

Crisis Management for SMEs in MACAU S.A.R. :

Survival, Resilience and Renewal Strategies during the COVID-19 Outbreak

ALVES, Jose

LOK Tan Cheng

LUO YuBo

HAO Wei

City University of Macau

Corresponding Author : LOK Tan Cheng

Email : stellalok@chwcpa.com.mo

Telephone : (853) 6660 9315

Abstract

This paper examines how SMEs in Macau respond to the recent COVID-19 crisis. We conducted in-depth semi-structured interviews with four local SMEs with different backgrounds. We find that SMEs, especially new firms set up by young entrepreneurs, react swiftly and effectively to the crisis. In contrast, firms with a long history, extensive previous crisis experience, and in more regulated industries often have structured crisis planning and strategies. SMEs are found to be more vulnerable to demand constraints (loss of customers/market) than financial constraints (difficulty of obtaining financial resources). Small firms have extensively used technology for communication during the outbreak. We observe that most firms have resilience and

recovery strategies to some extent, using product diversification, exploring new market sectors, and increasing training in crisis management. Some SMEs hesitate to invest hugely in learning, but we recommend them to search for learning tools that are informal, innovative, effective, and inexpensive. SMEs are overall satisfied with the existing government policies, especially on offering consumer e-vouchers, offering a special tax deduction, and granting a particular loan to SMEs. Our study contributes to the current literature on the crisis management by providing empirical evidence from Macau, an emerging market where over 98% of businesses are SMEs, and with an economy centered on the gaming and tourism industries.

Keywords: Crisis Management; Resilience Strategies; SMEs; COVID-19