

ECONOMIC TALKS

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The impact of COVID-19 on small businesses

What would be your general suggestions/guidelines for creating a survival plan for a small business?

Bangladesh's GDP which was enjoying an exponential growth of 8.15 percent would be slowing down significantly due to the advent of COVID-19. According to the Economist Intelligence unit (EIU), the decline of GDP could lower down to 4 percent. The hardest hit would be the Small Business Sector. This sector contributes 20.25 percent in our GDP Growth and accounts for 35-40 percent of our employment. Hence, the Government and private sector has to take special steps for survival of small enterprises/businesses.

The continuation of the pandemic beyond 4 months will force a majority of the small businesses to close down. This sector employs over 50 million people.

World's Global Organizations have allocated US\$50 bn to fight COVID. At least 1.5bn could be procured for our country for small businesses.

In the post pandemic situation, the government has to formulate policies for revival of the small business enterprises. The stimulus injection, declared by the Prime Minister, is US \$2,36bn for small and medium enterprises has to be equitably distributed and ensure end use.

What are some options of short-term sources of funds/loans for a small business?

A cash transfer programme at minimum wage rate through mobile transfer could help the sector. Focusing on obtaining the stimulus or Anudan declared by the government, which will be distributed by the banks, will fund their business. Making prudent use of it, like keeping low inventory of materials and keeping ready stock could minimise their cost and keep them afloat.



Should I consider cutting employees' salaries? How do I deal with it, balancing my organisation's survival and fairness towards employees?

Employees of small business are meagrely paid. On top of that, cutting their salaries would push their survival. For the interim, salaries could be reduced to an extent where they could survive. This would have to be determined by businesses. Because the employees also need to understand survival of the business is imperative for them to survive. In the post pandemic situation, jobs will be even harder to find.

The small business owners need to especially look into how to minimise cost and make their staff more efficient. Multi-tasking needs to be made imperative for all employees. Resource allocation and ensuring utmost resource utilisation would be key to a successful revival and sustenance of their businesses.

At the same time, how do we retain/boost employees' morale in this crisis?

Because of the instability of the nature of small businesses, employees will definitely have low morale in this crisis. Owners showing empathy towards their employees and counselling them could help. Small incentives in cash whenever the owners can afford could be given to the employees. This would make the employee feel taken care of and morale could be maintained. Where possible, remote working should be allowed, if not done previously.



If I must have employees coming to office, how can I ensure the highest safety for them?

This could be done by spacing out the furniture, desk, tables and rotating the work schedule of the workers. The CDC and WHO have some guidelines regarding safety of staff which can

be followed and applied according to the business's space and number of employees.

My business is simply not e-commerce/it heavily depends on offline activities. What should I do or how should I manage?

Employees, while attending office, should wear mask and gloves at all times. The restrooms should have ample hand washing materials, and spacing out of work areas are mandatory. Besides, if possible, employees can be given transportation to and from work to reduce the risk of exposure to the disease from public transport.

If I am considering shutting down the business permanently, what factors should I keep in mind before arriving at this decision?

Permanently closing down business is a major step. It's predicted that 68 percent of small businesses will be closing down. Partial closing down would be a better option, and post-COVID, build it up again gradually.

In the end, sustaining small businesses will positively impact our economy and their closing down will send ripple effects to the wellbeing of the economy. Hence, all parties of the financial system should safeguard the existence and security of the small businesses.

Acknowledgements

1. The Business Standard
2. World Economic forum
3. Atlantic Council
4. Light Castle Partners

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