Opinion

COVID-19 and small businesses

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In December 2019, the global health crisis caused by the Coronavirus Disease (COVID-19) began in China, catching the world unawares and unprepared [1]. COVID-19, which was declared a global pandemic by the World Health Organization [2], has infected now more than 125 million persons and caused more than 2.5 million deaths as of February, 2021 [3]. The efforts of governments around the globe to reduce the transmission of the disease led to a lockdown of communities and business closures [4] and caused significant damage to large portion of business activities.

Considering Covid-19’s far-reaching impact on all areas of life and especially on the economy and the business sector, it was interesting to investigate the pandemic’s effect on small businesses activity. Small businesses are likely to be severely affected, as they tend to be more concentrated in sectors like retail and services that might be affected by COVID-19 response measures and are typically more credit constrained than larger businesses. In addition, these businesses comprise majority of companies in the economy and are responsible for a substantial part of employment [5].

Without ignoring the economic adverse on large portion of small businesses, especially those who serve the end-consumer through face-to-face interaction, that adversely affected due to the restrictions imposed by the authorities, we can see that small businesses operating in the industry and crafts sectors whose sales are based primarily on other businesses (B2B) were less affected by the epidemic.

The explanation for this may stem from the fact that these businesses very often operate in niche and specific markets and are able to provide unstandardized products. In the industry sectors particularly, many of these small businesses operate as specialist suppliers of parts, components and subassemblies to large industrial companies [6], which for the most part continued to operate during the COVID-19 period in view of their status as essential industrial enterprises to the economy, specially, businesses operating in industries like medical equipment, plastic components for special uses, defense, communications etc.

In addition, the businesses’ ability to utilize new communication technologies such as Zoom virtual meetings that became one of the survival strategies during the lockdown of communities by different levels of government meant to contain the spread of the COVID-19, enabled them to continue their business activity while staying in touch with employees and customers online.

The present study conducted among small businesses in Israel, in October 2020.

References


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