

# Impact on Business Life Cycle During Covid-19

A. Srivani

*MBA II Year, Sridevi Women's Engineering College*

**Abstract** - The business life cycle is a collection of structured work activities that are interconnected to solve a problem that results in an output or service that achieves goals and supports the achievement of strategic goals and objectives of an organization's financial performance. Business processes aim to achieve 20 financial performance that is Effective, efficient and increases the productivity of an organisation. The life cycle of micro, small and medium enterprises aim to survive post covid-19 in order to increase The productivity performance of the organisation's Financial performance. To achieve this goal, an organisation needs a good business process to support the organisations financial performance and business ventures in designing activities to produce new product's in order to develop management techniques so that they can survive the midst of the Global covid-19 crisis. The product life cycle can identify opportunities for environmental improvement is an important Part of an organization that aims to minimise total cost, low price and Production results, improve the financial performance of micro, Small and medium Business processes. techniques in producing using financial and non-financial information, to improve the companies financial performance, and to Contribute to the sustainability of business processes aim to provide Information physical information or Material and energy use, as well as monetary information On cost, revenue and savings related to companies financial performance.

**Index Terms** – Business Process Life Cycle, Corporate financial performance, Micro, Small and Medium enterprise's, Covid-19 period.

## INTRODUCTION

Micro, small and medium enterprises are the sector most vulnerable to the impact of corona virus pandemic. Hertati and safkaur (2020) This sector can no longer be a buffer for the economy like during the 1998 and 2008 Economic and financial crisis. When Indonesia experienced the 1998 monetary crisis, micro, small and medium enterprises became a buffer

for the national economy. Absorb Labour and move the economy. Then Hertati, et al.(2020) stated that during the global financial crisis, micro, small and medium enterprises remained strong to support the economy. the results off the study concluded that the covid-19 Outbreak was concerning in the financial crisis and affected the financial sector of Micro, small and medium enterprises. Many micro, small on medium Enterprises never got access to Finance from the financial sector, the government. Controlling the distribution chain of covid-19 So as not to have an impact on the economy strategies to strengthen micro, small and medium enterprises That can be done, such as digitising sales or Marketing, digitising payments, and transferring SME Businesses difficult financing, slow distribution, difficulty in raw materials, And slightly hampered Production.

Business processes provided useful set of perspectives for companies to achieve a Company competitive position argue that there are two benefits that can be the objectives in implementing business processes namely how to I accept various product's and create cost leadership. Companies that implement business processes Have to impact on the company's financial profit in two ways. First activity efficiency will have an impact on the company cost structure. Second, with a mix of activities that apply business processes will provide hey high level of satisfaction for consumers.

## OBJECTIVES

- Market standing
- Innovation
- Productivity
- Physical and financial resources
- Earning profits
- Manager performance and development
- Worker performance and attitude
- Social responsibility

### LITERATURE REVIEW

- The legitimacy given by the community to the company, and at the same time something that the company needs. Legitimacy is the potential benefits, opportunities and resources needed in order to maintain the company going concern. Folan (2005) States that companies need to maintain the values adopted by the surrounding community. This has led to a positive Perception of investors, because the investment will be going concern for companies that have going concern prospectus, With a policy of paying Attention to the surrounding community.
- Legitimacy theory explains that organisations will continuously operate in accordance with the boundaries and values accepted by the community around the company in an Effort to gain legitimacy. The process of gaining legitimacy is related to the social contract made by the company and various parties in the community. The company's performance is not only measured by the profit generated by the Company, but other performance measures related to various Interested parties. To gain legitimacy, the company has an Incentive to carry out the Social activities expected by the community around the company operational activities.

### BUSINESS PROCESS LIFE CYCLE

Yu et al.(2008) explain that business processes are procedures and policies of people in the organization that are used to create value for stakeholders (customers, shareholders, vendors, to name a few).argued that a business process is a set of relationships. Coordinated, and structured activities and task performed by a person or by a computer or machine and help achieve predetermined organizational goals. In line with this, stair and Rost et al. (2017) explain that a business process is a set of coordinated and related activities that take one or more types of input and create outputs that have value to customers from that process (Ozturk,2001). Defines a business process as a coordinated and standardized flow of activities carried out by people or machines, which can cross functional or departmental boundaries to achieve business goals that create value for internal

or external customers. In line with this Ozturk (2006) a business process is a series of tasks that are interconnected and involve data organizational units and logical time sequences. Then Said et al.(2003) say that a business process is a collection of activities and workflows in an organization that create value. In line with this, Said(2013) explains that the functions that exist in business process are:

1. Production and manufacturing cycle includes assembling products, checking quality, generating bills for materials.
2. Marketing and sales cycle includes customer determination, making customers aware of products, selling products.
3. The accounting and financial cycle includes payment of creditors for purchases, making financial statements, managing cash accounts.
4. The Human Resource Cycle includes recruiting employees, evaluating employee performance, enrolling employees in a benefit plan pension fund.
5. The income cycle in which goods and services are sold for cash or receivables.
6. The expenditure cycle, where the company buys inventory for resale or raw materials to be used in producing the next product to issue cash or payment in the future.

Business process life cycle on the financial performance of covid-19 Micro, small and medium enterprises business companies

Lazairdis,(2007) states that the success of companies financial performance can be measured in the business process life cycle in order to improve organisational structure and Culture and increase customer and company business value. in line with this Rhou 2016stated that companies financial performance is supported by Business processes.

Next research Conducted by Rafuse (1996) Found that the production process, Customer service can improve business performance and implication for financial performance. Finance and Accounting, information processing and others processes can Improve financial performance. in line with this, the result of a study Conducted by Roodman (2008) Indicate the most cases in all areas of business process are integrated into unique financial performance. Meanwhile, a study conducted by panwala(2009)

Found that the design of financial performance again can be influenced by business processes.

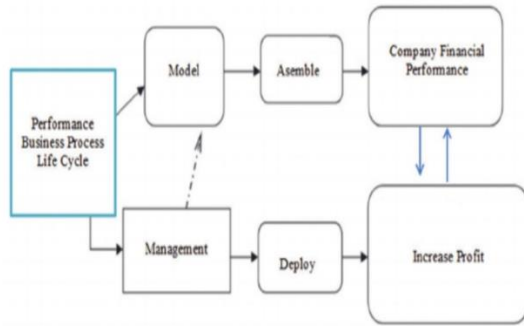


Image:2020 Research Framework

### DATA ANALYSIS AND INTERPRETATION

The validity test was conducted which was Used to determine the feasibility of the items in the questionnaire To determine the variables and the reliability test of The object being measured. data analysis was carried out by descriptive Analysis and verification. descriptive analysis was carried out with balanced Categorisation using quartile ranges. The Verification analysis used to test the hypothesis in this study is to Use the structural component of the modelling equation most variance based known as SEM Lisral. descriptive analysis of authorization, planning, supervision, allocation, Distribution, stability of the statement submitted on the questionnaire. Based on the calculation of the percentage score for the craftsman’s answers, the results are shown in the following table.

Testing carried out in the inner model in Assigning the model with PLS begins by looking at R2 for each Dependent latent Variable. Changes in the value off R2 Can be used to Assess the effects of certain independent latent variables on the dependent latent variable weather it has substantive effect. The AVE results show That the indicators on the way each variable can measure the variable in question. Where the AVE value must be >0.50.This Can be seen from the significance value of 0.026 .Therefore The hypothesis for a Direct effect in this variable Is accepted. The level of significance ( p<0.05)at a level below 0.05 indicates that the business process.

Table 1: Test results. results of square roots of AVE

No.	Dimension	Square roots of AVE
1.	Production Cycle	0.829
2.	The Marketing and Sales Cycle The	0.749
3.	Accounting and Financial Cycle	0.612
4.	Human Resource Cycle	0.752
5.	Income cycle	0.601
6.	Discharge cycle	0.851

Source: Uji. Square roots of AVE results, 2020

Table 2: Test results composite reliability

No.	Dimension	Composite reliability	Cronbach alpha
1.	Liquidity Ratio	0.846	0.852
2.	Leverage Ratio	0.820	0.836
3.	Activity Ratio	0.860	0.841
4.	Profitability Ratio	0.821	0.852

Source: Composite Reliability Test, 2020

Table 3: Goodness of fit test results on the inner model measured using R square

No.	Model	R square
1.	Business process life cycle	0.126

Source: Goodness of fit test on the inner model is measured using R square, 2020

Table 4: Q square test results

No.	Model	Q square
1.	Detect Financial Fraud	0.432

Source: Q square test results. SPSS data processing, 2020

Table 5: Direct effect testing results

No.	Direct influence	Koefisien	Signifikansi	Information
1.	The financial performance of micro, small, and medium enterprises in the Covid-19 period	-0.408	0.026	Received

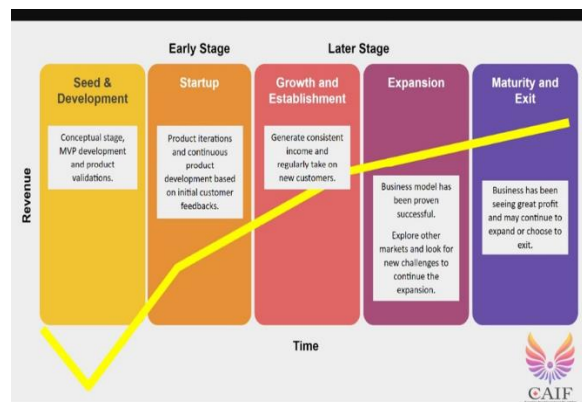
Source: Results of direct effect testing SPSS data processing, 2020

Table 6: Goodness of fit (GOF) results in the final model

No.	Criteria	Value limit	Result	Conclusion
1.	2-Chi square, Significance probability	p-value≥0,050 atau=0,000	0,000	Fit
2.	GFI	> 0,90	0,734	Fit
3.	AGFI	> 0,60	0,647	Fit
4.	CFI	> 0,92	0,953	Fit
5.	TLI atau NFI	> 0,81	0,771	Fit
6.	RMR	≤ 0,20	0,081	Fit
7.	RMSEA	≤ 0,06	0,056	Fit

Source: Data processed in 2020

### FINDINGS



Many businesses generally follow a similar path in business life cycle. Some businesses may skip a stage and some stages might not happen in the same chronological order for other business. however, these stages are good for generalization and categorization. We will also use some stages.

Stage 1:Seed and Development

Conceptual stage, MVP development, product validations and pre-revenue.

Stage 2:Startup

Product iterations and continuous product development based on initial customer feedbacks.

Stage 3:Growth and Establishment

Generate consistent income and regularly take on new customers.

Stage 4:Expansion

Business model has been proven successful.

Explore other markets and look for new challenges to continue the expansion.

Stage 5: Maturity and Possible Exit

Business has been seeing great profit and may continue to expand or choose to exit.

We will also use the same stages for the startups on our website so we can understand their stage at a glance.

CONCLUSION

This research Focuses on how Business processes, companies can control product cost that may previously how been difficult to control because they were hidden in overhead Costs. the financial performance off micro, small and medium enterprises in the covid-19 Allows product prises to be Identified, measured and allocated appropriately to related processes or Product's, making it easier for managers to control and save costs. With Cost control based on the information provided by the business process, cost efficiency can be achieved so as to improve the Financial performance in order to support the economy in the midst of the covid-19 Pandemic. Organization that use the financial performance off micro, small and medium enterprises in the covid-19 period will design activities in producing cheap product's that are of Interest do the public and develop management techniques that do not endanger Consumers. this allows no organisation to use a Product life cycle system that can identify opportunities for Product improvement aimed at providing physical information on material and energy use so that products Do not become obsolete, AS well as monetary information on cost, income and savings associated with consumers. In order to improve the financial performance off micro, small and medium enterprises in the covid-19 period.

REFERENCE

- [1] This research was conducted by sending goole forms to Micro, small and medium Enterprise's.
- [2] Abdulkadir,A.R.,Ozturk,I.(2017),Dynamic effects of financial development, trade openness and economic growth on energy consumption: Evidence from south Africa. International Journal of energy economics and policy,7(3),74-85
- [3] Altman.(1968),financial ratios, discriminant analysis and the prediction of corporate bankruptcy's journal of finance,23(4),589-609.
- [4] Al-Fattah,S.M.(2013b),The role of National and International oil companies in the petroleum industry. USAEE working paper, No 13-137.
- [5] Altman,E.I., Eberhart,A.C.(1994 ),Do seniority provisions protect bondholder investments. The journal of portfolio management summer,20(4),179-194.
- [6] Braz,R.G.F.,Scavarda,L.F., Martins,R.A .(2011), reviewing and improving performance measurement systems: Action research. The international journal of production economics 133,751-760.
- [7] Brewer,P.C., Speh, T.W.(2001),Adapting the balanced scorecard to supply chain management.(statistical data included),Supply chain management review,5(2),48-56.
- [8] Brintrup,A., Ledwoch,A., Barros,J. (2016), Topological robustness of the global automotive industry. Logistics research,9,1.
- [9] Chan,F.T.,Qi,H.J.(2003),Feasibility of performance measurement system for supply chain: A process-based approach and measures integrated manufacturing system,14,179-190.
- [10] Choi,T.Y., Dooley,K.J., Rungtusanatham, M. (2001) ,supply networks and complex adaptive systems: control versus emergence. Journal of operations management,19,351-366.
- [11] Fiss,P.C.(2007),A set theoretic approach to organizational configurations.
- [12] Academy og management review,32,1180-1198.
- [13] Gopal,P.,Thakkar,J.(2012),A review on supply chain performance measures and metrics:2000-2011.International journal of 2(2),45-56.
- [14] Rajesh,M., Reddy, N.R.V.(2011),Impact of working capital management on firm's

profitability. Global journal of finance and management ,3(1),151-158.

- [15] Zhao,K.,Kumar, A., Harrison,T.P., Yen,J. (2011), Analyzing the resilience of complex supply network topologies against random and targeted disruptions. IEEE systems journal,5,28-39.