

The After Effects of COVID-19 on Commercial Entities: A Holistic Exploration of Local Enterprises

SYNDICATE 15

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The After Effects of COVID-19 on Commercial Entities:

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Page 2 of 30

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ACKNOWLEDGMENT

We owe a debt of gratitude to Military Directing Supervisor Lt M Ponnampereuma and Academic Directing Supervisor Ms. DR Perera for the guidance, encouragement, and indispensable advice given to us over during the presentation of the report. Much of the case study work would not have been complete without the vision and foresight of those who inspired us. We are particularly thankful to the academic staff for taking the time to talk with us on many occasions. The assistance, cooperation, and experience of our fellow undergraduates were essential for the completion of this case study. Therefore, we would like to thank all cadets of Intake 37.

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AIM

The aim of this syndicate is to analyse the After Effects of COVID-19 on Commercial Entities referring to a Holistic Exploration of Local Enterprises.

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CONTENTS

ABSTRACT..... 9

INTRODUCTION..... 10

COMMERCIAL ENTITIES IN SRI LANKA 13

METHODOLOGY 18

DISCUSSION..... 19

1. The Spread of COVID-19 in the local context – Origin to present day..... 19

2. The steps which have been taken to prevent COVID-19 in local context – SLMA
recommendations and Government Regulations 20

3. Implementation of New Marketing Mix Strategies to Adopt New Normal in Local Production
and Service Sector..... 22

4. Impact on the Local Entrepreneurs and New Entrepreneurial Opportunities developed through
the pandemic 23

5. Impact on tourism related entities in Sri Lanka 24

6. State contribution to support local enterprises during the pandemic 25

7. Effects on the Engineering and Construction related firms 25

8. The Technological Role to support Local Enterprises during the pandemic 26

CONCLUSION 28

REFERENCES..... 29

The After Effects of COVID-19 on Commercial Entities:

A Holistic Exploration of Local Enterprises

ABSTRACT

The exponential growth of the COVID-19 pandemic is of great global economic problems and has received magnificent worldwide attention. The vulnerability of the pandemic with lower economic immunity is greater in developing countries. The present study aims to explore the effects of the COVID-19 pandemic on Commercial Entities in Sri Lanka. Data were marshalled with the aid of qualitative interviews from conveniently chosen Local Enterprises. The study reveals that the mitigating strategies and protocols to combat the COVID-19 have come at high economic and human costs and gravely sullied the commercial entities in Sri Lanka including the shortage of materials, decline in both global and local demand for their products and services, difficulties in repaying loan and interest, cancellation of orders, dire cash deficit (inflows) and lack of savings (even problems with payroll and utility bills), limitations in recalling the employees back to work, high cost in preventing workplace COVID-19 strategies, absence of new orders, etc. The COVID-19 pandemic is emotionally challenging for both employees and operators of Local Industries. The government relief and the best policies and guidelines to support the commercial entities are indeed crucial for riding through the crisis. The present study further ensures the overarching importance of formulating after-effects COVID-19 economic revival policies. Needless to say, the resilience of the commercial entities is greatly dependent on the concerted efforts of the government, local industrial operators and other policymakers.

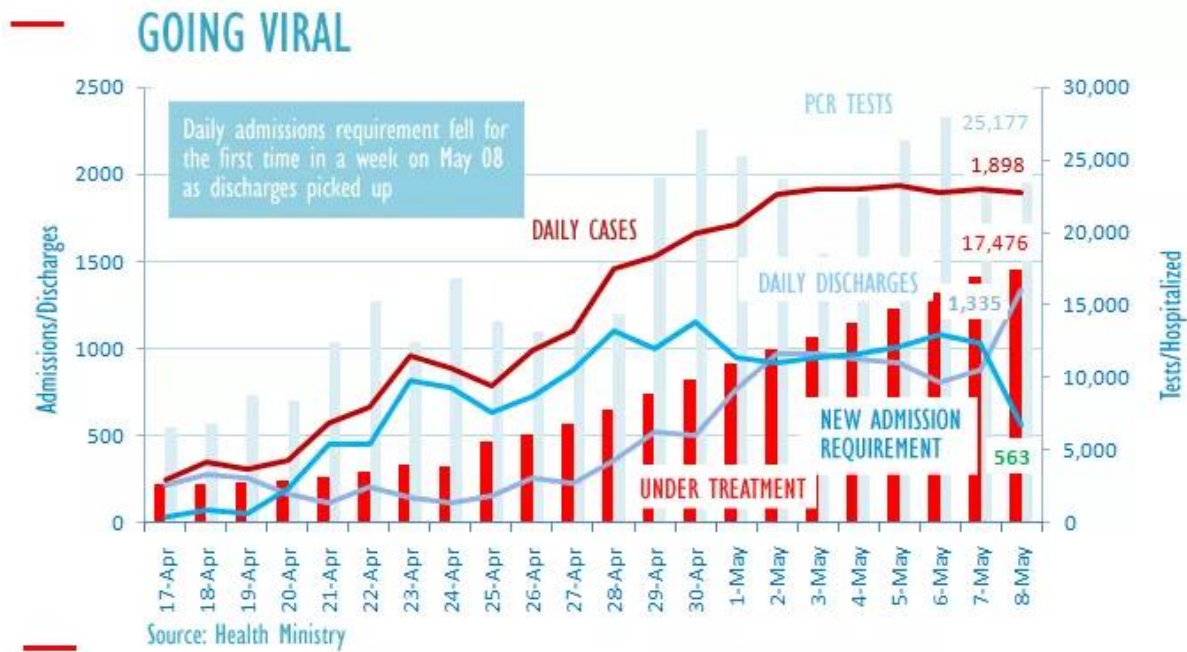
Keywords: COVID-19; Commercial Entities; Local Enterprises; Local Industries; Sri Lanka

Chapter 1

INTRODUCTION

Sri Lanka is one of the upper-middle-income countries with a population of 21.7 million people (The World Bank, 2020). The economy of Sri Lanka grew at an average of 5.6 per cent and the estimated GDP per capita is USD 4030 (The World Bank, 2020). Before identifying any COVID19 cases in Sri Lanka, as a caveat, the Sri Lankan government took proactive measures for preventing the COVID-19 such as quarantining and thermal scanners and health measures at the airport. The first case of the COVID-19, a Chinese tourist, was identified in Sri Lanka on 18 February 2020 and the first local case affected by the COVID-19 was reported in Sri Lanka on 11 March 2020 (Hewage et al., 2020; Jayaratne, 2020). The government of Sri Lanka has initiated many preventive protocols to counteract the spread of the novel COVID-19 including quarantines protocols for all incoming passengers, stoppage of on-arrival visas (12 March 2020), travel bans (13 March 2020), stoppage of all arrival flights carrying passengers to Sri Lanka (22 March 2020), island-wide curfew (20 March 2020), and social distancing. Notably, Sri Lanka strictly imposed social distancing interventions by means of numerous protocols such as no handshaking or hugging, stoppage of public transport and marketplaces, bans on social and religious events, closure of schools and universities, bans on leisure activities like cinema, zoological/ botanical gardens and museums, island-wide curfew and work from home, isolation of the dangerous area, travel restrictions across districts/provinces, and home delivery of essential goods and medicines (Hewage et al., 2020). Taken together all facts, well-thought-out preventive mechanisms were established with a coordinated deployment of resources by concerted efforts of tri-forces, medical staff and other government officials under the strong leadership of His Excellency President, Prime Minister and Minister of Health (Jayaratne, 2020) and the WHO appreciation is the embodiment of such robust initiatives.

As of 04 May 2020, a total of 3,534,544 COVID-19 confirmed cases and 248,169 deaths globally (Johns Hopkins University, 2020). According to the South Asian Association for Regional Cooperation (SAARC), the number of reported cases in South Asia, viz., India, Pakistan, Bangladesh, Nepal, Sri Lanka, Maldives, Bhutan, and Afghanistan are increasing day by day (Bhutta et al., 2020). Remarkably, it can be seen an increase of COVID-19 cases and the deaths in Sri Lanka since recently. (see Figure 1).



(Figure 1 – COVID-19 Cases in Sri Lanka in April-May 2021)

The government of Sri Lanka provided social assistance of LKR 5000 to many vulnerable groups including the recipients of samurdhi allowance, senior citizens allowance, disability allowance, and kidney disease allowance and delivered food support such as “triposha” and other nutritious supplements (Gentilini et al., 2020). In addition, many formalised unions such as Jaffna University Teachers’ Association, philanthropists and other well-wishers gave a helping hand to poor families affected by the COVID-19. Although the travel limitations, island-wide curfew and lockdown have dwindled the spreading of the COVID-19, these have severely tainted the Sri Lankan economy in many ways. The COVID-19 outbreak is expected to reduce 0.359 of GDP (319.4 million USD) (Abiad et al., 2020). Many small and medium enterprises (SMEs) have severely affected by the COVID-19.

For example, Tourism, the third biggest foreign exchange earner (GDP around 12.5%), is the backbone of the Sri Lankan economy, has been badly affected by the COVID-19 owing to the shutdown of the international airport and the lockdown of the country. Similarly, apparel industries have been compelled to limit their production owing to the shortage of raw materials. The COVID-19 has abruptly halted most of the commercial activities at a varying level: for instance, aviation, tourism, hospitality and entertainment sectors were severely ruined by the pandemic (see Craven et al., 2020).

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There could be a long-term economic effect of the COVID-19 on Commercial Entities, however, none of the studies have been hitherto explored. Therefore, the present study focused on the consequences of the COVID-19 on commercial entities with reference to the Local Enterprises.

COMMERCIAL ENTITIES IN SRI LANKA

Local enterprises contribute greatly to economic growth, regional and rural development, employment generation, and eradicating poverty (Ministry of Industry and Commerce, n. d.; Kengatharan, 2012). The National Human Resources and Employment Policy (NHREPa) of Sri Lanka reports that local enterprises are accounted for 80 per cent of all businesses, creating more employment opportunities and persuading youth and women participation thereby providing unblemished advantages to the economic development of the country (Kengatharan, 2013; Ministry of Industry and Commerce). The Ministry of Industry and Commerce reports that local industries made up of over 75 per cent of the total number of enterprises with providing 45 per cent of the employment and contribute to 52 per cent of the Gross Domestic Production (GDP). However, these commercial entities confront many challenges in Sri Lanka such as owners' limited knowledge and experience of HRM practices, high level of employee absenteeism, maledominated workforce, poor industrial relations, problem with the quality of employment, lack of available information, and inadequate skills including product development, packaging, labour legislations/laws, intellectual property rights (IPR) and distribution and sales promotion (NHREPa).

In Sri Lanka, around a two-third of the labour force is informally employed, conferring on low wages and no social protection (NHREPb). The informal workforce, formed by predominantly men, aged workers, and less-educated workers, is representing all sectors of the economy (NHREPb). The majority of such employees may be put at risk because of the shutdown of the local industries and island-wide curfew. As said earlier, the COVID-19 is the person-to-person transmission (Wickramasinghe et al., 2020) and therefore, the tourism industry has become one of the prime carriers of the disease. The large part of income dwindled by social distancing and international travel bans.

Moreover, a large number of local enterprises (in)directly depending on tourism such as hotels, travel agents, suppliers, tour operators, and tour guides are on the verge of collapse (see Fernandes, 2020). Similarity, apparel industries are struggling to remain open owing to the shortage of raw materials, cancellation of orders, not new orders coming in, decline in global demand and the COVID-19 mitigating strategies (social distancing). Özatay and Sak (2020) opined that employees are at the risk of losing their jobs, primarily in hotels, restaurants, public transportation, and the civil aviation sectors (Özatay and Sak, 2020). From a large corpus of

previous studies, the effect of the COVID-19 on commercial entities has been far less globally focused and has not been hitherto explored in Sri Lanka. Therefore, the present study aimed at exploring the consequences of the COVID-19 on commercial entities in Sri Lanka.

With the discovery of the first Sri Lankan cases and the closing of schools in mid-March 2020, Sri Lanka saw the full impact of the pandemic. Following the discovery of an increasing number of infected individuals, particularly among those travelling from overseas, the government implemented a 14-day quarantine program for all those entering from foreign countries and those who come into contact with sick people. As the number of infected cases increased, new quarantine centres were opened, and a self-quarantine system was implemented. Curfews and lockdowns in some areas were imposed as a result of this, in order to control the virus's spread. Curfews were periodically lifted to allow people to get their daily needs met, and preventive measures such as Social Distancing, the wearing of mandatory face masks, and the usage of other personal protection equipment were implemented. Most economic operations were negatively impacted as a result of this crisis, putting small and medium scale industries in a difficult position. The daily wage earners were the hardest hit, and the government responded with a slew of relief measures to help them stay afloat.

Although the government's pre-emptive actions were successful in the early phases of containing the spread to identifiable clusters, control was projected to reach a good level by early May, allowing normal activities to resume. However, because to the pandemic's rapid spread, the number of infected cases continues to rise, making it difficult to determine when people's movements will return to normal. However, according to health officials, the virus's transmission is now limited to identified clusters in quarantine centres and some security officers who were participating in operational actions, and the infection has not been socialized. Some districts were unaffected, and economic activity resumed upon the lifting of the curfew. A positive feature in this circumstance was that the agriculture industry was able to continue operating without too much difficulties. The primary subsectors affected by the COVID epidemic, with a focus on small and medium scale industries, are detailed further down. It's worth mentioning that most small and medium scale industries in Sri Lanka are concentrated in these subsectors.

Tourism Industry

The tourism industry's revenue in 2019 was US\$ 3.59 billion, down from US\$ 4.38 billion (4.9 percent of GDP) in 2018, a reduction of US\$ 0.79 billion owing to the Easter Sunday attack. The outbreak of COVID-19, as well as the closure of the Sri Lankan border for foreign passenger arrivals in mid-March, global travel restrictions, and the eventual closure of the Air Port, have resulted in massive losses, on top of the revenue loss experienced last year following the Easter Sunday attacks. Tourist arrivals decreased by 6.5 percent, 17.7 percent, and 70.8 percent in January, February, and March 2020, respectively, and might reach nearly 100 percent in April. According to a survey conducted by the Sri Lanka Tourism Development Authority in 2018, there are 3,926 establishments catering to tourism employing a total of 169,903 people, with indirect employment in the value chain such as handicraft trade, gems and jewellery shops, liquor shops and laundries, etc. estimated at 219,484, bringing the total to 388,487. The indirect employees are largely from the small and medium scale industry sector, and the COVID outbreak would have had a significant impact on them. Once the worldwide COVID threat has passed, it is predicted that it will take at least six months to achieve a suitable state.

Apparel Sector

Around 300,000 people work in the garment industry, with another 100,000 working in small and medium businesses. In addition, there are a considerable number of people working in the informal industry, producing clothing mostly for the local market. When indirect employment is taken into account, it is estimated that this sector employs about 600,000 people in the country, with women accounting for over 80% of the workforce. More than 75% of this sector's exports go to the United States, with EU countries coming in second. The small and medium scale industry sector uses the Generalized Scheme of Preferences Plus (GSP+) benefit to cater to the EU market, whereas large-scale manufacturing caters to high-end retail chains mostly in the United States. Orders are being cancelled, and some textiles are in cut shape, according to the makers, and some importers are not paying their bills. The Small and Medium Garment Exporters Association, which represents 80 manufacturers and is believed to account for 30% of overall exports, asserts that they are the hardest hit due to a lack of operating capital. In addition to the foregoing, the majority of small and medium scale industries in the apparel sector rely on textiles and accessories from China, and the interruption of the supply chain has had a significant impact on them. The micro level clothing makers also get their raw materials

from wholesalers that import the items in bulk, primarily from China and India, and the breakdown of their supply chain, along with the curfew's restrictions, has rendered them practically dormant.

Footwear and Leather Sector

The extremely labour-intensive footwear industry definitely has the potential to be a big contributor to the country's economy. In the footwear industry, value addition ranges from 35 to 45 percent. Approximately 40,000 people are employed directly and indirectly by the industry, which includes 10 large enterprises, 30 medium-sized companies, and roughly 3000 small-scale producers. Modern shoes, such as canvas and rubber boots, thongs, sports shoes, leather shoes, and so on, are made from a variety of raw materials. Genuine leather, produced locally from a by-product of the meat industry, is the principal raw material in the small and medium scale industry Footwear and Bags sector. In 2018, this sector's export revenue was US\$ 119 million. Working capital, supply chain breakdowns, and marketing concerns are all prevalent problems in this industry.

Processed Food Industry

In terms of production, consumption, export, and growth possibilities, the processed food industry in Sri Lanka is one of the most promising. Dehydrated Fruits & Vegetables, Processed Gherkins & Cucumber, Herbal Tea, Frozen Meat, Sauces, and Tomato Ketchup, as well as prepared foods like Ambul Thial, Katta Sambol, and Dried Sprats. There are more than 110 manufacturing and marketing enterprises in the industry. The industry's export value was close to \$400 million in 2016, accounting for around 4% of total goods exports. The sector employs more over 2 million people, according to the Export Development Board, and it accounts for almost 40% of all micro, small, and medium businesses in the country. As people's lifestyles change, more supermarkets are opening, creating new opportunities for Small and medium Enterprises to supply value-added agricultural products and processed foods. In the recent past, a large number of entrepreneurs with creative ideas have entered this subsector. They've been mentored by National Enterprise Development Authority and Industrial Development Board, and many entrepreneurs have benefited from and are being supported by various government, ministry, and non-governmental organization programs that have shown favourable results. The COVID virus epidemic was a major setback for them at this point of development.

Handloom and Handicraft Industry

Many rural people, particularly women, rely on the traditional handloom and artisan industries for a living. In the absence of accurate data, it is estimated that around 10,000 handlooms are run by private sector entrepreneurs, provincial governments, and cooperative groups throughout the country. While the majority of handloom fabrics are produced for the domestic market, there are a few well-established companies who cater to the international market. The handloom business relies heavily on yarn imported from India, and if supplies are restored, it will be able to continue. The local market for handcraft products is small and primarily serves the tourism industry. The Easter Sunday attack had a significant impact on this market, and it was just beginning to recover when the COVID 19 danger arrived. They don't have any issues with raw materials or keeping production going, but selling the items will be a major challenge. This trade is primarily carried out by rural people, who rely on abilities passed down through generations. Because the Sinhala and Hindu New Year's coincide in mid-April, the Vesak and Ramadan festivals fall in May, the biggest demand season for handloom and handicrafts products in the local market is from March to May. During this period, entrepreneurs produce stocks to cater to the primary festival season, and they usually make profits or recover their losses. They are in a hazardous situation as a result of the COVID 19 threat, which began in mid-March.

Other Industrial Thrust Areas

Small and medium industries in the subsectors of rubber and plastic, wood-based industry, and ceramics use largely local raw materials and will not face substantial supply chain issues, with the exception of particular items such as chemicals and equipment. The primary region of completed rubber product exports, which accounted for US\$ 768 million, is made up of large and small businesses (2016). The plastics sector employs 400 people and caters to both the international and domestic markets. Exports were harmed, and the loss of marketing possibilities during the peak demand months of March and April exacerbated the problem. Metal products and machinery, boat building, automobile and transportation equipment manufacturing, electrical and electronic manufacturing, and pharmaceutical and cosmetics manufacturing will all confront similar challenges. Once the mobility restrictions are relaxed, there may be additional chances in the pharmaceutical and cosmetics industries due to limited imports.

Chapter 2

METHODOLOGY

This study is based on exploratory-descriptive research design. As the Commercial Entities in Sri Lanka needs to be explored holistically, the exploratory-descriptive method of study was found to be very suitable for carrying out the study. The primary data for the study was collected by using interviews. The population for the study was the Professionals of Local Enterprises. For the qualitative study the sample was taken using the Judgemental Sampling Method and Convenience Sampling Method as the Non-probability Sampling Techniques. A sample of seven professionals was selected based on the judgement and convenience to contact representing the fields of Health sector, Tourism, Engineering, Business, Marketing and State relations. Online interviews with these seven professionals representing various commercial fields were conducted using several virtual platforms. The sample size was small because of limitations created by COVID-19 pandemic situation and due to the social restrictions imposed, it was not possible to meet professionals personally to get responses. The professionals had various academic and professional backgrounds where the researchers could easily find holistic approach to their topic. The researchers analysed each participants interview responses using content analysis technique and categorised the themes/factors that emerged under suitable headings using the coding method. As stated by Wilkinson and Birmingham (2003), “where regular key themes have been identified there may be some quantitative analysis provided, in terms of the number of times a key theme occurred”. The Secondary Data was collected using Research Papers, Journal Articles, Books, Official Websites, Official News, Press releases, etc. The statistical reports were extracted from the Central Bank of Sri Lanka - Annual Reports.

Chapter 3

DISCUSSION

1. The Spread of COVID-19 in the local context – Origin to present day

The SARS-CoV-2 virus of the COVID-19 pandemic, that is presently devastating the entire world, had been active since late 2019 when its pathogenic potential exploded full force in Wuhan. The first patient was confirmed in Wuhan on Dec 1st 2019 (Platto et al., 2021) from there onwards the virus started to spread first in China and then gradually all over the globe transforming into a global pandemic. In Sri Lanka, the first confirmed case of COVID-19 was reported on 27th January 2020. The infected person was a Chinese national who had arrived in Sri Lanka as a tourist two weeks prior to the reported date (Amaratunga et al., 2020). On 19th February 2020, the first confirmed patient was fully recovered and discharged from the NIID. There were no other confirmed cases reported in the country until a tour guide working with Italian tourists was diagnosed with the virus and thus, identified as the second confirmed case [also the first locally acquired case] on 11th March 2020 (Corona Virus 2020 / 2021, n.d.). By 31st March 2020, the total number of confirmed cases in the country had increased to 122 reporting 2 deaths. By 31st July 2020, the number of COVID-19 cases in Sri Lanka had escalated to a total of 2814, including 951 imported cases constituting returnees from other countries, and 1833 local cases. The majority of local cases constituted individuals from the Sri Lanka Navy and their close contacts (Amaratunga et al., 2020). On 23 October 2020, 609 new COVID-19 cases were reported. This became the highest number of new cases in a single day in Sri Lanka to that date. It included cases from 48 Quarantine Centers. The total case count rose up to 6,896. As of right now Sri Lanka is struggling with the third wave of the virus with the rapid spread in the delta variant of the virus. According to SLMA (Sri Lanka Medical Association) All hospitals that provide services for the care of COVID 19 patients have exceeded their full capacity and are left with no vacant beds available for any new COVID 19 patients (Sri Lanka : Sri Lanka Medical Professionals Urge President to Lockdown the Country for Two Weeks, n.d.). Despite the ongoing accelerated vaccination process the number of cases have been on the rise and the country might be on the brink of another complete lockdown. According to the weekly report issued by epidemiology unit of Sri Lanka as of 17.08.2021 there have been 6 clusters. The cluster and the respective infected counts are as follows Navy

and their close contacts 950, Kandakadu cluster and their close contacts 651, minuwangoda cluster 3059, fish market cluster 82785, prison cluster 7975, post new year cluster 259369. The total number of infections have amassed to 362074 and the total number of deaths to 6263. (2021). The situation is expected to become worst in the coming weeks and the country forecasted to face nearly 12000 deaths by the end of November(COVID-19, n.d.)

2. The steps which have been taken to prevent COVID-19 in local context – SLMA recommendations and Government Regulations

The first case of COVID-19 in Sri Lanka was found on 27th January 2020. Though the country was able to battle that, again as waves the country was affected by covid-19. Now the third wave has begun with the introduction of delta variant. The number of deaths has passed 6000 and it seems to be a great impact on the country. From the beginning of this pandemic, there was a great effect on the economic of Sri Lanka. It was clearly proven by the statement issued by the Governor of the Central Bank of Sri Lanka at an urgent meeting held on 16th March 2020. At that meeting, it was stated that the monetary board had decided to reduce policy interest rates by 25 basis points and the statutory reverse ratio by one percentage point as a proactive measure to support economic activity with the spreading of Covid – 19.

The Government and various other responsible institutions and person announce various steps, rules and regulations to be followed by the public in order to face this pandemic in an effective way. The Government announced some rules and regulations to be followed by the public at workplaces and other places by an extraordinary gazette published on 15th October 2020. They were listed in the chapter 222 under the topic quarantine and prevention of diseases ordinance. Wearing a mask, maintaining social distance and conducting self quarantine for suspected people were the main precautions given to the public. The institutions were advised to conduct the operations using a minimum number of employees not exceeding the permitted number. All of them should wear masks, maintain social distance. The authority in charge of employees' welfare in the institutions should ensure that the facilities for hand washing, recording details for the people who enters the institutions are available for all the time. The body temperature of all the people who enter the institutions should be checked at the entrance.

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The Epidemiology unit published an announcement on 15th March 2020 including guidelines to be followed at workplace. According to it, those institutions should encourage their employees to maintain good hand hygiene and other precautions to prevent COVID-19. The institutions should ensure the cleanliness and hygiene of the workplace to promote good respiratory hygiene. They are advised to minimize overseas travels, meetings and events by their agents and other employees and to use other methods to fulfil their business objectives. As a preventative method the government started a vaccination programme all across the country. As those vaccination centers in MOH were getting overcrowded, the ministry of health declared to set up vaccination centers in hospitals other than in MOH offices by a letter published on 26th June 2021. The vaccines that are given are sinopharm, Oxford–AstraZeneca, Pfizer–BioNTech, Sputnik V, Moderna.

On 16th July 2021, the ministry of health imposed new rules and regulations to be followed at religious places. It includes measures to prevent overcrowding and measures to maintain social distance, good ventilation, hand washing facilities and regular housekeeping practices. Those who are attending to those places are advised to wear the masks properly and to avoid those places if slightest symptoms are available. As the number of patients are increasing, the ministry of health has established a home based isolation and management system and it was announced by a letter on 4th August 2021. The main objectives of this programme were to detect the patients who need early hospital admissions, to provide patient centered safe homecare, to reserve of hospital Cain for symptomatic ill patients and to reduce the unwanted hospital admission.

On 11th August 2021, the ministry of health announced new quarantine measures for the travellers from overseas. According to it, the travellers of 2 years and above should have a negative covid-19 PCR test report in English done with in 72 hours prior to embarkation. There are separate quarantine measurements for travellers from India. If they are fully vaccinated, their minimum quarantine period is upto 10 days. If they are not vaccinated or incompletely vaccinated, their quarantine period is upto 14 days. After the quarantine period both types of above travellers should face for the PCR test. In this document, South American countries and South African countries are named as travel restricted countries. Only Sri Lankan citizens, dual citizens valid resident visa holders, foreign national staff members with diplomatic /UN/official

passport and foreign nationals invited by the Sri Lankan government are allowed to enter the country from the above travel restricted countries.

Dr. Padma Gunaratne, the chairperson of SLMA, held a media conference on 16th August 2021 to provide various protective guidelines to the public. During that meeting she said, “Given by Ministry of Health, over last week, there had been 24,000 reported cases of Covid 19. When compared to the one before the week, this had been a 34 percent rise”. She highlighted some precautions during this conference in order to minimize the reporting cases. According to her, the people are advised to stay at home as much as possible. People are advised to try out work from home without going to the workplace. If they have to go for the workplace, the time duration at that place should be minimized as possible. All the people should avoid gatherings like weddings, funerals, market, crowded bus etc. If someone of the home has to go out for a necessary reason, it is better to be a person lesser than 50 years old, fully vaccinated. Although the people are fully vaccinated or not, she highlighted to follow up the health guidelines in order to prevent contract with Covid 19. Further she stated that SLMA together with ministry of health, Mobitel and Suwaseriya has started a free service to answer the problems related to Covid 19 as a solution for the saturation of hospitals. The government’s policy is to increase vaccination and keep the country open to allow economic activity and it seems as a negating of medical professionals ‘advice. The government states that around 95 per cent of the over 30 population have been given at least one jab. The under 30s are also to be vaccinated soon.

3. Implementation of New Marketing Mix Strategies to Adopt New Normal in Local Production and Service Sector

In Post-COVID scenario, to restore the margins and regain the lost production, industries are likely to increase their production leading to a quantum jump in the pollution levels (Mukherjee et al., 2020). All economic stimulus needs to be tied down with the stringent reduction in the emission norms (Mukherjee et al., 2020) There are so many local services and productions. When we are talking about the tourism, the governance of the tourism industry must be able to optimize marketing strategies by making full use of the various advantages of information communication technology that will be very dominant in all sectors of activity which will thus be able to adapt to various global economic and business restructuring.(et al., 2020) all components of the tourism industry both government, hospitality, travel businesses, tourism

objects and various other supporting institutions as a whole must be able to have protocols as a standard that must be adhered to in providing services and services in all sectors of the tourism industry.(et al., 2020)

Using advanced technology is not enough to create a memorable experience without physical interaction between service providers and customers. (Awan et al., 2020) We round off the study with an examination of social policy changes under COVID-19 to assess how the efforts track against a recovery to business-as-usual economic normalcy or a new normal that reprioritizes social policies and the economy. The scope of change is high(Yap, 2020) Under the increasing recurrence of crises and shocks, systems and organisations are becoming obligated to develop resilience.(Brouziyne, 2021) To succeed in this task, a high level of agility is required across all components of its value chain.(Brouziyne, 2021) Specific leadership and mechanisms should be set up to increase the system's agility in responding to the consumer habits.(Brouziyne, 2021) Digitalization can also be a driver of both resilience and agility if adopted across the whole value chain.(Brouziyne, 2021) Where people ultimately have to live side by side with the threat of covid19. Activities in various sectors by implementing health regulatory protocols, one of which is the reduction of physical contact.(Fanida et al., 2020) In the business sector, the government and local governments encourage changes in the implementation of business models and businesses from offline to online. e-commerce or marketplace(Fanida et al., 2020)

4. Impact on the Local Entrepreneurs and New Entrepreneurial Opportunities developed through the pandemic

Facing a pandemic can be challenging, and it is not only a sanitary and health crisis. There is a provoking of unpredicted downturn of economy happen during a pandemic (Rashid & Ratten, 2020). Being the most primal link of the economy chain entrepreneurs must face major challenges during a pandemic (Indika & Abeysiriwardena, 2021). They have level up to meet the newly emerging desires of public and new business models need to be implemented to meet the logistic demands. Facing a pandemic can challenging, during a pandemic situation technology plays a very important role. When entrepreneurs are directed towards technology to meet their requirements the business venture starts to perform (Indika & Abeysiriwardena, 2021) According to(James & Navaneethakrishnan, 2020) material shortage, decline of product and service demand, difficulties to repay the loan interest, cancellation of orders dire cash

deficit, lack of savings, high cost in maintaining health guidelines and limitations to recall employees back to work can be considered as negative consequences of COVID-19 towards enterprises. Though there is a direct impact from pandemics towards the economy the entrepreneurs who managed to adapt and tried to upkeep with the technology could be able to survive and in exceptional cases performed exceptionally during the pandemic (Rashid & Ratten, 2020)

5. Impact on tourism related entities in Sri Lanka

Sri Lanka tourism has continued to increase at a two-digit rate, both in terms of international tourist arrivals and tourism earnings, since the end of the war (Weerathunga, et al., 2020). Last year, the business's rapid rise was slowed by the Easter Sunday Attack, which cost the industry \$1.5 billion in tourism earnings (De Silva, 2019). However, due to the untiring efforts of the Government, security forces, Sri Lanka Tourism Development Authority (SLTDA), and Sri Lanka Tourism Promotional Bureau (SLTPB) Sri Lanka tourism was quickly able to recover. The current COVID19 pandemic has once again highlighted the tourism and hospitality industries' vulnerability to exogenous shocks. Thousands of tourism service establishments, range from blue chip companies to beachside souvenir sellers, have now entered an unprecedented period of zero revenue, leaving industry stakeholders perplexed as to what steps to take next. As a result, the goal of this paper is to inform tourist stakeholders about the problems and opportunities that may arise following COVID19 (Samarathunga, 2020). According to SLTDA statistics in 2018, the tourism industry directly employed 169,003 individuals and indirectly employed 219,484 people. (SLTDA, 2019). Due to the closure of hotels and restaurants, airlines, travel agency, tourist stores, and other businesses, the vast majority of these workers are currently unemployed. This has had a significant impact on the households who rely solely on tourism for their livelihood. Tourism investors, on the other hand, are experiencing financial difficulties as a result of their inability to maintain sufficient cash flow to pay off debts, pay salaries, and do other necessary property upkeep. Issuing loan moratoriums for recognized essential sectors, such as tourism, might be seen as an attempt to protect the industry against this backdrop (Samarathunga, 2020).

6. State contribution to support local enterprises during the pandemic

Covid-19 virus outbreak is a global pandemic that originated in Wuhan province, China. COVID-19 has caused a massive health crisis and devastating effect on worldwide economies and manufacturing industries. Due to this pandemic situation, supply chain disruptions occurred in the local enterprises in Sri Lanka, which has created a butterfly effect on every other industry, (Kavindi, et al., 2021) (Kavindi, et al., 2021) With this situation most of the economic activities were badly affected causing to local enterprises to undergo severe hardships. But state offered several relief measures for their sustainability such as Concessions for Existing Performing Loans, New Working Capital or Investment Purpose Loan, Samurdhi Welfare Programme and Concessions for Existing Performing Loans etc.. (Gunawardana, 2021) As an example let's take processed food industry With change in life time, more supermarkets are opening online delivery systems, creating new opportunities for local enterprises to supply value-added agricultural products and processed foods and new employer. In the recent past, a large number of entrepreneurs have entered this subsector with great success. Thoughts that are unique. (Gunawardana, 2021) Not only that If we take Apparel sector The Micro level garment manufacturers also obtain their raw material from wholesale agents who import the items in bulk also mainly from China and India and the breakdown of their supply chain. But the actions took by the government have again made them active. (Weligodapola H. W. M.C, 2021) According to above points we can recognize the contribution of state to support local enterprises and decisions that they have taken by considering local enterprises during COVID19 situation.

7. Effects on the Engineering and Construction related firms

The SARS-CoV-2 virus of the COVID-19 pandemic, that is presently devastating the entire world, had been active since late 2019 when its pathogenic potential exploded full force in Wuhan after that world construction field faced to so many problems “property market is a direct barometer of economic growth. If there is economical growth, political stability and investment ,prime real estate will always have a demand wherever in the world”(pravir samarasinghe et al. 2020). “Affordability is a very important aspect in sri lanka and the fact that it is not affordable to most. If you take the construction cost in sri lanka it is approximately 30-35% higher than south Asian countries on average this could be the high dependency and

high tariffs on imported construction materials” (pravir samarasinghe et al. 2020). “prepare for increased liquidation and renegotiation of contracts ,work on restructuring to weather the storm , adjust your strategy to new normal of much smaller markets in some countries ,consider if the crisis can be used as a catalyst to rethink how work is done and to accelerate adaptation of digital capabilities”(Javier parade global sub sector leader et al.2020). Construction firms in the UK can breathe amid COVID-19 as the government announced the ‘reverse charge’ for Value added tax (VAT) payment for construction services pushed back to March 2021 from October 2020 (CIOB, 2020b). The public construction sector is one of the few industries that have been maintained (to some extent) in this COVID-19 pandemic (Kale, 2020). In the short term, activity is expected to continue., Gumble (2020, p. 18) stressed that “as a society and as an industry, we will not be the same when this is over. We’re adapting to working differently quite successfully (my steep learning curve with Skype notwithstanding!)”. This indicates that the virtual environment will be more integrated into our construction activities as a “new normal” and there will be more flexibility of working due to adaptation of these technological tools. Gumble’s (2020, p. 18) statement is also supported by Kale (2020) stating that “I suspect there are many office-based construction roles that can be done at home, and this period is likely to have proved that such flexibility is viable and should be more widely accepted”.

8. The Technological Role to support Local Enterprises during the pandemic

The fundamental role of information and communication technologies is to facilitate business transactions and communicating relevant information to decision-makers. The DeLone and McLean’s Information System (IS) Success Model is a widely applied framework for new information technology adoption since its publication in 1992 (DeLone and McLean 2003). The model identifies and describes the relationships among six critical dimensions of IS success: information quality, system quality, service quality, system use/usage intentions, user satisfaction, and net system benefits.

Information quality

Information quality captures the quality of content that the system presents.the content of an information system should be personalized, complete, relevant, and easy to understand.

System quality

System quality refers to the desired features of a typical information system, including usability, availability, reliability, response time (e.g., download time), and adaptability. During

the pandemic, live-stream conferencing and remote working becoming more common for both hotels and their guests. According to the interviewees, the improvement of system quality is one of the key factors for operation efficiency and guest satisfaction. Technologies of 5G and Wi-Fi are introduced to improve the system quality.

Service quality

Service quality refers to the overall support delivered by the service provider, which applies regardless of whether the support is delivered by the IS department or a new organizational unit or is outsourced to other service. During the pandemic, hotels are employing AI technology and Robots to improve their service quality.

Chapter 4

CONCLUSION

Commercial Entities play very important role in both developed and developing countries. Their importance is reflected by the sheer number of establishments, generation of employments, contributing to the GDP, embarking on innovations, stimulating of other economic activities etc. Having understood the positive impact of Local Enterprise development on economic growth, many countries are putting a lot of efforts to develop this vital sector. In Sri Lanka too, successive governments have taken various steps to develop local enterprises since independence. But the contribution of local industries to the national economy in Sri Lanka is still low when compared with the other developed and developing countries in the region. Therefore, there is an urgent need to further improve the inherent capacities and capabilities of these industries to be efficient suppliers. In order to bring this sector to that position, the role that the government has to play is very important. First of all, it should have a national policy on Commercial Entities. In order to formulate a national policy, it should recognize the importance of facts such as having a clear definition for local enterprises, expanding institutional support, giving incentives, assistance and tax concessions are imperative. Further, creating an inter-industry linkage and establishing funding institution such as Enterprise Development Bank who provides seed capital to enterprises at lower interest rate and which has easy access are very important. Finally, in a broad perspective, it is imperative to change the curricular to give impetus to entrepreneurship through general, technical and vocation education in Sri Lanka. However, COVID-19 is here to stay longer than expected. Adaptation to the new normal can be seen as the only survival out of this maze. Therefore, analysing the after effects on Local Commercial Entities is a vital need of today in order to stabilize the Sri Lankan Economy.

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