

## **Weathering the Economic Impact of COVID-19: Challenges Faced by Microentrepreneurs and Their Coping Strategies during Movement Control Order (MCO) in Malaysia**

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### **ABSTRACT**

The COVID-19 pandemic is a global crisis that has caused a punishing economic impact on businesses, particularly due to many countries adopting measures such as the Movement Control Order (MCO) to curb the spread of the COVID-19 disease. The impact hits the most on microentrepreneurs since they are not able to operate their businesses, of which the margins of profit and resources are relatively small. The purpose of this research was to explore the challenges faced by microentrepreneurs during MCO and their coping strategies used to overcome these challenges. This study utilized the qualitative case study approach and collected interview data among the identified microentrepreneurs that met the criterion sampling. The findings uncover that these microentrepreneurs typically faced challenges related to restricted cash flows, lack of customers and supplies shortage issues which impacted their income and business operations during MCO. These challenges were addressed using coping strategies, namely having the ability to control stress, developing a strong spiritual relationship with God, applying problem solving thinking skills, utilizing social capital (offline and online), and optimizing digital marketing. It is recommended that government agencies, NGOs, and social movement bodies contribute

to microentrepreneurs by organising and engaging in digital empowerment programs to enable rural entrepreneurs to leverage on their access to digital commerce, internet marketing and alike.

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## INTRODUCTION

The COVID-19 pandemic is a global crisis that has caused a punishing economic impact on businesses, including small medium enterprises (SMEs) and micro SMEs. In Malaysia, both SMEs and micro SMEs make up to a significant 98.5% of Malaysian businesses (SME Company Malaysia, 2020). When the government of Malaysia imposed a nationwide Movement Control Order (MCO) on 18 March 2020 to curb the spread of COVID-19, it inadvertently put many businesses at a standstill. The MCO has refrained all non-essential businesses from operating and was not allowing people to conduct their usual social and economic activities. Businesses continue to be disrupted for several more months as the movement and activities of the people were restricted by certain guidelines, even when the economy sectors were gradually allowed to reopen after the Conditional Movement Control Order (CMCO) was reinstated to replace MCO. According to Ratnasingam et al. (2020), two major concerns of SMEs during COVID-19 crisis are financial management and supply chain disruptions.

To help alleviate the economic impact of COVID-19, the Malaysian government announced an economic stimulus package, called PRIHATIN (the acronym refers to a Malay word which means *care*), to provide financial assistance to Malaysians as well as SME businesses who were impacted by the COVID-19 crisis. Although the stimulus package was able to provide temporary relief, it was deemed not sufficient to

sustain the SMEs' viability in the long run due to several issues (Yi, 2020). For example, different challenges were faced by SMEs of different sizes as larger SMEs have higher cash reserves to sustain their payroll, whereas micro SMEs are more susceptible to financial shortage due to lack of savings. However, due to their smaller scale operation, micro SMEs are typically more adaptable and can change their business model quickly to adapt to the current situation; whereas larger SMEs are more restricted to make quick and swift changes due to the size of their running operation.

Under these different circumstances, how do SMEs' businesses owners alleviate their challenges and sustain their business? This study, in specificity, explores the challenges faced by microentrepreneurs during COVID-19 crisis and the coping strategies that they employed in weathering the economic impact of MCO on their businesses. These participants were selected among the small community of microentrepreneurs known as 2 Years Exit Programme (2YEP) entrepreneurs.

### **Microentrepreneurs from the 2-Years Exit Programme (2YEP)**

The 2-Years Exit Programme (2YEP) is a special initiative launched by the Department of Social Welfare Malaysia (DOSWM) under the Ministry of Women, Family and Community Development in Malaysia as means for empowering the local microentrepreneurs towards

financial and economic freedom. These microentrepreneurs were previously the welfare beneficiaries from DOSWM, who were identified among those from low income households and some with physical disabilities. The main objective of the 2YEP program is to assist the participants to end their welfare aid dependency by providing them with entrepreneurship training. Ever since this programme was initiated from 2014 to 2019, about 987 welfare recipients have voluntarily terminated their monthly welfare aid and became self-reliant and empowered to support themselves (Jabatan Kebajikan Masyarakat, 2020). Among these 2YEP participants, a number of them were identified as successful microentrepreneurs by the DOSWM. Through aid and participation in various entrepreneurship training programs provided under the 2YEP initiative, these microentrepreneurs ultimately got themselves out of poverty by running small scale businesses to earn a stable income for their living.

However, just like other SMEs businesses out there, these microentrepreneurs were also affected by the COVID-19 crisis. As their income generation depends on their ability to run their small businesses on a daily basis, the restrictions imposed during MCO provided a threat to their business sustainability. With prolonged and unforeseen impact of COVID-19, these microentrepreneurs are now economically vulnerable and may face the possibilities of returning back to poverty due to their disadvantaged background.

## Research Questions

The purpose of this study was to explore the challenges faced by microentrepreneurs and identify their coping strategies for sustaining their business and living during the COVID-19 crisis. The participants of this study were microentrepreneurs and ex-financial aid recipients who had been mobilized out from poverty after successfully sustaining their micro businesses and generating stable income as a result of their participation in 2-Years Exit Program (2YEP) initiative by the Department of Social Welfare Malaysia (DOSWM). The scope of this exploratory research was outlined based on the following research questions:

RQ1: What were the challenges faced by the microentrepreneurs during MCO?

RQ2: How did the microentrepreneurs coping strategies help them to overcome the challenges?

## LITERATURE REVIEW

### Background of the Microentrepreneurs

Microentrepreneurs are the most vulnerable groups with small margins of resources, with risky and insecure backgrounds among the larger society (Kuratko, 2016). By definition, microentrepreneurs are owners of microenterprises who innovate new methods in business or start changes in the production, venture into market opportunities, and change the culture of doing business (Mondal & Jimenez, 2015). Microentrepreneurs also depend on micro-

credit programmes as well as external and public assistance programmes to finance and run their business operations (Castiglione et al., 2008). This means that they are also vulnerable to fall into the relative-poverty trap. Nonetheless, vulnerable groups normally refer to small-scale farmers, pastoralists, and fishermen (World Bank Group, 2020) where microentrepreneurs are not mentioned in the list. Many poor people find their way into livelihood via entrepreneurship to escape poverty and make ends meet. During the COVID-19 pandemic struck most parts of the world, poor people are among the severely impacted.

In African countries, quarantine and lockdown had caused the collapse of health and the economy. Therefore, financial support by the government to entrepreneurs was suggested to help the people cope with the crisis (Ozili, 2020). In Kenya, the government provided assistance to Kenyans microentrepreneurs in terms of tax relief and tax reduction for all micro, small and medium businesses or enterprises (Odhiambo et al., 2020). Another African country, Ethiopia, is concerned about food scarcity, and thus it encourages the microentrepreneurs to look for alternative solutions for food availability (Forsido et al., 2020). Meanwhile in Asia, the Philippines government provided subsidies amounting to PhP 5,000.00 to PhP 8,000.00 a month for 2 months under the Bayanihan Heal for the informal economy workers, including microentrepreneurs as they are among the low-income households (Ricalde, 2020).

In Malaysia in particular, the PRIHATIN stimulus package was announced to provide similar financial relief to all Malaysians (Shah et al, 2020). Specifically, to the micro, small and medium enterprises who were severely impacted by the COVID-19 crisis, the financial assistance was given in various forms, namely:

- I. The allocation for the wage subsidy program where all companies with local workers earning RM 4,000 and below, received wage subsidy assistance;
- II. A Special Grant of RM 3,000 to each micro company that benefited nearly 700,000 eligible micro SMEs nationwide who are registered with the Inland Revenue Board (IRB);
- III. The government also called for lending organizations registered under the Lenders Act 1951 to provide credit facilities in the form of a moratorium on SME instalment payments for 6 months beginning April 2020, as provided by the bank;
- IV. Abolished the 2 % interest rate to 0 % for the RM 500 million Micro Credit Scheme under *Bank Simpanan Nasional*. The micro loan scheme for the micro company was extended to *TEKUN Nasional* with a maximum loan limit of RM 10,000 per company at 0 % interest rate. For this purpose, a sum of RM 200 million was provided. Applicants could

- only choose one of these schemes to enable more traders to enjoy this facility;
- V. Exemption of rental payments or a provision of rental discounts to SME retail traders on premises owned by government-linked companies, such as MARA, PETRONAS, PNB, PLUS, and UDA as well as some state government companies that had agreed to give discount or no payment at all during the MCO;
  - VI. The government also urged private property owners to reduce their rental rates at least during the MCO period and 3 months after the MCO ended. Owners of business premises who reduced or waived rentals to the small and medium enterprises are entitled for additional tax deductions equal to the amount of the rent reduction from April to June 2020;
  - VII. A 25-percent reduction in foreign workers' levy payments to all companies whose work permit expires from April 1 to December 31, 2020; and
  - VIII. The government also promoted negotiations between employers and their employees on the terms of employment, including pay cuts and granting unpaid leave during MCO.

(Prime Minister Office of Malaysia, 2020)

However, not all businesses received or eligible to claim the outlined benefits above, as it depends on the location and nature of their business operations. Furthermore, the distribution of the cash stimulus often faced delay due to bureaucratic processes, causing misgiving among the entrepreneurs and business owners to rely on the assistance provided (Yi, 2020). The issue of livelihood continues to be both the driving factor and a stressor for surviving microentrepreneurs to continue their business operations despite delays in receiving these assistances.

### **Sustainable Empowerment of the Microentrepreneurs**

The term sustainable empowerment is rarely used. It encompasses two major concepts, namely empowerment and sustainability. Drakakis-Smith (1995) argued that sustainability could not be confused with developmental and environmental sustainability, and suggested that sustainability was anything that could be measured as a continuous change. This description is in line with Craig's (2002) definition of empowerment, which is also about continuous change. Lyons et al. (2001) stated that individuals' achievement in maintaining their power and control at some level was a key success factor for empowerment. Therefore, entrepreneurial empowerment is vital in promoting sustainable empowerment among the marginalized communities (Swanson & DeVereaux, 2017). For the microentrepreneurs community in particular, they must persist and cope with

the challenges that were caused by the COVID-19 crisis, as they typically come from low income households and must continue to sustain their livelihood. Coping is a continuous cognitive and behavioural effort in managing specific external and/or internal demands that are perceived as cutting or exceeding the resources of an individual (Lazarus & Folkman, 1984).

Meanwhile, a sustainable individual is a person who can align their behavioural change with the surrounding values. During this hard time, new norms and values were introduced, as more hygienic and safety measures around health are imposed by the government. Maslow (1968) mentioned that a self-actualized individual was also able to transform himself from *being to becoming* in order to grow when some changes occurred in the value system. According to Pappas (2013), those who possess the qualities of having a relatively high level of self-awareness in values, thoughts, behaviours and actions as well as fostering continuous individual growth in physical (health), emotional, social, philosophical, and intellectual abilities are what we considered sustainable individuals. For these microentrepreneurs in particular, the ability to change and adapt their business is a must as their livelihood depends on the viability of their businesses. Hence, this study seeks to explore the experiences of these microentrepreneurs in coping with these challenges during the COVID-19 crisis, through the lens of sustainable empowerment.

## METHODS

A qualitative case study approach was used to explore the challenges faced by microentrepreneurs during the COVID-19 pandemic crisis and the coping strategies they used to ensure the survival of their microbusinesses. A total of seven 2YEP entrepreneurs participated in this study. The selected participants were former beneficiaries of the Department of Social Welfare Malaysia (DOSWM). The participant criteria selected for this study were, 1) former participants in the 2YEP programme, 2) has been running business for more than five years, 3) has been empowered and able to achieve a higher and stable income, and 4) voluntarily terminated the monthly financial aids from DOSWM. Among the participants were single mothers, persons with disability (PwD) and poor families.

### Data Collection

This research was conducted by utilizing the narrative qualitative, hence “a small sample was acquired” (Klopper, 2008) from participants who met the criteria outlined above and willing to participate in this study during MCO. The researcher had been in contact with the participants since Mac 2019 for her PhD research, hence, for this study, an online interview was conducted after the initial face-to-face interview that took place before MCO. In general, the following were the main interview questions:

What were the challenges you encountered during MCO?

What were your preparations in facing uncertainty risks during this time?

How did you manage your business during MCO?

The interviews were conducted, transcribed, and analyzed in verbatim in respondents' native language, the Malay language. The core categories, key findings and supporting quotes were then translated into English for reporting purposes. To ensure accuracy and conceptual equivalency of the findings during the translation process, a backtranslation strategy was employed between two bilingual translators (both in Malay and English) based on the procedure as suggested by Chen and Boore, (2009).

During MCO, due to the restriction on interstate travels, researchers continued to conduct additional data collection using telephone calls, video calls, text messaging and voice recording via WhatsApp messaging application. Key questions asked were centered around the sustainability of the respondents' microbusinesses throughout the MCO period. All these web-based conversations were converted into text-based conversation for data analysis purposes. Creswell and Poth (2018) stated that currently, many new forms of qualitative data had emerged, including web-based interaction interviews.

Apart from interviews, the secondary data sources for this study were also derived from content analysis of the respondents' social media postings (related to business marketing) and other related literature for triangulation purposes. This

is part of the reliability strategies used in qualitative research for ensuring rigor and trustworthiness (Marshall & Rossman, 2011).

### **Data Analysis**

This study used a qualitative descriptive method to analyze the transcript of respondents' conversations. Data were analyzed manually using color coding techniques to identify emerging patterns either at the word, phrase or sentence level. Researchers analyzed the respondents' interviews which focuses on the impact of MCO on their business with identification of keywords, leading to the development of categories and themes explaining the findings. Apart from that, this method is also used to determine the patterns of coping strategies used by these microentrepreneurs. Meanwhile, for the data collected through the respondents' Facebook postings, the researcher used the content analysis method to analyze the respondents' postings in their Facebook account posts that were related to business marketing. The keywords were collected, categorized and linked to the resulting themes.

## **RESULTS AND DISCUSSION**

Table 1 presents the summary backgrounds of the participants in this research, including the type of microbusiness that they ran.

Findings from the data highlighted two sets of themes that framed the experiences of microentrepreneurs in sustaining their business during MCO, involving 1)

Table 1  
*Profile of research participants and the type of the microbusinesses*

Respondent (pseudonyms and age)	Educational background (age/ years old)	Business Location	Types of business	Average income before MCO (RM/ month/day)	Average income during MCO Stage 1-4* (RM/ month/day)	Business Operation during MCO Stage 1-4*
Respondent 1 (48)	12 (UPSR)	Rural	Homemade frozen foods and fresh baked breads	6000-7000/233	4,000/133	Allowed
Respondent 2 (43)	19 (SKM)	Semi-urban	Night market street food	20,000/666	2,000/66	Not allowed
Respondent 3 (34)	12 (UPSR)	Rural	Perfume founder and supplier	20,000/666	2,000/66	Allowed
Respondent 4 (44)	22 (Diploma)	Rural	Food stall and Tailor	30,000/1000	9,000/300	Allowed
Respondent 5 (45)	17 (SPM)	Rural	Grocery store	15,000/500	4,500/150	Allowed
Respondent 6 (38)	12 (UPSR)	Rural	Printing shop and plumbing services	8000/266	4,000/133	Not allowed
Respondent 7 (40)	17 (SPM)	Rural	Coconut milk seller, local fruits and groceries wholesaler	8000/266	9,000/300	Allowed

\*Data recorded during from 30<sup>th</sup> Mac until 3<sup>rd</sup> May 2020 before the reopening of the economy sector.



challenges they faced during MCO and 2) the coping strategies they used to overcome the challenges they faced.

### **Theme 1: Challenges Faced by Microentrepreneurs during MCO**

The findings identified three key challenges that the microentrepreneurs faced during MCO. All these challenges were the broader impact that were caused by restricted social and economic activities that were allowed during MCO.

**Restricted Cash Flow.** The respondents highlighted the concern on ensuring that they have enough cash flow and savings if MCO continues for a longer period. Since most of them do not favor making new loans, they had to downsize their business and use their personal savings to make ends meet. However, the situation was different with Respondent 1 and Respondent 2 who had made business savings and raw materials stocks that could last during the MCO. For both of them who run a food business, the business was not facing too many problems. Meanwhile, Respondent 2 mentioned that after all his savings ran out, he had to borrow money from his mother. He said, “After my savings ran out, I had to borrow my mother’s money.” As for Respondent 7, he just finished settling his final installment payment for his van. Hence, he basically had less savings before the MCO started.

**Lack of Customers.** Additionally, the impact of social movement restriction was

apparent in terms of the reduced number of customers that these microentrepreneurs had during MCO. Respondent 3 expressed her worry, “Most affected are types of services such as printing, hair salon, hardware stores. No customers at all. So, this is the risk of not selling essentials like food and others.” Nonetheless, essential business owners such as Respondent 5 and Respondent 7 informed that they also had fewer customers. However, their customers could come to the store or make online orders. In addition, Respondent 6 also mentioned that his regular customers who were among college and school students did not come to his printing shop as all educational sectors had closed down. Nonetheless, unexpectedly the State Secretary Office had requested for him to operate his shop so that the public could print the *Bantuan Prihatin Nasional* application forms and also photocopy the related documents that were needed for the application.

**Supplies Shortage Issues.** Another challenge faced by these microentrepreneurs was related to supplies shortage issues. For Respondent 5 and Respondent 7, who were both running grocery shops, mentioned that some of the goods were not in good quality or scarce during the MCO. Nonetheless, this was not a big issue, as most other goods were still available. Respondent 7 mentioned that, “potatoes are scarce, and if available it’s not in the best quality.” Respondent 5 stated that “Suppliers were not able to send since nobody can go outside, and all suppliers wanted cash payment.”

However, for another microbusiness owner, Respondent 3, the factory that supplied bottles for her products were not operating, therefore, she could not produce in large quantities. According to her:

*“My hand sanitizers sold for 100 bottles already. But now I can’t do it anymore, because the bottle factory in Damansara has been closed. I only have the liquid. Not enough bottles. I was able to buy 200 bottles that day. I don’t keep a lot of bottles, because I don’t have a high capital.”*

However, things were doing great for Respondent 7 who was selling vegetables and other plant-based cooking supplies. According to him, many customers bought in a bigger volume compared to before the MCO, hence increasing his sales and income for that period of time. “Many customers who usually only bought a few items from us, suddenly bought more. Also, some bought in a bigger volume than usual. For example, from 1 kilogram to 2 kilograms of coconut milk.” His coconut milk shop is also a place for some of the villagers to sell their produce and vegetables, such as chilies, cassavas, pumpkins, local fruits, and other nearby local food products. For him, the challenge was not about selling the items, but making sure his stocks and supplies are adequate to meet the increased demand. Due to MCO, supplies of fresh vegetables may be delayed due to restricted cross-district logistics. Therefore, Respondent 7 had to ensure he planned ahead for his purchase

and had to buy in larger amount. Therefore for him, having enough cash reserves is important otherwise it will disrupt his supplies.

## **Theme 2: The Coping Strategies Used to Overcome the Challenges Faced during MCO**

In response to the challenges faced above, participants were also asked on their coping strategies for managing and overcoming those challenges. In entirety, these microentrepreneurs were found to be mentally prepared to handle the challenges, as they have previously experienced hardship before they were empowered by their microbusinesses, as boosted by the financial aid from the Department of Social Welfare Malaysia (DOSWM) and guidance received from the 2YEP initiative.

### **Having the Ability to Control Stress.**

Emotion-focused is a form of power generating strategy that produces emotional calm (Lazarus & Folkman, 1984) where individual emotions play a role in assessing external threat and taking control (Augustin & Rathakrishnan, 2016), so that individuals can correct cognitive and behavioural problems to deal with stressful situations. One of the respondents mentioned:

*“If I am sad in any way, I look back, I see the people who are in the poorest situation than me. Sometimes I look at my old photos, “Ya Allah I can survive this COVID-19 I have been through the worst life tragedy before”.*

Another respondent also mentioned that even though his night market business was affected, he needed to remain calm, be patient and obey the law. He said, "I am not allowed to do business during the MCO, so I just follow the law, and do what I can to save money".

**Developing a Strong Spiritual Relationship with God.** During hard times, entrepreneurs need to be optimistic and positive. For the respondents in this study who are all Muslims, this positive attitude is aided by the strength of their respective religious values. As Respondent 2 mentioned:

*"Hunt for the Hereafter, Allah will organize the world for you. Read the Al-Quran's translation, you will understand many things. Faith is about confidence in Allah. Read, understand and follow. If you only read Al-Quran to get rewards, you will not understand. Practice reading it, then you will get the results...Peace in heart, and Allah will solve all your problems in this world and Hereafter. That is what I have been doing all this years, even in my economy, all involved Allah's help. It's because of reading the Al-Quran".*

Meanwhile, Respondent 5 explained that she always maintained a positive attitude when facing trials from Allah, The Almighty. Therefore, she constantly reminded herself to be ready to be tested by

Allah without knowing what kind of test it would be. She stated:

*"As this shop is getting better and bigger, there is a bit of a suspense, because I don't know what God wants and what I will be tested with. As you know, the reason we came to this world is to be tested by God. It's about how we can implement that test for ourselves and our families. That's what's important".*

Respondent 7, who is physically disabled with only one foot, also elaborated on how he handled challenges in life with gratitude and determination. He compared himself to the hardships and disadvantages of others. According to him:

*"Look at the people who are worse than us. We think about it, we encourage those who are in worse condition than us, we learn from it, we will see it. Why is Allah so good to me, we should be grateful and blessed".*

With his submission and dependence on Allah, The Almighty, Respondent 7 felt like he was able to maintain his empowerment and continued his life without depending on the help of charity. In Islam, one of the six pillars of faith is "Believe in Qada' and Qadar", that is to believe in the destiny that is predetermined by Allah, The Almighty. From an Islamic point of view, Qada' means what Allah SWT decides for all beings from the point of creation, whether to abolish it or to change it, while Qadar means destiny,

which is something that Allah SWT has fixed the measure since the beginning, so that it can be in accordance with His knowledge of all things (Zulkifli, 2018).

Believing in Qada' and Qadar is one of the guides in the daily life, and an orientation of Muslim entrepreneurship (Tunggak & Zoolhilmi, 2015). Reading the Quran, performing the mandatory prayers, and praying for His mercy ease the process of accepting Qada' and Qadar (Dharatun Nissa, 2017). However, this does not mean that Qada' and Qadar cannot be changed because by Allah's permission, they can remain and they can change, depending on humans' effort as Salman r.a. stated that the Messenger of Allah (pbuh) said, "Nothing turns back the Decree except supplication, and nothing increases the life-span except righteousness", (At-Tirmizi, no. 2139 as cited in Zulkifli, 2016).

This finding is also consistent with Utomo's (2020) findings on the importance of upholding religious values in the time of crisis. In this study, Utomo found that Muslim religiosity among his business owners had a significant effect on the firm survival while dealing with business challenges due to pandemic COVID-19. He asserted that "the determination of faith, Islam, and ihsan strengthen the foundation in running a business (p. 189)".

**Applying Problem Solving Thinking Skills.** The empowered guided entrepreneurs had gone through many hardships in life that helped shape their behaviour when facing a new challenge. According to Flavell (1979), meta-behaviour can help individuals solve

problems that they face and are useful in self-control behaviours. Respondent 5 mentioned that:

*"In this business, longevity is not really short-sighted ... It is worth thinking about the direction of our lives ... When something goes wrong, I flip my mind to positive, what can I do to solve it. In this COVID-19 case, I switch my business from offline to online".*

This means that entrepreneurs need to change their way of thinking dynamically and be open to choices in finding solutions to a problem. This condition is in line with Integrated Problem-Solving Competency in the Key Sustainability Competencies by United Nations Educational Scientific and Cultural Organization (2017), in which it is stated that individuals' ability to solve problems can be achieved by integrating other sustainability competencies and selecting viable, inclusive, and equitable solutions. For Respondent 3, her previous experience in dealing with desperate financial situations in her perfume business had made her more careful and more experienced in solving financial-related problems. Since three years ago, she has practiced downsizing from reducing operating costs and production volume as well as learned new skills about managing her accounts and debts from the Credit Counselling and Debt Management Agency, or commonly known as *Agensi Kaunseling dan Pengurusan Kredit (AKPK)*. This is stated by Respondent 3:

*“Syukur Alhamdulillah (Thank God) I registered for AKPK, therefore I’ve learned prudent financial management and now that my business is interrupted, I am glad that my loans were also already reduced, and government’s assistance (Bantuan Prihatin Nasional) is also on the way, so I will just go with the flow. Try and error to think what should I do next, but whatever it is, I will never stop doing business”.*

Respondent 4 also added that during the MCO, she had adjusted her business routines according to the standard operating procedures set by the government with a flexible and creative mind:

*“I will continue to do business according to the procedures that the government proposes, and be creative as I want to continue my business in this limited time. So I implement Cash-On-Delivery and also take-away. I use the social media to promote sales. I’m thankful the government is helping out with the Economic Aid Stimulus Package. So no matter what, my business planning is in full swing because this is my business, my responsibility, my debts. Business is a risk. I must accept the risks”.*

Most entrepreneurs’ problems can be solved quickly with creative and critical thinking (Barnard & Herbst, 2019; Buerah

et al., 2011; Mohd Hasril et al., 2017; Samah et al., 2018). Therefore, for beyond control risk, such as the impacts of the COVID-19 crisis on economic sustainability, these empowered entrepreneurs must apply their coping strategies and think creatively.

#### **Utilizing Their Social Capital (Offline and Online).**

The respondents received support and involvement from family members, the nearby community, and local resources, such as DOSWM and other local agencies, and institutions such as schools and non-governmental organizations. From the audio visual material analysis of the respondents’ Facebook and WhatsApp social media accounts, most respondents use social media regularly and continuously to this day as a platform to interact with family, friends, customers, and communities as well as to promote their business. This is parallel with Scarborough and Cornwall (2016) who state that it was essential for small or home-based businesses to have a good connection with their customers and community efficiently via social media, such as Facebook, Twitter, and Instagram. As stated by Coleman (1988), social capital in modern times requires more interaction between individuals and groups than individuals with individuals. Social capital can happen in the forms of obligations and expectations, information channels, and social norms and restrictions (Roseland, 2000). Social capital weakens when the relationship is neglected, abandoned, or not maintained. Therefore, in the times of COVID-19 threats, many people begin to

strengthen and empower their social capitals or resources via online medium in order to support each other and ensure the well-being of their loved ones.

### **Optimizing Digital Marketing.**

SME entrepreneurs are now switching to the technological advancement for communication, which results in efficiency and effectiveness (Ramadhan Odhiambo, 2019). As mentioned by Respondent 4:

*“In addition to my existing circle of networking, such as family and friends, I need to find people who may be interested in my products or services. So I advertised consistently, every day, in WhatsApp and Facebook, targeting to those who might be looking for food takeaways and deliveries during the MCO”.*

The situation is similar with Respondent 7 who advertised on his and his wife’s personal Facebook page consistently about the products that were available in their shop during the MCO. Respondent 7 reported that he gained more income during the MCO since many people searched for the nearest shop that could deliver groceries and fresh cooking ingredients. He mentioned, “many of my customers suddenly buy in bigger volume to stock up their cooking ingredients and they ordered this using Facebook messenger, and then we deliver the groceries to them”. Meanwhile, through the audio visual material analysis on Respondent 2’s

Facebook account, it was discovered that he sold his products through Facebook and sent the pre packed RM5 yong tau fu to a restaurant near his housing area. During the online interview, he also informed that in order to make ends meet, his wife and him diversified their income by selling their homemade chips through the WhatsApp group of his residential area. Respondent 5 mentioned, “we sell anything we can produce, even it is only RM5 yong tau fu, not much, but it is okay, we still make some money”.

Overall, the findings of this study answered the questions related to the sustainability of empowerment among microentrepreneurs who came from low income households, with low education qualification, and underprivileged background. Among the challenges they faced during the MCO were restricted cash flow, lack of customers, and supplies issues. They were able to address those problems due to their ability to control stress, develop a strong spiritual relationship with God, apply problem solving thinking skills, utilize social capital (offline and online), and optimize digital marketing. This finding emphasized on the importance of the microentrepreneurs’ innovation capabilities to introduce and adapt themselves either to new products, new process, or new services for ensuring the survival of their businesses. According to Anning-Dorson (2017), innovation can be viewed as a process and/or outcome of undertaking changes

in an organizational conduct by pursuing new activities, routines, or processes for enhancing business performance. In times of crisis, such as during pandemic COVID-19, innovation capability has a significant effect on firm's survival (Utomo, 2020). Furthermore, the actions reported by the microentrepreneurs can be seen as a form of behavioral change. According to Koh et al. (2020) behavior changes are shaped by the goals of the individuals, such as to avoid illness, to avoid anxiety, or to live by important life values. In the case of these microentrepreneurs, their key goal was to sustain their livelihood and weather through the COVID-19 crisis on their businesses.

Therefore, to interpret the findings from this study, theories on empowerment and sustainability can be used to help illuminate the data and propose the explanation of the causes and effects towards sustainable empowerment despite the challenges faced during the MCO due to uncertainties and threats of the COVID-19. It can be explained partly by relating to the psychological empowerment theory by Zimmerman (2000), which defines empowerment as the perceived effectiveness and control of social, economic, and political aspects of one's life. Meanwhile, according to Pappas (2013), individual sustainability is a matter of aligning routine behaviour and withheld values where it will result in a more sustainable community action. From the aspect of individual resilience, Pappas (2013) as well as Pappas and Pappas (2015) highlighted the important elements in the

human social system, such as religion or beliefs, diversity, norms, learning ability, and the ability for the survival of self-organization to be maintained so that it was not receded or lost (Broman & Robèrt, 2015). Empowerment can also be discussed as an element that lends itself to self-leadership development (Fletcher, 2007). Self-leadership can be defined as the ability to exercise responsibility by taking control of one's personal actions and initiating self-directed initiative to move forward (Neck & Manz, 2010). The development of self-leadership, may be shaped by both internal influences such as self-aspiration and self-persistence values, as well as external influences such as participation in training and self-development programs (Mohd Rasdi et al., 2020; Yee, et al., 2019).

In Malaysia it was found that 42 % of enterprises failed to continue their businesses more than five years after the establishment (National Entrepreneur & SME Development Council, 2012). Thus, business volatility has affected the sustainability of their livelihood. Unfortunately, most of the marginalized groups do micro, small, and medium entrepreneurial activities in their survival efforts. However, for their business to last more than five years, government agencies need to provide dynamic entrepreneurial funding strategies and support them with skills development and the entrepreneurs themselves need to efficiently manage available resources (Asfaw, 2016), especially in the digital marketing skills.

## CONCLUSION AND RECOMMENDATION

The purpose of this research was to understand the challenges faced by the microentrepreneurs cum participants of the 2Years Exit Programme (2YEP) and their coping strategies during Movement Control Order inflicted by pandemic COVID-19. The findings of this research lead to a conclusion that issues such as restricted cash flows as well as lack of customers and supplies were the key challenges faced by these entrepreneurs during the early stage of the MCO. From the studies on COVID-19 socio-economic impact conducted on other countries (Ataguba, 2020; Forsido et al., 2020; Krishnakumar & Rana, 2020), it is conclusive to note that the majority of small and micro enterprises were severely affected largely due to the lack of sufficient cash reserves. At the same time, this study highlighted that microentrepreneurs relied on several coping strategies to deal with these challenges. Among the coping strategies that were mentioned include developing the ability to control stress, developing a strong spiritual relationship with God, applying problem solving thinking skills, utilizing social capital (offline and online), and optimizing digital marketing.

From the findings, it was also noted that for essential businesses, their sales and income were not severely affected as they could still operate from the first stage of the MCO. However, they faced other issues such as lack of customers and supply shortage issues. Overall, for these microentrepreneurs, they highlighted the

importance of being proactive, innovative and positive in adapting to the new ways of doing business. The situation also presented them with an opportunity to review their business model and strategy towards a sustainable business practice as it is important to sustain their source of income in the long term. The low cost of living in the suburban and rural areas and access to nearby local resources also helped in moderating the impact of MCO on these entrepreneurs. Therefore, it is recommended that more empirical studies should be done to further explore the long-term implications of COVID-19 and the new norms restrictions towards the sustainable empowerment of the microentrepreneurs.

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