Effect of SME’s Businesses Falling in a Global Perspective with Development of the Business Model as a Tool for Overcoming the SME’s Business Challenges

*Ibrahim Suleiman Yahaya, Asian Bin Amat Senin, Maryam M.B Yusuf, Aisha Usman Gumeld, Ali Abdu Gwigwinyue

Universiti Teknologi Malaysia, Azman Hashim International Business School
Department of Management science
Federal University Dutse, Faculty of Management Science
Faculty of Business and Management Universiti Sultan Zainal Abidin Malaysia

*Corresponding Author Email: iysuleiman@gmail.com

Received: 2nd July 2022  Accepted: 22nd August 2022  Published: 10th September 2022

ABSTRACT
The research is the first of its kind that is aimed at finding the effect that leads SMEs’ not to survival since before the emerging of the global pandemic, which is the coronavirus that takes the life of million-plus across the world and also take over the jobs of more than five million individuals, which needed assistant. Many businesses collapse as the result of the pandemic which jobs were lost. The research focuses on analyzing the situation that leads to business bankruptcy SMEs contributed to the national and global economy as well as looking at the possible ways of overcoming the SME’s difficulties through government and private sector investments. Twenty (20) business owners both large and small and medium enterprise businesses were interviewed in other to find out business owners’ viewpoints and to collect data for the research transcription and analysis. The result shows that even before the arrival of the unprecedented situation that nations find themselves in, some SME’s are facing difficulties in growing their businesses as a result of a lack of business knowledge and orientation which lead to what we called today a business model, while some have the clear picture of their business model plans but lack support from the government as accessing fun to invest in the SME’s business is difficult. The research also gives clear suggestions to business owners and government agencies on how they can help in supporting the SME’s, we also highlight some agendas for future researchers where this research has its own limitations.

Keywords: SME’s, Business model, Coronavirus, Government, Challenge

OPEN ACCESS

1. INTRODUCTION
The globe as we know today is facing a serious difficulty by the hit of pandemic and when it comes to business management as well due to recent outbreak of coronavirus for which many businesses has fall and some facing bankruptcy. Effort are giving by different government agents in different countries to support businesses which include small and medium enterprises SME’s, but still some are still facing difficult time in managing their businesses, this lead to the loss of jobs by millions around the global with the United State of America and Brazil toping the jobs crick down (Yahaya, 2020). However, the research aims at analyzing and discovering possible ways out that governments can add more on the effort they been doing in order to overcome the current situation of the global outbreak of people out of jobs due to the down fall of businesses around the global (Kristel Miller, 2014).

The small and medium enterprise businesses are the back born of all nations contributed more than 50-90% of country GDP’s more than the bigger companies or organizations, the fall or bankruptcy of SME’s can also lead to the down fall of national economy, that can further affect international market or businesses as well. This is a serious matter that researchers need to focus their research on, in order to find or build a solution to the SME’s down falls. People like that SME’s problems are national problems not internationally, which is total wrong overview businesses are interconnected with one another be it national or international. Many product or services that were build or service by SME’s and are the ones that turn it to be in the international market that was exported for use or consumption. Below are the objectives and the research questions that needed to be addressing in these researches:
1.1 Objectives of the studies:

1. To analyze the risk nations will fall in if small and medium enterprise businesses keep falling and dying or go bankruptcy.
2. To know how small and medium enterprise businesses contribute to the development of a nation and global at large.
3. To find out and suggest possible ways that government will intervene for the aid of the SME’s in each nation and how it should contribute by soften business policies.

1.2 Study questions:

A. What will happen if we allow SME’s keep dying and go out of business?
B. What roles those SME’s businesses played in national and international development?
C. How can we the researchers and government improve and promote the development of SME’s businesses national and international?

2. DEFINITIONS OF THE KEY CONCEPT

In order to deeply understand the layers of what we are to research on and capture the picture of the areas that we wish to investigate we tend to define the concept of Small and medium entrepreneur business with its structure and we will also define Business model concept as the driving method for business re-build and development.

2.1 Small and medium enterprise

The diversity of the economic growth for entities which requires a classification of various categories in business development lead to stage the SME’s business as an organization that has a range of five (5) to one hundred and fifty staff (150) capacities with a capital investment that is below two hundred million Naira or $100,000, any business that is below or equal to that is consider as SME’s (Moreno, 2020).

2.1.1 SME’s business structures

Looking at the above figure we will find out that SME’s generally is the key for countries growth as some of them spend more hours in service and generate more profit and that help in the unemployment issue of a given nation, this are just few out of many.
2.2 The term business

The tear business can define as an enterprise or organisation engaged in commercial, industrial or technical activities. The term "company" often refers to individuals' coordinated efforts and activities to manufacture and sell for profit products and services (Saeed Khanagha, 2014). However, most of the business owner understand this basic definition of business but actually it should look a bit more to these meaning of business, a part of doing the business to earn or make profit for an organization or company one need to develop the interest of caring and loving what she/he do for a living, the act of that will yield more result in profit making and value creation for the goods/service render.

2.2.1 Important of business to society

An important part of modern society is corporation. It is a coordinated and systematic profit generating operation. It deals with the activities of individuals who work towards a shared economic objective. Without business, modern society can’t survive. This is because business increases people’s living standards by offering high quality and a wide range of products and services at the right time and in the right place. Thus, in the region, it generates jobs, which in turn reduces poverty. Such companies thrive well when business conditions are conducive to business organisations and this decreases poverty. By manufacturing and exporting quality products and services to foreign countries, company enhances the national image of a producing country. Hence, through industrial research, several innovative products and services are created. This section is designed to allow readers to be informed of the existence, intent and scope of the organisation. It also acknowledges the various forms of business practices along with the new business trends, such as e-commerce, etc. People are involved in different activities around us. It also shows to the outside world the innovations and successes of its own country by engaging in international trade fairs and exhibitions.

Table 1. Preference scale

<table>
<thead>
<tr>
<th>Scale</th>
<th>Number of employees</th>
<th>Annual turnover</th>
<th>Balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>≤ 10</td>
<td>≤ 2 Million</td>
<td>≤ 2 Million</td>
</tr>
<tr>
<td>Small</td>
<td>≤ 50</td>
<td>≤ 7 Million</td>
<td>≤ 7 Million</td>
</tr>
<tr>
<td>Medium</td>
<td>≥ 200 to 250</td>
<td>≥ 30 Million</td>
<td>≥ 30 Million</td>
</tr>
</tbody>
</table>

Source: UN SME’s support and development

The above figure 3 has five stage of business building for profit gaining and value creation, the framework beginning with strategy, portfolio, program, team and lastly business change, this indicate that that SME’s can use this framework in reshaping of their business strategy in other to boost profit and create more value for customer loyalty. Most SME’s collapse due to lack of business orientation and knowledge about the businesses that they undergo. Nonetheless some of them do keep to date update on how to grow their businesses using the method or framework at they despoil but applying the concept in to use properly is challenging for them. By looking at the above figure we will come to understand that each stage has its own unique contribution on how business should be growth, and most be done according to the framework. In other case for those business owners that have the knowledge of applying the above framework can start at the point that they think their business has lapses either the company portfolio is not well set, this framework can be use in cycle way or random if fully understood by the business owner or they strategic teams.

2.2.1.1 The porters five force theory of business framework

The magic of this theory it help the current and new enter to understand full on how the business flow from bargaining power with suppliers to the threat of substitute for product or services, while on the inside for cycle is the rival among existing competitors with the existing business you are also not save for final market take over as others are looking for a means of take your company out of market place. This is what the most of the SME’s also fail to understand that to take over a given market one need to constantly updating his/her business model in other to stay competed in the market.
2.3 The team business model

Business model is an architectural design for business flow prototype that highlight inner and outer scale of how business should be taken up, from the scratch level by listing the component that is highly needed before even starting the business where ideas need to be share before concluding where, who, how, when. These key questions need to be answered properly through the business model concept techniques and it methodological theories or frameworks. They are many types of business model that one can use nowadays, those that can suit your business logic and understand it better than other, which can be apply without any double on whether it will work or not. All business model is up important and was design base on the authors filed of research and environment where he/she is making the research. However, most business model are high in nature that it can be understood and apply to both SME’s and large business environment.

2.3.1 The structure of business model

Business model structure is the key for fast business growth and performance if study carefully and apply in the right way of good understand, each business model developed, or design has its own uniqueness and method of application (Marianne Hock, 2015). After reviewing many different of business model developed by other authors we understand that the key elements of any business model are two which are 1- Value creation and 2- Value preservation/proposition, however without this two key component an organization or company will not grow fast without them. Figure 5. below give us a clear view and understanding of the business model structure (Yahaya, 2020).

![Business model application framework](image)

Figure 5. Business model application framework for evaluation process (Yahaya, 2020).

In the full scale of business model design are many elements or component to be consider which are link with the above two elements that are mention above in figure 5. Notwithstanding, these two elements are the high elements that needed to be given focus on the more if this two are understood very well and clear as they are interconnected with each other and one my find it easy and very useful to any kind of business rebuilding or development especially SME’s.

2.3.1.1 Value creation

The first cycle which is the value creation has five inner elements that make up the co-value creation stages, it started with defining the business model concept, identify the business uncertainties, assess impact of the uncertainties “the good the bad and the ugly”, design the changes that need to be done within the business logic and lastly execute the changes the was needed for the business growth, this can be modifies and reevaluated time to time for proper business improvement (Sjödin, 2020). Thus, that create part of business model building that every business owner needs to understand, how they can apply to their start up or current business that is exiting weather it has problem or not (Holmqvist, 2020). At times many companies don’t update the business plan or upgrade they business model, thinking that profit it yielding the way it should be so no need for business redevelopment; this happen in both large and small businesses around the globe (Nöjd, 2020).

2.3.1.2 Value preservation

On the other cycle in the business model evaluation framework above figure 5. Which is value preservation with the six elements in it cycle which it starts with project initiative, identify risks and business impact, design measures, implement measures, test measures and exercise, lastly maintain and update measures, in all these measures is called the sustainability side part of the business model. These two elements shown in figure 5 which was explain above are part of the business model development compare to the one developed by Osterwalder and Kajanus.

3. CURRENT STAGE OF SME’S GLOBALLY

The current stages of Small and medium enterprises businesses around the globe are in deep challenge nowadays, whereby many of such businesses has close due to lack of financial standard and manpower. Even before the current situation of C19 some of the SME’s businesses are facing challenge while others are making hug profit in the business environment. As discuss above SME’s businesses are the key or back burns of nation for GPD development which help to increase and create more jobs to the local and reduce unemployment rate in both national and international. Below table two highlight some of the challenges face by the SME’s

<table>
<thead>
<tr>
<th>Challenges face by SME’s for economic development</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of access to finance</td>
</tr>
<tr>
<td>2. Insufficient government support</td>
</tr>
<tr>
<td>3. High power costs</td>
</tr>
<tr>
<td>4. Lack of skilled labor</td>
</tr>
<tr>
<td>5. Lack of access to finance</td>
</tr>
<tr>
<td>6. High production costs</td>
</tr>
<tr>
<td>7. High taxes and other taxes</td>
</tr>
<tr>
<td>8. Inadequate demand</td>
</tr>
<tr>
<td>10. Shortage of skilled labor</td>
</tr>
</tbody>
</table>

Source: Developed for the study in search of challenge tackle and reduction.

The above challenges are mostly found in the African and Asian countries with some of them also can be found in both America and Europe, these challenges are not just nationals or country challenges but globally, that need to addressing this by the business professional bodies and the researchers are highly needed, if the above list of challenges face by the SME’s are not solved within given period of time, the risk of businesses lost and people will also be out of job with high impact as it was before the pandemic (Nwakoby Nkiru Peace, 2017). The listed of the twenty items in table 2 are all challenge that need to be address one after the other, is not that easy to overtake them within short period of time but if both the...
The research is purely qualitative with in-depth interview of business owners both large and small entrepreneurs, in-depth interview is the method data are collected face to face or via online with the respondents (Mohajan, 2018). The method used in selecting the respondents are random pick up of business owners that show element of understanding the challenges in business development are finding ways in improving their current business level (Thambinathan, 2021).
we have made. So, I can say that we use our normal traditional way of doing business.” In the view of this research paper and it finding government and business owner need to engage themselves in to the leaning of business model, that well help the SME’s have more advance knowledge of businesses which can help the business owner to be able to diversified their business orientation (Philipp Ebel, 2016). With the help of that business can survey longer it can be figure 5 above is some work structure of how business model looks or work like.

5.1 Business model canvas as one of the solutions

![Image of Business Model Canvas]

Figure 7. Business model canvas show nine elements on how business should earn profit (Philipp Ebel, 2016).

The above figure 7. As mention is one of the most popular business model in this generation where it was design and build by about seven hundred (700) participant from around the world, the aim was to help business owner generally on how to establish their business using business model and for those current businesses that face difficulty to be able to rescuer themselves by apply the business model canvas. Reading the above business model canvas one can understand the stand of its architecture for value creation and value proposition.

5.2 Applying Business model to SME’s

To promote the development and the growth of SME’s national and international, government and the business owner need to engage themselves in the business model orientation by attending seminars and conferences that teaches how business model can be apply or rebuild be business owner, this will help in the easier of any uncertainty that may occur within short period of time without notice like the issue of Covid-19 that hit businesses and make millions out of job due to lack of business orientation and diversification (Osterwalder, 2020). An interview question was asked has business diversification improved your business income?

“Diversification of business at this level is most for business owner who want to survey this current situation of business hardships, diversification through changing our business strategy or business model as you call it, we were not using any internet facilities such as online sales but we advertise our product online using social media but we don’t sale. In this case we have to focus our sales and ship our customers to purchase product online and we also have to developed our online selling platform where our customers can order the product online and also ship apply the office work fully online, which we never tough of that for the past years if we

4.1 Sampling

The sample taken for the study are 25 business owners who are randomly pick through surveying of their business activities and ability to understand business development such as business model. The sampling size was justified base on the information needed in the research quality and productivity. These 25 business owners, but only 20 where interview while 5 of the give an excuse after making appointment with them. Below table gives the details of the 20 business managers interview.

Table 2.

<table>
<thead>
<tr>
<th>S/N</th>
<th>PROFESSION</th>
<th>NUMBERS</th>
<th>YEARS IN BUSINESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rice manufacturing company</td>
<td>2</td>
<td>7, 9</td>
</tr>
<tr>
<td>2</td>
<td>Travel and tours</td>
<td>3</td>
<td>6, 3, 4</td>
</tr>
<tr>
<td>3</td>
<td>Mini market</td>
<td>3</td>
<td>4, 8, 7</td>
</tr>
<tr>
<td>4</td>
<td>Sub-telecommunication seller</td>
<td>2</td>
<td>5, 7</td>
</tr>
<tr>
<td>5</td>
<td>Soft drink manufacturing</td>
<td>2</td>
<td>5, 4</td>
</tr>
<tr>
<td>6</td>
<td>Book shop vendor</td>
<td>3</td>
<td>4, 2, 5</td>
</tr>
<tr>
<td>7</td>
<td>Shoe designer</td>
<td>4</td>
<td>2, 5, 4, 8</td>
</tr>
<tr>
<td>8</td>
<td>Electronic seller</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>8</td>
<td>20, 20</td>
</tr>
</tbody>
</table>

The above table 2 are the sample of the respondents in profession and number of year in the business environment, these are the major businesses operating sectors (Lakens, 2022). In each company manager or accountant of the organization was taken in the process of the interviews, those are in the better position to answer the research question.

4.2 Data collection

The data was collected through in-depth interviews both online and face to face and letters transcribed based on communication and understanding. However, many need to be done in the future in other to increase in the numbers of the respondent for better result that will help in improving the business ideas around the global, thus more respondents with be up high impact.

5. THE ORIENTATION OF BUSINESS MODELS TO SME’S

Business model is a tool for business development and re-building of businesses as well and an effective business model is the core enable of the company performance, in this case government and business owners need to understand the important of business model, actually many SME’s use business model in their businesses but not know how it work properly. This was discovered through the interview for the data collection of this paper, question did you apply any business model theory/tool to your business? “Well I can say par said I only apply what I know the method of how I can sale and earn profit, as I do not fully understand what the term business model is, you know some of this theory or method developed by the academic or research are based on theories not fully practical (Suleiman Yahaya, 2020). We just know by our observation our expenditure and return in the investment...
Through this response we will realized that if the knowledge of BM is integrated in to our SME’s business owners it will help in reducing the collapse and job lost generally (Gianvito Lanzollaa, 2020). Other respondent who has been updating herself with BM knowledge has to said this “I was so lucky from day one I started my business I try my possible best to use knowledge in acquired from my BA business and apply in to my developed business, which I attended many workshop and seminars before and after starting the business and read many books that talk about business development and using business model, any time I have difficulties I refer my team to review out business plan through the use of the company business model since before the pandemic and we still use it till date is what actually make our company different what we were not hit that hard when the pandemic start we quickly diversified the business plan to an online since there is no movement that will allow us to sale our service and products”

The government of nation most if not all are trying they possible best to see that SME’s in their countries sustained for generation to generation and the business owner too some are trying to see that they business subsistence for long period, as is part of the government duty to support them also government should make it most as a requirement for business owner to have adopted one BM that he/she think or find it suitable to his/her business development. In other hand technology innovation into business model development play a key role in the current situation that the world find itself in now with low human movement and interactions, innovation can serve as the fundamental drive force for value creation in business development (Zelong Wei, 2016).

5.3 Measuring SME’s Business position globally

In other to understand the position of SME’s and it impact to national and international authors take a scale and measure the level of global businesses and see which of the three types of business has the large percentage and how it percentage will help in unemployment reduction and job provider. Is it that important to measure the impact of SME’s, this are to understand how we should look at it advantage to society and to understand what kind of effort we both can make to save the SME’s around the global from collapsing, figure 8 below explain more.

The above figure was adopted from a Canadian statistical research on labour force survey around the global trying to find the significant of SME’s around the global, where SME’s has the total of 80.1% take the crumbling of small businesses and medium size businesses. In both sector of the business structure all has been hit in this year 2020 starting from March till date of writing this paper but due to the financial incapacity of the large businesses what they hard to do was just to reduce number of employees in other to reduce they expenditure. In the case of SME’s it was different scenario which the UN and Government need to come in for they aid as they have low number of employee plus low financial capacity with that many of the SME’s has to reduce the number of their workers but with that some still collapse along the way with the government aid.

Part of the research interview question was that, what did you think is behind the down fall of some SME’s businesses dispaid the aid from government support? This question was ask in a group of SME’s business owners in business development meeting in sharing session of over two hundred attendance some of the response are “Am not quiet sure of those businesses major problem before and after the pandemic situation but for those who find it difficult to survived dispaid the softloand by it government are mosly lack of business orientation in business diversification, the pandemic occures and has in other to control the COVID health official proposes measures of no moviment among individuals for which business is all about sale most SME’s are business are product or service that need interaction with customers as some did not adapted the information technology era as at that time, including me I did not adopt the technology until recenty that the pandemic take over our businesses want to kill it like it does for human, I think I may own openion that what may have happen.” In other hand another respondent think that “hmm…. What happen was terrible and uncertainty that occurred at once we all are not prepared for it, what we were looking is different we focus more on day to day business challenge never think out of the box of such incidence that people may one day be as to remain at home for a long period of time after the spanish flue, we never think it will come to us and hit us with our businesses.” This are respond of measurity who think that is a situation that happen so fast. Below figure nine show the expecting declining in SME’s at the last quarter of 2020, businesses will keep collapsing if profer measure was not full take by the business owners and the researchers in developing as possible ways of this situation.
This expected result in the above figure derived as these researches finding on the current situation that increase on the fall of other SME’s businesses within short period of time and many are still finding it difficult to survived as mention above. The expect decline in the sale and profit is as the result of low human movement, show the business will have more sales but low profit, because price of product and services will be reduced due to competition. Authors think that there is huge way out of this situation and save businesses one of it was diversion of researchers on the possible was out with consultation, development of new business model which should be included worst scenarios, plus technology development that we help the business owners analyzed the risk behind what is facing them if they fail to have business model knowledge, it was suggested by many research that business owners need the knowledge of how to developed their own business model that can suit their businesses through the guide of developed once by academic researchers.

6. CONCLUSION

Business is what keep us alive and what make the global going round SME’s is the business that is established from generation to generation, now we are in the modern era that technology has imaging more focus was given to research and development in academic environment. The SME’s businesses are in the high risk now where many are trying so hard to keep their businesses going, with the help nongovernmental organization and government many has survived the financial crisis around the world. We also understand that SME’s contribute a lot to our society in GDP and reduction of unemployment that it self-it’s a crisis, which now the number of unemployment rise due to the loss of many SME’s businesses around the global.

6.1 Recommendations

The need for researcher in the field of business, sustainably, economic and social science need to focus more in providing solution through the development of business model or business plan layout for SME’s. Business owners need to understand they business theatrically in case of any uncertainty that may occur and attend more business workshops and training.

Government need to start more business policy that will benefit SME’s in case of any emergency situation that may arise, and government should encourage SME’s business owner to be innovated and have technology knowledge as well as apply them to their business.

Government should provide easy access to long term soft load, that will enable the SME’s to grow faster than it should be or support them with short term payroll payment to it staff.

SME’s business owner needs to be more creative in developing they businesses with the capital in the disposal and knowledge about diversification of business.

SME’s and large company can create a unit or department that will be responsible for designing blue print of business model that will suit any uncertainties that may occur in future, with also the ability of adopting changings time to time in other the business to be up to date modern technology.

United nation has to join in hand with the countries government to implement a room to help those that are out of job and for those that did not even have job before, in other to control the lack of job in the world, even though many governments are trying they best to support it citizen by proving load and free business name registration, but that a lot will not work perfectly.

The above recommendation is highly needed to all businesses not only SME’s in order to be save from any calamity that may arise in future, by analyzing the business in worse scenario cases.

REFERENCES


