## Societal Risks in SMEs: The Current Covid-19 Pandemic Perspective

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**Abstract:** This paper is focused on the global risks and its categories faced by small and medium enterprises (SMEs). World Economic Forum (WEF) has monitored as well as emphasized major global risks and categorized them into five main factors that are; societal, economic, geopolitical, environmental and technological. Therefore, a literature review was conducted to identify the most studied risks in SMEs and it was found that the societal risks received minor attention, particularly in pandemic perspective. Currently, SMEs are massively vulnerable to the pandemic outbreak of Corona 2019 (Covid-19) as it is now called. This study has discussed the impacts of this pandemic on SMEs and how the SMEs should manage this crisis.

Keywords: Global risks, Societal risk, pandemic, Covid-19, SME

## 1. Introduction

The rapidly evolving changes and complexities in the current world are challenging the contemporary business. Both large firms and small and medium enterprises (SMEs) are facing challenges and risks but SMEs are more vulnerable to receive the sprinkle of the risks. SMEs employ 50 to 60% of the world's population since it represents about 90% of firms globally either in developed or developing countries. Hence, this proves that the business sector in many countries is largely made up by SMEs (Bakos et al., 2020; Dey et al., 2018; Mbuyisa and Leonard, 2017). Although SMEs are significantly contributing to economy, entrepreneurship, new employment opportunity and innovation (Vermoesen et al., 2013), conversely, these economic units are facing risks due to shortage of effective and competent financial management, shortfall of technical skills and inadequate administrative capacity being the crucial role (Karadag, 2017; Ribeiro and Fernandes, 2010).

Ribeiro and Fernandes (2010) claimed that SMEs have been facing risks since the world economy has changed tremendously in recent years as a result of globalization and growing deregulated markets, making way to new and aggressive business setting for SMEs (Ribeiro and Fernandes, 2010). However, the changes of world economy are not limited to globalization and deregulated or dynamic market but are vulnerable to environmental or societal threats. In related to the risks, the World Economic Forum (WEF) has monitored as well as emphasized 30 major global risks and categorized them into main five factors that are; societal, economic, geopolitical, environmental and technological. The definition of global risk according to WEF is "an uncertain event or condition that, if it takes place, may cause major negative impact for several countries or industries in the next 10 years (The Global Risks Report, 2020, p.86)".

Therefore, since SMEs are regarded as the backbone of worldwide and nationwide economy, and the development along with the stability of the private sector depend on the reduction of risk by SMEs (Chatterjee et al. 2015), it is crucial to have more studies of SMEs to better comprehend numerous facets of SME risk management. SMEs are facing excessive risks like large firms and their resilience and survival ability are essential to national and global economies (Asgary et al., 2020). Nevertheless, SMEs are more susceptible to risks as they are found to have less institutional support to manage and encounter the risks (Han and Nigg, 2011).

SMEs all over the world, predominantly in emerging and developing economies are not practicing strong risk and crisis management, business continuity and systems (Yuwen et al., 2016). It should be noted that a number of

SMEs face shortage of expertise and resources to encounter these issues (Rahman et al., 2019). Consequently, they are more exposed to risks (Marks and Thomalla 2017). According to Asgary et al., (2020) even if they have capabilities to comprehend their potential internal threats by risk treatment measures or risk measurement, yet they are susceptible to the external risks since the control and management of these external risks are not within their capacity. Thus, it is salient for SMEs to be effectively mindful of the global risks and monitor, assess as well as elevate their respective risk and business continuity management capabilities in order to minimize the impacts of potential threats (Brustbauer 2016).

In conjunction to the global risks, currently the whole world is experiencing a massive global health crisis, Coronavirus Disease-2019 (Covid-19) as it is now called (Singhal, 2020). This pandemic is greatly threatening people's health and ultimately impacts the business sectors (Wu and Zhu, 2020).

SMEs remain to draw interest from academicians and practitioners to the potential benefits of the sector. Researches on SMEs have covered a variety of areas including the hurdles encountered by these firms, the concentration of the industry sector and the benefits. Conversely, although SMEs have been gaining attention or interest of scholars, the research node is still in some form of progress and lack knowledge specifically on the global risks. It should be noted cautiously that the challenges and growth of SMEs differ from developed countries and developing countries (Adeyelure et al., 2018). Despite the dominance and importance of SME sector in every economy, SMEs' research is a fairly new arena, precisely in developing economies (Karadag, 2017).

This shortage of perception of the current form of knowledge on global risks to SMEs builds a potential research gap to revise and expand this research node in order to ascertain future directions for research. For that reason, this study therefore, fills the void and seeks to make a contribution to, by way of revisiting and reviewing literatures on the risks of SMEs in order to accomplish three objectives: (1) to revisit and review the literature of global risks on SMEs (2) identify if the SMEs risks literature align to global risks of WEF 2020 (3) to address the current risk and impacts of Covid-19 on SMEs (4) to illuminate the crisis management in SMEs. The following section discusses the global risks, pandemic breakout and literature of challenges of SMEs.

## 2. Literature Review

## **Global Risks**

Global risk is "an uncertain event or condition that, if it occurs, can cause significant negative impact for several countries or industries within the next 10 years" (The Global Risks Report 2020, pg.86). A risk of quiescence is expected to rise among the global economy. Escalating trade hurdles and debts as well as lesser investment are threatening economies worldwide. The 2019 Global Risks Report has foreseen a gradual slowdown, hence reveals that the world economy has begun to setback. Within the third quarter of 2019, deceleration was observed amongst the six out of seven largest economies globally (excluding Japan), which collectively signifies a large share of worldwide production (The Global Risks Report, 2020).

The World Economic Forum's (WEF 2020) Global Risk Repot elucidated that there are 30 critical global risks that are categorized into five, namely: societal, economic, geopolitical, environmental and technological. These 30 critical global risks are assessed annually by conducting surveys among 1000 stakeholders and global players' views. The 2020 WEF global risk report listed top 10 risks in terms of likelihood and impact. Table 1 elucidated the top 10 risks by likelihood and impact.

Likelihood	Impact
Extreme weather	Climate action failure
Climate action failure	Weapons of mass destruction
Natural disaster	Biodiversity loss
Biodiversity loss	Extreme weather
Human-made environmental disasters	Water crises

Likelihood	Impact
Data fraud or theft	Information infrastructure breakdown
Cyber attacks	Natural disasters
Water crises	Cyber attacks
Global governance failure	Human-made environmental disasters
Asset bubble	Infectious diseases

According to Table 1, it was evidently found that all the environmental risks are the top five risks in terms of likelihood while 60% of environmental risks are amid the first five risks listed in terms of impact and notably all five of them are listed in the top 10 chart (The Global Risks Report 2020).

# Table 2: The risk categories and thirty global risks of World Economic Forum 2020

Risk Categories	Risks			
Economic	<ul> <li>Asset bubbles in a major economy</li> <li>Deflation in a major economy</li> <li>Failure of a major financial mechanism</li> <li>Failure/shortfall of critical infrastructure</li> <li>Fiscal crises in key economies</li> <li>High structural unemployment or underemployment</li> <li>Illicit trade</li> <li>Severe energy price shock</li> <li>Unmanageable inflation</li> </ul>			
Environmental	<ul> <li>Extreme weather events</li> <li>Failure of climate-change mitigation and adaptation</li> <li>Major biodiversity loss and ecosystem collapse</li> <li>Major natural disasters</li> <li>Man-made environmental damage and disasters</li> </ul>			
Geopolitical	<ul> <li>Failure of national governance</li> <li>Failure of regional or global governance</li> <li>Interstate conflict with regional consequences</li> <li>Large-scale terrorist attacks</li> <li>State collapse or crises</li> <li>Weapons of mass destruction</li> </ul>			
Societal	<ul> <li>Failure of urban planning</li> <li>Food crises</li> <li>Large-scale involuntary migration</li> <li>Profound social instability</li> <li>Rapid and massive spread of infectious diseases</li> <li>Water crises</li> </ul>			
Technological	<ul> <li>Adverse consequences of technological advances</li> <li>Breakdown of critical information infrastructure and networks</li> <li>Large-scale cyber-attacks</li> <li>Massive incident of data fraud/theft</li> </ul>			

The WEF 2020 has identified critical global risks and these risks possess crucial disruptions to world economy. Although environmental risks are ranked the top risks in the world, the year 2020 has encountered a massive societal issue of rapid and extensive spread of infectious diseases called Corona Virus (Covid-19). WEF 2020

describes spread of infectious diseases as "bacteria, viruses, parasites or fungi that cause uncontrolled spread of infectious diseases; (for instance as a result of resistance to antibiotics, antiviral and other treatments) leading to widespread fatalities and economic disruption".

In fact, the WEF has conducted Global Risks Perception Survey (GRPS) among multi stakeholder community, members of risk management institute and professional networks members. The respondents were requested to assess whether the risks of current issues would increase or decline in 2020. It was surprising that the result of Global Risks Perception Survey (GRPS) revealed that rapid and massive spread of infectious were not listed in the survey or even named by the respondents.

The global risks by WEF have enormous effects on the community and business sector. The global community and business sector did not anticipate the spread and impact of infectious diseases risk (Covid-19). Therefore, this study reviews and discusses in regard to the current global risk on SMEs as well and the central questions of this paper are:

- (1) According to literature review, what global risks of WEF 2020 are most vulnerable to SMEs?
- (2) What is the impact of rapid and massive spread of infectious disease (Covid-19) to SMEs?
- (3) How do the SMEs manage this crisis?

The following sections will explore to answer to these research questions.

# SMEs and Global Risk

SMEs are extremely vulnerable to economic and financial crises and SMEs must grasp a firm knowledge of their business strengths, weakness, threats and opportunities (de Araújo Lima et al., 2020). Opportunities and threats are the advantage and downside of risk, defined as "an uncertainty that can have either positive or negative consequences arising from different events" (Islam, Tedford, & Haemmerle, 2008). The risk revelation has grown since the products and services' complexity have risen (Faisal, 2016). However, according to Verbano and Venturni (2011) in many situations, risk can be foreseen and governed.

According to Asgary et al., (2020) SMEs and global risk are not separable and global risks were studied from the view of manufacturing SMEs in Turkey. Their core objective is to comprehend the level in which nation and industry specified settings and circumstances impact SMEs' comprehensions of the worldwide risks. Their overall results indicated that the global risks are highly concerned by SMEs in Turkey, irrespective of its ranking. The minimum perceived probability is infectious disease whereas the least apparent impact is extreme climate conditions. Evidently, these prove global risks may raise alarm to the SMEs and have significant consequences on them.

Secondly, according to the global risk report, the Turkish SMEs perceived risks significantly different than the global firms (World Economic Forum 2020). It is evidently shown that worldwide economic and geopolitical risks are the major concerns of every SME in Turkey, in both the likelihoods and impacts as they have confronted and impacted further by the worldwide economic risks than the other risk factors. Findings revealed that economic as well as financial crises lead to widespread impact on the survival and performance of SMEs (Chowdhury, 2011; Turvey, Bogan and Yu, 2016).

In line to the global risks, the researchers revisited and analyzed the previous literature to find out the global risk stream related to the SMEs. Therefore, in order to answer the research question, literature review has been performed and accomplished by retrieving only relevant articles of global risks on SMEs between the year 2010 and 2020 from most widespread databases: Taylor and Francis online, Sage journals, Elsevier (Scopus), Emerald insight, Ebscohost publications and Google scholar.

The review of literature was carried out between January 2010 and January 2020. The keywords to search the relevant articles were "risk and small and medium enterprises", "risk and small business" in addition to "risk and entrepreneurship". The authors identified 57 articles based on titles and at the second stage all the articles were evaluated in terms of abstracts and their association to the research issues were defined. Nevertheless, several

studies lacked information about our research subject whereas some papers had a incoherent content to their title. Therefore, at this stage, only 21 articles were included to be analyzed.

In this review of literature, authors have identified the main risks of SMEs. Table 3 depicts the summary of previous studies predominantly concentrated on economic and financial risk.

### Table 3: Summary of Literature Review of Risks in SMEs

			Risk	Cate	-		
Author/Year	Risks	Economic	Environmental	Geopolitical	Societal	Technological	Methodology
Verrest, Groennebaek, Ghiselli and Berganton (2020)	Environmental Risk		*				Comparative study
Williams, Sánchez and Škokić (2020)	Technical Risks Market Risks Financial Risks Organizational Risks	*				*	Qualitative
Havierniková, and Kordoš (2019)	Market risks Relation risks Common resources risks Operational risks Competency risks	*					Quantitative
de Araújo Lima, Crema and Verbano (2019)	Financial Risks Hazard Risks Operational Risks Strategic Risks	*	*				Literature Review
Lo, Liu and Cheung (2019)	Environmental Risk - Flood		*				Qualitative
Auzzir, Haigh and Amaratunga (2018)	Environmental Risk- Natural Disaster		*				Quantitative
Harries, McEwen and Wragg (2018)	Environmental Risk - Flood		*				Qualitative
Mannila and Eremicheva (2018)	Shuttle trade – Illicit Trade	*					Qualitative
N'Guilla Sow, Basiruddin, Mohammad and Abdul Rasid (2018)	Fraud Risk					*	Quantitative
Gunasegaran, Basiruddin, Abdul Rasid and Mohd Rizal (2018)	Fraud Risk					*	Qualitative
Hudakova, Masar, Luskova and Patak (2018)	Market Financial	*					Quantitative

		]	Risk	Categ			
Author/Year	Risks	Economic	Environmental	Geopolitical	Societal	Technological	Methodology
	Economic Personnel Risks						
Kaya and Uzay (2017)	Economic Risk Financial Risk Fraud Risk	*				*	Quantitative
Marks and Thomalla (2017)	Environmental Risk - Flood		*				Qualitative & Quantitative
Turvey, Bogan and Yu (2016)	Financial Risk	*					
Hess and Cottrell Jr (2016)	Fraud Risk					*	Literature Review
Muhammad, Ullah and Warren (2016)	Conflictual Environments			*			Qualitative
Belinskaja and Velickiene (2015)	Speculative risk	*					Qualitative
	Partly speculative risk			*			
	Pure risk		*				
Fischer-Smith (2013)	Environmental Risk - Earthquake		*				Qualitative
Wedawatta and Ingirige (2012)	Environmental Risk - Flood		*				Qualitative
Brück, Naudé and Verwimp (2011)	Violent conflict – Civil war			*			Literature Review
Chowdhury (2011)	Credit crunch	*					Comparative Study

Out of 21 studies, nine were concentrated on economic and financial risk and secondly, nine studies were researched on environmental risks, five studies were about technological risk and finally, three were geopolitical risk. The review found scholars rigorously employed qualitative method to examine the phenomenon. The economic risks significantly affect SMEs as worldwide financial crises lead to major decline in the establishment, performance and presence of brand new SMEs in the market (Asgary et al., 2020). The 2008 world economic crisis has weakened the world by causing massive closures of SMEs, retrenching and lowering the number of new ventures (Chowdhury, 2011).

As mentioned above, the second most studied risks on SMEs is environmental and disaster risk. The SMEs are immensely susceptible to various global environmental and disaster risks which disrupt their supply chain (Auzzir et al. 2018) and SMEs are also inadequately preparing themselves for disaster risks (Asgary et al., 2020). The result of literature review revealed that SMEs are significantly facing climate change related environmental risks such as flood risk in Thailand (Marks and Thomalla, 2017) and earthquake in New Zealand (Smith, 2013). Besides environmental risk, technological risks such as fraud scheme are also having devastating impacts on SMEs. Gunasegaran et al., (2018) elucidated that frauds can be classified into three main categories, namely; corruption, financial statement fraud and asset misappropriation. An organization could possible lose almost 5% of its revenue to fraud on an average, and hence lead to greater influence on smaller organizations than on larger ones. Malaysian SMEs are facing fraud cases in terms of broken trust and cases of non-cash larceny (Gunasegaran et al., 2018).

Conversely, based on the literature review conducted, there was no research targeted on the societal risk particularly on the rapid and massive spread of infectious diseases. There were lack of studies conducted about societal risk of massive spread of infectious diseases on SMEs between year 2010 and 2020 as the expansion of

the threat of diseases were limited to the particular region. However, the year 2020 is massively threatening the whole world by the Covid-19 pandemic. Hall, Scott and Gossling (2020) have outlined several major disease outbreaks in the twentieth and twenty-first centuries. Some of these diseases have become "normalized" in the world's eyes, as part of the international health business or precisely developing country business, although their effect can be vast. Table 4 outlines the major pathogen and disease outbreaks in the world.

Risk Categories	Risks
1918 - 1920	Spanish Flu (Influenza)
1957 – 1958	Asian flu (Influenza)
1968 - 1969	Hong Kong flu (Influenza)
1960 – present	Human immunodeficiency virus infection and acquired immune deficiency syndrome (HIV/AIDS)
1961 – present	Cholera
2002 - 2003	SARS (coronavirus)
2009 Influenza	Swine flu (Influenza)
2012	Middle East respiratory syndrome (MERS-CoV) (coronavirus)
2014 – present	Ebola (Hemorrhagic fever) West Africa (Mainly Guinea, Liberia, Sierra Leone) and the Congo
2015 – present	Zika (Americas, primarily Brazil; flavivirus primarily transmitted by Aedes aegypti mosquitoes)
2016 – present	Dengue fever
2019 – present	COVID-19 (coronavirus)

#### Table 4: Major Pathogen and Disease Outbreaks

It was learnt that for the past ten years (between 2010 and 2020) five major pandemics and pathogen outbreaks impacted the world, namely: Middle East respiratory syndrome (MERS-CoV), Ebola (Hemorrhagic fever, West Africa), Zika (Americas, primarily Brazil), Dengue fever and COVID-19 (coronavirus). However, Covid-19 has been seen spreading much faster and massively impacted all over the world. Hall et al., (2020) have stated that there are three factors in escalating the pandemic risk. The first factor is due to urbanization. The humanity is growing faster and more urbanized than it has ever been as the urban centers are more populated with 50 % of the world's population. This enormous convergence of people has resulted in the potential of increasing the diseases to be spread through contact and proximity (Connolly et al., 2020). Secondly, the current transformations of urban centers are more interconnected as a result of transportation connected by road, train, plane and shipping. For instance, in a single day, a passenger contracted a disease travel from one urban centre to the other side of the world, risking the potential infections to co-passengers. Finally, increasing of consumers and their demands for meat and intrusion on wilderness as well as the loss of biodiversity is increasing human proximity with animal pathogens and thus, can rapidly disperse as they enter urban populations (Devaux et al., 2019; Mossoun et al., 2015; Myers et al., 2013).

# 3. Corona Virus (Covid-19)

Corona viruses originate from a family of enveloped, single-stranded, positive-strand RNA viruses classified within the Nidovirales order. Corona signifies crown-like spikes on the external surface of the virus similar to a crown; and hence termed as a coronavirus (Weiss and Navas-Martin, 2005). The novel coronavirus, COVID-19, was initially reported in Wuhan, China, in late 2019. Wuhan, an emerging business hub of China faced an outbreak of a novel coronavirus that claimed more than 1800 lives and infected over 70 000 individuals within the first 50 days of the epidemic. COVID-19 virus is reported to be associated to the family as SARS and Middle East respiratory syndrome coronavirus (MERS-CoV) and is believed to have originated from bats, pangolins and snakes at wet markets in Wuhan (Ji et al. 2020). The newly found virus has swiftly spread all over the world causing infections and deaths to many (Wu and Zhu, 2020). As a result, the World Health Organization (WHO) declared COVID-19, a pandemic on 11th March 2020. Reports and observations suggest that COVID-19 symptomatic patients as well as patients in their incubation period have been the carriers

and main source of transmission of COVID-19 (Rothe et al. 2020).

Hence, this epidemiologic condition of COVID-19 has made the control measures extremely challenging, since the identification and quarantine process of these patients in time is difficult and could possibly lead to accumulation of COVID-19 among the public (The Chinese Preventive Medicine Association 2020). Moreover, the possibility of patients in the recovering phase being the source of transmission is yet to be proved (Rothe et al. 2020). Furthermore, registered drugs or vaccine are currently not available as a remedy for this disease (Pascarella et al., 2020). In order to mitigate the transmission of coronavirus, governments in affected countries have exercised severe measures of social distancing by imposing nation lockdown and travel bans (Gotzcshe, 2020). This has greatly affected various industries such as the educational institutions, airport and tourism industries as well as other businesses.

# Covid-19 and SMEs

According to WEF 2020, this pandemic outbreak is clustered in global societal risks. Covid-19 has enormously affected the entire world, to be specific the world economic. According to Asgary et al., (2020) the studies revealed that very insignificant number of SMEs is sufficiently prepared for disaster risk. A pandemic outbreak (Covid-19) as an additional worldwide risk is irrefutably unhealthy for the development and effectiveness of SMEs.

The year 2002-2003 was struck by a global pandemic, namely the severe acute respiratory syndrome (SARS) and year 2009 witnessed H1N1 influenza which direct and indirectly impacted SMEs (Asgary et al., 2020). In fact, the SARS affected the SMEs particularly the hospitality and tourism sector in Hong Kong, China, Thailand and Canada (Kuo et al., 2008). However, the SMEs are not aware of the meaningful risks of pandemics. Despite of the fact that the governments provide awareness and resources to SMEs to develop plans to prepare for pandemic outbreaks, these preparedness and alertness do not help much (Watkins et al., 2008). Compared to large organizations, less SMEs are prepared to encounter the pandemic since SMEs do not implement business continuity plans or risk assessments (Watkins et al., 2008) as they are amid the top underinsured sectors (Ye and Abe 2012). Even the business sector in the United States lacks adequate pandemic plans in spite of previous encountering of H1N1 influenza. Previous researchers have revealed that compared to previous years' pandemic season absenteeism rates, the 2009 H1N1 influenza pandemic doubled the workers absenteeism rates and this has significantly resulted to socioeconomic impacts (Tora-Rocamora et al., 2012). The size and type of business play important roles to determine business continuity and pandemic preparedness in the U.S because larger businesses and healthcare sector were more prepared to encounter pandemic compared to SMEs and other business sectors (Rebmann et al., 2013).

Since December 2019, the health authorities in China have been meticulously observing a group of pneumonia occurrences in Wuhan, in Hubei province. The new corona virus SARS-CoV-2 (Chinazzi et al., 2020) is known to be the pathogen causing viral pneumonia among communities. Covid-19 has affected international trade and supply chains, suppressing asset values, and compelled multinational businesses to take crucial decisions with inadequate information (Ayittey et al., 2020). It is obviously revealed that large business equipped with sufficient resources are receiving the threats from this pandemic and one should imagine the same consequences to SMEs which lack in resources, skills and business continuity plan. SMEs are greatly affected by this pandemic outbreak as well as the nation's economy as SMEs are significantly contributing to every nation.

The extent of the outbreak with the World Health Organization (WHO) declaring the COVID-19 outbreak as a global emergency was highlighted by Sohrabi et al., (2019). In an attempt to curb or flatten the curve of this pandemic, the governments have enforced lockdown that would hinder the nation's economy. As a result of this lockdown, many SMEs have been suffering losses which threaten their survival in this current economy as it restrains the production and supply chain capacity in several sectors (McGeever et al., 2020; Syed et al., 2020).

Besides that, the most crucial segment of this society is SMEs will have to bear the major loss of this crisis. In fact, in the U.S, U.K and Asia pacific, it was formally informed that a great number of organizations are SMEs, which are the spine of the economy and crucially contributing to their GDP as well as the employment generation (Syed et al., 2020). According to the World Bank Report of the year 2020, 40% of GDP values were added by SMEs,

90% of the total businesses whereby 50% jobs worldwide are offered by SMEs (World Bank 2020). With lockdowns around the world, absence of supply chain and production of several manufacturing and service sector result in SMEs battling for their survival and challenging them to bear the operating cost, salary and rent as they are very small capital (Syed et al., 2020).

This circumstance also leads to great suffer to the SMEs employees' well-being because SMEs are affected by the wage burden. Eventually, this pandemic period has jeopardized the liquidity level of the SMEs as temporary block exists between consumption demands and supply capacity of certain SMEs (McGeever et al., 2020). Thus, Covid-19 pandemic would notably lead to the liquidity or financial constraints to SMEs. Liquidity support to vulnerable SMEs is important to assist them in meeting their obligations during the crisis period, and helps to ensure they are in a position to support the post-crisis recovery (McGeever et al., 2020). Ultimately, the Covid-19 pandemic has extremely impacted SMEs by jeopardizing the financial capability, production level, employment and importantly the GDP of the country.

The SMEs are more vulnerable to this pandemic because a study of Lo et al., (2019) enlightens that SMEs are vulnerable to risks as it lacks the accessibility to the capital and resources of large corporations, typically lower profits and cash reserves, and are less likely to have backup resources and lack the capability to strategize and implement hazard management programs.

# **Crises Management and SMEs**

SMEs are the spine of economic growth and suppliers of goods and services to large organizations and as a result providing job opportunities. SMEs are widely recognized as the driving factor of growth of developing countries as SMEs are the potential sources of income and employment (Adeyelure et al., 2018). Hence, SMEs are crucial for the social and economic development among developing countries (Abor and Quartey, 2010). However, there are differences in terms of challenges and growth of SMEs in both developed countries and developing countries (Adeyelure et al., 2018).

According to Adeyelure et al., (2018), the challenges of SMEs between developed and developing countries are different except for the recent crises of pandemic outbreak (Covid-19). China is the second largest economy behind the U.S and currently the global experts anticipate that impact of Covid-19 on global economy could be vast as China's economy is connected throughout the world. China is also contributing 16.3% of the global GDP and is the main growth factor worldwide. This suggests that any collapse in their country's economy would possibly send waves over the worldwide economy (Ayittey et al., 2020).

Therefore, this pandemic risk or crisis has significantly and simultaneously impact the world's economy. It should be noted that, though the concept of risk is universal but its susceptibility is different from nation to nation. The degree of risk cannot be fully valued without first understanding the nature and structure of a country's economy where such an enterprise is located (Kehinde, Opeyemi, Benjamin, Adedayo and Abel, 2017). Doern et al., (2018) have elucidated that entrepreneurs or SMEs should learn to adapt to any crises and seize opportunities in the times of crises. Certain entrepreneurs or SMEs take steps to lessen the drawback of crises while some does not do so and instead proceed in a 'business as usual' fashion (Davidsson and Gordon 2016).

Doern et al., (2018) in their work emphasized every entrepreneur must be able to manage in times of crises and be resilient than their counterparts. The resilient entrepreneurs are those who seize opportunities and create change with the resources they have. Besides the negative effects of crises on SMEs, in certain circumstances it would create opportunities to start a business or "disaster entrepreneurship" (Linnenluecke and McKnight 2017). They could promote inventiveness to develop alternative products or services (Irvine and Anderson 2004) or even nurture business expansion (Doern 2016), discover opportunities and execute the objectives for entrepreneurs that are commercial and social in nature to ease the suffering of victims (Grube and Storr 2018; Williams and Shepherd 2016). This act is possible by supplying communities with critical products, materials and services, along with time and money (Grube and Storr 2018; Linnenluecke and McKnight 2017) to build the confidence in others to maximize recovery in the repercussion of a crisis among firms and community-wide economic activities (Boin and McConnell 2007).



# Figure 1: Business Sectors affected by Covid-19, both positive and negative impacts

Nevertheless, according to Hadi and Supardi (2020), although the closure of certain sectors, i.e., tourism, aviation and maritime, manufacturing (non-essential) construction and, oil and gas, alternatively other sectors can reap benefits from the Covid-19 pandemic, including the agriculture sector, personal healthcare and medical services, and e-commerce. Figure 1 elucidates the potential business sector affected by this unprecedented situation, both positive and negative consequences (Dcode Economic and Financial Consulting, 2020). The agriculture sector is essential to supply food for community, personal healthcare and medical services are imperative to sustain community's health and curb the pandemic as well. Finally, e-commerce has been playing an important role as it allows supplying of products and services to community as long as a large scale lockdown has not been implemented. In this new era, it is assumed that new ventures and SMEs could alleviate their susceptibilities and size limitations into competitive advantages by addressing these challenges with efficiency of e-commerce through social media usage (e Silva and Elo, 2018). Thus, SMEs should play the important role to restructure social and economic infrastructure within societies during any kind of risks or crises encountering.

## 4. Conclusion

This study has revisited and reviewed the literature of risks of SMEs and global risks as identified by WEF 2020. According to WEF 2020 report, the environmental related risks issues were dominated globally. However, the review of literature of SMEs risks revealed that besides environmental risks, economic risks were also seen dominating among SMEs.

Moreover, based on the review of literature it was found that there is lack of studies conducted pertaining to pandemic outbreak towards SMEs. The year 2020 has witnessed a massive pandemic breakout (Covid-19) which has resulted in a massive impact all over world, affecting community, government and business sector. The business sector particularly SMEs are more vulnerable to this unprecedented situation. This study discussed the global risks and most importantly the current pandemic risks and impacts towards SMEs as well as discussed on how SMEs could perceive or turn this crisis; either negatively or positively.

This study concludes by emphasizing the formulation for continuity of operations for SMEs. Business continuity preparation should practice an all hazards approach to address natural or man-made disasters, biologic and nonbiologic events. According to Rebmann et al., (2013) businesses are essential to economic stability and it is crucial to prepare for forthcoming disasters, specifically those concerning biologic event, such as a pandemic. Rebamann et al., (2013) have cautioned that businesses of all sizes and types are expected to be negatively affected by a future disaster and it is advisable that businesses continue to plan and develop business continuity plans. Therefore, business continuity plans and pandemic preparedness are fundamental to SMEs to alleviate the effects of pandemic or disease outbreaks in the future.

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