

Micro-Entrepreneurs Strategies to Revitalise Firm Performance amid Economic Uncertainty

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ABSTRACT

Micro and small enterprises in the entrepreneurial sector are essential to the process of economic growth in both developed and developing nations. However, microenterprise is more vulnerable to the current economic climate and uncertainties because they are young and have fewer liabilities. From 2017 to 2021, micro entrepreneurs in Malaysia faced various challenges due to economic uncertainty which were political uncertainty, trade policy uncertainty, exchange rate uncertainty, and the COVID-19 pandemic. They should be able to adapt and implement effective strategies to be better positioned to succeed and grow their businesses. The purpose of this study is to investigate the micro entrepreneur strategies to revitalise business performance in the face of economic uncertainty. The key micro entrepreneur strategies chosen for this study include supply chain management, cash flow management, digital marketing, diversification, and risk management. 5 micro entrepreneurs have been interviewed to get the results. By using MAXQDA software, the researcher can identify the relationship between micro entrepreneur strategies and business performance. In this study, will use a descriptive research design and a qualitative methodology. The research strategy for the study is through the interview. Based on the MAXQDA result, Respondent A, B, D, and E has utilised all five key micro entrepreneur strategies which are supply chain management, cash flow management, digital marketing, diversification, and risk management to revitalise their business performance in the face of economic uncertainty. According to the data analysis, all the variables are significant towards business performance, and the result is that supply chain management, cash flow management, and diversification are the most influencing strategies that influence business performance. However, Respondent C has utilised three key micro entrepreneur strategies which are supply chain management, cash flow management, and diversification to revitalise their business performance in the face of economic uncertainty. Given this, government and micro entrepreneurs recommend considering all five key micro entrepreneur strategies for promoting a culture of innovation and resilience within the small business community and for nurturing a culture of continuous improvement and adaptation for their business.

Keywords: Micro-entrepreneurs, Performance, Economy

INTRODUCTION

Microenterprises in Malaysia, across all sectors, are defined as businesses with either sales turnover of less than RM300,000 or less than 5 full-time employees (SME Corporation Malaysia, 2020). Microenterprises are an essential component of Malaysia's economic transformation process and play a significant role in fostering growth, income, and employment (Tahir et al., 2018). SMEs are critical for local economic development, contributing significantly to job creation, poverty reduction, and economic growth; nonetheless, they face

several financial challenges (Gherghina et al., 2020). SMEs are critical to the economic development of any country. These companies are critical in emerging economies (Manzoor et al., 2021). In Malaysia, government policies aimed at fostering economic development have significantly contributed to the country's transition from a primarily agricultural economy to a robust manufacturing and service sector, with key elements including strategic investments in education and skills development, facilitating foreign direct investment, promoting export-oriented industries, and implementing targeted economic plans, leading to a notable rise in living standards and a classification as an upper-middle-income nation; this has been achieved through consistent economic growth over several decades, although challenges remain regarding income inequality and further diversification of the economy (SME Corporation Malaysia, 2020).

SMEs are particularly sensitive to crises and shocks, as evidenced by the 2008-2009 Global Financial Crisis and the COVID-19 pandemic. Exogenous shocks have a variety of effects on businesses, including demand and supply-side disruption, business contraction and economic losses, reduced access to finance, and physical mobility constraints (Miklian & Hoelscher, 2021). When the prognosis for the economy is unpredictable, it is said to be experiencing economic uncertainty (Çolak et al., 2020). From 2017 to 2021, micro entrepreneurs in Malaysia faced various challenges due to economic uncertainty. They should be able to adapt and implement effective strategies to be better positioned to succeed and grow their businesses. When considering strategies, key challenges to acknowledge include: resistance to change, lack of resources, inadequate skills, conflicting priorities, poor communication, insufficient data, unaligned organizational structure, cultural barriers, external market fluctuations, political interference, and potential for unforeseen circumstances; understanding these challenges is crucial for developing effective strategies that can address and mitigate potential roadblocks during implementation (Gu & Luo, 2022).

Malaysian microbusiness owners faced significant economic instability from 2017 to 2019 as a result of political unpredictability. In 2018, Malaysia held general elections, which has increased political unpredictability (Ming, 2018). The uncertainty of election results, policy changes, and uncertainty may affect micro entrepreneurs' operations. Next, trade policy uncertainty. Micro entrepreneurs in Malaysia have been impacted by the trade conflict between the United States and China. Trade frictions may result in higher commodity prices and supply chain disruptions, negatively impacting micro entrepreneurs' operations (Adilla, 2019). Exchange rate uncertainty is another factor. The Malaysian Ringgit is the country's currency, and changes in the exchange rate could have an effect on microbusiness owners' international trade and import and export activities. (Kaur, 2023).

Additionally, Malaysian microbusiness owners were impacted by the trade policy uncertainties brought on by the US-China trade war. Because of the supply chain, the intensification of the US-China trade dispute may present new threats to the world economy, including Malaysia (Adilla, 2019). A bilateral trade surplus balance of at least \$20 billion with the US is one of the requirements for Malaysia's inclusion on the US Treasury Department's Monitoring List. Microbusiness owners in Malaysia are indirectly impacted by this circumstance since it interferes with global supply chains, making it more difficult for them to get the resources and materials they require to create their goods and services (Bernama, 2019).

Moreover, the exchange rate uncertainty also affected the micro entrepreneurs in Malaysia. The performance of the ringgit in 2019 reflects the market's volatility, with the local currency appreciating to a high of 4.0610 against the US dollar before falling to a low of 4.2203 (Rao, 2019). Due to exchange rate uncertainty, micro entrepreneurs whose businesses rely on imports will incur higher input costs, as imports will become more costly. Uncertainty about exchange rates reduced the purchasing power of consumers. As the Malaysian ringgit depreciates against other currencies, the price of imported products and services will rise. This could result in higher prices for consumers, which could reduce their disposable income and impact demand for micro entrepreneurs' products and services.

In 2020, The COVID-19 pandemic has had a severe economic impact on businesses all over the world, especially SMEs and micro-SMEs. SMEs and micro-SMEs make up 98.5% of all businesses in Malaysia (SME Corporation Malaysia, 2020). Micro entrepreneurs in Malaysia have experienced a loss of daily income because of supply chain disruptions caused by the closure of supporting sectors during the MCO period. The availability of employees and declining cash reserves have exacerbated the financial difficulties of a significant

number of micro entrepreneurs. During the MCO period, many Malaysian business owners were required to develop alternative strategies to continue operating their companies. One of the most widely acknowledged strategies is the use of social media and mobile applications for advertising and sales (Fabiell et al, 2020).

In 2021, the Malaysian economy is on the road to recovery from COVID-19, although risks remain from the ongoing crisis. The COVID-19 economic uncertainty had a significant impact on micro, small, and medium-sized entrepreneurs. As a result of Malaysia's persistently high unemployment rate, additional steps need to be taken to bolster social protection and policy support for those who are underserved. This includes the numerous independent contractors who work for online platforms as well as the micro, small, and medium-sized entrepreneurs who make significant contributions to the economy of the country (OECD, 2021a).

This research aimed to explore the micro-entrepreneur strategies to revitalise business performance in the face of economic uncertainty. The objectives will be to identify the key micro-entrepreneur strategies employed to revitalise business performance in the face of economic uncertainty, to assess the impact of these micro-entrepreneur strategies on business performance and to explore the impact of these micro-entrepreneur strategies on the success of revitalizing business performance.

Micro-entrepreneur Strategies

A set of planned actions taken to accomplish stated goals, the deployment of resources and capabilities to carry out strategic decisions, the entry, exploration, and learning from of markets, the engagement and benchmarking of competitors, and the environments that provide signals filtered through personal and entrepreneurial networks are all considered micro-entrepreneur strategies (Svatoová, 2018).

Supply Chain Management

Supply chain management as a holistic functional network chain, centering on the core enterprise, starting from the procurement of raw materials to the completion of the final product, and then through the enterprise's sales system and transportation network to deliver the finished product to each consumer on time, involving material suppliers, manufacturers, distributors, retailers until the end user. Compared with the traditional management model, SCM is holistic and focuses on strategic cooperation management. SCM can also optimize and integrate advantageous resources among the member enterprises in the supply chain, making full use of the internal and external resources of each enterprise and enhancing the overall competitiveness. Moreover, the goal of SCM is not only to ensure the realization and completion of various market developments but also to provide high-quality services for end customers and make them satisfied (Fang et al., 2022).

Supply chain diversification assists micro entrepreneurs to revitalise business performance in the face of economic uncertainty. Supply chain diversification refers to a strategic approach where a company intentionally uses multiple suppliers, production locations, and transportation modes across its supply chain to reduce reliance on a single source and enhance resilience against disruptions, ultimately aiming for greater flexibility and agility in operations; essentially, it means not putting all your eggs in one basket by diversifying where your goods are sourced and manufactured. For instance, by forming alliances with several manufacturers or suppliers, microbusiness owners have backup resources to fall back on in times of scarcity, reducing the possibility of losing clients and guaranteeing ongoing satisfaction of their demands. Microbusiness owners may maintain operations, keep clients, and adjust to changing market conditions by diversifying their supply chains (Khandelwal, 2022).

Cash Flow Management

Cash flow management is defined as a business method that includes cash collection, management, and short-term investment (Pandey et al., 2019). Companies' cash flow management might ensure that they stay financially secure and solvent. The net amount of cash and cash equivalents that enter and exit a business is known as cash flow. Inflows are represented by cash received, and outflows are represented by cash spent (Hayes, 2023). Cash flow management is the corporate process of receiving and managing cash, as well as

utilizing it for short-term investment (Pandey & Ugrasen, 2019). It is an important part of ensuring a business's financial stability and solvency. To put it plainly, a business needs to be able to handle its day-to-day operations and pay for the goods and services it uses to stay in business. This is because everything done financially in a business has an impact on the result. Greater financial performance is linked to the use of cash flow procedures that manage working capital which are accounts receivable, accounts payable, and inventory. This involves the management of cash receivable from customers, inventory holdings, and cash payments to suppliers (Deegan, 2023).

Cash flow management is crucial for micro entrepreneurs during economic uncertainty. It involves prioritizing essential payments and negotiating better terms through expense review. Digital solutions enable financially secure and solvent access to payment systems, fund transfers, and credit options through a single online account (Fazz, 2023).

Digital Marketing

Digital marketing may be defined as the use of various digital techniques and channels to interact with customers where they spend most of their time online. Everything the business does online, from its website to its digital advertising, email marketing, online brochures, and more, is part of its online branding (Serpell et al., 2019). A wide range of tactics are included in digital marketing. Any promotional activity that uses digital technologies or the World Wide Web is considered digital marketing. Businesses now rely more on digital channels, such as websites, social media, email, and search engines, to communicate with both existing and potential clients. Internet or web marketing refers to the practice of promoting a product or service through the World Wide Web (Desai, 2019).

One of the key advantages of digital marketing is that it allows businesses to advertise their goods at a lower price. Efficiency is increased, consumers are encouraged to spend more money, and service to customers is enhanced. As a result of its widespread availability, it is often used to deliver targeted, contextualised, non-obtrusive, and economically viable product or service pitches to huge groups of individuals. The word "digital marketing" is becoming more prevalent, especially in the business lexicons of several nations. "Digital marketing" refers to the process of advertising a product or service using the Internet, mobile devices, and graphical user interfaces.

Diversification

Diversification is a growth strategy that a business uses to extend its operations and boost revenues by breaking into new markets or introducing novel goods or services (Le, 2019). It entails releasing new goods and services to draw in new clients and serve other market niches in addition to selling more of the current goods and services to current clients (Team, 2023). A business has to diversify its activities if it is seeing stagnating revenues in its primary industry and diminishing market prospects (Taylor, 2022). The term "corporate diversification" refers to a business's attempt to grow into unrelated new markets (Le, 2019).

Diversification is known as expanding business into new markets, goods, or services which is a growth strategy. With many income sources, businesses may lessen their reliance on a single source of income, boost revenue, and gain a competitive edge (Werksma & Duxbury, 2023). By distributing assets over a variety of financial instruments, diversification is a risk reduction strategy that aims to lower losses and risk. Businesses can counteract losses in one area (Lioudis, 2022).

Risk Management

Risk management is the process of finding, assessing, and organizing steps to reduce risks (De La Paz et al., 2023). Risk assessment refers to the entire process of identifying all possible hazards. The process of defining each risk level in the framework described above is called risk analysis (Svatoová, 2018). Planning a risk response is creating choices and figuring out risk reactions that lessen dangers (Ahmadi-Javid et al., 2019). Strategies, remedies, or preventative measures are examples of risk management actions.

The performance and efficacy of the risk mitigation measures implemented are assessed and tracked throughout this phase (Serpell et al., 2019). The time and effort invested in risk management are well-balanced. Employees save time and effort as a result of the organization's procedures being streamlined through risk management. Programs for risk management that are well-structured offer efficient processes, which relieve staff of administrative burdens and free them up to concentrate on their main duties (Pentaguard, 2023). The success of a construction project in terms of cost, schedule, and quality is greatly impacted by risks (Chang et al., 2018).

RESULTS AND DISCUSSIONS

In this study, will use a descriptive research design and a qualitative methodology. The research strategy for the study is through the interview. An interview is a qualitative research method that relies on asking questions to collect data. Interviews involve two or more people, one of whom is the interviewer asking the questions (George, 2023). In this study, interviews can be utilised as a primary method for data collection. The researcher would begin by identifying a sample of micro-entrepreneurs who have experienced economic uncertainty and have implemented strategies to revitalise their business's performance. The researcher would then develop a structured interview guide, consisting of open-ended questions aligned with the research objectives, to explore the key strategies employed by micro-entrepreneurs in response to economic uncertainty. During the interviews, the researcher would engage in in-depth discussions with the participants, allowing them to share their experiences, challenges faced, actions taken, and observed outcomes related to their strategy implementation. The interviews would be audio recorded, with the participants' consent, and later transcribed for analysis.

Respondent A has employed all the key micro-entrepreneur strategies which are supply chain management, cash flow management, digital marketing, diversification, and risk management to revitalise their business performance in the face of economic uncertainty. For supply chain management, Respondent A primarily relies on suppliers for material sourcing, occasionally making direct purchases, and maintaining adequate café goods through regular inventory checks. Customer feedback, garnered through reviews and in-person suggestions, drives continual improvements to enhance the café experience and ensure a positive customer impression. For cash flow management, Respondent A manages income through delivery services and controls expenses by purchasing long-shelf-life goods. Various payment methods, including cash, e-wallets, bank QR codes, and credit, are used. They don't accept cash receivables from customers, and inventory is managed by manual counts and careful purchasing. Payments to suppliers are primarily made via bank transfers, with some cash transactions. For digital marketing, Respondent A uses engaging content on various platforms like Facebook, Instagram, and Xiaohongshu for social media marketing to reach and engage customers. Respondent A also partners with pet treat brands using affiliate marketing, as well as effectively leveraging online display advertising by strategically placing visual advertisements such as banners and skyscrapers to put relevant website content to target specific online audiences. For diversification, Respondent A attracts new customers by adjusting menus for family segments and introducing seasonal items while ensuring sales to repeat customers. It applies diversification strategies to navigate market challenges yet refrains from expanding into unrelated markets. For risk management, Respondent A identifies and evaluates risks which is the risk of customer complaints about pet hygiene, implements café rules as a preventive measure, and monitors the effectiveness of their strategies.

Respondent B has employed all the key micro entrepreneur strategies which are supply chain management, cash flow management, digital marketing, diversification, and risk management to revitalise their business performance in the face of economic uncertainty. For supply chain management, Respondent B imports materials from Taiwan and the USA, maintains sufficient café goods through daily quantity checks, and prioritizes customer satisfaction by ensuring fresh ingredients, appealing plating, hygiene, and an inviting environment. For cash flow management, Respondent B effectively manages its financial flows by employing a professional accountant to oversee income and expenses. The business utilizes a secure cash register system and well-trained staff to handle cash transactions and ensure timely collection of cash receivables. Inventory control is maintained through a professional system and a point clerk who purchases goods according to warehouse capacity and market demand. Additionally, the business manages cash payments to suppliers by

making regular payments that are closely monitored for any overdue amounts. For digital marketing, Respondent B leverages social media marketing to reach customers online, using engaging and platform-specific content tailored to their target audience's age and preferences. Their business strategically utilizes platforms like Facebook, Instagram, and Xiaohongshu to promote new products. For diversification, Respondent B is actively strategizing to expand its market presence and customer base by conducting market research to identify new opportunities. Additionally, the business is focusing on retaining existing customers through updated menus and introducing fresh offerings to cater to evolving preferences. To combat market challenges, Respondent B is implementing diversification measures, including the introduction of enticing packages, while refraining from venturing into unrelated markets for corporate diversification. For risk management, Respondent B is proactive in managing potential risks by staying informed through current news and preparing adequate funds in advance. The business mitigates risks by taking strategic actions such as laying off underperforming employees, while also monitoring the effectiveness of these measures through the study of case studies from larger companies.

Respondent C has employed three key micro entrepreneur strategies which are supply chain management, cash flow management, and diversification to revitalise their business performance in the face of economic uncertainty. For supply chain management, Respondent C sources and procures goods through direct interactions with salespeople and regular shopping for restocking. Regular checks ensure ample inventory, while a focus on customer experience entails friendly and knowledgeable customer service to enhance the buying process. For cash flow management, Respondent C meticulously monitors its financial inflows and outflows by recording daily transactions in a ledger. The business efficiently handles cash receipts and manages payments by maintaining regular accounting checks and implementing timely invoicing practices for effective cash receivables management. To optimize inventory control, the business conducts routine stock checks, ensuring adequate goods are in stock. Additionally, Respondent C carefully manages cash payments to suppliers through diligent payment verification procedures. For diversification, Respondent C is expanding its market presence by offering new and seasonal products, aiming to diversify its offerings to attract a broader customer base. The business strategy also involves selling more existing products to maintain a steady cash flow and mitigate any potential financial challenges. While introducing new products to cater to different market segments, the business is not currently exploring unrelated market expansions beyond its core offerings.

Respondent D has employed all the key micro entrepreneur strategies which are supply chain management, cash flow management, digital marketing, diversification, and risk management to revitalise their business performance in the face of economic uncertainty. For supply chain management, Respondent D maintains efficient sourcing and procurement practices for car conditioning repair services by verifying stock availability, comparing prices from various suppliers, and ensuring timely delivery. The business ensures a positive customer experience by delivering cars punctually, providing excellent service, demonstrating professionalism, and thorough communication to address customers' car concerns, ultimately prioritizing customer satisfaction. For cash flow management, Respondent D's effective management of monetary flows involves meticulous record-keeping of income and expenses, ensuring that the store's financial resources adequately cover operational costs and investment in equipment and spare parts for enhanced service delivery. Cash payments from customers are received after repairs and before the car is released, with detailed invoices provided for easy payment management. The business maintains a streamlined approach to managing cash receivables through various payment options and timely follow-ups on outstanding payments. Inventory control is maintained by stocking commonly used spare parts in specified quantities, while cash payments to suppliers are made upon thorough verification of received goods. For digital marketing, Respondent D uses social media marketing to reach and engage with customers effectively. By utilizing platforms such as Facebook and WhatsApp, the business fosters direct communication with customers, saving time and building lasting relationships. For diversification, Respondent D is focused on bolstering its core business while strategically expanding service offerings to cater to evolving customer demands. By continually upgrading technology and maintenance capabilities, the business ensures competitiveness and customer satisfaction. It remains committed to providing consistent, top-notch service to both new and existing customers. Moreover, in response to market challenges, the business diversifies its service portfolio to include new repair services, catering to a broader customer base while maintaining its focus on the automotive industry. However, the

business does not currently engage in unrelated market expansions. For risk management, Identification of potential risks, such as market fluctuations, supply chain disruptions, and emerging competitors, enables Respondent D to evaluate and prioritize potential threats. By developing proactive response plans, including employee training, spare parts inventory management, regulatory compliance, and strategic insurance coverage, the business mitigates the impact of these risks on its operations and long-term objectives.

Respondent E has employed all the key micro entrepreneur strategies which are supply chain management, cash flow management, digital marketing, diversification, and risk management to revitalise their business performance in the face of economic uncertainty. For supply chain management, Respondent E focuses on sourcing and procuring high-quality materials to maintain product excellence. Through customer research, the business ensures an adequate supply of spare parts to meet customer demand. Customer feedback plays a pivotal role in guaranteeing a positive customer experience and impression of the spare parts offered by the shop. For cash flow management, the internal and external monetary flows, including income and expenses, are efficiently managed through a comprehensive system that tracks all transactions. Cash payments are handled electronically, and cash receivables from customers are systematically input into the system. Inventory holdings are controlled based on customer demand, ensuring popular products are readily available in stock. Moreover, cash payments to suppliers are facilitated through online banking, streamlining the overall financial operations of the business. For digital marketing, Respondent E utilizes social media marketing to expand its online reach, targeting potential customers through tailored posts that pique interest and engagement. Employing platforms such as Facebook, the shop effectively promotes its products, ensuring visibility to a broader audience. The strategic use of social media aids in rapid business growth, attracting customers from various locations and facilitating continuous engagement with the audience through compelling content. For diversification, Respondent E strategically expands its market presence by offering new motor spare parts that meet customer needs while also maintaining a focus on providing car repair services to its existing customer base. The business aims to attract new customers by introducing new products and services, ensuring that customer demands are met while also exploring growth opportunities. However, the business currently does not pursue diversification or expansion into unrelated markets, choosing instead to focus on consolidating its offerings within its current scope. For risk management, Respondent E recognises various risks, including inventory management challenges, market price volatility, and potential shifts in customer demand, which we continuously monitor. Through thorough risk assessments, we evaluate these potential threats, considering their impact and likelihood. To mitigate these risks and prevent disruptions to our primary business activities, we have implemented comprehensive action plans, including supplier diversification, maintaining buffer inventory, and creating contingency measures. Our regular monitoring of these risks allows us to assess the efficiency of our countermeasures, ensuring the continued safety and success of our business operations.

CONCLUSION

The five respondents, A through E, have effectively utilized the key micro entrepreneur strategies, including supply chain management, cash flow management, digital marketing, diversification, and risk management, to revitalise business performance in the face of economic uncertainty. While each respondent demonstrates a unique approach, they all emphasize customer satisfaction, streamlined financial management, and strategic business expansion within their respective industries. Their proactive risk management approaches further underscore their commitment to ensuring sustained business success. By effectively implementing supply chain management, cash flow management, digital marketing, diversification, and risk management, each respondent has successfully navigated economic uncertainties. Their strategies have enabled them to maintain efficient procurement and storage, optimize financial stability, engage with customers through targeted marketing, introduce new offerings, and mitigate potential risks. As a result, all respondents have exhibited resilience and sustained growth in their business performance by using the micro entrepreneur strategies. The effective implementation of key micro entrepreneur strategies by all respondents, including supply chain management, cash flow management, digital marketing, diversification, and risk management, has significantly influenced the success of revitalizing their business performances. These strategies have led to sustained customer satisfaction, streamlined financial operations, effective marketing communication, the introduction of new offerings, and proactive risk mitigation, fostering resilience and ensuring continued growth during economic uncertainty.

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