



**Fakulti Sains Kognitif dan Pembangunan Manusia**

**THE CHALLENGES ENCOUNTERED BY ENTREPRENEURS IN  
RESPONSE TO COVID-19 AT SUNGAI SIPUT, IPOH.**

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**Bachelor of Science with Honours  
(Human Resources Development)**

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The project entitled 'The Challenges Encountered by Entrepreneurs in Response to Covid-19 at Sungai Siput, Ipoh' was prepared by *Ruvanaesswari A/P Subramaniam* and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours (Human Resource Development)

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## **ABSTRACT**

This study aims to identify the challenges encountered by entrepreneurs in response to Covid-19 at Sungai Siput, Ipoh. Moreover, this study is specifically focused on entrepreneurs who are facing the current economic challenges during Covid-19 pandemic and what are the impacts and other related issues faced by them in response to Covid-19. This study was conducted to explore the type of support needed by entrepreneurs in response to Covid-19 and to determine the entrepreneurial competencies required to withstand situation such as the current pandemic. The research design used in this study is case study and interview is used as an instrument to collect necessary data from the informants. The most suitable sampling for this study were purposive sampling method. Finally, the results from this research also will assist the future researchers to focus more on the economy. This study will help the entrepreneurs to take preventive measures in order to prevent loss during any crisis. Furthermore, this research also may provide some information on the types of support by the entrepreneurs and entrepreneurial competencies needed to retain their businesses. This can be a ground for the entrepreneurs to have a proper future plan that can prevent any unpredictable situations such as Covid-19 pandemic.

*Keywords:* Entrepreneurs, impacts, challenges, support needed, entrepreneurial competencies.

## **ABSTRAK**

*Kajian ini bertujuan untuk mengenal pasti cabaran yang dihadapi oleh usahawan sebagai tindak balas terhadap Covid-19 di Sungai Siput, Ipoh. Lebih-lebih lagi, kajian ini secara khusus berfokuskan kepada usahawan yang menghadapi cabaran ekonomi semasa pandemik Covid-19 dan kesan serta isu-isu lain yang dihadapi oleh mereka sebagai tindak balas terhadap Covid-19. Kajian ini dilakukan untuk menerokai pelbagai jenis sokongan yang diperlukan oleh usahawan sebagai tindak balas kepada Covid-19 dan untuk menentukan kecekapan keusahawanan yang diperlukan untuk menahan keadaan seperti wabak semasa. Reka bentuk kajian yang digunakan dalam kajian ini adalah kajian kes dan wawancara digunakan sebagai instrumen untuk mengumpulkan data yang diperlukan dari informan. Persampelan yang paling sesuai untuk kajian ini adalah kaedah persampelan bertujuan. Seterusnya, hasil penyelidikan ini juga akan membantu para penyelidik masa depan untuk lebih menumpukan perhatian kepada ekonomi. Kajian ini akan membantu usahawan mengambil langkah pencegahan untuk mengelakkan kerugian semasa menghadapi sebarang krisis. Selanjutnya, penyelidikan ini juga dapat memberikan beberapa maklumat mengenai jenis sokongan oleh pengusaha dan kompetensi keusahawanan yang diperlukan untuk mempertahankan perniagaan mereka. Ini dapat menjadi landasan bagi pengusaha untuk memiliki rancangan masa depan yang tepat yang dapat mencegah situasi yang tidak dapat diramalkan seperti pandemik Covid-19. Penyelidikan ini juga dapat memberikan beberapa maklumat mengenai jenis sokongan yang diperlukan dan kecekapan keusahawanan yang dihendak untuk mengekalkan perniagaan mereka.*

*Kata kunci: Usahawan, impak, cabaran, sokongan yang diperlukan, kecekapan keusahawanan.*

# **Chapter One**

## ***INTRODUCTION***

This chapter discusses the background of study, statement of problem, and objectives of this research. Research objective partitioned into general objective and specific objectives. Besides, the next section of this chapter includes research questions, conceptual framework and definition of terms. This part is in a general discusses about the purpose of this study, clarify related data about this research and answer the inquiry on the reason for the researcher needs to do this exploration.

### **1.1 Background of Study**

#### **Pre-Existing Conditions to Covid-19**

Covid-19 pandemic crisis showed up in China in December 2019 and soon after became a worldwide widespread. As of May 26, 2020, 213 countries were affected, a total of 5,591,677 people infected, 347,944 deaths, and 2,368,016 patients recovered (Worldometers, 2020). Compared with previous critical event, the Covid-19 is more complicated. It made monstrous social and financial issues at all levels such as social phobia, unemployment, supply chain disturbance, stock showcase crashes, economic lockdown and de-globalization (Elvis et al., 2020). This Covid-19 widespread influenced the manufacturing and the services sector—hospitality, tours and travels, healthcare, retail, banks, hotels, real estate, education, health, IT, recreation, media and others. The financial economic stress has started and will develop quickly. Whereas, lockdown and social distancing result in productivity loss on the one hand, they cause a sharp decline in request for products and services by the customers in the market on the other, hence driving to a collapse in financial action (Chaudery et al., 2020).

The Covid-19 pandemic crisis has somehow constrained numerous businesses to shut down completely, driving to an unordinary disruption of commerce in most industry divisions.

Retailers and brands face many short-term challenges, such as those related to health and safety, the supply chain, the workforce, cash flow, consumer demand, sales, and marketing. This happens once we get through the pandemic, it is whole new different world to us compared to the one before the outbreak. All organizational functions are meant to draw attention and adjust spending or postpone tasks that will not bring value in the current environment. Companies, especially start-ups, have implemented an uncertain hiring freeze (Kuckertz et al., 2020).

### **Challenges of the Covid-19 on Entrepreneurships**

Covid-19 pandemic crisis expresses how market offerings are shaped at recent times and what is happening to the economy now, given the sequence of Covid-19 transmissions. Besides, this features the insights of the economy that offers to regenerate businesses in the wake of the Covid-19 pandemic, and the ensuing segment resulting into forming the modern economy qualities. Meanwhile, under normal circumstances, in a dynamic market climate, entrepreneurs have to combat because of the company scale and complexity and limited capital. They are aware of the fact that small businesses have fewer resources and barriers. Nevertheless, they were able to turn around and turn themselves into larger enterprises (Sharma, 2020). Maintaining the consistency of the business in the greatest challenge encountered by entrepreneurs. Furthermore, the lockdown in the nations has slowed the rate of business. Entrepreneurs are finding it hard to operate their stores. They are finding it difficult to retain the continuity of the business due to low demand and limited time for the business to operate (Sharma, 2020).

### **Impact of the Covid-19 Pandemic on Business**

Although it is still difficult to determine the ultimate effect of COVID-19 on the economy of China and the world, many economists agree that the impact of the COVID-19 outbreak are likely to outweigh those of the coronavirus outbreak. (Bouey,2020). Business normally results from loss of revenue, decreased sales volume, failure to satisfy contract terms,

trouble with cash flow, decreased number of employees, and even company closures during or after crises (Alves et al., 2020). Covid-19 pandemic crisis incidents may also put entrepreneurs and management under mental and behavioral stress. Besides, in consideration of social, economic and spatial factors, the municipal authorities should keep up with the traders and work closely with market leadership, as new norm on adjusting to the protocol of social distancing and taking preventive measures would take a while to normalize. (Asante & Mills, 2020). Furthermore, social distancing affects this trader-to-trader and trader-to customer relations and limits market intuitive to simply financial exchanges. The widespread pandemic, mass quarantine and travel ban has had an effect on the stability of both domestic and foreign businesses (Bouey,2020). Several shoppers suggested that food prices had been purposely raised by the traders to take advantage of the purchasing panic. Nonetheless, retailers reported that prices of commodities have risen, and hence the resulting rise in prices (Asante & Mills,2020).

## **1.2 Statement of Problem**

The ongoing pandemic of Covid-19 is causing unparalleled economic disruptions across countries, and Malaysia is no exception. The pandemic has significantly impacted and continues to threaten the world's economy. Therefore, Covid-19 is expected to have an economic effect on all areas, including development, foreign trade, financial markets, jobs, wages, poverty and many other factors (Sahoo & Ashwani, 2020). The lockdown is turning into an economic knockout on the economic front. Rising adverse effects on jobs, wages and livelihoods, disrupting supply chains and upstream industries, and exacerbating disparities, poverty and difficulties, particularly among the most vulnerable, are slowing the Malaysian economy (Lim, 2020).

Studies indicate that the pandemic had already triggered major dislocation among small businesses just several weeks after its inception and prior to government aid availability (Bartik

et al, 2020). There is a lack of opportunities for small and medium-sized companies to deal with the difficulty Covid-19 produced. Especially, the small businesses also under normal circumstances, because of the scope and size of company and limited capital, they also have to struggle in the competitive business climate. Even though small business enterprises have less money, it is known that they have been able to turn around the obstacles and transform themselves into big businesses all these whiles (Sharma,2020). Hence, it was unpredictable disaster to the entrepreneurs and a situation where they had no clue towards their next move.

Entrepreneurs encountered plenty of challenges and impact amid survival during the Covid-19 pandemic crisis. The biggest challenge faced by SMEs is to maintain continuity of business. Thus, the lock down in the countries has slowed the speed of business also. Small companies are finding it difficult to run their shops. Due to limited demand and limited allowed time to open the business, they are finding it challenging to maintain the continuity of the business.

Meanwhile, to the prior of this research's second objective which is to explore the type of support needed by entrepreneurs, there are few policies of considerations and guidance for the entrepreneurs to balance their business progressions. Lim (2020) stated that "During the pandemic and Conditional Movement Control Order (CMCO) phases in Malaysia, the focus should be on supporting business continuity to save as many jobs as possible and to provide the basis for a smoother and quicker recovery by preventing permanent business closures for instance, cash assistance and cost alleviation measures are essential components of a response package but need to be appropriately designed and delivered".

Besides, supporting businesses to adjust the output of products or services in order to react to the pandemic, help for adjustment to new business conditions, including virtual markets and introducing legislation to provide temporary relief for entrepreneurs undertaking from legal proceedings resulting from the failure to meet obligations in defined contracts (Lim,2020).



On 6 April 2020, the Prime Minister of Malaysia has announced an additional stimulus package aimed at supporting small and medium-sized enterprises and micro-enterprises, representing two-thirds of the workforce and 40 per cent of the economy, according to him (Lim,2020). Businesses would need support to restart operations and eventually restore and reinvigorate productivity growth by opening up almost all economic activities under the CMCO. In short, the type of supports provided to businesses initiatives need to be differentiated not only on the basis of size scale but above all, on industry variations.

One of the driving factors of entrepreneurial competence research and practice is the alleged association with business performance and growth, and thus with economic development. Competencies for small businesses indicate the skill of the entrepreneur of his or her. In the particular context in which the organization works, collaborators develop, use and grow capital effectively for their business purposes. Thus, there is a direct correlation between skills, value development, and the strategy and growth of the business. The company's success and failure depend heavily on the competencies of the person (Mitchelmore & Rowley, 2010). The use of competencies helps organizations to define diverse sets of desired individual characteristics and requirements results more parsimoniously (Hayton & Kelley,2006). While one side focuses on the core business competencies that are needed at a time, such as proactivity, risk-taking change, seeing opportunities, soft networking, decision-making, imagination, and innovation.

Meanwhile, the other side is more important which consist of leadership, teamwork, experience, and problem-solving are involved in running the efficient organization (Arafah, 2016). Furthermore, there have been a variety of studies in various contexts that have tried to produce lists of entrepreneurial competence with differentdegrees of categorization. Specific entrepreneurial competencies are indicated in the sense ofeffective observable behaviors in the context of entrepreneur role (Hayton & Kelley,2006). Entrepreneurial competency research has focused on competency on the aspects of an

individual, such as their knowledge and skills, that enable them to be competent (Mitchelmore & Rowley, 2010).

In short, entrepreneurial competencies consist of elements that are profoundly embedded in the context of an individual such as traits, character, attitudes, social function and self-image as well as those that can be learned at work or through training and education for instance, skills, knowledge and experience gained (Mitchelmore & Rowley, 2010). Entrepreneurial competencies are about helping to teach people to behave in such ways. Consequently, it is possible to identify competencies in the context of entrepreneurship and provide a valuable context for reflection and development of entrepreneurs and organization.

The purpose of the study is to identify the challenges encountered by entrepreneurs in response to Covid-19 at Sungai Siput, Ipoh and to discover the impacts encountered by entrepreneurs and to explore the type of support needed by entrepreneurs and at the same time, to determine the entrepreneurial competencies required to withstand the current Covid-19 pandemic.

## **1.3 Research Objective**

### **1.3.1 General Objective**

The general objective of this research is to identify the challenges encountered by entrepreneurs in response to Covid-19 at Sungai Siput, Ipoh.

### **1.3.2 Specific Objectives**

There are several research objectives that this study attempts to achieve which are:

1. To discover the challenges encountered by entrepreneurs in response to Covid-19 at Sungai Siput, Ipoh.
2. To discover the impact encountered by entrepreneurs in response to Covid-19 at Sungai Siput, Ipoh.

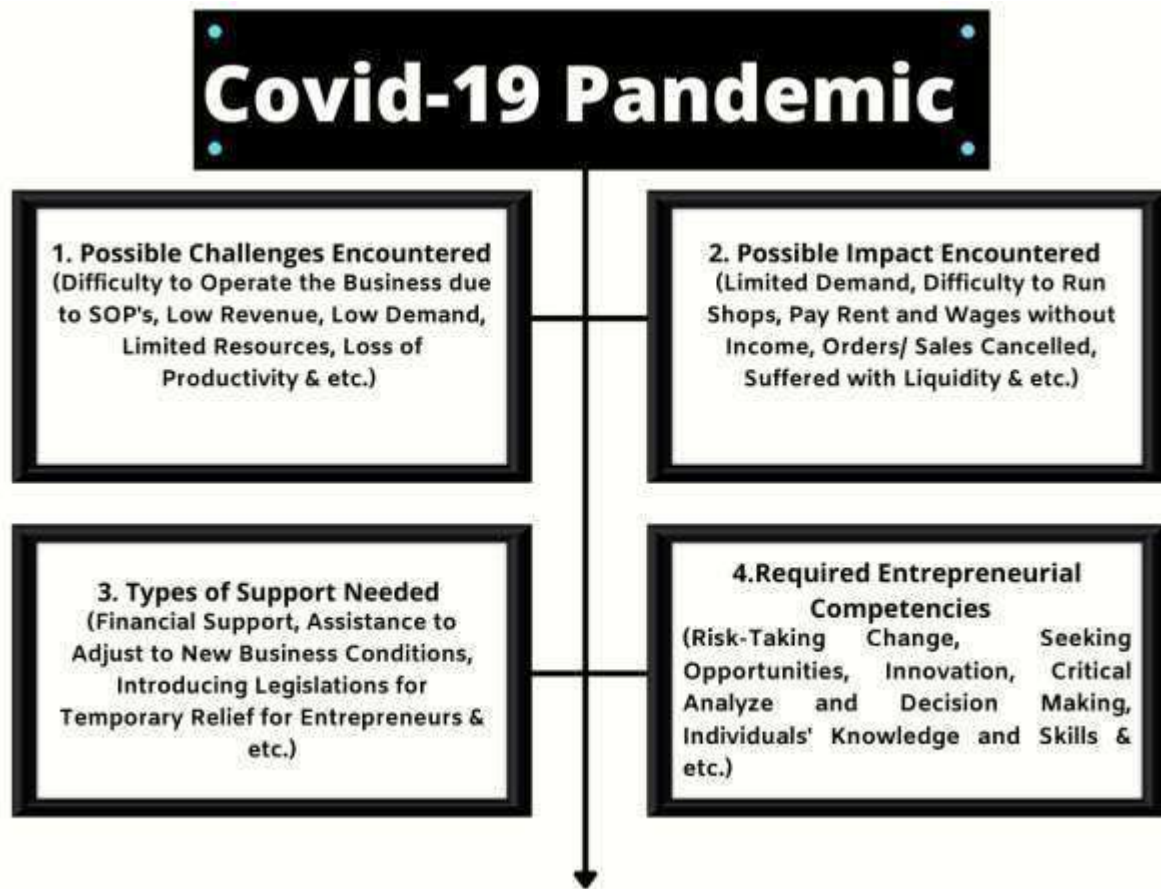
3. To explore the type of support needed by entrepreneurs in response to Covid-19 at Sungai Siput, Ipoh.
4. To determine the entrepreneurial competencies required to withstand situation such as the current pandemic.

#### **1.4 Research Questions**

1. What are the challenges encountered by the entrepreneurs to maintain the continuity of their businesses in response to Covid-19?
2. What are the impacts caused by Covid-19 to the entrepreneurs and to their businesses?
3. What are the types of support needed by entrepreneurs to remain productive in response to Covid-19?
4. What are the entrepreneurial competencies required for entrepreneurs to withstand this pandemic situation?

#### **1.5 Conceptual Framework**

The main reason of the study is to identify the challenges encountered by entrepreneurs in response to Covid-19 at Sungai Siput, Ipoh. There are four objectives of the study that may influence entrepreneurs' businesses in response to the Covid-19 pandemic. The four objectives consist of the possible challenges and the impact that they encountered during the Covid-19 pandemic, the type of support needed by the entrepreneurs and required entrepreneurial competencies to ensure their businesses do perform well.



*Figure 1: The Conceptual Framework*

## 1.6 Significance of Study

The research can be said to be significant since this research can contribute to different aspects. Encountering the issues and the challenges faced by the entrepreneurs in response to Covid-19 is the understanding of how far the entrepreneurs needs attention from the respected authorities. Thus, this research has been done for the further or more understanding on the impact and the challenges encountered by entrepreneurs in response to Covid-19 and the type of support and entrepreneurial competencies needed by entrepreneurs to maintain their continuity of their businesses. This research also will assist the future researchers to focus more on the economy. This study will help the entrepreneurs to take preventive measures in order to prevent loss during any crisis.

In addition, this research and investigation occurred will give some observational information on the challenges encountered by entrepreneurs and the impact of Covid-19 pandemic on their business. Furthermore, this research also may provide some information on the types of support by the entrepreneurs and entrepreneurial competencies needed to retain their businesses. Besides, Human Resource can know what specific types of entrepreneurial competencies does and entrepreneur requires in order to have a successful business despite the Covid-19 pandemic.

## **1.7 Definition of Terms**

### **1.7.1 Challenges**

#### **Conceptual Definition:**

On the path to success, entrepreneurs must face various obstacles, in particular with respect to access to finance. At some point, all entrepreneurs would feel overwhelmed with the many obligations falling on their shoulders. Overestimating progress, misguided intent, mindset of the negative, impoverished company, incentive for staff, lack of resources are the common challenges faced by entrepreneurs (Kanchana et al.,2013).

#### **Operational Definition:**

Operationally defining the concept of entrepreneurs' challenge would be the first step in addressing levels of challenge. An operational definition can facilitate measuring the level of entrepreneurs' challenges. Then, adjusting challenge levels could affect the goals, improvement and strategy (Clair & Hackett, 2012).

### **1.7.2 Impact**

#### **Conceptual Definition:**

The impact of the pandemic on the economy is huge across sectors and at various levels of capacity utilization. As a result, COVID-19's economic impact is projected to be felt across the board, including growth, international commerce, financial markets, unemployment, income, poverty, and a variety of other factors. Thus, the virus's spread could have a significant impact on the business growth (Sahoo & Ashwani, 2020).

**Operational Definition:**

The severity of business interruptions during this Covid-19 pandemic will be determined by the length of the crisis as well as the financial fragility of businesses (Bartik et al, 2020).

### **1.7.3 Entrepreneurs**

**Conceptual Definition:**

The term entrepreneur, in French, if literally translated, means “go-between” and has been used since the 12th Century” (Pahuja & Sanjeev,2015). The term entrepreneur was used for a person who agreed to contracts within the government to perform a services or supply demanding goods since the contract price was fixed , any resulting profits or losses bear by the entrepreneurs. Richard Cantillon, a noted French economist during 17th century, developed one the early theories of entrepreneur and is credited as the founder of the term. He viewed the business visionary as the risk-taker. He characterized entrepreneurs or business visionary as a shipper or agriculturist “who buys at a certain cost and offers at a dubious cost and bears the working risk. Entrepreneurs also defined to have inconsistencies between supply goods and request and finding alternatives ways for buying cheaply and offering at best cost (Pahuja &Sanjeev,2015).

**Operational Definition:**

In particular, the operational definition of an entrepreneur is the formation of organizations, creativity in the context of the organization, pursuit of a discontinuous opportunity, development of value, uniqueness, development towards growth (Carton et al.,1998).

**1.7.4 Covid-19****Conceptual Definition:**

Coronaviruses are positive-sense RNA viruses with a large and promiscuous variety of natural hosts and multiple systems that are affected. In humans, coronaviruses can cause clinical diseases that can range from the common cold to more serious respiratory diseases. The recent emergence of SARS-CoV-2 (Coronavirus) has caused havoc in China and the global population's pandemic situation, leading to new outbreaks of disease that have not been managed to date by high efforts they're being put in to fight this virus (Dharma et al.,2020).

**Operational Definition:**

At display, we are not in a position to viably treat COVID-19 since neither affirmed immunizations nor particular antiviral drugs for treating human coronavirus infections are accessible. Most countries are making efforts to avoid encourage the spreading of this possibly dangerous infection by executing preventive and control procedures (Dharma et al.,2020).

**1.7.5 Types of Support Needed by Entrepreneurs****Conceptual Definition:**

If the individual wanted to be successful in a given region, encouragement would be required, encouraging the individual to consider other objectives that had not previously been accomplished. They have been established or even considered

feasible within their person-centered strategy. This factor is mainly due to the structure for quality-of-life that informs the tool for appraisal (Swanton et al.,2010).

**Operational Definition:**

The types of support needed by entrepreneurs can be measured through government support, financial support, manpower support. Any form of support needed by the entrepreneurs which may attained to manage the continuity of their business despite the pandemic Covid-19.

### **1.7.6 Required Entrepreneurial Competencies**

**Conceptual Definition:**

Entrepreneurial competencies have been defined as a particular category of competencies skills applicable to the practice of effective entrepreneurship. Competency is seen as an underlying feature of an entity that results in successful intervention and/or superior work efficiency. Competence is seen as a definition of something that a person employed in a specific occupational field should be able to do a description of an activity, conduct or consequence that a person should be able to show. The interest in entrepreneurial competence derives from the alleged connection between skills and a venture's birth, survival and development. It indicates that recognizing the competencies required and the evolving position of the entrepreneur over the various stages of business development will help the development of skills and in turn, will have implications for effective business growth. In short, entrepreneurial skills are seen as essential to business. Hence, development and performance, and an appreciation of the essence and function of such competencies, can have major implications for practice (Mitchelmore & Rowley, 2010).