

Chapter 16

Interventions and Practices to Mitigate COVID- 19's Impact on SMEs

Susan Akino

 <https://orcid.org/0000-0002-4994-442X>

Independent Researcher, Uganda

ABSTRACT

SMEs are at the centre of tough times, facing a raging COVID-19 virus that is wreaking havoc on economies and businesses the world over. This chapter explores interventions and practices that mitigate the impact of COVID-19 on SMEs that act as accelerators towards business recovery. It also deliberates on different government interventions that are in place. The chapter highlights the importance and contribution of different interventions towards continuity of businesses as they try to stay afloat in the middle of a global pandemic. It conveys contextual insights from different entrepreneurs operating SMEs in five sectors of the economy, that is manufacturing, hospitality, education, construction, and in wholesale and retail trade.

INTRODUCTION

Small and medium enterprises (SMEs) are the main drivers of growth globally by contributing to employment creation, innovation growth, income redistribution and poverty reduction. However, since the emergence of Covid-19 in China that developed into a global pandemic, a greater percentage of SMEs has been adversely affected and is struggling every day to survive. According to the International Monetary Fund (2020), this has turned out to be the worst economic downturn since the great depression, and it is projected to have adverse negative impacts more than the 2008 financial crisis. Globally, both developed and developing countries are expected to face recession. In Africa specifically, the economic growth percentages are expected to reduce greatly as observed by the World Bank (2020). Currently, a considerable number of countries across Europe are facing second and third national lockdowns because of an upsurge of Covid-19 infections that has spiked the death toll. In a bid to curb the spread, countries

DOI: 10.4018/978-1-7998-7436-2.ch016

Interventions and Practices to Mitigate COVID-19's Impact on SMEs

globally have put in place restrictions on mobility, public and private gatherings and enforcement of strict standard operating procedures. Some of these countries include, France, Germany, Greece, Italy, Spain, Belgium, Netherlands and Denmark (British Broadcasting Corporation, 2020).

Generally, there is extreme uncertainty on the magnitude of the impact of Covid-19 on the economies globally. In the midst of this entire precarious situation are small and medium enterprises that have ended up adversely affected. The International Monetary Fund (2020) notes that most economies are facing numerous crises on health, finance, trade, volatile commodity prices and food insecurity among other issues. For most businesses, there has been a marked reduction in production due to supply chain disruptions and they have dealt with several months of low sales and profits that have led to business closure, bankruptcy and massive job losses. According to World Bank (2020), the most highly affected sectors are tourism, hospitality and manufacturing. Mishra and Mishra (2020), add that other than the essential service sector providing health related products, utilities and telecom services, all the other sectors are affected by the pandemic in one way or the other. In the manufacturing sector for instance the World Economic Forum (2020) notes that it has been incapacitated for months in almost all countries because of abrupt major shutdowns of industries in order to protect employees from contracting Covid-19. In addition to border closures and freight interruptions, SMEs in this sector have been severely affected.

In the tourism sector, there are some efforts towards revival, most tourism hot spots are now open to business while ensuring observation of standard operating procedures such as social distancing, hand sanitizing, testing with temperature guns and wearing of masks. However, per capita incomes of a greater percentage of the population have lowered; there is just not enough disposable income to go around, most folks are focusing on buying of necessities while waiting for the economy to bounce back. Thus, it may take a longer time for SMEs in this sector to recover. This prompts more need to focus on applying interventions and practices that will bring positive results to turn around the current situation. The other sectors are not any different, many months of international trade restrictions, quarantines and labour shortages have led to adverse negative effects on businesses. Additionally, due to the increasing level of globalization, the world is now interlinked more than ever; any disruption in the value chain has a ripple effect on all the other sectors in the economies. In sub Saharan Africa, the World Bank (2020) projects economic growth rates to fall from 2.4% to negative percentages. This could get worse in the subsequent years if no urgent measures are implemented towards the revival of the world economies, and the most viable way is through focusing on growing SMEs.

In light of this, it is important to give more attention to interventions and practices that mitigate Covid-19 impact on SMEs. Prior to the pandemic, different interventions have always been implemented by SMEs to tackle common challenges faced by businesses. Some of these challenges include the lack of access to capital, technology, market, lack of access to information and others. However, with the advent of the global pandemic, these problems have been amplified and worsened; moreover, new challenges are now presented to SMEs by the Covid-19 pandemic.

The methodology of the study used was an exploratory qualitative research approach backed up with secondary data sources. The study picked a sample of 25 SMEs that have been in business for at least five years with more than five employees, operating businesses in manufacturing, hospitality, construction, education and wholesale and retail trade sectors. These were chosen because they were some of the most affected by Covid-19 pandemic. Guided by available literature on interventions in SMEs, an interview protocol was developed in to three sections, the demographic characteristics, the Covid-19 interventions in practice and their influence on SME performance. Purposive sampling method was used to interview owner/managers of SMEs through phone call interviews. Data collected from the interviews was sorted,

22 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/interventions-and-practices-to-mitigate-covid-19s-impact-on-smes/280682

Related Content

Culture Dimensions Supporting Subgroup Entrepreneurs in Nigerian Business Environment

Osarumwense Iguisi (2018). *Global Entrepreneurship and New Venture Creation in the Sharing Economy* (pp. 130-148).

www.irma-international.org/chapter/culture-dimensions-supporting-subgroup-entrepreneurs-in-nigerian-business-environment/186364

Business Incubation Initiatives' Impacts on Entrepreneurs and SMEs

Thobile Makhosazana Dlamini, Oyebanjo Oyebanjo Ogunlela, Chux Gervase Iwuand Neeta Baporikar (2022). *International Journal of E-Entrepreneurship and Innovation* (pp. 1-21).

www.irma-international.org/article/business-incubation-initiatives-impacts-entrepreneurs/290820

Access to Finance: Developing Microinsurance Market in Turkey

smail Yldrm (2018). *Financial Entrepreneurship for Economic Growth in Emerging Nations* (pp. 217-228).

www.irma-international.org/chapter/access-to-finance/186407

Building the Agile Enterprise with Service-Oriented Architecture, Business Process Management and Decision Management

Marinela Mircea (2011). *International Journal of E-Entrepreneurship and Innovation* (pp. 32-48).

www.irma-international.org/article/building-agile-enterprise-service-oriented/62080

Entrepreneurial Process and Financial Well-Being Generated by a Colombian Association of Vulnerable Individuals

Liyis Gomez-Nuñezand Luis Javier Sanchez-Barrios (2018). *Evolving Entrepreneurial Strategies for Self-Sustainability in Vulnerable American Communities* (pp. 1-18).

www.irma-international.org/chapter/entrepreneurial-process-and-financial-well-being-generated-by-a-colombian-association-of-vulnerable-individuals/187941