

# A Conceptual Model of Business Best Practices and Sustainability of MSMEs in Saudi Arabia

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## ABSTRACT

The objective of the present study is to ascertain the determinants accountable for attaining business sustainability. This research aims to enhance the development of a conceptual framework for business best practices that can assist micro, small and medium companies (MSMCs) in attaining sustainable business growth by improving their performance. This study enhances the existing body of literature on the Multi-Stage Model of Consumer Decision Making (MSMC) by offering a rigorous approach in terms of methodology, conceptual framework, and practical implications. The framework presented in this research comprehensively addresses the pertinent domains that might be instrumental in formulating a sustainable business trajectory for micro, small, and medium-sized enterprises (MSMEs). The research was conducted after systematically reviewing the existing literature on MSMCs. MSMCs and business practises have been the primary focus of the keyword combination. Following a thorough categorization of the research papers selected for the analysis according to their location, paper type, focus, and theoretical underpinnings, a thematic analysis was conducted. The document delineates the necessary guidelines for formulating sustainable business strategies for Micro, Small, and Medium-sized Companies (MSMCs), encompassing both macro and micro factors. Additionally, this study identifies many areas for future research, hence expanding potential possibilities for further investigation. In conclusion, the research identified several key sustainable business practices, including financial fragility, technological advancements and integration, entrepreneurial management and innovation, human resource management, and international trading. These practices play pivotal roles in enabling MSMCs to adapt to changing circumstances and enhance their resilience during crises. It underscores the significance of embracing innovation, leveraging technology, and fostering strong leadership to ensure long-term sustainability. Future research could be conducted to compare the business practises of multinational micro small and medium companies (MSMCs) in both emerging and developed economies.

**Keywords:** conceptual framework; sustainable strategies; practices; micro small and medium companies

## INTRODUCTION

The construction sector is one of the important economic sectors in the Saudi Arabia economy. The importance of this sector is evident in its contribution to the GDP, in creating new job opportunities, and in its intertwining with other economic sectors (Alzyadat & Asfoura, 2021). The construction sector

contributed about 5.5% of the GDP in 2019 and 7.3% of the non-oil GDP at current prices, compared with 5.17 % in 2018(Saudi Central Bank, 2020). According to data issued by the General Authority for Statistics the sector also recorded a growth of 4.6% in real terms in 2019 outperforming the non-oil GDP growth rate of 3.3%, this represents a significant improvement over previous years, when the sector shrank by 3.2% in 2016 and 3.3% in 2017 and 3.5% in 2018.

As a result of the COVID-19 outbreak, which has produced unprecedented disruptions in the business environment, micro, small, and medium companies (MSMCs) in Saudi Arabia have seen substantial repercussions on their cash flow, supply chains, staff availability, and demand(Pilar, 2021). The extremely cutthroat nature of the commercial environment in which micro, small, and medium companies (MSMCs) operate only serves to exacerbate the difficulties that these companies already confront. If micro, small, and medium companies (MSMCs) want to successfully navigate and respond to unexpected and disruptive events, they need to place a premium on the implementation of sustainable strategies that effectively manage their operational, financial, and human resources while also keeping an eye on the broader macroeconomic context.

However, as a consequence of the pandemic, there have been substantial repercussions for MSMCs, the most notable of which are the fact that their resources are constrained and that their level of competition has deteriorated(Cowling et al., 2020). The impact of COVID-19 on MSMCs, such as reduced purchasing power, declining income, and decreased efficiency(Awan et al., 2021), has been exacerbated by a lack of additional capital(Sriyono et al., 2021). MSMCs operate in highly competitive environments, necessitating continuous environmental monitoring to identify potential collaboration opportunities with suppliers and customers. Therefore, sustainable business practices are essential for the survival and growth of MSMCs. By adopting such practices, MSMCs can enhance their reliance on supplier competence and cooperative relationships, as well as integrate more effectively with their customers(Corredera-Catalán et al., 2021). The implementation of environmentally responsible practises has the potential to give micro, small, and medium companies (MSMCs) an advantage over their rivals and pave the road for their companies' future expansion(Kot et al., 2020; Prah & Sibiri, 2021). Therefore, the primary goal of the study is to provide a comprehensive framework that identifies the link between these components and the application of effective business practises among micro, small, and medium companies (MSMCs) in Saudi Arabia.

The micro, small, and medium companies (MSMCs) in Saudi Arabia are the primary focus of the preliminary investigation that this research is doing. The study demonstrates even more clearly how urgent it is for businesses to use ecologically friendly practises in their operations(Tchinda & DeJardin, 2021). After that, MSMCs Contribution to economic development is presented, with another section emphasising on the impacts of the COVID-19 pandemic on MSMCs. Finally, a conceptual framework is constructed. The technique that is presented elucidates crucial regions that call for attention and provides helpful insights that have the potential to assist micro, small, and medium companies (MSMCs) in achieving success in spite of difficult situations.

## LITERATURE REVIEW

### MSMCS CONTRIBUTION TO ECONOMIC DEVELOPMENT

The significance of micro, small, and medium companies (MSMCs) in global economies has been widely acknowledged, (Misnan& Yusof, 2019a) with scholars and organisations recognising them as crucial elements for achieving success and sustainability (Hertog, 2010; International Council for Small Business, 2018). Moreover, micro, small, and medium companies (MSMCs) have been identified as fundamental contributors to the economic progress of advanced nations (OECD, 2017). The compilation of micro, small, and medium companies (MSMCs) statistics reveal the significant role that this sector plays in contributing

to their individual economies. As an illustration, inside the European Union in 2014, micro, small, and medium companies (MSMCs) constituted 99.8% of the overall number of enterprises. Furthermore, they accounted for 66.9% of the total employment figures and contributed 58.1% to the GDP of the sector (Muller et al., 2015). In line with the findings of (Firoozmand et al., 2015), it can be observed that micro, small, and medium companies (MSMCs) constitute 99% of the total number of firms in the United States. Moreover, these enterprises play a significant role in the economy by contributing 50% to the employment rate and generating an equivalent proportion of the overall gross domestic product (GDP). In Australia, micro, small, and medium companies (MSMCs) account for 99% of all enterprises, employ 68.3% of the total workforce, and contribute approximately 55.6% to the country's gross domestic product (Gilfillan, 2015).

Likewise, micro, small, and medium companies (MSMCs) assume a significant role within the broader context of advancing economies (Noorhayatie & Mohd Saidin, 2019 b). In the Chinese context, Sham and Pang (2014) demonstrates that micro, small, and medium companies (MSMCs) constituted 99.9% of the nation's commercial entities, contributed to 80% of the overall employment rate, and generated approximately 60% of the gross domestic product (GDP). According to International Enterprise Singapore (2016), the statistical data from Singapore emphasises the significant contribution of micro, small, and medium companies (MSMCs) to the economy of the nation. In an alternate formulation, it can be stated that close to 50% of Singapore's Gross Domestic Product (GDP) originates from this particular sector, which concurrently represents 99% of the total enterprises operating within the nation. According to a study conducted by the Firstbiz-Greyhound Knowledge Group (2014), it was observed that in India, a significant majority of firms, specifically micro, small, and medium companies (MSMCs), constituted 99% of the total business landscape. These micro, small, and medium companies (MSMCs) also contributed to around 45% of the country's Gross Domestic Product (GDP) and were responsible for generating employment opportunities, accounting for 46% of all jobs.

The significance of promoting market expansion among micro, small, and medium companies (MSMCs) owners is evident in its contribution to enhancing both domestic and international competitiveness, (Yusof & Misnan, 2019 a) as well as national productivity (Corredera-Catalán et al., 2021). According to the Organisation for Economic Co-operation and Development (OECD, 2017), it is argued that larger enterprises face challenges in attaining swift economic expansion and generating employment opportunities for individuals who are now jobless. Financial limitations (Firoozmand et al., 2015), inadequate managerial capabilities and expertise, and limited access to knowledge networks (Burt, 2000; Kalafatoglu & Mendoza, 2017) are among the recognised constraints and commonly referenced factors contributing to market failure within the context of startups and micro, small, and medium companies (MSMCs). The interest rate differential between large corporations and micro, small, and medium companies (MSMCs) has experienced a consistent rise subsequent to the global financial crisis, mostly due to the heightened credit risk associated with MSMCs. The aforementioned discrepancy is a significant challenge for micro, small, and medium companies (MSMCs) operating within the context of the global and digital economy. The discovery was made by the OECD during that particular year.

## **MSMCS IN SAUDI ARABIA**

Micro, small, and medium companies (MSMCs) constitute a significant proportion of the business landscape in Saudi Arabia, accounting for 99.8% of the total number of organisations. According to statistical data, a significant proportion of enterprises, specifically 88%, operate as sole proprietorships. According to Hertog (2010) and the OECD (2017), both large corporations and micro, small, and medium companies (MSMCs) play a vital role in driving economic growth and facilitating the creation of employment opportunities. The amount to which micro, small, and medium companies (MSMCs) contribute to the growing economy is evident. However, this contribution may exhibit variability on an annual basis, influenced by factors such as economic growth and the intricacy of the sector (Al Barwami et al., 2014;

Hertog, 2010). Nevertheless, it is crucial to bear in mind that GAS (General Authority for Statistics (GAS) reported in 2016 that the contribution of the industry to the Gross Domestic Product (GDP) of Saudi Arabia amounted to a mere 21.9%.

The Ministry of Commerce and Investment in Saudi Arabia has acknowledged the necessity of investigating the lacklustre contribution of the country’s micro, small, and medium companies (MSMCs) to the Gross Domestic Product (GDP)(Jeddah Economic Gateway, 2016). By enhancing the visibility of the industry, our objective is to provide greater support and amplify its economic influence(Ministry of Commerce and Investment, 2016).

The Saudi Arabia Ministry of Commerce and Investment has recently initiated the establishment of GASME (Global Association of Small and Medium Enterprises)(Jeddah Economic Gateway, 2016)in order to facilitate the advancement of the industry in accordance with globally recognised benchmarks of quality. The primary objective of the initiative is to enhance the productivity of MSMCs by promoting job creation, facilitating technology transfer within the area, and encouraging a culture of innovation. According to the estimation provided by the(General Authority for Statistics, 2016), the number of firms in Saudi Arabia is approximately 960,967. Micro companies (MCs), with 845,534 entities, account for the majority 88% of the overall company’s population, therefore representing the most prevalent category. There are a total of 107,825 small companies (SMs), or around 11.2% of the overall number of establishments. Medium-sized companies (MCs) comprise a total of 7,608 entities, or around 0.8% of the overall business landscape. Furthermore, it is worth noting that there exist approximately 1,516 noteworthy enterprises. While there is a prevalence of micro, small, and medium companies (MSMCs) in Saudi Arabia, as evidenced by the works of (Alfaadhel, 2011; Khan, 2013; Shalaby, 2010; Ahmad, 2012), it is worth noting that there is a dearth of scholarly literature available on this subject matter. Figure 1 provides a sector breakdown of MSMCs in Saudi Arabia for 2018.

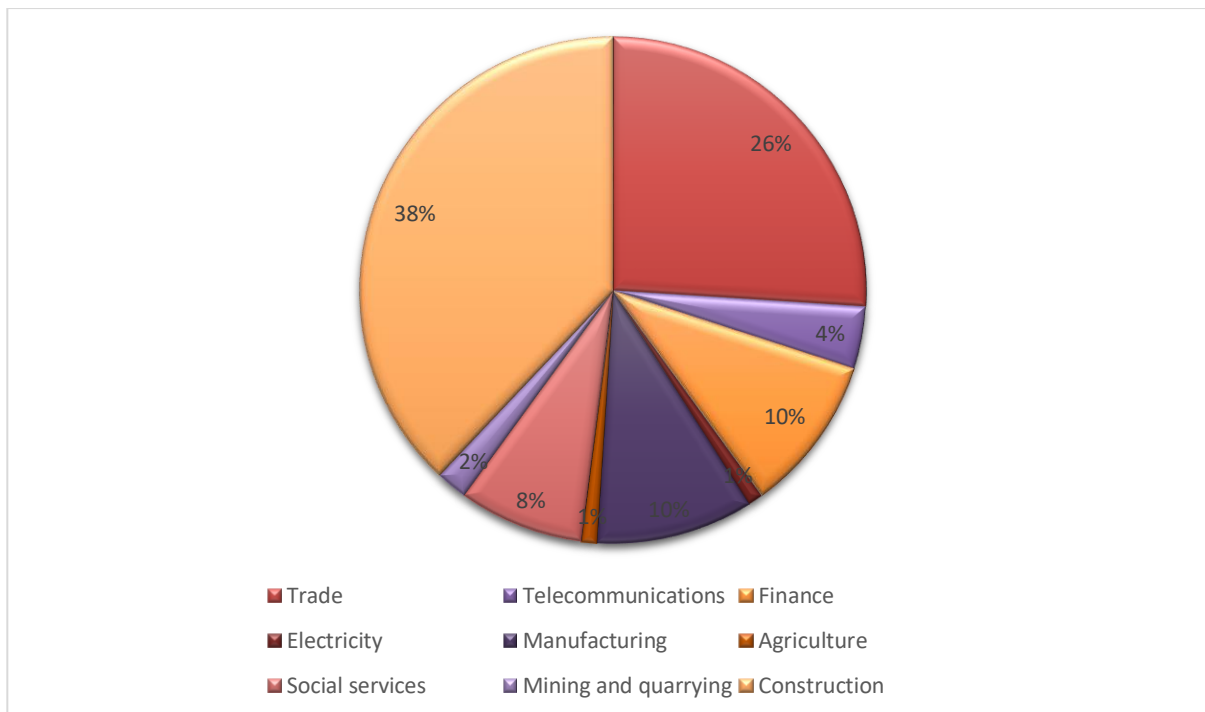


Figure 1: Distribution of MSMCs by Sector (Source:(General Authority for Statistics- Enterprise Economic Survey (2018))

Micro, small, and medium companies (MSMCs) can be categorised according to the statistics presented in Figure 1. The construction industry accounts for 38% of the overall economy, with the retail and wholesale

trade sectors following closely at 26%. The manufacturing sector contributes 10% to the economy, while the social services sector and the finance sector, which encompasses real estate, insurance, and financial services, provide 8% and 10% respectively. Despite constituting just approximately 10% of the overall economy, the finance industry is experiencing substantial growth and presently holds the position of the second greatest contributor to Gross Domestic Product (GDP) in terms of value added (General Authority for Statistics, 2019). Additionally, it assumes the most inferior position when compared to alternative forms of economic activity (Hutchings & Weir, 2006; Saad, 2016; Saeed, 2017). These elements lead to the widely held perception that it offers the most favourable environment for initiating businesses and accumulating wealth.

Figure 2 shows the number of MSMCs in Saudi Arabia. According to the data presented in Figure 2, it can be observed that the predominant category of companies in Saudi Arabia is micro enterprises, constituting around 72.8% of the total. This is followed by small enterprises, which make up around 23.5% of the total. Medium enterprises, on the other hand, represent a smaller proportion at approximately 3.0%. Lastly, giant enterprises account for a mere 0.8% of the total number of companies in Saudi Arabia.

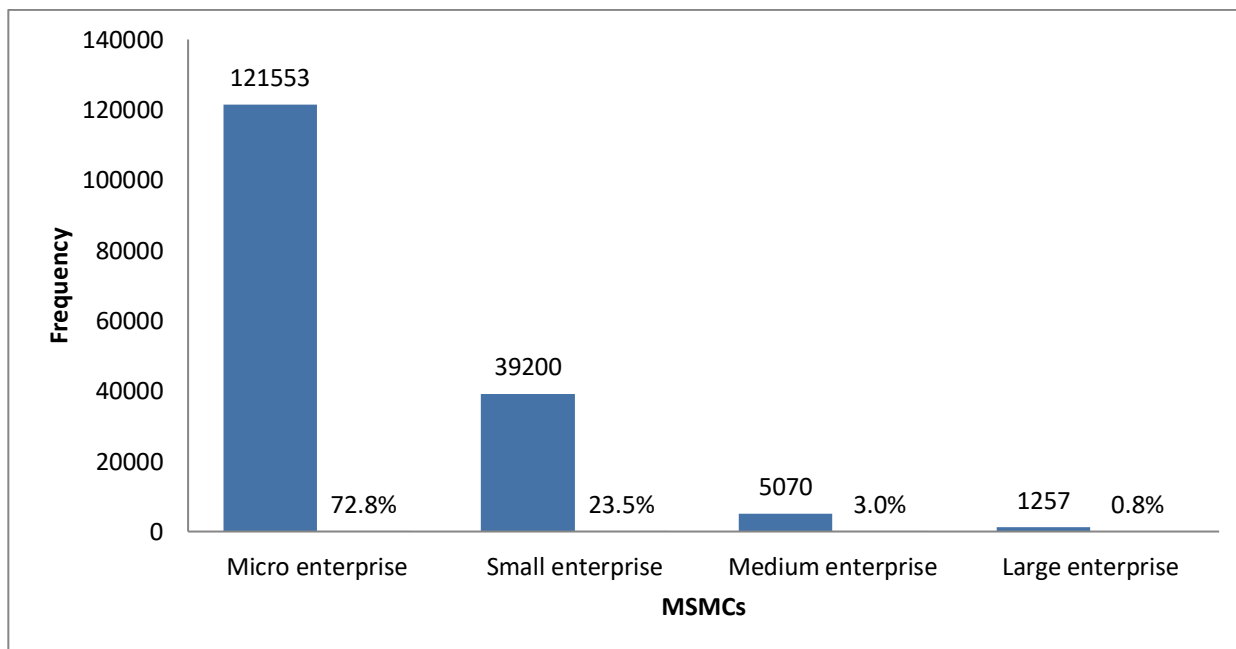


Figure 2.: Number of MSMCs in Saudi Arabia (SCA, 2021)

### Micro, Small, and Medium Companies (MSMCs) and COVID-19

The COVID-19 pandemic has presented micro, small, and medium companies (MSMCs) with a range of difficulties, which could potentially put their survival at risk (Adam & Alarifi, 2021). The impact of the pandemic has had wide ranging effects on multiple sectors and organisations, including micro, small, and medium companies (MSMCs) (Hasanat et al., 2020). Previous studies have demonstrated that micro, small, and medium companies (MSMCs) have encountered various challenges and obstacles in response to the global crisis. The global deployment of lockdowns and policies restricting mobility by governments has had a significant impact on micro, small, and medium companies (MSMCs). This has resulted in the temporary cessation of their activities, a decline in their financial positions, and an increase in their financial susceptibility (Oyewale et al., 2020). According to Gurría Gascón and Nieto Masot (2020), the presence of disruptions in supply chains has resulted in the cessation of production inputs, while the inadequacy of the labour has exerted a substantial influence on the income of these enterprises.

As a result, the decrease in revenue has had a ripple impact on micro, small, and medium companies

(MSMCs) capacity to meet their financial responsibilities to lenders, personnel, and other interested parties (James & Kengatharan, 2020). The aforementioned factors have resulted in a decrease in consumer expenditure as a consequence of diminished consumer earnings and increased levels of uncertainty (Azmi & Misnan, 2018). Moreover, Ozili (2020) has observed that micro, small, and medium companies (MSMCs) frequently encounter difficulties in effectively managing adverse situations due to their limited administrative and financial resources and competencies. The susceptibility of these entities to the impacts of economic downturns is significantly heightened due to their restricted ability to endure external shocks (Beck et al., 2005; Domaç & Ferri, 1999; Prasad et al., 2021).

Delaying investments, reducing labour costs, cutting expenses, and renegotiating contracts and terms are all strategies that have been highlighted in the existing literature about how micro, small, and medium companies (MSMCs) respond to the challenges posed by the COVID-19 pandemic (Thorgren & Williams, 2020). In addition, it has been noted that exogenous shocks like COVID-19 frequently result in a considerable rise in business failures (Aggrey et al., 2021). Workforce management, cost control, organisational support, and customer centric marketing strategies are just some of the crisis management practises that Spanish micro, small, and medium companies (MSMCs) have employed during the pandemic (Corredera-Catalán et al., 2021). Additionally, the use of digital resources has been recognised as a main driver for networking and the development of innovative products (Nguyen et al., 2021). This has made innovation a crucial survival strategy for micro, small, and medium companies (MSMCs) both during and after the COVID-19 crisis.

In a same vein, strategic agility has been suggested as a way to lessen the impact of the pandemic on business performance, providing helpful advice for the leaders of micro, small, and medium companies (MSMCs) and pointing them in the direction of effective crisis response plans (Misnan & Azmi, 2018). However, it is important to note that little study has focused on the long-term sustainability plans of micro, small, and medium companies (MSMCs) after the COVID-19 pandemic has passed. According to recent studies, focusing on long-term performance is key to success and growth. However, more research is required to evaluate how these long-term approaches affect the productivity and overall performance of micro, small, and medium companies (MSMCs).

## **RESULTS AND DISCUSSION**

### **SUSTAINABLE BUSINESS PRACTICES IN MICRO, SMALL, AND MEDIUM COMPANIES (MSMCS)**

Sustainability plays a crucial role in organizational development, influencing long-term viability and resilience against unforeseen challenges. Sustainable approaches not only enhance competitiveness but also lead to economic advantages. However, the ability to respond effectively to crises is often hindered by limited access to financial resources, skilled personnel, and digitalization, as supported by organizational theory. This underscores the critical role of managers and owners of micro, small, and medium companies (MSMCs) in addressing these constraints. Effective leadership in crisis management and sustaining business operations is fundamental to driving sustainable business practices.

Micro, small, and medium companies (MSMCs) often struggle to adopt and maintain sustainable practices due to their inherent characteristics. These enterprises typically operate with limited capital and may lack the necessary skills and resources for sustainable implementation. Internal challenges, such as resource scarcity and gaps in awareness, as well as external factors like limited support from authorities, contribute to the low adoption of sustainable business practices among MSMCs. Research suggests that fostering sustainability in these enterprises requires addressing these challenges through networking, leveraging social capital, implementing effective financial mechanisms, raising awareness, and developing human capital.

This study adds to the body of knowledge on sustainable business practices in MSMCs, highlighting potential strategies to mitigate industry shocks and providing insights for both managers and policymakers on fostering positive outcomes through sustainability adoption.

### **Financial Fragility**

Micro, small, and medium companies (MSMCs) often face unique challenges due to the inherent blending of their financial management for business purposes with their household affairs. This integration can be particularly problematic during financial crises within businesses, as it amplifies the risk to the continuity of business operations. The intertwining of family and business finances is widely recognized as a contributing factor to the financial vulnerability experienced by both households and enterprises.

Financial fragility in households refers to their ability to meet planned financial obligations, such as regular expenditures like rent, debt payments, maintenance costs, and insurance, but lacking the necessary liquid assets to address unexpected expenses. These unexpected expenses can range from repairs of capital assets like vehicles and housing to unforeseen medical bills or temporary income loss. This fragility becomes especially pronounced during economic downturns or crises, such as the Covid-19 pandemic, where reduced income and increased expenses exacerbate financial challenges for individuals and businesses alike.

The pandemic has highlighted the interconnectedness of financial vulnerability across different segments of society. Middle-class individuals and many MSMCs have struggled to meet their financial responsibilities due to income disruptions, leading to a need for government intervention, such as providing leniency in credit repayments. Even in economically advanced nations like Saudi Arabia, a significant proportion of households in major urban areas face financial vulnerability, lacking the ability to cover expenses for an extended period in emergencies like natural disasters or sudden unemployment.

While there is a prevailing belief that smaller companies are inherently more vulnerable to crises, research findings from developed countries challenge this notion. Studies suggest that small companies demonstrate comparative advantages in both stable and crisis circumstances, thanks to their greater flexibility and adaptability. In contrast, emerging companies, characterized by rapid expansion during stable periods, may experience adverse effects during crises due to their dependency on specific market conditions.

### **Technological Advancement and Integration**

Efforts toward achieving the Sustainable Development Goals (SDGs) necessitate a comprehensive approach that includes harnessing the potential of technological innovation. In today's fiercely competitive and rapidly evolving business landscape, organizations are compelled to adapt at an unprecedented pace. The COVID-19 crisis highlighted divergent impacts, with traditional brick-and-mortar small-scale businesses experiencing losses while online enterprises thrived. Technology emerges as a critical avenue for ensuring the long-term sustainability of micro, small, and medium companies (MSMCs). Studies have empirically shown that technological advancements can lead to a significant increase in revenue for smaller companies. Disruptions in technology also contribute to resolving financing challenges faced by MSMCs by integrating IT innovations into their operations.

Leveraging technology streamlines essential business operations for MSMCs, including supply chain management, social media marketing, product advertising, financial management, and personnel administration, with a focus on sustainability and cost-effectiveness. MSMCs have an advantage in swiftly adapting to these trends compared to larger organizations. However, limited financial resources often hinder MSMCs from making suitable technology investments. In a landscape where major brands leverage innovations like artificial intelligence (AI) and automated processes, integrating such technological advancements becomes imperative for MSMCs to remain competitive. Businesses globally, including those

in the United States, Europe, and China, are strategically embracing modern technological advancements across sectors to enhance performance, optimize efficiency, and stimulate growth. Blockchain technology, for instance, offers risk reduction, enhanced transparency, and fraud eradication. Technologies like Software as a Service (SaaS) facilitate cloud data storage, logistics management, HR administration, and advertising efforts.

In Saudi Arabia, companies are leveraging social media marketing strategies to create viral content and generate sales on platforms such as Instagram and Facebook. These platforms provide MSMCs with direct listing and selling opportunities, eliminating the need for extensive website development or registration on major marketplaces. Social media analytics also enable MSMCs to analyze audience responses for highly targeted product positioning. Embracing such technological innovations offers significant advantages for MSMCs, enabling them to bridge the gap and compete on a larger scale.

### **Entrepreneurial Management and Innovation**

The COVID-19 pandemic has catalyzed global innovation efforts on an unprecedented scale. Micro, small, and medium companies (MSMCs) are recognizing the potential of innovation as a strategic tool to enhance performance and competitiveness. Despite having fewer resources for research and development compared to larger enterprises, MSMCs can leverage innovation effectively, especially during times of crisis. The ability of MSMCs to compete globally and ensure long-term viability is closely tied to their capacity for innovation.

Research indicates that organizations open to fresh ideas and alternative methods in conducting business operations are more likely to succeed. MSMCs play a significant role in fostering a culture of learning within organizations, contributing substantially to an organization's capacity to prioritize learning and build systems that support continuous improvement.

In facing challenges like the ongoing pandemic, organizations, especially those focused on growth, can benefit from applying strategies like the 'challenge reaction learning loop' to develop operational and dynamic capabilities necessary to navigate uncertainties effectively. The pandemic has prompted corporate leaders to prioritize resilience and adaptability, leading to transformations in organizational attitudes and behaviors. Previous studies highlight the importance of creativity and uniqueness in navigating challenges, particularly during crises.

MSMCs operate in highly competitive markets, necessitating significant innovations to maintain economic success and gain a competitive edge. During crises, decision-making becomes crucial, requiring quick and accurate decisions despite limited resources. Implementing innovative methods, such as remote work practices and adjusting operating protocols, has become essential for MSMCs to address the challenges posed by the pandemic swiftly. Successful change management strategies in Saudi Arabia often rely on innovative elements, including leveraging entrepreneurial expertise and forming strong partnerships with stakeholders.

However, challenges such as excessive control by business owners and a lack of collaborative leadership within Multi-Stakeholder Multi-Country Collaborations (MSMCs) can hinder innovation nurturing within these organizations. Recognizing and addressing these barriers are critical for fostering innovation and ensuring long-term success for MSMCs.

### **Human Resource Management**

The disruptions induced by the pandemic significantly impacted labor management across many micro, small, and medium companies (MSMCs) in Saudi Arabia. With global lockdown measures necessitating a



shift to remote work, manual laborers, especially daily wage workers at physical worksites, faced substantial challenges. This transition caused labor shortages and income loss for these workers, highlighting the critical importance of proactive preparedness for potential future shutdowns. A sustainable approach is needed to ensure uninterrupted labor availability, production, and supply chain management.

Effective communication between employers and employees emerged as imperative during the pandemic, emphasizing the need for a culture of consistent and transparent communication. Addressing the personal and professional challenges faced by employees, including providing psychological and financial support, played a pivotal role in fostering employee engagement and loyalty.

MSMCs adopted several best practices during the pandemic, such as establishing a safe working environment through healthcare resources procurement, implementing employee self-monitoring protocols, and ensuring workplace cleanliness to enhance employee safety. To further enhance labor management, MSMCs should develop robust employment practices and social protection systems. Research indicates that managers exhibiting democratic or transformational leadership styles contribute to improved workforce management, reducing job insecurity and strengthening employees' proactive work behavior.

However, work uncertainty moderated the relationship between entrepreneurial leadership and progressive work behavior. Some managerial decisions during the pandemic included cost-cutting measures, such as extended work hours, to cope with financial losses. It's essential to differentiate between decisions aimed at managerial growth and those leading to detrimental outcomes. Delayed recognition and acceptance of the crisis also led to delays in implementing contingency planning, highlighting the importance of proactive crisis management strategies.

### **International Trading**

Many countries have recognized the importance of trade policies that foster openness to mitigate the negative impacts on marginalized groups globally. Prominent nations such as India, Japan, the United States, Saudi Arabia, and members of the European Union swiftly implemented policy modifications aimed at bolstering domestic production capacities in critical industries. For instance, both the United States and Japan took measures to reduce their dependence on Chinese supply chains by providing tax incentives and other forms of encouragement to potentially relocate domestic manufacturing facilities closer to their respective countries.

India, in particular, launched a strategic initiative called 'The Invest India Business Immunity Platform' to ensure a reliable and uninterrupted flow of vital inputs, thereby increasing industrial activity within the country. This initiative was closely tied to the government's goal of enhancing domestic manufacturing self-reliance in response to the pandemic, with a primary focus on reducing dependence on imports from China.

At the micro-level, micro, small, and medium companies (MSMCs) have implemented diverse strategies to navigate the challenges posed by the pandemic. As documented by researchers, one effective strategy employed by these companies is the development and production of innovative items tailored to meet evolving consumer expectations. For example, many MSMCs shifted their operations to produce various types of face masks in response to surging demand, with some even venturing into global exports of these masks. With support from government funding initiatives such as the "Local to Global" strategy, MSMCs were able to not only meet immediate financial needs but also expand their primary product markets.

The growing importance of digitalization has compelled organizations, including MSMCs, to embrace innovative manufacturing techniques. In the context of internationalization, innovation plays a pivotal role, with organizations dedicating resources to analyze innovation's characteristics, unique attributes, and its impact on the innovation process. Scholars emphasize that leveraging internationalization as a strategic

approach holds significant potential for revitalizing MSMCs over an extended period, contributing to their long-term growth and competitiveness.

In summary, trade policy adjustments and innovative strategies at both national and micro-levels are crucial for enhancing the resilience and growth of MSMCs, especially in navigating global challenges such as the pandemic and evolving trade dynamics. These efforts not only foster economic stability but also contribute to building sustainable and competitive business environments.

## CONCLUSION

In conclusion, this research delves into the critical impact of the COVID-19 pandemic on micro, small, and medium companies (MSMCs) in Saudi Arabia, particularly in the context of the construction sector. The pandemic has unleashed unprecedented disruptions in the business environment, significantly affecting the cash flow, supply chains, workforce availability, and demand for MSMCs. The fierce competition within which these companies operate has further compounded their challenges. To navigate these uncertainties and disruptions effectively, MSMCs must prioritise sustainable strategies that encompass operational, financial, and human resource management while considering the broader macroeconomic landscape. This study assessed the sustainable business practices in ensuring the survival and growth of MSMCs, offering them an edge over competitors and fostering supplier and customer relationships. The research identified several key sustainable business practices, including financial fragility, technological advancements and integration, entrepreneurial management and innovation, human resource management, and international trading. These practices play pivotal roles in enabling MSMCs to adapt to changing circumstances and enhance their resilience during crises. It underscores the significance of embracing innovation, leveraging technology, and fostering strong leadership to ensure long-term sustainability. In light of the challenges posed by the COVID-19 pandemic, this research provides valuable insights into the multifaceted sustainable business practices that MSMCs in Saudi Arabia can adopt to not only survive but thrive in an ever-evolving business landscape. By implementing these best practices, MSMCs can improve their resilience, maintain their competitiveness, and contribute to the economic development of the nation.

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