

# **Crisis and Countermeasures of Private Small and Medium-Sized Enterprises from the Perspective of Human Resource Management under the Epidemic Situation**

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**Abstract:** For a long time, many enterprises only pay attention to profits, turnover and market value. After this epidemic, enterprises, especially private small and medium-sized enterprises, have to pay attention to their own safety and health, such as the health of employees, the safety of production, the safety of capital chain, supply chain and production chain. The outbreak of COVID-19 has brought severe challenges to China's economic development, and the operating environment of private small and medium-sized enterprises has become worse due to the epidemic. How to find opportunities in the crisis is the key to the survival of private small and medium-sized enterprises. In response to the crisis, the human resource management of private small and medium-sized enterprises must be adjusted accordingly to face pressure and challenges. Therefore, from the perspective of enterprise human resources management, the author puts forward the strategies for private small and medium-sized enterprises to cope with the development crisis under the epidemic situation.

## **1. Introduction**

The short-term impact of the pneumonia epidemic in COVID-19 on the economy can not be ignored, but it is difficult to measure it quantitatively. Many experts have given the prediction [1]. From a macro point of view, the sharp drop in demand and production will have a significant impact on investment, consumption and export, and may bring about rising unemployment and rising prices in the short term. Small and medium-sized enterprises are an important part of the real economy and an important support and source of vitality for national economic growth. Stabilizing private small and medium-sized enterprises will stabilize employment and stabilize the basic disk of China's economy [2]. However, under the influence of the epidemic situation, the restriction of private small and medium-sized enterprises' own funds will, to a great extent, cause the enterprises to fall into the dilemma of survival and development, which urgently needs government support.

With the gradual improvement of China's socialist market economy system, as an important microeconomic subject in the modern socialist market economy system, the personnel management system of private small and medium-sized enterprises must be continuously reformed to meet the needs of the socialist market economy [3]. We must admit that the epidemic has a great impact on China's economy and bear the pressure in this regard; We should also be soberly aware that the fundamentals of China's economy will continue to grow. In the face of difficulties, some large enterprises take the initiative to help small and medium-sized enterprises overcome the difficulties and tide over the difficulties. A whole industry, industrial chain upstream and downstream enterprises help each other warmly.

## **2. Difficulties Faced by Private Small and Medium-Sized Enterprises under Epidemic Situation**

### **2.1 Enterprise Capital Chain is Tight**

At present, the most serious problem faced by private small and medium-sized enterprises is cash flow pressure. First of all, enterprises still have to bear fixed expenses such as rent and loan interest during the period of delaying the resumption of work; Secondly, the policies introduced in some areas clarify that enterprises should pay corresponding wages in the stage of delaying the resumption of work; At the same time, enterprises need to spend extra protection costs to buy a large number of disinfection water, masks, thermometers and other epidemic prevention materials. Small and medium-sized enterprises will also suffer from multiple tests and pressures such as liquidity, loan term and loan cost, which will further worsen their own operating conditions, resume work and resume production, and get financial support “more slowly” [4].

In the first quarter of 2020, due to the impact of the epidemic, it brought a relatively big impact on all enterprises.

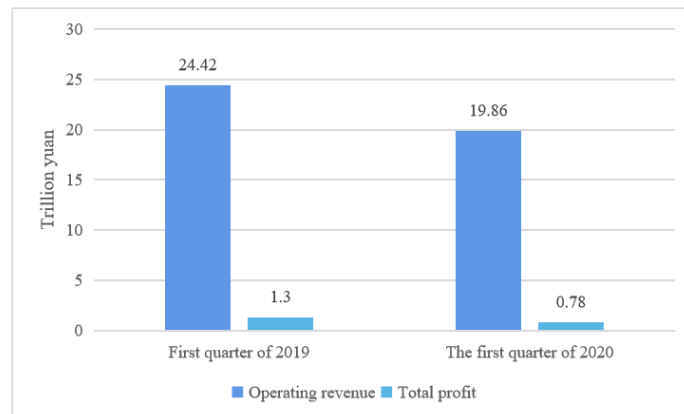


Fig.1 Impact of the Epidemic Situation in the First Quarter of 2020 on the Revenue of Industrial Enterprises Above Designated Size

It can be seen from Figure 1 that among industrial enterprises above designated size, according to the original data, the operating income decreased by 18.7% and the total profit decreased by nearly 40%, which is reflected by the original data. From the perspective of raw data, we can more truly see the problems faced by enterprises, especially private small and medium-sized enterprises.

Only by ensuring cash flow can we ensure competitiveness. In the face of the epidemic, to achieve this, we must challenge the limit to reduce costs. To reduce expenses, divest bad businesses, eliminate losses and lack of quality growth, some businesses that have not yet generated value can be stopped first, and loss-making businesses must be stopped [5].

## 2.2 It is Difficult for Employees to Return to Work

The impact of the epidemic makes it difficult for market-oriented financial institutions to objectively assess the resumption of work and future development of all clients in a short period of time. The impact of the whole chain makes them “overwhelmed”, and some financial institutions may also bear the losses caused by the impact of the epidemic for a variety of reasons, so they need their clients to make up for it in the future, which makes it “more expensive” for some small and medium-sized enterprises to obtain financial support in the medium-and long-term recovery [6]. On the one hand, a large number of employees who returned home for the New Year could not return to their posts in time, which caused the enterprises to encounter shortage of manpower at the early stage of returning to work. In addition, the management ability of private small and medium-sized enterprises is low, and they can't meet the requirements of resuming work in a short time. Their start-up is limited by the progress of epidemic prevention and control, and there is great uncertainty. On the other hand, when employees return to work, there is a risk of cross-infection by public transportation, and they still need to face 14 days of home or centralized isolation medical observation after they arrive at work. The living expenses and prevention and control materials expenses incurred during this period increase the burden on employees, resulting in a decline in the willingness of some employees to go out to work.

### 2.3 Logistics Transportation is Blocked

The circulation of production factors such as raw materials and labor was blocked, and the normal business activities such as logistics, production, sales and payment collection were seriously interfered, and enterprises stopped production and reduced production. Affected by the epidemic, the transportation system of agricultural products is slow, and some local agricultural products are unsalable. Some e-commerce platforms have opened green channels for public welfare to help farmers quickly solve the problem of unsalable agricultural products [7]. Although the existence of these small and medium-sized logistics enterprises makes up for the lack of flexibility and innovation of some large-scale logistics enterprises, it plays an optimization and upgrading role in promoting employment and adjusting the logistics industrial structure.

In order to control the spread of the epidemic, local governments have closed management, blocked a large number of township roads, set up epidemic checkpoints in traffic fortresses, and implemented 24-hour uninterrupted epidemic prevention inspection for people and vehicles entering and leaving. Logistics transport vehicles may be unable to pass the traffic restrictions of checkpoints due to their own licenses in different places. Even if they meet the traffic requirements, they need to queue up for strict inspection, which reduces the coverage area of logistics transport and reduces the transport efficiency. Moreover, the employees of logistics and transportation companies also face isolation after returning to their posts, and the shortage of labor intensifies the pressure of logistics and transportation. In an epidemic situation, we need clear direction judgment, strong enough courage, ability to resist risks, and more rational decision-making. If we can find a clear direction in the crisis and increase investment, the growth will be incalculable.

### 2.4 Uncertain Factors Have Increased

As we all know, in the first quarter, the operating income and total profits of all industrial enterprises and industrial enterprises above designated size have dropped by a large margin. We can see from Figure 2 that the operating income of private enterprises has dropped by 16.1%, the profits by 28.1%, the total losses by nearly 50%, and the loss area has further expanded. Compared with the same period of last year, the loss of private enterprises increased from about 20% to more than 31% in the first quarter of 2019, which means that nearly one third of private enterprises are losing money now, and this situation can generally reflect the current situation faced by private SMEs.

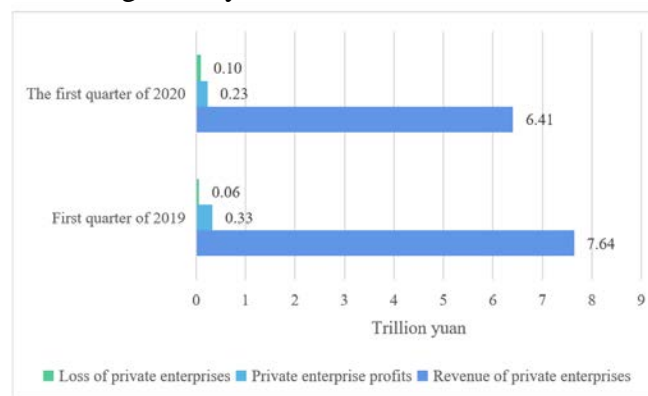


Fig.2 Impact of Epidemic on Private Enterprises

The pneumonia epidemic in COVID-19 is a typical unexpected impact, which has two obvious characteristics: First, it has a significant negative impact on the economy in the short term, and the economy will rebound as time goes by without other external forces. Second, the negative impact on specific regions, industries and groups is particularly prominent. These two characteristics determine the need to adopt some unconventional policy countermeasures. Under the dual influence of the panic caused by pneumonia in COVID-19 and the prevention and control measures of the epidemic situation, the demand for consumption, tourism, catering and entertainment in overseas countries has been greatly reduced, which has caused a huge impact on the export business of private small and medium-sized enterprises in China, and the business situation has deteriorated

sharply [8].

### **3. Coping Strategies of Private Small and Medium-Sized Enterprises from the Perspective of Human Resource Management**

#### **3.1 Human Resource Management is Closely Integrated with Enterprise Strategy**

The overall planning of human resources should be closely integrated with the enterprise strategy, meet the needs of enterprise management, and combine long-term, medium-term and short-term human resources planning. Human resources should be integrated into the strategic planning framework of enterprise's long-term development. Under the guidance of enterprise objectives, business strategy and core values, it should be closely integrated with enterprise's organizational structure and cultural construction. The talent resource management plan needs to scientifically set the content of recruiting employees, so that private small and medium-sized enterprises can find the talents they actually need with the fastest speed, reduce the investment in talent recruitment, and enhance their own ability to adapt to the market; Through the planning, policy and management practice of human resources, we can obtain the allocation of human resources with competitive advantage, so as to enhance the core competence and competitive advantage of enterprises, and make human resources management truly become the strategic partner and supporter of enterprises.

#### **3.2 Private Small and Medium-Sized Enterprises Realize Transformation and Self-Help**

Private small and medium-sized enterprises should make full mental preparations, predict the business crisis caused by COVID-19 epidemic, and strive to achieve self-rescue. On the issue of funds, it is suggested that enterprises pay attention to the preferential policies issued by commercial banks, the Ministry of Finance and tax authorities. All banking institutions increased their support to small, medium and micro enterprises to ensure that the credit balance of small, medium and micro enterprises in 2020 is not lower than that of the same period in 2019. For small and micro enterprises that are greatly affected by the epidemic and have prospects for development but are temporarily trapped, they are not allowed to blindly take out loans, cut off loans or suppress loans. In good times, most enterprises habitually use “opponents” to arrange their own business activities, while in crisis, as long as you do yourself well, you will live, and enterprises must find ways to find their own solutions. Enterprises that dare to face the crisis, respond quickly and activate themselves will get a special development opportunity.

#### **3.3 Model Innovation**

In the crisis, survival is the key, and one of the ways to survive is model innovation. Business model, operation management model and working model all need innovation. The Chinese government should strengthen communication with private small and medium-sized enterprises, understand the current difficulties faced by employees, and prescribe the right medicine according to different situations. Introduce high-end industries and advanced manufacturing industries in a standard and selective manner, and give priority to the development of high-end manufacturing industries such as 5G, cloud computing and intelligent manufacturing. We should also start with the long-term strategic development of enterprises, increase investment in training business knowledge and management personnel, and cultivate a group of compound talents with high quality, strong ability and excellent business, so that they can become the backbone of enterprises to enhance their competitiveness and seek long-term development.

#### **3.4 Strengthen the Cultural Construction of Enterprises and Improve the Cohesion of Employees**

The true corporate culture is the natural embodiment of the core values, development strategies and behavior patterns of enterprises. Therefore, private small and medium-sized enterprises in China should establish clear and appealing core values. Enhance the cultural soft power of the enterprise, and at the same time, closely contact the strategic objectives of the enterprise and the personal objectives of the employees, so that they can be organically unified, and finally meet the

requirements of the employees for their own career development planning. Under the epidemic situation, Chinese enterprises should play the role of “internal salary”, which not only makes the core employees more loyal and trusting to the enterprise, but also fully embodies the benefits brought by the knowledge mastered by the core employees through their participation in decision-making and management. Under the opportunity of industry reshuffle brought by the financial crisis, private small and medium-sized enterprises should start from the foundation, system management and basic management of enterprises, and make full preparations for long-term and arduous work, so as to gradually form the recognition of all employees, form a harmonious cultural atmosphere of enterprises, and form a good corporate behavior pattern and cultural set.

### **3.5 Improve the Training System and Improve the Quality of Employees**

Under the impact of the financial turmoil, there has been a wave of layoffs and pay cuts all over the world. For any employee, it will affect whether the enterprise is affected by the financial crisis. In order to make the small and medium-sized logistics enterprises develop rapidly, it is necessary to hire and cultivate talents with professional qualities. In order to better improve their business performance, private small and medium-sized enterprises should establish a perfect staff training system, and provide all employees with perfect career planning and development opportunities. Managers should understand the gap between employees' current functions and expected functions, that is, clear training objectives and detailed training objectives can enable enterprises to truly achieve strategic development.

## **4. Conclusions**

Under the epidemic situation, private small and medium-sized manufacturing enterprises need to identify two basic points, one is the integration and opening up of the internal value chain; The other is the effective utilization of external digital resources and government resources. Now it is in the late stage of the epidemic. If private small and medium-sized enterprises want to survive in the fierce competition environment, they should truly realize the importance of human resources management to enterprises, find out the existing problems in human resources management in time, and actively take concrete measures to solve them. With the help of mutual assistance from all walks of life and the support of a series of national policies to restore the economy and support the development of private small and medium-sized enterprises, the majority of private small and medium-sized enterprises are innovating ways and means to resume work, and on the premise of ensuring epidemic prevention work, resume work in an orderly manner to minimize the impact of the epidemic on the economy.

## **5. Acknowledgment**

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