Manage the interview*

The interviews were conducted within a specific 25-day period of December 2021. To create an atmosphere of readiness, the content was rambling without focus and causing loss of time for interview participants. The authors will schedule an appointment and send the information in the exchange via email/invitation directly to the interviewee. However, in the event of an unexpected incident (interviewer is positive with CoViD-19 or unexpected work), change the face-to-face interview to an indirect phone interview or use a digital technology platform such as zooming into the time frame convenient to the interviewee.

However, the authors will prioritize face-to-face interviews, video using Zoom software (so that the authors can readily examine the interviewer's attitude to alter the proper information extraction approach), and phone calls. The interview space does not have to be in the company; it can be in another environment (Gruber et al. 2008) that does not interfere with the quality of the interview (noise, many unrelated people nearby, poor connection, etc) and avoids infringing on the interviewee's working hours.

To establish connections and reduce the influence of personal biases, it is vital to maintain complete confidentiality, eliminate ambiguity of research informants and research methodologies prior to the interview, the authors use purpose sampling (only select individuals in the population who are most suitable for the study's purpose) and Referral/snowball sampling (referral/snowball: this technique is used when the researcher doesn't know anything about the population or the rare population; the researcher will find the first individual in the population, and then have that first individual suggest the next individuals who meet the study's sampling needs, and so on, with the size of the sample set increasing exponentially). To ensure the efficacy of the formal interview, the authors studied the guidelines of Yin (1994) and Hong and Li (2012). The authors performed interview pilot interviews with numerous small company owners who had a good connection with the authors before interviewing senior leaders of five organizations to ensure that questions were clear and unambiguous. The official interviews lasted around an hour. Within one week following the interview, the information will be compiled and submitted to the participants for confirmation. To boost participant confidence, the authors promised to send all participants a copy of the article once it was published. participation.



### *Data processing*

Data is organized into categories based on the topic or purpose for which it was collected (based on Table 1). As a result, the authors will read the questionnaire thoroughly in order to familiarize with the raw data and construct an adequate core sample (Berg, 2009). The authors next go through the notes and listen to the recordings to name, code, and assign the interview content by topic (Braun and Clarke, 2006). To process and evaluate qualitative data, the authors employ many office informatics applications (word, excel). To compare data between examples, the authors use both case description and analytic strategies (Yin, 1994; Hong & Li, 2012). The information gathered must be used to develop emergency, survival, and recovery plans, which must then be compared and contrasted amongst businesses. In addition, the authors will refer to the financial statements of the years related to the COVID-19 epidemic to once again check some information about the operation of the business.

### **Research Results and Discussion.**

Firm A carries a vigorous financial background with a dominant worldwide distributing network in agriculture ingredients supply. During the pandemic, firm A experiences that no specific regulation from the Government directly induces internal troubles but rather, the external factors such as leeway of material deliveries, backlog of transportation system, and extension of queueing time for document issuance are the pre-eminent instruments that delay impede its cashflow. Firm B secures a dominating position in export activity to one specific market in Southeast Asia. The Covid regulation challenges their status quo in term of retaining employees. The “three in one spot” requires the firm to arrange all necessities for workers to accommodate inside the factory. In reality, even with the bonus scheme to support the workers, firm B is unable to uphold a constant workforce, thus, it has to perform at 30% of its usual capability. Firm C shows a potent stand in financial durability which derives from a dominant branding status in the domestic market. Still, the regulations against Covid 19 from the authority affects them to a certain degree. Despite the handicap business climate, the firm operates at full capacity to serve the local market and continues gaining market share from the importing rivals. The firm manages to preserve all the worker for factory function following the commitment on paying rents for several hotels to house the workers and office employees. Firm D is a local company that previously owns by the Government and recently becomes a private company. The firm capital is not as strong as the FDI counterparts but it’s ample enough to diverse assets in several commodity sectors and grow at a steady speed. As a fairly newcomer to the industry, Firm D’s customer base is narrow, and the pandemic forces them to work at 20% the usual capacity. Firm E is coffee specialized company with additional service in packing coffee products. Firm E sets up the instant coffee facility during the FDI revolution in 2010 and completed the factory after 2 years. The virus crisis causes the firm to close entirely the factory due to lack of workers and shortage of raw input.

Following the above highlights from each of the company background and their main difficulties, further interview enumerates the hereunder information:

**Table 4. Attributes of interviewed data.**

Firm	Most impactful degree(s)	Difficulties since the pandemic	Degree of automation	Liquidity	Strategy used during the pandemic
A	None	External factors	High	High	Expansion
B	Three in one spot	Shortage of workers	High	Low	Idling
C	None	Shortage of capacity	Low	High	Expansion
D	1 route 2 locations	Heavy costs to meet government regulations	Low	Low	Hibernating
E	Three in one spot	Heavy costs to meet government regulations	Low	Low	Hibernating

**Note:** The degree of automation from each firm is arranged based on the level of workers required to produce the same production output. The liquidity level of each firm is justified from the answer of each firm based on the new volumes that each one achieves during the pandemic.

Though the industry skeptically languishes from the unfavorable situation, the remark from the interview demonstrates that each firm administers risk differently and proposes distinctive strategies based on their cognitive judgement and internal resources. Three strategic selections emerge as the remedy not only to defend against obstacles but also to explore new opportunities.

#### ***Case study on firm A: Expanding strategy***

While firm A and firm C encounter distinct obstructions, both firms share a similar strategy during covid. The following business analysis on each firm intends to illustrate what imperative elements and conditions of each firm that eventually muster a similar counter measurement. Firm A undertakes no direct issue from the regulations however, the extrinsic disruption from their suppliers causes the firm to postpone their contractual commitment up to three weeks with their counter party. The incident raises concerns in commercial relationships which eventually, transfer to the financial bottom line such as cashflow postponement, financing costs, and account receivables deferment. Among the instant coffee manufacturers in Vietnam, firm A is prominent in automatic advantages a long with production capacity. While other contestants struggle to balance the cost of head count and the reduction of sales during covid, firm A remains profitable and gradually gains market shares from its price-based advancement. In spite of the problematic delivery commitment, the liquidity of firm A continues to soar. The reasons for this positive achievement are expounded as the complimentary of the company efforts to maintain 100% workers at the factory under the “three in one spot” policy following by a fair package of compensation including reimburse in bonus, extension of contract, and learning abroad opportunity to the employees. The state-of-the-art automatic system together with employee commitment allows firm A to streamline its supply chain pipeline

and boost liquidity during the unfavored business climate. Along with the intrinsic stability, the strategic decision of firm A on horizontal expansion derives from extrinsic factors such as the stimulation of the holding group in turning its redundant raw ingredients into direct consuming products and the hefty discount on stake from the targeted equity during the pandemic. Thus, firm A successfully materializes the expansion strategy by amassing a large stake of one competitor to broadening its installed capacity by 30%. Firm C encounters the encumbrance on labor shortfall as it retains only 70% of required human capital. This failure is interpreted by the respondent as a combination of both external and internal facets. The regulation on “Three in one spot” and “1 route 2 locations” has a window of 7 days for establishment making manufacturer C impotent to prepare the prerequisite to accommodate 49 employees; in addition, the indemnity for the workers proves to be futile as the installment of funds takes time to proceed. Meanwhile, the workers appeal for an immediate imbursement to nourish their family members. In comparison with firm A, firm C falls short on capital expenditure such that a large number of their equipment uses obsolete technologies. Under normal circumstance, the slack of automation in operation is neutralized by the manual involvement such as labor force. During the covid time, this reduction in employees imposed a significant impact on the factory productivity. Specifically, the contributor unveils that the dearth of 30% workforce immediately transpose to 25% curtailment in production yield. However, Firm C acknowledges this issue as a short-term hassle, and it only marginally inhibits the company strategic plan on vertical upgrade. Firm C has a longstanding national trademark for over 30 years and achieves a constant year-on-year growth between 2-5%. Even with the external adversity, the liquidity of manufacturer C experiences a double-digit growth owing to its margin-focused strategy and the opportunistic imbalance between supply and demand. The additional earnings precipitates firm C to expedite its expansion. Despite facing the dissimilar adversity under the Covid 19 condition, firm C shares certain analogies with firm A such that both companies are rewarding from the immense liquidation, and both successfully take advantage of favorable discounts from their target acquisition. Firm C elects the vertical expansion to cohere with the long-term vision of the shareholders to secure the upstream resources consisting of coffee farms and coffee processing facilities that grant the manufacturer an ultimate quality control over its final output. The vertical acquisition from firm C not only diminishes cost of faulty goods but also capacitates research and development on future product inventions.

***Case study on firm B: Idling strategy***

Firm B’s factory is the 2<sup>nd</sup> biggest facility among the FDI manufacturers in regard to production amplitude. With an ample financial resource from the conglomerate holding company, firm B inherits an elite technological advance in the industry which is only after firm A. During the outbreak, firm B confronts a deficiency of labor where similar with firm C, firm B is incapable to persist a constant productivity. Explicitly, the company functions at 60% of its workforce requirements

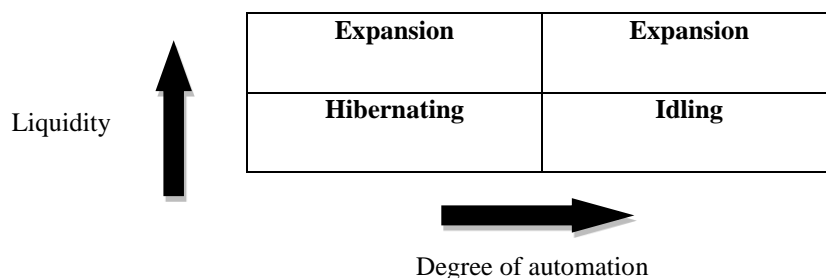
that ultimately leads to a 30% shrinkage in output. In pre-covid period, firm B strategy centers around its ability to export. As the pandemic continues to spread over the East regions, the logistics channels are severely weakened in both exporting and importing markets such that a container takes double the usual time for clearance completion. In addition, the needs for coffee in the target market are depressed by the spread of the virus that directly convey to firm B's ability to liquidate its products. On one hand, the "three in one spot" burden adversely the overhead budget pressuring the firm to downscale its production. In consequence, the funds for the workers are cut by 30% while the liquidity remains sunken leading to the idling strategy. Enforcing the idling strategy means that firm B acquiesces to prioritize cost-effective solutions in the short-term preventing it from an operational stoppage. The strategy enables firm B to obtain new order under the condition of non-commitment on delivery timeline at a maximum 3 months leeway from the contractual provision. The implementation of this strategy fosters the company to operate under controllable variable costs while the fix cost still remains at minimum. It is divulged that conserving the facility functioning status is extremely vital for firm B to evade the financial damage from shutting down the asset. This persevere positioning is referred as the expedient remedy both on financial and practical execution, however the implication from the interview suggest that the hibernating strategy is pertained if the outbreak period surpasses firm B's economic endurance.

***Case study on firm D and firm E: Hibernating strategy***

The result from the interviewing dialogues adduces that even though firm D and firm E confront with divergent business dilemmas in application of new rules, the pair poses an undistinguishable approach in enforcing the responding strategy. Firm D is a medium-size manufacturer originating from a raw coffee bean trading background, the company's investment on instant coffee is an attempt to diversify its product range in the downstream. Initially, the slack of modern technology in production is tradeoff by the addendum of competitive labor costs. The moderate equity investment on instant coffee in Firm D contemplates to experiment the market in advance of a more technology-focused investment. The covid 19 spawns a new hindrance to the company that the "1 route 2 locations" incurs a notable spending to the existing inflated overhead costs. While "three in one spot" regulation dictates on factory engagement in organizing worker's accommodation at site, it provokes the attention on worker's living condition. On the other hand, the "1 route 2 locations" incentivizes the manufacturer to deploy a third-party housing service to serve the employees and arranges the transporting mode to pick up the worker to work. Sharing a common trait with firm B, firm D sales funneled to exporting activities. As the outbreak paralyze regionally, the liquidity of party D, therefore, undergoes a series of failures in timeline fulfillment with the counter party. To avoid further damages to the company image and to safeguard the financial bottom line, firm D designates the hibernating strategy. This means the majority of the firm operational activities are suspended until the existing barriers on regulation are lifted. During this freezing phase, employees are supported by the firm with 50% of the usual

payroll in demanding for a commitment of return once the firm resumes. Firm E owns a small-scale instant coffee facility to target niche section of the industry by providing a turnkey package of tailor-made instant coffee products and packing service. The low volume – high margin business model enables the firm to channel their resource on research and development. Functionally, the company is solidly dependent on their coffee experts and technicians to settle handpick coffee bean, experiment trial projects, produce micro-lot volume. The short-term collapse of the economy quickly transmits to the plunge of the premium coffee sector which straightly squeezes the firm’s bottom line. In addition, firm E partakes a homogenous situation with firm B regarding the “three in one spot” mandate in which the firm fails to ameliorate its quarterly balance sheet on settling a living condition for their employees. The reliance on labor force and the deterioration of superior segment urges the company to extend the pending shipment liability with its on-going clients and provisionally, inactivates the facility.

**Findings**



**Figure 2: Strategy matrix of the interconnected relation between liquidity and degree of automation.**

The matrix formulates the interrelationship between degree of automation and liquidity as the primary drivers in strategic decision-making process within the scope of the domestic instant coffee industry during the pandemic.

Firms who entitle with advanced technology that promote automatic operation secure a stronger tolerance against Covid 19 regulations in Vietnam. These findings are in alignment with the research by Julia Siderska on the intrinsic components of Robotic Process Automation to business during the outbreaks (Siderska, 2021). More specifically, Julia Siderska points out that the leverage of an automatic system is its ability to restrict human involvement which eventually channel the employee resources on marketing and creative activities. In addition, the immersed integration of automatic application triggers optimization on production cost efficiency and lead time; it facilitates speed of synchronization from diversified and complex transition with and among third parties (Siderska, 2021). Even though firms display independent characteristics in organizational structure, market section, and customer target, the majority of them share a profound understanding on essential capital

involvement of automation in instant coffee manufacturing even before the outbreak. Additionally, sales liquidity is the constituent that affirms which strategy is adequate. More explicitly, output liquidation provides cash flow that maintains the manufacturing activity and necessary financial treasury to proceed the acquisition on opportunistic target in the industry. Within the business strategy framework in reference to firm A and C, the type of expansion such as horizontal or vertical tactics, however, is influenced by the firm's ecosystem in which the aptitude to harmonize with multiple internal sub-business within the company becomes the decision-driver. For instance, manufacturer A triggers the horizontal expansion to boost the value-added output as a conjunction with the group original position in raw materials. Meanwhile, manufacturer C pursues the vertical elevation to reinforce the supply chain pipeline in the upstream. The finding exhibits that firms even with advanced scale of automation but are hindered by the liquidation bottleneck are not compatible with the expanding phase. Rather, the interviewing section demonstrates that these companies are well-fitted with the idling status in which their facilities remain minimally active to avoid an overwhelm cost of shutdown and a brain drain of workforce. In the case study on firm B, despite being one of the pioneers and the technology leader in the industry, the deficiency of liquidity on target market becomes the main predicament that interrupt the firm tactic on expansion moving them toward the idling strategy. Lastly, the hibernating strategy is executed when firms appear to be in arrears of both automation implementation and liquidity magnitude. The case of firm D and E compounds of the legal compliance dilemma and the deliberately over-reliance on fieldworkers. During pre-covid time, this structure helps organizations to curtail the initial fixed cost at the same time, provide flexibility in operation and take advantage of relatively competitive labor cost, however, this model proves to experience fragility when the external landscape is deformed by workforce unreliability. Our finding on hibernating strategy share a relatable norm with the research made by United Nations Industrial Development Organization declaring that firms with human resource reliability possesses less resistance to external forces that relate to changes in regulation, shortage of workers and irrational demand (UNIDO, 2020). The findings from this dissertation shares similar observation with Maspul (Maspul, 2020) on overall impact of covid epidemic in coffee industry evidenced from the Vietnam instant coffee industry whereby the authority mandates exhibit a significance involvement in the industrial manufacturing operation causing a constraints that drive companies to seek for the survival plans. Multiple business cases from top-tier instant coffee producers from Vietnam in this assessment suggest a concurrence with Kamarthi & Li (Kamarthi & Li, 2020) and Alaattin Parlakkilic (PARLAKKILIÇ et al., 2020) on the relevance of technology and automation build-in in the business model especially during the time of extent external curtailment. Furthermore, this research paper also endorses the participation of liquidation in-hand with automation as the key factor for firm to even adopt opportunistic business expansion through vertical and horizontal evolvement. The liquidation factor which is fueled by technology advancement displays the

ability for firms to gain an upper advantage during the time when cashflow becomes an essential contrivance. Furthermore, the business case indicator captures the element of horizontal or vertical acquisition decision-makings that are driven by the firm's existing business ecosystem and the capability of cross-synchronization among the sub-business functions.

### **Conclusion**

As the dominant Robusta producing country and one of the main instant coffee capacities in the world, Vietnam confronts a disastrous hit by the covid outbreaks after a short window of new surge. To counter the unwelcome situation, the government imposes legal barriers on the industrial sector to maintain the manufacturing activity at the same time control the rate the covid infestation. This context centers among 3 mandates that restrict the movement of workers which consequently effect the domestic instant coffee industry. This study aims to illuminate the perspective from the main instant coffee producers in adopting these new regulations and observe how such mandates interfere with the industrial function and which essential factors drive the company tactical adjustment during the pandemic. The academic findings from the study proposes that each manufacturer influences by different regulations in distinguish dimensions while their strategic decision during the outbreaks is shifted based on two core components which are the degree of automation and role of liquidity. The study recommends that a defense strategy should be established among instant coffee manufacturers in Vietnam by focusing on automating processed facilitators to reduce the variable of human-factor that is highly fluctuated during the event of lockdown. In addition, improvement of sales diversification on export embraces the security on cash-flow, thus, it enables the producers to capture additional acquisition opportunities in a vulnerable business environment. This research is conducted based on the foundation of limited sample size within an abnormal market condition in a specific market, thus, it fails to represent the same tactic in different event with alternative business protocol and government boundaries. The level of regional differences and international regulations require firms from other countries seek for diverse approaches to reach the similar set of strategy. Moreover, as the sample represents 80% of Vietnam production of instant coffee, the paper is unable to capture the Small Medium Enterprises (SMEs) which is considered as the most deteriorated sector in the economy due to their small nature of financial backup and scarcity of automation proficiency. This research opens the future researching field on the immune system of company in term of forecasting unexpected events and measure the build-in system to allow company to initiate a proactive switch of tactics in a turbulent business environment.

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### **STRATEGIA BIZNESOWA PODCZAS PANDEMII COVID: PLANY PRZETRWANIA PRODUCENTÓW KAWY NATYCHMIASTOWEJ W WIETNAMIE**

**Streszczenie:** W Wietnamie sytuacja krukowa zaczęła się na początku 2020 r., ale dopiero w maju 2021 r. ma poważny wpływ na gospodarczo i społecznie kraj. Niektórzy z czołowych producentów kawy rozpuszczalnej w Wietnamie walczą o dostosowanie swoich decyzji biznesowych, aby przetrwać, ale inni wykorzystują sytuację i szukają oportunistycznej ekspansji. Ramy teoretyczne inicjują globalne badanie branży kawowej w celu znalezienia zrozumienia poprzez różne podejścia biznesowe organizacji międzynarodowych przeciwko pandemii i określają dominujące elementy, które pomagają firmom przetrwać przeciwności losu. W szczególności niniejsze badanie koncentruje się na zrozumieniu strategii biznesowych wietnamskich producentów kawy rozpuszczalnej przy użyciu studium przypadku biznesowego i nieustrukturyzowanego wywiadu. Wynik pokazuje, że plan przetrwania firmy dzieli się na trzy kierunki: taktyka ekspansji, hibernacji i bezczynności. Artykuł sugeruje, że podczas pandemii podejmowanie decyzji biznesowych w dużym stopniu zależy od stopnia automatyzacji i likwidacji. Ponadto badanie sugeruje, że decyzja, czy przyjąć taktykę pionowego lub poziomego przejęcia w tym okresie, jest zmienną zależną o wielkości synchronizacji między ekosystemem podfirmowym firmy. Badanie sugerowało zatem producentowi kawy rozpuszczalnej ustalenie planu awaryjnego na wypadek nieoczekiwanych sytuacji pandemii poprzez poprawę stopnia ich automatyzacji i unowocześnienie kanałów likwidacji.

**Słowa kluczowe:** pandemia Covid, strategia biznesowa, kawa rozpuszczalna.

## COVID 大流行期间的业务策略：越南速溶咖啡制造商的生存计划

**摘要：**在越南，covid 局势始于 2020 年初，但直到 2021 年 5 月才严重影响该国的经济和社会。越南一些顶级速溶咖啡生产商正在努力调整他们的商业决策以求生存，但其他一些则正在利用这种情况并寻求机会扩张。该理论框架启动了对咖啡行业的全球考察，以通过国际组织的不同商业方法来寻求理解以应对大流行，并确定帮助企业克服逆境的主导因素。具体而言，本研究侧重于通过商业案例研究和非结构化访谈了解越南速溶咖啡制造商的商业战略。结果表明，公司生存计划分为三个方向：扩张、休眠和闲置策略。该论文认为，在疫情期间，业务决策与自动化程度和清算程度高度相关。此外，该研究表明，在此期间是否采用纵向或横向收购策略的决定是与公司子业务生态系统之间同步程度的因变量。因此，该研究建议速溶咖啡制造商通过提高自动化程度和升级清算渠道，建立一套应对突发疫情的后备计划

**关键词：**新冠疫情，经营策略，速溶咖啡