

Challenges among Small and Medium F&B Operators during Covid-19 Pandemic: An Entrepreneurial Resilience Perspectives

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Abstract

The Covid-19 pandemic that hit turned out to stretch a tremendous impact to the Malaysia economy in macro and micro level including the SMEs company. Statistic shows that 37,415 business operators from the SMEs cluster had severely affected and have got to closed the business due to the enforcement of Movement Control Order (MCO). Despite large numbers of business closure, there are also some small and medium F&B operator who have managed to generate more income during pandemic. Moreover, data issued by Companies Commission of Malaysia (SSM), from 1 April to 19 July 2020, 82,555 new businesses were registered. This show that, COVID-19 does not prevent anyone to venture into business including SMEs. Sustainable SMEs play a key role in a country's long-term viability. In order to redevelop the collapse of SMEs during Covid-19, deeper attention and consideration are needed to discover the causes of this phenomena. Study about the impact of entrepreneurial resilience on success of small and medium F&B operator during COVID-19 in Malaysia are very scanty. Thus, this study is done to explore a lack of study on Malaysian small and medium food operator's success during pandemic attributed by entrepreneurial resilience. In future this study could give direction and description of ways to sustain during pandemic among F&B SMEs.

Keywords: Entrepreneurial Resilience, SME, F&B Operator, Pandemic, Covid-19

Introduction

The spread of coronavirus to Malaysia has affected many businesses involving various sectors, especially after the government enforced the Movement Control Order (MCO). Most entrepreneur especially those involved in the food business sector complained for a long time

as the order caused them to lose sales (Sinar, 2020). Besides, food and beverage (F&B) businesses across the country from cafe and restaurant owners to fast food chains and big-name manufacturers and retailers continue to feel the effects of Covid 19 (Bernama, 2020). Food operators found around the Klang Valley admitted that they lost more than 70% of their daily sales within the first week of the MCO being implemented (Sinar, 2020). Moreover, a restaurant operator in Shah Alam, Selangor, Wan Ahmad Jasri Wan Kamarudzaman said, he expects to only be able to survive for a month if the implementation of PKP is continued (Sinar, 2020).

However, a different situation occurred in several individuals who returned to generate income in a situation where the country still records cases of infection. Some of them were able to double their profits during the implementation of the second and third phases of MCO (Sinar, 2021). Only those involved in the food and manufacturing sectors managed to regain cash flow and were able to achieve a rapid business recovery during the pandemic (Sinar, 2021). Grab told Bernama that their delivery service had increased by more than 30% compared to the week before the PKP came into effect (Baharuddin, 2020). Moreover, reported in Harian Metro, written by Amri (2020), during MCO surprisingly some entrepreneurs are able to generate sales of up to millions of Ringgit or reach seven figures. She interviewed four entrepreneurs who became millionaires as a result of the implementation of MCO due to the Covid-19 virus. Two of the entrepreneurs are from the food field. They are the stockiest of Mamasab Bakery which is one of the local brands that produces premium cakes at affordable prices. They also highlighted that, success will be achieved with high effort and commitment. This shows that SMEs also have the opportunity to succeed in business during Covid-19.

Literature Review

Entrepreneurial Resilience

Entrepreneurship is defined and characterized as proactivity in discovering and maximizing opportunity, risk-taking, innovativeness and creativity in introducing new processes and products/services. (Branicki, Sullivan-Taylor & Livschitz, 2017). While resilience is defined as ongoing individual ability to adapt to changes, take opportunity, change direction as needed, as well as avoid collisions occurring (Castro & Zermeno, 2020). Resilience begins from a complicated interplay of many circumstances at distinct levels of analysis (Branicki, et al., 2017). It is important for SMEs to learn from their experience to survive during the pandemic. Branicki, et al. (2017) define entrepreneurial resilience as a type of emotional and cognitive talent that is important for the entrepreneur, particularly when bouncing back after failures associated with their entrepreneurial initiative. Entrepreneur resilience can be determinant of SMEs ability to recover after facing consequential hardship disaster (Zal, 2018). Previous research indicates that the procedures and practices of managing resilience are directly representative SMEs decisions and sometimes not all characteristics of SMEs tend to undermine resilience (Branicki, et al., 2017). It can be concluded that, the resilience of SMEs can fluctuate accordingly. According to an empirical study from Branicki, et al. (2017) one of the respondents shares that resilience must be about more than just business survival for some small and medium F&B operators. Facing a crisis, sometimes SMEs close their current business because they are considering moving to something new due to the current business may not survive the crisis.

Entrepreneurial Resilience Contributes to the Success of Small and Medium Enterprises (SMEs) during Covid-19 Pandemic

The Covid-19 pandemic that hit turned out to have a tremendous impact on the world community. Therefore, it is important to find alternative solutions to limit losses, recover, prepare and rebuild society (Castro & Zermeno, 2020). Small and medium enterprises (SMEs) form the most important component of the Malaysian economy, but the COVID-19 pandemic has exposed fragility in the way SMEs conduct their business (Baharuddin, 2020). SMEs account for 98.5 percent of the total business establishments in Malaysia, especially in the services sector (Baharuddin, 2020). Compared to large organizations, SMEs are commonly characterized by their size and relative lacking of formal structural, owner-managers as formal roles/positions, and entrepreneurs and entrepreneurship as representing separate attitudes, behaviors, and activities at the conceptual level (Branicki, et al., 2017).

Zal (2018) suggests that resourcefulness, technical, organizational, and rapidity capabilities are necessary for resilience. Besides, Castro & Zermeno (2020). mention that, self-efficacy refers to how much a person trusts in his or her skills to decide what issues they can face, how much work they will need to conquer them, and how long they will have to endure in overcoming them. Previous study shows that, entrepreneurial resilience can be a component in company success because resilient entrepreneurs have a high tolerance for ambiguity, can adapt to change rapidly, capitalize on opportunities, and learn from their failures (Castro & Zermeno, 2020). Also agreed by McInnis-Bowers et al (2017), in their study found three dimensions of the entrepreneur resilience trait which are hardiness, resourcefulness and optimism are suggested by the researcher that seems most important for entrepreneurs.

Additionally, Castro & Zermeno (2020) findings summarized that key sources of SMEs resilience are social connections in producing informal support mechanisms, high autonomy value, comfort uncertainty and failure and entrepreneurial bricolage. Entrepreneurial bricolage refers to making do and muddling rather than formal business continuity plans. From this study, the researcher found that how a SME approaches resilience may contribute to SME resilience and lead to success. During times of crisis, how entrepreneurs act has a significant impact on how they respond. Technology parks, incubators, collaborative groupings of inventive enterprises, and regulations that foster innovation all help entrepreneurs' and organizations' creative and innovative behaviors, which lead to the development of products and services based on client demands (Castro & Zermeno, 2020).

Moreover, assistance from the government can also to some extent strengthen the resilience of SMEs for success during covid. Government intervention through PRIHATIN and PRIHATIN PKS is expected to help small and medium F&B operators to survive in the current challenging business environment, the Ministry of Finance (MoF) said in its 2021 Economic Outlook report released today (Baharuddin, 2020). In Malaysia, Strategic Program for Empowering the People and the Supplementary Economy (PEMERKASA+) helps entrepreneurs including micro and small enterprises and medium to maintain business resilience throughout the full movement restriction for two weeks (Department of Statistic Malaysia, 2021). They provide incentives amounting to RM11.5 million which includes grant assistance and financing which benefit entrepreneurs. There are many other incentives provided by the government agency such as eBelia, '100 Go Digital Coaching', Open Program by SME Corporation Malaysia (SME Corp), *Program Tunas Usahawan Baitulmal* (TUB) by MEDAC and Wage Subsidy Program (PSU) (SME Corp Malaysia, 2020). Besides, RM70 million has been spent to encourage citizens and youth to spend online for the sake of attracting the interest of Small and Medium Enterprises (SMEs) and youth turning to digital platforms (Department of Statistic Malaysia, 2021). Small and

Medium Enterprises (SMEs) F&B operator should take advantage of government initiatives that help them boost the economy. These are some of the proofs that the government is taking proactive measures to assist entrepreneurs affected by the COVID-19 outbreak in rehabilitating and restarting existing businesses.

Conceptual Idea

The success of entrepreneurs in reviving a business starts a lot from their attitudes, and without constant effort and openness to adapt to change, they will inevitably face failure (Sinar, 2021). The government has set some guidelines for food operators doing business during the MCO. Among them are taking and recording workers and customer's temperature, controlling the number of customers walking in and social distance and use of hand sanitiser. Food operators need to accept the fact that the way of doing business will change and companies that do not want to adapt to digital business will continue to lag (Mohamad, 2021). Based on data released by Suruhanjaya Syarikat Malaysia (SSM), from April 1 to July 19, 2020, a total of 82,555 new businesses were registered (Omar, 2020). Omar (2020) cited Datuk Seri Wan Junaidi who is a Minister of Entrepreneur Development and Co-operatives, said "Current situation of COVID-19 does not prevent anyone to venture into business but must follow the current requirements that are by using e-commerce platform as one of the marketing mediums of products or services. Entrepreneurs also need to adapt their businesses to new living norms, empower businesses through digitalization and intensify promotional strategies.". Despite the challenging and arduous, there are some F&B operators who try their best to adapt, survive and continue to succeed during a pandemic. For example, Abdul Rahim Samsuri, 39, Klang, the implementation of PKPB is like opening a 'door of sustenance' for him because as of yesterday alone, almost 20 deliveries were done around the red zone location (Saali, 2020).

According to the statistics provided by Health Ministry director-general Noor Hisham Abdullah, currently, both Selangor, Kuala Lumpur and Negeri Sembilan recorded the highest number of new COVID-19 cases which accounted for 70 percent of Malaysia's new COVID-19 cases (Tan, 2021). Malaysia's most populated state of Selangor recorded the highest 7,672 new Covid-19 cases (The Star, 2021). Selangor continues to be the largest contributor, "Every district in Selangor and Kuala Lumpur recorded more than 12.1 Covid-19 cases per 100,000 people," and there was no sign of a drop-in infectivity rate there (Shukry, 2021). Four districts in Selangor are recorded as the areas that have the highest number of Covid-19 cases in the country: Petaling Jaya, Hulu Langat, Gombak and Klang (Zamlus, 2021). According to Jabatan Kesihatan Negeri Selangor (2021), Klang alone recorded 984 cases on 30 July 2021. Thus, the respondents of this empirical study will be taken from small and medium F&B operators in the Klang Valley, Selangor because the Klang Valley is one of the areas that recorded the highest covid cases and among the areas most affected by this epidemic.

McInnis-Bowers et al (2017), suggest that a crucial component in determining entrepreneurial success is the entrepreneur's resilience. Branicki et al (2017) define entrepreneurial resilience as a form of emotional and cognitive capacity that is beneficial to entrepreneurs, especially when recovering from failures related to their business venture. According to McInnis-Bowers et al (2017), "resilience is best understood as a process". While entrepreneurial resilience is defined as, a form of emotional and cognitive capacity that is beneficial to entrepreneurs, especially when recovering from failures related to their business venture (Castro & Zermeno, 2020). Therefore, this research warrants an investigation to explain entrepreneurial resilience capabilities among small and medium F&B operators during the challenging Covid-19 pandemic in Klang Valley, Malaysia.

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