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SMALL BUSINESS DECISION MAKING THROUGH DIGITAL BUSINESS DURING THE COVID-19 PANDEMIC IN MALAYSIA

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ABSTRACT

The nationwide COVID-19 pandemic has resulted in many countries imposing travel restrictions and movement controls. In Malaysia, for example, Movement Control Orders (MCO) affect the small business sector. With the closure of the support sector as well as transportation which has caused smallest traders to be unable to operate and at the same time caused them to lose their source of income. Nevertheless, small traders in Malaysia need a decision-making strategy if the small business community can take full advantage of digital applications in business to recapture competition and generate their income in the wake of the COVID-19 crisis that has hit today. Therefore, it is important to study the extent of practice and involvement in small business decision making through digital marketing activities in empowering new business norms in Malaysia as well as reviewing post-COVID-19 business strategies in the future. The results of the survey found that all traders conduct business digitally and even when faced with the COVID-19 crisis, respondents took full advantage of the application of the use of ICT through the new business norms that have been implemented. In addition, the results of the study also showed that the respondents were fully prepared with various business strategies either before or during COVID-19 to weather the business of the post-COVID-19 era.

Keywords: COVID-19, Small Business, Decision-Making Role, Online Business, New Business Norms

INTRODUCTION

Coronavirus (COVID-19) is an infectious disease caused by a virus that causes a person to experience symptoms of difficulty breathing that requires special treatment if they have severe respiratory problems. According to WHO 2020, as of June 14, 2020 an estimated nearly 7.7 million people have been diagnosed with COVID-19 and have caused the deaths of up to 427,630 people worldwide (WHO, 2020).

In tackling this Coronavirus outbreak, economists warn of the deteriorating global economic and financial structure. This is because, in most Southeast Asian countries such as Indonesia, Malaysia, Thailand, the Philippines and Singapore the government has imposed emergency and quarantine orders to prevent the transmission of COVID-19 (Fabiell et al., 2020). The situation has led to the closure of a country's economic activities and with restrictions on individual freedom with social distance given priority, the result is that there is no more face -to -face contact between sellers and customers and there is disruption to product delivery.

In Malaysia, the small business sector is one of the sectors most directly affected due to movement control orders (Azman, 2020). Previous economic activities will follow the new norms

will hamper the income earned by small traders in rural areas. The economic impact of the COVID-19 pandemic on the private sector, industry and employment also had a major impact on the country. According to Kuriakose (2020), this impact occurs especially in the Small and Medium Industry (SMI) sector because it is estimated that they constitute 98.5% of the total number of enterprises and at the same time it affects this sector. In addressing this issue various strategies are needed to resolve the difficulties faced by rural traders affected by the effects of this COVID-19.

The decision-making role is a strategy needed to increase business growth among rural traders by empowering the role of rural communities through ICT to give a significant and effective impact to society, it is suitable as a platform in the process of transforming society to make ICT a catalyst to generate income for traders in the situation of the new norm due to COVID-19.

Therefore, this study aims to assess the extent of new practices and involvement of small traders through digital marketing activities in empowering new business norms in addition to reviewing the post-COVID-19 business strategy in the future.

LITERATURE REVIEW

The outbreak of COVID-19 had a devastating effect on the economies of most countries in the world. The COVID-19 crisis followed by the closure of borders and countries has shocked economies and labor markets around the world by influencing factors of production as well as demand (Johnsen et al., 2020). As a result, the COVID-19 pandemic had adverse implications for all aspects of community life, either directly or indirectly, starting when they became ill, then social restrictions by the government, disrupting economic activities and affecting rural household and business incomes (Philipson et al., 2020).

According to Dube & Kathende (2020), when closure and social restraint orders take place, not all sections of society are able to remain silent at home without engaging in any economic activity to generate income for their families. Most communities, especially those who depend on the informal economy such as small businesses, are unable to conduct their business activities during that period.

In Malaysia, the Prime Minister's Special Message on 16 March 2020 also announced the Movement Control Order (MCO) Phase 1 which started from 18 March 2020 to 31 March 2020 as a measure to prevent and spread the COVID-19 pandemic in the country. According to Sukumaran (2020) MCO Phase 1 has set the condition that all business premises are closed except businesses based on daily necessities and food in addition to other conditions such as a total ban on movement in the country and abroad and public gatherings including religious, sports, social and cultural activities.

As a result of the MCO, small-scale businesses began to lose their daily source of income due to supply chain disruptions due to the closure of the support sector, as well as staff shortages and lack of cash savings. Surveys by most media found that traders' complaints about declining sales to the point of suffering losses of almost 100% during the COVID-19 season have affected their sources of income. Yet, most traders believe that this situation is all out of control and no one wants this crisis to happen that way (Muhammad Nasir, 2020; Alias, 2020).

In a rural context, the effects and consequences of the COVID-19 pandemic could help the community or provide new business methods in improving digital skills and knowledge among traders. According to Gardner & Blondeau (2020), applying digital services and knowledge in rural areas to reduce movement constraints caused by the epidemic helped overcome the problem of dumping of perishable products as well as food products because during that time traders could not sell directly to customers (Fabiell et al., 2020). In addition, the application of digital participation in business activities plays an important and effective role because during the instruction of movement restrictions and social imprisonment. This is because it is able to enable rural communities to

conduct financial transactions without having to travel outside the community or any business location (Hayter, 2020; Lotha, 2020).

Through a study by Lundin (2020) in China, prior to the COVID-19 pandemic, the digital economy had indeed played an important role as a driver of economic growth and social transformation. A study conducted by the Tencent Research Institute in China on 1638 digital business-oriented business entrepreneurs during the COVID-19 pandemic period found, the majority of entrepreneurs agreed to increase investment between 10 to 30% in digital business aspects. Through this study as well, most traders who use digital business use three main digital mediums namely for marketing aspects, service development and for communication purposes. This is because digital -based business strategies become very important and strategic as well as capable of being the driver of digital transformation towards economic development in China now and in the future (Lundin, 2020).

In addition, according to Saari (2020), the COVID-19 disaster that affected the national economy should be given attention by all levels of society. Every community needs to play a proactive role in helping the government manage the economy during the COVID-19 crisis. Among the roles that need to be performed by the community is to optimize the advantages of digital technology in diversifying sources of income. For small traders in particular, the movement control time period is the best time period to transform the business. This is because merchants can change traditional marketing methods to digital marketing of their products by directly marketing goods to consumers' homes through digital ordering applications (Saari, 2020).

In this regard, in the latest development in Malaysia, a short -term economic recovery plan will be implemented within six months from June to December 2020. Through the turnaround plan, which is estimated to be worth RM140 million, the government and the private sector will provide funding grants to help and encourage SME enterprises to shift to business digitization or online business (Thursday, 2020). Through this recovery plan, it is hoped that the parties involved can foster innovation and develop local venture capital talent, especially among small traders.

RESEARCH METHODOLOGY

The study aims to examine the decision-making practices and involvement of small traders through digital marketing activities in empowering new business norms in addition to reviewing post-COVID-19 business strategies in the future. The population of this study consists of small traders from several states in Peninsular Malaysia who conduct online business based on social media medium as a business platform.

Initially, the study sample was selected based on the list of names of traders in the group of face book, Instagram, WhatsApp and tiktok small traders. In order to obtain respondents who, meet the target, the study set the sampling for this research is in the form of Sampling aimed at obtaining several phases of the survey during this research. Respondents consisting of small traders through the social site Facebook from the list of selected traders on this social site. For this method, provide personal links to individuals running businesses from various states.

STUDY FINDINGS AND DISCUSSION

New Business Norms

- **Stock Acquisition Method**

The COVID-19 crisis, the socio-economic environment and new business norms have

provided an opportunity for respondents to strengthen their skills and capabilities in developing and implementing strategies so that small businesses can remain competitive. This situation to some extent encourages small traders to improve their business models from before.

This is because during the COVID-19 crisis, the business challenges among small traders were enormous. Small traders for example were quite impressed to manage and procure stocks during the crisis period. Most suppliers will face problems in making deliveries because of strict travel restrictions and SOPs as well as the closure of district and state borders at that time.

This shows that during the period of MCO being implemented in Malaysia, the traditional and face-to-face shopping lifestyle changed completely to online business. This situation is not only seen among merchants, but customers are also changing their existing buying habits to digital businesses. In addition, it shows that they have transformed the methods and ways to get something.

- **Business Product Conversion**

Most small traders make business product conversions from original products to new products because it meets customer demand. In this case, most traders started switching products to food type businesses such as introducing new menus during the MCO period. This is because the customer demand for food is very high as all the households are at home at that time. Apart from that, traders also informed that they had to change business products to increase income and cover the cost of living. This is because they feel that if the business is not run then there is no flow of money into the business they have been running for so long. Therefore, they must rely on the business by switching business products during the COVID-19 pandemic period. In addition, there are traders who change business products because they meet the needs and wants of consumers at the time. The MCO period has led to an increase in demand for hand sanitizers as well as face masks. This situation provides an opportunity for respondents to change their sales products to meet the high demand of customers at that time.

New Business Criteria

Meanwhile, there are several other criteria on new business norms implemented by small traders in the period facing this COVID-19 pandemic. Among them are payment mediums, business hours of operation, and also methods of interaction with customers. Through the medium of payment, the majority of merchants applied the medium of online payment during this crisis period. In addition, during the MCO period, the operating hours of business premises have also been limited. Changes in business hours are subject to the respective states. This situation is also influenced by the convenience factor of traders marketing their business in the medium of social sites such as Facebook for example. According to Gardner & Blondeau (2020), if an entrepreneur does not have a website in business, social websites like Facebook are able to provide almost 70% free marketing services to merchants. Through Facebook, merchants can showcase sales products and services, communicate with customers, update on business information at all times.

New business norms in the context of customer interaction methods are also showing change. This shows they are not in direct contact with customers this COVID-19 season. In summary, based on the new business norms implemented by the respondents clearly shows that the respondents have started to activate themselves in business digitally. This can be seen when most merchants have changed their business operations from communicating directly with customers to communicating online. However, there are also other studies that show that not all merchants have the opportunity to conduct business digitally. A study conducted by Canadian Emergency Response Benefit in Canada found that one in four merchants are unable to operate an online business due to

lack of knowledge and knowledge of ICT and do not understand how to convert business operations to online platforms (Mabey, 2020).

Post-COVID-19 Business Strategy

Based on this study, traders have devised various types of strategies in making decisions to ensure that their business activities take place successfully. Consistent marketing strategies on social media such as face book, Instagram, WhatsApp, tiktok provide an opportunity for merchants to channel product information to social media users so that it can arouse interest in users to try the product. We already know that social media such as Facebook for example Man Kulim has many followers and gets a high view every time a product is promoted. In continuous and consistent product promotion has the potential for merchants to get new customers if they are interested in buying the product. In addition, strategies to change the concept or operation of their business. In this context business operations from conventional business to digital business without requiring customers to their premises. Any transactions will also be conducted entirely digitally given the significant increase in digital adaptation among consumers and merchants after the outbreak of the COVID-19 pandemic. This strategy is seen to be quite effective as it is the most appropriate time for traders to re-evaluate the form of business while maintaining the business they have run before. Selection of strategies to introduce new products that are products that are based on food sales as food products obtain daily demand.

CONCLUSION

This study has shown that decision-makers are involved in adopting the use of digital applications in their respective businesses. Although originally the use of digital applications was not fully utilized by them, but as a result of the COVID-19 pandemic it has changed and triggered a new phenomenon of business activity, especially among small traders.

This situation shows that, the current situation has qualified for the widespread use of digital technology in society to be able to boost business activities between traders and consumers respectively. In addition, the results of the study also found that respondents were prepared with various strategies to strengthen their business activities. Respondents are aware that digital business is a major transformation as a core business strategy as well as appropriate as the reality of new business norms in the future.

Although this study was conducted in a short period of time and only represented by selected traders, but this study indirectly gives the impression that small traders are beginning to realize the importance of digital adaptation in their business activities. This is because during the implementation period of the MCO is carried out, business activities through online can still be implemented, and even some traders obtain demand that is beyond expectations.

Until now the whole world has accepted the fact that the COVID-19 crisis is capable of affecting the economy of every country. Therefore, all communities need to play a proactive role to help the government manage the economy during this crisis. Among the roles that need to be performed by the community is to optimize the advantages of digital technology in diversifying sources of income. For small businesses in particular, this crisis period is the best time to transform existing businesses into digital businesses. Meanwhile, this is the right time for every trader to seize the opportunity to highlight their potential in business activities to maximize the use and importance of digital business for the survival of a challenging future.

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