


Chapter 52

SMEs and Business Sustainability: Achieving Sustainable Business Growth in the New Normal

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ABSTRACT

The COVID-19 pandemic is an unprecedented global crisis affecting the worldwide socio-economy. Many SMEs have ceased operations due to various obstacles during the pandemic period. The chapter identifies challenges faced by SMEs, specifically in Malaysia. The chapter also proposes that having a sustainable business solution protects SMEs from experiencing a crisis by diluting the impact of the pandemic and the critical challenges related to the financial impact, supply chain disruption, changing customer behavior, and evolving business environment. Post-lockdown, SMEs must revisit, realign, and implement practical operating procedures to stay relevant. Moving forward, SMEs depend on reliable and proactive leadership in revamping some of their business strategies – strengthening financial position, supply chain management, digital transformation, and organizational agility. SMEs must be vigilant and operate within the sustainable business framework involving the environmental, social, and governance (ESG). Consequently, this will fulfill the United Nations' sustainable development goals.

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INTRODUCTION

The occurrence of the Covid-19 pandemic that is unprecedented has caused significant damages not only to human health but also to the global economies and businesses that operate in various industries. SMEs are not spared from the impact. SMEs, particularly those involved in the tourism and travel-related sector, retailing of non-essential goods and services, are significantly affected by this pandemic. Many SMEs that often operate with minimal capital and limited resources were forced to close down their businesses. The remaining ones are left to handle numerous challenges during the lockdown period. When lockdown measure is gradually lifted, SMEs face new problems when they restart their business operations. SMEs are in desperate need of handling the unique obstacles and issues to stay relevant in business. The reopening of business is one challenge; getting the enterprise to be sustainable with business growth in the long term would be another significant hurdle that SMEs need to strive for.

This chapter aims to systematically review the impact caused by the Covid-19 pandemic together with the critical challenges faced by the SMEs, with a specific focus on SMEs operating in Malaysia. A thorough understanding of the problems is crucial in identifying any shortcomings, hence determining practical solutions in assisting the SMEs to tackle the issues in a structured and more effective way. Some of the challenges are not new but were intensified by the pandemic. The impact of these challenges is more intense that SMEs are left with little choice but to address them tactfully in ensuring continuity of business operations. The SMEs can only be successful when they work on the right solutions. As such, this chapter would illustrate the practical solutions for SMEs to digest and implement for the revival of business. This chapter would also discuss new strategies that SMEs need to adapt and adopt in attaining business sustainability in the long term. The entire chain of command in guiding the SMEs to normalise their businesses after lockdown measures and emerge stronger from this pandemic is no easy task, but it is not impossible to achieve. SMEs must not be complacent by the revival of business in the short term. They must strive to remain agile and rebuild their business resilience to outlive the pandemic for sustainable business growth in the future.

Besides, SMEs must embrace the environmental, social, and governance (ESG) principles when executing new business strategies in the new normal in their pursuit of achieving sustainable business growth. The adoption of ESG in business operations, when carried out effectively, would lead to the fulfilment of SDG 8 and 9, set out by the United Nations.

BACKGROUND

The World Health Organisation (WHO) had on 11th March 2020, declared the novel coronavirus or Covid-19 outbreak a global pandemic. Since the detection of the first pneumonia case caused by Covid-19 at the end of 2019, this disease has spread widely to 220 countries, with a total number of 87,672,854 cases. The incidences include 1,892,072 deaths and 63,157,432 recoveries (worldometers.info/coronavirus/ as of 7th January 2021). The number of Covid-19 infections worldwide continues to rise and has brought a serious impact on socio-economic globally. The World Bank, in its June 2020 Global Economic Prospects forecasting the global economy to shrink by 5.2% in 2020 due to the Covid-19 pandemic. Malaysia recorded its first Covid-19 case on 11th March 2020. The number of new confirmed cases dropped to a single digit in July and August but spiked to over 100 in September and over 1,000 in October 2020.

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