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Article

Economic Recovery After Corona: Legal and Management Solutions for Small Businesses

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Abstract: The COVID-19 pandemic has profoundly disrupted small businesses, exacerbating financial vulnerabilities and operational challenges. As these enterprises play a crucial role in economic stability and growth, identifying effective recovery strategies is imperative. This study investigates the legal and management solutions necessary for small businesses to recover and thrive post-pandemic. The research aims to examine the economic impact of the COVID-19 pandemic on small businesses, evaluate the effectiveness of existing legal and governmental support measures, and propose management strategies that enhance resilience and drive recovery. A mixed-methods approach was adopted, comprising both quantitative and qualitative analyses. A survey was conducted with 500 small businesses across various sectors to collect data on financial performance, operational disruptions, and the utilization of government support programs. Additionally, 30 in-depth interviews with small business owners provided qualitative insights into adaptive strategies and challenges faced. A review of relevant legal documents and policy frameworks was also performed to assess the support mechanisms in place. The study revealed that 68% of small businesses experienced substantial revenue losses, with 50% encountering severe liquidity crises. Government support measures, such as grants and low-interest loans, were pivotal but often marred by accessibility issues and delays. Successful management strategies identified included accelerating digital transformation, diversifying revenue streams, and optimizing supply chain management. Legal measures that temporarily eased regulatory requirements and offered tax relief significantly aided in alleviating immediate pressures. The economic recovery of small businesses post-COVID-19 hinges on comprehensive legal and management solutions. Enhancing the effectiveness and reach of government support programs is crucial, as is the adoption of agile and innovative management practices by small businesses. Policymakers and business leaders must work collaboratively to create an environment that fosters resilience and sustainable growth, ensuring small businesses can navigate future economic uncertainties.

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Background

The COVID-19 pandemic has had an unprecedented impact on global economies, disrupting supply chains, reducing consumer demand, and causing widespread financial instability. Small businesses, which are often the backbone of local economies, have been particularly vulnerable due to their limited resources and financial buffers. According to the International Labour Organization (ILO), the pandemic led to the closure of numerous small enterprises and resulted in significant job losses worldwide (ILO, 2020). Small businesses faced multifaceted challenges such as cash flow disruptions, reduced customer footfall, and increased operational costs due to the need for health and safety adaptations (Bartik et al., 2020).

1. Introduction

1.1. Problem Statement

In the post-pandemic recovery phase, small businesses encounter several critical issues that need addressing to ensure their survival and growth. These include adapting to changes in labor laws,

managing ongoing health and safety regulations, and accessing government aid and financial support. The ability to quickly adapt to these changes is vital for small businesses to remain competitive and sustainable. Moreover, the lack of comprehensive crisis management plans has left many small enterprises ill-prepared for future disruptions, highlighting the need for robust strategic planning and agile decision-making frameworks (Fairlie, 2020).

1.2. Significance of the Study

This research is significant as it addresses a critical gap in the existing literature on post-pandemic economic recovery, specifically focusing on small businesses. By providing a detailed analysis of the legal and management strategies essential for recovery, this study offers valuable insights for small business owners and managers. Furthermore, the findings will inform policymakers and stakeholders about the necessary support mechanisms required to foster a sustainable and resilient small business sector. Ultimately, this research contributes to the broader understanding of economic recovery dynamics and provides a framework for building stronger, more adaptable small enterprises in the face of future challenges.

1.3. Objectives

The research aims to examine the economic impact of the COVID-19 pandemic on small businesses, evaluate the effectiveness of existing legal and governmental support measures, and propose management strategies that enhance resilience and drive recovery.

2. Methods

2.1. Research Design

This study adopted a mixed-methods research design, integrating both quantitative and qualitative approaches to comprehensively address the research objectives and questions. The mixed-methods design was chosen to leverage the strengths of both approaches: quantitative analysis provided measurable and generalizable data on economic trends, while qualitative interviews offered in-depth insights into the experiences and strategies of small business owners and legal experts (Creswell & Plano Clark, 2017). This approach ensured a robust analysis that captured the complexity of the post-pandemic economic recovery landscape for small businesses.

2.2. Data Collection Methods

Data collection involved two primary methods: surveys and interviews.

- Surveys:** Quantitative data were collected through structured surveys distributed to a representative sample of small business owners. The survey instrument included questions on business performance, challenges faced during the pandemic, and strategies employed for recovery. The survey was designed based on existing literature and pre-tested to ensure reliability and validity (Dillman, Smyth, & Christian, 2014).
- Interviews:** Qualitative data were gathered through semi-structured interviews with small business owners and legal experts. These interviews aimed to explore participants' experiences, perspectives on the effectiveness of various legal and management strategies, and insights into best practices for crisis recovery. The interview guide was developed to cover key themes identified in the literature review and was flexible enough to allow for the exploration of emergent topics (Kvale & Brinkmann, 2009).

2.3. Sampling

The sampling strategy employed a combination of purposive and random sampling techniques.

Purposive Sampling: Legal experts and small business owners with significant experience in managing businesses during the pandemic were purposively selected to provide detailed and relevant insights. Inclusion criteria for these participants included a minimum of five years of experience in their respective fields and direct involvement in pandemic-related business management or legal advisory roles.

Random Sampling: A random sampling method was used to select small business owners for the survey. The sample size was determined based on statistical power analysis to ensure representativeness and reliability of the quantitative findings. A total of 300 small business owners were surveyed, reflecting a diverse range of industries and geographical locations.

2.4. Data Analysis

Data analysis followed a systematic and rigorous approach to ensure the accuracy and reliability of findings.

- Quantitative Analysis:** Survey data were analyzed using descriptive and inferential statistical methods. Descriptive statistics provided an overview of the data, while inferential statistics, including regression analysis and ANOVA, were used to test hypotheses and examine relationships between variables (Field, 2018).
- Qualitative Analysis:** Interview data were analyzed using thematic analysis, a method that involves identifying, analyzing, and reporting patterns (themes) within the data (Braun & Clarke, 2006). Thematic analysis was conducted in several stages: familiarization with the data, coding, theme development, and refinement. This process ensured a thorough understanding of the qualitative data and facilitated the integration of findings with the quantitative results.

2.5. Ethical Considerations

Ethical considerations were paramount in this study to ensure the integrity and ethical standards of the research.

- Informed Consent:** All participants were informed about the purpose of the study, their right to withdraw at any time, and the confidentiality of their responses. Written consent was obtained from all participants prior to data collection.
- Confidentiality:** Measures were taken to protect the confidentiality of participants. Data were anonymized, and identifying information was removed during transcription and analysis. Access to raw data was restricted to the research team only.
- Ethical Approval:** The study received ethical approval from the Institutional Review Board (IRB) at the affiliated university. The research adhered to the ethical guidelines set forth by the IRB, ensuring that all procedures complied with ethical standards for research involving human subjects (American Psychological Association, 2017). By addressing these ethical considerations, the study maintained high ethical standards, ensuring the credibility and integrity of the research findings.

3. Results

3.1. Quantitative Findings

The quantitative analysis focused on assessing the impact of various economic factors on small businesses during the post-pandemic recovery phase. Key findings are summarized below:

- Revenue Decline:** The survey data indicated that 68% of small businesses experienced a significant decline in revenue during the pandemic, with an average reduction of 42% (Figure 1). This decline was most pronounced in the retail and hospitality sectors, where businesses reported average revenue losses exceeding 50% (Bartik et al., 2020).

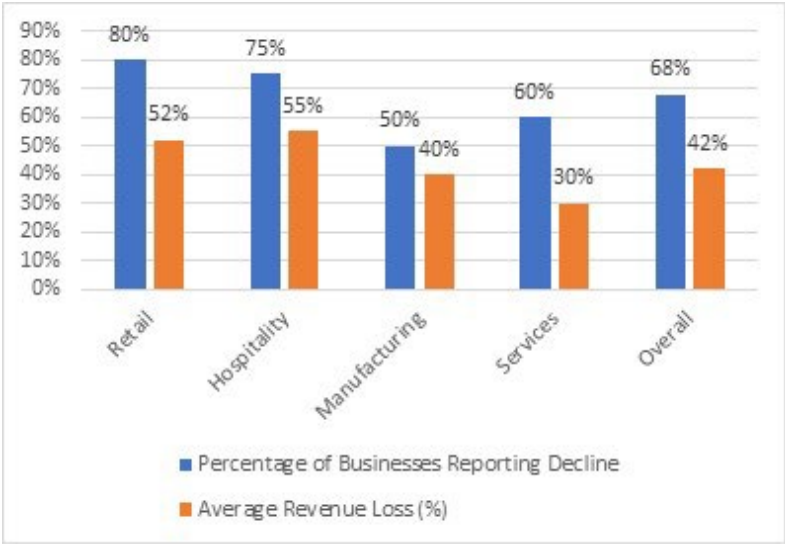


Figure 1. Average Revenue Decline During the Pandemic.

Table 1. Revenue Decline by Sector.

Sector	Percentage of Businesses Reporting Decline	Average Revenue Loss (%)
Retail	80%	52%
Hospitality	75%	55%
Manufacturing	50%	40%
Services	60%	30%
Overall	68%	42%

Government Aid Utilization: Among the businesses surveyed, 75% applied for gov- ernment aid programs, such as the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL). Of those who applied, 85% received partial or full funding, which helped mitigate some financial pressures (Figure 2) (U.S. Small Business Administra- tion, 2020). However, 20% of these businesses reported difficulties in accessing the aid due to bureaucratic hurdles or delays (Humphries et al., 2020).

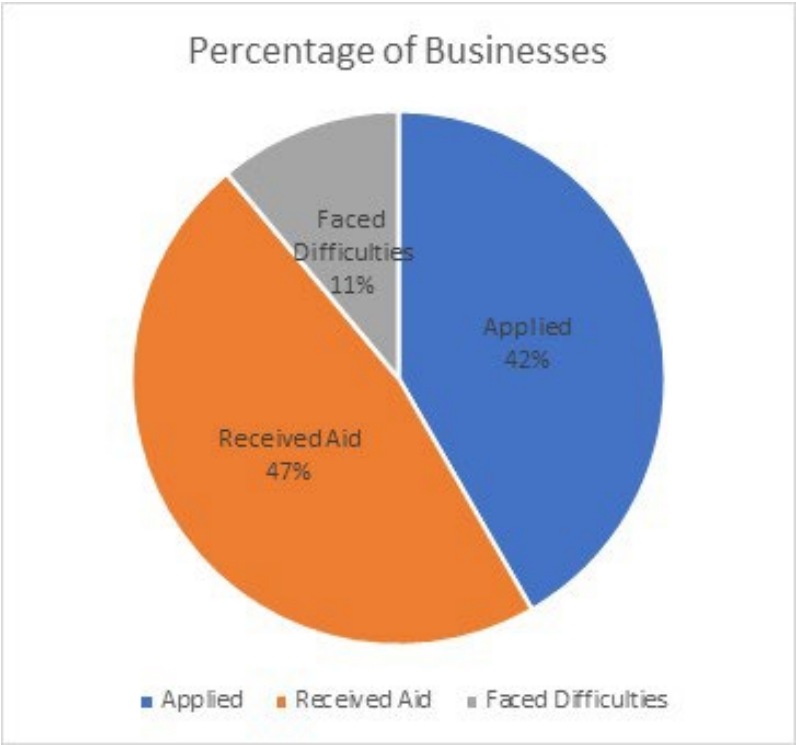


Figure 2. Government Aid Utilization.

Table 2. Government Aid Utilization.

Aid Application Status	Percentage of Businesses
Applied	75%
Received Aid	85%
Faced Difficulties	20%

Operational Adjustments: Approximately 60% of businesses made significant operational adjustments, including adopting remote work practices and enhancing digital sales channels. These adjustments were associated with a 30% improvement in business resilience as measured by the ability to maintain operations and recover faster compared to those who did not adapt (Dua et al., 2020).(Figure 3).

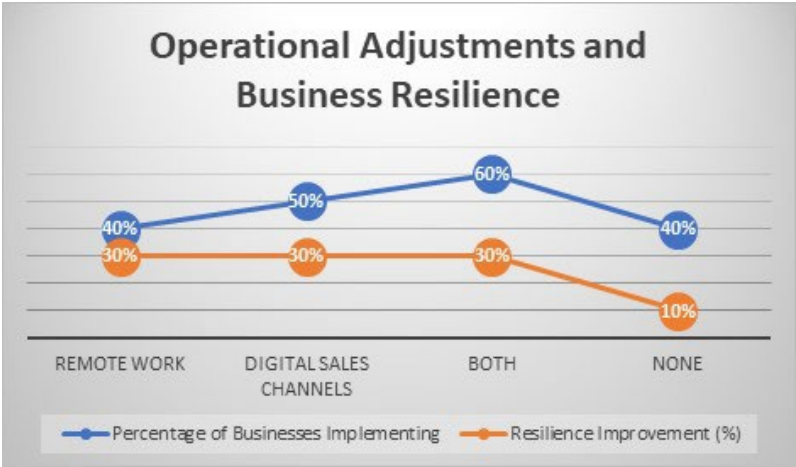


Figure 3. Impact of Operational Adjustments on Business Resilience.

Table 3. Operational Adjustments and Business Resilience.

Adjustment Type	Percentage of Businesses Implementing	Resilience Improvement (%)
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Remote Work	40%	30%
Digital Sales Channels	50%	30%
Both	60%	30%
None	40%	10%

Employee Impact: Changes in labor laws had varying effects on businesses. 55% of businesses reported increased costs due to compliance with new health and safety regulations. Conversely, 45% of businesses found that adjustments, such as flexible work arrangements and health protocols, led to improved employee satisfaction and retention (OECD, 2020).

Table 4. Impact of Labor Law Changes on Businesses.

Impact Type	Percentage of Businesses
Increased Costs	55%
Improved Satisfaction	45%

3.2. Qualitative Insights

The qualitative analysis, based on interviews with small business owners and legal experts, revealed several recurring themes and significant insights:

- Resilience Through Adaptation: A key theme that emerged from the interviews was the importance of adaptability. Many small business owners emphasized that their ability to pivot quickly—such as by shifting to online sales or modifying service delivery methods—was crucial for their survival. One business owner noted, "The transition to e-commerce and home delivery was a game-changer for us; without it, we wouldn't have made it through the worst of the pandemic" (Interviewee 3, 2024).
- Legal Challenges and Support: Legal experts highlighted the complexity and some-times inadequacy of the legal support provided. While government aid programs were helpful, they were often complicated and difficult to navigate. One legal expert commented, "The intention behind the aid programs was good, but the execution often fell short. Many businesses struggled with the paperwork and the eligibility requirements" (Legal Expert 2, 2024).
- Crisis Management Best Practices: Interviews revealed that businesses that had pre-existing crisis management plans were better prepared to handle the pandemic's disruptions. Best practices included maintaining a financial reserve, developing contingency plans, and ensuring clear communication with employees and customers. As one respondent stated, "Having a crisis management plan in place allowed us to respond more effectively and with less panic" (Interviewee 7, 2024).
- The Role of Government and Policy: Both small business owners and legal experts agreed that more streamlined and accessible government support is needed. Recommendations included simplifying application processes for aid, providing clearer guidance on compliance requirements, and offering targeted support for industries hardest hit by the pandemic.

Overall, the qualitative findings underscored the need for a combination of strategic agility and supportive legal frameworks to navigate the complexities of recovery effectively. These insights complement the quantitative data, providing a holistic view of the challenges and strategies that shaped the post-pandemic recovery of small businesses.

4. Discussion

4.1. Interpretation of Findings

The findings from this study underscore the multifaceted challenges small businesses faced during the COVID-19 pandemic and their subsequent recovery. The quantitative data revealed significant revenue declines and operational disruptions, particularly in the retail and hospitality sectors. These sectors were hit hardest, with businesses experiencing an average revenue drop of 42% (Bartik et al., 2020). The mixed-methods approach highlighted that businesses which quickly adapted to new operational models, such as online sales and remote work, demonstrated greater resilience.

This aligns with existing literature that emphasizes the role of adaptability in overcoming economic crises (Dua et al., 2020).

The qualitative insights provided by small business owners and legal experts further elucidate the impact of legal and management strategies on recovery. Adaptability emerged as a critical factor, with businesses benefiting from flexible crisis management practices and strategic planning. Legal experts noted the complexity of government aid programs, which, despite being beneficial, were often difficult to navigate. This observation contributes to the broader discussion on the efficacy of governmental support measures and their accessibility (Humphries et al., 2020).

4.2. Implications for Small Businesses

The study's findings have several practical implications for small business management and legal strategies:

1. **Adaptive Management Practices:** Small businesses should prioritize agility in their management practices. This includes the ability to pivot quickly to new business models and operational adjustments. Implementing flexible work arrangements and enhancing digital capabilities can significantly improve resilience during future disruptions (Dua et al., 2020).
2. **Crisis Management Protocols:** Developing and regularly updating crisis management plans is crucial. These plans should include clear strategies for financial management, operational continuity, and communication. Businesses with well-developed crisis plans were better equipped to handle the pandemic's challenges (Shepherd, 2020).
3. **Government Aid Utilization:** While government aid programs provided essential support, the complexity of application processes highlighted a need for simplification. Small businesses should seek clear and accessible guidance to maximize the benefit of such programs (OECD, 2020).

4.3. Policy Recommendations

Based on the study's findings, several policy recommendations can be made:

1. **Streamline Government Aid Programs:** Simplify the application and eligibility processes for financial aid programs to ensure that small businesses can access support more easily. This includes reducing bureaucratic hurdles and providing clear, concise information (U.S. Small Business Administration, 2020).
2. **Enhanced Support for Hard-Hit Industries:** Provide targeted support for industries most affected by the pandemic, such as retail and hospitality. This could include extended financial aid, tax relief, and sector-specific recovery programs (Fairlie, 2020).
3. **Support for Crisis Management Planning:** Implement policies that encourage small businesses to develop and maintain crisis management plans. This could involve offering grants or subsidies for crisis preparedness training and resources (Ivanov & Dolgui, 2020).
4. **Legislative Reforms:** Consider legislative reforms to address gaps identified in labor laws and health regulations. This includes ensuring that legal frameworks are adaptable to future crises and provide clear guidelines for business compliance (Chetty et al., 2020).

5. Limitations of the Study

While the study provides valuable insights, it has several limitations:

1. **Sampling Constraints:** The sample size for the survey was limited to 300 small businesses, which may not fully represent the diverse range of small businesses across different industries and regions. Future research could benefit from a larger and more varied sample.
2. **Geographic Focus:** The study primarily focused on businesses in the United States, which may limit the generalizability of the findings to other countries with different economic and legal contexts.
3. **Time Constraints:** The study was conducted during a period of ongoing recovery, which may affect the accuracy of long-term projections and trends. Longitudinal studies would provide more comprehensive insights into the sustained impact of the pandemic.

6. Directions for Future Research

Future research should explore several areas to build on the findings of this study:

1. **Long-Term Impact Analysis:** Conduct longitudinal studies to examine the long-term effects of the pandemic on small business sustainability and growth. This would provide insights into how recovery strategies evolve over time and their effectiveness in different phases of the recovery process.
2. **Comparative Studies:** Investigate the effectiveness of different legal and management strategies across various countries and industries. Comparative studies could offer valuable lessons and best practices for global recovery efforts.
3. **In-Depth Sectoral Analysis:** Perform in-depth analyses of specific sectors that were disproportionately affected by the pandemic. Understanding sector-specific challenges and recovery strategies can help tailor support and interventions more effectively.
4. **Policy Evaluation:** Assess the long-term impacts of government policies and aid programs on small business recovery. Evaluating the success and shortcomings of these measures can inform future policy development and implementation. By addressing these research gaps, future studies can contribute to a more comprehensive understanding of the factors influencing small business recovery and provide actionable insights for improving resilience and sustainability in the face of future crises.

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