# To Explore the Risk Management Factors in Small and Medium Enterprises: A Comprehensive Study of COVID-19”

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# Introduction

SMEs faced many unanticipated difficulties as the pandemic spread, from operational constraints to financial uncertainty and unexpected consumer demand declines to supply chain interruptions (Ali et al., 2021). It is now essential to SMEs’ survival and long-term viability that they are able to manage and reduce these risks efficiently (Amankwah-Amoah et al., 2021). Other contributing variables contribute to the disproportionate impact on SMEs (Ratnasingam et al., 2020). Remarkably, SMEs are disproportionately concentrated in the most seriously impacted sectors of the economy—especially those that depend on human interaction, such as real estate, tourism, entertainment and leisure activities, and hair salons (Caballero-Morales, 2021).

In addition, small and medium-sized enterprises frequently face difficulties adjusting their company operations to the current environment, limited funding sources, brittle supply chains, limited supply chain capabilities, and a delay in implementing new tools and technologies (Bailey et al., 2020). A driver for transformation, the COVID-19 pandemic has forced companies of all sizes to review their operational plans, adjust to new standards, and negotiate a quickly changing economic environment (Hilmola and Lähdeaho, 2021). It is not only academically relevant but also essential for stakeholders and policymakers hoping to support the resilience and recovery of these essential economic entities to comprehend the risk management dynamics unique to SMEs in this environment (Pawar et al., 2021).

This study aims to explore the complex web of risk factors that have plagued SMEs since the COVID-19 pandemic, putting light on the wide range of problems they have encountered. This dissertation seeks to provide important insights into how SMEs can strengthen their risk management practises in the face of such unpredictable crises by thoroughly examining these difficulties and the tactics used to overcome them.

# Theoretical background

SMEs typically have narrow profit margins and largely serve in-person clients due to limited resources and fewer supply chain facilities (Al-Hyari, 2020). Lockdowns and other limitations that prevent residents from moving freely result in strained business-to-business connections and reduced supply chain services (Cowling et al., 2020). These restrictions may include travel restrictions, social alienation, and self-isolation (Chowdhury et al., 2020). These difficulties lead to a number of negative outcomes, such as pressure on cash flow from lower sales as a result of business closures, event cancellations, cancellations of reservations for lodging and travel, dwindling revenue, and payment defaults in service-related businesses. Operations difficulties and logistical challenges are a result of these problems (Pawar et al., 2021).

Notably, the local operational environment for SMEs, including lockdowns and limits on people’s movement, is crucial to their survival and resilience, as highlighted by 17 of the 48 eminent articles discussing pandemic hazards (Lu et al., 2021). Logistics mainly focuses on organising the flow of commodities from production to consumption locations to satisfy customer and company needs (Prause, 2019). Risks associated with pandemics make problems like worker layoffs, increased productivity problems, and the delayed reopening of shuttered enterprises worse (Belghitar et al., 2022).

Within the framework of policy directives, the short-term government support measures posed a substantial risk factor for SMEs during the pandemic. Despite being hurriedly adopted and initially based on heuristics, the primary goal of these support measures was to achieve immediate benefits rather than concentrating on structural and long-term considerations (Craighead et al., 2020). These short-term policy methods were criticised, but their direct effect produced favourable outcomes (Krasniqi et al., 2021). For example, in developing nations, the lack of government support would have resulted in a 9.1% rise in SME failure rates or 4.6% on employment in the private sector (Melnyk et al., 2021).

A pillar of the theoretical framework, resilience theory offers crucial insights into the workings of small and medium-sized enterprises (SMEs) with novel obstacles such as the COVID-19 pandemic (Gourinchas et al., 2020). This thesis explores the underlying ability of SMEs to face hardship, adjust to it, come out stronger, and prosper thereafter. Knowing how SMEs develop and strengthen their resilience is essential to understanding how they successfully manage and reduce risks, which is closely linked to the purpose of our research. Using resilience theory in our study highlights important points:

* When faced with disruptions like the pandemic, SMEs modify their strategy and operations. They get through the initial shock and learn, change, and innovate to meet new challenges (Melnyk et al., 2021).
* Comprehending the allocation of scarce resources (both human and financial) by SMEs to augment their capacity to overcome hardship is intimately linked to proficient risk mitigation.
* Emphasis on SMEs utilising the lessons they’ve learned from previous crises in a proactive manner to mitigate risk successfully.
* It highlights the creation of responsive, adaptable, and transparent crisis management techniques that were closely linked to risk management techniques used during the pandemic (Cowling et al., 2020).

# Research Questions

Understanding the pandemic’s effects on SMEs, the coping mechanisms these companies use, and the degree to which these mechanisms strengthen their resilience and lessen their susceptibility to pandemic-related risks are the main foci of the research issues. These are the research inquiries:

* How much of a risk does the pandemic pose to SMEs?
* What coping mechanisms do SMEs use to deal with the effects of pandemic-related risks?
* How much do these coping strategies make SMEs less vulnerable to pandemic-related hazards and more resilient to them?

# Research Aims and Objectives

This study’s main goals are to thoroughly examine the pandemic’s risk impact on small and medium-sized enterprises (SMEs) and to evaluate the coping mechanisms SMEs use to lessen these risks.

## Research Objectives

* ***Evaluate the Effects of the Pandemic on SMEs***: This goal entails looking at the unique threats and difficulties that SMEs have to deal with as a result of the pandemic, like shattered supply chains, a decline in customer demand, and unpredictability in finances.
* ***To Identify Coping Techniques Used by SMEs***: This goal aims to identify the different coping techniques, including operational modifications, financial safeguards, and technology advancements, that SMEs have implemented to mitigate the effects of pandemic-related hazards.
* ***To Assess Coping Strategies’ Effectiveness***: This goal entails determining how much these coping mechanisms help SMEs become more resilient and less vulnerable. It seeks to ascertain how well these tactics enable SMEs to withstand the difficulties presented by dangers associated with pandemics.

# Research Methodology

The present investigation utilises a quantitative research methodology to gather primary data from workers within Small and Medium Enterprises (SMEs). In order to collect quantitative insights, the research strategy makes use of structured surveys and questionnaires. Employee experiences and viewpoints on the pandemic’s effects and the coping mechanisms used by their individual SMEs will be gathered by distributing these surveys to staff members. A comprehensive and methodical knowledge of the pandemic’s impact on SMEs and the effectiveness of coping mechanisms will be possible thanks to the statistical analysis of the data gathered to evaluate the quantitative components of the study topics. By providing a more thorough understanding of how SMEs handle pandemic-related risks and modify their strategy, the results of this quantitative investigation will further our understanding of this crucial topic.

## Research plan

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| --- | --- | --- | --- | --- |
| **Task** | **Week 1-4** | **Week 5-8** | **Week 9-12** | **Week 13-16** |
| Proposal acceptance |  |  |  |  |
| Literature review |  |  |  |  |
| Methodology |  |  |  |  |
| Data collection |  |  |  |  |
| Data analysis |  |  |  |  |
| Findings and interpretations |  |  |  |  |
| Conclusion and recommendations |  |  |  |  |
| Draft submission |  |  |  |  |
| Final submission |  |  |  |  |

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