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Business Recovery Strategy in Post-Covid 19 Economic Turbulence: a Literature Review

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ABSTRACT

This study aims to find strategies for the recovery of the Covid 19 business that has hit the world since the end of 2019 based on a review of previous research and relevant publications. the research method used is a literature study on research and publications put forward by authorized institutions and having competence in the fields of business and economics. Data is collected using documentation techniques through a review of research results and policies taken by institutions that focus on business and economic issues. The results of the study show that the government must provide a fiscal stimulus to encourage start-up-based entrepreneurship and restore existing entrepreneurs through better value creation through increased productivity in order to be able to market products and services. In line with the fiscal stimulus, the government must build a competitive business environment and create synergy, tough and sustainable.

Keywords : Business Recovery, Economic Turbulence.

INTRODUCTION

The COVID-19 pandemic has triggered an unprecedented economic downturn in many countries. Regional lockdowns and social distancing arrangements implemented in many countries to control the spread of Covid 19 have led to a decrease in sales, many businesses were closed so many people lost their jobs. This lockdown resulted in a sudden supply and demand shock, which manifested in reduced output and productivity (Demirgüç-Kunt, Lokshin, and Torre 2021). Widespread uncertainty among businesses and concerns about the risk of escalating financial sector difficulties limiting companies' access to credit have exacerbated this supply and demand shock. The result is economic turbulence in countries in the world. Turbulence is expressed as market instability, due to several things including global terrorism, war, rising oil prices, innovation and pandemic outbreaks (Lawton, 2003).

Various studies on business recovery strategies have been carried out both by researchers and by economic and business research institutions, such as Ganum and Thakoor, 2021), The World Bank (2021), Kumar, Seshadri and Paramaiah, (2021), Gunadi (2022), Juhanda et.al. (2022) and others. However, there are no similar findings between various countries and business cases. This study aims to find strategies for the recovery of the Covid 19 business that has hit the world since the end of 2019 based on a review of previous research and relevant publications.

METHOD

The research uses the library study method for research and publications submitted by authorized institutions and have competence in the fields of business and economics. Data is collected using documentation techniques through a review of research results and policies taken by institutions that focus on business and economic issues.

RESULT AND DISCUSSION

Businesses that have suffered setbacks due to Covid 19, of course, are being restored in order to restore people's welfare. Based on the literature, business recovery can be carried out with various strategies, including (Kumar, Seshadri and Paramaiah, 2021):

1. Building start-up-based entrepreneurship.

The main steps in reviving business activities are to revive domestic demand and strengthen business operations processes to keep pace with the new ecosystems that have emerged after the pandemic (Pforr & Hosie, 2008). Domestic demand will increase if tarp-up-based entrepreneurship is touched by innovation, because entrepreneurship can create jobs, which will provide and increase people's income. Of course, in the early stages, a fiscal stimulus from the government is needed to encourage this entrepreneurial activity. In order for the startup-based entrepreneurship development process to run efficiently, it is necessary to rebuild the market system in such a dynamic environment through networks and cooperation mechanisms (McKercher & Chon, 2004).

2. Perform recovery using L, W, V and U-shaped models.

In the L recovery model, positive growth is not seen in the near term. Countries using this model have exhausted their financial resources in fighting the pandemic, but to no avail. This is due to internal shocks such as rising unemployment, macroeconomic instability and loss of confidence in the government among investors. Likewise, the debt-to-GDP ratio adds to the state's burden, thereby increasing their dependence on grants and assistance (Sheiner & Yilla, 2020). According to Reinhart and Rogoff (2014), the W model is used for multiple recession recovery that occurs in a short time, but is not managed efficiently. Inefficiency occurs due to dependence on the external environment for the success of highly volatile and dynamic economic operations. In the V model, initially there was an economic contraction due to a strict lockdown. Then the pandemic subsided and the lockdown was lifted, the economy gradually improved. Here, government support is needed in the form of kapek and stimulus to boost the economy. The U-shaped recovery model is carried out in stages based on the principles of resilience by strengthening public health prioritizing vulnerable communities and minimizing those that cause business interruptions (Furman, 2020).

3. Ecosystem-Centered Business Continuity Plan.

According to Mukherjee et al. (2020), an ecosystem-centric business continuity plan attempts to restore economic activity by incorporating the Sustainable Development Goals (SDGs). It focuses on reducing Greenhouse Gas (GHG) emissions, enhancing workforce skills, creating green jobs, reducing waste, switching to renewable energy, driving innovation and a sustainable ecosystem for business activities, etc. This model requires significant resources and time. If some element of certainty and clarity is gained regarding the current crisis, resources can be wisely redirected towards sustainable development without being stuck with another crisis in the near future.

4. Small Business Disaster Recovery Framework.

This model is a self-learning model that does not provide any framework for business continuity. He focuses on conducting research on various post-pandemic statuses of businesses and guiding the path of recovery. This provides an opportunity for business owners or researchers working in the recovery path to understand the interplay of factors during the evolution of the recovery process over time. Furthermore, it acts as a model or standard for other businesses to create their recovery paths (Stevenson et al., 2017).

5. Trust Radar.

The trust radar has four components, namely empathy, commitment, transparency and expertise (Lowe, 2014). Organizations should focus on operating these four components during and post crisis to ensure their acceptance among customers after the crisis is over. This method is used when a business overcomes a crisis but fails to gain market and customer trust. This may be due to too much being absorbed in resolving the crisis where external stakeholders are ultimately neglected.

Impact of COVID-19 on the Global Economy

The unprecedented COVID-19 pandemic is not only endangering human health but also economic health as countries around the world implement massive restrictions. Travel restrictions and social distancing measures are implemented globally and affect business activity in almost all sectors of the economy. As the virus spreads around the world, the impact of COVID-19 has contracted the global economy. The shock that the pandemic injected into the economy. The surprises are as follows (Halimatussadiah, et.al., (2020):

• Changes in international trade volume

Due to massive activity restrictions being implemented around the world, global demand has also decreased significantly. At the same time, the application of social distancing reduces domestic demand. Therefore, the total production has decreased. The number of exports and imports decreased due to a massive decline in production activities. In the GTAP database, this global international trade volume disruption is illustrated by increasing international trade costs for all countries in the world.

• Changes in tourism activities

As the COVID-19 pandemic prompted countries to restrict travel in and out of their borders, disruptions in tourism activities were inevitable. We describe the decline in demand for tourism activities as a final demand shock in sectors related to tourism activities, such as accommodation and air transportation services.

- Unemployment changes

  Another surprise we implemented was a decrease in the number of employees. As global demand slumps, massive layoffs and reduced working hours are inevitable. The shock to the high unemployment rate is reflected in the projections of each country for a higher unemployment rate due to the COVID-19 pandemic.
- Changes in labor productivity due to social distancing

  Limited labor mobility during social distancing is expected to reduce worker productivity. This shock is imposed on the simulation by assuming that productivity in all countries is lower by various magnitudes aligned with Google's mobility data across sectors in each country.

In Sub-Saharan African (SSA) Countries, Covid-19 has exacerbated economic and social vulnerabilities. There is a risk that growth could be lower for a longer time, with development slowing down (Ganum and Thakoor, 2021). The results of the Lastauskas study (2021) show that all businesses in the manufacturing sector reduce employment more if they have disclosed their tax obligations before the lockdown. Among small businesses, those in the real estate and service sectors are downsizing more quickly. Likewise the study of Belghitar et al. (2021), show that, without government mitigation schemes, 59% of small businesses in the UK reported negative income and their remaining lifespan was reduced from 164 days to 139 days.

In developing Asian countries, the Covid 19 pandemic has resulted in a decline in employment and business continuity which is quite severe, with two-thirds of MSMEs in this continent experiencing cash difficulties and experiencing business closures. A further consequence of this phenomenon is that MSMEs tend to prefer deferring tax payments, reducing tax rates, and deferring loan repayments over many other forms of government support for MSMEs (Sonobe, Takeda, Yoshida, and Truong, 2021). In China's Guandong Province, some companies experienced a halt in operations or faced closure due to reduced consumption. This is because, their production and activities are limited, and they face significant risks. This difficulty resulted in a decrease in the city's GDP (Zou et.al., 2020).

For the United Arab Emirates, the impact of Covid 19 is no less devastating. The UAE's economy is heavily dependent on international trade and labor migration, resulting in the pandemic that has hit at a much deeper level than one could imagine. Oil exports fell substantially during the pandemic due to low demand by countries impacting the UAE's oil-based economy. Most oil-based businesses rely on a combination of labor-intensive and capital-intensive engineering. Due to the pandemic, the labor market has been badly affected and capital has become a huge cost burden for oil companies. Furthermore, the sharp fall in oil prices exacerbated the situation thereby increasing the debt of these companies as they depend on working capital for their normal operations. Therefore, the impact of the pandemic looks good on people's lives and livelihoods (Kumar, Seshadri and Paramaiah, 2021).

On a global level, Covid-19 has caused an estimated 8% reduction in per capita GDP growth worldwide. This is three times worse than the 2008-09 global financial crisis. Thus, Covid-19, as a pandemic, is the most severe form of crisis which requires a different strategy from that required for other crises (Kumar, Seshadri and Paramaiah, 2021). As for Indonesia, this pandemic has resulted in an economic setback as illustrated by an economic contraction of 2.07% in 2020 (Bank Indonesia, 2021).

DISCUSSION

Leaders can begin to embrace turbulence and release value by following the cost-service continuum as a process to increase productivity and regain market momentum (Harrington, et.al., 2005). Therefore policy makers in all countries to focus on developing a competitive business environment. Such an environment is the key to a strong recovery; resilience to future crises; and sustainable long-term economic growth (The World Bank, 2021). Policy makers can provide loans, because loans can help businesses a lot in the short term. Policymakers should use a commission of experts to quickly identify and exclude small businesses from the broad body of regulations largely aimed at big businesses. These policies can reduce costs and remove barriers for small businesses, which will provide some relief as the crisis continues. But more importantly, they will spur small business activity as well as overall economic growth (McLaughlin and Richards, 2020).

In the case of Indonesia, the business recovery step is known as a new way for sustainable recovery: restart and build ahead better (Halimatussadiah, et.al., (2020). The framework for sustainable recovery can be grouped into 1) short-term horizon, namely crisis response in time short lines such as frontline health response, job creation, boosting economic activity and timeliness and risk. 2) medium-term horizon, i.e. economic recovery, such as green stimulus packages, and capitalizing on opportunities and funding, and 3) long-term sustainability, i.e. structural transformation, such as long-term growth potential, such as resilience to future shocks, and decarbonization and trajectory sustainable growth (Halimatussadiah, et.al., (2020). For MSMEs, it is necessary to provide financial and non-financial assistance, in addition to enabling the business environment to restore their business in a sustainable manner (Gunadi, 2022). Specifically for the tourism business, three strategies for business continuity tourism: improving hygiene and health standards, intensifying promotions, and controlling operational costs (Juhanda et.al. 2022) Bank Indonesia has implemented an accommodative policy mix and strengthened synergy with the Government and related authorities to continue to support national economic recovery (Bank Indonesia, 2021).

The research results of Dias et.al. (2021) emphasizes the priority of creating a favorable environment for the development of small-scale enterprises and supporting the provision of resources and capabilities. Then communication, collaboration and networking between entrepreneurs must be improved to increase competitiveness and innovation so that they can access market niches that are suitable for the business being run by entrepreneurs.

Meanwhile, in Sub-Saharan African countries, structural reforms were carried out by reducing the scope of fiscal and monetary stimulus to stimulate future demand, which has accelerated countries' recovery from crises, and increased levels of income and future growth. Reforms will also increase resilience and adaptability to future shocks (Ganum and Thakoor, 2021).

As for the UAE countries, it is necessary to adopt a comprehensive model where there is sufficient interaction with economic citizens who are indeed contributors to GDP. Every stakeholder must follow a collective action approach in reviving business and in turn, the economy. Various post-crisis recovery models are combined to obtain an efficient framework that results in a sustainable awakening. One of the compiled models is to reduce resource requirements. Thus economic recovery is carried out through building trust among people, creating an entrepreneurial and startup ecosystem, learning from small business recovery plans and incorporating financial stimulus to create the much needed sustainable and resilient business environment (Kumar, Seshadri and Paramaiah, 2021).

IMPLICATIONS

The governments of countries in the world must carry out two policies simultaneously for business recovery in conditions of turbulence after Covid 19. The government must provide fiscal stimulus from the government to encourage start-up-based entrepreneurship and restore existing entrepreneurs through better value creation through increased productivity to be able to market products and services. At the same time the government must build a competitive business environment and create synergy, resilience and sustainability for the recovery and sustainability of the community's businesses.

CONCLUSION

From the results of the analysis of the literature that has been put forward, it can be concluded that to restore business to conditions of economic turbulence after the Covid 19 pandemic, two simultaneous steps can be carried out. First, provide a fiscal stimulus from the government to encourage start-up-based entrepreneurship and restore existing entrepreneurs through creating better value through increasing productivity in order to be able to market products and services. Fiscal stimulus can be provided in the form of revolving capital assistance, exemption or tax relief for micro and small businesses, as well as building labor-intensive business development facilities. Second, in line with the fiscal stimulus, the government must build a competitive business environment and create synergy, resilience and sustainability for business recovery and sustainability.

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