



# Summary Report: Learning Regarding the Impact of COVID-19 on Southeast Asian Business Resilience

## INTRODUCTION

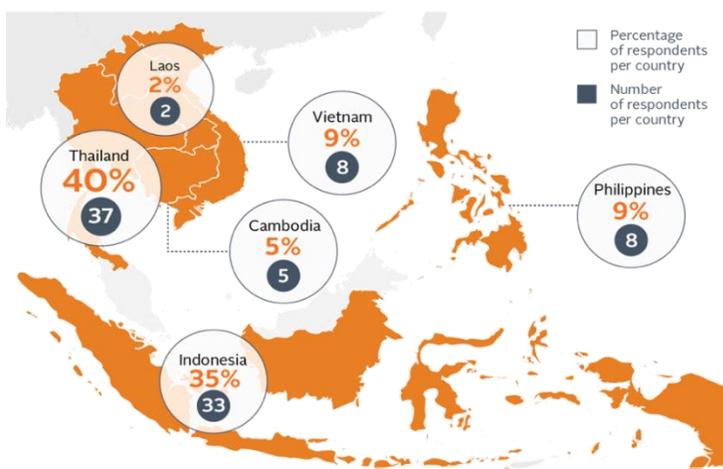


Figure 1: Distribution of survey participants

To understand the challenges that SE Asian businesses faced and the actions that they have taken in response to economic impacts of COVID-19 pandemic, the **Partnership for Business Resilience and Recovery in Southeast Asia (PBRR) Project**<sup>i</sup> conducted a rapid assessment comprised of a survey and in-depth interviews with corporate representatives in the region from December 2021 and Jan 2022. The project team also reviewed literature on economic effects of COVID-19 and other crises.

93 corporate staff from six countries participated in the survey (Figure #1). Of survey participants, 34% were senior managers or directors, 30% junior officers or officers, 22% senior officers and 14% mid-level managers. Participants came from the following sectors:

-  **17%** manufacturing
-  **9%** wholesale and retail trade
-  **12%** agriculture, forestry, and fishery
-  **8%** hospitality and tourism
-  **10%** energy
-  **6%** construction
-  **32%** unspecified sectors, including real estate, transport, health and social.

Moreover, eight business leaders and Chief Executive Officers (CEOs) in four countries participated in in-depth interviews. This document summarizes the findings from the survey and in-depth interviews to make recommendations to businesses seeking to improve their resilience to the pandemic and/or similar crisis.

## KEY COVID-19 CHALLENGES

Ninety-five percent of survey participants said that COVID-19 adversely impacted their companies. Figure 2 presents the levels of impacts on the companies in six Southeast Asian countries. The business areas most impacted were operation, finances, cashflow, and staffing. Other studies confirm these findings (Craven et al., 2020; Fairlie, 2020; ILO, 2020). The IMF (2021) reported a 3.7% economic contraction in five ASEAN countries in 2020.

The most mentioned impacts by participants included less demand for products (40%) and worker absence due to COVID-19 infection or travel restrictions (32%). By sector, all participants from the hospitality and tourism sector experienced significant or very significant impacts.

Workers also faced challenges. For example, 17% of participants said that their companies had to lay off some staffs/workers, and 11% participants said that their companies reduced working hours because of COVID-19, which could impact workers' take-home wages.

This corroborates with the global ILO's global study findings, which stated about 20% of enterprises planned to lay-off or reduce working hours of their staffs. Staff reduction had multiplier effects on business operation, staffs, and their dependents. During the in-depth interviews, CEOs acknowledged these impacts and reported that they made their best efforts not to lay off staff to reduce these impacts.

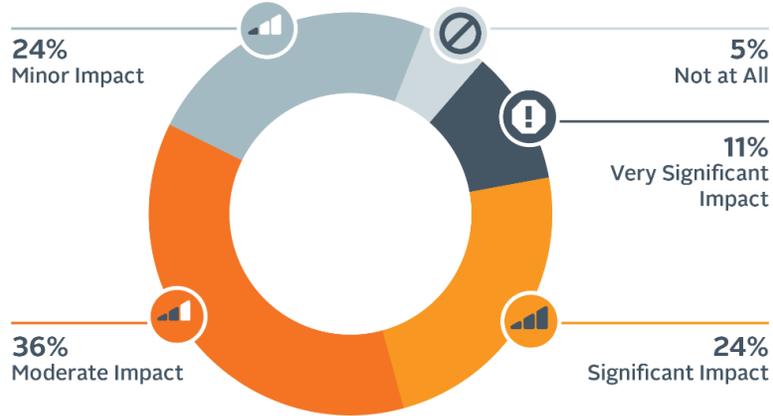


Figure 2: Levels of COVID-19 impacts

## ACTIONS TO PREVENT AND RECOVER

Interview and survey participants indicated their companies took multiple approaches to respond to COVID-19. Common actions included the following:



**78%** developed written **Business Continuity Plans (BCPs)** or similar management plans.



**20%** secured **additional investments** from multiple sources to continue operations, such as equity, loan or from other sources, with or without BCPs.



**17%** **shut down** some company branches/subsidiaries.

Company representatives reported sharing COVID-19 information (disease spread, vaccination, etc.) with their workforce and most survey participants (86%) were aware of reporting protocols in the event of confirmed cases. However, CEOs reported low vaccination interests in some areas and countries. Lastly, about half of the survey participants said that their companies allowed working from home due to COVID-19 across all positions and sectors.

Survey participants were concerned about the increased cost of COVID-19 safety measures. In some countries, survey participants were also concerned about potential staff dissatisfaction and unrest due to continued pandemic. Among the 78% of participants who said that their companies developed BCPs, most plans included only measures required by the local government. CEOs and survey participants confirmed that their BCPs need strengthening in areas such as mental health, governance, social and behavior change, transport (see Table 1).

Table 1: Companies' actions to prevent and recover from COVID-19

| Strengths: Already included in existing BCPs    | Improvement areas: Key missing elements in BCPs   |
|--|--|
| <ul style="list-style-type: none"> <li>• Response and case management – contact tracing, quarantine, isolation</li> <li>• Prevention and preparedness – PPE (Personal Protective Equipment), social distancing, hand hygiene, disinfection protocols</li> <li>• Vaccination</li> <li>• Digital tools</li> <li>• Detention and testing protocols</li> </ul> | <ul style="list-style-type: none"> <li>• Mental health of staff and workers</li> <li>• Pandemic/crisis management team</li> <li>• Cost reduction strategies to survive and thrive</li> <li>• Social and behavior change</li> <li>• Transport and international travel protocols</li> </ul> |

Despite expending efforts to mitigate and recover from the COVID-19 impacts, survey participants reported that the challenges continue. For example, participants were concerned about limitations in securing staff and workers’ access to health care (e.g., clinics, hospital beds or ventilators), testing facilities, and other infrastructure (e.g., quarantine or self-isolation areas). The participants also experienced inconsistent and frequently changed COVID-19 guidelines from government sources, making compliance difficult.

Many of the risks and limitations participants mentioned are outside a of their or their company’s direct control. However, a strong, flexible, and proactive business continuity plan can help companies to be resilient to these current and future shocks. Being reactive to specific outbreaks and restrictions will be of less service to companies than creating a flexible change framework applicable to all types of crises.

## ADDRESSING FUTURE CRISES

Responding participants said their companies have built several management assets in addressing COVID-19 challenges over the past years. These include programming innovations (such as pivoting to ecommerce), training programs, and development of crisis and continuity management plans. However, the companies’ preparedness can be strengthened for COVID-19, future pandemics, or other potential crises. Cook (2015) argues that it is important to have a comprehensive business continuity and management plan to help companies stay resilient to crises. His research finds that 75% of businesses that lack robust continuity plans fail within three years after disaster strikes. Given the importance of the BCPs to survive and thrive, PBRR recommends the following for Southeast Asian businesses:



**1 Strengthen continuity planning:** Companies should ensure their existing plans are sufficient, up-to-date, and proactive to comprehensively address economic impacts of the COVID-19 pandemic. PBRR has developed an evidence-based, ready to use [Southeast Asia business resilience toolkit](#) covering numerous areas such as risk management, governance, communication, workforce, mental health, and transportation. Drawing from this existing resource may allow companies to save time and money in evaluating and adjusting their current and future crisis response. We encourage companies to utilize part or all the toolkit, and/or incorporate portions into their own BCPs.



**2 Build the culture of resilience and continuity through training leaders and the workforce:** Leaders, managers, and all staff need support to understand and implement corporate continuity plans, including both the continuity actions, and the adaptive mindset needed to stay agile during crisis. Companies benefit from building a culture of resilience and continuity through, for example, training, communication, and governance structures.



**Improve business resilience in the VUCA world:** The COVID-19 pandemic is just one of the many threats and opportunities facing corporations today. Others include climate change, civil unrest, cyber-attacks, forced migration, and global sanctions. Leaders should be equipped with abilities, skills, and tools to thrive in the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) world (Petford, 2020; Zhong 2021). PBRR's expert team can tailor any element of the business resilience toolkit and expand or develop new modules and services such as Climate Change Management Toolkit, Sustainable Transformation Program and Business Resilience Strategy to meet corporate needs.



With support from the U.S. Department of State, PBRR offers free technical assistance and training on the [SE Asia Business Resilience Toolkit](#) to corporations or business networks and we encourage companies to reach out to us for clarification or further details. Beyond our free services, PBRR is also available for in-depth consultation and bespoke updates to develop and implement corporate continuity plans on a fee basis.

Contact PBRR at [businessresilience@fhi360.org](mailto:businessresilience@fhi360.org) or [shruti@awrllloyd.com](mailto:shruti@awrllloyd.com) to engage with us, find out about current training series, and request support.

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