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The Impact of Economic Incentives on Small and Medium Enterprises in Oman During COVID-19: Applied Study, Case of Dhofar Governorate in Oman

Muawya Ahmed Hussein^{1*}

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ABSTRACT

The study examined the impact of economic inducement on small and medium enterprises (SMEs) in Dhofar Governorate, Oman, during the COVID-19 pandemic. Two variables were adopted: economic incentives as the independent variable and the recovery of SMEs as the dependent variable. Three dimensions were adopted to evaluate the economic incentives experienced by small and medium enterprises, which are “facilitation of granting loans,” “reducing taxes and fees,” and “technical assistance.” The study population consisted of the employees of 8 SME companies. Primary data was collected from a convenient sample of 104 via electronic questionnaire (due to the directives related to social distancing in light of the global health crisis (Covid 19)). Data were evaluated through Statistical Packages for Social Sciences SPSS. The study found a strong correlation (90.9%) between economic incentives and the recovery of minor and medium enterprises. Key factors such as facilitating loans, reducing taxes and fees, and providing technical assistance had a strong impact (82.1%) on their recovery. The Omani government should prioritize projects based on local labor and supply chains to reduce leakages and create short-term jobs, enhancing household income during the pandemic. The study facilitates data analysis and obtaining clear results of the impact of economic incentives by using a descriptive-analytical method.

Governments must execute fiscal and procedural stimulus to regain lost yield potential from COVID-19, considering the macroeconomic context, monetary policy, debt, trade globalization, and SDGs.

INTRODUCTION

In 2020, the member states of the Gulf Cooperation Council (GCC), which Oman is a member of, and the countries of the entire world were facing an unprecedented pandemic of COVID-19. While the origins of the pandemic can be traced back to a healthcare crisis, it has evolved into a far-reaching socio-human catastrophe that instigates profound societal transformations, penetrating the core of communities (Al-Sayyid, 2020). The COVID-19 pandemic poses an unprecedented challenge to all nations worldwide, with serious socioeconomic and health consequences already having historical ramifications (Al-Sayyid, 2020). However, the pandemic has disrupted global economic activity and normal daily life. Many governments worldwide have taken strict measures in response to the epidemic to prevent it, keep the health system running smoothly, and safeguard the most liable.

Moreover, the short-term economic impacts of business shutdowns, immigration restrictions, and quarantine measures were insufficient to address the broader implications of reduced production, financial dynamics, income disparities, and unemployment (Long & Ascent, 2020). The United Nations (UN) evaluated that nearly half of the employees worldwide had become unemployed due to the pandemic's layoffs and other economic outcomes. The International Monetary Fund's (IMF) latest growth prediction for 2020 and 2021 showed that the world has reached an economic downturn or worse, as emerging

and developing economies are expected to contract by -1.0% and GDP growth is expected to be -2.2% in 2020 (Long & Ascent, 2020). Consequently, the pandemic's financial repercussions had far-reaching implications for individuals, communities, and states.

In a constantly changing world, determining the true economic effect of the COVID-19 pandemic in terms of production, work opportunities, household consumption, world commerce, food security, and public schooling is extremely difficult (Al-Nami, 2020). The pandemic had two major economic impacts: one on the availability of products and resources caused by interruptions in the value chain nationwide and worldwide, and the other on demand for products and amenities due to income loss and increasing uncertainty (Al-Nami, 2020). SMEs represent most businesses, jobs, and value-added in the GCC nations, including Oman, as in the rest of the world. In sectors with a significant presence of SMEs, including tourism, travel, and food, the pandemic had the most severe impact on businesses (Al-Nami, 2020). It was challenging to quantify the extent of the crisis's effect on SMEs in these industries. However, it was certain that they encountered substantial liquidity issues in order to maintain their solvency. Given their limited resources, ability to manage their cash flows, and the existing difficulties in accessing financing, these closures expose many small and medium-sized businesses to the risk of bankruptcy (Wiam, 2001). In this regard, it was necessary to help small and medium enterprises avoid bankruptcy

¹ Department of Finance and Economics, College of Commerce and Business Administration, Dhofar University Salalah, Oman

* Corresponding author's e-mail: muawyaccba@hotmail.com

during the lockdown period and after the crisis. It was also crucial to keep people employed during quarantine times by implementing multiple preventive methods, including salary subsidies for unutilized workers (Wiam, 2001). By assisting them in overcoming the barriers to accessing and utilizing digital technological devices, additional support measures were devised to raise SMEs' digitization levels. Some productive SMEs were linked to larger companies in their operations, and disruption of logistics and supply chains makes them especially susceptible (Wiam, 2001). In addition, they faced difficulty re-establishing their business networks if significant corporations had already forged fresh partnerships with other firms in various regions due to the pandemic (B, 2021). Governments were required to provide information and assistance in developing new business strategies and creating new alliances for these companies to maintain economic growth and productivity in these countries. Debt moratorium is one of the effective tools that member states can use, as was the case in Egypt, Malaysia, Saudi Arabia, and Turkey (B, 2021). For example, the Central Bank of Egypt gave SMEs six months to repay loans. Direct loans to small and medium enterprises, including expanding the funds available for credit or simplifying and accelerating the plan of action for obtaining loans, as Malaysia and Turkey did (B, 2021). According to (the official news agency, 2021), the Sultanate of Oman encouraged companies and the local economy to grow through an incentive policy according to the plan included in the "Oman Vision 2040". The industry sectors include logistics, fisheries, agriculture, tourism, and mining. The program also reduced the income tax rate for small and medium enterprises for 2020 and 2021.

Therefore, this study aimed to identify and evaluate the impact of long- and short-term economic incentives to reduce the repercussions of the COVID-19 pandemic on small and medium enterprises in the Sultanate of Oman. This study includes the theoretical aspect of presenting a theoretical framework that explains the research variables and the associated concepts. Furthermore, the study consists of an applied element represented in the implementation of a survey on the impact of long and short-term economic incentives approved in the Sultanate to reduce the repercussions of the COVID-19 pandemic on the development sector in Omani institutions. The primary focus of this study was on small and medium enterprises.

Research Problem

One of the most significant engines driving the Omani economy and the various worldwide economies, particularly in emerging nations, is thought to be local businesses, particularly small and medium-sized ones. These institutions were exposed to serious economic issues due to the Corona pandemic, which caused several to file for bankruptcy and sharply increased staff layoffs. Hence, the subject of the study arises in its quest to identify the long- and short-term economic incentives adopted by

the Omani government to limit the repercussions of the coronavirus pandemic on minor and medium businesses.

Objectives of the Study

This study aimed to:

- 1- Presenting a theoretical framework that includes definitions of the research variables represented in each of the "short and long-term economic incentives," "small and medium enterprises," and "the repercussions of the Coronavirus pandemic."
- 2- Learn about the repercussions of the Corona pandemic on small and medium enterprises.
- 3- Highlight the most important economic incentives for local companies and institutions affected by the Corona pandemic.
- 4- Evaluating the impact of economic incentives to reduce the repercussions of the Corona epidemic on minors and medium businesses in Dhofar Governorate.

LITERATURE REVIEW

A study titled "Tax Incentives: From an Investment, Tax and Sustainable Development Perspective" concluded that the housing market in various countries was exposed to great challenges due to the spread of the COVID-19 pandemic, which forced many countries to search for solutions, even if temporary, to revive this sector (Mosquera Valderrama *et al.*, 2020). This study showed the incentive measures adopted by some countries in stimulating the housing sector, as it revealed that both Malaysia and the United Kingdom adopted temporary exemptions from stamp fees aimed at reducing the costs of housing market transactions to enhance transactions and revitalize this sector to prevent stagnation or significant declines in prices residences (Mosquera Valderrama *et al.*, 2020). These countries have also adopted a policy of stimulating demand in related sectors such as building renovation. Furthermore, a section on small companies and startups revealing some of the measures adopted by some countries to support and stimulate this sector to avoid Recession or bankruptcy was also included in the study (Mosquera Valderrama *et al.*, 2020). The researchers confirmed that the Chilean government adopted stimulus measures to temporarily reduce the income tax rate for minor and medium businesses from 25% to 12.5% for three years.

Moreover, a study showed how the service, entertainment, and tourism sectors were particularly affected by the decrease in global travel and local closures (Mosquera Valderrama *et al.*, 2020). Ponta *et al.* (2020), titled "The Role of Monetary Incentives: Reward and Motivation," revealed that, as incentive measures, some countries, such as Austria, Belgium, Malaysia, the Czech Republic, and the United Kingdom, adopted temporary value-added tax or other consumption tax cuts intending to restore demand in these sectors, reviving activity in them, and besieging the Recession that affected these sectors. On the other hand, Italy provided tourism vouchers for low-income families (Ponta *et al.*, 2020).

The COVID-19 pandemic forced global economic engines to stop working, as this included most development sectors. Many governments use financial mechanisms to support local economies as a response plan (Allam, 2020). However, rebuilding the economies of many countries after the Corona pandemic requires rethinking the type of industry that humanity needs in the future. Post-pandemic, investing in a practical and affordable green transition became essential (Jomo & Chowdhury, 2020).

Consequently, this study showed that public spending priorities are “supporting innovation” and “supporting green infrastructure” for the private sector and developing smart grids, transportation systems, and charging station networks (Jomo & Chowdhury, 2020). In another study, Becker *et al.* (2020) mentioned in their book entitled “Europe in the Time of COVID-19” that company debt burdens threaten economic recovery after COVID-19, and planning for debt management must begin immediately, which should be one of the economic stimuli as it was shown that before the recent global financial crisis representative models were the governing model, however, a descriptive strategy is required to acknowledge important elements of the Great Recession, and evaluating the impacts of business and family ethnic diversity may partly clarify the threat of a slow recovery that requires long-term rather than short-term stimulus (Becker *et al.*, 2020).

Additionally, Richard (2020) explains in their book “An Introduction to Mitigating the Economic Crisis of the Coronavirus,”: that act fast and do whatever it takes,” COVID-19 demands us to do whatever it takes, considering the transient nature of the medical shock, the economic fallout may be long-lasting (Richard Baldwin, 2020).

In a written interview with Harvard International Review, (Lagarde 2020) stated that together with courageous national actions of a long-term nature, Europe can bounce back” and with it, “there is a great opportunity to enhance economic resilience and convergence of member states.” This implies that the financial reaction to the EU Next Generation Instrument is at the heart of the EU’s recovery plan and, thus, an emerging monetary-fiscal nexus around COVID-19, which demonstrates the monetary and financial interdependence caused by the pandemic instead of the emerging economic and fiscal relationship that endangers central bank autonomy (C, 2020).

The COVID-19 problem is something that monetary and financial strategy needs to address, so the economic and financial reactions to the COVID-19 calamity appear to be a link. Given the production structure, integrating monetary and financial plans was essential for financial products in a complex and evolving economy (I Schnabel, 2020). In contrast, Schnabel (2020b) points out during her speech at the Inter-Parliamentary Conference on Stability, Economic Coordination, and Governance in the European Union held on October 12, 2020, titled

“Fiscal and Monetary Policies in Allow Interest Rate Environment (Isabel Schnabel, 2020).” Strong financial and economic strategy complementarities can help pull the Eurozone providence out of the current low growth and low inflation trap in a low-interest rate environment. As a cash response to COVID-19, he points in particular to the Pandemic Emergency Purchase Program and Targeted Long-Term Refinancing operations, which “prevented the health crisis from turning into a full-fledged economic meltdown at a time when markets were beginning to panic, and price action was shaky.” Too stable.”

However, a financial reaction was important, and monetary expansion was indispensable to maintain demand and mitigate costs in the long term (Isabel Schnabel, 2020). In times of ambiguity, long-term stimuli in high-quality public investment were used to boost GDP growth and employment, intensify private investment, especially in sectors essential to resolving the health crisis and fostering recovery, and drive new investments in medical management, social accommodation, digitization, and protection of the Environment. Judiciously using fiscal and structural policies (long-term stimuli) can support price stability and central bank independence, such as the EU’s Next Generation Instrument on Green and Digital Investments (Isabel Schnabel, 2020).

Similarly, Mersch, 2020 demonstrated that in “European Central Bank Monetary Policy Amidst the Pandemic”, there was a quick given the achievements of short- and long-term economic stimuli (Mersch, 2020). By the third quarter of the year 2020, members of the European Central Bank had projected that the Eurozone economy had recovered approximately 50% of the losses incurred since the onset of the pandemic. A full recovery was expected after 2022, following an 8% contraction in the same year, followed by rapid growth of 5% in 2021 and 3.2% in 2022 (Mersch, 2020). The central bank’s key policies, including targeted long-term refinancing operations and the Pandemic Emergency Purchase Program, contributed to the recovery by bolstering credit supply and raising asset prices (Mersch, 2020).

The Pandemic Emergency Purchase Program contributed to aligning inflation more closely with the European Central Bank’s definition of price stability, with support from fiscal measures like the EU’s next-generation tool serving as a vital supplement (Mersch, 2020). The net liquidity injection of long-term target refinancing operations in June and September was €706 billion (almost €1.5 trillion in total). Monetary and fiscal policy complementarity is temporary due to coronavirus, but rising real estate and capital product prices indicate peak credit demand, necessitating long-term stimuli (Mersch, 2020).

A study by Beck, 2020 “The Economic, Political, and Moral Case for the European Fiscal Policy Response to COVID-19,” advocated the issuance of collective debt securities (Corona Bonds) to combat the economic impact of the coronavirus (COVID-19) outbreak (Beck, 2020).

Economic stimulus strategies avoid modest measures in affected nations to prevent recovery and short-term fiscal stimulus efforts, demonstrating solidarity and preventing increased sovereign debt (Beck, 2020).

Beckworth (2020) proposes a radical change to the dual mandate Taylor rule, targeting the nominal GDP level instead of inflation. This strategy involves a two-rule monetary policy, prompt financial disbursements to households, and enduring economic incentives to stabilize aggregate spending and income development (Beck, 2020).

Research Hypotheses

H1: Economic incentives have no statistically meaningful

impact on reducing the repercussions of the Corona pandemic on small and medium enterprises.

H2: The ease of loan issuing to small and medium-sized businesses has no statistically meaningful impact in Dhofar Governorate.

H3: Reducing taxes and levies for small and medium-sized enterprises in the Dhofar Governorate has no statistically meaningful effect.

H4: Technical support has no statistically meaningful impact on small and medium-sized businesses in the Dhofar Governorate.

Figure 1 below shows the conceptual framework of the research hypotheses or strategy.

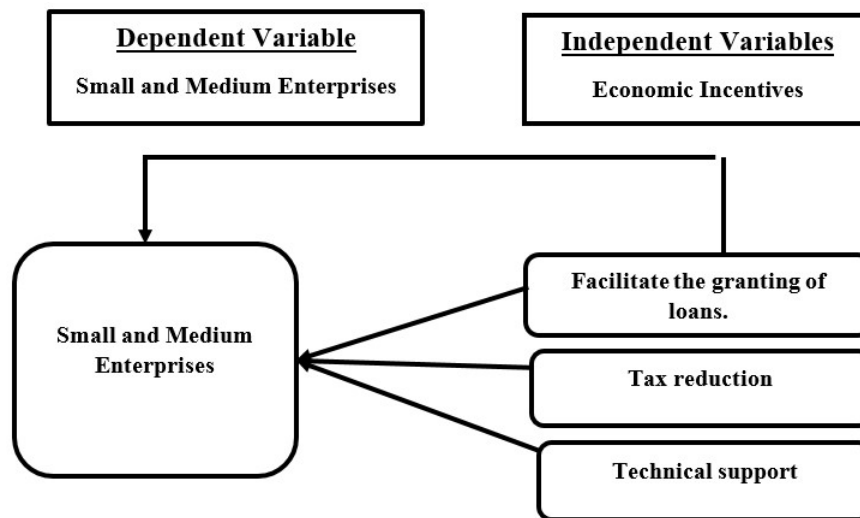


Figure 1: Conceptual framework

Source: Own Author Development

Definition of Variables

Economic incentives drive people to achieve goals, meet needs, or support a value (Musa, 2021).

Loan Facilitation

It is a financial loan granted by a banking institution to persons to allow the institution or company to finance a specific project or need while allowing the banking institution to earn interest on its funds.

Tax Reduction

It is a form of indirect income support for minor and medium businesses and aims to improve the performance of enterprises through formalization (Sharati, 2020).

Technical Assistance

All means and services help a person to be self-reliant. This research defines technical help as 'knowledge-based assistance to governments designed to develop policies and structures, support implementation and improve organizational capability.' 'Capacity' is defined by Teskey *et al.* (2012) as "the ability of organizations to carry out, effectively and efficiently, programs of coordinated action in pursuit of formally agreed goals." The OECD (2006)

explains it as "the ability of people, organizations, and society as a whole to manage their affairs successfully" (Teskey *et al.*, 2012).

SMEs in Oman

Small and medium-sized businesses in Oman are defined by size criteria and industry. By August 2021, the number of registered projects will reach 56,687, a 24% increase from 45,706 in 2020. This growth is observed across all governorates, with Muscat seeing a 25.2% increase to 19,187 projects, and Dhofar seeing a 23.8% increase to 4,737. The increase is particularly significant in the Dhofar Governorate.

Economic Incentives

Definition of Incentive

Motivation is the driving force behind an individual's action, involving biological, emotional, social, and cognitive forces. It involves pursuing goals, fulfilling needs, and supporting values. Needs are basic survival requirements, values are important, and goals are desired outcomes. Motivation initiates, directs, and maintains goal-oriented behaviors, such as acquiring knowledge or securing financial resources (Bouafar, 2021; Musa, 2021).

Training and Advice Programs

Managerial and training programs aim to address workforce skills shortages, limiting company growth. These initiatives improve workers' vocation, salaries, and productivity. Public intervention supports access to foreign markets, addressing information asymmetry and generating exports, affecting company profits and job creation (Elias, 2021).

Support Innovation Policies

Governments implement innovation policies to boost local economy and reduce productivity declines, such as the Corona pandemic. These programs fund innovation transfer, research, and certifications for SMEs, aiming to boost firm productivity and economic development (Bouafar, 2021).

Tax Reduction

Tax reduction schemes support SMEs and improve corporate performance by formalizing access to credit markets and economies. They can lead to job creation and earnings, reducing growth constraints for informal business owners (Sharati, 2020).

Granting Loans

Bank loans are financial aids provided by banks to individuals or corporations to fund projects or demands, with terms varying based on the institution. The internet has become popular for online credit applications, saving time and allowing quick comparison of offers (Cerqueiro *et al.*, 2016). Bank loans granted to companies can be differentiated according to whether they are short, medium, or long-term (Wu *et al.*, 2020).

METHODOLOGY

To evaluate and study the impact of the long and short-term economic incentives adopted in the Sultanate to reduce the repercussions of the COVID-19 pandemic on the development sector in Omani institutions, a field study

was conducted in which the descriptive analytical method was followed by adopting the quantitative approach by converting research variables into measurable quantitative variables. These variables helped to test research hypotheses, which facilitates data analysis and obtaining clear results that help in building recommendations.

Study Population and Sample

Due to the adoption of the quantitative method based on a field study, workers in the small and medium enterprises sector were adopted as a community for this study, being the most affected by the pandemic, and 115 employees working in this sector were randomly surveyed as a sample for this study.

Questionnaires were distributed to the target group, where 104 questionnaires subject to analysis were retrieved, representing 90.4% of the total questionnaires, as these approved questionnaires were subjected to statistical analysis. Consequently, the research sample consisted of 104 employees working in the minor and medium business sectors operating in the Dhofar Governorate in the Sultanate of Oman.

The questionnaire was subjected to two tests to ensure its validity as a data collection tool. These tests included:

Virtual Validity Test

The questionnaire was presented to a special committee to study how much the phrases match the search variables, as shown in the appendix.

Testing the Reliability of the Tool

The stability of the collected data was tested using the questionnaire based on Cronbach's alpha coefficient, where the reliability ratio was 0.881 for the variable terms (facilitating loans), 0.885 for the variable statements (taxes and fees reduction), 0.820 for the inconsistent reports (technical assistance), 0.789 for the variable statements. (small and medium enterprises recovery) Furthermore, 0.881 for all questionnaires, as indicated in Table 1.

Table 1: The value of stability coefficients for the research variables

Statements	Number of statements	Variables	Cronbach alpha
1-9	9	Facilitating the granting of loans	0.881
10-16	7	Reducing taxes and fees	0.885
17-26	10	Technical Assistants	0.820
27-35	9	Recovery of small and medium enterprises	0.789
Total	35		0.881

It is clear from the above Table that all Cronbach alpha values are greater than 0.6, indicating a high percentage of stability for the data collected through the questionnaire (Malhotra, 2004). About commenting on the arithmetic average of the variables included in the study in order to determine the degree of approval or the level of

acceptance for each statement, three levels were identified (low, medium, high) according to the following equation: $\text{Class Length} = (\text{Upper Limit of Substitution} - \text{Minimum Substitute}) / \text{Number of Levels}$

$\text{Class length} = (5 - 1) \div 3 = 4 \div 3 = 1.33$

The following three levels are derived from Table 2

Table 2: The value of stability coefficients for the research variables

Range of the corresponding arithmetic mean	Relative importance
1 to 2.33	as low as
2.34 to 3.67	Medium
3.68 to 5	High

The Statistical Treatments Used

After completing the data collection process for each phrase and variable, it was coded. It entered the SPSS program to carry out vital statistics and analyses, whereby the following statistical measures were adopted:

Cronbach's Alpha Test

To measure the reliability of the data collected based on the questionnaire.

Measures of Central Tendency

Calculate the arithmetic mean, standard deviation, frequencies, and percentages to determine the importance of the statements.

Simple Linear Regression

Collecting all the independent variables into one independent variable, economic incentives, and studying its impact on the dependent variable.

Multiple Regression

To measure the impact of the independent variables on the dependent variable, which is the development recovery of the institutions operating in the Sultanate.

The Results of Analyzing the Study Questions and Testing the Hypotheses

The final phase of the field investigation is regarded as the segment dedicated to the critical outcomes derived from the statistical analysis. These results were obtained to fulfil the primary aim of the study, which is to assess the influence of economic incentives in the context of the COVID-19 pandemic on small and medium enterprises within Dhofar Governate. This study specifically focuses on the small and medium enterprise sector in Dhofar Governate.

Descriptive Analysis of the Study Variables

The results included in the following tables (3,4,5,6) present the arithmetic means, standard deviations, and status for all expressions for each variable used in this study through the answers that were collected from the study sample as an answer to the questionnaire questions.

Main Hypothesis Testing

The Main hypothesis

There is no statistically significant effect of long- and short-term economic incentives to reduce the repercussions of the Corona pandemic on small and medium enterprises.

Analysis of the relationships between the study's variables Table 3 below outlines the nature of the connection between long- and short-term dimensions of economic incentives (represented in facilitating the granting of loans, reducing taxes and fees, and technical assistance) and the recovery of small and medium enterprises

Hypothesis Testing

Economic incentives to lessen the effects of the Corona pandemic on minor and medium firms have no statistically meaningful impact.

Analysis

Correlation Analysis between the Variables of the Study

Table 3 illustrates the connection between long and short-term aspects of economic incentives (represented in the ease with which loans are granted, the reduction of taxes and fees, and the provision of technical assistance) and the revival of small and medium-sized businesses.

Use the Pearson test to determine the correlation between the study's variables. As shown in the correlation table, there is a relationship between loan facilitation and SMB recovery at a significance level of $\alpha = 0.01$; however, the value of the level of significance between these two variables is equal to 0.000, which is less than 0.01 as it reached Pearson valued it at 0.648r=.

The Table revealed a correlation at the level of significance $\alpha = 0.01$ between the independent variable "reduction of taxes and fees" and the dependent variable "revival of small and medium enterprises," where Pearson's value was 0.728r =. The Table also revealed a correlation at

Table 3: The correlation between variables

		Facilitating the granting of loans	Reducing taxes fees	Technical Assistants	Recovery of SMEs
Facilitating the granting of loans	Pearson Correlation	1	.429**	.429**	.648**
	Sig. (2-tailed)		.000	.000	.000
	N	104	104	104	104
Reducing taxes and fees	Pearson Correlation	.429**	1	.573**	.728**
	Sig. (2-tailed)	.000		.000	.000
	N	104	104	104	104
Technical Assistants	Pearson Correlation	.660**	.573**	1	.858**
	Sig. (2-tailed)	.000	.000		.000
	N	104	104	104	104

Recovery of small and medium enterprises	Pearson Correlation	.648**	.728**	.858**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	104	104	104	104

the level of significance $\alpha = 0.01$ between the variable “technical assistance” and the variable “recovery of small and medium enterprises,” as the Pearson value reached 0.858, as shown in Table 3.

Multiple Regression Analysis

Table (4) presents the correlation coefficient $R = 0.909$ and the coefficient of determination $R^2 = 0.821$. This high coefficient indicates that the regression or prediction equation is strong.

Table 4: Model Summary

Std. Error of the Estimate	Adjusted R Square	R Square	R	Model
.17035	.821	.826	.909a	1

a. Predictors: (Constant), technical assistance, reducing taxes and fees, facilitating the granting of loans

Table 5: Analysis of variance (ANOVA)

Sig.	F	Mean Square	Df	Sum of Squares	Model	
.000b	158.664	4.604	3	13.813	Regression	1
		.029	100	2.902	Residual	
			103	16.715	Total	

a. Dependent Variable: Recovery of small and medium enterprises

b. Predictors: (Constant): Technical assistance, reducing taxes and fees, facilitating the granting of loans

Table 4: Model Summary

Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	Std. Error	Beta			
(Constant)	.164	.213			0.769	.443
Facilitating the granting of loans	.117	.057	.114		2.042	.044
Reducing taxes and fees	.340	.051	.343		6.730	.000
Technical assistance,	.499	.052	.586		9.553	.000

a. Dependent variable: recovery of small and medium enterprises

Table 6 of coefficients reveals that the coefficients of the independent variables that entered the equation are in column B. The Table also shows that the significance value (Sig.) for each variable is less than 0.01, indicating a large statistically significant effect for each variable independent of the dependent variable.

The Table summarises the following results:

- The dependent variable is statistically influenced by the independent variable (facilitating the issuing of loans) in a positive way (the recovery of small and medium enterprises).
- Reduced taxes and fees are independent variables statistically influencing the dependent variable (small and medium enterprises recovery).
- Technical support, an independent variable, statistically influences the dependent variable (small and medium enterprises recovery).

Sub-hypothesis Testing

First Sub-hypothesis

This claim is refuted by referring to the multiple regression Table 6, which states that there is no statistically significant

impact of making it easier to give loans to small and medium-sized businesses in the Dhofar Governorate. An alternative hypothesis, which states that making it easier to provide loans to small and medium-sized businesses in the Dhofar Governorate, is accepted.

Second Sub-hypothesis

The second sub-hypothesis that there is no statistically significant effect of reducing taxes and fees on small and medium-sized businesses in Dhofar Governorate, has been rejected based on the results of the multiple regression listed in Table 6. The assumption that lowering taxes and fees on small and medium-sized businesses in Dhofar Governorate has a statistically significant effect is accepted.

Third Sub-hypothesis

According to the results of the multiple regression listed in Table 6, the third sub-hypothesis is rejected, which says there is no statistically significant effect of technical assistance on small and medium enterprises in Dhofar Governorate. The alternative hypothesis, however, which

states that technical assistance has a substantial effect on small and medium-sized businesses in the Dhofar Governorate, is accepted.

RESULTS AND DISCUSSION

Results Related to the Study Questions

The results revealed that the level of facilitation of allowing loans for finance to small and medium-sized businesses was high, using the arithmetic mean of the variable expression “facilitation of granting loans.” This occurs due to the contribution of Omani banks and financial companies in financing small and medium enterprises to confront the Corona pandemic, which was confirmed by the surveyed sample of employees in this sector. These results are consistent with the study (Sharati, 2020). Furthermore, the results showed that the level of reducing taxes and fees to encourage and motivate small and medium enterprises was high, according to the arithmetic mean of the expressions of the variable “reducing taxes and fees.” The surveyed category of employees in this sector is further confirmed. These results are in line with the study’s results (Daoud Issa Muhammad, 2020).

Moreover, it was evaluated that the level of technical assistance to small and medium enterprises during the pandemic was high, according to the arithmetic mean of the expressions of this variable. This is due to the Omani government’s contribution to stimulating this type of project to counter the economic Recession caused by the pandemic, and these results align with the study (Jomo & Chowdhury, 2020), in which most respondents confirmed that the technical assistance was high during a pandemic.

The Results of the Questionnaire

Banks operating in the Sultanate prioritize financing small and medium enterprises, as they represent the main engine of the country’s economy, by not complicating the procedures for obtaining this financing. Many project owners and workers in small and medium enterprises confirmed that the Omani government is ready to help their owners by granting loan facilities.

Furthermore, the Omani government implemented a policy of lowering fees, waiving late fees, and exempting tourism and municipal taxes, which respondents regarded as one of the most important incentives for restoring small and medium-sized businesses. However, the state’s responsibilities were not limited to financing small and medium enterprises and exempting them from some taxes and fees. The respondents explained that the government encouraged entrepreneurs to expand the skills of young people by bearing training expenses and provided technical support to entrepreneurs in exploiting modern technology in developing their businesses, which ultimately benefited these institutions’ performance.

Additionally, Omani Chamber of Commerce and Industry contributions had a major guiding role for owners of small and medium enterprises by providing workshops to guide them on the right career path. The study findings revealed

that many respondents confirmed that the availability of granted liquidity played a significant role in revitalizing the economic cycle of enterprises. The owners of these institutions have also taken advantage of the technology and the orientation and training courses offered in the technology field in developing and maintaining their businesses by integrating remote work systems to build their businesses.

Results Related to the Hypotheses of the Study

A statistically significant correlation was found between the facilitation of granting loans and the recovery of small and medium enterprises, as the correlation rate reached 64.8%. Furthermore, a statistically significant connection was evaluated between tax and fee reductions and the recovery of small and medium-sized businesses, with a correlation rate of 72.8%.

Moreover, technical assistance and the recovery of small and medium-sized businesses had a statistically significant correlation, with a correlation rate of 85.8%. This study concluded that all aspects of long and short-term economic incentives (facilitating loan granting, lowering taxes and fees, and providing technical assistance) statistically affect the recovery of small and medium-sized businesses in the Sultanate.

RECOMMENDATIONS

Based on the findings, the research suggests the following:

Institutional Recommendations

SMEs in the Sultanate should enhance cash management, reallocate resources for uninterrupted operations, leverage remote work, shift towards digitization, and offer free remote training courses to foster employee development and technological skills.

Government Recommendations

The Omani government is promoting trade finance for businesses, especially women and young entrepreneurs, to facilitate cross-border trade and efficient commodity movement. Collaboration with the private sector is crucial for digitizing business documentation, and during the pandemic, local labor and distribution networks are prioritized.

CONCLUSION

The study findings conclude that governments must make critical decisions to successfully execute fiscal and procedural stimulus to regain lost yield potential from the COVID-19 pandemic. They must assess the impact of the stimulus on the current macroeconomic context, considering factors like monetary policy, government debt, trade globalization, exchange rate regime, and economic output reduction. Given the uncertain future, timely, targeted, and brief stimulus deployment is crucial. Low-income countries face constraints on tax, expenditure, and exchange policies, making effective deployment difficult. Fiscal and procedural stimulus packages can contribute

to long-term goals and achieve Sustainable Development Goals (SDGs), ensuring earnings are not squandered, even if the short-term impact is less than expected.

Limitations and Strengths

- The implementation of digitization initiatives may face challenges due to resource constraints, including funding and workforce, and the reliance on the private sector.
- The success of these initiatives may not always align with public goals, and short-term projects may neglect long-term sustainability and environmental considerations.
- However, the focus on short-term initiatives can mitigate the economic impact of crises like the COVID-19 pandemic by creating jobs and stimulating local economies.
- These initiatives emphasize adaptability and sustainability in the global digital economy. Focusing on cost-effective solutions allows the government to optimize resource allocation and achieve results more swiftly.

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