

Surviving Amid Crisis Episodes: The Case of Women-Owned Small Enterprises in Bangladesh

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EXECUTIVE SUMMARY

The chapter examines how women-owned small businesses in Bangladesh responded to crisis episodes such as COVID-19 and discusses their resilience to shocking events. The study involved a qualitative exploration of three women-owned online small businesses conducted using the case study method. The cases included businesses that sold jewelry and fashion accessories, both imported and locally procured, and exclusively operated on social media platforms, including Facebook and Instagram. The findings suggest that the businesses adopted innovative social media strategies to survive the crisis episode, including page boosting and paid promotions, Facebook and Instagram Live coupled with sales and discount promotions, temporary closure, vendor switching, and product basket modification. The enterprises showed an overall moderate level of resilience, with a moderate level of adaptability, agility, and low flexibility with a high vulnerability to crisis events. Recommendations for policymakers and credit institutions are also discussed.

INTRODUCTION

Bangladesh is an emerging economy in South Asia with annual GDP growth of 8.2 percent in FY 2019, the highest in Asia and the Pacific (Asian Development Bank, 2021). A significant portion of the economic growth can be attributed to the small business enterprises sector of the country, which contributes 20.25 percent of its GDP (Khalil, 2020). For a developing country like Bangladesh, small businesses act as drivers of employment generation and poverty alleviation (Kumar et al., 2022). They are helping the country graduate from least developed standing to middle-income developing country status (Asian Development Bank, 2020).

The spread and aftermath of the SARS-COV-2 virus and subsequent economic crisis created an exogenous shock for business enterprises worldwide, and the small business enterprises in Bangladesh are no exception to the massive economic and financial pressure resulting from it. The shock of the crisis created unique challenges for survival (Kumar & Gupta, 2022). It posed threats to the sustainability of these businesses, which were already plagued with a myriad of problems such as lack of marketing strategy, inadequate resources, skill scarcity, poor quality of products, lack of quality control, inadequate infrastructural facilities, lack of technological knowledge, high employee turnover rates and poor policy support (Alauddin and Chowdhury, 2015; Mazumder and Alharahsheh, 2019; Rahman et al., 2018; Kumar & Vidhyalakshmi, 2012). Additionally, financial challenges in the form of lack of access to formal credit, high bank interest rates, collateral-based lending contributed to financial constraints (World Bank Group, 2019). OECD (2004, 2006) states that for a developing country like Bangladesh, problems of financial nature are the most prominent for small businesses that threaten their survival (Karadag, 2015; Kaya and Alpan, 2012).

Crisis episodes such as the COVID-19 pandemic threaten businesses, distort economies, and disrupt the global supply and logistics chain (Kumar & Malhotra, 2022). For small businesses, exogenous shocks can prove fatal compared to their bigger counterparts that get greater attention in national economies and can influence policymakers to implement reactionary measures in their favor (Morgan et al., 2020). In Bangladesh, the crisis impacted the small business entrepreneurs so significantly that they were at risk of shutting down businesses (Youth Business International, 2020). Small enterprises experienced extreme economic distress during the lockdown and post lockdown as they are dependent on short cash cycles, which were, in turn, affected by supply chain disruptions and loss of revenue.

While the COVID-19 crisis and related responses (e.g., lockdown, isolation, stay at home orders, social and physical distancing) disrupted businesses of all sizes in Bangladesh and beyond, women-owned small enterprises (WOSB) are more likely to be significantly impacted that can be attributed to pre-existing business structures

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