Development strategy of SMEs in the new normal era of coronavirus disease 2019 (COVID-19): A literature review

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Abstract. The global pandemic known as COVID-19 has spread throughout the world and poses a threat to all countries, including the economic crisis in Indonesia. The government of Indonesia directly regulates policy to all companies or business units to prevent the spread of COVID-19 in their business environment. Small and Medium Enterprises (SME) also has been affected by COVID-19. They must decrease operational hours, employee shift systems, and implement health protocols according to standards in prevention. This study aims to review the current impact from the perspectives of SMEs owners and also strategy suggestions during the COVID-19 outbreak. The studies focus on the impact of large-scale social restrictions on SMEs economic activities and outline the recommendations for improving current responses to developing business strategy. This current study conducted a literature review of publicly available information to recommends valuable insights to the business survival and recovery system of SMEs business during a COVID-19 outbreak. The results show financial management, distribution of supply chain, digital transformation, network relationship, government policy, & orientation & information as a business strategy. This study will ideally contribute towards the creation of success for SMEs to thrive during and after a crisis.

1. Introduction
The first country that recorded the spread of the COVID-19 was China. Not less than 80,000 people were infected. Right on March 11, 2020, WHO had pronounced this infection as a pandemic [1]. Worldwide information of COVID-19 cases reached 1,214,466 confirmed cases on April 7, 2020. As of now, more than 211 countries have reported about 67,767 death cases [1,2] and the cases are increasing exponentially in all countries, including Indonesia [3]. According to official information from the Indonesian Government, Directorate General of Disease Prevention and Control of the Ministry of Health on August 9, 2020, Indonesia has recorded 125,396 confirmed cases, with a total of 5,723 deaths. The Indonesian Government has established a national emergency since March 2020 that greatly affect the economic health of the country. Regulation of Minister of Health Number 9 of 2020 regulated to large-scale social restrictions. This regulation aimed to accelerating COVID-19 mitigation.

Limitations on exercises in open places or offices, reassurance of schools and working environments, and religious activities restrictions become the strict rule on large-scale social restrictions [2]. In numerous nations, the crisis or isolate orders for anticipating the spread of
coronavirus has not as it was driven to the mental effect like discouragement, uneasiness, and stress [4] but moreover forced negative impacts on the worldwide economy, businesses, organizations, and also small & medium enterprises (SMEs) [3]. In fact, SMEs are most vulnerable since they have to deal with laying off workers, closure of the operation, cash flow issues, conservation and weakened firm capacity for future development [2,5,6].

Indonesia, which is dominated by the existence of SMEs as the backbone of the national economy, has been affected. Data from the Ministry of Cooperatives and SMEs shows that in 2018 there were 64,194,057 SMEs in Indonesia and employed 116,978,631 workers. It was recorded that in mid-April 2020, around 37,000 SMEs reported that they were very seriously affected by the pandemic.

Therefore, the main objective of this study is to review the studies literature in order to identify development strategies for SMEs on the current pandemic. We hope our literature review will help better inform the business owner and provide a road map to researchers who will work on this topic in the future. In the study, we will focus on the examination of the literature to identify impact and development strategies for SMEs.

The aim of this study is to give a starting point in the range of improvement techniques in SMEs. This research was conducted by describing and analyzing the existing research on the subject. The paper is organized as takes after. To begin with, we allow an account of the methodological approach received in this research, and thereafter the comes about are displayed. The paper closes with conclusions and suggestions approximately future investigation.

2. Methods
Research on the impact of the COVID-19 outbreak on SMEs could be a modern think about. A few past research as it was inspected the variables that progress SMEs and how SMEs succeed in utilizing a few strategies for their business before the COVID-19 outbreak. This research using the systematic review as a method and also analyze the recent research. Journal of Business Research, Journal of Business Venturing Insights, Industrial Marketing Management, and others journal has been embraced as a quantitative and qualitative reference database. Paper followed by utilizing a few keywords such as “COVID-19”, “small and medium enterprises”, “economy impact”, and “strategy management”. The publication was analyzed for the period only 2020 on Elsevier and Emerald Insight. Furthermore, after screening for further review and analysis, only 27 articles are conceded as the final samples.

3. Results and Discussions

3.1 Impact of COVID-19 on SMEs activities
Numerous plague outbreaks had happened all-inclusive such as MERS, SARS, swine flu outbreak (2009 H1N1), avian flu, ebola, salmonella infantis, & ZIKA out-break other than COVID-19 [7–9]. In addition, the COVID-19 outbreak has a noteworthy effect on all the society and economy of global business, including SMEs.

3.1.1 Operation disruption
Major operational disruptions indicate disruptions that have a high impact on normal business operations that affect the economic sustainability of SMEs. During a pandemic, SMEs have major challenges, namely lay off employees [10] and reduce staff salary [11]. That is because the employee has to work from home so that the operations of SMEs cannot walk normally [12–14]. Other than that, marketing is paralyzed since inaccessible working and physical inaccessibility, border shutdowns, and cancellations of critical meetings which result in disturbing exercises.

3.1.2 Supply and demand disruption
Lockdown and social distancing are two things that affect the demand and supply of products. The lockdown caused the supply chain disruption [15], and social distancing caused the stock markets have crashed dramatically [16]. During a pandemic, the problem of SMEs related to decreased product
supply and demand. The decline in demand for products was due to the unstable economy of the community. Consumer began to reduce purchases of non-essential goods and services. Besides, layoffs are one of the factors behind the decline in overall spending capacity. Reduction in total supply happened since the shutdown of many businesses. Besides, demand decline also happened since the decrease in utilization and investment [17,18]. Large-scale social restrictions set the supply chain into push and need of straightforwardness in streamlining approximately fundamental commodities [19].

3.1.3 Cash flow problem
Lessening in request due to loss of buyer inflicted numerous businesses confront a cashflow deficiency. Governments are being constrained to allow the cash to assist them to ride through this uncommon emergency, in any case, such boosts and handouts are eventually aiming to put a huge monetary burden on all nations for the another few a long time [20]. The need for financing, ordinarily caused by lower incomes and/or stricter speculation arrangements. Banks see SMEs as showing the higher risk during emergencies, which in turn clarifies more tightly credit conditions [8]. This current widespread driving to a phenomenal drop in utilization and pay for the millions of workers [11,21].

3.1.4 Changes in consumer behaviour
The resulting lockdown caused people to have managed with a extend of changes in their activities. Challenges from self-isolation until stocking up on fundamental commodities. Most individuals begin to act in what is considered uncivil behaviour (e.g., storing or plundering) since weight due to losing their employments [22]. Other than the event of storing or panic buying [23,24], social distancing and lockdown methodologies cause heightens dangers of developing residential savagery (physical, passionate and sexual abuse) [19].

3.1.5 Risk of uncertainty
The COVID-19 pandemic has caused an economic crisis by bringing a vast amount of economic activity to an abrupt halt. During the pandemic, levels of uncertainty raise at such speed their inflict ended up profoundly weakening for business people and entrepreneurial on-screen characters such as banks and speculators [25,26]. SMEs also confront situations characterized by tall levels of vulnerability, flimsiness, and turbulence (financial downturn) [27] and created unfavourable economic, social, and financial conditions [28,29]. Small businesses may be going bankrupt at unprecedented rates.

3.2 Strategies for SMEs development
Furthermore, from the point of the discoveries of this research, the steps for a development strategy to help the problems of SMEs during this pandemic are as follows (Figure 1).

3.2.1 Financial management
Arranging, organizing, coordinating and controlling the money-related exercises is the definition of financial management. It implies applying common administration standards to the budgetary assets of the endeavor. Due to the COVID-19, SMEs must defer investments, allow government-funded work remittance, conclude hourly contracts with representatives and experts, diminish costs, arrange contracts and terms, diminish labor costs, decrease advances, and increment revenue-focused exercises [30].

3.2.2 Distribution of supply chain
Directors must create choice models for supply chain plans that are not as well restricted to cost center but moreover figure in reaction times and adaptability contemplations. Thus, supply chain supervisors can oversee supply chain groups in times of emergencies [31]. The recuperation preparation would require a reassessment of the structure of a supply chain in terms of area, generation capacity and
administration of the flow of materials and data among the current individuals of the supply chain in arrange to distinguish masters and cons and inevitably to reconfigure the supply chain structure [23].

3.2.3 Digital transformation
The COVID-19 pandemic has, within the close future, required SMEs to seek progressed substitutions or recognize ways of passing on their things and advantage with unimportant physical contact and securely. SMEs may embracement of digital development by utilizing virtual shapes of enrollment, planning, and socialization, the exponential increase in computerized communications [22], emphasizing progressed records (e.g., progressed contracts, computerized taken a toll declaring), virtual advertising, and social media utilization [18]. For occurrence, online shopping may see a critical boost with flexible progress. Confinements on travel unfeeling that millions of laborers must be taught with computational advances such as portable learning and web-based communications [19].

3.2.4 Network relationship
Strategic alliances had an important role in supporting the success of industrial development because so far in Indonesia it is still a short-term period [32]. They must be reviewing business partner goodwill, consultation of the business network, broker support, capital accumulation through internal measures, capital accumulation through government support, political support, implementation problems of political support/barriers, an adaptation of the business model, and internal restructuring [25]. SMEs must be doing a collaborative approach to all companies’ partners, clients, systems, cargo forwarders, call centers, exchange unions, competitors, and exchange affiliations [21].

3.2.5 Government policy
In the reality, SMEs cannot be separated from government support. Governments should use financial assets to supply coordinate bolster to influenced businesses to arrange to secure the beneficial capacity that will be required to resuscitate the economy of nations [32,33]. These incorporate security of representatives and data exactness, boosting economy, salary and business bolster for SMEs, arranging, building strength capability and positive social relations [10,11]. The government ought to increment the scale, extend the scope and progress the quality of business assurance to guarantee that these specialists can be secured by a business assurance.
3.2.6 Orientation and information

Exploration and exploitation have the potential to play, especially critical parts when firms confront the results of financial emergency to diverse degrees. Though investigation produces modern openings, information, and competencies, misuse leverages existing openings, information, and competencies [27]. The combination of both entrepreneurial introduction (EO) and market orientation (MO) moreover makes a difference amid times of emergency [8]. Personality traits and skills like entrepreneur's optimism, negotiation skills, locus of control, market orientation, entrepreneurial orientations, performance, need for achievement, and risk-taking have positive effects on the SMEs' performance [28,34]. Re-balance and re-energise the economy is needed for planning against the emergency pandemic.

4. Conclusions

Based on the findings of the research, diverse proposals were proposed to ease the weight on SMEs, including financial management, distribution of supply chain, digital transformation, network relationship, government policy, & orientation & information. Almost similarly, stated that some strategies can be applied in SMEs to the handling of proper risk management, like production planning, conducting a workshop for employees, improving information and communication access, and also collaborations with suppliers and retailers. The findings and suggestions of our research to help SMEs and to proprietors and directors of SMEs that look for direction in overseeing their commerce during difficult times. Our proposed measures may not be sufficient to assist SMEs to outlive during the current emergency, but these measures would be exceptionally useful to ease the enduring of these businesses during difficult times. Thus, future inquire can consider expanding hypothetical and commonsense suggestions concerning the effect of COVID-19 on SMEs. Other than, since social and financial results, the pandemic of COVID-19 has made modern challenges for the security of the health and security of representatives and clients at the side new working environment operational culture. Consequently, future studies can also consider analyzing these issues to supply more in-depth information around the results of our methodology.

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