

Organizational Resilience as an Aid to Surviving the Pandemic: Empirical Evidence from Indian MSME Firms

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Abstract

Covid-19 created a crisis situation across the world, severely impacting small businesses. In order to ensure organizational resilience, it is imperative to have crisis management mechanisms in place. In this backdrop, we probe the impact of the Covid-19 on employment, sales and supplies, and financing of 251 Indian Micro, Small and Medium Enterprises (MSMEs) operating in Delhi-NCR. We also examine the management of the Covid-19 crisis by these firms and the effectiveness of policies introduced by the government. The study deploys complementary log-log regression, and multinomial regression to analyse the differences across MSMEs types. We find that approximately 86% of the respondent firms had to close down their businesses either partially or fully due to lockdowns. There was limited online activity and work from home (WFH) facility for employees. Micro firms were the worst affected due to the pandemic. They had the least amount of strategic planning and employee management to face the crisis. The manufacturing sector was impacted more severely as compared to the service sector. The study presents several implications for the policymakers, as only a meagre share of MSMEs have availed of the economic packages offered by the Government.

Key Words

Crisis, Covid-19, India, MSMEs, Ordinal regression

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