

PRACTICAL OUTLOOK AND INTERVENTIONS TOWARDS PHILIPPINE ENTREPRENEURIAL AND ECONOMIC RECOVERY FROM COVID-19

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Abstract: The Novel Corona Virus, or more commonly known as Covid-19, has already devastated the global economy, needless to mention the loss of human life. Unlike the previous “once in a century” pandemics (i.e. The most recent was the Spanish Flu), this epidemic might have a drastic and longer-term effect since it has plunged every aspect of the worldwide Political, Economic, Social, Technological, Legal and Ecological (PESTLE) with less than a quarter of a year. Although mankind will surely recover and will not go silent through the night, nonetheless, it may take years or even decades towards a complete recovery. Businesses who are classified as Micro, Small, and Medium Enterprises (MSME) are the ones that significantly suffer since they have lesser capital buffers. Only those who are in the groceries and medicine / medical supplies will thrive. The rest have the potential to ultimately crumble.

This prompted the researcher to solicit the ideas of selected local Filipino top-tier entrepreneurs and economists. Their insights and proposed interventions will definitely provide the thrust and direction as to how the Philippines can recover as fast as possible from the effects of this pandemic.

Keywords: Strategy, Economic Outlook, Micro, Small and Medium Enterprises (MSME)

PROBLEM RATIONALE

The Corona virus Disease of 2019 (COVID-19) is a highly fatal and fast spreading infectious disease caused by Severe Acute Respiratory Syndrome Corona virus 2 (SARS-CoV-2). The case of this disease was identified in December 2019 in Wuhan, the capital of China's Hubei province, and has since spread globally, resulting in the ongoing 2019–20 corona virus pandemic. Common symptoms include high fever, cough and shortness of breath. Other symptoms may include fatigue, muscle pain, diarrhea, sore throat, loss of smell and abdominal pain. The time from exposure to onset of symptoms is typically around five days, but may range from two to fourteen days, or even up to a month. While the majority of cases result in mild symptoms, some progress to acute and viral pneumonia and multi-organ failure. As of 11 April 2020, more than 1.71 million cases have been reported in more than 200 countries and territories, resulting in more than 103,000 deaths. On the brighter side, more than 389,000 people have recovered.

Availability of medical resources and the socioeconomics of a region may also affect mortality. Estimates of the mortality from the condition vary because of those regional differences, but also because of methodological difficulties. The under-counting of mild cases can cause the mortality rate to be overestimated. However, the fact that deaths are the result of cases contracted in the past can mean the current mortality rate is underestimated (Parrington and Warden, 2020).

In the Philippines, last 30 January 2020, the Department of Health reported the first case of COVID-19 in the country with a 38-year-old female Chinese national. On 7 March, the first local transmission of COVID-19 was confirmed. WHO is working closely with the Department of Health in responding to the COVID-19 outbreak? The country was into an Extensive Community Quarantine (ECQ) – a colloquial term for lockdown with extensive military presence and curfew from March 14, 2020 to April 30, 2020. Only the essential industries such as food groceries and pharmacies have remained open. As of this writing, approximately 7,000 cases of confirmed Covid-19 patients have been recorded, with 500 hundred deaths and almost the same number of recoveries.

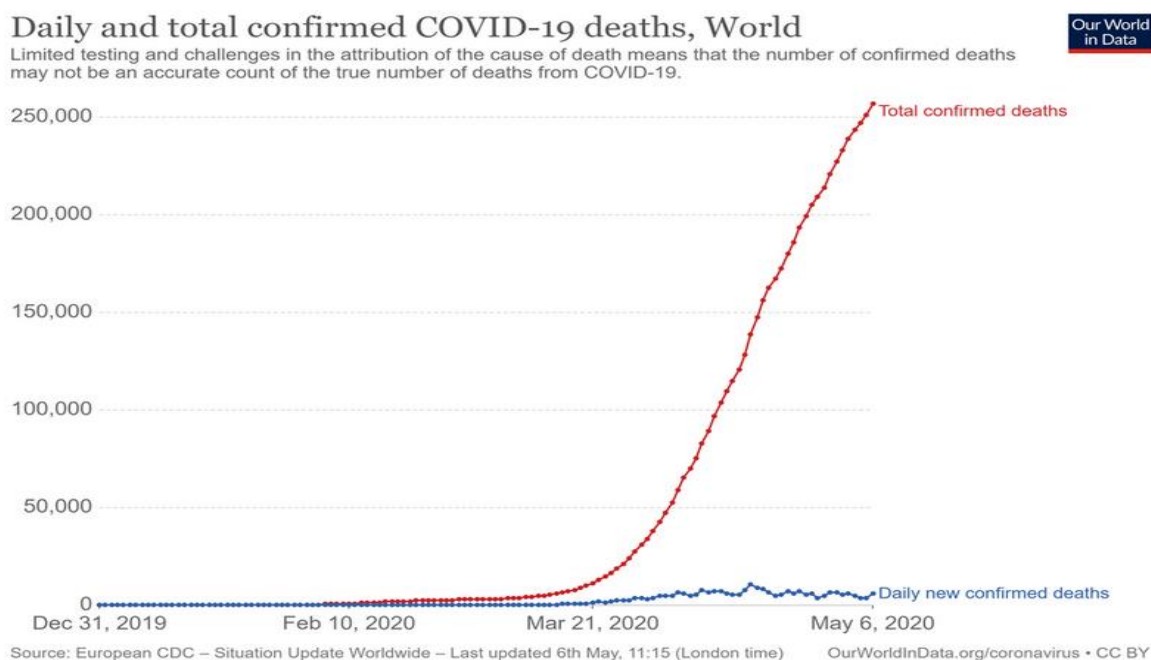


Fig.1. Covid-19 Deaths are of first week of April, 2020 (WHO, 2020)

Economic Impact

Every government and economy want to see the virus contained and finally be given an antidote – a vaccine, per se. Until that time, risks in overall equity and assets remain vulnerable to additional selloffs and at worse, total company closures. However, there are some silver linings. The pandemic has increased the demand for medical products, especially face masks and test kits in an effort to avoid spreading and/or catching the virus. More so, the demand for food has since soared even further (Islam, 2020).

Many countries with large economies have already enacted quarantine policies. This has led to the disruption of business activities in many economic sectors. Developing countries are also forecast to be severely impacted by the corona virus. Daily wage earners have shown to be the most affected since them at a “no-work-no-pay” employment contract. Every government thru their respective local government units are ardently trying to fill this void by providing amelioration packages and relief goods supplies, as well as some well-off enterprises rendering some financial aid.

Still, there would be limits up to until such programs can continue. Budgets will run out, and at this point, a total economic collapse may prove to be imminent.

Although the stock market in certain countries are still at break-even due to the recent developments in the highly billed vaccines, the other industries, particularly the Micro, Small and Medium Enterprise (MSME) types have suffered because the total lockdowns imposed by certain countries means that unless, they are selling essential supplies such as food and medicines, they are ought to be closed. This results to obvious business losses and incurring idle expenses. MSMEs are businesses that have between PhP 500,000 to PhP 10,000,000 total capitalization, or roughly \$10,000 to \$200,000 (www.dti.gov.ph, and Monte mayor and David, 2010 – 2018).

While people all over the world remain quarantined, the number of those infected still continues to aggressively increase. Thus, extensions of lockdown shall always be in play, ergo, creating hyperinflation and highly diminished purchasing power. For instance, malls, specialty shops, retails, trade shows and business conferences are cancelling events around the world. Many businesspeople are cancelling travel and concerned vacationers are rescheduling trips – thus also severely affecting travel for tourism and trade.

The same holds true for the Philippines.

PROBLEM RATIONALE

Most of the Philippine industrial thrust is on the MSME model. Even those at the upper tier – the large business per se, will also be affected for the longest time since most of them are engaged in non-essential services (www.dti.org.ph) which are not focused on food and medicines (e.g. malls, clothing shops, novelty shops). Even the foreign brands such as the specialty coffee shops are closed, thus, affecting employment and overall industry performance.

Hence, this research sought to determine what possible interventions and strategies can be adopted to address the steep negative impact of Covid-19 thru the eyes of the entrepreneurs and economists.

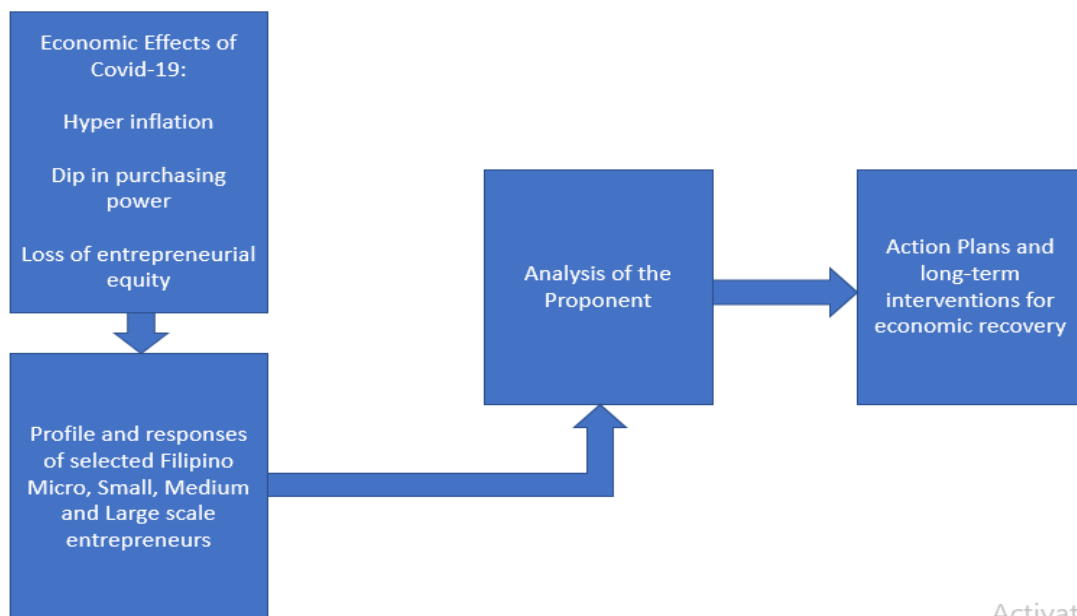
METHODOLOGY

The proponent asked a number of local entrepreneurs and economists about their perceptions, outlook and possible interventions on how to help uplift the country from the effects of Covid-19. There responses were merged and analyzed with the ideas of the proponent in order to craft a definitive set of action plans to help resuscitate the Philippine economy.

In addition, these ideas were then synthesized to form action plans that can be suggested to address the future effects of Covid-19 to the overall economy. Benchmarking these action ones with pre-existing ones were done in order to assure a more definitive and surefire approach with a longer-lasting positive impact.

More so, in order to protect the privacy and security of the respondents being among the top tier entrepreneurs and economists in the country, this study will not disclose some of their names and personal details. The proponent asked for their consent.

The following paradigm summarizes the thrust of this research:



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Fig.2. Research Framework

RESULTS AND DISCUSSION

The answers of the respondents are as follows:

Respondent 1: Mr. George Chua – Entrepreneur, Professor and Innovator	
Questions	Responses
What's your business and corporate outlook after this Covid-19 pandemic?	Some businesses will recover faster than others. Others will not survive at all and will not be able to reopen. It will take six months to a year for most remaining businesses to recover.
What can be done / how can we regain our lost economic footing once this is over?	The government needs to waive or reduce payment of all types of taxes and social securities. Money should not be given out as handouts. Should be for unemployment pay, business support and tax subsidy.
Respondent 2: Doctor of Business Administration student and Entrepreneur	
Questions	Responses
What's your business and corporate outlook after this Covid-19 pandemic?	After Covid-19, it will be the time to review the budget and tighten the ship to reduce operational expenses and fixed costs.
What can be done / how can we regain our lost economic footing once this is over?	Focus on revenues and look at new revenue-generating opportunities that can be generated for sustainability. A big change in marketing practices and opportunities for small enterprises is expected. Changes in the food and deliveries will create new businesses that cover the small businesses cut down costs because of the economies of scale with the likes of Amazon and Alibaba. This will level the playing field for a while. The consumers will dictate the industry.
Respondent 3: Engr. Aquilino Tubigan, Jr. - Inventor of the portable mobile phone charging stations and founder of the Inventors' School of the Philippines	
Questions	Responses
What's your business and corporate outlook after this Covid-19 pandemic?	Everything will be sluggish. A lot of people will spend less on goods like clothing and fashion. They will focus more on food and health. The purchasing power will nose dive and will persist for at least six months to a year.
What can be done / how can we regain our lost economic footing once this is over?	Innovation thru focused domestic entrepreneurial empowerment. Food products and health and wellness shall be the norm. To recover is to put businesses that are centered on health, wellness and food. Localization instead of dependence from imports will empower the citizens to create innovative products and services.
Respondent 4: Owner of one of the largest disposable utensils factories in the Philippines	
Questions	Responses
What's your business and corporate outlook after this Covid-19 pandemic?	Upon the announcement of ECQ, some of this firm's clients released memoranda to cancel all deliveries and pending orders. This prompted the firm to stop all operations in the manufacturing plant for the duration of the ECQ – which is also focused on the safety and

	<p>welfare of the workers and to mitigate losses.</p> <p>Factories that are focused on deliverables for merchandising will have a rough time. All non-essential manufacturing operations have stopped during the lockdown, thus, paving way for a heightened enterprise tension.</p> <p>It is difficult to see the outcome after the pandemic. This is a time of great uncertainty and what can be done is to make sure that all clients, partners and employees are taken care of.</p> <p>Ergo, lay-offs and discontinuity of contracts may result since there would be lesser demand to be supplied.</p>
<p>What can be done / how can we regain our lost economic footing once this is over?</p>	<p>Regaining lost economic footing will all depend on government support for SMEs and on consumer spending after the lockdown.</p> <p>Once this is over, the hope to see a better economic activity to pick up is prayed for and can be expected.</p>
<p>Respondent 5: Engr. Rey Gambe - Director of The Inventors' School of the Philippines and Socio-Technological Expert</p>	
<p>Questions</p>	<p>Responses</p>
<p>What's your business and corporate outlook after this Covid-19 pandemic?</p>	<p>As far as the Inventors' School, being a training institution is concerned, the business will surely take the brunt of the effect of the pandemic. Just like those in the academe, social distancing as a new norm will cut across the training operations of our school. So from the usual 24 students per class, we may be able to take in, at most 15 per class. So that's automatically a 40% drop in revenue. That is, if we do not evolve and adapt to the new normal.</p> <p>As for the national business and corporate outlook, I concur with projections that there will be a 0% to -2% GDP growth (well, actually it is not a growth and should not be called a growth at all) this year as per NEDA and there will be plenty of businesses, especially the MSMEs that shall fold up. Businesses engaged in food and health material production, including pharmaceuticals, are going to have a windfall, and so are logistics and distribution.</p> <p>When the nation went into the ECQ, many people realized the essentials to survive and those businesses that are into the production, distribution, and sale of those essentials are going to thrive moving forward. This means that businesses engaged in travel, fashion, apparels, and novelty stuff will have a dramatic drop in their bottomline from hereon.</p> <p>Utilities and communications shall remain necessities and the businesses stable as we have all come to realize and understand while on lockdown. Real estate is likely</p>

	to stagnate and there will be a shift in focus to agriculture as the government goes back to the basic in food production. The business outlook is uncertain alright but there will be plenty of other opportunities for entrepreneurs to capitalize onto.
What can be done / how can we regain our lost economic footing once this is over?	<p>While others would think that the government owes the business community a sort of stimulus package, I don't think it can make a difference after Covid-19. The social amelioration package and the DOLE assistance actually took a long time coming assuming it did come at all (because I hardly know of any close friends or families who got such at all), so the proposed economic stimuli package for businesses is a pipe dream.</p> <p>Thus, MSMEs are left to fend for their own just like we all do now under ECQ. I see the need for businesses to evolve and innovate in order to survive. For many, there is a need to shift focus on. I see demand picking up in survival essentials moving forward so small businesses should endeavor to enter into it whether on its own or simply being part of the supply chain.</p> <p>Businesses engaged in non-essentials will most likely recover from the pandemic a year or two after but then again, the thought of having another pandemic happening anytime soon hangs on everyone's head like the sword of Damocles moving forward. People will be more cautious, paranoid if you may, and so small businesses should exploit this type of opportunities and make it work on their favor. The key to survival for businesses after Covid-19 is either adapt or evolve. Throw in innovation in the process and they are sure to regain lost footing.</p>
Respondent 6: Prof. Antonio Errol Ybanez, Jr., DBA - Economics professor, socio-economic researcher - scientist and author of local and international strategic management books	
Questions	Responses
What's your business and corporate outlook after this Covid-19 pandemic?	The high cost of the outbreak has put the world's economy and financial markets upside down. Businesses and jobs are in jeopardy.
What can be done / how can we regain our lost economic footing once this is over?	Filipinos have the moral duty to help move the economy – from the producing to the consumer sectors. The gov't must continue to spend on productive projects to pump prime the economy. Giving of financial subsidy and rediscounting would fund the businesses. Wealthy businesses should also sacrifice. Key result areas: Increased employment, within acceptable / target inflation, access to funds at a lower rate, high consumer spending and high production of agricultural products, etc.
Respondent 7 AND 8: Local oil and fuel franchisors	
Questions	Responses
What's your business and corporate outlook after this Covid-19 pandemic?	Daily wage earners will suffer due to the high-faluting inflation. At least three years is needed to fully recover.

What can be done / how can we regain our lost economic footing once this is over?	The government must have a more lenient approach in tax collections, as well as the flexing of social security benefits to accommodate the general public.
Respondent 9: Tourism Expert Analyst	
Questions	Responses
What's your business and corporate outlook after this Covid-19 pandemic?	Foreign tourism will suffer for the longest time, especially within the Chinese territories. Local tourism will recover within three years. Jobs that are related to this industry will surely take the backseat. Unlike the previous Spanish Flu of 1920, where there no commercial flights yet, people will now become warier of flying. Thus, the demand for airlines, although will smoothen out in due time, will hit rock bottom for the next two or three years
What can be done / how can we regain our lost economic footing once this is over?	Tourism wise, it will by itself. People will realize that once it is safe to travel again, the demand will surge, gradually. Since tourism is comprising a huge chunk of the economy, once the people regains its penchant to travel, the overall economy will also follow suit.
Respondent 10: Mr. Alvin D. Varsovia, Jr. – co-owner of one of the largest ceramics and tiles distribution firms in South East Asia	
Questions	Responses
What's your business and corporate outlook after this Covid-19 pandemic?	A laid-back operations with little to no growth in the business sectors. It is like a piece of paper torn in half. Even if it will be glued, it will never be the same. A lot of professionals and, visionaries will suffer from this pandemic. Despite the odds, Filipinos are resilient and can survive.
What can be done / how can we regain our lost economic footing once this is over?	Progression will still prevail. But it will negatively effect the country's GDP. What can be done are to observe precaution, pay right taxes, and most of, fulfill all payments. Tax shields during, nit months before COvid must be settled. More so, extending a helping hand thru finding solutions is imperative and should be the nature of every business. Reach out to industrial partners for solutions.

Based from the aforementioned, the following can serve as synthesis from their responses:

1. In terms of economic and entrepreneurial outlook, the Philippine economy will take between one to four years towards a complete economic recovery. Daily wage earners are the ones truly affected since the lockdown meant that they cannot go to work, hence they will not have money to but for sustenance. Even if their employers have utmost empathy to help, it can only that far, especially if they are only MSME with limited working capital and cash flow.

It is also quite worth noting that the tourism sector, especially the foreign travels, will be significantly affected. This is attributed to the fact that foreign travels will likely be avoided by the public at least until the time when a vaccine is already commercialized and made affordable as a normal good. More so, along with travel fears come the apprehension of acquiring products made from the country of origin of this pandemic. Definitely, people will not trust products coming from that area in fear that these might be carriers of Covid-19.

- Interventions really require collaboration between the government and the private sector. In this two-pronged approach, the private sector – the enterprises, per se, must trust the government towards its economic recovery plans. Nonetheless, the government also has an equally challenging task of ensuring that they will provide support to every industry. These supports include the more lax taxes (i.e. deferral and stretching of payments or even total quashing for a certain period affected by the lockdown) while empowering social security benefits, as well as health and other provisions.

Domestic industries must be the focal point of the Philippine economy. Covid-19 is the effect of travel and transport of foreign goods from one country to another, ergo, it a certain country can be more self sufficient for its economic thrust, there would be a greater balance of import-export flow. This in turn, will create a buffer for the local economy if another pandemic would arise since the local industries themselves will be able to provide.

ACTION PLANS AND RECOMMENDATIONS

The paradigm of Mckinsey (2020) best describes the theoretical foundations of regaining an economic and business foothold against the negative implications of Covid-19.

First off, every element of the organization – from the executives to the employees and even the customers – must be properly made aware that the firm is taking every necessary step to ensure the safety and welfare of everyone. With enough tangible proof thru extensive and various campaigns, this will assure the general public that the company is very compliant to the norms and standards of fighting this pandemic.

Next, in order to avoid the financial effects that will certainly rise due to the lack of employment and curtailed business operations, the firms must have back up financial plans that will cover for the expenses and cost-of-living of their daily earners. But this will not be sustainable unless the government will allot a portion of its fiscal budget to empower local industries in the form of bail outs and corporate parachutes (CNN, 2020).

Once the budget and other corporate affairs are finally settled, they must be able to create new policies that will ensure the safety and welfare of their employees. In short, they must be able to walk the talk. After this, the firms are ought to familiarize themselves with the new business changes that the pandemic has already changed within and across all industries. Repositioning, market development and other strategic interventions thru a corporate plan should be done in order to adapt to the already changed times.

Companies need to think and act across five horizons.

The five horizons

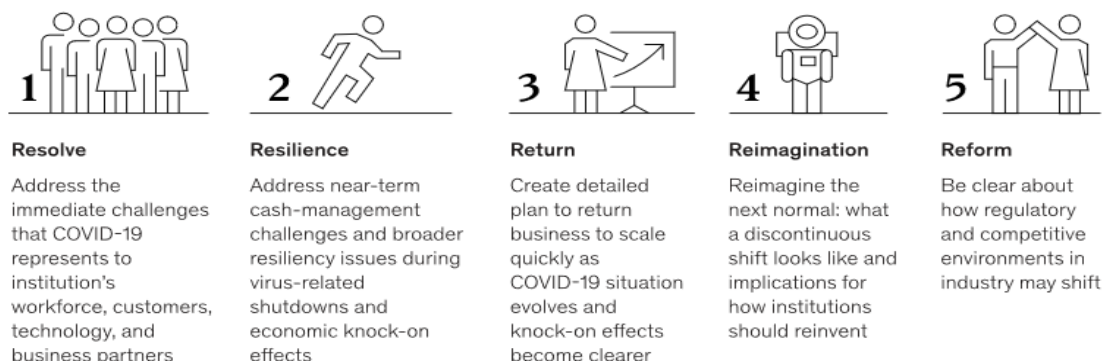
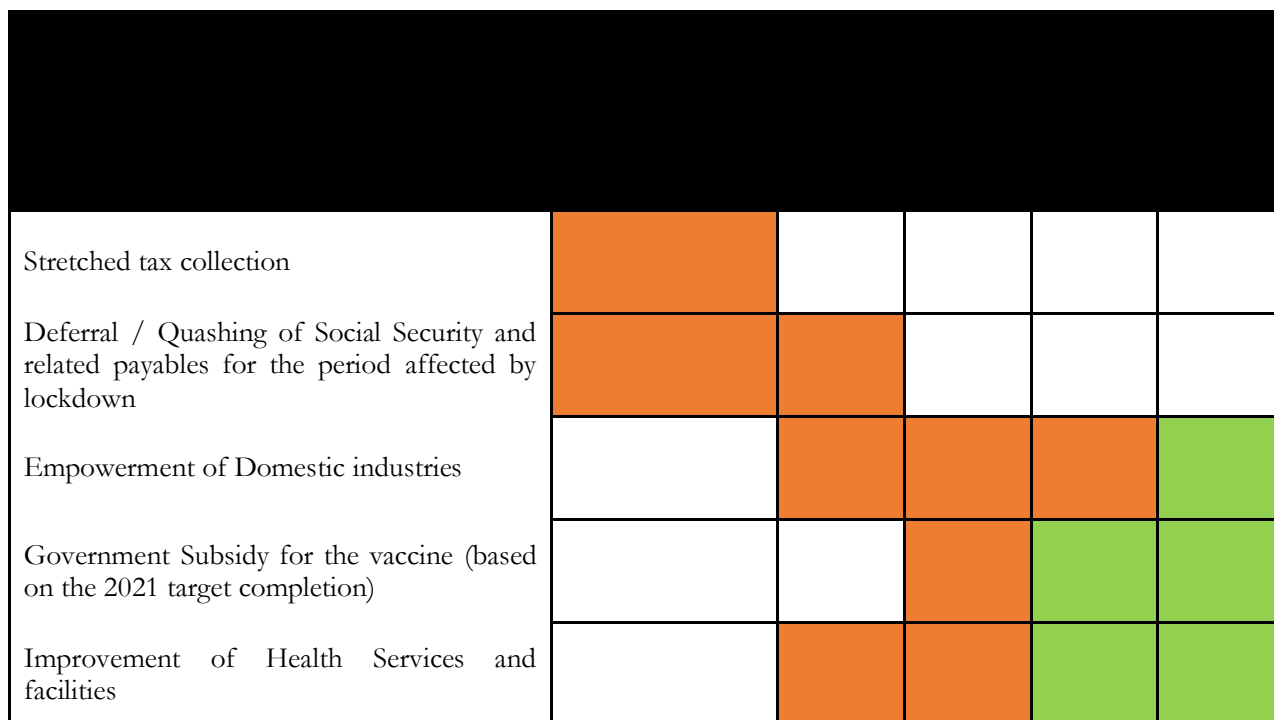


Fig.3. Benchmark for Entrepreneurial Recovery (Mckinsey.com. 2020. "Covid-19 Implications for business." Available internet source: <https://www.mckinsey.com/business-functions/risk/our-insights/covid-19-implications-for-business>.

Lastly, close monitoring of how all strategies went by is also imperative so as to ensure that the firm is resilient to another kind of fiasco – should any would appear anytime soon.

If this will be put in a detailed action plan, based on the insights of the respondents and the benchmark set above, the following can be an effective Gantt chart towards economic recovery:



LEGEND

- Implementation of the intervention
- Continuity of the intervention

Note: Assuming that the lockdown will not be repeated after April 2020

The immediate concerns such as the stretching of tax collections and social security can be done immediately after the lockdown until next year in order to not burden the already meager finances of the MSMEs and the general working public. After doing such, the domestic industries can then be given more mileage thru extended tax holidays and better taxation mechanisms – every bit of cost and expense mitigation measures that the government can think of in order to entice local business owners to venture, start and reinforce their respective enterprises.

The most important perhaps is the time when the vaccine is finally completed. The government must be able to commercialize it as fast as it can. In this way, the cost of acquiring such will become more affordable to the general public and most of all, public trust will be restored. Only in this way can the economy be reverted to its original growing status. This can be done alongside the improvement of medical facilities. Once these are done, Filipinos will be assured once more that they safe and their lifestyles (e.g. travelling) prior to the pandemic may be able to be back, once more.

A sample business paradigm was designed by the Inventors’ School of the Philippines for the “New Normal” set up of MSME Entrepreneurship. This is as follows:

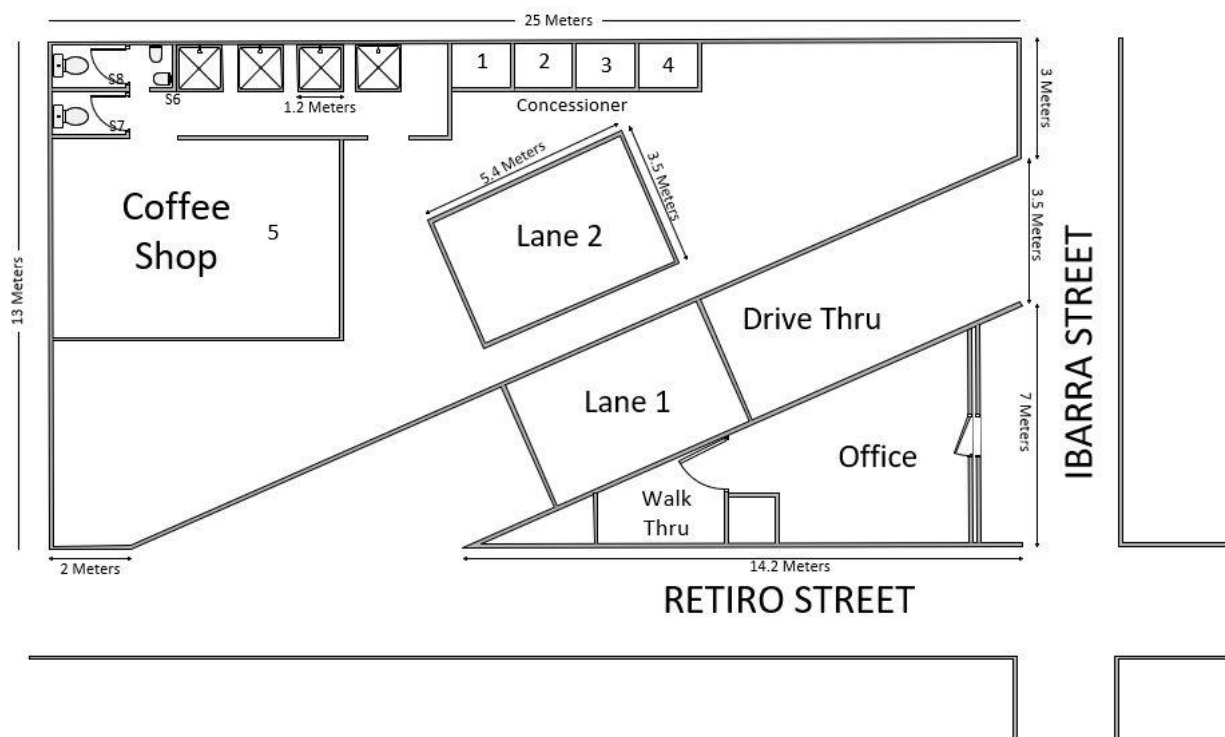


Fig. 4. Suggested blueprint for the “New MSME normal”

This is a “drive-and-walk-thru process” blueprint for a typical food park with virus elimination facilities. The steps are as follows:

1. Washing of hands with Sulfur soap before entering in the walk thru area.
2. Upon entering the walk thru area, the Heater blower will turn on, 20 to 30 seconds process.
3. After the heater blower process, the UV lights will switch on, it will run 30 seconds to 1 minute. Protective gears such as a sunglass will be provided
4. The cars will undergo a typical carwash process, with an inclusion of UV and sanitation liquid formula washing.
5. The last stage in Smoke misting with scent.

Vehicles and people need to be sanitized first before they can enter the premises. As long as they are not carriers of the disease, they can stay for a while at the vicinity. Most of, they will go home clean and free from Covid-19.

CONCLUSION

The economic effects of this pandemic can be checked once the entrepreneurs and economic experts in the Philippines will have a thorough understanding of the disease. Ad of the moment, they do have. All that is needed is proper implementation of the entire processes that are imperative to keep the Philippine economy afloat. This study provided some suggestions on how to achieve it.

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