



Libyan International Medical University

Faculty of Business Administration



The Impact Of COVID-19 on Management of Small Companies

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Introduction

Definitions of Terms

COVID-19:

- The coronavirus first showed up in Wuhan, China, in late December 2019. A potential zoonotic disease with a low to moderate death rate.
- Person-to-person transmission may occur through droplet or contact transmission, and if there is a lack of stringent infection control or if there is no proper personal protective equipment available, it may harm workers.
- COVID-19 caused several businesses to shut down, heavily affecting economics and enterprises, and small companies had a negative impact during this era.

Introduction

Definitions of Terms

Small companies:

- Small business practices are concerned with innovative products, responsiveness, and the needs of the customers. Speed and proximity to consumers are frequently the sources of SMEs' competitive advantage. SMEs lack training and education but are more confident in their ability to change than larger businesses. The larger companies have significantly higher levels of best practices than the smaller companies.
- Characteristics of a Small Business: Lower Revenue and Profitability, Smaller Teams of Employees, Small Market Area, and Limited Area of Fewer Locations

Introduction Cont.

Why is it Considered as Trendy Topic?

- My trendy topic Because the coronavirus caused crises in small enterprises that created changes in the management and behavior of enterprises, it has been found that COVID-19 has a negative impact on small companies. Many businesses saw decreased economic activity and declining sales and revenue as a result of the early lockdown efforts to stop the virus' spread.
- The pandemic significantly disrupted company operations. The coronavirus has a negative impact on the management of small companies more than large companies because small companies lack a business plan, have less liquidity, and grow too slowly.

Introduction Cont.

The Aim of The Study

The aim of this study is:

- To identify how COVID-19 affects or impacts the management of small companies, either positively or negatively, and what plans and strategies they put in place to face the pandemic to continue their work, enhance their operations during the pandemic, and continue their business and activities to stay alive.
- How can Small companies face significant losses as a result of temporary closures to stop the spread of the virus, which led to decreased economic activity, dropped sales, and lost revenue for small enterprises. The pandemic severely affected companies activities and had disastrous impacts on small companies.

The COVID-19 pandemic has impacted small companies in Libya in several ways, including:

Economic impact:



The pandemic has had a severe economic impact on small businesses in Libya, Many small businesses have had to shut down due to reduced consumer demand and supply disruptions.

Digital transformation:



The pandemic has accelerated the adoption of digital technologies in Libya, with many small businesses implementing online platforms and e-commerce solutions to reach customers and operate remotely.

Supply chain disruptions:



Supply chain disruptions due to the pandemic have made it difficult for small businesses to access the materials and products they need to operate, leading to production delays and increased costs.

Theoretical Framework

Analysis and Methodology



- The articles that have been gathered are based mainly on previous studies and a literature review. Most of these research articles that were used in the theoretical framework were written and published by leading theorists in the field of business administration and management.
- Most of the secondary data used in this study was obtained and collected through qualitative (interviews) and quantitative (questionnaires).
- Finally, the papers that have been gathered consist of results depending on the countries affected by the coronavirus.

Literature Review

Here are the most significant literatures by some pioneering theorists in the field of business administration and management:

Previous Studies (Literature Review)

Both qualitative and quantitative research methods were used to perform the study. The target population of the study was small businesses operating in Ethiopia during the coronavirus epidemic, and the data used were secondary data.

As a result of the coronavirus crisis, many small businesses have been destroyed in Ethiopia, and it is difficult for them to survive with decreased revenue, lost jobs, slowed life, and poor marketing performance. It is even difficult for them to maintain control and keep their business alive.

To support these businesses, small business owners need to control expectations, stay in touch with their team members, suppliers, banks, and customers throughout this disturbing coronavirus outbreak, continue marketing, find new ways to provide their product, and recover from the catastrophe.

(Engidaw, 2022)

Previous Studies (Literature Review)

This study examines the impact of COVID-19 on small business owners: continued losses and the partial rebound

This study uses nationally representative data to conduct the examination of the pandemic's effects on the number of small companies operating in the U.S. after the social distancing restrictions, limitations and demand shifts which indicate large reductions in small business activity. The number of active business owners in the United States is down by 15 percent in February 2022, with continued losses in May.

These findings about the ongoing losses to small enterprises in the early stages have significant policy repercussions and could indicate longer-term effects on employment losses and economic inequalities.

(Fairlie, 2020)

Previous Studies (Literature Review)

The study relies on secondary data to make an impact assessment of COVID-19 on the Indian economy.

This research examines COVID-19's influence on the Indian economy. The pandemic has had a significant negative impact on the Indian economy across all sectors and is still disrupting global value chains (GVCs), manufacturing, domestic production networks, trade, services, and SMEs, which has an impact on overall growth.

The complete lockdown has had an impact on the Indian economy on both the supply and demand sides. The COVID-19 epidemic has impacted the Indian economy, which is at its lowest point in terms of GVA over the past six years.

(Pravaka, 2020)

Previous Studies (Literature Review)

According to an analysis of the research on COVID-19's effects on small and medium-sized firms, the financial effects of this pandemic will worsen for small businesses and their employees.

This article provides useful and effective solutions for handling uncertainty and risk to help mitigate their negative effects on small companies.

First, it's necessary for small business owners to constantly monitor how the industry is developing and changing. Second, it's important to maintain current client relationships, and communicating effectively with existing clients is key to building trust. To communicate any changes in business operations, small business owners should use their websites and social media channels. Third, focus on the needs of your employees, ensure that they feel supported and safe, and consider offering mental health resources and supports.

(Liguori & Pittz, 2020)

Previous Studies (Literature Review)

Collected survey data from more than 8,000 small business owners in the U.S. on March 28th, one day after the CARES Act was passed.

We present three major findings. First, a study of small business owners found that, by the time the CARES Act was implemented, 60% were already laying off at least one employee as a result of COVID-19-related disruptions. The passage of the CARES Act does not seem to have modified this trend, as businesses have continued to lay off workers.

Second, business owners' expectations about the future are in general negative and have deteriorated throughout our sample period, including the period of implementation of the CARES Act.

Third, the smallest businesses had the least awareness of government assistance programs, the slowest growth in awareness after the passage of the CARES Act, and never caught up with larger businesses.

(Humphries, Neilson & Ulyssea, 2020).

The literature review and research findings on the impact of COVID-19 on small enterprises were conducted between 2020 and 2022. The coronavirus pandemic has negatively affected the management of small companies. The coronavirus crisis has destroyed many businesses around the world, making it difficult for small businesses to survive, with reduced revenue, lost jobs, slowed life, and disruptions to the economy. It is even harder to maintain composure and keep their businesses alive as a result of lockdowns due to the COVID-19 pandemic.

Reflection

Small businesses are especially at risk to significant cash limitations in periods of crisis. Smaller and more independent companies typically have lower cash reserves and fewer collaterals for external funding since they rely more heavily on internally generated funds. This makes small businesses particularly at risk of financial insolvency during this era.

To handle the crisis, a number of efforts have been made to address the COVID-19-related health issue. It is unavoidable to assert that COVID-19 has caused several other interruptions, particularly in the public and private sectors, where business operations have been suspended.

Reflection

Implications

Our research findings indicated that SMEs are significantly impacted by the COVID-19 epidemic. Demand restrictions and HR problems are the most significant effects. SMEs lack formal documentation procedures and thorough crisis management methods, but they also have minimal levels of bureaucracy.

SMEs should think about long-term and proactive crisis management techniques, investigate new markets, integrate technology into their future growth, and collaborate closely with many stakeholders if they want to survive and recover from the crisis.

We have found no company that has involved third parties in crisis preparedness. This constraint highlights a potential disconnect with external stakeholders and the need for a more comprehensive crisis management strategy.

Limitations

We discovered a few limitations in our research:

One should be cautious when attempting crisis management methods for SMEs, as their size and resources may not be similar due to the lack of a consistent and defined definition of SMEs across countries. and factors such as firm size, crisis experience, history, and government regulation may affect the crisis management, survival, and resilience methods used by the firms.

This study has some limitations, including a large amount of secondary data. Because it is challenging to obtain primary data directly from businesses during this epidemic, it was preferable to include primary data. Furthermore, it was challenging to find additional relevant material for review because COVID-19 is a recent pandemic.

Recommendations

The management of SMEs is advised to actively assess their cash flow needs, cut needless spending, and create effective plans to address them to prevent potential dangers for the SMEs.

The government should keep up its efforts to stop the COVID-19 pandemic from spreading and reduce its restrictions.

The government should advocate for SMEs to offer stimulus packages to address immediate liquidity challenges, tax relief, reduce layoffs, and prevent firm closures and bankruptcies. This could be accomplished by working with the federal government and meeting with international partners and local banks. It is also advised that the government and chamber of commerce take into account the current situation and implications faced by SMEs.

Conclusion

The papers that were studied had the objective of understanding how the COVID-19 pandemic has affected the management of small companies. The findings indicate that COVID-19 had a significant negative impact on the global economy. Small companies have suffered significant losses as a result of temporary closures to stop the spread of the virus, which led to decreased economic activity, dropped sales, and lost revenue for many enterprises.

According to this theoretical study, small enterprises had relatively little cash on hand at the start of the pandemic to support lockdowns, so they had to reduce their expenses, take on more debt, or file for bankruptcy.

According to research findings, a lot of small businesses will likely disappear due to the crisis, because the pandemic severely affected companies activities and had disastrous impacts on small companies.

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THANK YOU

Do you have any questions?