

SMALL AND MEDIUM LOGISTICS ENTERPRISES RESILIENCE DURING COVID-19 IN THE SULTANATE OF OMAN

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ABSTRACT

The emergence of COVID-19 pandemic is continued to be the source of economic, social, and political crises in the world. There is shrinkage of the volume of SMEs and other transactions in global trade due to the lockdown rules implemented in various nations. This research aims at analyzing the relation between individual and public actions implemented for preventing the pandemic on specific activities performed in SME logistics operators and assessing effect on SME operations in the Sultanate of Oman. SMEs contribute to 15% of the Oman's GDP in 2019. Survey questionnaire from randomly selected 52 SMEs were collected. Secondary data from Oman government database also captured. Descriptive analysis was employed to analyze the survey data and secondary data sources. SMEs in Oman keep on increasing and surviving during the pandemic. The tri-partite cooperation (entrepreneur, financial support, and digital technology adoption was found making SMEs resilience to the pandemic. The analysis of data shows that the government of Oman formulated several intervention policies and the responses of entrepreneurs in quickly adapting digital technologies have kept SMEs in operation and quick recovery and resilience of SMEs are shown in Oman. Prompt policy response and adaptation of digital technologies needs to be a lesson learnt for sustaining SMEs.

Keywords: SMEs, Policy Response, Digital Technology, Resilience, COVID-19, Logistics.

INTRODUCTION AND PROBLEM STATEMENT

Entrepreneurship is one of the economic resources or factors driving innovation, growth, and economic development. It generates not only economic enhancement but contributes to productivity and creation of employment. This has amplified the studies on small and medium enterprises (SME) growth and more importantly the formal and informal attributes associated with the entrepreneurs who have led their companies successfully to growth stage. Certainly, for an entrepreneur to be successful in terms of establishing any form of small-scale business, certain factors must be put into consideration that can boost the inspiration of the entrepreneur for effective and efficient management of his or her business in achieving the set objectives. In the current global economy, SMEs are gradually being regarded as influential tools for economic development and their business performance (Islam et al., 2011). Entrepreneurship is the pursuit of opportunity beyond resources controlled. This means that entrepreneur is anyone who exploits

an opportunity. The Omani government recognizes the importance of SMEs in the economic development of the nation and promotes entrepreneurship opportunities. However, the emergence of the pandemic has affected many types of businesses in our world though enterprises that are producing mask, sanitizer, medicine, vitamin, somehow rather dramatically increased which leads to the growth in the logistics and distribution aspects. Similarly, SMEs in the logistics sector are affected because supply and demand disruption COVID-19 created for which governments were struggling to recover those businesses through the design of several technical and financial interventions. However, the IT business was vastly demanded by most industries with the purposes of transforming from the traditional/paper-based transaction to the electronic business transaction. IT business grew very fast towards the implementation of industry 4.0 Adnan et al. (2011).

The emergence of COVID-19 pandemic is blamed to be the source of economic, social and political crises in the world. There is shrinkage of the volume of transaction in global trade and logistics due to the lockdown rules implemented in various nations. SMEs contribute to 15 % of the Oman's GDP in 2019 (Mohammed, 2020). The government of Oman formulated several intervention policies like provision of soft loans and extension of financial guarantees (Mohammed, 2020). The pandemic influences SMEs and it pushes some to stop their operations (Bahadur et al., 2019). Investigating the effect of COVID-19 and assessing the policy responses are found to be relevant for sustaining SMEs and improve the contribution to employment and to the economy of the Sultanate of Oman. To achieve the objectives, systematic review of literature and secondary data analysis are used Asma et al. (2015).

The pandemic results in economic slowdown globally and has adverse impact on GDP. The outbreak induces underutilization of labor and capital, increase in international trade cost, drop-in travel services, a reduction of demand influencing SME logistics operators. Similarly, COVID 19 pandemic has severely constrains Oman's economy since its emergence. Oman's GDP is expected to decline by 3.9% in the first quarter of 2020. Non-oil activities are also contracted by 6% and inflation by -0.4% indicating reduction of domestic demand. The outbreak has also negative impact on employment particularly for young Omanis.

The sultanate of Oman has formulated several policies to diversify the economy and creation of employment. Promoting SMEs in Oman has been one of the diversifying strategies for which the government has provided soft loans and extension of financial guarantees (Mohammed, 2020; Mohammed Noor Alam and Naushad, 2019). SMEs contribute 15% to the Oman's economy in 2019 (Syed et al., 2019; Oxford Business Group, 2019). However, the pandemic is coming with an actual threat for SMEs and many of them are strongly affected by the lock down and closure policy of the government.

As a counteracting policy, Oman has taken several precaution measures including locking down travel from/to Oman, closing of non-essential shops, movement of people, closure of religious places schools and tourist attraction areas (Francis & Malak, 2020). The closure and lockdown strain SMEs which aggravates the unemployment situation. In addition, it can obviously be seen that the change in consumption behavior influences the demand disruption with consequence of supply disruption (Hobbs, 2020). Supply disruption influence reduction in production volumes resulting shutting down of SMEs operators.

Several studies have been conducted on the impact of COVID19 on the logistics system and optional logistics networks have been simulated (Sing et al., 2020). However, the studies concentrate more on food supply chains (Hobbs, 2020) and car manufacturing sectors (Schmitz & Platts, 1998). The previous studies remain incomplete in addressing its effect on logistics

performance measured in cost of operations. Moreover, such types of studies are rarely conducted in the Sultanate of Oman Abebe Ejigu & Jimi (2017). The effect of COVID-19 on the cost of logistics performance in the Sultanate of Oman needs critical and systematic investigation and based on it, mitigating actions could be proposed. SMEs are the target population of the study and SME logistics operators are characterized to be the unit of analysis. Cost of logistics activities such as transportation, inventory handling, warehousing, packaging, and other related activities are be considered in the analysis of SMEs' performance. The purpose of the study is to assess the effect of COVID19 on SMEs in Oman and assess the effectiveness of policy instruments in keeping SMEs operational Charney & Libecap (2000).

LITERATURE REVIEW

SMEs are entrepreneurial business that depend more on the owner's innovative and managerial knowledge and skills, Entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, innovation, and employment, and it is widely accepted as key aspect of economic dynamism. This has amplified the studies on SMEs growth and more importantly the formal and informal attributes associated with the entrepreneurs who have led their companies successfully to growth stage. Certainly, for an entrepreneur to be successful in terms of establishing any form of small-scale business, certain factors must be put into consideration that can boost the inspiration of the entrepreneur for effective and efficient management of his or her business in achieving the set objectives. In the current global economy, SMEs are gradually being regarded as influential tools for economic development and their business performance (Islam et al., 2011).

SMEs are considered crucial entrepreneurial sectors that determine the growth and development of a country. SMEs success is determined by the entrepreneurial capability of the owners or managers of enterprises as entrepreneurship is the pursuit of opportunity beyond resources controlled. This implies that entrepreneur is anyone who spots an opportunity and decides to pursue it regardless of the resources owned. The Omani government recognizes the importance of sustainable livelihood and entrepreneurship opportunities for the youth and among other sectors (Cacciolatti et al., 2011). On a more realistic note, however, operating SMEs is both a rewarding and a very challenging endeavor. The rate of failure among those who dared to make attempts is high. Only a small number of them become successful and the levels of their success differ. Some of them become highly successful and the rest are either moderately or slightly successful. Those who fail also differ in terms of degree of failure. The failure or success of SMEs depends among others on contextual factors that occur in the environment such as COVID19. But how do we know, beforehand, that a person is a good prospect? What determines success or failure? It is important for those interested in entrepreneurship to know the answer to those questions. At the end, it cannot be denied that the two complementary factors that can determine the success of an entrepreneur are environmental factors and personality or demographic factors of an entrepreneur (Dmitry, 2020). Entrepreneurial SMEs varies across economies, locations and individual characteristics. In developed economies, such as in the case of the United States are encouraging and attracting entrepreneurs and SMEs by establishing entrepreneurial ecosystem and policies which help to promote SMEs. Though the ecosystem is not as equally attracting as in Europe, SMEs and entrepreneurship has tremendous contribution to the growth and development of the European economy. In developed economies, SMEs and entrepreneurial sectors are well developed and are given due attention by policy makers.

Entrepreneurial ecosystem for SMEs development requires policy intervention so as to cope environmental challenges such as COVID19 Chandler & Hanks (1994).

A few, generally those that are relatively less poor, are opportunity entrepreneurs pursuing a profitable SMEs, innovating and looking to grow. Entrepreneurs depict intermittent situation when compared along a number of dimensions: geographic (country, remoteness); demographic (gender, age, and education); production sector (agriculture, tourism, and other sectors); motivation (lifestyle, locality, job opportunities for self and family, and subsidy (Foley & Green, 1989).

SMEs and entrepreneurship promotion is to create a path to do away economic poverty and unemployment related problems. However, SMES in many countries raise financial, infrastructural and skill related challenges affecting their growth and success. Financial and training and educational institutions are also inaccessible to SMEs constraining start-ups and business success Indarti & Langenberg (2005). Entrepreneurs are constrained regarding the access to markets, and they rely on opportunist middlemen discouraging SMEs growth. SMEs are also affected by bureaucratic procedure in getting permits and financial support. Low level of education and training has also affected their entry to business, and it has also affected acquisition and procurement of raw materials as it pushes them to end with a poor quality raw material acquisition Duh (2003).

The entrepreneurial ecosystem is composed of physical infrastructure, training and education, government procedure and policy, and market size. Entrepreneurship is determined not only by policy environment but also by the social, demographic, cultural and psychological characteristics and the economic environment affecting SMEs s who are involved in self-employed micro and small start-up business and deploy money, capital, labour and entrepreneurial skills to have sustainable and expanding undertaking (Fawcett & Cooper, 1998). Hence, many writers consider entrepreneurial skill as inborn rather than acquired. However, such self-motivation, need for achievement, innovativeness, risk taking as characters describing entrepreneurs. A series of studies focus on personality and psychological characteristics and underline them as determining entrepreneurial engagement (Kabiru et al., 2015). However, contextual factors such as the economic environment, social characteristics and physical characteristics are neglected as drivers to self-employing businesses Gajigo (2013).

Entrepreneurship and firm engagement depend on several factors including individual traits and entrepreneurial ecosystem (Nagler & Naude, 2014; Stathopoulou et al., 2004). Individual socio-demographic and psychological traits are considered drive them to exploit their capacity in creating and succeeding in a business endeavour Karri & Lauri (2015). The age, sex, marital status, economic conditions determine their risk taking behaviour and creation and launching of undertakings (Dugassa, 2012). The entrepreneurship ecosystem consisting of actors such as government, non-government, professional associations and education and training institutions determine start-ups and success in the business. Moreover, credit access, technology support, market access, and networking ascertain the success of entrepreneurs by coping challenges such as COVID19 (Nagler & Naude, 2014; Stathopoulou et al., 2004). The study by indicated that entrepreneurial engagement levels are determined by socioeconomic variables, perception of lack of financial support and perception of administrative complexities Huka & Wario (2015).

As part of the entrepreneurial ecosystem, the pandemic COVID-19 has resulted in shrinkage of trade transactions and SME growth in many countries of the world. The novel corona virus was first detected in Wuhan, China by the end of 2019 and spreads worldwide

within a short period infecting 503 994 699 in the world and 388785 in the sultanate of Oman as of April 16,2022 (<https://www.worldometers.info/coronavirus/>). Countries have and keep on formulating several prevention policies including locking down their boundaries, home stay and other related polices as recommended by the national health offices and world health organization Islam & Siengthai (2010).

Prevention policies however resulted in dearth of employees in manufacturing and service providing companies with consequent effect of supply disruption and disruptions in consumption behavior (Singh et al., 2020). Hence, the pandemic adversely affected national and global economies. It disrupted demand or consumption behavior with a subsequent disruption of supply (Hobbs, 2020) which then affects SME-logistics operations and performance. The pandemic has adversely affected people and cargo movement within and among nations. It has influenced global logistic resulting economic turmoil and larger lay off in transport and logistics businesses Sinha (1996).

Its impact on international trade and logistics is sever as it is associated with movement of materials, labor, information and money that are flowing in logistics activity and hence huge volume of products, money and information are crossing borders meeting customer requirements and resulting better satisfaction. The emergence of technology has improved and transformed logistics operations and getting products from farm to table is highly simplified. Nevertheless, the current pandemic becomes a public health issue driving nations to formulate policies to ban movements of people which imply shrinkage of volume of goods and services to be transacted which in turn results in reduction of volume of production (Sube et al., 2020).

Like any other country in the world, COVID-19 is public health issue and has affected Oman socially and economically; for which the government has been taking several intervention measures to counter act the challenge (Francis & Malak, 2020). The pandemic has driven the government to set lock down rules restraining transportation and logistics operations from/to Oman. It is blamed to be a critical cause for delays of projects in the Middle East (Tariq & Manuel, 2020).

MATERIALS AND METHODS

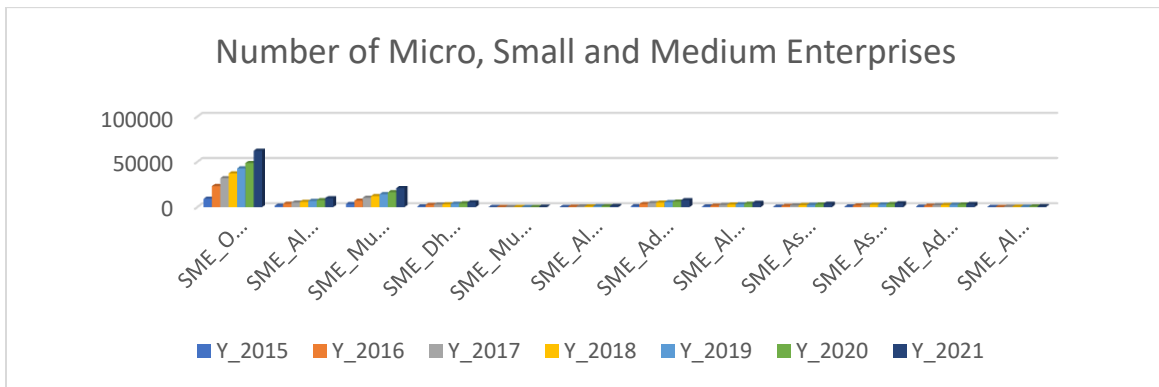
The research applies pragmatic philosophy implying deployment of mixed research methodology (Creswell and Creswell, 2018; Tashakkori et al., 2021). The quantitative methodology was employed to determine the rate of growth of SMEs for the last five years. Moreover, structured survey questionnaire with Likert scale was adopted to obtain descriptive data to determine the status of SMEs, trends in sales, trends in costs, trends in the number of employees and measures taken on employee's, liquidity and operations (Msoka Elizabeth M. (2013). List of logistics firms was obtained from chamber of commerce and a structured questionnaire was distributed to all from the list using google form. Of which 52 logistics SMEs replied and analysis was made based on the captured data. The qualitative approach employs systematic review of selected written reports and documents used to triangulate the quantitative based results (Koh et al., 2007).

The research was conducted to investigate the effect of COVID19 on SMEs in the logistics sector in Oman and to assess the factors that make SMEs in Oman resilient and sustained in business Kongolo (2010). Statistical data from government database and survey (Likert scale-based questionnaire) data from SMEs in Oman was collected. Descriptive statistics was employed to analyze the data (Kristiansen et al., 2003). Due emphasis has been given to the

review of all relevant documents during the study. Documents such as reports and secondary data on SMEs in the Sultanate have been collected and analysed. Systematic review of all these secondary data was also made to triangulate it with the survey results and to analyze policy response to rescue those SMEs in Oman. National and international organizations’ databases such as national macroeconomic data, are analyzed; results are presented and interpreted Nunnally (1978).

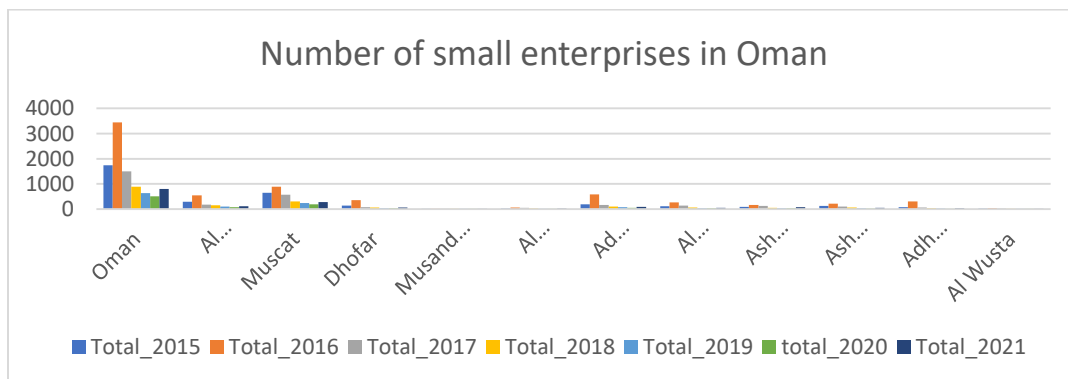
Data Analysis and Results: National Data and Survey Response Analysis

Seven-year data was collected from the government statistics and the data indicates that the number of micro, small and medium scale enterprises are increasing from year even during the pandemic period. The increasing trend is in all 11 governorates of the sultanate of Oman implying the flourishing of SMEs in Oman contributing to the growth of its economy. During the time of the pandemic, the growth of SMEs keeps on increasing implying the resilience of SMEs in Oman. The following diagrams witness the increase in the number of Small, Medium and micro enterprises in Oman McKibbin & Fernando (2020) shows in Figure 1&2.



Source: National Centre for Statistics and Information, Sultanate of Oman: accessed on 27/01/2022)

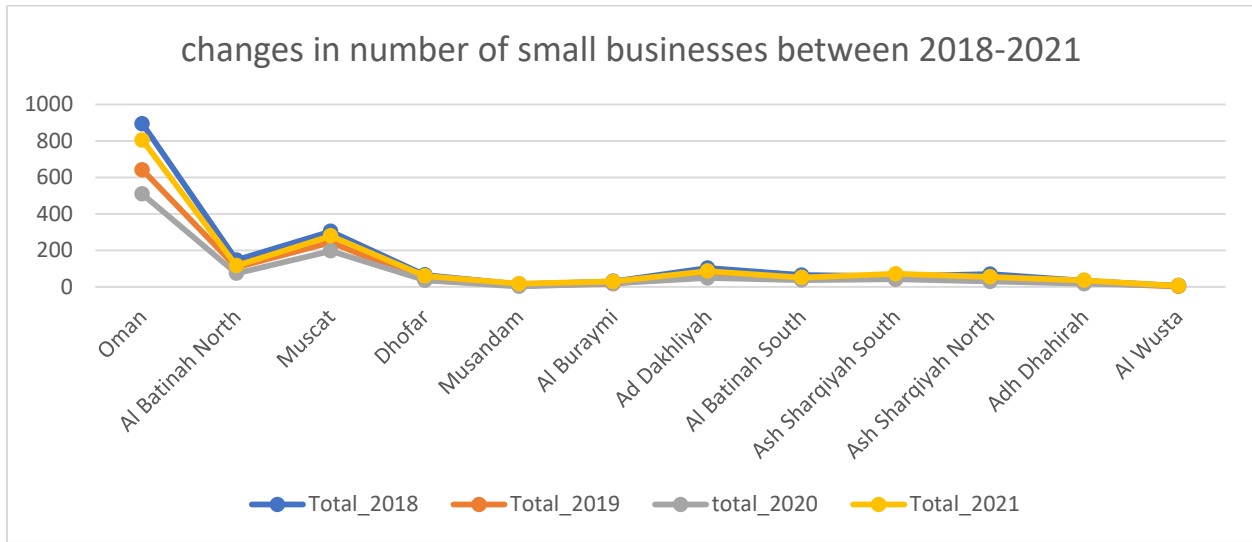
**FIGURE 1
TRENDS IN MICRO, SMALL, AND MEDIUM ENTERPRISES**



Source: National Centre for Statistics and Information, Sultanate of Oman: accessed on 27/01/2022)

**FIGURE 2
TRENDS IN THE NUMBER OF SMALL ENTERPRISES**

The growth Small business was high in 2016 keeps on declining until 2020 starts to surge from 2021 shows in Figure 3.

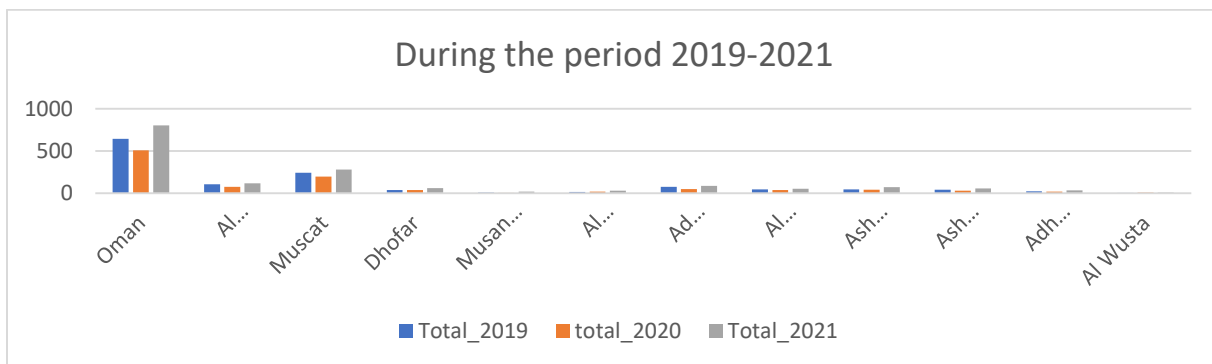


Source: National Centre for Statistics and Information, Sultanate of Oman: accessed on 27/01/2022)

FIGURE 3
TRENDS IN THE NUMBER OF SMALL ENTERPRISES

The graph entails that the number of SMEs in Oman was the highest in 2018 but slightly declined in 2019 and continue to decline in 2020. However, the number started to increase in 2021 implying the revival of SMEs during COVID-19 shows in Figure 4.

Number of Small businesses during COVID-19 period:



Source: National Centre for Statistics and Information, Sultanate of Oman: accessed on 27/01/2022)

FIGURE 4
TRENDS IN THE NUMBER OF SMALL ENTERPRISES DURING THE COVID PERIOD

Survey Data Analysis

Structured questionnaire was distributed to selected SMEs in Sohar and Muscat. 52 SMEs replied their response; what follows is the analysis of the collected data. SMEs were asked if COVID 19 affected their business operations, financial status and sustainability (Stella et al., 2013). One of the questions was whether there is a change in their turnover for the three months since the distribution of the questionnaire Joseph et al. (2014).

Item	Frequency	Percent	Valid Percent	Cumulative Percent
Significant decrease	4	7.7	7.7	7.7
Decrease	4	7.7	7.7	15.4
No change	12	23.1	23.1	38.5
Increase	12	23.1	23.1	61.5
Significant increase	20	38.5	38.5	100.0
Total	52	100.0	100.0	

Nearly 15.4% of the respondents replied that there was significant decrease in terms of sales turnover resulted from the prevalence of the pandemic COVID-19. Whereas, 61.6% replied the other way round, implying an increase and significant increase in sales turnover. This implies that the pandemic is coming up with an opportunity for some SMEs. However, 23.1% replied the presence of no change in terms of sales turnover at all Odusola (2017). The result implies the presence of no significant adverse effect on SMEs in Oman (Table 1). Nevertheless, the change in profit is largely adverse and no change (38.5%) for the majority of SMEs (Table 2).

Item	Frequency	Percent	Valid Percent	Cumulative Percent
Substantial increase	0	0	0	0
Increase a little	4	7.7	7.7	7.7
Stay the same	20	38.5	38.5	46.2
Decrease a little	24	46.2	46.2	92.3
Substantial decrease	4	7.7	7.7	100.0
Total	52	100.0	100.0	

SMEs were also asked if COVID19 affected them to change their supply chain (source and distribution outlets) and 61.5% replied that they did not make any change in terms of their supply chains and stick on the existing chain for getting supply sources and distributing their products to the market Swierczek & Ha (2003).

Item	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	4	7.7	7.7	7.7
No	32	61.5	61.5	69.2
Not sure	8	15.4	15.4	84.6
Not applicable	8	15.4	15.4	100.0
Total	52	100.0	100.0	

The incidence of COVID19 exposed companies for new cost components which have never been in their operations. Almost 91.7% of the responding SMEs replied that they are exposed to extra or additional expenditures affecting their income from their operations. These costs include transportation, wasted products, changing supply chains, increase in prices of goods and services (Table 3.).

SMEs reported that change in prices of inputs, materials, goods and services they are using in their production and operations as a major challenge. The increase in prices was reported by nearly 31% of the responding SMEs. No change was reported by 7.7% of the responding SMEs. Conversely, 15% reported a decrease in prices for materials they are using in their production and operations. For 7.7% of the responding SMEs, the change in increase for some and decrease for others.

SMEs were also asked whether they made changes in their selling prices of goods or services in the last three months, compared with normal fluctuations. 46 percent of them replied that they made price increase. 15.4 Percent replied that they made no change in prices; 15.4 percent replied that they made price reductions; 15.4 replied that they made both increase and decrease and the rest 7.7% are not sure of the actions made in terms of price adjustments made shows in Table 4.

Items	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	32	61.5	61.5	61.5
No	4	7.7	7.7	69.2
Not sure	16	30.8	30.8	100.0
Total	52	100.0	100.0	

SMEs were also required to state if there was a change in demand for the products they are selling. Accordingly, 61.5 percent replied that there was an increase in demand; 7.7 percent replied no change and the rest are not sure about it shows in Table 5.

Items	Frequency	Percent	Valid Percent	Cumulative Percent
Sanitizers	8	15.4	15.4	15.4
Gloves	12	23.1	23.1	38.5
Mask	4	7.7	7.7	46.2
Detergents	4	7.7	7.7	53.8
Office layout	4	7.7	7.7	61.5
Sanitizer, Gloves, Mask	4	7.7	7.7	69.2
Sanitizer, Gloves, detergents	4	7.7	7.7	76.9
Sanitizer, Gloves, masks, detergents	12	23.1	23.1	100.0
Total	52	100.0	100.0	

The incidence of COVID19 resulted in complications in the expense items of SMEs operations. SMEs are spending additional expenses for prevention of COVID-19 calling for firms to redesign office lay out, to use technologies for temperature check, additional expenses for gloves, sanitizers, masks, detergents. Based on the data collected, expenses for gloves takes

the largest share (23.1 percent); sanitizer expenses it the third largest share. The expense for Masks, detergents, office layouts, and combined costs constitute 7.7 percent each shows in Table 6.

Items	Frequency	Percent	Valid Percent	Cumulative Percent
Reduction of employees	36	69.2	69.2	69.2
Intend to close the business	8	15.4	15.4	84.6
Employee reduction, close & restart the business	8	15.4	15.4	100.0
Total	52	100.0	100.0	

The effect of COVID19 on the dynamics of employees is also assessed and SMEs replied that it resulted reduction of employees. This is for the majority of the respondents (69 percent). 15.4 percent did intend to close their business; the rest 15.4, employee reduction, close and restarting their business was the response they applied to cope the effect of COVID19 (Keh et al. (2007).

SMEs were also assessed in terms of support if they acquire any from various stakeholders so as to sustain in business. Accordingly, 38.5 percent replied that they got support; 23.1 per cent did not get any and the rest 30.8 percent were not sure in this regard shows in Table 7.

Item	Frequency	Percent	Valid Percent	Cumulative Percent
No	12	23.1	25.0	25.0
Yes	28	53.9	53.9	78.9
Not sure	8	15.4	15.4	100.0
Total	48	92.3	100.0	
Missing	4	7.7		
Total	52	100.0		

The support was reported to be from Government, SME development authorities and Domestic Banks. Nearly 29 percent reported that they got support from government; another 29 percent reported from SME Development Authority and the rest 42 percent Domestic Banks. The type of support includes financial support, technical support, market linkages, extension of loan repayment period Witt (2004).

The effect of the pandemic on the level of cash reserves has also been investigated and the response is described as follows. In terms of cash reserves, 23.1 percent has almost finished their cash reserves; 15.4 percent replied that they had reserve for one month; 15.4 percent replied that 4 to 6 months' reserve; 7.7 percent had reserves for more than 6 months and the rest 38.5 per cent are not sure about it. In addition, they were asked how far they are confident that they will survive for the coming three months. Accordingly, 61.1 per cent replied that they are confident that they will survive for the next three months;

SMEs has made several decisions for their workforce. 61.5 percent keep all their employees without making any layoff. 23.1 percent has made partial layoff and the rest 7.7 percent are not sure on what actions are taken on employees. Even though, majority of the SMEs keep their employees, 23.1 percent of the SMEs allow all employees to work at home; 61.5

percent allowed half of their employees to work or rest at home and the rest took actions like one third of their employees or introduce shift systems.

SMEs were asked if they intend to use homeworking as a permanent business model going forward and 46.2 percent replied that they intend to implement it. 23.1 percent replied no and the other 23.1 percent were not sure. The reason for applying homeworking business model full implementation of online systems, its profitable nature, and SMEs found online systems are convenient to customers. Based on the responses of SMEs, 38% percent found out that online platform is fully implemented. 7.7 percent replied that it is more profitable, 7.7 percent replied that it is with less operational costs; and 7.7 percent replied that online platforms are convenient to customers. Due to the incidence of COVID-19, businesses were found changing their business plans or revising their plan to adjust themselves with the situation. Accordingly, 23.1 percent did change their business plan but the 69.2 percent did not make any change and continue with their existing business plan. SMEs keep on taking safety measures to protect workers and customers from being infected by COVID-19. Adjusting work practice, vaccination, hygiene measures and PPE, social distancing and temperature checkups. In addition, 92.3 percent of the responding SMEs replied that their employees took COVID-19 vaccination.

The growth of SMEs in the Sultanate (systematic review)

The global entrepreneurship monitor (2020) identified immediate impacts of COVID10 in July 2020. Oman as a high-income country with a population of nearly 5 million is adversely affected by the pandemic as many countries in the world. The report shown many encounters of SMEs such as increased business closure, supply and logistical shortage, inability to settle operational costs, and for some they are found unable to shift to the online platform.

The effect of the pandemic is also shown in the interruption of public and private organization services. Such effects are due to closure and adjustment of working hours of government and private sector services, employee lay-offs, salary adjustments (reductions) and supply disruptions, movement restrictions and closure of markets are among policy related impacts affecting entrepreneurs and small businesses.

Of course, there were entrepreneurs who turned these challenges into opportunities in Oman. Entrepreneurs who establish online delivery and virtual business, online education and public services are turned to be online assisting entrepreneurs. Entrepreneurs in Oman took part in the production of protective equipment used by frontline workers in fighting against COVID-19.

As reported by the, there is an increase in the number of SMEs registered and by the end of April 2020 to 44,139 implying joining of new businesses as it shown 12.6% increase when compared to same period 2019.

Policy responses were prompt and have direct effect in recovering SMEs. These policy responses include introduction of low interest credits for SMEs by the Central Bank of Oman. Such policy response assists SMEs to finance working capital and resumes operations. Other banks (domestic) banks in Oman were required to allocate dedicated fund for SMEs to assist them cope the impact of the pandemic.

Strong institutional support was arranged to offer financial and non-financial/technical assistance in these difficult times. One of the institutions is the public Authority for SME Development (Riyada) which provides non- financial support with the objective stimulating

entrepreneurial activities. The second is The Al Raffd Fund which is established to offer financial support (Syed et al., 2019).

The immediate measures taken to minimize the impact and effect of the pandemic on SMEs in 2020 are to differ repayment periods for the fund supplied by Al Raffd Fund. It has reduced deferred installment return by 50% of the total due amount for a period of six months, while postponing loan installments for beneficiaries for a period of six months. The support provision by the government is also confirmed by the study of Syed et al. (2019)

The Central Bank of Oman has prepared and announced many packages including more than US\$20.7 billion (OMR 8 billion) of liquid cash to be injected in to the economy. Corporate tax relief has also been implemented and government added 5% lending/financing ratio for all productive sectors (Syed et al., 2019).

In addition to the strong policy response by the government of the Sultanate of Oman, the online plat form and extensive use of social media has rescued SMEs in Oman. Some are found quickly moving to online plat form in receiving and processing orders and responding to their customers. Intensive use of social media assists them to expand market coverage in this critical crises period. The public Authority for SME development (Riyada) of Oman assists in training and technical support to facilitate SMEs move to the online plat form. Entrepreneurs in Oman are also found developing platforms and making it ready for SMEs (Syed et al., 2019). Launching of Shop_at_stop initiative in cooperation with the Ministry of Commerce and Industry and Riyada is among the initiatives proposed and applied to rescue SMEs.

SMEs in Oman prefer to reduce manpower and continue operation instead of shutting down and closing their business. They are struggling by retaining core employees and expanding market by using the virtual/digital platform. As it is backed by policy support, such strategy enabled them to survive and sustain in business (Syed et al., 2019).

CONCLUSION AND IMPLICATIONS

The pandemic COVID-19 has affected business in our globe pushing them to produce under-capacity due to the disruption of demand it created. Lay off employees, paying employees at home, reducing working hours characterize organizational environment during the pandemic. It also results in business closure affecting national economic growth. Slower rate of development is seen in Oman due to the prompt policy response to SMEs and other business. Focus on SMEs in Oman gains momentum due to the lower price of oil which is contributing to almost 70% of the national income. The Sultanate of Oman has launched public Authority to support SMEs so as to increase their 15% contribution to the GDP. The institutional and financial support to SMEs has not only promoted their expansion but also rescued SMEs from the pandemic. SMEs move to online business and their human resources use strategy has made them sustain instead of closure. However, the public response has to be strengthened as there were closed SMEs. Financial and technical support has to be enhanced so as to improve their capability in using the online platform as there are SMEs who are still struggling in using the technological platform. Consistent policy response and the effort of the Public Authority for the Development of SMEs (Riyada) could be a lesson one could learn from Oman so as to resume SMEs and make them survive and contribute to economic development and employment opportunity.

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