

Chapter 26

Strategic Measures and Tactical Interventions for COVID-19 Impact Relief on SMEs

Meng Kui Hu

 <https://orcid.org/0000-0001-5009-1105>

Universiti Sains Malaysia, Malaysia

Daisy Mui Hung Kee

Universiti Sains Malaysia, Malaysia

ABSTRACT

The COVID-19 pandemic has caused numerous impacts on the global socio-economic environment, affecting the business communities, particularly SMEs that continue to struggle for survival. SMEs are entangled in the pandemic and find it tough to operate as smoothly as before. Without seeing the right tactical interventions to rough out from this pandemic, many SMEs will have to cease their business operations. Even when they are successful in being out of the woods, SMEs must revisit and realign their outdated business strategies to remain relevant and operate effectively in the new normal. The ability to remodel their business and reset new business strategies will be the success factors for SMEs to keep up with the changing business environment and customer patterns. They also need to remain disciplined and persevere in acquiring sustainable business growth in the new normal.

INTRODUCTION

Since its initial occurrence in China in December 2019, the Covid-19 infection has invaded societies worldwide and caused tremendous challenges to the business communities. The Covid-19 infection happened so acutely with little warning. Most people did not take it seriously when it first started, thinking that the infection was China-specific. When the virus began to spread, people began to realise the severity of the disease. Governments have no choice but implemented various drastic measures, including nation lockdown that practically suspends mass movement of people that retarded business operations. Without

DOI: 10.4018/978-1-7998-7436-2.ch026

shoppers and the inability to operate, businesses, including SMEs, were made to suffer. SME's definition varies in different countries. In the Malaysian context, SMEs referred to business enterprises with annual sales turnover not exceeding RM20 million (US\$4.87 million) or full-time employees not more than 75. However, for businesses that are engaged in manufacturing sectors, these figures are higher at RM50 million (US\$12.19 million) and 200, respectively. 90% of SMEs in Malaysia are engaged in the service sectors, with 5.9% in the manufacturing sectors and 3% in the construction sectors. The rest of the SMEs (1.1%) are involved in the agriculture, mining, and quarrying sectors.

Being small but slim and flexible in management structure enables most SMEs to quickly embark on new approaches in securing business with the sole objective of survival. They have little choice but to work out immediate tactical actions with available resources to stay relevant during the pandemic. With the progress of vaccination programmes, many countries have relaxed the controls and restrictions on businesses. These measures aim to reinvigorate the business environment and drive business recovery. In light of this development, SMEs must tactically address the current situation to manage their operating expenses more efficiently and raise business revenue through innovation. These tactical interventions will help SMEs to survive and re-emerge with relevance from this pandemic. SMEs can only work for long-term sustainability if they can endure the current crisis with minimal damages. Being successful in manoeuvring out of the pandemic does not warrant reliable performance in the long term. The business environment and customer behaviours have altered significantly by the pandemic. Businesses are no longer operate in the way they used to be, and people do not shop in their previous manners. Put simply, companies that fail to change and adapt to new approaches will be left behind

Similarly, SMEs, in particular, must strategise and realign their business models with the new normal (Hu & Kee, 2021). This chapter aims to address the critical questions faced by SMEs: How have SMEs approach the issues faced due to the Covid-19 pandemic? Are the steps taken by SMEs sufficiently and effectively resolve the problems encountered during the Covid-19 pandemic? What else can SMEs do to enhance their business recovery? Subsequently, what else must they implement to re-emerge stronger from the current situation? How can they direct their business for sustainability in the new normal? The chapter will also provide a specific deliberation on SMEs operating in Malaysia.

BACKGROUND

The Covid-19 pandemic has caused enormous damages to world economies. The closure of international borders to minimise transmission of the virus between nations caused massive disruption to the business supply chain. When people are made to stay safe at home, businesses started to feel the impact. Many companies, particularly SMEs, were forced to pull down their shuttles due to the pandemic's effects. The global trade volume was severely impacted, with an estimated drop of 9.6% in 2020 (International Monetary Fund, 2021). If the threat from Covid-19 fades faster than expected, improved confidence could significantly boost global activity by 2021. On the contrary, a more vigorous resurgence of Covid-19, resulting in stricter containment measures, could further deteriorate the global economy by 2% to 3% in 2021, with a higher unemployment rate.

In Malaysia, its GDP contracted by 4.5% at the country level, with unemployment estimated at 4.2% in 2020. The economy is in the verged of recovery and is expected to grow between 6.5% and 7.5% in 2021 (Ministry of Finance Malaysia, 2020). The government has implemented various stimulus packages amid the Covid-19 pandemic totalling RM305 billion (US\$74.39 billion) to support economic activi-

18 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/strategic-measures-and-tactical-interventions-for-covid-19-impact-relief-on-smes/280692

Related Content

Innovating at the Core: Rethinking Business Models and Leadership for the Digital Future

Md Mehedi Hasan Emon, Mowdud Ahmed, Yeasin Arafat and Abu Bakar Abdul Hamid (2026). *DigiTech Agility for Business Competitiveness and Innovation Imperatives* (pp. 93-138).

www.irma-international.org/chapter/innovating-at-the-core/408876

Public Policy and the Sustainability of Third Sector Social Enterprises

Chi Maher (2019). *International Journal of Sustainable Entrepreneurship and Corporate Social Responsibility* (pp. 42-56).

www.irma-international.org/article/public-policy-and-the-sustainability-of-third-sector-social-enterprises/228990

Racial Diversity in Publicly Traded Companies

Jeffrey Kurt Orlando Thompson and Richard C. Thompson (2020). *International Journal of Sustainable Entrepreneurship and Corporate Social Responsibility* (pp. 66-85).

www.irma-international.org/article/racial-diversity-in-publicly-traded-companies/259409

Translation Learning Environments for the Future: Online Collaborative Practices

Maria del Mar Sanchez Ramos (2019). *Social Entrepreneurship: Concepts, Methodologies, Tools, and Applications* (pp. 1742-1764).

www.irma-international.org/chapter/translation-learning-environments-for-the-future/224836

Developing Entrepreneurial Competencies for Secondary Schools as Social Enterprises: Inclusiveness in Decision-Making Processes

Thea van der Westhuizen and Sthokozile Luthuli (2020). *Developing Entrepreneurial Competencies for Start-Ups and Small Business* (pp. 159-174).

www.irma-international.org/chapter/developing-entrepreneurial-competencies-for-secondary-schools-as-social-enterprises/251727