



Business Resiliency Amidst the COVID-19 Pandemic

A. The Impact

Vietnam like many other countries has suffered from the most serious wave of the COVID-19 pandemic in the last few months. The infection and death rates continue to increase despite the best efforts of the State. To stem the tide, the State called on the assistance of the military and public service force to strengthen social distancing requirements and maintain social security.

Businesses have taken a huge hit during this period largely due to the increased COVID-19 restrictions. Just over the last 5 months, the number of business going under liquidation has nearly equaled the total number for the year 2020.

B. Building Business Resiliency

It is clear that Vietnamese businesses were not prepared for COVID-19. The lessons learnt therefore centre on building up business resiliency to withstand future pandemics. They include the following:

1. The Supply Chain

Since movement of goods and material are crucial for business, enterprises should regularly follow-up

with third parties to identify any interruption to supply continuity and diversify supply sources.

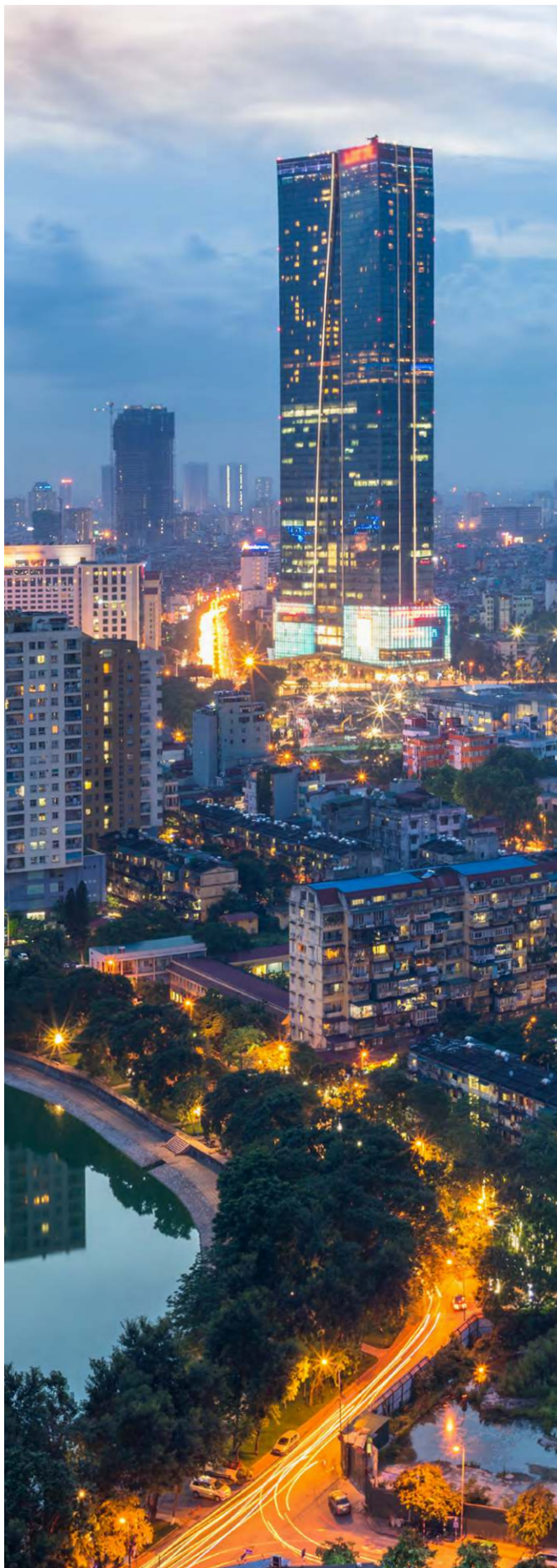
Additionally, since measures from the State for coping with the pandemic are updated frequently, enterprises must keep abreast of all developments and alerts on infection rates, quarantine areas and government measures to anticipate and cater for disruptions.

2. Third Parties' / State Obligations

Enterprises must be proactive in reviewing their commitments to both their suppliers/customers and also the State. The goal here is to ensure that they take proactive actions to give early notice and to take early action in anticipation of disruptions. Where necessary, enterprises should consider re-negotiating contracts with suppliers/customers and/or commitments to the State to pre-empt any breach and to mitigate losses. Many enterprises failed to do this or failed to consider such actions early enough resulting in irrecoverable losses.

3. Workforce plan, internal governance and privacy

Enterprises must also review its manpower requirements and internal governance to ensure all work and health/safety requirements are met. In the height of the COVID-19 lockdowns, many manufacturing enterprises failed to take this into account resulting in acute manpower shortages. Few enterprises had COVID-19



contingency plans and this further resulted in poor work and health/safety working conditions. The issues were exacerbated when the State imposed movement control which prevented workers from either returning home or going to work.

The work from home measures forced on enterprises due to movement restrictions also highlighted just how unprepared the enterprises were in allowing their workers to work from home. There is now a push to better equip workers in anticipation of another outbreak. With the push for a more mobile workforce, enterprises will inevitably have to consider information technology, business secrecy and data privacy issues which they never had to do before.

C. The Future & Recovery

Despite the push for vaccination, there is now recognition by the State that they are never going to be able to completely eradicate the virus. With the country facing pressures from stakeholders to reopen the economy, the State has developed and implemented policies to start a “new normal” where Vietnam will have to adjust to “living with the pandemic”.

The State has also been proactive in providing financial aid to both individuals and enterprises via various schemes. These provide assistance to the marginalised and small businesses to overcome the negative impact of COVID-19.

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