

COVID-19 Management and the Effectiveness of Government Support of the Tourism SMEs in Phuket

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Abstract

Not only the major segments but also SMEs have provided economic significance to the tourism industry. However, the tourism industry was affected negatively by both the COVID-19 pandemic and the government regulations that were issued to limit the virus spreading of the virus. However, SMEs have different characteristics in terms of managerial structures, business size, and financial capability, so the impacts of the pandemic and their crisis management and responses are different from the large organizations in the industry. As well as government support which

was provided to the tourism sector to mitigate the crisis may result differently in the SMEs, compared to the large companies. This paper focused on tourism SMEs in Phuket with the aims (1) to determine the impacts of the COVID-19 pandemic on tourism SMEs, (2) to examine the crisis management of the tourism SMEs including the post-crisis plans, and (3) to identify the influential factors of the effectiveness of the government support on the tourism SMEs. The data were collected through semi-structured interviews with 12 respondents from local tourism SMEs. The result revealed the impacts including zero revenue, substantial income reduction, cash flow struggle, and asset deterioration. Several crisis responses were also determined but SMEs were reluctant to lay off employees or adopt online operations. As the post-crisis plan, SMEs debated the integration of the new normal procedures and denied switching to non-tourism businesses. The effectiveness of government support can be determined by factors including the interest rate and repayment plan, funds flexibility, accessibility, and follow-up process. Last, this research offers insights into the crisis management of tourism SMEs, and feedback for policymakers to improve the support.

Keywords: SMEs, Crisis management, Government supports, COVID-19, Phuket

1. Introduction

Before the World Health Organization (WHO) declared COVID-19 as a global pandemic in March 2020, Phuket's economy relied mostly on the service sector, which generated 94% of the Gross Provincial Product (GPP) (Office of the National Economic and Social Development Council [NESDC], 2019). Researchers have outlined the effects of the pandemic on the economy and international trade (Baker et al., 2020), and the tourism industry was one of the hardest-hit industries (Gursoy & Chi, 2020) because the tourism industry was not only affected by the pandemic but also the rules and regulations such as domestic and international travel restrictions, closing international borders, social distancing policies and public health preventions, forcing closed-down, and event cancellations (Baum & Hai, 2020).

Crisis management and responses to the pandemic have been recognised recently for the major segments in the tourism industry such as hotels (i.e. Yacoub & ElHajjar, 2021; Hoque et al., 2020; Pavlatos et al., 2020), and airlines (i.e. Serrano & Kazda, 2020). However, as a stakeholder in tourism supplies, small and medium businesses (SMEs) have been affected by both the pandemic and government policies, but their responses and management were unlike the major business segments because of their characteristics such as ownership and management structure, business size, and capital.

Since the tourism industry is important to the country's economy, government support was vital during a crisis for supporting businesses to resume their operations as soon as possible (Tse et al., 2006; Israeli et al., 2011; Kato & Charoenrat, 2018; Lai & Wong, 2020). However, government support has a limitation in terms of the generalization of the policies, so the effectiveness may not be fruitful to all stakeholders in the targeted industry. Therefore, the support may not properly reflect the optimisation of the use of the country's money.

Therefore, this research has established the following objectives (1) to determine the impacts of the COVID-19 pandemic on tourism SMEs, (2) to examine the crisis management of the tourism SMEs including the post-crisis plans, and (3) to identify the influential factors of the effectiveness of the government support on the tourism SMEs during a crisis.

This study has set the scope of study in Phuket because Phuket was the main tourist destination before the pandemic with more than 14 million visitors in 2018 (Tourism Authority of Thailand [TAT], 2020), generating 20% of the country's tourism revenue (Economics Tourism and Sports Division, 2019). Also, tourism SMEs were supported financially during the pandemic. However, Phuket has received less attention in crisis research (i.e. Fuchs, 2022), so this study raises academic attention to Phuket as a key tourist destination. Last, this study contributes to improving

the competitiveness of tourism SMEs as stakeholders in the Phuket tourism industry.

2. Literature review

2.1 Significance of SMEs in the service sector

Each country defines SMEs differently, and the Office of SMEs Promotion of Thailand defined SMEs based on two criteria which are annual revenue and the number of employments. The service businesses can be separated into three types: micro, small, and medium enterprises. Micro enterprises would have annual revenue of less than 1.8 million THB and employment of fewer than 5 people. Small enterprises would have annual revenue of less than 100 million THB and employment of fewer than 30 people. Medium enterprises would have annual revenue of less than 500 million THB and employment of fewer than 100 people (Office of SMEs Promotion, 2020). Economically, SMEs provided 31.6% of Thailand's GDP in 2020 and 46% of SMEs were in the service sector (approximately 200,000 businesses), which employed 3.3 million people and generated 36% of the SMEs' GDP (Office of SMEs Promotion [OSMEP], 2021a). In Phuket, there were approximately 10,000 SMEs (OSMEP, 2021b), which comprises 1.35% of the total number of SMEs in the country (The Phuket News, 2021).

2.2 Business restrictions during COVID-19

Several measures were implemented to control the virus spreading such as encouraging social distancing practices, urging to wear masks, and increasing public awareness of sanitation practices or handwashing (Royal Thai Government, 2020). Also, the government and other related authorities decided to enforce stricter measures such as suspension of non-essential activities, temporary closure of businesses (Royal Thai Government, 2020), suspension of all travelling in and out of Thailand (The Civil Aviation Authority of Thailand, 2020), curfew during night-time (Royal Thai Government, 2020). In Phuket, there were additional policies to scope down the affected areas such as travel restrictions across districts and sub-districts (Phuket Provincial Office, 2020).

However, as the situation improved, the Thai government decided to ease restrictions in May 2020 (Sirilak, 2020). Many regulations were announced to allow businesses to resume their operations, but the businesses needed to apply the new normal paradigm (see Bangkokpost, 2020; Phuket Provincial Office, 2020; Phuket Provincial Public Health Office, 2021). The new normal policies required businesses to equip themselves with more hygienic practices for re-opening including regular testing for COVID-19, customers temperature screening, the use of face masks, social distancing, regular cleaning, keeping one month of

surveillance camera footage to facilitate disease investigation, and using the Thaichana application for online visiting registration (Phuket Provincial Public Health Office, 2021).

2.3 Crisis management and responses

Crisis management is a multidisciplinary approach that has been defined in many different contexts and environments (Faulkner, 2001; Evans & Elphick, 2005; Coombs, 2019; Fani & Subriadi, 2019; Serrano & Kazda, 2020; Margherita & Heikkila, 2021). The crisis responses can be classified by their timing including pre-emptive, proactive, responsive, and reactive responses (Marker, 2020). The procedures of the crisis responses can be either linear (Coombs, 2018), or non-linear models (Jaques, 2007). However, previous crisis management research was limited to certain types of crises such as natural disasters, terrorism, disease (Laws & Prideaux, 2005), information technology (Buhalis & Law, 2008), social media, data security, and privacy (Zeng & Gerritsen, 2014). While the existing hospitality crisis research mostly focuses on the macro-level crises and overlooks the micro-level of crisis management of the service operation providers (Lai et al., 2018). Therefore, so the current crisis management caused businesses to not be able to foresee the consequences and fully deal with the COVID-19 crisis (Lai & Wong, 2020).

In responding to a crisis, previous research outlined the responses in the hospitality and tourism industry. As crisis preparedness, the financial plans could be prepared by including

all potential crises in the plan (Pavlatos et al., 2020). This response can ensure the sufficiency of funds to allow businesses to execute the crisis responses and realise the cash flow status including costs and target revenue. Cost-saving practices would be implemented to maintain the operation period and provide sufficient cash for business resumptions during a crisis (Niininen, 2013), however, it is needed to balance between business survival and employee morality in the cost-saving on employee-related expenditures. Instead of laying off, the suggested responses to the employees are, for example, voluntarily taking a vacation, changing operating procedures, stopping recruiting (Niininen, 2013), unpaid vacation, reducing the number of workdays, freezing pay rates, replacing highly paid employees with lower-paid, outsourcing, shift adjustment (Pavlatos et al., 2020), and postponing the payment (Lai & Wong, 2020).

Moreover, Kolb's experiential learning cycle (Kolb, 1984) explained that past exposures can support in dealing with similar situations. Thus, risk-handling experiences can affect crisis management and responses in service sectors (Jones & Comfort, 2020; Gao et al., 2021). However, the COVID-19 pandemic was incomparable to the previous outbreak of SARS, which affected only the Far East and North America and caused 774 death and approximately 8,000 confirmed cases (World Health Organization, 2015). The major difference was that no travel restrictions and

businesses were closing down during the SARS outbreak, thus the responses used during the SARS outbreak may not apply to the COVID-19 pandemic.

2.3 Post-crisis strategy

After a crisis, the industry effectively evaluates the situation to resume operations and protects employees' earnings (Hoque et al., 2020). As financial performance is crucial, hospitality businesses can re-evaluate the current situation and adjust the plans such as utilising supply costs, re-considering the investment plans, re-evaluating the staff pay rates, and outsourcing the human resources, however, the businesses considered that pricing strategies and promotion were not significant responses (Pavlatos et al., 2020).

For small businesses, Fuchs (2022) found that the COVID-19 pandemic accelerated to adapt to the circumstances and adjusted their business models in order to outlive the crisis and set up a new foundation for their future success. So, the businesses increased the integration of online technology in their normal operations and planned customer re-segmentation. Garrido-Moreno et al. (2021) supported the re-segmentation since the tourists' behaviour and decision-making have been influenced by the paradigm shift from the pandemic. Moreover, Kraus et al. (2020) claimed that the pandemic forced businesses to adapt and realise the benefits of the use of technology in their daily operations even the previously resistant businesses. Moreover, as

mentioned earlier, businesses were forced by government regulations to adopt the new normal regulations into their business operations in order to reopen their operations.

2.4 Government supports during COVID-19

To mitigate the negative outcomes of a crisis, government support could be provided by both national and local governments based on objectives and expected outcomes (Tetlow & Dalton, 2020) in terms of crisis preparedness and crisis recovery (Israeli & Reichel, 2003; Lai & Wong, 2020) such as financial aid, delaying tax payments, low-interest loans with long repayment, VAT reduction (Pavlatos et al., 2020), tax benefits and allowances, and capacity-building programs (Kato & Charoenrat, 2018; Lai & Wong, 2020) Thus, several public sectors launched support schemes; for example, the Bank of Thailand (BOT) launched financial support for SMEs in terms of debt suspension and soft loans; the Small and Medium Enterprise Development Bank of Thailand announced measures to help COVID-19-affected enterprises in terms of low-interest rate loans and deferral of capital and debt repayment (SME Bank, 2020).

However, the effectiveness of the financial aid depended on whether the SMEs had access to finance. Regarding the information asymmetry theory, when two parties are making decisions, there exists a situation where when one party has more or better information than the other; as a result, it may cause an

imbalance of power between the parties. Generally, the borrowers are more likely to get more information than the lenders. Matthews and Thompson (2008) stated that this may lead to the problems of moral hazard when a party will decide based on the assumption, as well as an adverse selection when a party has adverse results from imperfect information. Osano & Languitane (2016) concluded three factors affecting the access to finance of SMEs which are the awareness of funding, collateral requirements, and small business support

From the literature reviews, previous crisis management studies focused on large organizations such as hotels and airlines. As crisis management is dynamic and influenced by both internal and external environments, and past exposure to the crisis is not applicable, this paper aims to fill the academic gap by determining the uniqueness of tourism SMEs in terms of crisis impacts and crisis management since SMEs have different characteristics compared to large businesses in the same industry. Moreover, this paper adopts the factors suggested by Osano & Languitane (2016) and proposes the factors to be used for determining the effectiveness of the government support provided to tourism SMEs.

3. Methodology

3.1 Participants

The research was derived from the government campaign supporting the local SMEs that were affected during the COVID-19 pandemic. The campaign was to provide low-interest funds and consulting to the SMEs and the author was a consultant in the campaign. The research was designed by using a mono-qualitative approach in terms of semi-structured interviews. The participants were selected by using the common selection criteria for qualitative research (Teddie & Yu, 2007) and similar characteristics based on the homogeneity type of cases (Robinson, 2014). Therefore, the selection criteria of participants were Phuket SMEs who applied for the campaign and requested financial consultants. The business owners or people who worked closely with the crisis management of each SME were contacted for an interview.

3.2 Data collection

At the beginning of the project, the participants were informed about the purpose of the project and the use of information for academic purposes. The data collected would be treated as confidential and their identity would be protected. With mutual content, the voice recording was not allowed by the participants. The interviews took place between June and September 2021, and each interview was between 30 and 60 minutes in duration. The interviews were guided by four categories including (1) the current situation of the businesses, (2)

managerial crisis responses, (3) strategies for the post-crisis, and (4) feedback on government supports.

The questions were designed to facilitate an open discussion between the author and interviewees, and the author noted down all comments relevant to the pre-coded terms and removed all irrelevant points (Saldana, 2015). Since the qualitative approach has no specific number of participants, this research applied the saturation criterion as a point to stop interviews (Silverman, 2016). The meaning of the saturation criterion is to stop the interviewing process when there are no insights from the sampling pool (Cooper & Schindler, 2014; Fusch et al., 2018). These criteria were applied in recent research on the hotel industry (Yacoub & ElHajjar, 2021).

There were 12 Thai participants from 7 SMEs participated in the interviews. As shown in Table 1, 66.7% (n=8) were male and 33.3% (n=4) were female. Eight (66.7%) were business owners, and the rest (33.3%) were accounting managers. All of them were medium-sized tourism-related SMEs having an operation period between 5 and 20 years. Lastly, the customer segments were classified into the percentage of foreign and Thai customers. Three businesses stated a majority of their customers (90-100%) were Thai, and two had a majority of foreign customers (90%).

Table 1: Socio-demographic profile of the respondents

Respondents	Gender	Role	Business Types	Years of Operations	SMEs size	Customer types
R1	M	Owner	Industrial transportation	5	Medium	100% Thai
R2	M	Owner	Tourist transportation	15	Medium	90% Foreign 10% Thai
R3	F	Accounting Manager				
R4	M	Owner	Tourist transportation	10	Medium	70% Foreign 30% Thai
R5	F	Owner				
R6	M	Owner	Wedding planner	20	Medium	90% Foreign 10% Thai
R7	M	Accounting Manager				
R8	M	Owner	Pier	20	Medium	60% Foreign 40% Thai
R9	M	Owner	Tour operator	10	Medium	10% Foreign 90% Thai
R10	F	Accounting Manager				
R11	F	Owner	Industrial laundry	10	Medium	100% Thai
R12	M	Accounting Manager				

3.3 Data analysis

During the interviews, the key terms in each question were noted and summarized, then a thematic analysis was conducted based on the pre-coding schemes (Saldana, 2016). Three steps are done including being familiar with the data, generating initial

codes, and arranging codes into potential themes (Braun & Clarke, 2006) by grouping data based on the meaning and linkage relationship between codes (Boyatzis, 1998). Irrelevant comments on the research objectives are removed. This procedure was done in recent research such as the hotel industry (He et al., 2022; Yacoub & ElHajjar, 2021), and the Phuket tourism businesses (Fuchs, 2022).

4. Empirical findings and discussion

This study provides a collective overview of the issues and problems encountered by stakeholders in the tourism industry. Four broad themes were derived from the interviews, which are (1) crisis impacts, (2) crisis responses, (3) post-crisis resilience, and (4) influential factors of the effectiveness of government financial support.

4.1 Crisis impacts

Four significant crisis impacts were concluded from the interview of tourism SMEs in Phuket. The first and most crucial impact is the absolute zero revenue because of the travel restrictions and tourism operations suspension because 94% of the GPP of Phuket relies on the tourism industry. The SMEs that focused on foreign customers have received zero revenue since March 2020. *“We received zero revenue since the airport was closed in March, and all our jobs were cancelled immediately”* (R.2, R.4, & R.6). *“Actually, our business did not shut down, but*

there are no works” (R.2 & R.4). The second impact is the substantial revenue reduction. SMEs that have both domestic and foreign customers can continue their operations, but the income was much less than the normal operations. For example, an industrial laundry business quoted that “It was more than 20,000 pieces per month, now 200 per week is the maximum” (R.10). “Now, we have a trip once a week. It was normally eight trips per day” (R.8).

The next crisis impact is the insufficient cash flows caused by the unprepared crises. Although risk experiences influence risk perception (Jones & Comfort, 2020; Gao et al., 2021), SMEs underestimated the impacts of the pandemic. So, they did not prepare long-term responses at the beginning of the crisis. *“I think the crisis last no longer than 6 months like SARS, Bird Flu, or the sunken of the speed boat” (R.2 & R.10). “I thought I would have sufficient cash to keep my business operating at least six months, but finally the cash was running out in two months” (R.6).*

Last, the deterioration of assets is another impact. Tourism-related businesses own a large number of assets such as vehicles, boats, and equipment. Without any tourists, they were abandoned at the parking lots and piers without any maintenance. Since the SMEs receive less or no revenue, it is not worth paying any additional expenses. *“The maintenance cost is*

very high and it is not worth doing in this situation. It is better to leave them until the situation is improved” (R.5).

4.2 Crisis responses

Since the crisis was unprepared and unpredictable, the past crisis experience cannot support SMEs in crisis responses. So, SMEs were struggling in dealing with the crisis. The tourist restrictions strengthened the impacts as they rely on tourists. Without any guideline, reducing non-necessary expenses was a common response in order to keep business surviving (Niininen, 2013). *“When the provincial government ordered the internal lockdown, I realised the situation was really bad and I stopped paying any expenses” (R.3).* Debt negotiation with financial institutes is another survival response. SMEs requested commercial banks for postponing their payment dues and reducing interest, however, the banks were reluctant to allow it until the government intervened in this issue. *“My creditability was lost as I did not pay the debt. Later, the government ordered banks to help SMEs. But it was too late already” (R.7).*

Another response is the adjustment of business policies and operations such as lowering the required numbers for pick-up services (R.11), jointly operating trips with other tour operators (R.9), and opening a restaurant at the warehouse of the company (R.6). Moreover, SMEs did not lay off the full-time employees, but rather reduce the pay rate. The reduction rate ranged between 30% and 50% (R.6, R.7, & R.10). Unlike large organisations, SMEs

have a limited number of workers, so they are afraid of the employee shortage if they want to resume operations in the future. However, part-time workers were automatically discontinued as there was no work (R.11), and some decided to leave and return to their hometowns (R.2).

On the other hand, switching to online operations seemed to be impossible for tourism-related SMEs such as transportation, laundry, and tour operators as they strongly expressed, for example, *“How can I deliver tourists online?”* (R.2 & R.3) *“I can sell trips online, but I cannot operate tours online”* (R.8 & R.9). The remotely work, or so-called Work-From-Home, was also not appropriate *“We are in a business requiring the interaction with customers, so WFH is likely, not suitable”* (R.6). Although the assets were abandoned, SMEs did not have an intention to sell them since they still believe that Phuket tourism would be recovered soon and quickly (R.2 & R.3).

On the contrary, some SMEs were not affected by the pandemic. The industrial transportation and the pier admitted that their revenue was reduced, but it was not in a struggling situation. One possible reason is that these SMEs have good business diversification in other areas and customer segments. *“Yes, our revenue in Phuket was much dropped, but other areas were fine”* (R.1). *“My tour operations were stopped but the*

overall was still ok because the domestic travellers and the locals are still using the pier” (R.8).

4.3 Post-crisis resilience

In terms of post-crisis operations, the integration of the new normal paradigm was very controversial. On one hand, some businesses would operate normally as they believe that the new paradigm is temporary behaviour. When the crisis is solved, the new normal paradigms will be fading off and people will be back to their original lifestyles. *“The new normal will be gone as well as the COVID-19 so I don’t think I have to wear masks all my life”* (R.4 & R.11). Also, some SMEs did not pay attention to the new normal paradigm as they were not affected by the pandemic (R.1). *“The pier is still needed anyway, with or without the new normal”* (R.7).

On the other hand, some SMEs would adopt the new normal paradigm into their operations because they believe that the world has already changed as well as the tourists’ behaviour and requirements (R.2 & R.6). *“Now, we have to follow the norms, but I cannot guarantee for the future”* (R.9). Another post-crisis plan is to have a proper accounting and financial plan as the pandemic has pointed out business flaws underestimated expenses (R.3), unclear financial reports (R.7 & R.12), slow cash receipt process (R.8 & R.9), delayed accounting information (R.2 & R.6). SMEs commonly agreed that a crisis offered a good time to

reboot their accounting practices since there are no business operations for two years.

Similar to the crisis response, adapting online operations was neglected as well as switching to non-tourist-related businesses was impossible since Phuket is a tourism-driven economy. Instead, SMEs are looking for new tourism trends such as green and clean energy. *“I have already purchased 50 electric speed boats and the first lot would be delivered in 2022”* (R.7). The findings are opposed to the recent findings of Fuchs (2022) that the SMEs in Phuket tended to increase their online activities and customer re-segmentation. Food and beverage businesses may easily adapt to online food delivery, but interaction-based businesses such as tour operators and transportation are facing difficulties in switching to online operations. However, the findings are in line with Kraus et al. (2020), who stated that force adaptation allows the realisation of the advantages of technologies in daily operations. Although tourism SMEs are interaction-based operations and required a human touch, some parts of their business operations could benefit from adapting technologies. Thus, SMEs should leverage the use of technologies in business operations and take advantage of the adapted technologies such as online booking. Moreover, the pandemic may cause a paradigm shift in tourists’ behaviours and decision-making (Garrido-Moreno et al., 2021), however, SMEs in a high

tourist-centric location are reluctant to integrate the new normal paradigm or change the business perspectives in their operations since they have not seen the outcomes of the integration of new paradigm yet.

4.4 Effectiveness of government support

The findings confirmed that government support was needed by the tourism industry during a crisis, but the effectiveness of the aid depended on four factors which are interest rate and repayment plan, accessibility, the follow-up process, and funds flexibility. First, the interest rate and repayment are important information that SMEs would know before making their decision. The interest rate should be as low as possible and the repayment plan should be as long as possible, otherwise, the businesses are not likely to take the support because it increases their burden of paying debts. Interest rate and repayment plan are the collateral requirements which affect the access to the finance of SMEs (Osano & Languitane, 2016). This is in line with the previous findings stating that the interest rate creates disincentives and discourages most small businesses from applying for financing (Foltz, 2004). Also, the loan term affects the repayment schedule and the financial costs of borrowers, and the sustainability of the use of financial products (Brownbridge, 2013).

Secondly, accessibility to support is another factor to determine the effectiveness of financial support. The

bureaucratical and hierarchical procedures can slow down the overall process, as a result, the businesses would get the funds later than they expected. *“The loan was good, but the process was not good. I almost lost my deposit to the manufacturer as I cannot pay the rest at the due date”* (R.2). *“The government should facilitate the repeated customers by shortening the process”* (R.11). This is in line with Osano and Languitane, (2016) who pointed that government would create an enabling environment for small businesses to thrive and enhancing access to funding programmes. However, regarding small business support, the following-up process is another factor that increases the effectiveness of the funds. SMEs normally have limited personnel for internal development and improvement. The respondents mentioned the advantages of having the follow-up process of support including helping them to improve their financial procedures systematically (R.2 & R.5), exchanging new regulations and perspectives (R.1 & R.8), and enhancing their internal processes (R.10 & R.12). *“Following the right procedures will cause more troubles, but it is better to have one”* (R.7).

Last, funds flexibility influences effectiveness in two broad ways. Immediate fund liquidation provides more effectiveness. For example, soft loans are much better than tax benefits or exemptions. *“Tax exemptions were useless as we did not have the income to pay for it”* (R.4 & R.6). Also, fund utilisation

increases the effectiveness of the support as businesses have different needs of funds such as purchasing new buses (R.2), boats (R.9) and equipment (R.8), paying off the existing debts (R.1 & R.12), and investing in another business (R.7).

5. Implications

5.1 Theoretical implication

The findings of this study confirm that there are no universal crisis management frameworks because crisis management is influenced by both internal characteristics and external environments of the organization. The finding reported that tourism SMEs have no standard in responding to crises and the response time could not be concluded based on the four types of crisis responses (Marker, 2020). The sequential crisis management frameworks (e.g. Coombs, 2018) were not suitable for tourism SMEs, because they could not foresee the probability of crisis occurrence and the possible consequences. The findings are in line with Lai and Wong, (2020) who stated that sequential crisis management is limited only to a certain type of crisis. Also, SMEs could not implement crisis management for all possible crises due to the limitations of finance, manpower, and time. Therefore, tourism SMEs should have an ongoing crisis management model which covers all four timing of crisis responses (Marker, 2020) by adapting the non-linear crisis management model (e.g. Jaques, 2007). Moreover, Kolb's experiential learning

cycle (Kolb, 1984) could not explain crisis management in SMEs as their past crisis exposures were completely different to the current ones. Also, it is found that cost-saving measures (Niininen, 2013) are common responses for both large businesses and SMEs since the cashflow is crucial to keep the business operating. However, unlike the large tourism businesses, SMEs would have not done any responses towards the reduction of employees. The reasons were SMEs have fewer employees and it is more difficult for SMEs to recruit new employees post-crisis. Moreover, to determine the effectiveness of government support, the factors suggested by Osano and Languitane (2016) can be applied to tourism SMEs with two more criteria: a follow-up process and funds flexibility.

5.2 Practical Implications

As mentioned above, SMEs should implement ongoing crisis management. The negative outcomes can be mitigated by the level of crisis preparedness. The implementation of proper financial plans is suggested to manage revenue, expenses, and cash flow which include the budget to execute the responses due to possible crises (Pavlatos et al., 2020). Also, as an ongoing process, the management should prepare and update the effective solutions to deal with the changing situation, recover from losses, and resume operations (Hoque et al., 2020). With the limitation on the adaptation of online operations, tourism SMEs

should diversify business activities to other locations or customer segments to reduce the impacts of crises in tourism-centric locations. Also, since the unclear new normal procedures and unpredictable situations, SMEs should establish long-term strategies considering all possible risks. Moreover, the main advantages of SMEs over large organisations are their swiftness, flexibility, and resilience, so SMEs can easily adapt and divert their business operations, policies, resources, and requirements to match the current situations. As policy-makers, the government should come up with appropriate regulations, funding programs, and schemes for the improvement of access to finance by SMEs. This study concludes the factors to improve the effectiveness of the support.

6. Conclusion and limitation

This study found four major impacts of tourism SMEs during the COVID-19 pandemic which were absolute zero revenue from foreign tourists, substantial revenue decreasing from domestic customers, insufficient cash flow, and asset deterioration. As the SMEs had no standard guidelines, three common responses were found which are to reduce non-necessary expenditures, rearrange the debts, and adjust business operations. However, SMEs would not lay off their employees, switch to online operations, or sell assets. Also, there was a debate among tourism SMEs on the adaptation of their operations to the new normal paradigm. In

terms of government financial support, specific financial support would be more beneficial to tourism SMEs than the national level as it provides direct solutions to mitigate specific problems. However, the effectiveness of the financial support can be determined by four factors which are collateral requirements, accessibility, the follow-up process, and funds flexibility. Moreover, this study contributes to the academic in terms of the understanding points of crisis management of tourism SMEs, which are unlike the large organisations in the industry. Also, the practical implications were recommended to both SMEs to improve their crisis planning and policy-makers to improve the effectiveness of financial support schemes for optimising the taxpayers' money.

However, this study has several limitations. Firstly, as Phuket was a study area, the findings may not representative of other tourist locations in Thailand because of the differences in location characteristics and the level of government support. Secondly, the participants were SMEs that requested government soft loans and financial advisory. This presumes that the reflections and opinions of the participants mostly lean toward their financial risks, however, tourism SMEs may incur other risks such as strategic, reputational, human, and operational risks. The outlined limitations offer the potential for future research in the form of a

quantitative approach to compare the findings from this research, especially, when the tourism industry has fully resumed.

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