


## Chapter 4

# COVID–19 Lessons for Mitigation and Future SME Prospects

**Chux Gervase Iwu**

 <https://orcid.org/0000-0002-6290-9864>

*Cape Peninsula University of Technology, South Africa*

### **ABSTRACT**

*Setting up and running a business can be quite risky without the necessary support. This support can emerge from an ecosystem that allows private, public, and social actors to work together in supporting the development of entrepreneurship because entrepreneurs' efforts result in SMEs. African countries struggle with maintaining a sustainable entrepreneurship ecosystem owing to several factors including poor governance systems, dilapidated infrastructure, poor funding systems, and absence of enterprise education. These factors compromise the acclaimed benefits of SMEs, which often experience a short life span. As such, SME performance is considered less than satisfactory. The emergence of COVID-19 has had a further negative impact on this trend. As one can imagine, many businesses today have yet to experience anything close to the upset brought about by the pandemic. There is therefore justification for a concerted interest in how SMEs will bounce back post-COVID-19 in Africa. This chapter focuses on how South African SMEs have fared and their sustainability post COVID-19.*

### **INTRODUCTION**

Small and medium-sized enterprises or small and medium-sized businesses (SMEs) have over the years gained prominence as enhancers of the economy of any nation. This claim is supported by many studies (for example Amoako-Adu, & Eshun, 2018; Herrington, & Coduras, 2019) that have situated SMEs at the center of any economic rehabilitation and sustenance. Many (such as Kamunge, Njeru, & Tirimba, 2014; Iwu, 2017) have also paid attention to the speed at which SMEs cease to exist. Those who have focused on this have pointed to lack of finance, business education and several others as reasons for this. Some other researchers such as Eresia-Eke (2013), Sifumba et al. (2017) and Petersen, Bruwer and Le

DOI: 10.4018/978-1-7998-7436-2.ch004

## **COVID-19 Lessons for Mitigation and Future SME Prospects**

Roux (2018) have also dealt with risk management abilities and risk propensity of businesses and their owners thus suggesting that to avert the risk of not being in operation for a long time, SME owners must undertake some measures. Business sustainability risks are characterized as economic, social, and natural with each closely linked to uncertainty (Brătianu, 2020). Until the recent Corona virus pandemic, no study dealt with how a pandemic of this nature can be managed. The reason is obvious. Corona virus is novel despite countries in Africa having had to battle with diseases such as Ebola, HIV, Tuberculosis (Mwisongo & Nabyonga-Orem, 2016; Egeru, Dejene & Siya, 2020; El-Sadr & Justman, 2020). The narrative surrounding Covid-19 is confusing and leaves one preoccupied with one's survival leaving business sustainability to take the back seat. Considering the havoc the Corona virus has deposited on nations of the world including the critical importance of SMEs it becomes important to investigate how SMEs can be sustained during and after the pandemic.

The latest figures (ILO, 2020) of unemployment in Africa portray its dismal struggle to curtail the triple threat of poverty, inequality, and unemployment which exerts an excruciating impact on the economy. As significant contributors to the growth of an economy especially in Africa with escalating figures of unemployment and low standards of living, it is necessary to consider the 'health' of SMEs.

Equally disturbing is the uncertainty in governments, including political instability which has resulted in the inability to offer quality health care to citizens (Gombe, 2018). A critical look at the leading causes of death in Africa (Figure 1) (WHO, 2018) offers an even more worrying picture of the situation especially considering that diseases such as Ebola, HIV, and Tuberculosis have shown how poor African nations are in dealing with any sort of crisis. These no doubt impact negatively not only economic growth but also the health of citizens of these nations (Jaspal, Assi & Maatouk, 2020). Since the outbreak of the pandemic, nations around the world have witnessed a sharp rise in demand for proper health care, which can threaten economic activity. Such threats often manifest in social unrest and increased protests (Iwu & Iwu, 2015).

The outbreak of Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) in the Hubei Province in Wuhan, China, rapidly spiked the Coronavirus Disease 2019 (Covid-19) pandemic that impacted nearly every country and their inhabitants around the globe [(World Health Organisation (WHO), 2020a; 2020b)]. Virtually every organization's strategic plans have been rendered useless by Covid-19. Limiting the movement of people and goods, the isolation and quarantining of people, and the requirements of social distancing no doubt have had profound ramifications for the global community one of which is high unemployment. Unemployment not only impacts the economy; it has long-lasting implications for the well-being of individuals, and this iterative cycle of negative impact has the potential to implode.

Even though it seems that the number of Covid-19 casualties does not match the escalating figures of the developed world, the restriction on the movement of persons and goods has dealt a significant blow to the fight of African governments to rescue their dwindling economies (WHO, 2020). In all these, SMEs seem to be the most affected.

This chapter advances as follows: the next section reviews the literature on the effect of Covid-19 and SMEs challenges in Africa. Thereafter, I explain the method used in carrying out this study, followed by a discussion of the findings. In concluding, the chapter explores how to mitigate the challenges facing SMEs wherein SME growth prospects are proffered.

25 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:  
[www.igi-global.com/chapter/covid-19-lessons-for-mitigation-and-future-sme-prospects/280670](http://www.igi-global.com/chapter/covid-19-lessons-for-mitigation-and-future-sme-prospects/280670)

## Related Content

---

### The Relationship between Entrepreneurial Competencies, Competitive Intelligence, and Innovative Performance among SMEs from an Emerging Country: Competitive Intelligence in SMEs

Ainul Abdul-Mohsin (2017). *Digital Entrepreneurship and Global Innovation* (pp. 37-58).

[www.irma-international.org/chapter/the-relationship-between-entrepreneurial-competencies-competitive-intelligence-and-innovative-performance-among-smes-from-an-emerging-country/167584](http://www.irma-international.org/chapter/the-relationship-between-entrepreneurial-competencies-competitive-intelligence-and-innovative-performance-among-smes-from-an-emerging-country/167584)

### Open Innovation in France: A Case Study of an Emerging Eco-Innovation Cluster

Rachael J. Ritchie and Keith C. Culver (2012). *SMEs and Open Innovation: Global Cases and Initiatives* (pp. 308-329).

[www.irma-international.org/chapter/open-innovation-france/60517](http://www.irma-international.org/chapter/open-innovation-france/60517)

### Simulating E-business Innovation Process Improvement with Virtual Teams Across Europe and Asia

Kenneth D. Strang and Cliff E.L. Chan (2010). *International Journal of E-Entrepreneurship and Innovation* (pp. 22-41).

[www.irma-international.org/article/simulating-business-innovation-process-improvement/40921](http://www.irma-international.org/article/simulating-business-innovation-process-improvement/40921)

### Interest of Venture Capital Companies in Open Source-Based New Ventures: The Case of Turkey

Stefan Koch and Mürvet Ozan Özgür (2012). *International Journal of E-Entrepreneurship and Innovation* (pp. 1-16).

[www.irma-international.org/article/interest-venture-capital-companies-open/75437](http://www.irma-international.org/article/interest-venture-capital-companies-open/75437)

### Agriculture-Based Products and Water Treatment

(2026). *Strengthening Global Innovation Policies Through Innovative Virtual Open Incubators Cluster* (pp. 19-32).

[www.irma-international.org/chapter/agriculture-based-products-and-water-treatment/410518](http://www.irma-international.org/chapter/agriculture-based-products-and-water-treatment/410518)