

## Malaysian SME-Entrepreneur Emotional Impact upon Sustaining Business Operations: A Preliminary Findings

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### Abstract

There is countless research that discourse stresses and depression among workers around the world. However, there is a lack of study that tries to clarify the psychological impact among the entrepreneurs or employer. The objective of this paper is to overview the current situation faced by a selected SME-based company in Malaysia. It deliberates the employer's experience and perspective on facing their emotional stress in managing their small company. This preliminary study had revealed that the employer's emotional struggles lie on four factors: - (i) Economic turbulence (ii) Competition with other companies (iii) Worker's safety and, (iv) Religious or faith believes. While this study is still on-going, the proposed methodology is yet to be finalized. In conclusion, this on-going study will continue to elaborate on four factors of the employer's emotional struggles, in the hope to promote responsibility for managing psychological hazards among workers and employers in the context of the Malaysian working environment.

**Keywords:** Stress, Depression, Bumiputera, SME, Malaysia, Covid-19.

### Introduction

In the last decade, there is an ascending growth of *Bumiputera*-based Small Medium Enterprise (SME) companies. By offering a range of small to medium-sized goods and services, the presence of these companies has helped to boost the economic growth of *Bumiputera* entrepreneurs in Malaysia. Besides, their presence has arisen service needs and socio-economic improvement in rural areas. However, as Malaysia experiences political instability, COVID-19 pandemic, sluggish economic management as well as intense competition with the non-*Bumiputera* / international companies, many of these *Bumiputera* companies have to restructure their organization and its plummeted financial fiscal. Sadly, some companies have to recuperate. It also conveyed a psychological hazard to both employer and employee. A psychological hazard is any hazard that affects the mental well-being or mental health of the

worker by overwhelming individual coping mechanisms and impacting the worker's ability to work healthy and safe. They are associated with psychiatric, psychology, and physical injury or illness, such as occupational burnout, anxiety disorders, depression (mood), hypertension, and Cardiovascular Disease. Psychosocial risks are linked to the organization of work as well as workplace violence (a psychosocial hazard). Psychosocial risks are recognized internationally as significant challenges to occupational safety and health as well as workers' productivity (Di Tecco *et al.*, 2020). There is countless research that discourse stresses and depression among workers around the world. However, there is a lack of study that tries to clarify the psychological impact among the entrepreneurs or employer (Su *et al.*, 2020).

This paper will discourse the preliminary findings of psychological hazards faced by an employer of a selected SME-based company located in the industrial zone of the northern state of Peninsular Malaysia.

### **Literature Review**

Running your own business can be hugely rewarding. However, managing and sustaining a company is no easy task. For many small businesses, owners having sole responsibility for the company's success or failure can take its toll. Other than fulfilling the company's fiscal target, the employer needs to adhere to Section 15 (2) OSHA 1994 condition. Section 15(1) Occupational Safety Health Act 1994 describes that every employer and every self-employed person must ensure to have a practicable safety, health, and welfare at work of all his employees. Apart from understanding workplace hazards in terms of physical hazards, chemical hazards, biological hazards, and ergonomic hazards, each individual must able to identify and manage the psychological hazard. This means the employer needs to maintain a safe workplace condition without causing risks to worker's health such as conducting provision and workplace maintenance of the means of access to egress from it that are safe and without such risk.

These process can be ruthless; must be conducted in parallel to operation pressure, the demand of business, and managing work-life balance. Therefore, both employers and employees are prone to experiencing psychological stress in the workplace. An example of psychological stress is stress. Generally, workplace stress occurs due to individual/organizational failure to manage loads capacity to fulfill demands from running a business. For example, the owners of SME business often juggle many roles and countless setbacks--lost customers, disputes with partners, increased competition, staffing problems--all while struggling to make payroll. It requires self-resilience and maturity to endow coping mechanisms and the ability to continue working healthily and safely. Such determination will usually embroil stress. While stress is not the same thing as mental health conditions such as anxiety or depression, excessive or long-term stress can increase the risk of developing a mental health condition. If it is unmanageable, simple stress can lead to chronic mental illnesses such as; depression, anxiety disorders, and feeling suicidal.

In a respectful view, the criterion in Section 15(2) OSHA 1994 is in some way catered preconception on the employer's wellbeing. A leader also needs help to manage their emotional capacity without compromising the risk of workplace violence - that will be affecting his or her capability as a leader. In an ideal company, it takes both employer and employee co-operation to achieved harmonious relationships in the workplace. More

research is needed to highlighting the need to go beyond structures and practices and how to incorporate the role of ideas to analyze the success or failure of co-operative efforts (Bray, Budd & Macneil, 2020).

### Methodology

For the preliminary study, the researcher employed a qualitative research approach which is interviewing. The interview approach allows an in-depth understanding of the issue compared to any online survey or quantitative approach. This study focused on obtaining perception feedback by the owner of *Bumiputera*-SME companies that had to meet the criteria of having to sustain their business operation for more than 10 years. The responses were collected by using qualitative semi-structured interviews and also, from a copy of the company profile (to be used as secondary data). During the interview, the respondent could raise any issues which were not addressed by the questions but must be adhered to the scope of research. The preliminary result had raised four potential research themes: - (i) SME Challenges during Economic Turbulence, (ii) The Competitor, (iii) Worker's Wellbeing and Safety, and (iv) Religious / Faith believe. All preliminary findings were discussed together with a certified psychologist and certified Occupational Safety and Health officer.

### Findings

#### (i) SME Challenges during Economic Turbulence: Malaysian Context

Inevitably, the seasoned company is not spared from facing business sustainability issues. Notably, in the wake of the country's economic downturn due to the Covid-19 pandemic and fronting competitors. In this situation, the SME-company is likely to forecast a prolonged financial disruption; in which they have to consider downsizing or ceasing business operation. Such a downward condition will sprout emotional unrest among the staff, as it may affect job security. Historically, Malaysia had survived the 1998 economy recession (Ariff & Abubakar, 1999; Aslam & Jaafar, 2020), also had endured Asia financial crisis back in 2007 and 2015; where the government gross debt was increased from 41.2% of GDP in 2007 to 52.8% in 2009 and further increased to 54.5% in 2015 (Aslam & Jaafar, 2020).

Struggle in managing a small scale company does embroil stress among the entrepreneurs. From the preliminary interviews, extended experienced entrepreneurs able to choose the exact time to downsize their company. For example, Mr. HM, and entrepreneurs with at least 20 years experience had foreseen his business impact based on political instability (circa 2017), sluggish economic management as well as intense competition with the non-*Bumiputera* / international companies. While asking the reason for downsizing the already small company, Mr. HM stated that he is having issues of getting payment from the tender project that he had already accomplished. The unpaid contract amount is staggering, and it nearly crippled his business operation. Given the context of having unsecured funding, Mr. HM is constantly feeling distressed upon providing worker's salaries. It does cause conflict among his workers and reducing their working motivations due to not getting paid as scheduled.

Since Malaysia has just entered the recovering phase of the COVID-19 pandemic, it is noticeable that the medium and small scales enterprise had ceased its operation due to the consequences of the Movement Control Order (MCO). According to Omar *et al.*, (2020) study, there are no comprehensive statistics of Covid-19 impacts on SMEs in Malaysia. Given the

context of complexity in managing COVID-19 pandemics and a potential recession, and the chances of SMEs such as Mr. HM companies to secure a future procurement are slim. Even if he still managed to resume the company operation, he might have to deal with other vigorous competitors; which also trying their best to sustain their own company.

**(ii) Competition Among Other Companies**

Based on the preliminary study, there are at least six companies that offer the same services in the district where Mr. HM's office is located. Although Mr. HM is enlisted as a *Bumiputera* company – where it has an eligible quota to compete for government-based procurement or contract, there is a lack of procurement offered --- as the government is currently facing the greatest recession year (Landau, 2020). Mr. HM nature of businesses is driven to provide construction works such as; installation of air conditioning systems, fire prevention systems, water pump, HVAC ventilation systems, other variety of other mechanical, electrical, and civil engineering services to industrial construction, tertiary institutions, schools, and even housing / domestic. Although these nature of services are essential, he can no longer rely on government procurement and he couldn't penetrate the district-based agency as it was already saturated with competitors. It requires triple efforts, persistence, excellent networking, and a worthy track record of past business to attract procurement from the non-government agencies.

Therefore, he has no choice but to travel extensively from his office compound just to seek new business opportunities. Before downsizing, he could rely on his auxiliary staff to drive and travel together to meet the client. Nowadays, he needs to drive alone. Taking considerations that Mr. HM is a middle-aged man, he is at a greater risk of physical and emotional fatigue. According to Schaufeli & Greenglass (2001) and EU-OSHA (2007), prolonged exposure to the psychological hazard in the workplace not only produces psychological and physiological damage to the affected workers, but it also produces further repercussion within society – reducing productivity in local/state economies, corroding familial/interpersonal relationship and producing adverse behavioral outcomes. In conclusion, frequent traveling had affected Mr. HM's work-life balance and lack of quality time with his family. Correspondingly, extensive traveling also makes him frequently unavailable in the office and it has affected his daily management operations, the risk of operation loophole, and worker's safety.

**(iii) Worker's Wellbeing and Safety**

In this case, the downsizing procedure is a breezing process because the majority of the workers were employed based on the contract. But then, losing half of the workers is difficult to comprehend and it does affect the daily operation. To keep the current project running, Mr. HM needs to work strenuously to negotiate and appoint workers based on a project basis; where all the works must be carried out within a given timeframe. It is assumed that, with extensive entrepreneurial and leadership experiences, Mr. HM had learned to developed self-resilience and maturity in deciding without feeling guilt or biased.

The remaining employed workers eventually understand that workforce shortage means they need to adapt "*carry things on a pole*" and learn to accomplish a job task that is affected by the termination. Interestingly, half of the remaining staff were married female with kids. They are carrying the responsibility to manage expanded administrative tasks and, being a working

mom. This condition will naturally add a burden on their shoulder. Hence, taking lots of holiday break after post-MCO might be not the best option as it may affect daily work operation. Consequently, this could lead to unanticipated marriage disputes. Next, the remaining staff safety could be jeopardized because Mr. HM is currently relying on independent contractors. Therefore, most of the time, these staffs have little information about people that comes to their office compound.

Most importantly, the preliminary findings reveal that all remaining employees feel anxious if En. HM is unable to provide a monthly salary to them. Given the context of the above scenario, all employees are at risk of having workplace stress. Which could potentially lead to workplace violence?

#### **(iv) Religious / Faith Believes**

In Malaysia or generally in the Asia region, it is taboo to discuss stress and suicidal feelings (Leung, 2020) — which is somehow parallel with the western perspectives as discoursed by Brudder (2013) and Rice-Oxley (2010). The majority of Malaysian citizens were Muslims, and it is prohibited for a Muslim, to committed suicide (Standish, 2020). In this preliminary study, Mr. HM and all his remaining staff were a practicing Muslim. After reading the company portfolio and documentation of their CSR works, it is assumed that a good relationship between Mr. HM and his workers had helped them to avoid confrontations and unmanageable stress. Investigation on the stress level of Mr. HM and all his employees is still on-going as it needs a better understanding of individual cognitive, behavior, emotion, and mental health.

The preliminary study was conducted before the Covid-19 pandemic occurs. Therefore, it is interesting to continue investigations to learn how religious or faith believe had influenced worker's emotional wellbeings before, during, and post MCO. A few months ago, there is a report that had raised concerns about citizen's emotional wellbeing due to MCO. In response, the government takes initiative to establish a 24-hours *Talian Kasih* so that the citizen could anonymously discuss their emotional turmoil while facing the Movement Control Order (MCO) (Karim, 2020). A previous study found out that social support plays an important role to reduce the chances of people committing suicide (Kleiman & Liu, 2013), and also, there is a likelihood that attending religious service frequently will reduce the intention of committing suicide (Kleiman & Liu, 2014).

#### **Conclusion**

Neither new nor seasoned companies are spared from facing sustaining business operations. Notably, in the wake of the country's economic downturn, many successful companies have ceased their operation. The preliminary findings had discovered an alarming increase of entrepreneurs' anxiety which leads to job strain, effort-reward imbalance, long working hours, precarious work, work-life imbalance, job insecurity, precarious work et cetera. Apart from dealing with worker's job security, there is a lack of study to track the employer's emotional struggles to manage their business, specifically, measuring their perception after making a critical decision to save their company. According to a study conducted by Freeman *et al.*, (2015), a clinical professor at the University of California, San Francisco, 30% of the entrepreneur had experienced depression. It is also speculated before that the employers were worried if the decision that they have made makes them unable to cope with losing the

talent and fiscal expenditure (Hubbard & Prucell, 2001; Bruder, 2013). This is the dark side of the entrepreneurship world that had fazed the community. Successful entrepreneurs achieve hero status in every culture. Little to understand that it makes more than the courage to make it big. Most of the time, entrepreneurs struggle with near-debilitating anxiety and despair—times (Bruder, 2013).

Because this study is an ongoing phase, it is expected that the future finds will harbor information of respondent cognitive, behavior, emotion, and respondent mental health. The hopeful outcome of this research is to help all the SME entrepreneurs to focus on causing their adverse psychological symptoms and how it can manifest or intensify. Optimistically, the future findings will be beneficial for the student to learn about identifying psychological hazards in the workplace; in terms of the Malaysian culture context.

### **Declaration**

The authors declare no conflict of interest

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