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# **A Call to Action to Save Jordanian SMEs during the COVID-19 Pandemic**



**RESEARCH PAPER**

# A Call to Action to Save Jordanian SMEs during the COVID-19 Pandemic

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**ABSTRACT**

**PURPOSE:** The present research addresses the effects of the COVID-19 pandemic on small and medium-sized enterprises (SMEs) and describes the adopted innovative strategies taken by managers and business owners of SMEs in Jordan in order to keep their businesses up and running.

**DESIGN/METHODOLOGY/APPROACH:** Our analysis is based on a review of secondary data, including Jordanian government documents, the Central Bank of Jordan circulars, and data from the World Bank and World Health Organization (WHO). Also, the descriptive study design is based on 20 semi-structured interviews with managers and business owners of SMEs in Jordan who have so far succeeded in surviving the pandemic, thereby allowing us to collect qualitative data.

**FINDINGS:** The results have shown that Jordanian SMEs were severely impacted by issues related to the COVID-19 pandemic. This research highlights the surviving Jordanian SMEs' use of innovative strategies such as cash management and the stimulation of the digitalisation of their activities, among others. Also, the findings might help formulate strategic decisions that focus on SMEs' recovery and regrowth by developing and implementing contingency strategies to meet any undesirable situations arising from the COVID-19 pandemic.

**RESEARCH LIMITATIONS:** This research is focused on the techniques being used by Jordanian SMEs in getting through the COVID-19 crisis, including policies regarding social distancing.

**ORIGINALITY/VALUE:** Our findings show how Jordanian SMEs are continuing to persevere during this pandemic by modifying their business models to fluctuating environmental situations in minimal time. As a result, the recognised innovative strategies will potentially help aspiring Jordanian SMEs to persist within the COVID-19 pandemic.

**KEYWORDS:** COVID-19; SMEs; Innovation Strategies; Jordan

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## INTRODUCTION

The year 2020 was an exceptionally challenging year for both international communities and individuals (Kraus *et al.*, 2020). The global coronavirus (COVID-19) pandemic seriously damaged the international economy and its grave consequences have affected the lives and livelihoods of employees, as well as the continued operations of global businesses (UNCTAD, 2020; Sultan and Sultan, 2020). Indeed, the exponential progression of the pandemic has caused excessive global economic difficulties that have garnered worldwide attention (Robinson and Kengatharan, 2020; Nurunnabi, 2020; Korankye, 2020; OECD, 2020). Since many nations have adopted different measures to control the free movement of individuals, goods and services across their borders, trade, investment, and employment have all been negatively affected by this epidemic (Ganaie, 2020). In addition, every effect of this crisis on an individual economy greatly impacts other economies, including the economy of Jordan (Al-Hyari, 2020a).

Since the beginning of the pandemic, millions of individuals have had to put both their lives and livelihoods on hold; in fact, as the pandemic continued into 2021, it was expected that more than 130 million individuals lived under the poverty level (UNCTAD, 2020). Moreover, as COVID-19 spread throughout the world, no sector of business or economy felt the damaging impact of the pandemic more than the Small and Medium-Sized Enterprise (SME) sector (Durst *et al.*, 2021; Perry, 2021).

In order to quickly handle the negative effects of the COVID-19 pandemic on their economies, decision-makers around the world reacted by taking different approaches to solving these economic issues. So far, the majority of the world's economies have controlled the pandemic through lockdowns and social distancing protocols, leading to the closure of financial markets, businesses and events. In turn, this had an enormous impact on the trade flows and economic activities of the world (Ozili, 2020). Since this effect was the basis for how the epidemic developed, governments faced problematic trade-offs concerning the health benefits of the implemented strategies and their economic costs.

Additionally, the pandemic affected economic progress and caused a worldwide economic recession, the results of which were perceptibly worse in developing countries due to the drop in prices of both products and services, problems in gaining access to financial markets, and drops in payments (Robinson and Kengatharan, 2020). The complications of the pandemic with lower economic immunity have been predominantly severe for SMEs in developing countries (Bouey, 2020; Robinson and Kengatharan, 2020; Al-Hyari, 2020a). Consequently, numerous SMEs are expected to go out of business both during and after the COVID pandemic (Syriopoulos, 2020). Indeed, a majority of SMEs operating in emerging economies are fighting the COVID-19 pandemic with a weak health infrastructure and with financial shortfall (Robinson and Kengatharan, 2020). Furthermore, around 80% to 90% of those employed in developing countries have been hard hit by the economic effects of the COVID-19 pandemic (ICC, 2020; UNCTAD, 2020).

Over the past 10 years, one way of reaching both developmental and humanitarian goals that have a greater impact on people is through innovation. Innovation is generally defined as a group

of activities by which companies envision, design, produce and introduce their new products, new systems, or new techniques (Basco and Calabrò, 2016; Chatterjee and Bhattacharjee, 2021). Being able to use limited resources in a multi-faceted and constantly changing atmosphere that pushes a company forward while at the same time causing that company to become innovative is known as innovation strategy (Taghizadeh *et al.*, 2021).

Innovation is crucial to the sustainability of SMEs because it covers the enhancement of already accessible knowledge and product realm while also meeting the needs of both the existing market and customers. However, innovation also includes gaining new knowledge so that new products for newer markets and newer customers may also be developed. Indeed, innovative strategies say a lot about how willing a firm is to search for, accept and implement new business prospects (Sarsah *et al.*, 2020).

Because COVID-19 has changed the rules of both the market and the behaviour of consumers, SMEs have had to learn to survive by being innovative and embracing entrepreneurship (Gavrila and Ancillo, 2021). Innovation is especially needed in developing countries where capacity and resources are more restricted. Because not much was known about the virus or its global impact, innovative responses and effective recovery measures had to be looked at from medical, public health, and socio-economic viewpoints where innovation played a key role. This is especially true in both the manufacturing and service sectors that are the foremost cause of the national economy's dynamic growth as well as causing a decrease in unemployment; additionally, it also creates pure profit for business enterprises that continue to be innovative. Incidentally, the manufacturing and service sectors were also the sectors that felt most of the adverse effects brought on by the COVID-19 pandemic (Caballero-Morales, 2021). Certainly, SMEs are thought of as both the source and the driving force behind innovation and new product development (Iivari, 2015).

Looking at it in this perspective, many Jordanian SMEs are expected to simply fade away after the pandemic has ended and the kingdom gets back to the “new normal”; this is because of the necessary changes that must be made in business and infrastructure management. As a result, innovation will be the deciding factor in business recovery and will lessen the risks of SMEs simply just disappearing in the post-COVID business world. As a result, this work uses a multi-disciplinary methodological approach that guides SMEs through the process of being more innovative while also using the resources at hand. This will include using digital resources as they are the biggest catalyst within the “social distancing” context for SMEs to use when networking and presenting the research-based design of their products (Caballero-Morales, 2021).

According to the recent literature, the economic consequences of the COVID-19 pandemic have started to become very noticeable (Aftab *et al.*, 2021; ITC, 2020; Korankye, 2020; Al-Hyari, 2020a). Consequently, numerous enterprises have gone out of business with the main victims being SMEs. In order to keep their business afloat nowadays, Jordanian SMEs have to overcome problems caused by the COVID-19 pandemic through more innovative and elaborately distinctive means. Although many difficulties have been encountered by businesses, there were also many opportunities resulting from the COVID-19 pandemic; for instance, there has been an



increased market demand for specific output such as individual virus protection gear as well as other medical goods and services. In addition, there are the digitalised economies that provide opportunities for SMEs to find new channels to satisfy more customers' needs at lower prices (UNCTAD, 2020).

Given the significance of SMEs regarding economic development and job creation, helping this sector is a vital part of the worldwide recovery (ANDE, 2020). In this challenging time, it is crucial to retain jobs and to keep businesses sustainable (Korankye, 2020). This situation calls for further study to provide enterprises with creative tactics on how to deal with the challenges of the coronavirus crisis. However, there is a scarcity of empirical research done in an emerging economy environment; for that reason, the current research will focus on only one of those emerging economies - the economy of the Hashemite Kingdom of Jordan.

Numerous activities of various SMEs, such as those in the aviation, tourism, and manufacturing sectors, have been adversely affected by the COVID-19 pandemic. It is also likely that SMEs will feel the long-term economic consequences of the pandemic most. Unfortunately, little research has been done on this subject; therefore, this research, concentrating on the effects of the pandemic on Jordanian SMEs, is presented. As far as the researcher knows, this research is one of the very few studies attempting to explain the recovery arrangements and flexibility of SMEs in Jordan during and after the COVID-19 pandemic.

## LITERATURE REVIEW

### SME Strategies and Government Actions to Mitigate the Impact of the COVID-19 Pandemic

SMEs are considered the backbone of the worldwide economy, responsible for around 66% of employment internationally (ICC, 2020; UNCTAD, 2020). In harmony with the Ministry of Industry and Trade in Jordan, this research considers businesses with fewer than 250 workers as SMEs (Al-Hyari, 2020b). Nevertheless, because they drive growth, open new markets, promote urban and rural growth, generate employment, and help to eliminate poverty, this important sector significantly contributes to economic development. In fact, Jordan's Department of Statistics reports that SMEs make up the majority of all enterprises in the country, thereby generating additional employment opportunities for all Jordanians (Al-Hyari, 2020b).

Despite the positive waves of economic improvement, including improved business climates, minimised current account shortfall and improved direct foreign investment, Jordan's economy was unable to avoid the overwhelming effects of the nationwide lockdown caused by the COVID-19 pandemic. As a result, Jordan's economy now faces an increase in its unemployment levels, already high inflation rates, business closures, and its already high poverty level (Al-Hyari, 2020a). Therefore, vital incentives and protection arrangements are needed to support SMEs in order to save business sustainability and ease the destructive effects of the pandemic on both Jordanian livelihoods and the global economy (ICC, 2020).

SMEs are also one of the sectors most susceptible to the COVID-19 pandemic for other reasons. The COVID-19 pandemic has changed the business situation for this sector and considerably minimised market demand for their output. Since SMEs are also made up of non-essential services, such as accommodation, restaurants, leisure and tourism, it is these businesses that are the hardest hit by limitations in movement. As one can imagine, a high percentage of these businesses have suffered high losses of revenue as a result. In comparison with large enterprises, SMEs have fewer resources and capabilities to manage a sudden economic crisis. Such enterprises usually do not have different businesses, marketplaces, vendors and external sources to handle these kinds of situations (UNCTAD, 2020). According to Fitriasisari (2020) and Qamruzzaman (2020), the sector most susceptible to the COVID-19 crisis is the SME sector because SMEs do not have the sufficient resources to survive, and the longer it takes to get back to work, the lower investor/consumer confidence becomes. This could lead to SMEs closing in vast numbers (Aftab *et al.*, 2021; Bouey, 2020).

Robinson and Kengatharan (2020) reported that the moderating strategies and protocols to fight the pandemic have come at extraordinary economic and human costs and have severely hurt SMEs, causing a deficiency of materials, a drop in both global and local demand for their products, difficulties in paying loans and interest, the annulment of orders, terrible cash shortages, confines in recalling the workers back to their job, and a lack of new orders. In fact, more than 50% of Iraqi SMEs are at risk of closing permanently (IOM, 2020).

When it comes to helping SMEs during the pandemic, the basic policy has thus far been to issue special relief packages. However, other key policy tools have included limiting working hours, providing sick leave, and providing direct financial assistance to relieve liquidity restrictions according to rent, utility, social security and debt payments. UNCTAD (2020) reported that further fiscal policies used to overcome the pandemic are tax exemptions, deferrals and relief with the intention of decreasing the tax burden of SMEs, thus helping them retain their businesses.

According to Nurunnabi (2020) a number of actions were applied to reduce the spread of the pandemic, including enabling curfews, limiting travel, suspending both prayers at mosques and worker attendance at public and private businesses (excluding critical staff employees), and closing educational institutions. Additionally, the Jordanian government started several protective protocols to frustrate the spread of the coronavirus including quarantine protocols for all passengers arriving in Jordan, social distancing protocols, the closing of schools and universities, prohibitions on leisure activities and curfew and work from home policies (Al-Hyari, 2020a).

Regarding official data from the Jordanian Government, as of 1 February 2021, around 325,000 confirmed cases of COVID-19 and 4,500 deaths had been reported in Jordan. Processes that the Jordanian government have taken to control the spread of the pandemic include implementing curfews, shutting down schools, limiting travel to and within the kingdom, and decreasing working hours for various businesses. Although the Jordanian government has made progress in reducing limitations in different aspects, the economic influence of the pandemic is anticipated to be severe.

The government of Jordan has concentrated on innovation and has even gone so far as to implement a strategy of development that is driven by innovation to circumvent the middle-income trap. Specifically regarding SMEs, their ability to be innovative is rather weak due to the lack of resources and availability of advanced technology that is abundantly found in larger firms. Moreover, key leaders tend to lack sufficient entrepreneurial competencies, capabilities and skills needed to be innovative, not to mention the fact that information technology remains under-used in SMEs. Nonetheless, SMEs have an advantage over larger firms in that they are less bureaucratic and their business culture is a bit more flexible. Additionally, they are usually more responsive to market needs and their innovative plans are usually more varied as well (Lu, 2021; Taghizadeh *et al.*, 2021). Nonetheless, Jordanian SMEs are still in the early stages of implementing any sort of innovative strategies.

Further, SMEs may be prevented from developing new ideas and increasing their competitiveness because of a shortage of formal knowledge procedures, a shortage of specialised human resources and no clear knowledge-oriented leadership. Therefore, improving entrepreneurial knowledge and making knowledge sharing easier, personnel, suppliers, customers and partners could possibly lead to mutual partnerships that perhaps make it easier for SMEs to overcome difficulties that stand in the way of innovation. To put it another way, by working closely together with business partners within their network, SMEs can be prepared for and respond to any difficult situation that may affect their business (Bivona and Cruz, 2021).

Moreover, Gavrilu and Ancillo (2021) state that an online presence, a social media presence and e-commerce transactions were not considered priorities by SMEs in developing countries before COVID-19. Nonetheless, these businesses have had to increase their digital presence online and make a move to e-commerce transactions as a result of government mandated COVID lockdown measures and social distancing protocols.

SME owners/managers used several strategies in dealing with the pandemic in Jordan, such as temporarily decreasing the number of employees, thus paying fewer wages. Additional strategies to reduce the pandemic's detrimental effects include asking for clemency in paying financial obligations and gathering financial sources from different providers (IOM, 2020). In addition, SMEs have asked certain government organisations for help in saving their businesses and relieving the effects of the pandemic; for instance, some asked for low-interest credit guarantees, tax waivers or temporary tax breaks, payment plans for decreasing utility bill costs, lower tariffs on imported goods and cash transfers, assistance in paying wages and the simplifying conditions for loan settlements (IOM, 2020; Seth *et al.*, 2020).

The COVID-19 pandemic has caused many negative effects on Jordan's economy. Consequently, Jordanian policy-makers must continue to push through monetary and fiscal policies that will help lessen the pandemic's deleterious effects on the country's economy such as the 550,000,000JD stimulus package to aid businesses in lessening the pandemic's negative effects on both their business and the kingdom's economy.



On the other hand, according to Ganaie (2020), the COVID-19 pandemic has led to a variety of different opportunities for investment, output alteration and implementation of new business models to satisfy consumer behaviour according to the varying demands of the marketplace. In Jordan, for example, the clothing and textile industries are adjusting their manufacturing in order to produce healthcare uniforms, facemasks and gloves. Also, the sanitising chemical, plastics and detergent industries are adjusting their production to produce sanitisers, hospital scrubs, protective kits, and ventilators. Since Jordan is a market-oriented economy with an abundant amount of natural and skilled human resources, they need to do some creative thinking to convert barriers into opportunities if they want to be thought of as a self-reliant economy.

Moreover, if the Jordanian digital economy were more potent, up-to-date, and well-maintained, it could also play a bigger and more vital role in helping Jordan recover from the economic crisis affected by the pandemic (Ozili, 2020). According to Perry (2021), the change towards digitalisation should be supplemented by technical help, skill empowerment and infrastructure support to pledge that it is comprehensive and practical. Also, Al-Hyari (2020a, b) confirmed that in order for SMEs in the manufacturing sector of Jordan to survive in the new worldwide market, they should implement new work procedures, accelerate digitalisation and find new marketplaces as a promising strategy when dealing with this pandemic.

According to UNDP (2020), Jordan's economic growth is estimated to reach 3.5% of GDP in 2021, a rise of about 2%. However, the pandemic has accentuated noteworthy problems for the Jordanian government in their economic recovery plan. It is apparent that Jordanian decision-makers implemented comprehensive economic recovery and economic stability policies and private sector protection procedures, and that they included SMEs in these policies given their important role in sweeping improvement, revitalisation and recovery of the local economy.

## METHODOLOGY

This study seeks to address the effects of the COVID-19 pandemic on SMEs and illustrate the adopted innovative strategies of managers and business owners of SMEs in Jordan to remain in business. To collect qualitative data, therefore, this research uses a descriptive analysis design based on 20 semi-structured interviews with owners and managers across SMEs in Jordan who have, thus far, succeeded in surviving the deleterious economic effects of the COVID-19 pandemic. One primary statistical tool that is often used in the analysis and interpretation of primary and/or secondary data is the descriptive analysis (Ozili, 2020). The semi-structured interview is a commonly used method for gathering data when there is a time restriction because it also gives respondents the opportunity to explain unclear snippets of information (Sekaran and Bougie, 2016; Robinson and Kengatharan, 2020; Al-Hyari, 2020a; Durst *et al.*, 2021).

Our analysis is based on a review of secondary data, such as Jordanian government documents, the Central Bank of Jordan circulars, and data from the World Bank and World Health Organization (WHO). An all-inclusive electronic search of major databases and journals was conducted to identify

studies that should be included in this literature review. Furthermore, this researcher searched specifically for those studies that included a combination of two or more of these subsequent keywords: SMEs; innovation, innovation strategies; digitisation and digitalisation status, together with COVID-19's impact on society, and contingency strategies to meet any undesirable situations arising from the COVID-19 pandemic.

Given the current condition of the pandemic, it is increasingly challenging to collect respondent's data from a large number of samples (Qamruzzaman, 2020; Al-Hyari, 2020a). As a result, the researcher gathered data to the best of his ability and was able to collect that information from a sample of 20 SMEs through semi-structured interviews conducted from January to February 2021 via telephone, Microsoft Teams, Skype, and Zoom. Face-to-face in-depth interviews were not possible because of social distancing protocols, lockdown and quarantine procedures. Due to trustworthy and methodical rules, the names of the respondents could not be stated. The interviews lasted around half an hour on average.

According to Kraus *et al.* (2020) and Sultan and Sultan (2020), qualitative research designs are usually suitable for exploring organisational processes. This is because this kind of research has the capability of gaining an understating of observed phenomena as it allows the use of investigation as a method of developing insights from respondents. In their study, Robinson and Kengatharan (2020) explored the consequences of the COVID-19 pandemic on SMEs in Sri Lanka by collecting data from 14 interviews that, given the context, can be considered sufficient. Sultan and Sultan (2020) conducted 15 in-depth, semi-structured interviews in their study about female-led SMEs in times of crisis, challenges and opportunities. Rashid and Ratten (2021) assessed how the entrepreneurial ecosystem in an emerging economy has been affected by COVID-19 using qualitative research methods; they conducted 20 interviews with Pakistani entrepreneurs. Also, Iivari (2015) used qualitative research to study the characteristics of open innovation and business models in the SME context.

A primary analysis was carried out that highlighted accurate questions regarding their current and future beliefs and prospects about how their business could tackle the problems associated with the COVID-19 pandemic; in addition, questions were asked about whether or not they received any assistance from the government and what kind of assistance they are expecting to help keep their businesses going, testing their awareness of accessible government relief plans that could help their enterprises cope with the pandemic. Furthermore, the interview check-list includes questions about whether or not they are able to run their business in the same way as before the pandemic, how optimistic they are about the recovery of their business, what difficulties their business faced due to the pandemic, the probability that they will go out of business, and the kind of innovative strategies they will use to stay in business. Lastly, the records were converted into written documents that were revised by the author and categorised according to common subjects built on their views and examining the similarities and differences among respondents.

## FINDINGS AND DISCUSSION OF RESULTS

The results present the recovery strategies of SMEs in Jordan during and after the pandemic and the effects of COVID-19 on the worldwide economy. The Jordanian government forced a country-wide lockdown in all the kingdom's governorates for nearly four months, troubling businesses and influencing the economy.

Table 1 shows the demographic profile of respondents of the sample selected for this research. With respect to the characteristics of the SME owners/managers of the sample, 70% were between the ages of 20 and 55. With respect to the gender of the respondents, male managers comprised 80% of the sample while female managers made up 20% of the study sample. Regarding their educational levels, most of the respondents (90%) had a minimum educational level of a Bachelor Degree.

According to year of business establishment, 40% of the respondents stated that their SMEs were established 1-5 years before the interview, 45% were established 6-15 years before the interview, and 15% had been in business for 16 years or more. The comparatively young age of the respondents means that they may need more economic and technical help in modifying, recuperating and sustaining their enterprises following the pandemic. Also, younger respondents were more concerned about economic development and were more interested in participating in business improvement activities, especially those that offered different techniques for enhancing the value and quality of their goods and services in order to satisfy the needs of both their customers and their stakeholders.

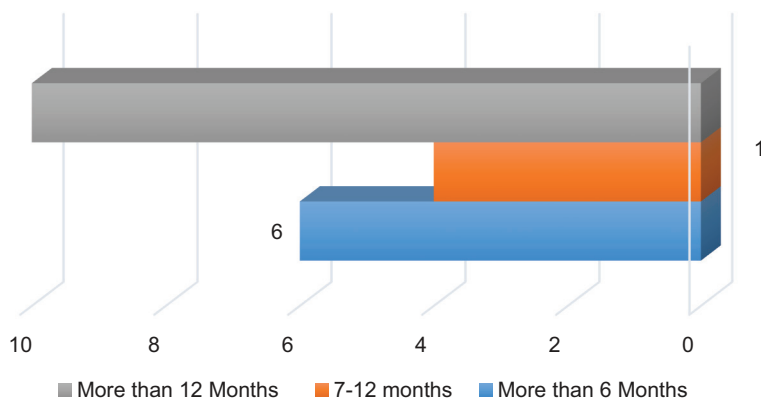
**Table 1: Company Profiles**

Measure	Value	Frequency	Percentage
Gender	Male	16	80
	Female	4	20
Age	20-26 years	3	15
	26-36 years	7	35
	36-55 years	4	20
	55 years and more	6	30
Educational Level	High School or less	2	10
	Bachelor	8	40
	Masters	8	40
	PhD	2	10
Year of Establishment	1-5 Years	8	40
	6-10 Years	4	20
	11-15 years	5	25
	16 years and above	3	15

Source: Constructed by author from research data

The results found that SMEs are in a desperate financial situation and struggling to pay wages to their employees. However, according to the owners and managers of SMEs who were interviewed, a majority of them who had the ability to pay their employees their wages under the pandemic's current situation, gave their employees up to three month's full pay while they worked from home.

Figure 1 shows that 30% of respondents stated that their businesses will not last for more than 6 months if the present circumstances continue, while 20% said they might stay in business for 7-12 months, and 50% thought they could last for more than a year. This reveals a shortage of liquidities to tackle economic blows caused by the COVID-19 pandemic. Moreover, the results also confirmed that SMEs would not be able to fulfil working costs over a long period of time.



**Figure 1: Business Continuity**

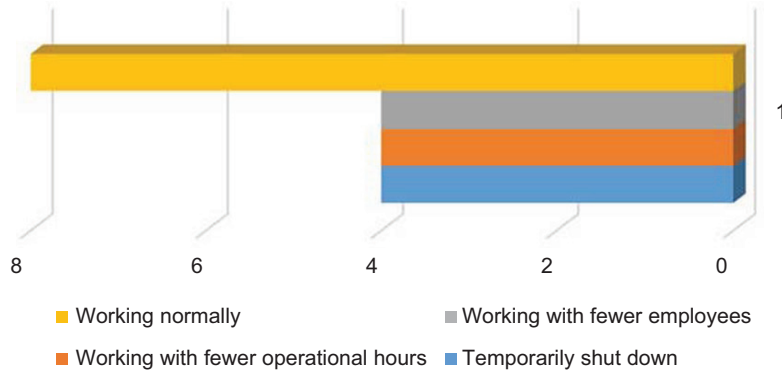
Source: Constructed by author from research data

Continuing with the results presented in Figure 2, 20% of enterprises were temporarily shut down, 20% working with fewer operational hours, 20% working with fewer employees, whereas 40% were working normally. The findings confirmed that temporary closure of enterprises was one of the main difficulties facing the stability of SMEs, considering the lockdown and limitations on when companies could return to work. This result is the same as the finding of Al-Hyari (2020a), that SMEs in Jordan's manufacturing sector would most likely permanently close within the next six to nine months.

As a noteworthy finding, less than 5% of the SME owners/managers confirmed that they plan to close their operations completely or withdraw from the marketplace; this is an encouraging indication and optimistic attitude of the majority of SME owners wanting to preserve their business despite the COVID-19 pandemic situation; it also highlights the significance of SMEs in sustaining their source of revenue.

Many SME owners and managers stated that, in order to keep their businesses up and running, they relied on various human resource tactics such as working half-time and applying a

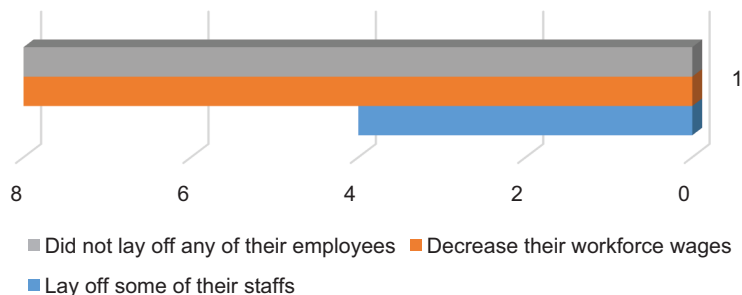
flexible work environment so that they may minimise their total expenditures until the pandemic subsides and they have some stability in their business. This result is consistent with Robinson and Kengatharan (2020).



**Figure 2: Operation Response Measure**

Source: Constructed by author from research data

According to Figure 3, 20% of these enterprises laid-off some of their staff, 40% had to decrease their employees' wages, and 40% said they did not lay off any of their employees. This can be attributed to the fact that many of these businesses are sole, family-run proprietorships mostly employing family members who usually stick together in such times. These findings are similar to the results of UNDP (2020) and Al-Hyari (2020a).



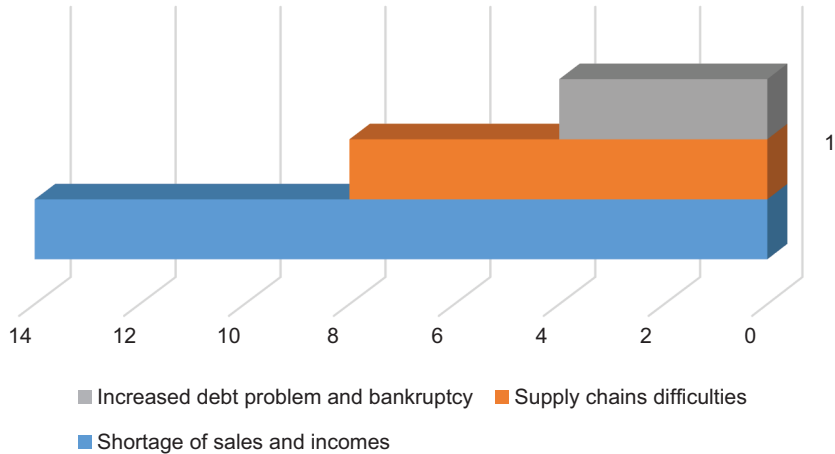
**Figure 3: Number of Staff that Got Laid Off**

Source: Constructed by author from research data

Figure 4 shows the main economic effects on SMEs and presents the financial fragility of SMEs as the majority (70%) of SME owners/managers stated that the major difficulties within the pandemic were the shortage of sales and income; these led to a reduction in revenue and produced cash flow difficulties for their stability. Moreover, 40% were affected by supply chain difficulties,

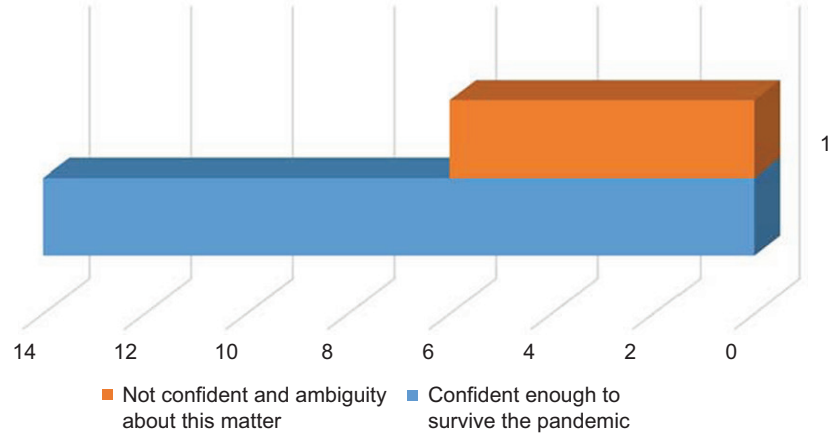


and 20% encountered increased debt problems and bankruptcy. These results are similar to the results of UNDP (2020) and Al-Hyari (2020a).



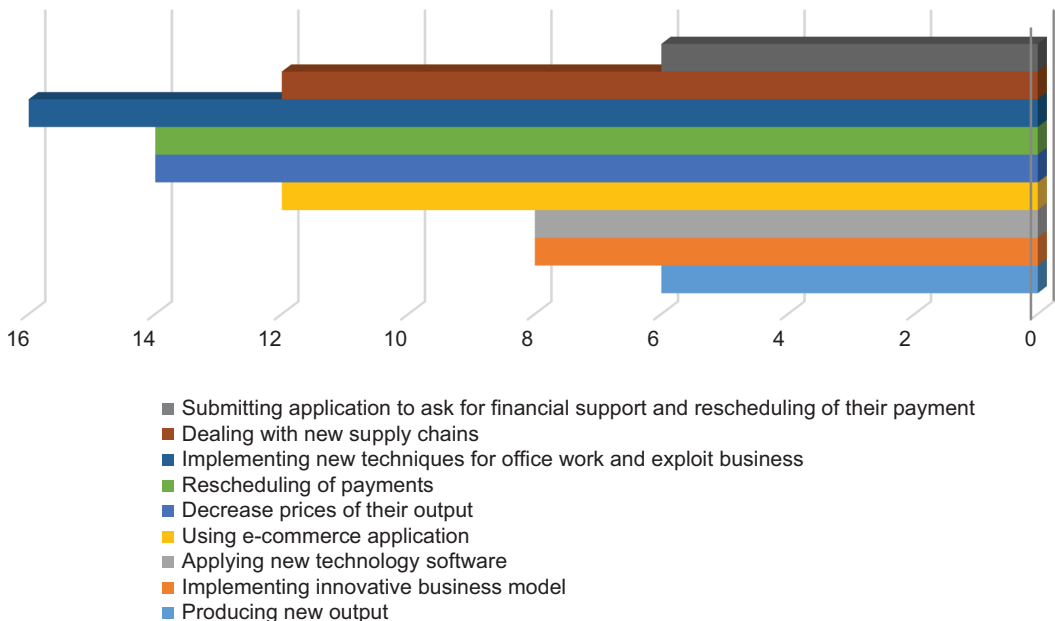
**Figure 4: Economic Influences on SMEs**  
Source: Constructed by author from research data

According to Figure 5, 70% of respondents stated that their businesses could handle the current pandemic and were confident enough that they would survive the pandemic; however, 30% were not confident and faced this matter with some uncertainty. These findings are consistent with Al-Hyari (2020a) and Humphries *et al.* (2020) in that SMEs are unsure about their expectations for full recovery. In fact, many assumed recovery would take between six and nine months.



**Figure 5: Business Confidence in Surviving the Crisis Economically**  
Source: Constructed by author from research data

According to SME owners/managers, in coping with the COVID-19 pandemic, and as simplified in Figure 6, the main procedures that were taken for business stability were that 30% produced new output, 40% implemented innovative business models, 40% applied new technology, 60% used e-commerce applications, 70% decreased prices of their output, 70% rescheduled payments, 80% implemented new techniques for office work and exploited business, and 60% diversified by dealing with new supply chains. Only 30% took the action of submitting applications asking for financial support and rescheduling of their payments. This highlights the lack of awareness and understanding of SMEs when it comes to obtaining financial help through easy loan funding procedures and packages offered by the Central Bank that provides funding to different sectors of the Jordanian economy.



**Figure 6: The Main Strategies Used for Business Stability**

Source: Constructed by author from research data

This supports the same findings of UNDP (2020). Since lockdown procedures in Jordan are progressively being lifted on businesses and the economy is re-opening, it will be effortless to overcome many of the difficulties that resulted from the pandemic. However, several SME owners/managers stated that the pandemic would have both medium and long-term effects on business stability, financial liquidity, markets and logistic issues.

The Jordanian government supports businesses having better recovery actions that seem to help the resolve of businesses to be successful again, even though these actions may be expensive. To overcome the current problems and to support SMEs in tackling the existing circumstances

and avoid economic failure, as stated in Figure 7, 30% of all enterprises interviewed requested some sort of financial support. Of the respondents, 40% planned to ask for technical help for their business to recover and remain sustainable by applying new technologies and applications, such as e-commerce. Also, 30% requested that loans be available to cover their employees' salaries (UNDP, 2020). As a result, SME owners/managers should, indeed, be able to ask for government assistance in coping with the COVID-19 crisis through the partial funding of staff and employee salaries, partial contributions made towards utility bills, suspensions on loan repayments, tax relief, and simplifying access to financial help. This result is the same as the result of Robinson and Kengatharan (2020).



**Figure 7: Kind of Support to Cope with the Pandemic**

Source: Constructed by author from research data

Jordanian government policies and procedures for coping with the pandemic, for instance, social distancing, curfews and travel restrictions, have come at high economic cost and seriously harmed the SMEs in different sectors in Jordan. Particularly, these include the unavailability of raw material, the reduction in both international and domestic demand for their output, trouble with reimbursing loans and interest, difficulties in staff returning to their jobs, and a lack of new orders. Consequently, the Jordanian government has offered some packages to help SMEs, such as the Central Bank of Jordan's suspending loan repayments for a period of 60 days from April until July. However, SME owners/managers are hoping to receive more assistance, such as tax reduction, for instance, to aid in coping with the pandemic.

## KEY CONCLUSIONS, RECOMMENDATIONS, IMPLICATION AND LIMITATIONS

### Conclusions

Although Jordan's containment procedures for the spread of COVID-19 pandemic have been acknowledged as one of the most pre-eminent in the region (UNDP, 2020), there is little to no

awareness of government assistance procedures regarding assistance with loan guarantees, rescheduling of payments, or renegotiation of workforce wages by SME owners/managers. COVID-19 will have varying effects on businesses; SMEs are particularly vulnerable, owing to inadequate financial liquidity and inability to adapt their businesses strategies compared to larger enterprises. As a result of the decrease in worldwide demand and the shortages of different resources, countless SMEs, such as hotels, restaurants, and clothing manufacturers and retailers, were forced to reduce their operations. In sum, the jobs of thousands of workers are threatened.

Furthermore, the findings confirmed that the COVID-19 pandemic affected the Jordanian economy, especially when it came to SMEs and supply chains. The majority of respondents experienced a scarcity of resources and a decrease in both international and local demand for their output. This finding is consistent with Al-Hyari's (2020a) finding that SMEs face a shortage of revenue when there is a reduction in demand for their output. Consequently, there will be a shortage of liquidity to pay their rent, salaries, and general expenditures.

Although the Jordanian government asks businesses to continue working from home, this does not help those SMEs whose business simply cannot be done from home for many reasons, such as a lack of infrastructure technologies (e.g., the Internet), the knowledge of their employees, their financial position and the nature of their businesses. Additionally, the results found that a majority of SMEs, such as restaurants, hospitality businesses, tourism, cinemas, and playhouses, rely on social gatherings and were therefore harshly affected by the pandemic. These results are consistent with Robinson and Kengatharan's (2020) findings.

As a result of the decrease in worldwide demand and the shortages of different resources, many SMEs, such as hotels, restaurants, and the clothing industry, reduced their operations. Briefly, thousands of workers are at the threat of losing their jobs (Robinson and Kengatharan, 2020).

The government should invigorate current human resource management strategies to protect the labour force in Jordan. Both the government and SME owners/managers should guarantee that the working environment is at minimal risk from the pandemic by developing health and safety procedures. Since the significant advantages of the SMEs for the economy is in providing employment, wealth advancement and poverty alleviation, the Jordanian government should legally help SMEs remain sustainable both during and after the unexpected COVID-19 pandemic.

SMEs in Jordan should assess all the changes related with the spread of the COVID-19 pandemic and develop and implement emergency strategies to handle any unwanted conditions appearing from the pandemic. The majority of SME owners and managers stated that they have reduced their operation owing to the COVID-19 crisis. Remarkably, they attributed their suspicions as to how long the pandemic will last.

Many businesses have had to develop new and innovative ways to generate both new channels and new products. They have done this by adjusting already existing business models and assets to the real world market created by the COVID19 pandemic in order to create newer business prospects (Gavrila and Ancillo, 2021). As a result, a new framework illustrating the plethora

of innovative strategies used to help SMEs cope with the effects of this global pandemic were presented by this study. First, there were the SMEs' capabilities in using already existing resources that were on hand to quickly react to the shifting business environment. Next, the SMEs were able to take what they had available and turn it into newer products or solutions. Finally, SMEs were able to see the benefits of available digital resources, take their knowledge about particular techniques and contacts, make better use of what they had available, and use that innovation to help get them through this time of crisis (Bivona and Cruz, 2021). As mentioned before, one of the main sources for ensuring survival during the COVID-19 pandemic was innovation (Caballero-Morales, 2021).

## Implications

The results from this paper have implications for both SME owners/managers, and for Jordanian decision-makers. Both the government and SME owners/managers should guarantee that the working environment is at minimal risk from the pandemic by developing health and safety procedures. Since the significant advantages of the SMEs for the economy are in creating new jobs and poverty alleviation, the Jordanian government should officially help the SMEs' sustainability within and after the unexpected COVID-19 pandemic. The government of Jordan should invigorate current human resource management strategies to protect the workforce in Jordan. Moreover, SMEs should implement a strategic cooperation with their supply chains, government, customers, and other stakeholders to keep working and guarantee a sustainable business. Therefore, they should develop their own business sustainability strategies.

Through digitisation and digital transformation, innovation initiatives make the way that business is done even better by altering both internal and external workflows together with enhancing client communications by focusing all of a company's services and hard work towards those communications. Finally, innovation also promotes more integration among providers and/or manufacturers; this motivates them to provide new services and personalised choices to their customers (Gavrila and Ancillo, 2021).

## Recommendations

In order to successfully address the effects of the COVID-19 pandemic on SMEs and describe the innovative strategies adopted by managers and business owners of SMEs in Jordan to remain in business, and on sober reflection on the findings of this research, the investigation recommends the following:

- The majority of respondents have expressed their need for financial assistance from both government and non-governmental sources. Therefore, extraordinary allowances, working capital loans with adaptable and deferred terms, and loans with free or low interest rates should be presented to SMEs. Additionally, compulsory taxes on employees' wages could be simplified in the situations where SMEs affected by the pandemic are forced to lay off some or all of their employees.



- Emergency funding should be considered to aid SME owners/managers guarantee that training and counselling schemes on self-dependency can be obtained, and access to finance workforces who are affected by the crisis should be enabled.
- Access to finance for SMEs should be increased and simplified by giving temporary salary subsidies or tax exemptions that would permit firms to keep employees or hire extra workforce.
- The digitalisation of SMEs activities and operations should be stimulated through the implementation of new technologies and digital solutions, in addition to improving the technological skills of SME owners/managers to cope with the pandemic. Jordanian decision-makers in both public and private sectors could help by decreasing internet costs, increase efforts concerning the digitalisation of trade documents and techniques (in collaboration with the private sector), and building learning campaigns to clarify how to benefit from online business for SME owners/managers.
- To alleviate the economic effects of lockdowns, decision-makers should introduce targeted lockdowns to detect hotspots that lead to the control of the widespread economic effects of the pandemic.
- SMEs should apply new ways of dealing with stockholders by leading them to digitalisation. They should do this by encouraging the use of non-physical services to reach customers, such as e-commerce, digital sales and services, by providing platforms that guarantee sustainability with quality and avoid any possible trouble in the future. Therefore, technical help and training courses should be given to SME owners and managers to aid them in improving the groundwork for e-commerce; this would help them to fix any faults or smart logistical problems.

## Limitations

This research has some limitations that may be considered for future research. This research is focused on the Jordanian economy during the pandemic with a situation of social distancing. The current research is built on the Hashemite Kingdom of Jordan – a developing economy; as a result, it cannot be compared to other economically developed countries. Research findings are based on a small number of respondents; therefore, the conclusions and recommendations cannot be generalised to include all Jordanian SMEs or other similar developing economies. The sample period of investigation is limited. An extended sample period is preferred since it can produce a much richer research understanding. Whether or not other SMEs working in other contexts and sectors would react in the same manner should also be studied further, and the sample size should be enlarged. Finally, this study encourages researchers to do more research in other countries to attain a worldwide picture of the results.

This research used qualitative data in a specific time. Additional investigations should consider the use of a quantitative approach so as to prove if there are important variances in the results attained. Moreover, using a longitudinal study would increase the capability of attaining better measurement reliability.

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