

# SOCIAL DISTANCING AND SME'S: THE IMPACT OF COVID-19 PANDEMIC ON SOUTHERN VIETNAM

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## ABSTRACT

*The COVID-19 outbreak has spread across the globe and has caused economic challenges for multiple economic sectors including SMEs. This study aims to investigate the impact of social distancing as a Government response for COVID-19 on SMEs in Southern Vietnam and examine what hardships SMEs are facing. It used descriptive statistics and quantitative method analysis with a survey design. Respondents were all SMEs affected by the COVID-19 pandemic and social distancing policies in Southern Vietnam. It involved a total of 203 SME samples selected randomly in Southern Vietnam. Sampling was done with an instrument in the form of a questionnaire. The results of this study found that the consequences of the COVID-19 pandemic affect SMEs. The evidence is the decline in sales of SMEs due to the social distancing policies. Moreover, SMEs suffer the increase in raw materials and production costs due to supply chain problems. Besides, "losing customers", "employees", "decrease of productivity", "cannot meet the schedule" and "decrease of capital" also is significant problems for SMEs. The percentage of SMEs who can take advantage of Government support policies is still moderate. Businesses also voice their suggestions for Government policy to provide more support to maintain sustainability.*

**Keywords:** COVID-19, Pandemic, Social Distancing, Economic Challenges

**JEL Classification Code:** A13, H11, H12, O10

## Introduction

The COVID-19 pandemic is sweeping the world fiercely, causing unprecedented negative impacts on the world economy and Vietnam. SARS-CoV-2, a new coronavirus, is responsible for COVID-19 pandemic. As of June 25, there were 4,638,819 deaths and 18,813,213 active cases. However, there were 201,669,870 recovered patients of the disease (Worldometer, 2021). Despite most people who become ill with COVID-19 will be able to recover at home, specific treatments are still being developed by scientists (Harvard Health Publishing, 2020). There are now several vaccines that are in use and the first mass vaccination program started in early December 2020 (World Health Organization, 2021).

The pandemic has a negative impact on most economic classes in different ways. Every region is subject to substantial growth downgrades (The World Bank, 2020). Coronavirus

epidemics result in worldwide health crises and economic slowdowns. It has impacted trade, investment, and employment. The spread of coronavirus outbreaks affects a variety of industries, causing widespread and multi-sectoral losses. The industries most impacted by COVID-19 are airlines, leisure facilities, oil & gas drilling, auto parts & equipment, and restaurants (Haydon & Kumar, 2020). Even though social distancing reduces the chances of infected people coming into contact with non-infected people by canceling mass gatherings and applying social distancing measures, it is economically costly (Adolph et al., 2020).

Southern Vietnam is the country's most economically developed region. In almost every sector, it has a higher level of economic development than the rest of the country (Pham et al., 2021). Southern Vietnam has many potential, advantages that are dynamic and creative. It maintains a high growth rate and creates a driving force for the overall economic development of Vietnam. With a solution for investment in socio-economic development, it is to effectively exploit the potential and advantages of the whole region for stable and sustainable development, as a bridge for economic integration and cooperation with other countries in the area. In this study, the authors concentrate on determining the effects of the COVID-19 crisis on SMEs, specifically on production, cost, labor, and difficulty. Moreover, the study shows how businesses are dealing with the pandemic and their business plan for the future. In Vietnam, SMEs (employing 1 to 249 people) account for 96 % stock of firms, 47% of the labor force, and 36% of the national value-added (OECD, 2021). Furthermore, the role of SMEs in creating new jobs, social security, and poverty reduction are uncontroversial (Le, 2017). Southern Vietnam has been heavily affected by the COVID-19 pandemic by the highest number of infections in the country. It has been implemented social distancing according to Directive 16 of the Prime Minister with a long period in the country (Van Nguyen et al., 2021). Southern Vietnam has an important role in the country's socio-economic development, making great contributions to the nation's growth, budget revenue, import, and export (Thien, 2019).

The COVID-19 pandemic resulted in a significant drop in demand for merchandise from SMEs and other types of businesses in general during this time (Priyono et al., 2020). The essential steps to prevent the spread of COVID-19 require the implementation of some social distancing policies. In Southern Vietnam, the Government has implemented directive 16, which includes measures to limit movement and business activities. The majority of businesses have had to shut their doors. Consequently, it causes revenue loss and labor drawbacks (Al-Fadly, 2020), including provinces in Southern Vietnam. According to Vietnam General Statistics Office, the COVID-19 pandemic harmed 12.8 million people aged 15 and up in the second quarter of 2021, including those who lost their jobs, who got furloughed, worked alternate shifts, reduced working hours, reduced income, etc. Compared to the first quarter of 2021, the COVID-19 pandemic has impacted at least 3.7 million workers. The most severely affected are workers aged 25-54 with 75% of the total adversely affected.

Therefore, this research contributes to the understanding of the impact of the COVID-19 pandemic and social distancing on SMEs in Southern Vietnam. Besides, this study allows us to interpret what hardships and challenges of SMEs during the crisis. Furthermore, the authors seek to provide information about the Government policies to support SMEs. Finally, this research shows the orientation and suggestion of SMEs in Southern Vietnam to overcome the crisis.

## Literature Review

COVID-19 has a negative impact on business performance (Shen et al., 2020). Small and medium-sized businesses are more likely to be in distress (Carletti et al., 2020). In comparison to

the previous year, the pandemic may have increased firm exits (Miyakawa et al., 2021). All company attributes, including firm performance, governance structure, dividend, liquidity, and leverage level, have been affected by COVID-19 (Khatib & Nour, 2021). Small and medium-sized businesses are the group most likely to be affected by shock events (Doshi et al., 2018). The impact of COVID-19 was seen as more disruptive by micro and very young businesses, as well as sole proprietorships (Wieczorek-Kosmala et al., 2021).

The emergence of the Delta variant due to its extremely high infection rate in recent months is a very worrying event to Southeast Asian countries. According to UNICEF, the Delta variant of COVID-19 has been called a variant of concern by WHO because of its high transmissibility. As of 10 August, the Delta variant has been reported in 142 countries and is expected to continue spreading. Vietnam suffered from four waves of COVID-19. The first wave showed the number of 106 cases in 13 provinces. Next, the second wave had 554 cases in 13 provinces. Then, the third wave had 910 cases in 13 provinces. Vietnam is being hit by the fourth wave of COVID-19 in Vietnam (from April 27, 2021). As of September 12, 2021, there were almost 600,000 cases in the country (Vietnam Ministry of Health, 2021). It is the most dangerous wave of disease. It caused lots of socio-economic and human loss. The Government has issued many strong anti-epidemic measures such as Directive 16 of the Prime Minister in many localities, especially the Southern provinces. Directive 16 requires the closure of non-essential businesses and restaurants, as well as the prohibition of public gatherings and severe restrictions on transportation services (vnmission, 2021). The Government is also boosting the nation's biggest vaccine campaign.

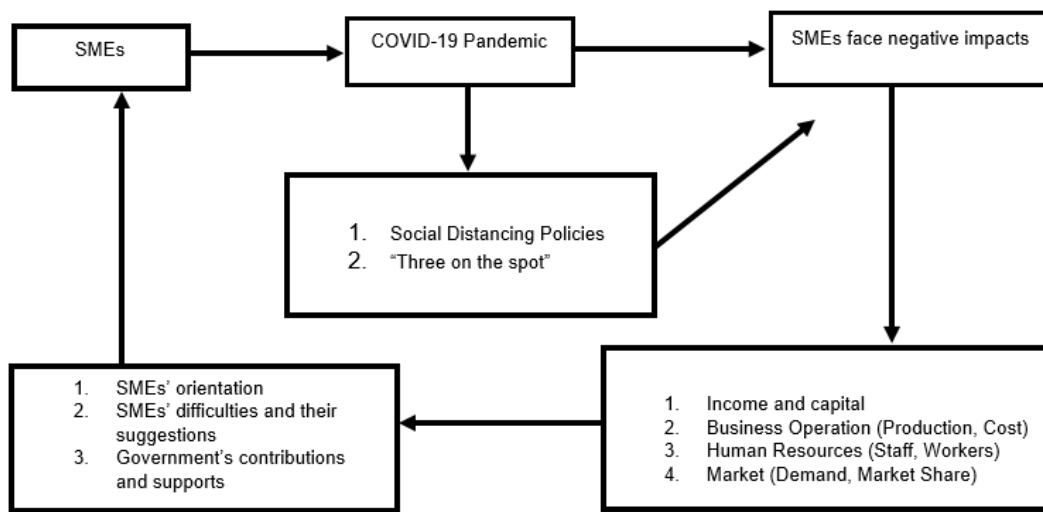
The SME Support Law (Law 04/2017/QH14, dated 12 June 2017), which comprises two criteria – the number of employees and total revenues or total capital of the business enterprise – is used to define small and medium-sized enterprises (SMEs) in Vietnam. The 2016 GSO Enterprise Census reported a total number of 518,039 formal firms in Viet Nam. SMEs (companies with fewer than 250 employees) made up 96 %: 70 % were micro-enterprises (with fewer than ten employees), and 21% were small-sized businesses (11-49 employees). Nearly one in ten businesses was a one-person-business (about 46,000 or 9% of the total), i.e. an enterprise that operates without any other worker than the owner (OECD, 2021).

Despite the relatively low number of confirmed infections, the Vietnamese Government chose to implement a partial nationwide partial lockdown on April 1, 2020. This strategy has shown effectiveness in stopping the spread of COVID-19 (Vu & Tran, 2020), however, it is freezing the economy and producing adverse impacts on SMEs. COVID-19 has had a significant impact on the Vietnamese business community. Many firms, particularly small and medium-sized organizations (SMEs), are experiencing income loss, suspension of operations, and employee reductions (USAID, 2020).

During the pandemic, the Government used a variety of social distance and self-isolation tactics, including Directives 15 and 16. Directive 15 prohibits social meetings of 20 people or more in one location, as well as gatherings of 10 people or more outside of companies, schools, and hospitals. In public spaces, a minimum gap of two meters between persons should be maintained. Directive 16 establishes more stringent requirements. It prohibits public gatherings of more than two people and requests that individuals only leave their homes for emergencies, to purchase food and medicine, and to work in factories, manufacturing facilities, and companies that provide "necessary" goods and services. According to the Ministry of Planning and Investment (MPI), in the first six months of 2021, 70,209 businesses closed – a 24.9% increase year on year – with most businesses shut being small scale and less than five years old. In contrast, more than 67,000 businesses were registered up 8.1% in the same period, mostly in manufacturing, car and motorbike retail, and repair and construction.

The Government requires businesses to arrange for workers to work, eat and sleep in the workplace if they want to maintain production. This is known as "three on the spot" (Samuel, 2021). The implementation of "Three on the spot" (production, isolation, on-site accommodation) has proven effective in many provinces. It is currently being deployed in many southern provinces and cities when the epidemic breaks out. Practice shows that this may be the best option today for businesses to maintain production at a minimum level without being paralyzed by the epidemic. Therefore, it is an essential choice at this time. However, reality also shows that this solution is not easy to implement, requiring a series of strict conditions. Many localities have done very well, but some have not done well, still passive and confused. Not only incur greater costs, businesses implementing "three on the spot" must also be very vigilant to prevent the epidemic enter SMEs from the outside.

The theoretical framework of this study is illustrated in Figure 1.



**FIGURE 1**  
**Theoretical Framework**

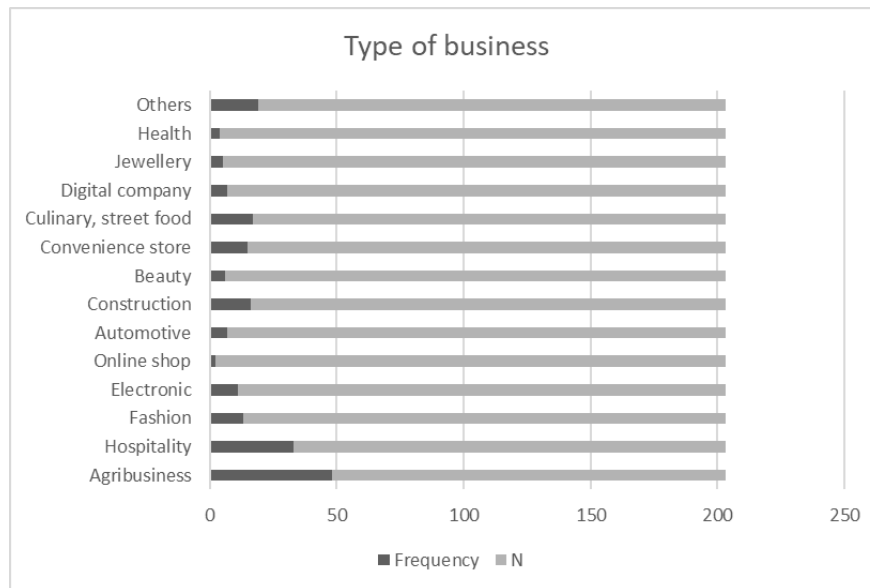
**Methodology**

This study uses 2 main research methods namely: quantitative method, descriptive statistics.

Descriptive statistics is a method that involves collecting data, summarizing, presenting, calculating, and describing various characteristics to reflect the object of research in a general way. The values described in the study are mainly the maximum, minimum, and average values of the factors to be analyzed. The quantitative method emphasizes objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. Quantitative research focuses on gathering numerical data and generalizing it across groups of people or to explain a particular phenomenon (Babbie & Earl, 2014).

Likert scale 5-point: in this study, the distance selected for analysis is the Likert scale 5-point (from 1: Fully disagree to 5: Fully agree) (Zainudin et al., 2016) is used to evaluate the overall impact of COVID-19 on SMEs.

The questionnaire comprising standardized measures of checklists of predetermined items was distributed to SMEs. This study conducted a survey on SMEs in the Southern provinces of Vietnam regarding the implementation of social distancing policies. Questionnaires and research articles were used to collect information and data. The samples were SMEs in Southern Vietnam affected by the COVID-19 pandemic, and these samples were randomly selected. This means that all SMEs affected by COVID-19 in Southern Vietnam are eligible to participate as research respondents. It involved a total of 203 respondents of SMEs in Southern Vietnam. Including Agribusiness (48); Hospitality (33); Fashion (13); Electronic (11); Online shop (2); Automotive (7); Construction (16); Beauty (6); Convenience store (15); Culinary, street food (17); Digital company (7); Jewellery (5); Health (4); Others (19). The random sampling was aimed at encompassing a wide range of experiences and the project size. To ensure consistent and authentic data collection the research sample was limited to those in Southern Vietnam.



**FIGURE 2**  
**Type of Business**

The sample structure focuses on SMEs, including Micro (53%), Small (29%), and Medium (18%). The aim of this research was to estimate and evaluate the impact of the COVID-19 pandemic on SMEs in Southern Vietnam. Accordingly, the research problem could be developed as “How COVID-19 pandemic affect SMEs in Southern Vietnam?”, “How social-distancing and self-isolation affect SMEs in Southern Vietnam?”, “What are the most difficulties of SMEs?”, “Do SMEs can take advantage of Government’s policies?”, “How SMEs operate during the pandemic and what is their plan after the pandemic?”.

**Results and Discussion**

**Operating Status**

Up to 94 businesses are operating and applying “three on the spot”. This proves that the adoption level of “three on the spot” is very high (46.3%). Meanwhile, 31 businesses are working

from home (15.3%). The table shows that 63 SMEs stop working from July 2021 and will start to operate if there is a new announcement from the Government (31%). There are 15 SMEs in a total of 203 SMEs stopped working from July 2021. Nearly 40% of businesses have had to stop working. It indicates that SMEs are passive to face the negative impacts of the pandemic. Moreover, they have many difficulties to create a suitable plan for maintaining business activities. As a result, this contributes to the disruption of the supply chain and domestic production. However, nearly half of businesses said they are operating. That is a positive signal for the post-pandemic recovery process.

Status	Frequency	Percent
Operating and applying "three on the spot"	94	46.3
Operating and all staffs and workers work at home (not apply "three on the spot")	31	15.3
Stop working from July 2021 and will reopen if there is a new announcement from the Government.	63	31
Stop working from July 2021	15	7.4

### The Overall Impact of COVID-19 and Social Distancing on SMEs

The COVID-19 pandemic has greatly affected SMEs, especially due to the implementation of social distancing policies (Lutfi et al., 2020). These interpretation results are the basis for determining the meaning of each question item in the discussion. The results of the descriptive statistics of the study found that the COVID-19 pandemic has had a significant impact on SMEs, due to the implementation of social distancing procedures (Directive 16). Many of the SMEs in Southern Vietnam continued to operate by following Government recommendations. There were troubles about SMEs sustainability, the selling activities, support from the Government, making in business planning, and termination of employment. Those conditions illustrate the SMEs during the implementation of social distancing policies (Directive 16) in the Southern. Further, SMEs have also felt the negative impact of policies and the COVID-19 pandemic, such as decreased demand, problematic supply chains, and increased raw material costs. During the pandemic, 96.1% of SMEs reported a decrease in demand, 3.9% reported no change in demand, and none of the SMEs (0%) reported a rise in demand in South Kalimantan of Indonesia (Suryani et al., 2021). In general, social distancing policies have significantly affected business operations during the pandemic.

Question	N	Mean	Std. Deviation
Social distancing policies affect business operations.	203	4.2857	.88840
The COVID-19 pandemic has had a huge impact on business.	203	4.3793	.88941
Social distancing does not cause employment termination.	203	3.5271	1.25588
Social distancing policies do not reduce the demand.	203	3.0345	1.42252
There are troubles with the supply chain during the pandemic.	203	4.2266	.92162
The negative impacts of the COVID-19 pandemic affect the sustainability of the business.	203	4.0394	1.07096
The Government's support policies play an important role to revive SMEs during the pandemic.	203	3.9113	1.06335
Information technology and foundations for online working play an important role during the pandemic.	203	4.0099	1.07164
SMEs follow the Government's policies during the period of social distancing.	203	4.3892	.86818

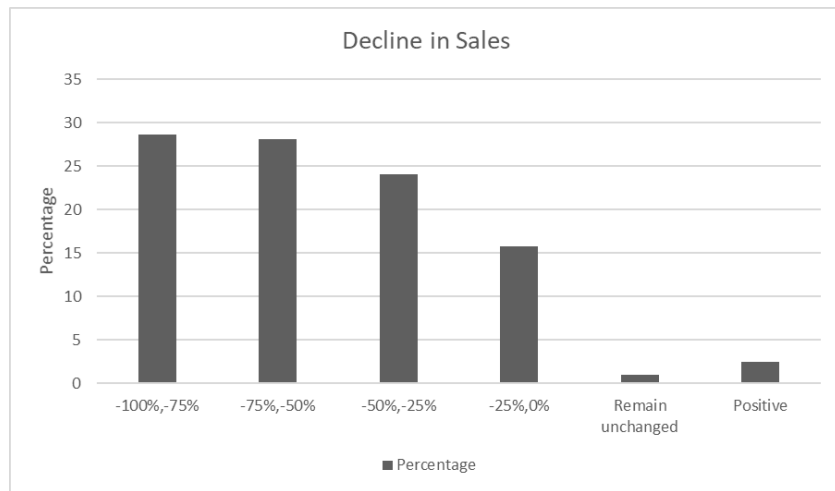
Social distancing does not affect selling activities.	203	2.4877	1.43630
Social distancing policies do not reduce employees' productivity.	203	2.9015	1.37162
Business plans change during the pandemic.	203	4.0148	1.00729
Social distancing does not affect market share.	203	2.9704	1.32348
Cost to operate business rise during the pandemic.	203	3.6995	1.17032

For some questions, the Std. deviation is high which presents that there are positive impacts of COVID-19 pandemic for some types of business. The effect of social distancing policies on business operations is very high (mean 4.2857). With the mean value is 2.4877, the table shows that social distancing strongly affects the selling activities of the business. Meanwhile, the table also shows that the COVID-19 pandemic has had a huge impact on business. The COVID-19 pandemic showed its wide dispersion in effect across firms (Bloom et al., 2021) including in Southern Vietnam, especially during the implementation of Directive 16.

**Decline in Sales**

Up to 28.6% of SMEs response that the decrease in sales is very high (75-100%) which means the social distancing and COVID-19 pandemic release a negative effect on the sale. Moreover, 28.1% of SMEs show that the decrease in sales is 50-75%. There are 24.1% SMEs that have a decrease of "25-50%" in revenue, 15.8% of SMEs that have a decrease "below 25%" and only 1% of SMEs say that their sales remain unchanged. Besides, 2.5% of SMEs show an increase in revenue. The impact on sales was significant and diverse; most enterprises experienced a decrease in sales (Kozeniauskas et al., 2020). The result of the study shows that 96.5% of SMEs experienced a reduction in income. This figure is higher than that found in Indonesia, where 84.2% of SMEs experienced a reduction in income (Afriza, 2021).

Businesses, particularly those in the non-agricultural sector, are more likely to experience low sales during the period of partial lockdown measures (Ismael et al., 2021).



**FIGURE 3**  
**Decline in sales of SMEs in southern Vietnam**

**Difficulties in Production**

The result shows that “Lack of raw material, input” (46.5%), “Raw material transportation has problems” (43.6%), “Do not have order, lose the customer” (43.1%) are 3 most significant hardships of SMEs in Southern Vietnam. SMEs suffer supply chain disruption and operate below capacity (Ratnasingam et al., 2020). It can be seen that during the Pandemic, the supply chain cannot work smoothly so that SMEs cannot find the material to create products. Moreover, the customer cannot buy anything from SMEs and it caused a serious problem “losing customers”. Besides, “employee”, “decrease of productivity”, “cannot meet the schedule” and “decrease of capital” also are remarkable problems with SMEs, standing from 22.3% to 25.2%. The rest of the hardship seems much better than the factor below. The percentage of cases shows a value of 6.4% to 12.9% in total. Businesses suffer from late payments and order cancellations, but the biggest problem is reducing new orders (Tan & Tran, 2020). Due to the closely linked, organic, and continuous nature of production chains and value chains of industries in the world, if Vietnam cannot take advantage of opportunities from the economic recovery of major markets and loss of supply orders for these countries shortly, thereby disrupting the production chain. In the event of global value chain disruptions, large buyers and manufacturers will seek to cover supply chain shortfalls from other countries. The global supply chain will be highly challenging. Consequently, it requires a process.

<b>Difficulties</b>	<b>N</b>	<b>Percentage</b>
Employee	51	25.2%
Lack of raw material, input	94	46.5%
Raw material transportation has problems	88	43.6%
Decrease of raw material quality	13	6.4%
Do not have order, lose the customers	87	43.1%
Decrease of productivity, cannot meet the schedule	45	22.3%
Equipment, machines in trouble during the pandemic	23	11.4%
Cannot create a production plan due to fluctuation of pandemic	26	12.9%
Decrease of capital	46	22.8%
Difficulty in the process of preserving raw materials and inventory	37	18.3%
Do not have any remarkable problems	21	10.4%

### **Difficulties in Cost**

The result shows that the increase of cost for raw material is the most significant hardship of SMEs in Southern Vietnam, standing at 43.4%.

<b>Difficulties</b>	<b>N</b>	<b>Percentage</b>
Delivery cost is high	54	27.6%
The cost for “3 on the spot”/ testing COVID-19 for employees is very high	22	11.2%
Increase of cost for raw material	85	43.4%



Problems with renting premise, facility	51	26.0%
Must pay wages, provide a bonus for employees to maintain living	66	33.7%
The cost for inventory management is high	26	13.3%
The cost of living is high	25	12.8%
Rise of utility expense	27	13.8%
Rise of cost for maintaining equipment/machine	29	14.8%
Do not have any remarkable difficulties	29	14.8%

The disruption of the supply chain caused the price of the material to rise higher. Moreover, 33.7% of SMEs say that they have to pay wages, provide a bonus for employees because they cannot go to work and don't have anything to maintain a living. Besides, "the delivery cost and "renting cost" are also remarkable hardships for SMEs. Social distancing for many months, chain stores are closed, but businesses still have to maintain fixed costs such as space rent, electricity and water bills, staff salaries. The pandemic reduced income due to decreased demand and hampered supply chains, which raises raw material and production, costs (Lutfi et al., 2020).

### Difficulties in Human Resources

The result shows that shortage of staff is the most significant hardship of SMEs in Southern Vietnam, standing at 42.9%. During the pandemic, employees cannot go to the workplace. Some of them have to self-isolation at home. That caused a shortage of employees. Moreover, 32.8% of SMEs say that the productivity of employees has been decreased. Next, 34.3 % of SMEs had to cut down on labor because of social distancing. As a result of the pandemic, most businesses have paused their hiring process to decrease operating costs (Shahriar et al., 2021). Most CEOs see fractional employment and pay cuts as a last-ditch effort to save their company, even if only temporarily (Nurunnabi et al., 2020). Besides, "employee health problem" and "vaccination" are also remarkable hardships for SMEs. To create stable conditions for circulation and produce goods to serve the people's essential needs, several production industries, services, and items, such as food processing establishments from the livestock, poultry, and aquatic industries, must be added to the list of "essential goods and services". After widely vaccinating intercity truck drivers and assistants, it is necessary to consider loosening and moving towards abolition of the conditions on "essential goods and services" to promote traffic flow, communication, production, and supply of goods throughout the country.

<b>Difficulties</b>	<b>N</b>	<b>Percentage</b>
Shortage of Staff	85	42.9%
Employees' productivity decrease	65	32.8%
Employees' health problem	39	19.7%
Employees' mental problem	32	16.2%
Employees have not been vaccinated	38	19.2%
Employees have problem in commuting	41	20.7%
Lack of employees with high performance	32	16.2%
Must cut down on labor because of social distancing	68	34.3%
Do not have any remarkable difficulties	33	16.7%

## Policies of Government

During the crisis due to the COVID-19 pandemic, Government support is necessary (Effendi et al., 2020). In the context of a complicated and unpredictable Delta mutation, the business community has upheld the spirit of overcoming difficulties with many efforts to maintain business activities, employment, and income for employees. Therefore, the Government understands and shares the difficulties that entrepreneurs are facing. Entrepreneurs will benefit from the Government's strategic initiatives to support small and medium businesses (Raies & Ben Mimoun, 2021). Over the past time, the Government has directed and implemented many policies for both epidemic prevention and economic development. Proactively and promptly supporting businesses through solutions to create favorable conditions to operate. Government policies play a crucial role in SMEs' sustainability. However, the percentage of SMEs who can take advantage of policies is moderate, standing from 27% to 60%. Governments play an important role in the administration and funding of a diverse range of public services. Education, health care, public safety, public utilities, and income support are among the services provided (Clemens & Veuger, 2020).

When the epidemic becomes serious, Vietnamese businesses not only proactively have flexible solutions to adapt but also have many activities to help the community. It made a great financial contribution to the Vaccine Fund for COVID-19 prevention and control and purchasing medical supplies and equipment for localities, showing a high sense of responsibility of Vietnamese enterprises to the country. Many initiatives have been implemented such as rice ATM, oxygen ATM, free meals, and 0 dong supermarket.

Support Policies	N	Percent of SMEs that can take advantage
Policy to reduce insurance premiums for occupational accidents and diseases.	123	60.59%
Policy on temporary suspension of contributions to the retirement and survivorship fund.	80	39.40%
Policies to support training and job maintenance for employees.	112	55.17%
Policies to support employees in suspending labor contracts and taking unpaid leave.	112	55.17%
Policy to support employees who stop working.	120	59.11%
Policy to support employees to terminate labor contracts.	96	47.29%
Additional support policy and children.	70	34.48%
Food allowance of 80,000 VND/person/day for people who have to be treated for COVID-19 infection (F0).	88	43.34%
One-time support of 3,710,000 VND/person for art directors, actors, painters.	55	27.09%
Policies to support business households.	118	58.12%
Loan policy to pay wages to stop working, pay wages to restore production.	97	47.78%
Support policy for employees without a labor contract.	93	45.81%

## Orientation of SMEs after Social Distancing

The result shows that 79.7% of SMEs will reopen their business and adapt to the new normal. It's a bright future for the economy when a high percentage of businesses decide to continue to

develop their company. It can be interpreted that during the pandemic, SMEs have to deal with many problems and losses. Therefore, 43.1% of SMEs choose to quickly recover and increase production. Almost 1/5 of SMEs choose to focus on marketing, use discounts, recover slowly and restore the material supply first in their recovery process. In the new normal, if we stop following the key protective measures, coronavirus can come rushing back (WHO, 2020). Finally, 17.3% of SMEs say that they will change the orientation case by case based on the situation of the pandemic. The recovery process of businesses after the pandemic is still full of risks and difficulties. In the future, new virus variants may appear and bring about severe consequences. Therefore, it is important to make a precise evaluation and suitable business plan. In Southern Vietnam, most SMEs have future business development plans if Covid-19 ends compare to 40-60% of SMEs in Indonesia (Afriza, 2021).

<b>Orientations</b>	<b>N</b>	<b>Percentage</b>
Reopen business for operation, adapt to the new normal	161	79.7%
Quickly recover and increase production	87	43.1%
Focus on marketing	54	26.7%
Use discount, promotion to attract customer	41	20.3%
Restore material supply/find a new supply source	46	22.8%
Recover slowly, cautiously	42	20.8%
Recover business relationships	27	13.4%
Case by case based on the situation of pandemic	35	17.3%

### **Suggestion of SMEs**

The result shows that 32.3% of SMEs suggest that Government should give a prioritize vaccination for businesses. Moreover, "permit business to quickly adapt to the new normal", "adapt to the new situation of the pandemic" is the most remarkable suggestion of SMEs, standing at 48.8%. Besides, SMEs also need more finance or tax support from the Government when this suggestion is at 46.8% in total. During the implementation of social distancing, SMEs have to deal with many problems relevant to the supply chain. Therefore, 38.8% of SMEs suggest that the Government should have separate transport measures for businesses to ensure operation.

<b>Suggestions</b>	<b>N</b>	<b>Percentage</b>
Prioritize vaccination for businesses	65	32.3%
More finance or taxes support policies from the Government	94	46.8%
The Government should have separate transport measures for businesses to ensure operation	78	38.8%
Permit business to quickly adapt to the new normal, adapt to new situation of pandemic	98	48.8%
There are currently no specific suggestions	39	19.4%

## Conclusion

The COVID-19 pandemic hit industrial zones and areas with high population density, causing the number of infections to increase very quickly in a short time, putting heavy pressure on the economy. The complicated situation of the COVID-19 pandemic in the "fourth wave" has affected business activities in many southern provinces. Up to this point, when there are some positive results, localities are also ready to enter the stage of economic recovery as planned, many solutions have been created. When the social distancing policy is applied, supply and transportation become a big problem for SMEs. Some businesses had to suspend operations and reduce production. As a result, the revenue declined by 50-100% compared to the time before the pandemic. It is forecasted that businesses will still face many difficulties especially small and micro-enterprises. The COVID-19 pandemic has caused many challenges for businesses, including startups. However, this is also a time that opens up many opportunities for startups, ideas, and projects to seize opportunities and find new directions in line with market needs.

Despite the implementation of social distancing policies, most businesses in the south are still doing very well in the epidemic situation. "Three on the spot" has contributed to the SMEs' ability to maintain business activities and the stability of the business. However, this policy still has some limitations such as high cost or inadequate facilities to implement. Obviously, "three on the spot" is a short-term solution for SMEs. The dramatic outbreak of the COVID-19 epidemic combined with the implementation of social distancing regulations has disrupted supply chains, harming productivity and economic activity. Many concepts and models have changed as a result of the COVID-19 crisis. For example, owners may consider some costs as fixed, but they are now variable costs (such as office rental costs). Similarly, some factors that used to be differentiators now become the bare minimum of business operations (such as online working). To prepare for future crises, now is the time to evaluate the business's top priorities, analyze value chain differences, and organize training in new operating techniques.

It is necessary to consider specific support policies related to the recovery process of SMEs such as reduction of taxes, fees, or the extension of time limit for payment of value-added tax and personal income tax. In addition, an extremely important solution is the solution of capital support. This support helps to maintain working capital flow. One of the support measures that many businesses reflect and recommend is to reduce the lending rates of banks because lending rates are still high and procedures for accessing capital are still difficult. However, enterprises also need to proactively take better risk management solutions, especially in terms of supply chains and input materials due to the risk of increasing market prices of production factors. In addition, businesses also need to pay attention to their responsibilities to ensure the rights/health of employees, paying attention to the aspect of social security and the family of employees.

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