

Financial Supporting Mode for Small Businesses to Coup with COVID-19 Lockdown Restrictions

¹Minyahil Assefa, ²Dr. Yadavilli Jagannadha Rao

¹Department of accounting and finance, Jigjiga University,

²Department of Management, Andhra Pradesh, India,

Abstract

Relatively, small businesses have less liquidity and risk management capacity than large businesses. As such, they are more vulnerable for COVID-19 lockdown restriction impacts. Moreover, the failure of small business may escalated into the entire economic collapse. Thereby, saving this sector can stabilize the impact of COVID-19 on economic as well as social crisis. In this regards, the study focused on the designing of financial supporting schemes that can prevent small business from failure in Ethiopia. Based on other countries experiences and review of literatures, four important component of financial supporting schemes were identified. They are COVID-19 based special loan to cover salary, rent, and other fixed cost; suspension of interest and principal payments; exemption of tax payment and social contribution; and loosening of financial requirements.

Key words: COVID-19, Financial Model, Small businesses survival, PMIRMA model, Ethiopia

1 INTRODUCTION

Pandemic related crises have been associated with enormous negative impacts on the health, economy, and society security of a national (Drake, et al., 2012). For example, pandemic influenza represents a serious threat not only to the population of the world but also to its economy. The Impact of economic loss can result in bankruptcy and failure of business, specially its impact on small and medium enterprises is paramount (Prager, F., et al., 2016). As such, in the aftermath of the COVID-19 outbreaks in 2020, small businesses have a strong attention both in developing and developed countries.

Likewise, the government of Ethiopia took measures that used to reduce the impact of COVID-19 on business employees and stimulate the economy. The government announced the cancelation of fines and interest payment on deferred taxes of ten years. According to the ministry of revenue, Payment of the principal amount within one month is the major criteria to be eligible for this supporting scheme. Accordingly, on August 22, 2020 Fana broadcasting corporation (FBC) reported that tax fines and interest payment were canceled for 2,411 business from deferred tax of 2007 fiscal year. Besides, from deferred tax of 2008 up to 2011 fiscal years, interest and fines of 5.9 billion Birr has been canceled for 1,267 business that operate in the federal jurisdiction¹. The government announced to cancel payment of fines and interest on the past ten years deferred tax amount. However, this support targeted only business that can settle their tax liability within limited period. Moreover, it focused on businesses that operate only in federal jurisdiction.

Obviously, the types of financial supporting schemes in developing countries may not be the same with that of developed countries. In developing countries, informal financial institutions are the dominant financial intermediaries that mobilize saving and provide loans for small business. Moreover, the types of markets that small businesses operate, government capacity, and other institutional factors necessitate this study to design supporting financial model for small business of Ethiopia.

¹ <https://www.facebook.com/123960474361367/posts/3274042779353105/>

Nowadays, governments are imposed partial or total lockdown restrictions around the world. These restrictions have a serious impact on the survival of small businesses. The effects of these lockdown measures are dependent on its duration and intensity. The longer the lockdown duration, the worst impact it has on small business survival. If a government forced total lockdown, the business will lose their entire sale. Consequently, they face cash shortage to cover their fixed costs such as salary for employee, rent, interest expense, payment of borrowing, insurance premium, and other fixed bills. In the context of organizational capacity, the degree of business survival is dependent on the amount of cash reserve aside to deal with such unavoidable risk. However, practically small business lacks cash reserve used to cover their fixed cost for a long period. Unless, the concerned body took immediate financial and economic supporting schemes, the fate of small businesses might be bankruptcy (Charles, et al., 2012). Large businesses have a better chance of surviving. However, small business tends to live only with a few months of cash reserve (AMTC, 2020). Thus, when something as significant as COVID-19 Pandemic break out, it is not shocking only for small business owners; it further affects their employees' livelihood. Moreover, the impact would be very serious where lockdown restrictions imposed without any financial incentive. Accordingly, the objective of this study is to develop financial supporting schemes than can help small businesses to coup up with COVID-19 lockdown restriction measures.

The following parts consisted of four sections. Section two scrutinizes existing literatures and theories. Section three explains the research method. Section four, the main part of the study, discuss the financial supporting schemes and related hypotheses. The last section presents the research conclusion.

2 LITERATURE REVIEW

2.1 SOCIOECONOMIC IMPACT OF PANDEMIC

Infectious disease outbreaks can easily cross borders to threaten economic and regional stability, as has been demonstrated by the HIV, Influenza, Ebola, and SARS epidemics. Beyond the debilitating, sometimes fatal, consequences for those directly affected, pandemics have a range of negative social, economic, and political consequences. As an example, the impact of pandemic influenza in 2009 was not just on mortality, but also on health-care systems, animal health, agriculture, education, transport, tourism and the financial sector. In short, a pandemic can threatens all aspects of the economic and social fabric (Drake, Chalabi, & Coker, 2012).

2.2 THE IMPACT OF COVID-19 ON SMALL BUSINESS SURVIVAL

Small businesses are the backbone of the world economy. Today, 95 per cent of companies across the globe are Small business, accounting for 60 per cent of the world's total employment. Small businesses contribute to around 35 per cent of GDP in developing countries and around 50 per cent in developed countries, according to the 2016 World Trade Report (WTO, 2016). Small businesses are thus vital for preserving jobs and productivity.

Small businesses are overrepresented in economic sectors that have been disproportionately affected by the massive shocks to demand and supply resulting from COVID-19. Moreover, Small business have less resilience and flexibility in dealing with the costs these shocks entail because of their size, which makes it more challenging for them to survive the crisis than larger firms. A recent survey of the Korean Federation of Small business showed that, of the 407 surveyed SMEs, 42.1 per cent can continue business for no more than three months under the current quarantine conditions, and 70.1 per cent for no longer than six months. Likewise, a survey by Tsinghua University and Peking University of 995 SMEs in China found that 85 per cent could not survive quarantine conditions for more than three months (OEED, 2020).

How small business will be able to navigate this economic downturn will determine the extent to which jobs, productivity, and trade can be preserved (WTO, 2020). According to Lindsay et al., (2020), 50 per cent of Small business in the United States have already shut down or have laid off or furloughed employees, and 27

per cent stated that they will be obliged to take such measures in the next few weeks if the situation does not improve.

2.3 THEORY OF PROFIT MAXIMIZATION AND BUSINESS SURVIVAL

The Classical Profit maximization theory or as some might also call it as The Neo-Classical economic theory of the firm could be traced back as early as Adam Smith's writing in The Wealth of Nations (Lynch, 2000). It was not until 1950s and 1960s that this theory received considerable attention from strategic management field through writers. Ansoff, (1989) in particular stated that:

“..... a firm seeks its objectives through the medium of profit and through conversion of its resources into goods and/or services and then obtaining a return on these by selling them to customers...In this respect, survival of the firm depends on profit; unless profits are generated and used for generation of future profit and replacement of resources, the firm will eventually run down.”

Accordingly, the theory of profit maximization is directly related with the theory of business survival. The concept of survival-based theory or some might call it as “survival of the fittest” theory was originally developed by Herbert Spencer (Alchian, 1950).

The survival-based view in strategic management emphasized on the assumptions that organizations has to deploy strategies that should be focused on running very efficient operations and can respond rapidly to the changing of competitive environment (Khairuddin,2005), since the one that survive is the one that is the fittest and most able to adapt to the environment.

The application of this theory in the field of corporate turnaround was also quite straightforward. An ailing company usually faces many problems, such as financial difficulties, failing products, losing key personnel and many others. These were actually just signs that the company was not running efficiently. Turning around company usually characterized with underperforming sales and under-capacity in terms of factory output and overwhelming size in human resource department. These characteristics of inefficient organization could explain why such turning around companies usually layoff its workers, repositioning their products and selling off its under-capacity assets in order to strengthening their condition. It is actually the primary objective of such turning around company to make the organization run efficiently. As survival-based theory argued, if it is not adapting to the ever-changing environment and become efficient in it, it simply will not survive. Thus, the one that successfully turned-around is the one that operates efficiently and adapting successfully to its environment.

However, profit maximization and business survival theories justified when markets are operating on their stipulated structures. At a time like COVID 19 lockdown restrictions, markets are closed and businesses are at no sale and no profit state. Despite this, the businesses are obligated to pay their fixed cost, such as rent and salary. During lockdown restrictions, survival of business should not be justified based on the amount of profit earned, rather by its level of cash reserve.

Compared to larger firms the survival, and growth of small business accounts for special problems in financing (Lindsay, et al. 2020). Small businesses generally tend to be confronted with higher interest rates, as well as credit rationing due to shortage of collateral. This financial problem is intensified more at difficult business time, such as COVID 19 outbreak.

Thus, developing a business survival strategy can fill this conceptual gap. The following sections deal the development of this survival theory.

3 RESEARCH METHOD

The research model has six constructs and eleven indicators. Structural equation model (SEM) enables to incorporate these unobservable constructs that indirectly measured by indicator variables. To measure the relative importance of financial supporting schemes in a comprehensive monologue model, PLS-SEM (partial list square- structural equation model) is the appropriate statistical model (Hair, et al., 2012). Besides, the study model necessitates both confirmatory factor and cause-effect analysis. Apparently, PLS-SEM offers a distinctive advantage for this case, because it verifies both the validity of measures (constructs) in confirmatory factor analysis together with estimated relations in the econometric analysis (Joseph F. Hair, et al., 2014). Additionally, COVID-19 and its effect on business survival is a new concept. Thereby, there is a dearth of theoretical and empirical literatures. In this regards, PLS-SEM would be a suitable choice of statistical model (Lohmoller, 1989)

3.1 PLS-SEM DATA ANALYSIS PROCEDURES

The PLS algorithm aims at estimating the values for constructs by an iterative procedure. Initially, the score of each construct is determined by the weighted sum of its indicators. Then in the inner approximation, reconstruct each construct by means of its neighboring constructs. The coefficients are referred to as outer weights. Finally, each construct is constructed as weighted sum or linear combination of its indicators. After each steps, the constructs are scaled to have zero mean and unit variance. The algorithm stops if the relative change for all the outer weights is smaller than a predefined tolerance. Estimation of outer weight, outer loading, and score of constructs follow the following five steps:

Step one: All the indicators, X_1 up to X_{11} , are transformed in to normal standardized distribution (mean 0 and variance 1). At this step, all the weights are equal to one. Then, outer approximation/estimation of constructs estimated using:

$$\hat{Y} = XM \text{eq. 1}$$

Where:

\hat{Y} : is $N \times G$ matrix: N is number of observation; G is number of constructs (they are six)

M : is Adjacency matrix ($K \times G$) for the measurement model, K is number of indicators

X : is $N \times K$ adjacent matrix of indicators; each variable standardized². Not that all the computed factor score construct SL up to BFP, are transformed to standard normal distribution with mean 0 and variance 1. Then, constructs are initialized as: $\hat{Y} = (\hat{y}_1, \hat{y}_2, \dots, \dots, \hat{y}_g)$

Step two: Each construct estimated as a weighted sum of its neighboring constructs. The weighting scheme is used for the estimation of the inner weights. Originally (Wold, 1986) proposed the centroid weighting scheme. Lohmoller, (1989) introduced two other schemes, factorial and path weighting.

Path weighting scheme: For the path weighting scheme (or structural scheme), the predecessors and successor of a latent variable play a different role in the relation. The relation for one specific construct with its successor is determined by their correlation; for the predecessors it is determined by a multiple regression with the set of its predicting constructs.

$$y_i = y_i^{pred} \cdot \gamma + Z_i \quad , E[Z_i] = 0, \quad i=1, G \text{eq. 2}$$

Then, the elements of the inner weight matrix E are:

$$e_{ij} = \begin{cases} \gamma_i & , \text{for } j \in y_i^{pred}. \\ COR(y_i, y_j), & \text{for } j \in y_i^{succ}. \\ 0, & \text{else.} \end{cases} \dots\dots\dots \text{eq. 3}$$

The compact form of the equation would be:

$$\tilde{Y} = \tilde{Y}E \dots\dots\dots \text{eq. 4}$$

Where:

\tilde{Y} : The inner factor score estimate

\tilde{Y} : Matrix of the outer estimate

E: the matrix of inner weights; $G \times G$ matrix of inner weights

Then, the inner estimation would be: $\tilde{Y} = (\tilde{y}_1, \tilde{y}_g); \tilde{y}_g$: is individual score of the inner estimation

Step three: initially, all weights were one, now at this step the weights have been recalculated based on the construct values from the inner approximation (Step 2). According to the measurement mode theory, formative and reflexive measurement models' weights, /loadings are estimated by multivariate regression and OLS method respectively. Outer weights are dependent on the score of construct.

$$\begin{aligned} \tilde{w}_g^T &= (\tilde{y}_g^T \cdot \tilde{y}_g)^{-1} \tilde{y}_g^T \cdot X_g \\ &= COR(\tilde{y}_g, X_g) \dots\dots\dots \text{eq. 5} \end{aligned}$$

Step four: In step 2, the outer weights vectors computed and arranged in an outer weights matrix "W". The summary matrix of outer weights W writes down as:

$$W = \begin{bmatrix} w_1 & 0 & \dots & 0 \\ 0 & \ddots & & 0 \\ \vdots & & & \vdots \\ 0 & \dots & & w_G \end{bmatrix} \dots\dots\dots \text{eq. 6}$$

Now, "W" used to estimate the constructs \tilde{Y} by means of the indicators. The compact form of the equation would be:

$$\tilde{Y} = XW \dots\dots\dots \text{eq. 7}$$

Resulting in the outer estimation: $\tilde{Y} = (\tilde{y}_1, \tilde{y}_2, \dots \dots \tilde{y}_g)$

Step Five: If the relative change of all the outer weights from one iteration to the next are smaller than a predefined tolerance:

$$\left| \frac{\tilde{w}_{kg}^{old} - \tilde{w}_{kg}^{new}}{\tilde{w}_{kg}^{new}} \right| < tolerance \dots\dots\dots \text{eq. 8}$$

Where: $\forall k = 1 \dots 22$ and $\wedge g = 1$ up to 6

Note that, the estimation of constructs done in Step 4 is taken to be final; otherwise, we go back to Step 2 again.

3.1.1 Calculation of path coefficients, total effects and loadings

Once the constructs are estimated by PLS algorithm, the *path coefficients* would be estimated by ordinary least squares (OLS); according to the structural model theory. For each latent variable \tilde{y}_g ; where, $g = 1-6$; the path coefficient is the regression coefficient on its predecessor set.

$$\begin{aligned} \tilde{\beta}_g &= (\tilde{y}_g^{pred T} \cdot \tilde{y}_g^{pred})^{-1} \cdot \tilde{y}_g^{pred T} \cdot \tilde{y}_g \\ &= COR(\tilde{y}_g^{pred}, \tilde{y}_g^{pred})^{-1} COR(\tilde{y}_g^{pred}, \tilde{y}_g) \dots\dots\dots \text{eq. 9} \end{aligned}$$

We obtain the elements $b_{i,j}$; where $i, j = 1 - G$, of the estimated matrix of path coefficients $\tilde{\beta}$:

$$f(\tilde{\beta}_{ij}) = \begin{cases} \tilde{\beta}_{gj}, & \text{for } j \in y_i^{pred} \\ 0, & \text{else.} \end{cases} \dots\dots\dots \text{eq. 10}$$

The matrix \tilde{B} can be interpreted as transition matrix for the structural model. We can calculate the matrix of total effects \tilde{T} as the sum of the 1 to 6 step transition matrices:

$$\tilde{T} = \sum_{g=1}^G \tilde{\beta}_g \dots\dots\dots \text{eq. 11}$$

The cross and outer loadings are estimated by:

$$\tilde{\lambda}^{cross} = COR(X, \tilde{Y}) \dots\dots\dots \text{eq. 12}$$

$$\tilde{\lambda}_{kg}^{outer} = \begin{cases} \tilde{\lambda}_{kg}^{cross}, & \text{if } m_{kg} = 1 \\ 0, & \text{else.} \end{cases} \dots\dots\dots \text{eq. 13}$$

4 DISCUSSION

The existing profit maximization and business survival theories justified when markets are operating on their stipulated structures. At a time like COVID 19 lockdown restrictions, markets are closed and businesses are at no sale and not at profit state. Despite this, the businesses are obligated to pay their fixed cost, such as rent and salary. Accordingly, survival of business should not be justified based on the amount of profit earned, rather it determined by the amount of cash it reserved.

Since, lockdown restriction effect and financial supporting schemes related theories are hardly available, the study does not test existing theories. Rather it designs new financial supporting theory that used to prevent small business from failure at lockdown. Edward, (1990, P.198) stated:

.....for there to be meaning there has to be a pattern. There to be relevance that pattern has to have some importance.

For the purpose of this study, Edward De Bono’s meaning and relevancy concept has scaled up in to a framework that used to design financial supporting model. The framework labeled as Pattern, Meaning, Importance, and Relevancy of Model Analysis (PMIRMA). The following part describes this framework.

In this study posits that a given financial supporting schemes supposed to have a meaning. To have a meaning, the type of the scheme should be explained briefly and form patterns. Pattern is the relation among the elements of financial supporting and business failure privation. Whenever the patterns have both meaning and importance, the financial supporting scheme is relevant to prevent small business from failure. However, all-financial supporting may not be always important. Moreover, some patterns may have a meaning but lacks importance. For example, additional loan support for highly indebted businesses end up with total bankruptcy. Furthermore, during total lockdown, sale is nearly zero. Thereby, businesses are not obligated to pay any sales or income taxes. Accordingly, sales and income tax exemptions would be irrelevant supporting scheme. In this study, the concept of PMIRMA was applied to design supporting schemes in the context of their relevancy.

4.1 THE BEHAVIOR OF COSTS AND BREAK-EVEN POINT

Based on its relation with change in quantity produced and sold, costs are categorized in to variable and fixed costs. Variable costs change with change in units produced and sold. Total variable cost is the product of unit variable cost and quantity (Grande, et al., 2011).

$$TVC = UVC * Q \dots\dots\dots \text{eq. 14}$$

Whereas fixed cost do not change within a given relevant range of quantity. The sum of fixed cost and variable cost is the cost of production and sell of a given amount of quantity.

$$TC = UVC * Q + FC \dots \dots \dots \text{eq. 15}$$

Thus, when quantity is zero, variable costs become zero but fixed cost remains constant (Charles, et al., 2012). At this point total cost is only the amount of fixed cost.

$$TC = FC \dots \dots \dots \text{eq. 16}$$

Thus, in Exhibit 1, fixed cost line is represented by horizontal line. The total cost inclined upward to the right with total revenue and quantity. The level of quantity where total cost and total revenue meets is called breakeven point. At this level of quantity (Qu), there is no loss and profit and the revenue is sufficient to cover all costs. To the left of Qu, the business incurs loss; total cost is greater than total revenue (TR). When total revenue is below fixed cost, it is the worst level of quantity where the business cannot cover both fixed and variable costs (Baldwin & Di, 2020).

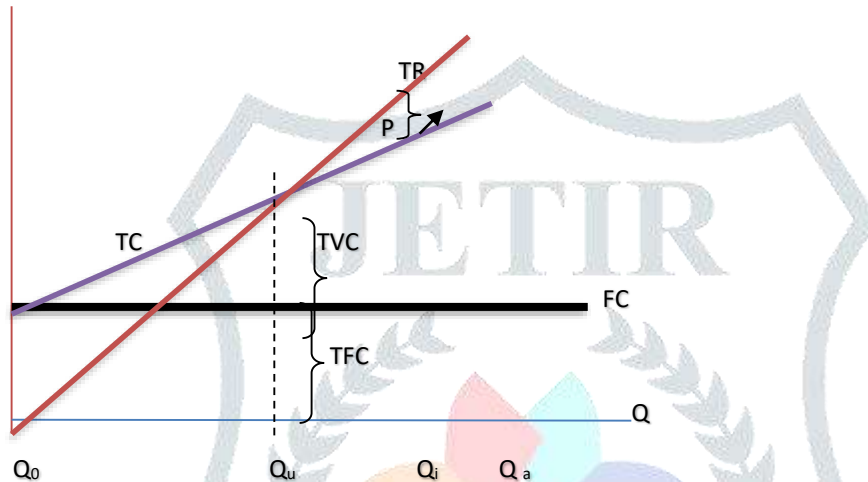


Exhibit 1 Cost behavior and breakeven point

4.2 FINANCIAL SUPPORT REQUIREMENTS

The amount of financial support required is dependent on lockdown duration. Lockdown period is measured by a possible different number of time interval that government can imposed. The effect and duration of pandemics disease varies from country to country. Thereby business lockdown duration varies among countries. Previous experience shows that one up to three months of lockdown was commonly imposed to prevent pandemic disease. For this study model, maximum of a year lockdown period is assumed. The period categorized under 12 intervals.

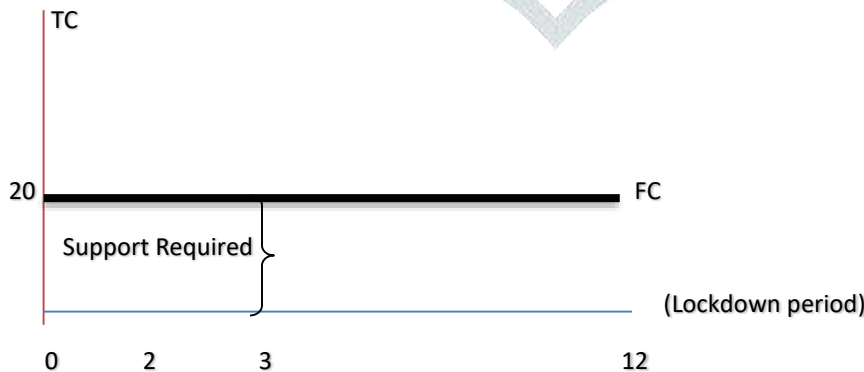


Exhibit 2 Financial support and lockdown duration

The amount of financial support required (FSR) is the area of a rectangle less cash reserve (R). As depicted on Exhibit 2, the area of the rectangle is the cumulative value of fixed costs (CVFC).

$$FSR = CVFC - R \dots \dots \dots \text{eq. 17}$$

If the lockdown duration, FC, and cash reserve were 3 months, \$20 million and \$2 million respectively, financial support required would be \$58 million $((20*3)-2)$. When cash reserve is greater than 60, financial supporting is not necessary. Mathematically the financial supporting amount is the positive value of FSR. Thus, whenever lockdown period extended, financial support required must be increased to prevent business from failure (Allchin, A. A., 1950).

Exhibit 3 shows that lockdown duration has a positive relation with business failure. The longer the lockdown duration, the larger business failure will be. In addition, the larger business failure, the highest financial supporting required.

Business failure during the lockdown period is dependent on the amount of financial support. Because, the more government financial support is the less business failure will be. The study posits that business failure duration is measured by complement of business survival within a year. If there are 'n' months of business survival during lockdown period per year, there will be (12-n) months of business failure duration. The longer business failure duration, the larger supporting schemes required and vice versa (Allchin, A. A., 1950).



Exhibit 3 The Effect of Lockdown duration on Business Failure

4.3 RESEARCH HYPOTHESIS AND CONCEPTUAL FRAMEWORK

To design relevant financial supporting schemes pattern, the causes of business failure should be clearly identified. The primary effect of lockdown is cash shortage that used to cover their fixed costs. In this case, cash reserve is the first internal means for business survival. However, small business lacks that match sufficient amount of cash reserve used to survive financial crisis (World, 2015;). For example, of the 147 small business in the Asia-Pacific region surveyed by the Asia-Pacific MSME Trade Coalition, almost 50 per cent have less than a month or just a month of cash reserves (AMTC, 2020).

Thus, governments have introduced a wide range of urgent stimulus and backstop measures for small businesses. These measures, which are often time-limited, mostly include direct and indirect liquidity support measures meant to address the cash flow issues. According to WTO data, 44 WTO members had introduced urgent stimulus and backstop measures for small business by April 2020. As stated in Table 1, these measures essentially comprise liquidity support, particularly state loans and credit guarantees, suspensions of payments, reduction, and exemption of tax, rent, and loosening of financial regulation. These supports have two impact, increasing of cash inflows and decreasing of cash outflows. Loan and releasing of restricted fund used to increase cash inflows. On the other hand, allowing tax exemption, suspension of loan and other payments are used to decrease cash outflows.

Lesson from COVID-19 based financial support of UK small business ³ indicated that when small or medium-sized business is facing cash flow issues because of COVID-19, a new temporary Coronavirus Business Interruption Loan Scheme delivered by the British Business Bank. The government has provided lenders with a partial guarantee of 80% on each loan to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £5 million in value. The first 6 months of these loans will be interest free, as the Government will cover these payments. Businesses will be able to get finance under the scheme from a large number of providers, including the main high street banks. Businesses will remain responsible for repaying any facility they take out.

Table 1 Summary of Financial supporting schemes

Financial supporting schemes categories	Types	Impact
State Loan or credit guarantee	Rent, salary, others (electric, water, and insurance bills)	Increasing of cash inflows
Suspension of payments	Interest, rent, and tax	Decreasing of cash outflows
Exception or Reduction and grant	Tax and payment of water and electric fees, rent, social security contribution or payroll tax)	Either increasing of cash inflows or decreasing of cash outflows
Loosening of financial regulation	refunding security deposits and guarantees, cancellation of fines	Either increasing of cash inflows or decreasing of cash outflows

Source (WTO, 2020)

Based on the above discussions a comprehensive conceptual model is depicted in **Error! Reference source not found.** It has eleven reflexive indicators and six constructs that classified under two sub-models. They are measurement and structural models. The measurement model shows the relationships among indicators and constructs. Whereas the structural model explain the connections among constructs. This model is primarily used to test hypotheses. Furthermore, the structural model classified under exogenous and endogenous constructs. The exogenous constructs are independent. Whereas the endogenous constructs are dependent on the value of exogenous constructs.

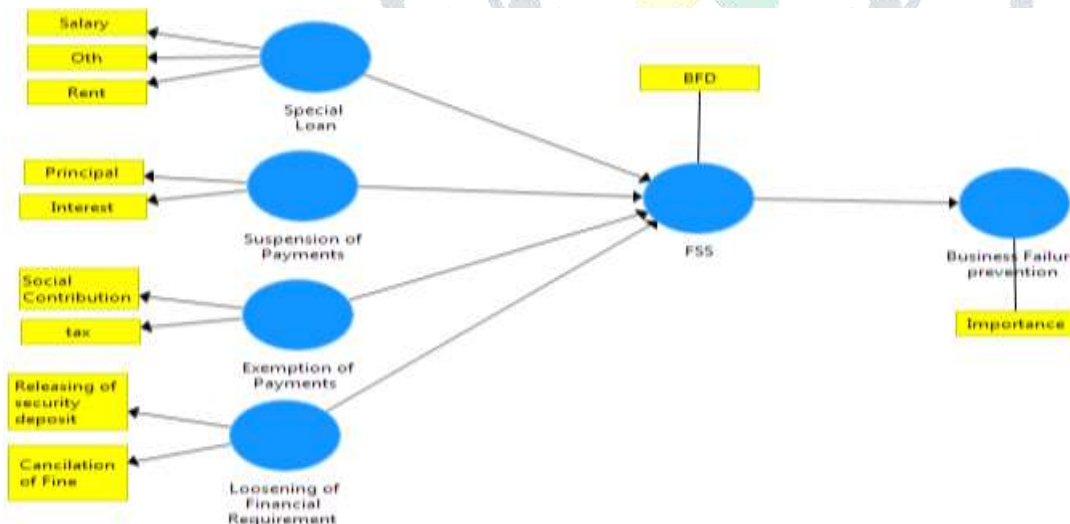


Figure 1 conceptual framework

The research structural model has two endogenous variables; financial supporting schemes (FSS) and business failure prevention (BFP). Financial supporting construct was designed to predict the role of government in business failure prevention. Business failure prevention is the target endogenous construct. It is dependent on

³ <https://www.british-businessbank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>.

the value of financial supporting construct. Thus, the indicators of business failure prevention are the relevancy of financial supporting schemes.

$$BFP = \beta_4 FSS + Z_2 \dots \dots \dots \text{eq. 17}$$

To estimate the relevancy of financial supporting schemes for small businesses, this study comes up with the following equation

$$FSS = \beta_1 Spe.Lo + \beta_2 SP + \beta_3 EP + \beta_4 LFR + Z_1 \dots \dots \dots \text{eq. 18}$$

Finally, based on the above discussions in conjugation with equation 17 and 18, the following hypotheses are proposed:

- H₁: Special loan scheme is an important component of FSS in small business failure prevention*
- H₂: loosening of financial requirements is an important component of FSS in small business failure prevention*
- H₃: Exemption of payments is an important component of FFS in small business failure prevention*
- H₄: suspension of payment is an important component of FSS in small business failure prevention*
- H₅: Financial supporting has a significant impact on small business failure prevention*

5 CONCLUSION

Theoretically, to assure business survival, reserved cash use and cost cut measures are the first two internal actions. However, the study confirmed that many small businesses lack sufficient level of cash reserve. Moreover, cost cut measures such as dropping of employee has a negative impact on the economy and livelihood of employees. Thus, to protect employee, before cash reserve reaches at zero, the study insist government to initiate financial supporting schemes. The study proposed special loan facility (SL), suspension of interest and principal payments (SP), exemption of tax and fine payments (EP), and loosening of financial requirements (LFR) as possible financial supporting schemes for small business.

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