

COPING MECHANISMS OF MICRO, SMALL, AND MEDIUM ENTERPRISES IN THE MUNICIPALITY OF CANTILAN DURING THE COVID-19 PANDEMIC

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ABSTRACT: *This research intended to study the coping mechanisms of micro, small, and medium enterprises in the Municipality of Cantilan during the COVID-19 pandemic to determine the strategies of these enterprises dealing with the different factors that may affect continuing business in the locality. Specifically, this study seeks to show the respondents. The COVID-19 disease has been spreading all over the countries and bringing the crisis to the different sectors. In the Municipality of Cantilan wherein micro, small, and medium enterprises became one of the affected fields shown vulnerability during these times. It was observed that some of the businesses opted to close down temporarily or even in a permanent phase due to difficulty in continuing the business. In this case, this study will present an assessment in determining the coping mechanisms of micro, small, and medium enterprises. The data gathered by the researcher interpreted and analyzed the results using the appropriate statistical tool. The determinants that are being used to get a response from the enterprises' coping mechanisms were the following: Operation and Value System, Customer Experience and Support, Workforce and Human Capital, Leadership and Change Management, and Community and Social Engagement. The data implies that among the indicators, Community and Social Engagement received the lowest percentage with 3.28 from micro-enterprises and 3.16 from small enterprises respectively with the verbal description of good. In line with the findings, it was found that proposing intervention programs with relevant action plans specifically for community and social engagement is necessary to provide a solution to address gaps in micro and small enterprises' coping mechanisms amidst this pandemic. Additionally, the Municipality of Cantilan authority and the community are suggested to participate in this project because this can be their tool as a reference, especially on how to help the micro, small, and medium to sustain their business during a crisis.*

Keywords: COVID-19 disease, coping mechanisms, MSMEs, community, action plan

1. INTRODUCTION

The coronavirus disease commonly known as COVID-19 was one of the global health crises of our time and the greatest challenge we have faced nowadays. It has been discovered all over the countries which makes us anxious all the time. It was because there was strict implementation needed in time of travel and other necessary health protocols inside and outside the locality that hampered the people's day-to-day living. This COVID-19 disaster affected one of the vulnerable sectors of our society which is the micro, small, and medium enterprises. To continue the operation, there were many things you need to consider especially in this new normal situation. Businesses, as noted, relied on their consumer purchases but because this pandemic affected their daily income, and experienced difficulty getting some materials or resources.

According to Paul Vandenberg[1], micro, small and medium-sized enterprises (MSMEs) have been badly hurt by the coronavirus disease (COVID-19) pandemic. Transport and border restrictions, social distancing, and lockdowns have disrupted supply chains, dampened consumer demand, and shrank cash flow. As a result, small businesses were unable to pay store rent, workers' wages, suppliers, and creditors creating a spiraling effect on households and the economy. In this study, the data were collected from the Municipality of Cantilan which showed that some of the business sectors opted to close down their business temporarily or even in a permanent phase due to the difficulty in continuing the business in these times of pandemic. Businesses were very weak in terms of handling crises because of the possibility that they could be dissolved at any time.

On the other hand, some micro, small, and medium enterprises were also trying to respond to the situation in a resilient and creative way. With this, exposing their coping

strategies to maintain their status in business was the focus of the study. Identifying their coping mechanisms in these times of crisis was very significant as it would show how they dealt with the challenges brought by the pandemic. All of the feedback from the enterprises concerning the effects of the COVID-19 pandemic was thoroughly addressed and there was a concrete action plan to be realized.

This study was anchored on Margherita A. & Heikkilä M., [2] "Business Continuity in the COVID-19 Emergency: A Framework of Actions Undertaken by World-Leading Companies" focused on two key concepts, i.e., business continuity (in crisis and emergency scenarios) and value creation (through business model innovation). It was classified into five areas: 1) *Operations and Value System*; 2) *Customer Experience and Support*; 3) *Workforce and Human Capital*; 4) *Leadership and Change Management*, and 5) *Community and Social Engagement*. The study advanced the scholarly discussion on the impact of emergencies on business continuity and provided managers with a comprehensive view and some insights to define response strategies and actions in the current challenging scenario. The details of this concept wanted to determine were to identify the micro, small, and medium enterprises on how they projected in the different factors that were presented in this study. Also, this study would determine feedback from all the businesses experiencing the effects of the COVID-19 pandemic, how the situation affected them, and what possible changes they should make so that their business would survive in this chaos.

On March 8, 2022, President Rodrigo Roa Duterte issued Proclamation No. 922, declaring a State of Public Health Emergency throughout the entire Philippines, and prompting a whole-of-government approach to addressing the COVID-19 pandemic. In view, all government agencies and local government units (LGUs) shall be urged to render full

assistance and cooperation and mobilize the necessary resources to undertake critical, urgent, and appropriate responses and measures promptly to curtail and eliminate the threat of COVID-19.

Prasetyo *et al.* [3] study showed that residents are not allowed to leave their homes except in case of emergencies. Border closures and entry bans were also enforced. Thousands of police officers and military personnel were deployed at checkpoints to ensure that people complied with the lockdown. Because of this, business sectors were one of the most affected. As we all know, micro, small, and medium enterprises are dependent on the purchases of their buyers and, vice versa, the seller. According to the data surveyed by the United Nations, around 60 percent of respondent firms were not operational during the survey period due to the COVID-19 containment measures. A higher share of micro-enterprises and domestic-oriented firms were affected. The majority of these micro enterprises were manufacturers of finished goods, firms that have been in operation for five years or less, and youth- and women-owned firms. On the other hand, domestic-oriented firms were mainly from the trade sector, operating for five years or less, and owned by individuals between the ages of 35 and 50 years old. Around 55 percent of non-operational firms reported losses in employment at varying degrees, with 30 percent experiencing a loss of 100 percent of their workforce.

The lack of available transport for employees and anxiety about going to work contributed to the problem of the inadequate workforce for maintaining operations, with only a handful of firms being able to successfully implement work-from-home arrangements. Most firms also experienced difficulties in coordinating their supply/value chains, causing shortages in raw material supply and obstacles to distribution, shipping, and logistics, leading to reductions in operations. These, in turn, resulted in revenue and production losses, and in many instances, loss in employment as well. Furthermore, the challenges were compounded because most firms did not have transparent and responsive plans for business continuity, especially during extraordinary situations.

The COVID-19 outbreak was a sharp reminder that pandemics, like other rarely occurring catastrophes, have happened and will continue to happen in the future. Even if we cannot prevent dangerous viruses from emerging, we should prepare to dampen their effects on society [4].

John Paul Flaminiano [5] said in his article that in the Philippines, the enhanced community quarantine, done as a response to mitigate the spread of the COVID-19 pandemic had brought economic activity to a standstill. Although the immediate priority of policymakers was to resolve the public health crisis, it was essential to construct the right set of policies to pave the road to recovery and avert possible socio-economic turmoil. If SMEs were unable to sustain their operations, their workers would not receive wages and, worse, lose their jobs. This puts the livelihoods of millions of Filipinos at risk, and their households could become highly vulnerable to hunger and poverty. Consequently, this could also slow down recovery and potentially trigger more socio-economic problems. He added that even before the crisis, many of our SMEs already had problems obtaining credit as working capital and paying their workers. It was crucial to

have a quick response and to cast a wider net of coverage to reach more SMEs that were in dire need of capital, especially during this time of crisis. There was no one-size-fits-all solution to address how to make the government's response more comprehensive, although the timing and coverage of the reaction were crucial.

To address the adverse impacts of the COVID-19 pandemic, MSMEs started implementing adaptive business measures. Among these were digitalization or the use of online platforms for their business transactions, cost reduction, diversification of products and services, utilization of non-cash payment options, and allowing employees to work from home. However, despite these adaptive measures, the majority of the MSMEs still need assistance to recover from their losses. (United Nations Philippines). Most MSMEs did not have business continuity plans. They have been hit by COVID-19 without being prepared and need to work out their recovery without such programs. Others have not yet been affected and still could prepare. MSMEs that recover during the pandemic would find it useful to draw up business continuity plans to be prepared for further pandemic waves or outbreaks of other infectious diseases in the future (UNIDO). Fabeil *et al.* [6] stated that there was still a lack of studies on the impact of a pandemic outbreak on micro-enterprises in developing countries. It was crucial to explore how micro-entrepreneurs experience crises and the decisions they make for business survival.

Small businesses have had the misfortune of encountering unusual consumer behavior, with most consumers opting to use virtual platforms for shopping. Small entities have failed to adjust to these changes with most lacking the resources to facilitate a shift to the online platform. Worse yet, small businesses have difficulty accessing financial support due to eligibility issues and bureaucratic hassles [7].

Dodge [8] expressed in an article that with the first period of lockdowns this spring, small businesses felt a major hit. This was especially true for small businesses in the retail sector, and those who depend on a heavy amount of customer interaction. Without being able to shop in person, a huge number of Canadians turned to their computers. In addition, small businesses were far less likely to have a large online presence, and a significant portion had no online presence to speak of. Many small businesses have quickly established bare-bones websites to take orders and record sales to stay in business simply. It remained to be seen if online e-commerce sales and reduced in-person sales would be enough for these small businesses to stay open.

Many who have already closed are unsure whether they would be able to survive long enough to make it to the end of the crisis. Many respondents clearly emphasized that re-opening would not mean they could immediately return to pre-pandemic business levels, especially for businesses that laid off most or all of their staff members unless they could get a quick response from regulators and others in government to help them pivot to new opportunities. R. Dahlberg & F. Guay [9] stated that several businesses also faced the challenge that even though they had BCP in place, activating these plans meant that needed support from other services that could not keep up with the growing demand. It considered that business interruptions have social and

technical characteristics, that organizations could be responsible for their failure, that resilience could be built through processes and procedures, and that a disaster could have an impact on stakeholders inside and outside the organization. Bishop P. (2019) said that a diverse and robust knowledge stock would foster entrepreneurship after crisis events. During these times of pandemic, it was a challenge for the researcher to identify what were the mechanisms used by the small and medium enterprises to cope with this situation.

Various studies and explorers have been determined by different researchers on perceiving and assessing how micro, small, and medium enterprises could surpass the challenges brought by the COVID-19 pandemic. The related literature and studies had similarities to the present study, which showed that the interest in investigating a company's ability to respond to a critical scenario was significantly relevant in the most recent pandemic, which implies a solution to the current situation. However, the difference of the present study was it introduced a long-term approach not just to respond to the disaster but also to have a concrete plan that dealt not only with today but for the future somehow like this pandemic. Business continuity was still not widely understood in small and medium-sized enterprises. Increasing pressure from larger organizations to secure the continuity of their supply chains, new government legislation, and the global acceptance and adoption of business continuity management standards mean that MSMEs could no longer ignore business continuity and the growing need for it as part of mainstream business operation. [10]

2. MATERIAL AND METHODS

This study used a quantitative method using the descriptive survey was used in the study. An adapted-modified questionnaire was used as the main instrument for data collection.

Participants and Procedure:

The research was conducted in the Municipality of Cantilan participated by the micro, small, and medium enterprises. As to limitation, There are 17 barangays in the municipality but the researcher opted only the barangay that has a bigger number of micro, small and medium enterprises and that includes Barangay Magosilom and Lininti-an. The researcher randomly selects the recognized respondents in the locality.

3. RESULTS AND DISCUSSION

The results provide information regarding the profile of respondents and coping mechanisms of micro, small, and medium enterprises during a pandemic.

Table: 1

Micro-Enterprise	Weighted Mean	Verbal Description
Operations & Value System	3.79	Very Good
Customer Experience & Support	3.80	Very Good
Workforce & Human Capital	3.58	Very Good
Leadership & Change Management	3.57	Very Good

Community & Social Engagement	3.28	Good
Average Weighted Mean	3.60	Very Good

Table 1 presented the result of coping mechanisms of micro-enterprises towards Operations and Value systems, Customer Experience and Support, Leadership and Change Management, and Community and Social Engagement. It revealed that the following indicators got Very Good results except for Community and Social Engagement. The response from the surveyed respondents showed that micro-enterprises did not cooperate or participate in whatever needs of the community and society during the COVID-19 pandemic may be because many small businesses in disadvantaged areas struggle and self-employment is risky and do not necessarily pay any better than waged employment. Another reason, from the articles published by Bedford and Phagoora (2020) is that sole trader businesses work is precarious, the income is unpredictable and the conditions are isolating. As Kip Holley (2016) writes in the *Principles for Equitable and Inclusive Engagement*, “intentionally using the community engagement environment to build bridging social capital—social capital that is built among diverse community members—has been shown to help create new connections between diverse community members and make resources available within the community, encouraging community member to become involved in the lives of their neighbors. These connections reflect strong attachments to communities and a commitment to making them better places for everyone.”

Table 2

Small Enterprise	Weighted Mean	Verbal Description
Operations & Value System	3.89	Very Good
Customer Experience & Support	3.79	Very Good
Workforce & Human Capital	3.49	Very Good
Leadership & Change Management	3.51	Very Good
Community & Social Engagement	3.16	Good
Average Weighted Mean	3.57	Very Good

As presented in Table 2, show that the coping mechanisms of the following variables are described as Very Good, except in the factor on Community and Social Engagement which revealed Good with a 3.16 weighted mean. This implied that the coping mechanisms of the small enterprises in terms of community and social engagement are not highly coped.

It was found out one reason why small-sized enterprises hardly coped in community and social engagement is because of the health protocols that need to be followed which are, no interactions with a group of people or maintaining social distancing per instruction and memorandum of Inter-Agency task force. Participating in different social activities is difficult to achieve since the locality is imposing no face-to-face guidelines to mitigate the risk of COVID-19.

Table 3		
Medium Enterprise	Weighted Mean	Verbal Description
Operations & Value System	4.02	Very Good
Customer Experience & Support	4.14	Very Good
Workforce & Human Capital	3.92	Very Good
Leadership & Change Management	3.77	Very Good
Community & Social Engagement	3.54	Very Good
Average Weighted Mean	3.88	Very Good

Table 3 showed that the coping mechanisms of medium enterprises to all indicators revealed "Very Good". It implied that COVID-19 is not a hindrance to pursuing continuing the business. From the researcher's perspective, medium-sized enterprises are not directly hit by the COVID-19 crisis may be because of their stability factor in the community. Their services may be highly needed by the customers and already built trust with the suppliers. Their coping mechanism is to address concerning factors that may affect their business with the help of their resources especially the number of workforce that enable them to work smoothly. At some point, maybe there will be times they will be affected due to different restrictions but it is a handful and easy to cope with. Among all the factors used in the study, most of their response were that Community and Social Engagement are the variables that need to be addressed. It was found that the respondents have no transparent engagement with the people and society during the COVID-19 pandemic and this should not be neglected.

4. CONCLUSIONS

This study was beneficial to the following:

Business owners/sectors - it gave them the proper guidance on how to recover smoothly amidst the COVID 19 pandemic. It was an advantage to them to determine what were the things to consider for the business to continue to operate.

Customers- this also helped the customers as they were the onewho received the products and services. Without the operation of MSMEs, their day-to-day living also is affected. Local Government Unit – the local officials also benefited from this study because themicto, small and medium enterprises helped the society. The economy of the town in certain areas would be affected if we ignore to support of these MSMEs businesses.

The study shows the understanding of coping mechanisms of micro, small, and medium enterprises. Based on the findings obtained, it can be concluded that all determinants: Operations and Value System, Customer Experience and Support, Leadership and Change Management, and Workforce and Human Capital revealed "Very Good" except Community and Social Engagement which only remarks as "Good".

These results show the results shows that there is a lack of awareness and resources on how to micro, small and medium enterprises coped up on the situation. This analysis creates an opportunity to discover and introduce the business continuity plan to MSME.

Moreover, the study will enable the researcher to ascertain capable ways for future research. As a product of the research, there can be a recommended output to be implemented and serve as a reference for the Municipality of Cantilan, Surigao del Sur to enhance the capability of Micro, Small, and Medium Enterprises during the crisis.

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