



The impact of Covid-19 on SMEs in the food industry in Malaysia

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ABSTRACT

A pandemic is not a new phenomenon in the society as it has been present previously in history. However, COVID-19 is a time where many of us are experiencing a pandemic for the first time. Since its apparition in the beginning of the year 2020, COVID-19 has shown various negative effects on the society and the world's global economy. Continuous lockdowns and movement control orders imposed by the government have brought many changes when compared to how the world used to function and these have impacted the economy and its stakeholders. This qualitative study revealed that cash flow challenges, consumer behaviour and market demand, operation disruption, increased operating costs and new strategies were the main impacts on the Covid-19 on the SMEs in the food service industry in Malaysia. Hence, this study could contribute to SMEs and future entrepreneurs in implementing training programs, which could polish their skills and prepare them for future possible pandemics.

Key words : pandemic, COVID-19, food service industry, SME, Malaysia

1.0 INTRODUCTION

There is absolutely no doubt that the economy of a country heavily depends on businesses. A country's economic growth is reflected by the growth of businesses. The economic growth is usually based on the gross domestic product (GDP). Since the beginning of year 2020, due to COVID-19, which in no time spread like wild fire, Malaysia has seen a drastic change in its economic growth and further impacted by depreciation and unemployment rate. When the cessation of operations for non-essential sectors started during the movement control order (MCO) to control the further spreading of COVID-19, the economy took a deeper plunge. The first quarter in 2020 was shrunk by 8.3%, it further declined by 17.1% in the second quarter (Ee-Lin, 2020). On the 11th March 2020, the World Health Organisation (WHO) declared COVID-19 as a pandemic. WHO called on all the countries to plan and take actions as per the Global Strategic Preparedness and Response plan (WHO, 2020). The implementation of these measures imposed the closure of several workplaces, schools, restrictions in travel and social gatherings (WHO, 2020). Many work started to be done by working from home, conducting online meetings and classes and gradually it became a new normal. On the other side, the food service industry does not provide the option of working from home and hence it had to keep its office routines (Bai, 2020).

The small and medium enterprises (SMEs) in Malaysia are made up of ninety-nine percent of the 920, 624 registered business establishments. They are made up of micro, small and medium entrepreneurs and are classified by number of employees, sales, turn over and industry. In the beginning of 2018, the SMEs employed 66.2% of the Malaysian workforce bringing a total contribution of RM 522.1 billion, which equaled to 38.9% of the economy's contribution and 48.8% national employment (Department of Statistics Malaysia, 2020). The arrival of the pandemic has brought many struggles specially to the SMEs. Sales decreases of more than twenty percent have been experienced by almost thirty four percent of the SMEs in Malaysia. SMEs are financially more fragile than bigger companies. Their level of production, cash reserves and assets are relatively lesser than others. Hence, the impacts on these SMEs have been brutal during the COVID-19 pandemic (Vaghefi & Jo-yee, 2021). This research focuses on the food service industry, which is one of the most famous industries in Malaysia.

1.1 Problem statement

The current study intends to fill the gaps that are currently in the existing literature. Specifically, this research aims to elaborate on the ways SMEs in the food service industry have been impacted because of COVID-19. There is an uncountable amount of researches done on small and medium entrepreneurs and the challenges and opportunities they face throughout their journey. After studying the startups market during the pandemic in Germany, they recommended to look into the positive consequences out of the adverse situations brought by COVID-19 (Kuckertz et al., 2020). This study was conducted on new startups whereby most of them started to operate after the arrival of COVID-19. Therefore, it is tricky to compare of how would have been the outcomes of the businesses before the outbreak. Furthermore, it was done in a general set up and not in a specific industry. Another study looked into the impacts of COVID-19 on the food supply chains. However, no major issues were concluded and it remains unclear of what to expect in the future. Hence, it was advised that the supply chain should remain flexible in order to face any challenges in the food supply chain. To the researcher's best knowledge, there is practically no research done on the impact of COVID-19 that small and medium entrepreneurs have faced during COVID-19. Therefore, the current study will fill the gap in the food service industry.

1.2 Research Questions

RQ1: How Covid-19 has disrupted the business operations of Malaysian SMEs in the food service industry?

1.3 Research Objectives

RO1: To examine the relationship between COVID-19 and the business operations of Malaysian SMEs in the food service industry

RO2: To examine the relationship between SMEs in the food industry and the future challenges associated with pandemics

1.4 Significance of study

This study intends to fill the gap in literature in regards to the food industry. Past researches have focused on the food supply chain and SME restaurants in Malaysia. However, this current research will emphasise on the impact of COVID-19 on SMEs in the food industry in Malaysia. Hence, this

research will contribute to the body of knowledge and help decision makers and SMES in the food industry to make better decisions while facing pandemic currently or in the future.

2.0 LITERATURE REVIEW

2.1 COVID-19

In the beginning of 2020, the outbreak of a strange virus emerged (Elengoe, 2020). The initial case was detected in Wuhan, China in December 2019 and it quickly sped globally in no time. The World Health Organisation (WHO) soon named the virus as COVID-19. The pandemic has disrupted the entire world. It has forced the global shutdown of numerous activities. The Covid-19 drastically changed lives overnight (Huang et al., 2020). People, countries, economies, continents went through the shocking experience of lockdown and had to face the stress and fear of no tomorrow. Throughout, the course of the pandemic, which is still ongoing currently, the government, authorities and businesses are having the obligations to solve many conflicts simultaneously. Among all the new responsibilities, the toughest part is to close down operations to protect the nations while at the same time keeping the economy going (COVID-19: Implications for business”, 2021).

Based on a study done in India, it was revealed that 82% of the small businesses had faced the negative impacts of the pandemic. Out of which, 70% will take a minimum of twelve months to start their recovery process (Pathak, 2021). Another research done in USA, whereby 50% of Americans are employed by small businesses concluded that 43% of businesses were temporarily closed and the rate of unemployment rose to 40% (Bartik et al., 2020). The study has also brought light on the financial situation of these small businesses. It was seen that most of these businesses had little cash when the pandemic started. When the pandemic hit the world, their situation aggravated. They had to reduce expenses, involve in debts or even to the extent of declaring bankrupt. Hence, the impact of COVID-19 on the majority of small businesses in India and USA had seen bad days. Despite the chaotic situation brought by COVID-19, it has also turned into some kind of blessings to some specific industries. There have been some significant changes in lifestyles, business operations that will have some positive long-term rewards. On a positive side, COVID-19 has increased the level of innovation among people (Karunathilake, 2020). First of all, it sped up the use of digitalization across many businesses and sectors, which has helped in the sense of cost reduction and increase in productivity. This digital adoption progress has accelerated by seven years (Pathak, 2021). COVID-19 also brought in an emergency in the rise of new businesses. The proliferation of the usage of facemasks and hand sanitizers is highly being supported by the World Health Organisation. The use of facemasks has seen a substantial increase. Personal protective equipments (PPE) kept on being in use on a daily basis in hospitals and in every single public places. Hence, since there is a demand in the products, productions have also increased for these specific items.

2.1 SMEs

Scholars have given different meanings to the word entrepreneurship. In 1965, Schumpeter explained entrepreneurs as people who exploit the opportunities available in the market while looking into technical and organizational innovation (Schumpeter, 1934). Peter Drucker states that entrepreneurship is all about taking risk (Drucker, 1970). While Bolton and Thompson (2013) gave their definition of entrepreneurship as an individual who frequently creates and innovates so as something of recognised value is build. Hence, in general, entrepreneurship refers to a practice of venturing into a new business when an opportunity is identified. The increase participation of

women in entrepreneurial pursuits has changed the way people used to perceive women entrepreneurs (Beesoon et al., 2019). The number of women entrepreneurs that have stepped out into the spotlight is increasingly promising. Specially during the pandemic, massive layoffs and closing down of businesses have left many breadwinners jobless. The socioeconomic impacts of COVID-19 have made many citizens vulnerable. As a consequence, many women have opted to become entrepreneurs, focusing on small homegrown businesses so as to sustain their daily lives during the pandemic (Mahat et al., 2021)

2.2 Food industry

In the context of the global economy, food is a key element for consumer peace, global peace and personal sustenance (Telukdarie et al., 2020). Experts say that in order to sustain life, it is compulsory to maintain a global supply chain of food and food products. The food industry is highly diversified and it consists several steps such as preparing, processing, preserving, distributing and serving of food and beverages. The Malaysian food industry displays a diverse variety of Asian tastes. Small and medium scale companies rule the food industry in Malaysia while being the largest cocoa processor in Asia (“Food Industry in Malaysia”, 2019). The multiple effects of the pandemic on consumer behaviour, less food demand, reduced income have been remarkable. The closure of restaurants on a global scale including in Malaysia, which is a food paradise land, to slow down the spreading of the virus meant a significant reduction in demand, thus many potential businesses went down. Therefore, this has contributed to a higher at-home consumption. The current market trends have evolved and companies are investing in online shopping application for their customers.

2.3 SMEs and the food industry in Malaysia

Ninety percent of the agricultural establishments in Malaysia belong to micro, small and medium entrepreneurs (MSMEs). Based on a study undertaken on 1500 agrifood entrepreneurs, it was indicated that 64% were not able to sell their daily usual production, 48% faced issues with their distributions. While only 17% were able to operate normally (Mafi, 2020). Furthermore, during this trying period of time, in other survey it was found out that 24% of the respondents have opted to use e-commerce platforms to sustain their businesses. The following section highlights the innovation theory and entrepreneurship.

2.4 Underpinning theory/model

In the history of entrepreneurship, Schumpeter’s entrepreneurship seems to be a turning point. The Schumpeterian entrepreneurship is highly tied to innovations, which could possibly be changes in materials, machinery, labour, finances or the product itself (Schumpeter, 1949). COVID-19 has enforced many changes thus applying the Schumpeter theory in the current context will be able to determine the innovation required by the current entrepreneurs in the food industry in Malaysia.

3.0 METHODOLOGY

3.1 Research strategy

The research strategy explains how the researcher intends to carry out the study (Saunders, Lewis and Thornhill, 2007). The two selected studies are both a type of scientific research, which require exploring and investigating. In 1998, Creswell divided qualitative research into five main strategy types. They are classified as phenomenology, ethnography, biography, grounded theory, and case study (Creswell and Poth, 2016).

3.2 Choice of approach

This research topic is intended to use grounded theory as it is intended to develop a theory after the data is obtained. Originally established by the sociologist Barney Glaser and Anselm Strauss, the grounded theory has been used to a great extent in researches in regards to social sciences, education and its related fields (Glaser and Strauss, 1967). Grounded theory is a qualitative methodology that produces on an inductive approach whereby patterns are formed from the data as a precondition for the study (May, 2011). For example, interview data may be transcribed, coded and then grouped accordingly to the common factors exhibited between respondents. This implies that the formation of the results in the research is based from the research that has been completed (Flick, 2015).

3.3 Data collection method

This study intended to perform an in-depth interview with the SMEs. Semi-structured questionnaire was used to conduct online interview whereby there were chances for probing questions during the sessions. According to SME Corporation Malaysia, there are a total of 907, 065 SME establishments in Malaysia (Statistics, 2021). 2.3 % of the entrepreneurs are made up of Medium Entrepreneurs, 21.2% are Small Entrepreneurs and the remaining 76.5% consists of Micro Entrepreneurs. The highest number per state is located in Selangor with 19.8% of the SME population (Statistics, 2021). The respondents were selected from the Small Entrepreneurs category that are involve in the services and other sectors and lies with an annual sales turnover between RM 300, 000 to RM 3 million and employs between 5 to 30 employees. The entrepreneurs, who are a combination of both men and women entrepreneurs were contacted via a phone call and email whereby a convenient time to conduct the interview was decided.

3.4 Analysis plan

Analysis was done based on individual interview conducted. Since it is purely a one-to-one in-depth interview, with the permission of the respondents all the interview sessions were recorded. The respondents gave their verbal consent to participate in the data collection. After each interview, the entire session was listened and transcribed. After the entire process was completed, similarities and differences in the responses were identified. Thematic analysis was used to identify the repeating ideas collected from the data. A meticulous thematic analysis can be extremely helpful in producing insightful findings (Braun & Clarke, 2006). From there, themes were formed and then the collected data were classified into themes which eventually was easier to find the common points that were discussed by the respondents.

3.5 Sample size

Regarding the number of participants in a research, (Saunders et al., 2019) highlight that a qualitative research requires the researcher to continue conducting interviews until the researcher reaches theoretical saturation (Guest et al., 2006) state that in qualitative research, 12 interviews are an adequate amount in a relatively homogenous sample.

3.6 Pilot Study

A pilot test has been conducted with the intention of understanding the questions before it is asked to the respondents. Experts have tested the initial questionnaire, which was prepared for the interview. The experts were two postgraduate candidates who are research assistant at the same time. Based on their subject expertise and experience, they scrutinized the questionnaires and advise for improvements. Pretesting enables the researchers to examine whether respondents

understand the questionnaire, and identifies ambiguous and biased questions (Zikmund, 2003). The round for pre-testing the interview questions are mainly to check the validity of the questions and if the questions will be easily understandable by the respondents. The pre-test will be timed and based on that session, amendments and improvement will be made to the interview questions. Furthermore, the researcher managed to complete the interview session within thirty to forty-five minutes. Hence, this avoided any kind of inconveniences to the respondents. For further and completed results of this study, the researcher will continue to conduct interviews until the research reaches saturation point.

3.7 Contribution

In terms of theoretical, there are several contributions in regards to this research. Firstly, it will also help to minimise the gaps in the existing literature. It will also benefit other researchers to prove in terms of theory used in this study towards entrepreneurship during pandemic period.

4.0 RESULT & DISCUSSION

The research question of this study, which was developed in Chapter One has been answered after conducting the interviews with the entrepreneurs. Based on the data analysis, there are relationships with the research question and they are in correspondence with literature review. The following are in relation to the research question and the existing theories discussed in the earlier chapters.

Respondent 1

The first respondent is a woman with a sales and marketing background who has been selling food with her husband for the past twelve years. Both husband and wife left their corporate jobs to venture into their dream job, which paid much better. They started as weekend caterers and ended up being well-known caterers for weddings and functions. They are specialist in Authentic Indian food and deal with premium spices, fresh raw materials and upon request they also cater organic ingredients too.

Respondent 2

The second respondent is man who studied until diploma level in Mechanical Engineering. He runs a restaurant, which he established 12 years back with his wife. The restaurant sells Malaysian and authentic Indian food. They have 26 staff. Their chefs are mainly from India. Mr Nath and his wife have spent a lot of their time in molding the restaurant to what it is today.

Respondent 3

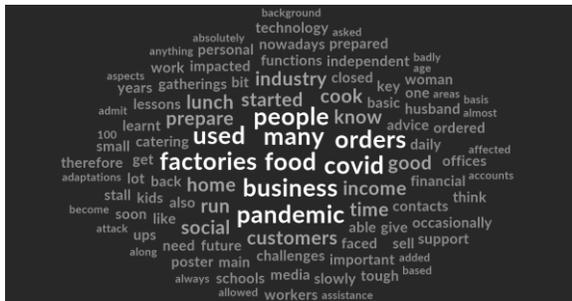
The third respondent Jessie is a strong and independent woman who does not settle down without finding her own source of income. She has three children. She used to run a food stall at a food court but later on when she had kids it was difficult for her to juggle between the kids and the stall. Since the past seven years, she started to run her business from home. She runs a home-based catering and work on a daily income basis. She prepares and sells food to offices, workers in factories, school canteens and caters for small occasions and functions. She prepares mainly lunch and snacks for teatime.

4.1 Data Interpretations

Word clouds analysis

“Word cloud is a visual representation of word frequency” (Atenstaedt, 2017). In simple terms, a word cloud analysis looks into the most commonly terms that appeared within a text that is being analysed. In the context of this study when the three interviews were combined, the most common words used are as per the figure below. From a quick glance, some interesting words such as factory, food, order, business, pandemic and many more. The word cloud depicts the kind of experiences that the respondents have come across during Covid-19.

Figure 1.2: Word cloud



Source: Data interpretations from NVivo software

From a general point of view, if we look at the word cloud in a positive way, we can see words such as orders, business, income, which are depicting the progressing the efforts despite of the pandemic. It is true that the pandemic has badly affected various sectors, but the positive side is that the people are able to pull through slowly and make their ends meet. On the other hand, with a negative aspect in mind, words such as tough, affected, financial, support, challenges and assistance are easily seen. Despite all the trouble brought by the pandemic, people are trying their best to bring their lives to normal. They are not giving up. Instead, they are finding new ways and solutions to succeed and progress.

4.2 Coding interpretations

Respondent 1

From the below chart, it is seen that the respondent has focused on the new experiences that the pandemic has brought to her. Despite all the negatives points of COVID-19, she perseveres and takes up the challenges to the next level. The following are some representative quotes from the respondent' interviews which specifically revolves around the new experiences of the pandemic:

“We then registered on FoodPanda and GrabFood and we started to get some orders from there...”
 “I also registered an account with some e-commerce platforms such as Lazada and Shopee. I sell my signature pickles on those platforms...”

These quotes clearly show that despite the struggles, the respondent was willing to explore and take up the new experience for her business. From the chart below, it is also seen that the new experiences has a percentage coverage of almost 6 % and the impact of COVID-19 is slightly above 5%. Therefore, in this case it shows that the new experiences are more important that the impact of the pandemic for this respondent.

Respondent 2

The chart below shows the concerns of the second respondent. During the interview, the respondent emphasised on future pandemics at multiple times and he also said that he is preparing and molding his business towards a pandemic-proof future. The respondent raised his concerns that there is a possibility of having future pandemics. He also admitted that he changed his business model and now concentrates more on food delivery. He even came up with the idea of providing free delivery for the customers residing within a certain distance from his restaurant. He is investing in creating an app for the convenience of easy food ordering and delivery. He also emphasizes that the government has an important part to play in terms of looking for ways to make the country advance technology-wise as quoted “I truly think that the government should find ways to invest in those sectors else they will be hanging behind the world advancements..”

Respondent 3

Respondent 3 was very concerned with the impacts of COVID-19 on her business. She said that her work was badly affected because she works on a daily income basis. Soon after the first lockdown started in March 2020, she did not have an income. It was a tough time for her. She is also worried about future pandemics and she is currently working hard so as she can save money for difficult phases.

Comparing the respondents

From the three interviews conducted for this pilot study, there are many ideas, themes and similarities that arose. Interestingly, all the three respondents found that it was important to use new strategies to survive during the pandemic. They all opted for food delivery as the sole way to continue to run their business during the pandemic crisis. Another point that was touched by all the three respondents is the use of social media to promote their business. Social media is a free platform and easily accessible to the target market. The themes food delivery and social media were constantly repeated during the interview sessions conducted. It is noticed that all the SMEs have started to use social media promotions because firstly: they have realised that social media usage is a useful business tools for their businesses. Secondly, they have admitted that food delivery was the only way for them to survive during this pandemic and they were able to continue their business and acquire more customers.

4.3 Findings and Discussion

Based on the research findings, the impact of COVID-19 on SMEs in the food service industry in Malaysia seems to be strongly influenced by food delivery and use of social media. The impact of the pandemic has been multifaceted, with many aspects such reduced operating incomes and increased operating costs. The lockdown and movement controls have forced many businesses to change their normal daily operations. Challenges for these small and medium entrepreneurs were endless as they faced a new struggle every day. During this pandemic crisis management, SMEs have gained new experiences and are able to have better insights on their consumer behaviours. During the interview sessions, all the respondents shared their experience on how they had to adapt to new strategies to continue their business. Despite facing a real struggle during the pandemic, the businesses had to continue to run as the respondents had to pay their employees who heavily depended on them.

Impact No 1: Cash flow challenges

It has been hugely reported that many people have faced salary cuts, reduced working hours, temporary cessation of job or even retrenchment during the current pandemic crisis. These factors have contributed to huge financial issues among people. These have not been only to the normal employees but have shown a huge impact on SMEs in the food service industry as well. In most cases, the SMEs did not have a cash reserve to support them during the pandemic and they had to find ways to solve their business. However, the SMEs in the hospitality industry are facing bigger challenges, as they have not resume their work yet. The SMEs mentioned that as an additional measure, the Malaysian government did offered some “Prihatin” Package for SMEs as a mode to reduce the financial burden of SMEs in the tough times (“Additional RM10 billion economic package for SMEs - PM - Prime Minister's Office of Malaysia”, 2020). However, the all respondents did not take any advantage of this privilege since the process of the obtaining this fund is very long and tedious.

Impact No 2: Consumer behaviour and market demand

Employees have suffered with loss of jobs or salary-cuts at their workplace; therefore, the financial situation has been affected which eventually challenged their purchasing behaviour. As a consequence, the consumer behaviour started to change. Many of them who were working from home stopped ordering their lunch as there was always someone cooking at home. Or it could simply be that there was someone preparing homemade food as they had more time at home. Therefore, the demand for outside food had been constantly on decrease.

Impact No 3: Operation disruption

After the announcement of the lockdown, operation disruption followed. Since only essential services were allowed to operate, many other sectors suffered. Those short terms impact were the main source of pressures. In regards to that, the normal food orders that used to enter the food service industry reduced. For example, the temporary of gathering and weddings led to cancellations of functions. Therefore, the bookings for catering were equally cancelled. On the other hand, while workplace changed their usual working habits to work from home, usual customers stopped ordering food, as they were not coming to their workplace. Thus the entire food service operation was disrupted leading the situation to be challenged by the impact of COVID-19.

Impact No 4: Increased operating costs

The pandemic has hit the global economy and this has resulted in many hikes in prices. In terms of food service industry, they had to shift their orders to deliveries and take-aways. Therefore, extra expenses had to be concentrated on packaging, takeaway containers, and food carriers, deliver costs and manpower. This resound with a study done in the Sichuan Province in China, whereby it states that SMEs have complained about a high online service fees with an increase of 21% for online catering enterprises (Lu et al., 2020).

Impact No 5: New strategies

The pandemic has forced the global shutdown of numerous activities and this has forced many industries to go online including the educational activities. The first response to this crisis was to

shift the traditional classroom to an online classroom (Amir et al., 2020). Along with that migration, several opportunities and challenges were discovered and this applies to every sector. In this study, the respondents shared their experiences on how they had to simplify their usual menus and to accommodate the delivery and pick-up services. In a study done among SMEs from different industry sectors in China, it was also revealed that the SMEs had to quickly find ways and accelerate their online services so as they could be back to business (Lu et al., 2021). This corresponds to the current study as the SMEs opted for food delivery and online and social media platforms to market about their food.

Impact No 6: Adapting to technology

In this study, the respondents have shown how the use of Internet and technology has helped their business to be alive once again. The use of social media has helped the respondents to continue with their day-to-day operations and has helped the business to easily reach their customers. On the other hand, food delivery apps and e-commerce sites have their equal contributions in sustaining the businesses during this pandemic.

4.4 Practical contributions

The findings of this study also yield insights for practice. Basically, the findings of the current study will help small and medium entrepreneurs and associations to understand how food delivery and the use of social media can affect the performance and subsequently both a business and its promotional outcomes. Therefore the findings can assist the small and medium entrepreneurs associations in evaluating training program for these entrepreneurs that are intended to increase their skills during the pandemic. Furthermore, the findings will also be useful to new entrepreneurs before they venture into business. They can foresee the impact of COVID-19 on small and medium entrepreneurs and how they overcame the challenges during their journey. This will help them to make the right choice. In this way, there will be a reduction of project uncertainty.

4.5 Limitations of Study

There are several limitations in this study that can be noted with a constructive view towards extending this actual research by suggesting some useful recommendations for future studies.

Limited literature on small and medium entrepreneurs in the food service industry women entrepreneurship and social media promotions in Malaysia

At the beginning of this research, there were insufficient materials regarding previous studies related to the current study in the context of Malaysia. Taking reference from literatures from other countries such as Sri Lanka and UK helped to understand the situation however, the literatures did not focus on the food service industry. Therefore, it is recommended to look for literatures from other countries and see how it can be adapted in the Malaysian and food service industry context.

Response rate

It was a challenging task to interview the small and medium entrepreneurs in the food service industry. Not all the selected respondents were willing to be interviewed. Although the purpose of the study was clearly explained, some of the selected respondents still refused to be interviewed. Another factor was the pandemic situation. With strict movement control throughout the country, it is impossible to travel or even meet people. Hence, conducting a face-to-face interview was not possible. Therefore, the best option was to conduct an online interview.

4.6 Recommendations for further studies

This current study was able to conduct only three interviews. Due to time and pandemic constraints, a larger group of respondents were not accessible. Also, all the three respondents in this research run their businesses around Indian food. Other businesses, which sell Malay, Chinese or other local foods, were not explored. Therefore, it is recommended for future researches to look into other food service businesses as well. Additionally, a comparative study can be done by comparing and contrasting traditional brick and mortars food service businesses and food service businesses, which have started their journey purely by running online through social media platforms. This will eventually help the existing and future SMEs to decide on which mode they prefer to run their businesses.

5.0 CONCLUSION

By shedding lights on the impact of COVID-19 on SMEs in Malaysia, the current research addresses the call for studies on investigating the impact of COVID-19 in business and management field (Karabag, 2020). The strategies and SOPs to flatten the curve of COVID-19 such as social distancing, Movement Control Order, travel bans, sanitization have brought a high cost to the SMEs in Malaysia. Many SMEs are financially weak during this pandemic and obviously are facing numerous challenges such as cancellation of orders, low cash reserve, and salary payment for workers, utility bills and loan repayments. While many of them are contemplating to close down their businesses, others are working hard to get through this pandemic. They have opted to innovate, adapt and continue to grow. Hence, to conclude it is safe to say that in order to maintain the level of success during COVID-19, SMEs in the food service industry in Malaysia found the importance to fast innovation and adapting to the new normal despite all the surrounding barriers. Added to this, the use of social media is equally important as it helped the SMEs to explore the possibilities of accessing more customers to their services.

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