

INFO US\$AHAWAN

usahawan pemacu ekonomi mapan

EDISI 25

ISSN 1823-6421



Uncertain External Environment: Business Needs to Cope Quick

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The biggest challenge of the external environment is the impact of Covid-19 that can be seen anywhere in every aspect of our life. Working from Home (WFH), online learning, shift in customer purchasing behavior and increase in public awareness about healthy lifestyle ring a loud bell requiring all businesses to change their business model. It seems that this pandemic will be prolonged in the future years thus, the business must have strategic planning to catch up. Even with the shift to the endemic phase now, people's way of doing things has changed. Social distancing, queuing, and masking now is a must. Everything was done online from shopping, learning, working, meeting, exercising, and gathering. This had caused people's reliance on the smartphone and other electronic devices have tremendously increased by force. As reported by The Malaysian Reserve, delivery service is now one of the core business activities with the widely adopted online ordering platform. The business will be left behind if they failed to associate these two critical business elements.

The trade war between the two giant economies, China, and United States also brought a huge impact on the price of the commodity subsequently putting pressure on the price of the related goods and supplies. It also has resulted in a general reduction in world trade, especially for those countries that highly rely on trade affairs and global supply chains like Malaysia. The disruption to the supply chain caused uncertain supply and demand among the trading partner due to buyer-seller bargaining power and trading restriction imposed. Business needs strategies to ensure their product price is acceptable to the market even with all these economic disruptions.

To cope with Covid-19 challenges, a business must respond effectively by realigning the business model. Priority should be given to building and utilizing an online platform. This includes investing in technology to support online ordering platforms and online marketing experts. In 2020, the giant technology consulting company, IBM Corporation reported Covid-19 has accelerated business's digital transformation at 59 percent and 66 percent of the business that previously resists digitalisation had incorporated it into the business model. This shows how fast businesses are embracing technology due to this urgency. It is undeniable that Information Technology requires huge initial costs to run, but with the increase in sales, the benefits enjoyed will outweigh the cost. It also seems to be the best way to provide the customer with a better purchasing experience at their convenience without fears of the spread of the infection.

Businesses must also carefully choose the delivery partner if they were to rely on outsourcing. But having an in-house delivery team would be much easier to control, provided the skilled delivery team can be recruited. A good customer service team is also essential to keep customers satisfied with the business' after-sales service. Aggressive online marketing should also be made to communicate the changes in the business model to the customer and other stakeholders. The fastest way is through social media marketing, like Facebook and Instagram.

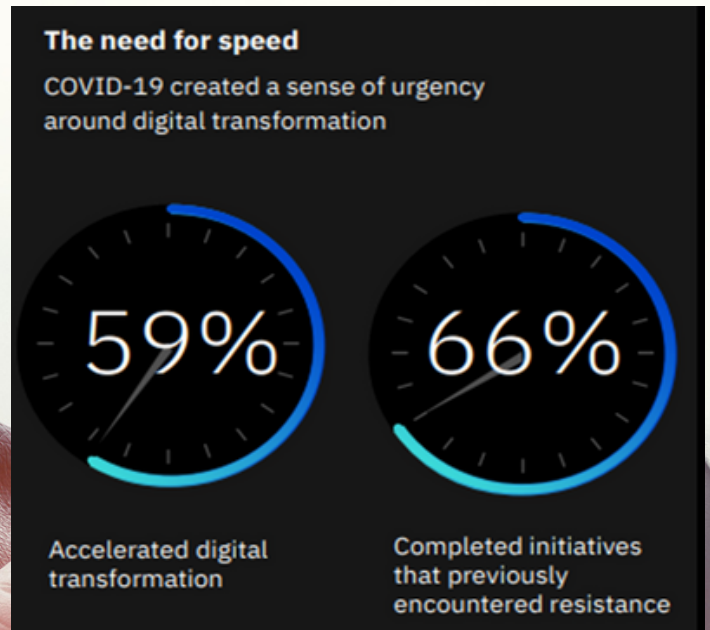


Figure 1: Covid-19 has accelerated digitalisation in the business model
Source: <https://www.ibm.com/downloads/cas/OXZE0YWE>

In response to the uncontrollable price hike in most of the business's raw materials and supplies, the business must build long-term resilience across its value chains. For example, a business can secure future supplies by signing a contract with supplies or hedging the price of raw material to control its future price. Having contingency funds might also help to cater the unexpected increase in the price of supplies. All these strategies should be implemented as soon as possible to avoid strategy drift in this fragile business environment as it will determine the business's survivability in this challenging era.

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