**COVID-19 movement control effects on the socio-economy: evidence from Bangladesh’s manufacturing sector**

**Abstract**

This study provides in-depth research into how the global pandemic has influenced the regular activity by the movement control order on Bangladesh’s manufacturing industry. The study simulates how a demand shock is being borne hard by companies and is having a series of effects. We use six different manufacturing companies and find that independent contraction by social isolation has had an impact on the willingness of new investors in the face of a declining individual product. As companies are losing their share and companies are undergoing a process of laying off staff, owners are failing to pay dues, creating household money shortages. Some companies are going through a digital transformation and are hopeful of recovering. However, in general this study conveys the economic pain endured by manufacturing sectors like Bangladesh’s and provides some suggestions as to how the crisis can be overcome.

**Keywords:** COVID 19, Manufacturing Industry, Demand Shock, Economic Loss, Bangladesh.

**JEL Classifications:** L67, L78, O25

1. **Introduction**

Amplified global pandemics challenge healthy lifestyles worldwide, and few global pandemics have caused as much stress and trauma symbolize as COVID-19. In December 2019, this virus was discovered when some visitors to the city of Wuhan, China, found a cluster of cases of pneumonia. Investigations discovered a new and highly contagious Coronavirus - COVID-19.

COVID-19 soon spread across the globe in the early months of 2020. By May 22, 2021, 166 million cases had been recorded and a total 3.44 million deaths had been filed (Harris, 2020). In the struggle against the disease, the measures taken have also had a significant and long-term impact on the free movement of people and he operation of almost all sectors of the economy. According to one economist, the pre-COVID-19 economy will not be recoverable for some years (Holy, 2020).

In Bangladesh, as in other countries, COVID-19 is not only a threat to human life but also to business and the national economy. Across the globe, every sector has been negatively affected, such as airlines, hotels and tourism, transportation, remittances, export-import, supply chains, the RMG sector, banks, construction, and manufacturing (Stolfo & Sinagra, 2020). The movement restriction order imposed by the Bangladeshi government began on March 26, 2020, limiting the daily life of all citizens. Predictions of financial losses are still vague because such information has not been made public by the government. Hence this paper aims to discover the reality facing the manufacturing industry of Bangladesh during the lockdown and the survival strategies devised by business owners in the sector. The situation convinced us that the effect and the approach taken by all manufacturing companies are different from individuals. Due to these distinct reasons, this report is unlike others that have used online surveys and been conducted by businesses and/or agencies of the government.

The dependency of the manufacturing industry on foreign raw materials has meant that many obstacles have been encountered, such as international order cancellations, raw material shortages, demand fluctuations and transportation barriers. As a result, companies have been forced to close down. Companies reliant on foreign raw material are facing transportation blockades. For example, almost all garment and manufacturing companies are dependent on foreign raw materials from China and other countries. Shipping costs, as well as transportation times, have increased due to COVID-19. It is a fact that havoc has been caused in manufacturing companies’ supply chains (Majumdar & Shaw, 2020; Sinha, 2020). As a result of the disruption, economists (World Bank, 2020) are predicting future economic losses. At the same time, business owners are not in a position to pay their workers given the disruption to sales. As a result, the unemployment rate has increased and household incomes have declined.

This research analyzes the impact of the movement control order on the manufacturing industry. After analyzing the data, this research paper documents that the manufacturing business downfall during the economic contraction caused by the quarantine measures can be identified as operational disruption.

The rest of the paper is organized as follows. The second part of the paper is a detailed literature review. This is followed by the methodology and data collection methods used in the paper. The next section analyzes and discusses the findings. The final section offers some concluding remarks and provides some suggestions for future research.

1. **Literature review**

Among Bangladesh’s economic sectors, the manufacturing industry has been hit particularly hard by the COVID-19 pandemic. The manufacturing industry dominates Bangladesh’s GDP and foreign remittances. GDP growth has decined by 5.24 per cent (BBS, 2020). A report by the South Asian Network on Economic Modeling (SANEM) predicts the poverty rate of the population may double to 40.9 per cent by 2020 due to the subsidized in incomes by 74 per cent (Rahman, 2020). A 9.37% decline in the manufacturing sector was recorded in 2020 over the previous fiscal year (Kabir, 2020). Hasan and Shahbaz (2021) found that the Dhaka Stock Exchange has endured negative effects due to the increase in COVID-19 cases. Business owners and employees are facing hard times during the pandemic and are having to adjust their lifestyles accordingly (Stolfo & Sinagra, 2020). As the financial condition of the country is currently one of the worst on the entire world, surviving COVID-19 has become a critical question for both businesses and individuals (Mahmood, 2020). This paper covers a report of the World Bank showing how the pandemic has reduced GDP by an average of 2% in Bangladesh’s developing counties and 1.5% in the country’s metropolitan counties. Falls of this scale have led to many companies facing such huge losses due to trade disruption that they have exited the market (Baldwin & Mauro, 2020).

In 2020 the Bangladeshi government implemented safeguards for the population in the form of social distancing and a strict lockdown. As a result, almost all economic activity was suspended (Holy, 2020). The backbone of foreign earnings in Bangladesh is the Ready-Made Garments (RMG) manufacturing sector (Shimanta et al., 2020). Some 80% of the country's export earnings come from this sector and over four million workers depend on the textile manufacturing industry (Ahmed, 2020). A report by Bangladesh Bank on export receipts showed a January 2019-March 2020 fall of US$403 million (Bangladesh Bank, 2020). Our report adds to this knowledge about the RMG sector in the face of the COVID-19 pandemic by exploring how safety issues – in the form of social distancing and a lockdown - became a burden in Bangladesh (Kabir, Maple, & Usher, 2020) as the government fought to contain the spread of the disease (Craven et al., 2020; Smith-Bingham & Hariharan, 2020).

In Bangladesh, an imposed lockdown, a movement control order, social distancing, and confinement have led to an unparalleled public health crisis and an unprecedented economic downturn (Craven et al., 2020). The government of Bangladesh urged social distancing formally from March 26, continuing until May 31, a total of 65 days (Boyce et al., 2020). During this period, supply chains collapsed and workers were laid off and now face an uncertain future (Majumdar et al., 2020). World supply chains broke down due to the long-term disruption (Ivanov, 2020), leading to negative shocks to manufacturing businesses (Guerrieri et al., 2020). One of the sources of food manufacturing raw materials is locally grown crops; however, farmers are facing losses of 565.36 billion Taka (US $6.6 Billion) due to the pandemic (Rahman, 2020). Our report also covers and analyzes papers about how previous epidemics affected daily life, such as myths of the supply chain for production recovery of demanding item (Paul & Chowdhury, 2020).

In 18 economic sectors, the Bangladeshi Central Bank provided a stimulus package to offset the COVID-19 shock, worth a total of 1.011 trillion Taka (US$11.90 billion) (Financial Express, 2020). The government also gave a 50 billion Taka (US$ 1 billion) stimulus package to export-oriented businesses on top of the impetus provided by the Bangladesh Central Bank. The Export Development Fund (EDF) also introduced resources worth 127.50 billion Taka (US$2,3 billion). Additionally, the Prime Minister of Bangladesh announced an extra 20 billion Taka (US$400 million) for the unemployed, migrant workers and rural communities (The Financial Express, 2020).

Companies have devised different emergency survival strategies in the face of the crisis. One such strategy has been to adopt a digital transformation (Walker, Whittaker, Watson & Perez, 2020). Digital transformation results in a more efficient and streamlined supply network between businesses and customers (Wuest, Kusiak, Dai, & Tayur, 2020). Digital transformations may mean that the COVID-induced demand fluctuations could be alleviated to some extent (Rustam, 2020). With people forced to stay at home, marketing philosophies to sell manufactured products are also changing (He, & Harris, 2020). For example, according to one Canadian journal, readymade food demand has been met by online vegetable grocery stores, meaning manufacturers of foods have faced a downfall due to proper supply chain farmers are in a loss (Richards, & Rickard, 2020). On the other hand, work-related pressures and digital transformations have not influenced employee performance; it endures their ability (Bartsch, Weber, Büttgen, &amp; Huber, 2020). The evidence reinforces the notion that businesses in unexpected situations should introduce digital platforms and new management teams to oversee digital transformations in a bid to remain resilient in the face of the crisis (Hamilton, 2020).

Based on the above literature, we can see that a number of studies have explored how COVID-19 has impacted Bangladesh’s economy. However, most of this research has looked at the Bangladesh Stock Exchange and/or specific industrial sectors. No research has addressed how COVID-19 has impacted Bangladesh’s manufacturing industry. This study will add to the existing body of knowledge by addressing how the country’s manufacturing sector has been hit by COVID-19 and what strategies have been devised to meet the crisis.

1. **Research methodology and data**

*3.1. Research methodology*

Most of the collected information combined in this study are taken from primary sources. We explore the strategies devised by manufacturing companies to deal with the trade shock. A series of semi-structured interviews were conducted by telephone due to the pandemic also by the face-to-face discussion. This channel gave a higher response rate. A total of six owners and associates - senior managers, auditors and other employees – agreed to be interviewed and were selected by non-probability purposive sampling. The respondents came from different areas across Bangladesh.

The respondents were selected from previous connections or personal references. We interviewed by asking the question to clients & printed a copy of some papers found functional. As this was the first time research had been done in this area, there were no previous relevant questionnaires available in the existing literature and hence we created our own questionnaires, partly based on research conducted in the manufacturing sector (but not related to COVID-19).

*3.1.1 Research approach*

This study adopted a qualitative research agenda, specifically open-ended interviews. From a diverse manufacturing company, six people agreed to be interviewed. At the time of this research, we could not collect any factual or numerical data provided by the company. Moreover, there was a shortage of government disclosures on the impact of COVID 19. The reason a qualitative research technique was chosen is that we could find no way to measure the impact of the pandemic from individual companies and at this moment we could hardly preside over the respondent for quantitative research. This research mostly concentrated on words of mouth and personal analysis and by meaningful interpretation of the interview.

* + 1. *Semi-structured interviews*

The semi-structured interview format does not strictly follow a set of preset questions, allowing more open-ended and probing questions to drive the discussion (Doyle, 2020). The actual scenario traced over phone call and face to face interview (Kallio et.al, 2016). Semi-structured interviews were conducted with different business owners and associates to give a broad representation of the perceptions of stakeholders in the manufacturing sector.

*3.2. Data*

Primary data from face-to-face and telephone interviews was used in the preparation of this paper. Most interviews were conducted over the telephone due to the circumstances of the COVID-19 pandemic.

*3.2.1. Respondents’ selection*

From different manufacturing business activities, this study interviewed six respondents. All the interviewees are owner and managers of manufacturing businesses. Table 1 gives the personal information of the six interviewees: length of experience in the manufacturing (7-25 years). The number of employees on the farms ranged from 140 to 5000 people. According to research, their business profile met the definition of the manufacturing industry (Aldanondo et al., 1999).

***Table 1 The respondents’ profiles******(Source: authors)***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Respondent | Gender | Educational Qualification | Experience of Business | Type of business | Business  location | No. of  Permanent Worker |
| INT-1 | Male | Postgraduate | 25 years | Local Garments | Narayanganj, Dhaka | Around 5000 |
| INT-2 | Male | Graduate | 20 years | Manufacturer- Pharmaceutical & Hygiene products | Agrabad, Chittagong | Over 5000 |
| INT-3 | Male | Graduate | 13 years | Manufacturer – Leather & Footwear | Cantonment, Cumilla | Over 140 |
| INT-4 | Male | Graduate | 7 years | Manufacturer- Consumer goods | Gulshan, Dhaka | Over 400 |
| INT-5 | Male | Postgraduate | 10 years | Readymade Garments- Woven Bottom | EPZ, Chittagong | Around 3000 |
| INT-6 | Male | Post-Graduate | 11 years | Manufacturer- Painting and Chemical products | GEC Circle, Chittagong | Around 1500 |
|  |  |  |  |  |  |  |

*3.2.2. Content Analysis Process*

Table 2 gives the prepared set of questions which led the interviews and the responses can be seen in Table 4. To meet the research objectives, a number of research questions were devised carefully to guide exploration of the subject. On the previous day or at least half an hour before the interview, the set of questions was sent to the respondent to help him or her prepare for the session. Each interview lasted 20-40 minutes. Four of the interviews were recorded. Content analysis (Austin & Sutton, 2015) was used to classify, sum up and tabulate the obtained date. This analysis procedure includes conceptualization, interpretation and summarization.

***Table 2 Interview questions (Source: authors)***

|  |  |
| --- | --- |
| Information | Questions |
| Business background and profile  Impact of business and its process | 1. Gender  2. Academic qualifications  3. Job/ Business background  4. Business types and activities & Year of Experience  5. Location of business  6. Total number of employees  1. Could you please tell me if COVID 19 has had any effect on your company?  2. Which part of your business has been more vulnerable to COVID 19?  3. Do you think the economic shock caused by imposing the lockdown has caused more harm than the pandemic itself?  4. What measures has your company taken to meet the lockdown?  5. How could the shifts in demand cause losses to your company?  6. Is your business involved in imports/exports? What are the limitations that your company faces in the event of an extended lockdown situation?  7. Could you please explain the supply chain condition of your company?  8. Do you think your company is facing a financial crisis due to COVID 19?  9. Is your company getting any benefits from the government stimulus packages?  10. What financial decisions, tactics or steps has your company taken to overcome financial losses due to COVID 19 and beyond?  11. Are there any operational, marketing or networking strategies (non-financial) your company has considered as a means to survive the COVID 19 pandemic and beyond?  12. Is your company going through Digital Transformation? What type? What are the limitations and advantages of it? |

**4. Findings and discussion**

*4.1. Impacts of the movement control order*

During the lockdown period, all the respondents complained about the disruption to the manufacturing process [INT-1; INT-3; INT-5; INT-6] (see Table 3). This occurred in terms of supply chains, with scarcity in supplies harming the production process as much as reduced demand for products [INT-2; INT-5; INT-6], and a collapse in consumption for most products. Indeed, the government ordered the closure of all non-essential retail and manufacturing businesses, including clothing stores, footwear outlets, luxury goods and construction materials. Only companies meeting essential domestic needs (e.g. foodstuffs, pharmaceuticals) were allowed to remain open, but even they had to limit their operations to a minimum. According to the Export Promotion Bureau of Bangladesh (2020), an 84% reduction in manufacturing goods exports was recorded in April 2020. Some export-oriented companies registered zero income during the confinement period [INT-3; INT-5; INT-6]. This situation resulted in cash flow imbalance, leading to employers finding it difficult to meet debts and/or ongoing expenditures such as rents, salaries, utility bills, business loans and other fixed expenses. Although the government did offer a two-year loan policy for every business loan,, few economic sectors benefitted from the packages (The Financial Express, 2020).

The stimulus package offered by Bangladesh’s government was provided to 18 economic sectors to offset the shock of COVID-19, and was worth Taka 1.011 trillion (US$11.9 billion) (The Financial Express, 2020). Still in the primary stages, only a few companies have as yet benefitted from the package [INT-1; INT-2; INT-4; INT-6]. The government also provided a Taka 50 billion (US$???) stimulus packages for export-oriented businesses, on top of the stimulus provided by the Bangladesh Central Bank. In addition, the Export Development Fund (EDF) provided Taka 127.50 billion (US$???). According to an associate of an export-based woven manufacture industry [INT-5], his company received funds from the stimulus packages. However, they have only been able to pay employees’ salaries with the funds they have received [INT-5]. Other expenses, such as utilities, rents, bank loans and bonuses, have not been met with the funds received. Accessing the financial stimulus package is a concern for many manufacturing businesses. Failure to access adequate funds could put companies at risk of bankruptcy [INT-3; INT-5; INT-6] in the event of an extended lockdown (Svatošovă, 2017; Cassia & Minola, 2012). Almost every company has complained about a sharp fall in cash flows due to the lockdown; around three to six months can be sustained under the current scenario before some companies are forced out of the market. The consumer goods manufacturing company [INT-4] and the pharmaceutical company [INT-2] still have demand for their products; as a result, those companies might be able to overcome this situation.

As stated by the respondent, a manufacturing company relies on its manufacturing operation and inventory supply chain to operate [INT-1; INT-2; INT-4; INT-5]. Due to the restrictions on movement order, business operations and pending international trade in raw materials suffered significant losses. The prime exporter fall like China is immediately affecting the international trade for raw materials [INT-2; INT-5; INT-6]. Production recovery might not be possible for high demand products at this moment by Paul et al. (2020), such as hygiene, personal care product and medicine. The respondent claimed that there is limited potential for them to restructure their business operations within a short time period [INT-3; INT-6]. Some industries like agricultural products and healthcare can reorient their operations according to shifts in aggregate demand [INT-2; INT-4]. Other businesses, such as luxury product manufacturers, beauty products, footwear and apparel manufacturers, are unable to turn their businesses to introduce new product lines due to the rigidity of their production systems.

According to most respondents, almost every company is in the process of undergoing a ’Digital Transformation’ in their business operations as a response to order cancellations and late shipping of export-based products [INT-3; INT-5]. Digital transformation entails selling unsold finished products online through such platforms as Alibaba.com, Amazon.com and social media. In addition, as a number of respondents indicated, business operations such as meetings, business deals and customer service occurs online [INT-1; INT-2; INT-3; INT-4]. It is hoped that a digital transformation may reduce the need for layoffs (Rustam, 2020). The Prime Minister of Bangladesh has also called for businesses to implement digital marketing to reduce the increasing rate of unemployment during the lockdown. The Prime Minister announced an additional Taka 20 billion (US$???) package for the unemployed, migrant workers and rural people (The Financial Express, 2020). Search Engine Optimization (SEO) is a bridge of digital transformation devised to allow businesses to reach more customers online. It has had a significant impact on digital marketing (Chisty, 2018). However, the digital transformation strategy has met a number of complications [INT-1; INT-3; INT-4]. Firstly, a large proportion of the population in Bangladesh is not used to making online purchases (Neger & Uddin, 2020). Moreover, there is a lack of expertise in digital marketing, limiting the potency of this strategy for companies [INT-1; INT-3; INT-4]. Finally, slow financial returns from e-commerce platforms is considered a drawback of online selling by manufacturers, leading to some companies to fail to pay employees on time [INT-1; INT-3].

Below we summarize the impact of the movement control order on the manufacturing sector in the words of the respondents. The issues identified are grouped into: 1. manufacturing business interruption; 2. economic losses; 3. availability of stimulus package; 4. supply chain disruption; 5. adoption of business tactics (financial/non-financial); and 6. digital transformation.

1. **Manufacturing business interruption**

*COVID 19 affects our whole production and operational process; we could not produce and distribute our products in time to our dealer.* [INT-2]

*We cannot describe how COVID 19 broke the backbone of our business. We have thousands of pairs of shoes unsold and do not know where this will take us.* [INT-3]

*The impact of COVID-19 brought to our business increased demand for personal care and hygiene product*s. [INT-4]

1. **Economic losses**

*Fast-moving fashion trends may result in our product being unsold or a reduction in price. However, there is no way to generate income but our expenses - such as rent, salaries, and utilities - remain. I consider it a financial crisis at this moment.* [INT-1]

*I think our SMCG category demand at this moment is high. If there were any financial losses at the very beginning of lockdown, we are recovering it"* [INT-4]

*Financial crisis is facing our company from the very beginning of COVID-19, and after a month of lockdown we recorded zero financial transactions. 30-40% of financial losses are borne by the company; we assume more will come.* [INT-6]

1. **Availability of stimulus package**

*We are not receiving any incentives at this moment. We are also not expecting to get any stimulus package considering the current situation of the government*. [INT-1]

*We are under the blessings of this stimulus package. However, the amount is not sufficient to pay the rent, interest, utility bills, bonuses and increments. We only manage to pay the regular wages of our workers with the package.* [INT-5]

*We do not know the procedure to it;* *we are not getting any benefits from the government incentives, not even a loan or anything of the stimulus package. The giant companies which have a liaison with the government benefit.* [INT-6].

1. **Supply chain disruption**

*We are not producing any new items of clothing at this moment. Our production is almost closed, as it would be riskier for our manufacturing workers. Nevertheless, we are experiencing some issues delivering our products at home because of some local lockdowns; as a result, we are facing cancellation of orders.* [INT-1]

*Our supply chain people experienced the most horrible conditions this year, from production to shipping. China is a hub for our raw materials, from the very beginning of this pandemic but they have shut down their supply chain operations. Also, one of the local sources of collecting raw materials is 'Riazuddin Bazar', close by.* [INT-5]

1. **Adoption of business tactics (financial/non-financial)**

*At this moment our company is not investing a single penny in any business. For any extension of business now requires permission from the upper level. Our finance department is closely monitoring investments and haw postponed all new projects*. [INT-4]

*There are no non-financial moves we are currently running through, and we are trying to collaborate with new client bases such as some cement companies or interior design companies to come up with an agreement so that in the following projects they acquire our products. This will support our company to survive the financial damage we have experienced.* [INT-6]

1. **Digital Transformation**

*We are used to selling products from our outlets; however, online selling is expanding via social media. People in our country are habitualized into buying from stores. Evaly.com have expressed an interest in working with us but their transaction process is slow, and at this moment we cannot accept this. Besides, we do not have much expertise in selling online. The occurrence of miscommunication with customers has been a result of this*. [INT-1]

*Our business dealings have already taken place online. We are already in a negotiation process with Alibaba.com and Amazon to sell our products through their channels. However, we are looking for an opportunity to sell our shoes online using digital marketing. The drawback of agent-based digital marketing we noticed is that it is too expensive. At this moment, this might be a burden for us.* [INT-3]

*We have developed an e-commerce platform to sell our product in Dhaka and Chittagong. Soon we hope to expand this to the whole of Bangladesh. Also, we are in partnership with online stores like Daraz, Pickaboo, and others. I think the limitation for us is that people do not depend on e-commerce platforms to buy SMCG products.* [INT-4]

*Our business already has an online platform; we are just dealing with our customers online at this moment. In addition to that, we are conducting office meetings via Zoom, to avoid social gatherings.* [INT-6]

*4.2. Survival strategies*

This part of the report explores the survival strategies adopted by manufacturing companies to get through the crisis. Two significant types of strategy emerged from the findings: financial and marketing.

* + 1. *Theme 1: Financial strategies*

At the primary stage of the pandemic, most companies utilized capital rationing for new investment, business acquisitions, asset purchases and working capital to minimize their debt vulnerability. One of the respondents noted:

*We kept our company away from business expansion during the pandemic. We are not promoting our products at a bigger scale to save the promotional stage. [INT-1]*

Another respondent asserted:

*Our progress and business operations are mostly closed, so I think no question arises for this. We are only trying to capture some local markets to sell our unsold products to at a lower price with the hope of recovering financial shock. [INT-3]*

Another respondent reiterated:

*Any type of investment or extra expense for business expansion or upgrading to new machinery is not allowed by the finance department. We are trying to cut our manufacturing costs; on the other hand; we are trying to maintain the quality of our product. Our finance department is allowing fixed expenses. [INT-5]*

The respondents also noted that their companies are trying to adopt a flexible business strategy during the lockdown period to maintain their running cash flow. Their targeted strategies are quick action to exploit new opportunities by migrating to a new product line in a bid to stem losses. According to one respondent:

*Our company has reduced some fieldwork and financial, promotional events to save money during COVID-19. We are having a positive impact on the demand for COVID-19 related products, allowing us to partly overcome economic losses. [INT-2]*

Another respondent stated:

*We are affiliating with dealers to sell our demanded products at this moment for cash flow. I hope this new venture will be beneficial to deter economic collapse [INT-6].*

During the economic downswing, the stimulus package has proved useful for some companies as they seek to lessen the burden. But for others, the stimulus has yet to have decisive impact. As one respondent stated:

*We are under the blessings of this stimulus package. However, the amount is not sufficient to pay the rent, interest, utility bills, bonus and increments. We only managed to pay the regular wages of our workers by the package. [INT-5]*

The sixth respondent noted:

*We are not getting any benefit from the government, not even a loan or anything from the stimulus package. The companies that benefit usually have a connection to the government. [INT-6]*

These results support the notion that internal organizational strategies are helping companies to recover from a disturbing situation (Warnier et al., 2013). Based on this research, it is clear that strategies vary from company to company with regard to how respond to sudden economic failure.

* + 1. *Theme 2: Marketing strategies*

Another policy theme is marketing strategies adopted during the COVID-19 movement control order period. Almost all the operations of most companies faced major disruptions. Three of the companies in this study reacted by progressing towards a digital transformation. One respondent shared:

*We are already in the negotiation stage with Alibaba.com and Amazon to sell our products on their channel. However, we are looking for the opportunity to sell our shoes online using digital marketing.* *[INT-3]*

An associate of a manufacturing company said:

*Yes, we are already undergoing a digital transformation. Before the pandemic, we used to meet our buyers at our offices, but now we promote our products using target-based digital marketing. Although the initial costs are higher for digital marketing, we hope to recover those costs from extra sales volume. [INT-5]*

Another strategy adopted by some companies has been aggressive direct marketing using sub-agents in every district. A business owner commented:

*We are used to selling product from our outlets; however, online selling is expanding via social media. People in our country are more used to buying products from stores. [INT-1]*

Another respondent mentioned:

*We have developed an e-commerce platform to sell our products in Dhaka and Chittagong. Soon we hope this to expand this to the whole of Bangladesh. Also, we are in partnership with online stores like Daraz, Pickaboo and others. [INT-4]*

Yet another noted:

*Our business dealings already take place online. We are already in the negotiation stage with Alibaba.com and Amazon to sell our products through their channel. However, we are looking for the opportunity to sell our shoes online using digital marketing. [INT-3]*

It is clear that companies are adopting some form of digital transformation. Work-related pressures and company transformations do not influence employee performance; in fact, it promotes their abilities and competences (Bartsch, Weber, Büttgen, &amp; Huber, 2020*).* During game-changing business crises, digital transformations enhance business sustainability, according to Hamilton (2020).

However, digital transformation is not without its difficulties such as a lack of expertise and costs. According to one company owner:

*Evaly.com, an e-commerce platform, has shown an interest in working with us but the limitation we found is that the transaction process is slow, and at this moment we cannot accept this. Miscommunication via selling online is another downside. Besides, we are not used to selling online, so this is a barrier. [INT-1]*

Another respondent restate these sentiments:

*The drawback of agent-based digital marketing is that it is too expensive. At the moment this might be a burden for us. [INT-3]*

The evidence collected here reinforces Bartsch et al. (2020) and Hamilton (2020), namely that businesses in exogenous shock situations should introduce a digital platform and employ a new team to implement a digital transformation strategy to remain resilient. A promotional marketing strategy using sub-agents and electronic and printed media have been useful re-building blocks for manufacturing businesses during the confinement period. Adoption of a new marketing strategy has allowed some manufacturing companies to recover from the economic turmoil while others have failed to cope with the ‘new normal’. Technological, economic, demographic and sociopolitical factors have brought new challenges and opportunities, and to adapt to new circumstances firms' managements should take action on one side of the globe to have an equal impact in another part of the globe.

* 1. **Conclusion**

In this study, a qualitative method has identified the impact of Bangladesh’s movement control order on the country’s manufacturing industry and what survival strategies companies have adopted to see out the crisis. In summary, the manufacturing business downturn during the quarantine measures has entailed operational disruption (i.e. product process disruption; supply chain disruption; demand fluctuation; adoption of new strategies for future business goals) and economic downturn (i.e. cash flow disruptions; availability of stimulus package; risk of being forced out of the market).

Solidarity in the pattern of survival policies is associated with financial and marketing strategies that firms have deployed to overcome the crisis. The respondents interviewed for this study have pointed to the use of tools to build sustainability during the emergency period, while other supplementary assets and skillsets have allowed firms to open new product lines and seek out business opportunities online by transforming promotional activities into digital marketing.

* 1. **Research limitations and avenue of future research**

This report is unlike any other research conducted online by business associations or government agencies for this or a similar crisis situation. The qualitative research did not aim to establish generalizable results for the population. Factual data was not generated due to time constraints as the respondent companies are as yet unable to calculate the entire economic cost to their business. Due to privacy issues, organizational information and trade data could not be disclosed. Moreover, the research was conducted with only six owners/employees of manufacturing companies. Future research might undertake in-depth quantitative analysis which determines accurate variables using more respondents. Regarding the results, future studies could cover more areas such as digital transformations, new supply chain strategies and consumer purchase behavior *after* the movement control order.This study on the manufacturing industry strongly suggests that firms should prepare with sustainable financial resources and emergency financial reserves to cover at least six months of business overheads and other fixed costs. Since modern times are prone to various unpredictable crises, manufacturing businesses must adopt diverse coping strategies to be resilient enough to run operations during a crisis period. The employee training process should accelerate to situation variables to provide employees with the expertise which can be put to use during different crises. In addition, dependence on supplies from limited countries can easily result in disruptions to raw material supplies, and so having an alternative source of raw materials may lessen the probability of production failure. A meaningful implication of a well-thought-out digital transformation will secure business continuity. Different strategic choices should consider the capacity to sell products using different operation development plans. Adoptability of smart working situations should be available for workers to ensure business continuity during crisis periods.

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**Appendix-1**

***Table 3 The respondents’ answers to the interview questions***

|  |  |  |
| --- | --- | --- |
| No | Question | Response |
| 1 | Could you please tell me if COVID 19 has had any effect on your company? | **INT 1:** According to me, I think we are the hardest hit industry at this moment. We could not sell almost anything during the biggest festival of Bangladesh - 'Pahela Boisakh' - the first day of the Bengali after 'Eid Ur Fitr', a Muslim religious festival. These losses are not recoverable due to the fast-changing nature of fashion trends. The unsold products will remain like this or we have to sell them at a reduced price.  **INT 2:** COVID 19 affects our whole production and operational process; we cannot produce and distribute our products on time to our dealers.  **INT 3:** We cannot describe enough how COVID 19 has broken the backbone of our business. We have thousands of pairs of shoes unsold and we do not know where this will take us.  **INT 4:** The impact of COVID 19 brought to our business an increase in demand for personal care and hygiene products.  **INT 5:** I think the export-based apparel industry is the hardest hit at this moment, and so we are suffering.  **INT 6:** Yes, COVID-19 has impacted different areas of our business. All the construction work at this moment is postponed. No one is thinking about renovating their home because this virus is contagious, and the workers or renovators may infect people, so no one is taking the risk. As a result, all the processes of our business have been postponed or terminated. |
| 2 | Which part of your business has been more vulnerable to COVID 19? | **INT 1:** It is hard to tell which part of the business has been damaged. Our business is a circle so if we sell a product we can pay our workers. Our workers are mostly villagers, and they are needy people whose only source of income is the salary. Because of the disruption in sales, we haven’t been able to pay them. Already we have invested crores of money to produce our products. Therefore, our entirely festive project of the business has a vulnerable effect, and we are financially damaged.  **INT 2:** Our sales volume and most of the product demand declined. The two areas of our business mostly affected by COVID 19 are manufacturing, due to the shortage of raw materials, and on the other hand sales are affected due to the movement control order, which limits sales.  **INT 3:** Our production process during the movement control order has collapsed. This operational disruption is the most damaged aspect for our business.  **INT 4:** The only scarcity of the demand we have faced is a lower demand for beauty products. This category of the products we sell in local grocery stores, shopping malls, and superstores. Due to the lockdown and restricted schedule for opening and closing, people have bought fewer beauty products. People are only buying necessary goods during COVID-19.  **INT 5:** Our production process is the most damaged part. Also, our exports and imports are discontinued under the movement control order. But we are expecting to meet yearly target production.  **INT 6:** I think our production process and sales have been significantly hit in our business. Paint is not a necessary good for people at this moment to buy, so we are facing a significant loss in selling our product. The movement control order has restricted all the activities of our sales team as well as our painters.  . |
| 3 | Do you think the economic shock caused by imposing the lockdown is more damaging than the pandemic itself? | **INT 1:** Lockdown is the need of this situation.. I would love to say that many people did not understand what it is. In villages, it did not affect peoples' daily activity. The pandemic is uncertain, and we see it once in a hundred years, and people are scared. This made our sales go down.  **Int 2:** Our Company is in the manufacturing sector, making health and safety-related products, so there has been no impact on our company due to movement control order. I want to say this pandemic brought us bad luck.  **INT 3:** Economic losses were incurred due to the lockdown as we could not export our foreign orders. Therefore, I think the pandemic, which is incurable, created this situation for us.  **INT 4-** Thoughthis lockdown has an impact on some industries, I think we are recovering. Within one year, I believe our GDP will fall and we will start recovering.  **INT 5:** We have a workforce of 3000 and less than 1% are affected by COVID-19. I think the movement control act has had an impact on our shipment and inventory collection as well as sales. This disruption is causing an economic shock.  **INT 6:** I think movement control order has impacted every industry in our country. Our business is down because product demand has declined. I do not think this pandemic has had an impact on our workers because all of our production and sales activities have been closed down for three months. |
| 4 | What measures is your company taking to face the lockdown situation? | **INT 1:** For the safety of our workers, we tried to work from home, and we delivered our product online so our customers do not switch to another company.  **INT 2:** All of our official work is being managed from home, and all the crucial meetings are held online via Zoom. This is a step taken by our management for the safety of the workers. Also, we are using all the methods to sanitize at the workplace to ensure we are safe. Our discussion on important decisions or any changes in work we try to do by Webinars.  **INT 3:** We have shut down all the production process so that we can keep our workers safe.  **INT 4:** We have initiated work from home and other companies followed us. We have provided 200 lakhs of hand sanitizers in the airports and bus stands. We have 400 permanent employees and almost 15,000 other employees, and we are not only concerned with the safety of our workers but also have ensured this to others. We ensure a 100% protection level. Our company also imposed travel restrictions on our workers. We have a corporate deal with an organization to test COVID-19 free for all employees.  **INT 5:** In respect of the government order, our production process is closed for three months.  **INT 6:** At the very beginning of the lockdown we worked from home and shut our production function down. Moreover, when we reopened our factory and main headquarters, we are maintaining all the safety regulations we could adopt, and we are ensuring the health and safety protection of our employees. |
| 5 | How could your demand shifts cause losses to your company? | **INT 1:** When a project closes, there is not an easy way to recover. We design our clothes a year before the production, and there is a long way to finish a product. Our conceptual work, business expansion, new design development, all have collapsed. As our product is not necessary at this moment, people will not buy it. Until or unless the situation normalizes, we are determined to accept the situation and take the financial losses.  **INT 2:** Due to less activity of people, our demand shifted to some corona related products, such as hand sanitizers, medicines for fever and cold, etc. For other products, demand shifted and we saw an adverse impact.  **INT 3:** At the very beginning of the movement control order, we maintained regular wages to our manufacturing workers. After a few months without any sales, we are failing to pay their wages, and this may lead our company to face an unbearable situation. Our demand for finished products is also declining and foreign buyers are not showing any interest in ordering. All the income sources are now unpredictable.  **INT 4:** Our necessary products are in high demand compared to beauty products.Our home and hygiene product demand has increased in a way we never imagined.  **INT 5:** Our buyers are from America and Europe, developed nations. Demand for items of clothing declined because most of the people lost their jobs. Due to declining incomes, people are not buying any more clothing.  **INT 6:** As you know, we only sell liquid paint, and our main customers are the construction-developing households. Thinking about safety measures, no one is allowing anyone at their home or is willing to gather at construction sites, so our product demand declined. Already we are paying all the expenses of our company, but the source of our income is damaged. We are facing a 50 to 60% decline in demand. |
| 6 | Is your business involved in imports/exports? What limitations is your company facing due to the extended lockdown situation? | **INT 1:** No, we are not involved in any export or import based operation. We do not have control over the extension of lockdown. Our business depends entirely on local customers and although most of the outlets are relaxing the lockdown, sales demand is not sufficient to pay our workers.  **INT 2:** Our international exports are untouched, but for international demand, we cannot not fill up the demand due to the shortage of raw material imports.  **INT 3:** We are a 100% export-based company. We take orders from foreign buyers and collect 99% of our raw materials from the local market to produce the finished goods. Our shipments are delayed due to COVID-19, and one limitation is the refusal of foreign buyers to accept shipments as well as pay money.  **INT 4:** Due to the extended lockdown, we could not import our raw materials on time; as a result, we could not manufacture and deliver our products on time. Our inventory management team faced countless problems for only two months.  **INT 5:** Our Company is 100% export-based. We could not deliver any product on time due to the lockdown; as a result, our orders were cancelled. On the other hand, we collect raw materials from China, and our collection of raw material is also closed.  **INT 6:** Our farm is not an export-based company. We mainly target local clients. On the other hand, we do import almost 100% of our materials from China and India. At this moment, our inventory division is facing difficulties collecting raw materials from outside the country. It has had a significant influence on the production cycle. |
| 7 | Could you please explain the supply chain situation in your company? | **INT 1:** We are not producing any new items of clothing at this moment. Our production is almost closed, as it would be risky for our manufacturing workers. Nevertheless, we are experiencing some issues delivering our product at home because of some local lockdowns; as a result, we are facing cancellation of orders.  **INT 2:** Our supply chain is now getting better and the government is allowing pharmaceuticals to deliver medicines through our distribution channel. However, our raw material purchase operation is not recovered yet. Our shipments are delayed and is now a slow production.  **INT 3:** All the supply chain operations have broken down and transportation to shipments in almost every sector is closed.  **INT 4:** For around two months we faced disruption in inventory collection. We managed to collect 70-80% of our raw materials on time.  **INT 5:** Our supply chain people experienced awful conditions this year, from the production process to shipping. China is a hub for us to collect raw materials and at the very beginning of the pandemic they shut down their supply chain operations. Also, a local source of collecting raw materials - 'Riazuddin Bazar' – has remained close.  **INT 6:** Our supply chain, such as inventory collection and sending our product to the customers, has been adversely impacted by the movement control order |
| 8 | Do you think your company is facing a financial crisis due to COVID-19? | **INT 1:** Fast changing fashion trends may result in our product being unsold or sold at reduced prices. However, there is no way of income at the moment but our expenses - rent, salaries, utilities etc. - remain. I consider them a financial crisis at this moment.  **INT 2:** Being a medicine manufacturer, we do not think we have faced a financial crisis. Extra demand for some new products has helped us to recover the losses of other traditional high demand products.  **INT 3:** Cancellation of orders, on top of overdue payments from buyers, are leading our business towards a dark future. We could not pay any salaries and yearly bonuses for Eid-UL-Fitr last month. Regretfully, we have had to retrench our skilled workers.  **INT 4:** I think our SMCG category demand at this moment is high. If there were any financial losses at the very beginning of lockdown, we are recovering them now.  **INT 5** Financial losses are unbearable at this moment. Due to the lockdown, all financial transactions have been nearly impossible. Most of our buyers did not pay. Many of our production orders got cancelled due to production disruptions. This has resulted in financially instability. We are paying our workers to maintain codes of conduct. Our expenses - rent, wages, electricity bills, bonuses, and increments – have had to be paid on time.  **INT 6:** A financial crisis has been faced by our company from the very beginning of COVID-19, and after a month of lockdown we recorded zero financial transactions. Some 30-40% of financial losses are borne by the company and we expect more is to come. |
| 9 | Is your company getting any benefit from the government stimulus packages? | **INT 1:** Nothing at this moment. We are even not expecting to get any stimulus package considering the current situation of the government.  **INT 2:** No, the pharmaceutical industry does not receive any stimulus package from the government.  **INT 3:** The government stimulus package is not accessible to medium-size businesses like ours. Only a few dominant companies in our capital city benefited from the stimulus package.  **INT 4:** Our Company is not getting any benefit from this stimulus package.  **INT 5:** We have received some assistance from the stimulus package. However, the amount is not sufficient to pay the rent, interest, utility bills, bonuses and increments. We only managed to pay the regular wages of our workers using the package.  **INT 6:** We are not getting any benefit from the government package. As yet, we do not know the procedure to apply for it. We have not received a loan or anything else from the stimulus package. The giant companies which have a liaison with the government benefit from the package. |
| 10 | What financial decisions, tactics or steps has your company taken to overcome financial losses due to COVID-19 and beyond? | **INT 1:** We kept our company away from business expansion during the pandemic. We are not promoting our products on a larger scale to save the promotional stage.  **INT 2:** Our company has decreased some promotional events, free sample gifting and paid promotions to save money during COVID-19.  **INT 3.** Our travels and business operations are almost all closed. We are trying to capture some local market by selling products at a loss.  **INT 4:** At this moment our company is not investing a single penny in any business. Any business extension requires permission from the upper level. Our finance department is closely monitoring investments, and they have postponed all undone projects.  **INT 5:** Any type of investment or extra expenses for business expansion or upgrading of machinery are not allowed by the finance department. We are trying to cut our manufacturing costs. On the other hand, we are trying to maintain the quality of our product.  **INT 6:** All of our upcoming projects are postponed and what we are worrying about now is how we can cover our financial losses. We have also postponed promotional exhibitions for some new products and we are not advertisings standing stock. |
| 11 | Are there any operational, marketing or networking strategies (non-financial) your is company thinking about implementing to survive the COVID-19 pandemic and beyond? | **INT 1:** We are trying to promote our products through social media. As well, some TV and printed media have also worked with us as our promotional channels. We have become more responsive to social media platforms to reach more customers along with providing them with what they want. Our online sales engagement escalated with customers has risen during the quarantine.  **INT 2:** Most of our negotiations or sales events take place online and we send our samples to distributors by home delivery service.  **INT 3:** We are trying to capture new markets and planning for producing something at a lower price. I hope this might help to reopen our manufacturing process.  **INT 4:** Our Company started a human-centric strategy which is working from home. This is a fantastic call to create a barrier to stop the spread of COVID 19.  **INT 5:** We are taking our business process online, and this is helping us to have control over some areas from home. Allowing work from home is giving flexibility to our workers and improves their mental health. Besides, they are meeting our targets and coping with the pandemic.  **INT 6:** There are no non-financial moves that we are currently running through. We are trying to collaborate with new client bases such as some cement companies or interior designer companies to come up with agreements so that in their future projects they take our products. I hope this will support our company to survive the financial damage that has occurred. |
| 12 | Could you please tell me how COVID-19 has affected your company? | **INIT 1:** We are used to selling products from our outlets; however, online selling is expanding via social media. People in our country are more used to buying a product from a clothing store. Evaly.com have shown their interest in working with us but the limitation we fund is that their transaction process is slow, and at this moment we cannot accept this. Besides, we do not have the expertise of selling online. The occurrence of miscommunication with customers is a result of this.  **INT 2:** We are digitalizing and taking our promotional activities online. It is easy and faster. The only disadvantages are the disruption in the network plus our workers are not well equipped to adapt with the change.  **INT 3:** Our business dealings already took place online. We are already negotiating process with Alibaba.com and Amazon to sell our products through their channel. We are also looking for an opportunity to sell our shoes online using digital marketing. The drawback of agent-based digital marketing is that it is too expensive, which at this moment might be a burden for us.  **INT 4:** We have developed an e-commerce platform to sell our products in Dhaka and Chittagong. Soon we hope to expand this across the country. Also, we are in partnership with online stores like Daraz, Pickaboo, and others. I think the limitation for us is that people do not use e-commerce platforms to buy SMCG products.  **INT 5:** Yes, we are already undergoing digital transformation. Before the pandemic, we used to meet our buyers at our offices/ Now we promote our products using target-based digital marketing. However, the initial costs are is higher for digital marketing, but we hope to meet this from extra sales volume.  **INT 6:** Our business already has an online platform; we are just dealing with our customers online at this moment. In addition, we are conducting office meetings via Zoom to avoid social gatherings. |
|  | | |