Emergent Strategy in the COVID-19 Situation: A Case Study of Tatuis

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Abstract

More than 150 million people have been infected with COVID-19 (covid19.go.id 2021), which has affected day-to-day life and is slowing down the global economy (Haleem et al. 2020), including the challenges of business sustainability, especially Small and Medium Enterprise (SMEs). The objective of this paper is to explore the impact of competitive strategies application on company profitability. Will it maintain the company's old strategy? Through observations, Tatuis's profitability and operation are generally good due to its accurate competitive strategic positioning. With the company's agility and ability to see opportunities, changing competitive strategies to increase profits. Therefore, this preparation of this paper would like to clarify the concepts of fair, competitive strategy that have a positive effect on the company profitability. At the same time, this paper puts forward some views on implementing the strategy for the Tatuis that take as the typical one to implement the cost leadership strategy while retaining its differentiation strategy. In addition, this paper also provides broader and more precise information, providing new ways for companies to get through times of crisis on how companies should respond to concerns such as COVID-19 at the level of a competitive strategy.

Keywords
Emergent strategy, SMEs, fabric mask, profitability, competitive strategy

1. Introduction

The emergence of the novel coronavirus disease (COVID-19) has attracted global attention (Saadat et al. 2020) since December 2019. The first time it occurred in Wuhan, Hubei Province, China, then its disease outbreak caused a new severe disease with an acute respiratory syndrome, namely the virus corona 2 (SARS-CoV-2) (Harapan et al. 2020). Many countries have an idea of lockdown (stay at home), travel restrictions, and isolation is the most successful preventive measures (Aragaw 2020). Increased capacity for testing and community transmission, allowing confirmed cases and deaths to increase, occurs even though most countries have closed their borders to prevent unnecessary travel and immigration (Nzediegwu and Chang 2020). The tremendous influence in various industries and sectors is due to the causes of this disease (Haleem et al. 2020).

The recommendation to use masks is part of a comprehensive strategy in preventing and controlling the spread of SARS-CoV-2, the virus that causes COVID-19 (WHO 2020; Harapan et al. 2020; Saadat et al. 2020). During the COVID-19 pandemic, wearing masks has become a common habit as personal protection in every activity (Hartanto and Mayasari 2021). Avoiding touching the face, maintaining a physical distance of 1 meter, hand hygiene, breathing ethics, adequate indoor ventilation arrangements, contact tracing, isolation, and quarantine are also infection prevention and control (IPC) measures that must be considered (WHO 2020). Considering a small retrospective cohort study from Beijing suggesting that the use of masks by the whole family before the first family member develops symptoms of COVID-19 is 79% effective in reducing transmission. The Thailand case study also reinforced that wearing the medical or non-medical mask during contact with COVID-19 patients can reduce the risk of infection by up to 77% (WHO 2020).

It is not surprising, the increasing consumption of disposable masks has led to an increase in mask waste and particular a problem for the environment (Hartanto and Mayasari 2021), mainly surgical masks made of polymeric materials,

which are allegedly a potential source of microplastic pollution in the ecosystem not yet fully understood and considered (Aragaw 2020). Quoted from the article Ministry of Health Republic of Indonesia (2020), their recommendation to use fabric masks in addition to N95 and surgical masks. However, its use is adapted to the situation and considers the design and type of material (WHO 2020). Since the recommendation has implemented, the fabric mask business in Indonesia has increased by 77%, and many fashion entrepreneurs have switched to produce it (metrotvnews.com 2020), following the trend and high needs. Although many companies have been badly affected, Akbar (2021) said that the lessons that can be taken during the Indonesian pandemic could also create opportunities to increase the percentage of new micro-entrepreneurs, especially fabric mask producers.

The widespread use of fabric masks is increasing market demand. This situation creates an emergent strategy to develop in an organization without a specific mission and goals. Some businesses choose an emergent strategy in day-to-day operations to stay flexible to current demands, including Tatuis. The previous strategy was considered less productive, while the new operating method received support within the company. Take advantage of opportunities to restore sales and revenue, competitive advantage, and the main point is business sustainability. With a small-scale organization (SMEs), agile, lean, and a simple mask production process, starting April 2020, Tatuis has shifted all resources to produce fabric masks following the existing trend.

The high level of competition between mask manufacturers has inspired Tatuis to design their products regarding Indonesia National Standard (SNI) 8914:2020 fabric masks that were viral, which will be enforced compulsorily by the Government. In addition, the success in fulfilling the suitability of its fabric mask products with SNI has led Tatuis to become one of the role models for implementing the SNI (bangbeni.bsn.go.id 2021). Even though fabric masks are not as effective as N95 or disposable surgical masks, to support the policy, an educational institution has designed and produced fabric masks, especially for their internal organization to prevent the further spread of COVID-19 (Wahyuningsih et al. 2021), where their practical use is also to reduce costs and waste, and also contribute to sustainability (WHO 2020).

COVID-19 is an overwhelming challenge for companies to continue operating, maintaining profits, and business sustainability. Since SMEs constitute a development engine that fuels the country's GDP, there is no doubt that all of their achievements are closely related to profitability (Gaban et al. 2018). Against this background, the paper will focus on exploring existing competitive strategies along with their theoretical basis. Porter's strategy divided the competitive strategy into cost-leadership, differentiation, and focus (David 2011). He believes that companies must choose one of three strategies as their dominant strategy to achieve a leading position in the industry. Consistent with Porter’s original concept, some take an anatomical perspective and consider cost leadership, differentiation, and focus as three distinct types of strategy. Others maintain a sharply contrasting view that should integrate strategies to form a combinative strategy, which is more conducive to adapt in the volatile business environment (Dostaler and Flouris 2006).

1.1 Objectives

The case study objects to explore the impact of competitive application strategy on SMEs profitability before and during a pandemic.

2. Literature Review

Based on the explanation in section 1, this paper focuses on exploring the competitive strategy used by SMEs, namely Tatuis to achieve competitive advantage. The following is a brief overview of this research.

1. Start-up Company

Start-up company is a company which is in the early stages of its operation. Start-ups usually try to enter existing markets or open new markets with more innovative products and services. Start-ups are very important for the economy of a country, including Indonesia. A start-up company has several characteristics that are grouped into four dimensions, namely Organization (the character of the start-up organization), Ownership (characteristics of owner, decision making, and supervision), Strategy and Innovation, and Financial. Table 1 describes the start-up characteristics based on these 4 dimensions (Nurcahyo et al 2018).

Table 1. Start-up Characteristics (Nurcahyo et al 2018)

Dimension	Characteristics
Organization	Small organization scale Young age The environment is homogeneous Informal structure There are few differentiation Centralized
Ownership	Owner-manager Decision making is intuitive Direct supervision
Strategy & Innovation	Niche marketing strategy Prefer risky decision than the secure one Fast innovation First mover or second mover Lack of product research
Financial	Funding from personal savings or from relative

2. Small and Medium Enterprises (SME)

SME has an important role in the productivity and growth of the Asian economy because it contributes to GDP and employment (APO 2015). In Indonesia, SME plays a role in reducing poverty, levelling the community economic conditions and being a source of foreign exchange income. Obviously, according to table 1, SME is included in the start-up company.

3. Industrial Strategy

Strategy development makes current decisions for future outcomes that can balance current goals and needs with future needs and allocate labour and financial resources for primary outcomes. Strategy is a continuous improvement activity carried out based on the point of view of what you want to achieve in the future. Strategies are needed because of the pace of innovation in new markets and changing consumer patterns. There are two concepts relevant in determining the strategy developed, namely distinctive competence and competitive advantage. Distinctive competence is when a company has strengths that are not easily imitated by competitors, meaning that it is unique and carries out more activities than its competitors. Meanwhile, competitive advantage is when a company seeks to seize market opportunities to carry out various activities that are specifically developed to be superior to its competitors. According to Porter, three strategies are used to achieve a competitive advantage: cost leadership, differentiation, and focus (Nurcahyo et al 2018).

4. Generic Strategies

Based on Porter, an organization can use three strategies to achieve its competitive advantage: cost leadership strategy, differentiation strategy, and focus strategy. Porter calls them three generic strategies (David 2011). Cost leadership is when a company provides a product or service to consumers at a lower cost than competitors (Suleman et al 2020). Cost leadership is also referred to as a cost strategy (Jin 2016). Cost leadership can achieve by streamlining operations, economics, resource capacity, raw materials, technology, and product design (Abdallah et al. 2021). Differentiation strategy is a company strategy to create a uniquely valuable product or service to customers and allows for a premium price (Kinyuira 2014). In general, companies apply a low-cost strategy and product differentiation to achieve a competitive advantage compared to their rivals (Nasri 2016). Focus means meeting the needs of a small group of consumers by producing the products and services needed (David 2006). One important focus strategy is market penetration or market development (Gakuya and Njue 2018).

5. Emergent Strategy

Emergent strategy studies how to take an action at a time to get the pattern or consistency that it deserves. Emergent strategy appears does not mean chaos, because based on emergent strategy is an accidental regularity which is the way in which the strategy deliberately changes. An emerging strategy does not always indicate that management is out of control, there are cases in which the management is open, responsive, and flexible. That is, the management is willing to learn. This is important to do when environmental conditions are too complex or unstable. Openness to emerging strategies makes it possible for management to act after understanding all the existing conditions so that they can respond to developing realities rather than having to focus on stable fantasies. Table 2 describes the number of types

of strategies that reflect the characteristics of a deliberate strategy to an emergent strategy (Mintzberg and Waters 1985).

Table 2. Description of types of strategies (Deliberate-Emergent) (Mintzberg and Waters 1985)

Strategy	Major Features
Planned	Strategies originate in formal plans: Having the right intention, formulated by a central leadership, implementation supported by formal controls, predictable, controllable; strategies most deliberate.
Entrepreneurial	Intention exists as a personal vision, organizational control rests with the leader, adapting to new opportunities, being located in a protected niche, strategy is relatively deliberate but can emerge.
Ideological	Strategies originate in shared beliefs: Intention exists as a collective vision of all actors, controlled normatively through socialization or indoctrination, proactive organizations face the environment; strategies rather deliberate.
Umbrella	Strategies originate in constraints: Leadership, defines the boundaries of the strategy/target where actors and complex environments, partial control of organizational actions, may be unpredictable; strategies partly deliberate, partly emergent and deliberately emergent.
Process	Strategies originate in process: Leadership controls all aspects of the strategy process (such as structure, hiring, etc), content aspects are handed over to other actors; strategies partly deliberate, partly emergent (and, again, deliberately emergent).
Unconnected	Strategies originate in enclaves: a combination of actors with other organizations that produce their own action patterns that do not conflict with the main objective; strategies organizationally emergent whether or not deliberate for actor(s).
Consensus	Strategies originate in consensus: exists through mutual adjustment, actors fall into pervasive patterns without any major or common intentions; strategies rather emergent.
Imposed	Strategies originate in environment: either through direct coercion or through organizational choices that implicitly precede or limit, the environment determines patterns in action; strategies most emergent, although may be internalized by organization and made deliberate.

6. Non-Medical Mask

A non-medical mask, also called a fabric mask, community mask, or face covering, is neither a medical device nor personal protective equipment. Medical masks are more effective at filtering particles, viruses, and bacteria than non-medical masks. Wears non-medical masks properly can work effectively to protect other people from droplets containing viruses released (BSN 2020). Non-medical masks can be made in-house or manufactured. What needs to be paid attention to the mask is having good breathing ability, filtering droplets, and comfort that covers the nose and mouth. Exhalation valves on masks are discouraged as they bypass the filtration function of the mask (WHO 2020).

The non-medical mask can be used when doing activities outside the home, in a closed room such as offices, factories, supermarkets, pharmacies, public transportation, and others. It can at least reduce airway droplets and coronaviruses by 71% to 97%. The use of non-medical mask is more effective than without any protection (especially when outside the house) (BSN 2020). Non-medical masks are traditionally produced by SMEs. Materials are commonly used to make non-medical masks are linen, cotton, wool, polyester, polypropylene, and others. In the market, non-medical masks consist of one layer, two layers, and three layers (BSN 2020). The use of fabric masks has the advantage that they can be washed and used repeatedly. WHO explains that individuals with special conditions and close contact are recommended to use non-medical masks with a fabric fit of between 0.7% and 60% breathability below 100 Pa, with a minimum of three layers depending on the fabric and material used for better filtration efficiency. In addition, masks must also be properly designed to cover the nose, cheeks, and chin. The mask can only be used by one person and is washed periodically (Hartanto and Mayasari 2021).

7. Performance of Profitability SME

Performance measurement (PM) is an activity to measure the efficiency and effectiveness of past actions by acquiring, arranging, sorting, analyzing appropriate data to make decisions on subsequent actions. To make the right decisions, managers need to analyze the company's financial condition, especially profitability, and the factors. The measurement of profitability is most precisely measured based on the profitability indicators construction because the profitability ratio shows the efficiency of all business activities (Lesakova 2019). Some of the dimensions commonly used in performance measurement are efficiency, growth, profit, size, liquidity, market share, leverage, and others (Neely 1998).

Performance characteristics breaking down to be derived from strategy, relevant and easy to maintain, clearly defined with an explicit purpose, provide fast and accurate feedback, simple to understand and use, stimulate continuous improvement, link operations to strategic goals. Then, six dimensions of PM can be seen based on business aspects such as the financial results, the way the company is perceived externally (through its customers) and the cultural aspects of the working environment (through the human resource dimension), and the operating performance (through the dimensions of time, quality and flexibility). However, it is important to note these dimensions are not prescriptive. Rather, they are intended to encourage holistic consideration of these areas when developing measures to support corporate strategy (Hudson et al 2001).

3. Methods

In determining the impact of the strategy applied by the company on its performance and ability to compete in an industry, primary data was collected from Tatuis's annual report for the last five years (2016 - 2020). The data collected will be processed using Microsoft Excel in analyzing the value of the company's profitability and activity. In addition, brainstorming activities with the owner also expanded the explanation about the company's strategy and introduced the company's perspectives to achieve a better understanding.

4. Data Collection

The data collected from the annual report directly obtained from the company to analyze the value of profitability and activity are secondary data in ratios that include total income, turnover of accounts payable, turnover of accounts receivable, etc. Other primary data were also obtained from brainstorming activities, giving some inquiry and interviewing people responsible for the company. Apart from primary data, complementary data are also collected mainly from the company's information website for better analysis.

5. Results and Discussion

Mintzberg and Waters (1985) explain that strategy is used to create and maintain a long-term defined position and generate a competitive advantage. Company performance is greatly influenced by choosing the right strategy for the company. For profit-oriented companies, financial performance evaluation is a crucial thing to do. In this case, quantitative performance measurement through optimization of economic data will show a more objective financial analysis. Financial ratios as an effective tool used to evaluate the company performance. There are five ratios: liquidity, profitability, activity, solvency, and investment valuation ratios (IAI 2019). In this case, measuring company performance for financial health aspects can be viewed from the profitability ratio (Lesakova 2019), and the activities ratio is still relevant for analyzed company efficiency utilization.

5.1 Cost of goods sold (COGS)

We can learn about the financial health of the company through COGS. The graph in Figure 1 shows that Tatuis's COGS increased quite significantly. This condition indicates Tatuis's success in implementing a differentiation strategy. Proportional to the gross profit margin before the COVID outbreak occurred, as shown in Table 3. The increase in COGS also indicated its net profit is relatively low. Although Tatuis is a profit-oriented company, business sustainability remains the company's primary goal. Tatuis has tried emergent strategies by diversifying its products in the current situation, from *mukena* and *sajdah* into fabric masks. Although in 2020, the implementation of the strategy has not been seen significantly, it has succeeded in increasing the gross profit margin compared to the previous year.

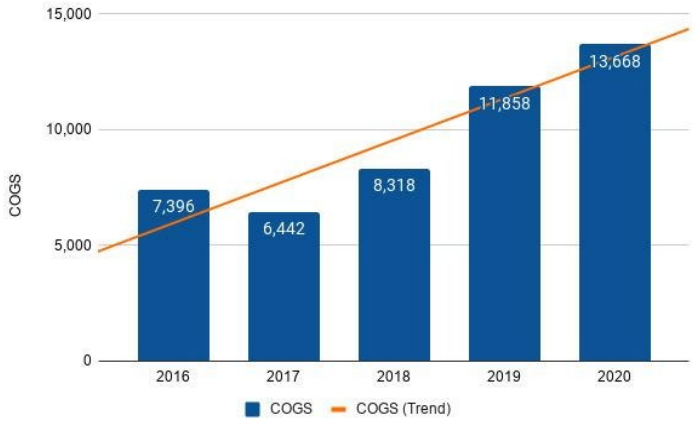

Figure 1. Tatuis recent cost trends (Tatuis annual finance report 2021)

As previously mentioned, the fundamental goal of a cost leadership strategy is to reduce costs as much as possible. However, for Tatuis, the lowest price competition does not reduce the quality of the products produced. By reducing operational costs by utilizing assets as efficiently as possible, Tatuis attempts to maintain and ensure consumers get quality products at competitive prices. Implementation of standards assures consumers that product quality is guaranteed, competitiveness increases. Obviously, creating a dominant position in the fabric mask industry is inevitable. The data analysis above defines in figure 1 that the cost-leadership strategy as an emergent strategy is quite strict in controlling costs. The implementation of this strategy is extraordinary.

CMT (Cut-Make-Trim) is one of the techniques used by Tatuis to reduce operational costs. By utilizing third parties resources under a requisite cooperation contract, Tatuis creating a mutual responsibility is the main thing. Prepare the designs, specifications, and raw materials to maintain quality, including the quality control team, who is always on standby to check products. This activity is closely related to controlling costs associated with the successful implementation of cost-leadership strategies. Through cooperation and fostering good relationships with direct producers of raw materials, it has provided an advantage for Tatuis, which has a reasonably high number of product requests and a production capacity of up to 5000 pcs/month, the reason why Tatuis can buy raw materials at a low price.

5.2 Profitability

In this case, it measures the company's ability in terms of profitability and activity ratios. Return of assets is a substantial financial ratio that shows the company's profitability. Table 3 shows that 2020 is the highest year achieved by Tatuis in the last five years, amounting to 1.93 or 193%. Directly proportional to the asset turnover value. This achievement indicates that Tatuis has succeeded in efficiently using its assets, especially during the outbreak. In addition to ROA, the value of ROI and ROE is also an essential assessment in reflecting the company's ability to generate profits. The percentage of sales, which is also an important indicator in assessing the health of a company, is the gross profit ratio. The company is considered unable to pay for operations and other costs to build its future if its gross profit is insufficient.

In general, Tatuis's gross profit ratio shows an increase from 2019 to 2020 of 1.78%. This increase indicates the company's finances are healthy even though from 2018 to 2019, it has decreased by 5.77%. The fluctuation of the gross profit ratio was directly proportional to the net profit margin. The achievements in 2020 were almost getting stronger to restore the glory achieved in 2016. Both reflect that the company continues to strive to increase sales and revenue.

By analyzing Tatuis's turnover rate and activities in the last five years, it is clear that the company reflects the strength of profitability through the efficiency of its operational activities, including in managing assets. Statistically, the company's receivables turnover from 2018 to 2020 continues to decline (from 16.63 to 12.46), which means that the collection of Tatuis's accounts is getting faster, and the stagnant operating capital on these receivables has gradually increased. Increasing the inventory turnover ratio every year represents Tatuis' efficiency in managing inventory, which means that the faster the inventory turnover occurs, the more effective Tatuis products are in the market. The

fluctuating sales pattern influenced the insignificant fluctuation of the fixed asset turnover rate. However, this situation does not leave a negative impact on Tatuis's profit margin. Based on the ratios, table 3 generally represents that the agility and accuracy of implementing cost leadership strategies as a new combination strategy. Its work proves that Tatuis's operating efficiency is higher and has certain advantages in the industry.

Table 3. Tatuis turnover in the last five years (Tatuis annual finance report 2021)

Year	**2020**	**2019**	**2018**	**2017**	**2016**
Receivable turnover	12,46	13,14	16,63	13,19	N/A
Inventory turnover	2,66	2,35	2,12	1,97	N/A
Day(s) inventory held	2 days	3 days	4 days	5 days	5 days
Fixed assets turnover	37,21	38,14	30,98	48,60	N/A
Total assets turnover	1,86	1,72	1,63	1,43	N/A
Gross profit margin	26,95%	25,17%	30,94%	32,58%	33,77%
Net profit margin	10,21%	8,36%	9,88%	7,86%	11,37%
Return on Investment	19,71%	12,70%	14,94%	11,04%	19,32%
Return on Equity	21,71%	18,31%	19,41%	14,39%	28,41%
Return on Aset	1,93	1,52	1,51	1,40	1,70

Generally, table 3 represents the success of Tatuis's differentiation strategy seen in 2016 with a profit margin of 33.7% for gross profit and 11.37% for net profit, which generally fluctuates. However, the success of 2016 has not recovered until now.

Tatuis is in a competitive environment capable of generating high-profit margins, focusing on making products unique from other companies. The implementation of this strategy has proven the company's excellent performance in 2016-2018. To prioritize the process of innovation in product creation, related to efforts to improve product quality standards so that investment needs for research and development (R&D) activities will remain and continue.

Efforts to repeat this success, starting with the diversification of fabric mask products in the first quarter of 2020, constantly return the company's condition. As proof of this strategy is beginning to be successfully implemented by companies. However, it is known that fabric mask products are getting fantastic price competition in the market, such as the increasing number of industries that have emerged during the outbreak. Tatuis tries to combine differentiation strategies with another possible approach. Product diversification carried out in 2020 put the company's position in an environment of intense market competition, especially the current outbreak situation after the emergence of an alternative to using fabric masks as an alternative to minimize the spread of COVID.

As we know, the fundamental objective of a cost leadership strategy is to reduce costs as much as possible. However, for Tatuis, the lowest price competition does not reduce the quality of the products produced. By reducing operational costs by utilizing assets as efficiently as possible. Tatuis tries to maintain and ensure consumers get quality products at competitive prices. The successful utilization of assets by Tatuis during the outbreak is represented in the table 3. With the application of the national standard for fabric masks on its products, there is no doubt that Tatuis's products have met national quality. With the increasing competitiveness aim, the application expects to create a powerful position in the fabric mask industry.

CMT (Cut-Make-Trim) is one of the techniques used by Tatuis to reduce operational costs. By utilizing the resources in third parties under a cooperation contract, Tatuis creating a sense of mutual responsibility is the main point. Tatuis prepare the designs, specifications, and raw materials to maintain quality, including the quality control team, who is always on standby to check products. This activity is closely related to controlling costs associated with the successful implementation of the cost-leadership strategy, which is considered a combination of strategies currently being implemented by Tatuis. The increase in total assets turnover in 2020 of 0.14 compared to 2019 indicates an influence on implementing the cost-leadership strategy.

Asset turnover (ATO) reflects an essential dimension of cost efficiency; the higher the ratio between output (sales) and input (capital assets), the more likely a company is to achieve cost efficiency in utilizing its resources. Establishing cooperation and fostering good relationships with direct producers of raw materials has provided an advantage for Tatuis, which has many product requests and a production capacity of up to 5000 pcs/month. That is the reason why

Tatuis can buy raw materials at low prices. The low cost of raw materials correlates with the company's efforts in cost efficiency arising from operational activities.

5.3 The operations under the influence of COVID-19

To visualize the impact of COVID-19 on Tatuis's income, we selected Tatuis's operating profit in the last three years for vertical comparison. As shown in figure 2, under the influence of COVID-19, Tatuis's gain in 2020 showed a quite significant increase. Compared to the same period in 2019, revenue has increased by 18.07%, its operating income by 26.40%, and its net income by 44.19%. Revenue, operating income, and net income have always maintained excellent growth in 2018 and 2019, which shows that COVID-19 hasn't caused visible damage to Tatuis's operations.

Regarding costs and expenses, Tatuis failed to reduce them. Tatuis's operating costs in 2020 were higher than in the previous two years, up 11.18%, and COGS increased by 15.26%, which undoubtedly affected Tatuis but had little effect due to a similar increase in costs for increased profits.

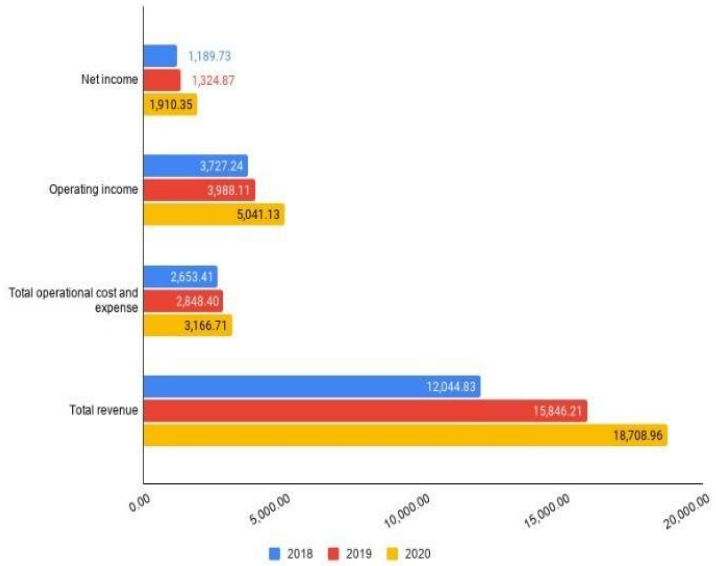

Figure 2. Tatuis operations in the first quarter of the last three years (Tatuis annual finance report 2021)

When met with the sudden outbreak of COVID-19, the crisis level between companies varies from all sizes worldwide, and Tatuis certainly did not escape that. However, Tatuis was also able to handle this situation well. Operations continued during the pandemic, and there were no dramatic changes in consumer behavior, all caused by COVID-19. At the same time, Tatuis believes an outbreak is still occurring, which negatively impacts income.

There was a change in Tatuis operational costs due to the impact of COVID-19, an increase of 11%. As a company that started with a differentiation strategy and then changed course to pursue a cost leadership strategy, Tatuis has managed to maintain its strategic position under the crisis. Based on the annual report, Tatuis's income remained slightly increased during the outbreak. Although there was a decline in sales for several other products, diversification into fabric mask products provided significant benefits.

6. Conclusion

Through the case study analysis, the following information was successfully studied and obtained. *Firstly*, under normal conditions, Tatuis's financial data has shown good profitability in the last five years, even though it has decreased in the previous years (2019-2020). It was sufficient to declare the competitive strategy accuracy, especially in the situation of the COVID-19 outbreak. Diversification of products as a new emergent strategy combines previous strategies because deliberate strategy assessment is less productive in an outbreak situation. Previously, Tatuis's deliberate strategy produced *mukena* and *sajdah*, with a unique and distinctive design and comfortable materials for daily use. This product was a form of implementing a differentiation strategy. In a short amount of time, Tatuis was

able to become a trendsetter for this product. However, this strategy was certainly not sufficient to overcome the company's operations when the pandemic began. New emergent strategy based on the existing situation and conditions testing the leader's skills proves that profitability and activities can maintain business continuity.

Secondly, fabric masks as a means of product diversification started in April 2020. The high market demand, creating opportunities, and a decrease in products deliberate since the beginning because of the influence of the COVID-19 outbreak. Tatuis produces fabric masks as an implementation of a cost leadership strategy. This strategy allows Tatuis to offer competitive prices. As we know, the government recommendation on using fabric masks has increased the number of competitors, so we cannot deny the price competition. Using existing resources, starting from the availability of raw materials, and limiting the number of employees, it is shown that Tatuis's financial performance is getting better, as indicated by a high increase in asset turnover (2020) from previous years. It shows Tatuis's success in intensifying its assets to adopt cost leadership as an emergent strategy.

Thirdly, the COVID-19 outbreak is considered unexpected and has had a significant impact that is inevitable for many companies. It ultimately assists us to be concerned about how companies should respond to this crisis and what actions to take at a strategic level. To survive all kinds of concerns, the company must prepare a competitive strategy for diversification. Tatuis used to have a relatively single strategic position, namely a differentiation strategy, and the pressure hit the core of the company's profits. An appropriate combination of strategies needs to be implemented to anticipate the unexpected. If the Tatuis adheres to one strategy, it will be difficult for them to have sufficient capital and flexible size to compete. They are more likely not to extend support activities within the company and eventually lead to bankruptcy - quite a few companies have gone bankrupt due to the pandemic.

As a diversified company, Tatuis's response to a crisis is relatively more flexible. Diverse product developments and innovations help companies overcome risks. During the COVID-19 outbreak, not all companies have experienced the same difficulties. Demand for *mukena* and *sajdah* is likely to decline during COVID-19. Therefore, Tatuis is seeking reasonable product diversification to diversify risks, such as producing fabric masks. They understand how much people need masks during a pandemic. However, companies need to know that they cannot always apply the same strategy to every product. Tatuis decided to use a cost leadership strategy for fabric masks because of consumer sensitivity to product prices. Then, diversified companies are more flexible in operations, and they can adjust their business strategies to maximize profits in response to different circumstances. In short, after encountering a significant crisis in all parts of the world, companies should consider developing their strategy in the future. It is not always a bad thing to diversify a business under capital and other conditions.

This paper only focuses on the Tatuis case study, representing the many fashion companies that struggled during the outbreak and found ways to stay competitive by diversifying their business. However, because the study is limited to focusing on a specific type of company, it only discusses companies pursuing other competitive strategies to survive in the industrial competition. Future research should explore various firms to perform data analysis and incorporate several non-financial performance measures such as customer loyalty.

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