



# IMPACT OF PANDEMIC ON BUSINESS UNITS & ENTREPRENEURS RESILIENCE IN KERALA

**Delsia. P<sup>1</sup>, Aishwarya. M<sup>2</sup>, Amitha E.S<sup>3</sup>, Royce Vincent<sup>4</sup>.**

<sup>1234</sup>MBA 1<sup>st</sup> Semester, Department of Management, T John College, Bangalore.

## Abstract

This article aims to give a brief view about the impact of the outbreak of covid-19 has left the entrepreneur's on edge in Kerala. The pandemic has severely affected human life cycle, in an enormous way. The outbreak of Covid-19 has created the nationwide lockdown which lead to serious problems to multiple sectors of economy, especially MSME's. The pandemic created a complex and chaotic business environment. A few perceived pandemic as an opportunity for product innovation. Business owners demonstrated empathy toward their employees. Interestingly, most business owners indicated fluidity and inadequate information as a barrier for planning. Information acquisition, seeking help from network, responding to imminent events, wait and watch, were predominant operational responses, whereas innovation and shifting of sectors were strategic responses considered by few entrepreneurs. The perception of superior entrepreneurial abilities in anticipating events, planning, strategizing, and handling complexity was less evidenced in this study. The most affected sectors were Hotel, Food industries, Textiles, Export and Importing activities. This study was done by referring the secondary data. It is unknown by the researcher's that when the current situation will return back to normal. The entrepreneur's has to strategically plan their activities in bringing back their business operations and survive in this economy.

## Introduction

The World Economist as considered pandemic to be a microbial war, global threat, and a new business risk. The increasing number and diversity of pandemics affect lives and livelihood. In case of COVID19 pandemic, the World Health Organization (WHO) recommended national-level disaster management protocols resulting in governments across the world taking actions by imposing curfews and lockdown to curb the movement of public that created inevitable consequences on businesses as well [1,2]. It has adversely affected the Indian economy and have made the lives of the common man in the country miserably. The first case in India was reported from the southern state, Kerala (Indian student returned from Wuhan), on January 30, 2020. On March 22, India observed a voluntary public curfew, and on March 24, the Prime Minister imposed a nationwide lockdown for 21 days and its effect on businesses was very diverse. The micro, small, and medium enterprises with prevailing

local operations were significantly affected. Loss of revenue, failure to access finance, logistics disruptions, and an unstable workforce were the outcomes [3,4].

Entrepreneurs are a vital source of a country's economy. They boost the economy by introducing innovative technologies, services, products, and by providing new opportunities and jobs that contribute to the economy. Due to preventive procedures taken by the governments of our country, numerous small scale businesses, startups and entrepreneurs are the most vulnerable groups that are greatly impacted in this time of crisis [7,8]. Many start-ups have re-directed their business strategies to produce products that are in greater demand. Producing these goods is a fundamental survival strategy and growth opportunity for these businesses, Covid-19 created problems such as meeting deadlines in both the short and long term . A report by World Bank has revealed that gross domestic production (GDP) has been reduced significantly due to the pandemic.

Micro, small, and medium-sized business growth is critical to a country's economy development. Over 12 million people work in India's MSME's, which account for 30% of the country's GDP. Kerala is the state that prioritises and actively work to strengthen MSME's. Kerala rank 14th in the MSME Annual Report 2020-21[8,9,10]. Of the 23.79 million units, 23.58 million are micro-enterprises employing 44.64 million people. Due to Kerala's land fragmentation SME's outperform large corporations, so Kerala is keen on developing the MSME sector. MSME's were left with debts and many were unable to pay employees or run their business during pandemic. Government is taking countermeasures to reduce the loss incurred due to pandemic but most of them didn't benefited, MSME's are struggling for stability as sales and revenue remain halted.

## Objectives, Data and Methodology

The paper focuses on the impacts that caused on entrepreneurs & business units to decline during pandemic period due to restrictions, lockdowns etc and also their resilience. The objectives of the paper are to a) a review on the potential impact on the MSME's sectors due to pandemic. b) present a case analysis of different sectors based on secondary data collected. c) understand the crises management approach adopted by MSME's. Sales have been a sharp decline due to travel restrictions, social distancing, restrictions on sale of some commodities and customers resorting to budget cuts and putting projects on hold. Companies are struggling to recover fixed costs in the absence of revenue due to sharp drop in sales. The Government has brought various measures to uplift the MSME's and startups in Kerala.

## Analysis on Textile Sector

India is the world's 2<sup>nd</sup> largest producer of textile and garments and 5<sup>th</sup> largest exporter of textile. The companies involved in home textile are using technology to optimise the value chain. The global export of handloom products are held by Export Promotion Council (HEPC).

The most important problem faced by the industry is that many firms were shut down and production fell drastically, raw material shortage is another issue and some of them were unable to sell out the stocks. The pandemic has not only affected the demand for textile and but also its supply. India is one of the major textiles

and apparel exporters to the United States and the European Union and China and these markets are hit hard by the virus. Due to the pandemic the export from India went low. The main reason for this is the unavailability of the labourers as thousands of workers left cities and major industrial centres for their ancestral family homes, often in villages, to sit out the lockdown.

### **Analysis of Food Processing Units**

It is observed that the sales of edible products such as bakery, food processing units were up to the mark as the supply of bakery was insufficient as many of the bakers have shut operations due to shortage of labours in the pandemic. The factor that has created an impact on the market is the lack of raw material availability due to which production of products was not proper. Due to these issues, the market for bakery product has decreased and food consumption changed to home kitchens. A decline in demand of beef and chicken has affected restaurants and fast food services extensively. Due to the pandemic the disruptions in these products delayed stock and lower supplies, access, and consumption of these food. The varying levels of lockdown initiated in various countries nationally and internationally, social distancing requirements and health concerns, have seen a shift in consumer behaviour to home cooked meals rather than eating out. Due to the salary cut down the issues of labour management deeply affected the field of bakery manufactures. Many of them cut shortened their menus due to low demand for these products, some of them adopted marketing strategies like promoting their products through social media, online delivery etc. Almost all restaurants were asked to limit their operations to only takeouts. Preliminary findings indicate that visible sanitizing efforts, implementing social distancing, limiting the number of customers served, more rigorous and frequent cleaning of high-touch surfaces in common areas, and employee training of health and safety protocols are the most important safety precautions customers expect from a restaurant and a hotel. In conclusion as a result of these problems, some of the food processing units preferred to wait until the end of lockdown.

### **Analysis of Hotel Industry**

Restrictions placed on travel and stay-at-home orders issued by the authorities led to sharp decline in hotel occupancies and revenues. Many changes came in the way hotels worked before and after lock down like, allowed dine-in in the restaurants to reopen at a reduced capacity with strict social distancing guidelines. There were no shortages for raw materials but the price was really high for the raw materials and which made the situation worse as most of the hotel sales was very low. The hotels adopted online delivery service, social media promotions, and also renovating the existing facilities to attract customers.. People are also buying couches and dining tables along with work-desk etc [15,16]. that too in bulk through online channel. So brands have also started recognizing an increasing consumer inclination towards multifunctional and customised furniture as one of the primary reasons driving the office furniture market expansion during the next several years.

### **Analysis of Furniture Industry**

All furniture shops caused a termination in bookings and so it led most of the owners to face a gradual decline in the revenue for their business. Most of them are depending on local raw materials so, supply chain was not that

much disrupted due to trade restrictions. The main problem faced by the furniture industry is that products remain unsold [13,14,15]. The main reason for this is what we analysed from their response is that everyone preferred to purchase only important things such as food and materials and buying furniture is not priority for them at that time. But everyone suffered from financial crisis and still facing it but to an extent they managed by cutting down of salaries, cut shortened number of employees and producing less quantity of products according to order to avoid dead stock. Vendors are adopting online retail strategies to reduce cost and increase their profit margins, few organizations are now considering office expansion or renovation projects. Many furniture industries have also started recognizing an increasing consumer demand towards multifunctional and customised furniture, so now they are more concentrating on that.

### Analysis on Export Oriented Units

The shipping industry remains one of the most crucial one for international trade. The growth or decline of international trade directly determines the fortunes of the shipping industry. With the onset of the Covid 19 pandemic, the sector has suffered enormously and is dealing with problems. Apart from the disruptions in supply and demand globally, shipping lines have also been forced to alter their ports of call because of restrictions imposed by multiple countries. So, this led many companies to put their stock on hold and cancellation of orders etc. The export-oriented units were hardly affected by the pandemic [11,12]. The demand for their products has weakened most of the owners. The supply chain disruptions have led to increase in financial liabilities. Some of the parties cancelled their orders due to pandemic and led to financial crisis. some of them faced the situations of lack of raw materials. Travel restrictions severely impacted their trade and its one of the reasons for dead stock and raw material shortage. Same issues are faced by export units both in data collection and literature review. Apart from the depressed supply and demand globally, shipping lines have also been forced to alter their ports of call because of coronavirus related restrictions imposed by multiple countries.

Entire lockdown period (11 months)

Sector	Completely Affected	Partially Affected	Not Affected
Hotel	4	4	3
Textile	6	3	2
Food units	5	3	3
Furniture	6	3	2
Export	4	4	3

Source : Secondary data of the MSME units in Kerala.

Performance of sales (Percentage % of total output)

Sector	During Lockdown (%)	After lockdown (%)
Hotel	30	80
Textile	20	80
Food Units	50	90
Furniture	10	60
Export	10	40

Source : Secondary data of the MSME units in Kerala

## Conclusion

Covid -19 pandemic has lead to a dramatic loss of human life worldwide. The economic and social disruption caused by the pandemic is devastating. Our survey gives a picture of short- and long-term opportunities but also vulnerability of SMEs and entrepreneurs in the Covid-19 pandemic. Many face real challenges to sustain their business going forward. Building on the insights from the survey we reflect on five trends for the post-Covid economy and on targeted support measures to help Kerala MSME's. Two cross-cutting general trends relate to (1) Personal resilience: an increased awareness of mental wellbeing, both for entrepreneurs and staff (eg related to increased working from home), and as a business opportunity, and (2) Business resilience including developing capabilities to be agile, to spot and exploit new opportunities. Three specific trends concern (3) Accelerated digitalization; (4) A move from global to local supply chains, and (5) Inclusive and social business models. Kerala SMEs and entrepreneurs hold much potential to help 'build back better' a more inclusive and greener post-Covid Indian economy [5, 6, 7].

## References

1. Béné, C., Bakker, D., Rodriguez, M. C., Even, B., Melo, J., & Sonneveld, A. (2021). *Impacts of COVID-19 on people's food security: Foundations for a more resilient food system*. Intl Food Policy Res Inst.
2. Dinesh, S., & Muniraju, Y. (2023). RESTAURANT BUSINESS DURING POST PANDEMIC ERA: A KEY TO RESILIENCE AND ECO-FRIENDLY PRACTICES. *EPRA International Journal of Environmental Economics, Commerce and Educational Management (ECEM)*, 10(2), 16-22.
3. Huggins, R., & Thompson, P. (2021). Entrepreneurial innovation and the pandemic: cities, competitiveness and resilience.
4. Kannappan, S., Celina, A., Mohanty, S., Gounder, M. R., & Kirthy, S. ENTREPRENEURS' RESILIENCE TO NATURAL DISASTERS: STUDY ON EMERGING ENTREPRENEURS FROM FLOOD AFFECTED AREAS IN KERALA.
5. Mohan, C. and Joy, R., 2021, Entrepreneurs' Resilience to Natural Disasters: Emerging Entrepreneurs from Flood Affected Areas in Kerala. *The Empirical Economics Letters*, 20(3), 33-41.
6. Mohan, M. C., & Joy, R. Role of entrepreneurship in empowering Kerala community for disaster resilience. *Juni Khyat*. 10(5), 19-24.
7. Mohan, M. C et al. (2022), *Integrated Disaster Management*. D L Publications.
8. Pathak, M. D., Kar, B., & Panda, M. C. (2022). Chaos and complexity: Entrepreneurial planning during pandemic. *Journal of Global Entrepreneurship Research*, 1-11.



9. Priyadarshini, P., & Abhilash, P. C. (2021). Agri-food systems in India: Concerns and policy recommendations for building resilience in post COVID-19 pandemic times. *Global Food Security*, 29, 100537.
10. Rao, M. (2021). Communities of innovation: From co-creation to resilience. *Communities of innovation: How Organizations Harness Collective Creativity and Build Resilience*, 297-325.
11. Refeque, M., Azad, P., & Sujathan, P. K. (2021). How Do Workers Sustain COVID-induced Labour Market Shock: Evidence from the Indian State of Kerala. *The Indian Economic Journal*, 69(3), 520-533.
12. Stephan, U., Zbierowski, P., Pérez-Luño, A., Klausen, A., Cabañas, M. A., Barki, E., ... & Zahid, M. (2021). Entrepreneurship during the Covid-19 Pandemic: A global study of entrepreneurs' challenges, resilience, and well-being.
13. Syal, S. (2021). Learning from pandemics: Applying resilience thinking to identify priorities for planning urban settlements. *Journal of Urban Management*, 10(3), 205-217.
14. Upadhaya, B., Wijethilake, C., Adhikari, P., Jayasinghe, K., & Arun, T. (2020). COVID-19 policy responses: reflections on governmental financial resilience in South Asia. *Journal of Public Budgeting, Accounting & Financial Management*, 32(5), 825-836.
15. Varghese, B., Chennattuserry, J. C., & Kureethara, J. V. (2022). Sinking houseboats and swaying home stays: community resilience and local impacts of COVID-19 in managing tourism crisis in Kerala. *International Journal of Tourism Cities*, (ahead-of-print).
16. Varghese, B., & Chennattuserry, J. C. (2023). Community Resilience and Crisis Management: Stakeholders Perspective of the Tourism Industry. In *Tourism and Hospitality in Asia: Crisis, Resilience and Recovery* (pp. 21-33). Singapore: Springer Nature Singapore.

