An Assessment of the Effects of COVID-19 Pandemic on Performance of Small and Medium Enterprises (SMEs) in Selected Townships of Lusaka Province

BY

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A Dissertation submitted to the University of Zambia in partial fulfillment of the requirements for the award of the Degree of Master of Science in Entrepreneurship and Innovation.

THE UNIVERSITY OF ZAMBIA

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DECLARATION

I, **Pherguson Miti**, do hereby declare that this work is my original work achieved through personal reading and research. This work has never been submitted to the University of Zambia or any other universities. All sources of data used and literature on related works previously done by others, used in the production of this Dissertation have been dully acknowledged. If any omission has been made, it is not by choice but by error.

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APPROVAL

This Dissertation by **Pherguson Miti** is approved as a partial fulfilment of the requirements for the award of the Degree of Master of Science in Entrepreneurship and Innovation.

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ABSTRACT

The outbreak of the Coronavirus of 2019 (COVID-19) Pandemic affected the entire globe socially and economically. The Small and Medium Enterprises (SMEs) were not spared. This study aimed at assessing the effects of the COVID-19 Pandemic on the Performance of SMEs due to the significant economic roles they play. The Zambian economy comprises 97% SMEs, who create employment for over 88% of citizens and contribute 70% of the GDP. Therefore, the objective of the study was to assess the effect of the COVID-19 Pandemic on the SMEs in selected townships of Lusaka Province. The snowballing method was used to collect data using the mixed method approach and SPSS version 20 for data analysis. The results showed that 62.9% of the SMEs employed less than 5 employees, 17% employed between 5 and 10 employees and 19.98% employed more than 10. From the total study population 99.4% had registered businesses with the local authorities. The results from the study on SMEs financial liquidity reviewed that 97% of the SMEs experienced reduction in revenue. The SMEs experienced a 75% reduction in the number of customers and 36.8% of the SMEs confirmed experiencing disruptions in the supply chain for essential goods. However, the SMEs devised mitigation measures to withstand the effects of the Pandemic, such as offering promotions, credit, and discounts to royal customers, extended their working hours, shared spaces with other businesses to reduce the costs of rentals. There was also a rise in electronic business (E-Commerce). The SMEs advertised their products and services on social media platforms, conducted virtual meetings and trainings. To ensure that they had capital for their business the SMEs formed informal banking group called village banking. Therefore, the SMEs have shown that they are able to adapt to change.

Key words: Small and Medium Enterprise, COVID-19 Pandemic, mitigation measures.

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DEDICATION

I dedicate this Dissertation to my late Dad, Mr Phineas Miti. Your encouragements and love for educational success is what has brought me this far. This research is therefore, to honour your never-ending encouragements during my early days as a schoolboy.

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COVID-19 Pandemic	Coronavirus of 2019
ZAMSTAT	Zambia Statistical Agency
FAO	Food and Agriculture Organization
GDP	Gross Domestic Product
PACRA	Patents and Companies Registration Agency
PPE	Personal Protective Equipment
SMEs	Small and Medium Enterprises
VAT	Value Added Tax
ZBS	Zambia Business Survey
ZDA	Zambia Development Agency
ZNPHI	Zambia National Public Health Institute
ZRA	Zambia Revenue Authority

CHAPTER 1:

INTRODUCTION

1.0 Overview

Chapter one defines the Small and Medium Enterprises (SMEs) and the roles they play in an economy and the world at large with references to the contributions towards the Gross Domestic Product (GDP) and creating of employment. The Chapter also defines the Coronavirus of 2019 and outlines the events leading to its declaration as a pandemic and the immediate effects to the global and individual economies. The later part of the Chapter states the Statement of the problem, Objectives, Justification, Significance, Delimitation and Limitations of the study.

1.1 Background of the Study

The role of Small Medium Enterprises (SMEs) in the development of a country, according to Bayat and Taghavi (2007) is significantly indispensable. He goes further to state that a strong, Small, and Medium Enterprises (SMEs) sector contribute highly to the country's economy and to the Gross Domestic Product (GDP) by reducing levels of unemployment and poverty levels while promoting entrepreneurial activities. However, the SMEs in countries like South Africa and across the globe still encounter many challenges. It should be mentioned that these hurdles in the current businesses are sadly far more than what they were in the previous years. The environments, as well as certain business factors have become so complex and dynamic that survival of some of them is oblique. SMEs can, arguably be said to have the ability to make a meaningful reduction to the high levels of unemployment and contribute to the Gross Domestic Product (GDP) of the local economy like Zambia. Besides assisting in curbing the high level of unemployment, they can also be used as a means of transforming countries, by redistributing the productive assets, amongst the previously disadvantaged members of the local community (Fang, Yuli and Hongzhi, 2009). However, there sits a sad reality in the face of the local economy that the failure rate of SMEs is quite high and felt throughout the world with the situation being no

different to Zambia. The failure of SMEs in Zambia may be attributed to a range of many factors and entrepreneurial culture.

At the close of the year, 2019 in December, an outbreak of a mysterious pneumonia like disease (currently known as COVID-19 Pandemic), characterised by fever, dry cough, weakness and gastrointestinal effects arose in Asia, Wuhan's Hubei Province in China. It has since been established by research that the disease was first detected in a seafood bulk selling market in Wuhan, Hubei Province China. It initially affected almost 66% of the members of staff who worked at the seafood market. The market was later forced to shut down on 1st January 2020, after the declaration of an epidemiological caution by the local health authorities on 31st December 2019. However, in January 2020, thousands of individuals in China, which included many other provinces like Zhejiang, Henan, Hunan, Guangdong, and cities like Beijing and Shanghai, had also reported cases of the same disease. Furthermore, by February 2020 the virus had sporadically spread to other countries across the world, especially the Western World as was reported in Thailand, Japan, Republic of Korea, Vietnam, Singapore, Germany and United States (Chi, Sung and Jinn, 2020). On 11th February 2020, the World Health Organization (WHO), officially named the disease as Coronavirus disease 2019, abbreviated as COVID-19 and later in March the same year it was declared a pandemic by the same body. In COVID-19, the 'CO' stands for Corona, 'VI' for Virus and 'D' for Disease. The disease was also initially referred to as 2019 Novel Coronavirus or 2019-nCoV (Centre for Disease Control, 2020). Within a short period, over 118,000 cases were recorded and reported in over 110 countries and territories around the globe (Time, 2021). The outbreak of the respiratory Corona Virus 2019 (COVID-19) and its eventual declaration as a pandemic led to the sadden closure of many companies and affected the operation of businesses both locally and globally. Trade between and among nations was drastically affected. The small and emerging businesses were also not spared. Mention can be made that the small and emerging businesses usually referred to as Small and Medium Enterprises (SMEs) were serious affected.

Zambia recorded its first two cases of Covid-19 on 18th March 2020. These cases were recorded from a family that had travelled to France on Holiday and arrived in Zambia at Kenneth Kaunda International Airport (KKIA) in Lusaka on Sunday 15th March 2020 (ZNPHI, 2020). Nine days

later the then Republican President Dr Edger Lungu announced the closure of casinos, gyms, restaurants, cinemas, bars and nightclubs and schools, both public and private. He also suspended all international flights at all Airports except for KKIA. This was after the country recorded 10 new cases of COVID-19 bringing the total to 12 cases (Mwenda, 2020). The cases continued to rise even after the presidential ban on public gatherings and the closure of businesses. Therefore, there was a growing concern among the business owners because of the uncertainty about when normal businesses would resume (Mwale, 2020). For example, on 27th March 2020 South Africa, which is Zambia's major trading partner, went on total Lockdown and was followed by Kenya, Rwanda, Mali, and Nigeria (Sibeko, 2020).

Following the lockdown in other countries, on 27th March the then Finance Minister Dr Bwalya Ngandu during the state of the Nation address, encouraged local companies to manufacture goods and fill up the shelves of the chain stores to prevent commodity shortages (Ministry of Finance, 2020). He also announced the following measures to ease the way of doing business.

a) The Government released K2.5 billion to support the SMEs and to ease liquidity in the economy. The money was allocated to the following activities, reduced domestic arrears owed to domestic suppliers of goods and services, reduced outstanding arrears to pensioners under Public Service Pension Fund and retirees under Ministry of Justice; and reduced outstanding third-party arrears and other employee related commitments. In addition, K140 million was to be released to pay local contractors in the road sector.

b) To provide relief to businesses, the Government suspend excise duty on imported ethanol for use in alcohol-based sanitizers and other medicine related activities subject to guidelines to be issued by ZRA, removed provisions of SI 90 relating to claim of VAT on imported spare parts, lubricants, and stationery to ease pressure on companies, suspend import duties on the importation of concentrates in the mining sector to ease pressure on the sector; and suspend export duty on precious metals and crocodile skin.

c) The Bank of Zambia also took several measures to encourage the use of digital financial services. However, these measures were aimed at preventing the spread of the disease by minimizing person-to-person contact in conducting financial transactions, decongesting banks, and reducing the use of cash. The measures were as follows: Waived charges for person-to-person electronic money transfers of up to K150, revised upwards transactions and balance limits for individuals, small-scale farmer, and enterprises. The limits by agents were revised upwards to give agents more float to deal with transactions. This was made to decongest the banks, removed the transaction and balance limits on agents and corporate wallets; and reduced the processing fees for Real Time Gross Settlement System.

The Zambian Business Survey (ZBS) defines an SME as a firm with 50 employees or less. ZRA also defines an SME as a small taxpayer with a turnover of less than ZMW 200 thousand per annum and a medium taxpayer as one with an annual turnover of between ZMW 200 thousand and ZMW 20 million (GIZ, 2015).

Following the definition by the ZRA and according to ZBS, there are 2.94 million SMEs in Zambia, with the majority operating in agriculture; other common sectors among SMEs include wholesale and retail, manufacturing, hotels and lodges, catering, and food (Zambia Statistical Agency, 2020). The SMEs operated businesses in Zambia mostly include Agriculture, restaurants, barbershops, saloons, private schools, lodges, boutiques, wholesale, and retail shops. According to the Zambia Development Agency, these enterprises play an important role in production, employment, and income generation. These SMEs represent 97% of all businesses in the country, 70% of Gross Domestic Product (GDP) and 88% of employment (ZDA, 2019). However, the business activities of the SMEs in Zambia have been affected by the outbreak of COVID-19 Pandemic due to the closure of boarders, ban on international travels, tourist, and the imposed safety regulation. Given the situation in the world, and more specifically in Zambia, the study sets out to assess the effects of Covid-19 Pandemic on the small and medium enterprises in Lusaka's 3 selected townships of Chelstone, Avondale and Mtendere.

As has been intimated in the introduction hereinabove, there is growing recognition of the significant role small and medium enterprises (SMEs) play in economic development of a nation.

The ZBS Posit that the SMEs constitute larger business units in Zambia and primarily account for a third of total population of the employed labour force. They can arguably be described as not only efficient, but also prolific job creators, the seeds of big businesses and the fuel of national economic engines. Molineux, (1997) indicates that even in the developed industrial economies, it is the SME sector rather than the multinationals that are the largest employer of workers. In agreement to this, Charles (2006), demonstrates that in the United States of America and other developed economies, the SMEs employees about half of the private sector work force, and also produces about half of the nation's private sector output. However, there are a myriad of challenges that these businesses face daily in Zambia. These factors affect the SMEs in many ways. For instance, access to financial liquidity (Abor and Quartey 2010). For the SMEs to continue to fulfil the prescribed roles above and much more, they need access to finance to conduct their business operation and expansion. The seeming lack of finance for SMEs is not only retarding their expansion but also the growth of the nation's economy.

1.2 Statement of the Problem

Arising from the background the statement of the problem therefore is "with the outbreak of COVID-19, what sort of effects has the COVID-19 pandemic had on the performance and potentiality of the SMEs in the retail, hospitality, transport and cosmetic industry sectors such as: Restaurants, Retailers shops, boutique, bars, lodges, taxi operators, barbershops, and saloons in the selected townships of Lusaka?

Despite the interventions put in place by the government the SMEs continue to face challenges in the operations of their businesses due to the Pandemic as evidenced by some businesses which have remained closed and some not operating at full capacity.

There is a lack of information indicating the actual effects of the COVID-19 Pandemic on the SMEs. Therefore, this study aims to determine the effects of COVID-19 pandemic on the SMEs in the selected townships of Lusaka Province.

1.3 Main Objective

To assess the effects of COVID-19 on the performance of SMEs in selected townships of Lusaka Province, Zambia**.**

1.4 Specific Objectives

The study is anchored on the following objectives:

1. To identify the Small and Medium Enterprises (SMEs) in the selected townships of Lusaka Province.
2. To compare the financial liquidity of the Small and Medium Enterprises (SMEs) in the selected townships of Lusaka two years before the outbreak of COVID-19 Pandemic.
3. To establish the effects of the COVID-19 Pandemic on the Small and Medium Enterprises (SMEs) in the selected townships of Lusaka Province**.**

1.5 Research Questions

The following are the questions that will guide the study:

1. What type of SMEs are found in the selected townships of Lusaka Province?
2. What is the difference in terms of financial liquidity of such SMEs between the year 2021 and the last two years (2018-2021) before the outbreak of the COVID-19 Pandemic?
3. What are the effects of the COVID-19 Pandemic on the performance and life of the SMEs in the selected townships of Lusaka Province?

1.6 Justification of the study

Undoubtedly, the COVID- 2019 Pandemic affected emotionally, physically, socially and economically the human life both locally and globally. Even though rules of restrictions are now relaxed in many countries and people are accepting the new normal regulations, the impact of the COVID-19 Pandemic on the economic factor such as manufacturing, wholesale and retail,

Agriculture and the service industries globally are still highly visible. According to Ahadu (2020), the impact of the COVID −19 Pandemic on many economies have been documented across the world with initial evidence indicating that the developing countries are the most affected. Most people living in developing countries face the high risk of contracting COVID-19 and are most likely to go through the worst economic shock because of the lack of social support packages from their governments. Not only this, but also owing to non-availability of enough and adequately equipped health facilities to accommodate the rising number of cases on daily basis. Therefore, findings from this research undertaking entail preparedness on the part of the government. According to the United Nations Conference in Trade and Development report (2017), Zambia is one of the countries in the world classified as a developing country. Therefore, study, once conducted, will also help determine the effects of the disease on the SMEs located in different townships of Lusaka thereby enabling the government to develop mitigative measures or models of sustenance to sustain and ensure development is not thwarted. The SMEs in these townships employ between 8-10 people and they are usually dependant on daily small cash takings to remain operational and are therefore more likely to suffer economic shocks (UNCATD, 2017). Additionally, most of the studies on the effects of the Covid-19 Pandemic in Zambia are desk reviews, this study will seek to gather information directly from the SMEs one year after the outbreak of the disease to determine the effects of the COVID-19 Pandemic on the SMEs. The results will in turn be available for use by the stakeholders to mitigate the effects of the pandemic.

1.7 Significance of the study

The decision, selection and choice of the current research emerges in the wake of the devastating effects of the COVID-19 Pandemic on the Small, Medium Enterprises (SMEs). The sheer observation of how the SMEs and their employees have been affected by the unpopular pandemic is despicable in the face of humanity. Various Complaints of loss of employment and revenue has for a long time loudly been heard during the period in question. The significance of this research, therefore, is such that it sits as resounding hope for discovering the actual problem, and how it ravages the human territory, activity, and domain. Not only this, but also that the findings thereof may offer solutions on what is to be done in living with the virus side by side

within the community. The study is considering the local SMEs whose challenges and level of economic downturn may compel government to look into their plight and offer salvaging measures, which in itself assures sustainability to their existence and relevance. The study is also significant owing to the fact that it will highlight in advance the measures which the stakeholders or government should put in place beforehand in the event that a similar catastrophic event re-occurs in the unpredictable future. To the cooperate fraternity the study may record and add to the existing research works on the same or related subject from other countries and/or within.

1.8. Delimitation of the Study

The study will be conducted within the selected townships of Lusaka Province namely: Chelstone, Chainda and Mtendere. The study will focus on the SMEs located in the aforementioned locations and operate Saloons, restaurants, taxis, bars, retail shops, private schools, and lodges. It is noteworthy that the findings of the research shall strictly be a preserve of the 3 and not in any way be likened or equated, suggested, or imply the same situation to the similar SMEs located in other similar townships in Lusaka Province.

1.9 Limitation of the Study

The study had many limitations ranging from time and literature seeing that it was just one year ago when the disease broke out, so there was inadequate literature around the subject of study. The other limitation was the very fact that the research was undertaken during the period when personal interactions and visitations were restricted due to the COVID-19 Pandemic, so the researcher found it hard to interview some people, also especially that the target group was semi-illiterate therefore, the questionnaires was administered the by the researcher for fear of distortion. The researcher also faced the challenges of some SMEs who didn't have financial records of their business enterprises for the concerned period, so this affected the quantitative data collection on the effect the pandemic on revenues.

Lastly, the snowballing sampling method had limitations because some people refused to participate during the data collection process even after been referred. There was also an element

of biasness while using this method of data collection because the candidates only referred those they relate with or know thereby limiting the scope of information.

1.10 Operational Definition of Key Terms

COVID-19: Taken to mean Corona virus disease that broke out in the year 2019, hence COVID-19.

Pandemic: The term is said to be a health hazard prevalent or covering large space like the whole country or world

SMEs: Stands for Small and Medium Enterprises and understood as independent entities that can employ not more than 50 people.

Liquidity: Refers to the company's ability to convert assets to cash or acquire cash through a loan or money in the bank-tom pay its short-term obligations or liabilities.

Gross Domestic Product (GDP): The final value of the goods and services produced within the geographic boundaries of a country during a specific period, normally a year.

Entrepreneur: Taken to mean aan individual who creates a new business, bearing most of the risks and enjoying most of the rewards.

Tax Relief: Any government program or policy initiative that is designed to reduce the amount of taxes paid by individuals or businesses.

1.11 Structure of the Dissertation

This dissertation consists of six (6) chapters and is outlined as follows: Chapter 1 outlines the overview of the entire research project, after which it is followed by Chapter 2 which reviews the literature on the studies around the COVID-19 pandemic so that relevant gaps are well noted and considered as the study progresses. Chapter 3 covers the methodology which was used to collect both qualitative and quantitative data. Chapter Four covers presentation of findings. This section present findings according to the study objectives as outlined in chapter one. Chapter five covers

the discussion and analysis of research findings. The final chapter (6) brings out the conclusions from the other chapters and recommendations for future researchers.

1.12 Chapter summary

This chapter has given an overview of the study on the effects of the COVID-19 Pandemic on the Performance of SMEs in the selected townships of Lusaka Province, Zambia. The Chapter also gave the introduction and the background within which the study was conceptualised. The objectives to drive the study were formulated and questions were asked to the respondents during data collection. The next section, therefore, is literature review in which various scholars were reviewed regarding what they said about the subject in relation to the objectives of the study.

CHAPTER 2

: LITERATURE REVIEW

2.0 **Overview**

The previous chapter gave an overview of the study beginning with introduction, background, and statement of the problem, objectives, research questions and the scope. Others included the justification, significance, structure of the dissertation and the conclusion. This section of the study covers the various studies that have been conducted by other scholars in relation to the study outside the continent, within continent and region. This was required to ascertain that the study had never been studied by anybody elsewhere. It was also to ensure that the researcher appreciated what others did beside the current study so that only the existing gaps are dealt with in the frontier of research.

2.1 The Concept of COVID-19

As has been stated earlier above, the case of COVID-19 Pandemic was first recorded in China, Wuhan in Asia and has since then sporadically spread across the globe. The scourge is devastating and has left millions and thousands dead and is actually still taking many in different countries, especially the western world. However, the primary focus is to contain, treat the sick and help the affected communities including Zambia while ensuring that normal operations continue. There is already felt significant, potential loss of income in affected countries with global GDP declining by 3.9% and developing countries like Zambia have also been hit the hardest with 4 % decline in GDP being the average, though some countries are recording a decline of over 6% (Maliszewska, Matoo and Mensbrugghe, 2020). This, if left uncontrolled will shut the economies of the world. The face value, results have shown that within a short period, the pandemic has affected the small and medium enterprises differently and this has had an impact on the cities' social and economic activities. The United Nations Covid-19 emergency Appeal for Zambia for the period May to October 2020 stated that COVID-19 measures taken by the Zambian government were likely to affect the macroeconomic conditions and would result in

commodity supply chain disruptions which will result in job losses in several sectors of the economy including tourism, transportation, retail, and restaurants which are directly operated by SMEs (Reliefweb, 2020). However, this report did not measure the direct impact of Covid-19 on the SMEs in Zambia.

2.2 Continental Studies

A study by Bouey (2020) on the impact of the COVID-19 Pandemic on the Chinese city of Wuhan was conducted to ascertain the impact of the pandemic on the lives of people and other economic issues. In its findings, the study showed a slowdown in economic activities from January 2020, barely a few weeks after the first cases were reported in the city. The slowed growth was expected to cost China 1% of GDP growth in the first quota of the year. The study on Wuhan city also showed that businesses relying on Physical space and shops, such as Supermarkets, traditional food markets, restaurants, car dealers, movie theatres, gyms and bars suffered losses, whereas local neighbourhood markets and online markets did particularly well.

Another study from Cananda by Richard and Rickards (2020) was conducted to ascertain the impact of the COVID-19 Pandemic on the fruit and vegetable markets in that country. The study reviewed that many people trading in fruits and green vegetables experienced massive, unprecedented losses owing to the fact that the produce went bad with the passing of time. Congruent to the earlier study, the pandemic, since it led to the closure of restaurants, bars and schools, the target markets for these products were shuttered. According to Mehta, Saxena and Purohit (2020), COVID-19 led to the emergence of new marketing models such as online markets and delivery services.

A study by Goddard (2020) on the adaptability of businesses in the wake of the COVID-19 Pandemic in Canada showed an increase in online purchase and grocery deliveries after the lockdown. Though she was quick to mention that there were uncertainties in how the public would react after the lockdown rules were lifted. Therefore, the shift might only be temporal and the disruption not permanent. The case presented shows the adverse situation of panic on the ground because of economic instability. However, a similar study by Kashif, Rehman and Javed, (2020) in India argued that people were not doing more online shopping since they had not

gotten used to the phenomenon. The data was collected from 205 respondents and 50% indicated that they did not change their buying pattern due to the outbreak of the COVID-19 Pandemic compared to 37% who confirmed they had done so. On the other hand, Debnarth, (2020) in a study on consumer purchase behaviour in the retail sector argued that the consumer purchase behaviour in the retail sector was, however influenced by the product prices and the quality of the services. In addition, if the consumer is dissatisfied with the services and the products are highly priced, they will not buy the products online but would rather visit the shops.

The outbreak of the COVID-19 Pandemic evidently disrupted the consumer behaviour as observed by (Seth, 2020). It has led to the adoption of new digital technologies as outlined in the studies given above. Christensen and Overdorf (2000) state that a disruptive innovation creates an entirely new market through the introduction of new kind of products and services. Christensen, MacDonald, Altman and Palmer (2018) describe disruption as "a process whereby a company with fewer resources is able to successfully challenge established existing businesses. Specifically, because the incumbents focus on improving their products and services for their most demanding (and usually most profitable) customers, they exceed the needs of some segments and ignore the needs of others. Entrants that prove disruptiveness begin by successfully targeting those overlooked segments, gaining a foothold by delivering more suitable functionality frequently at a lower price. Incumbents, chasing higher profitability in more demanding segments, tend not to respond vigorously. Entrants then move upmarket, delivering the performance that incumbents' mainstream customers require, while preserving the advantages that drove their early success. When mainstream customers start adopting the entrants' offerings in volume, disruption has occurred."

A study by Liguori and pittz, (2020), also suggested that entrepreneurs should look at the COVID-19 Pandemic as a disruptive event. In addition, they should be innovative, take risks, make bold decisions, and take advantage of the internet as it creates an alternative marketplace for engaging with customers. However, Gilbert, Eyring and Foster (2012) cautions that firms seeking to transform themselves in the face of disruption should reposition the core business to account for new market conditions and then create a separate, disruptive business unit that will

become the future growth of the firm. Therefore, businesses should proceed with caution as they seek to adopt the new technologies in the wake of the COVID-19 pandemic.

The 2020, Food and Agriculture Organisation (FAO), report on the impact of the Covid-19 Pandemic on agricultural, food systems and livelihood in Eastern Africa reviewed that the pandemic has led to a shortage of farm labour due to the human movement restrictions especially for high value crops and share cropping farmers. Sharecropping is a legal arrangement concerning agricultural land in which a landowner allows a tenant to use the land in return for a share of the crops produced on that piece of land. The pandemic has also disrupted the access to agricultural inputs such as seeds, fertiliser, veterinary inputs, fish fingers and feed, therefore this is likely to lead to a reduction in yields. In addition, the countries, which depend on imported supplies and the land locked countries, are the most affected by these restrictions. The report also states that the agricultural extension and advisory services has also been disrupted due to the lockdown measures imposed by the countries, thus reducing the farmers' access to information during the growing season. The livestock farmers have not been spared, because of the restrictions in movement their access to water points and grazing areas has been a challenge.

A similar study on the effect of the COVID-19 Pandemic on the education system by Jacobs, (2020) observed that in Abuja, only a few private schools started online teaching in their schools. This led to inactivity in these schools which resulted in teachers not receiving their salaries and some schools closing completely and in some cases teachers retrenched.

2.3 Local Studies

The World Health Organization (WHO) declared the outbreak of COVID-19 as a pandemic between the close of the year 2019 and the early months of 2020 because its effects were global in nature and evidently quite devastating on human survival and livelihood. Therefore, Zambia, as a developing country could not escaped such effects, especially on the economic front and in particular on the performance of SMEs. The SMEs evidently play a significant role in the Zambian economy as was earlier demonstrated by Bayat and Taghav (2007). Despite the main challenges they face ranging from inadequate finances to grow potentially to higher levels, they still employ over a third of the total population of the youth in the nation and contribute 70

percent towards the annual GDP (ZDA, 2019). However, according to the 2020 World Bank National Account Data and the OECD national Accounts data files, the Zambian annual GDP dropped to 10 years lowest of $18,111million and the GDP growth rate was lowest at -2.8 percent in 2020, a year after the outbreak of COVID-19. This was against the average 10 years annual GDP of $24,21million and an average growth percentage of 4.89 percent. The GDP per capita in 2020 also dropped to 10 years lowest of $985million and a 5-year GDP per capita annual growth rate of -22.6 percent. The lower annual GDP growth rate in 2020 is assumed to be because of the reduced performance by the SMEs, which resulted in significant reduction in contributions.

According to the PACRA 2018 to 2021 trends report there was a decrease in the number of active Business Names (BN) by 6.7% from 18,729 in 2019 to 17,480 in 2020. The reduction in active Business Names registered during the period after the outbreak of COVID-19 shows a decrease in SMEs operated business and it can be attributed to the effects of COVID-19.

James and Saasa (2020) conducted a study on the implications of the COVID-19 Pandemic on families, social, economic, and psychological well-being in Zambia. The findings showed that the circuitous impact of the COVID-19 Pandemic on families meant that they lost their earnings because of the shrinking formal and informal sectors. This also put pressure on the health care systems in the rural areas of the country. Whereas the impact on the education system would likely not be visible for a long time, and it is likely that a smaller number of children would pass their examination in 2020. Therefore, it has the potential to reduce the country's labour force for the next generation. Di Pietro, Biagri, Costa, Karpinski and Mazza (2020), also observed that Covid-19 would impact the education system directly and indirectly and that measures should be adopted to contain it as this may impact the children's achievement and would also affect negatively both their cognitive and non-cognitive skill acquisition.

Hampompwe and Siwale (2020), in their study on challenges of E-learning platforms at the outset of the pandemic demonstrate that there is poor quality of education material given on the Television coupled with the poor or no access of the same by the rural pupils. They further indicate that the situation is worsened by the long hours of load shedding. To mitigate the impact of COVID-19 on education, governments introduced E-learning in schools especially for

the exam classes so that they are not left behind. However, the quality of education is not expected to improve due to the advancements of the research.

A study by Mulenga (2020), on the spread of the COVID-19 Pandemic in Zambia using the mathematical models indicated that, of the estimated population of 10,000 people, at an infection rate of 5% and fatality of 2.5% an average of 13 people are likely to die. The model also predicted the number of people that could die by the end of 2020 to 65 people but warned that the trajectory would change to the worst if people relaxed their adherence to observing Covid-19 guidelines such as wearing mask, hand washing, keeping social distance and avoiding crowded places. However, according to James and Sherinah (2020), the wealthy people in Zambia who are concentrated in the two financial and highly populated hubs of Lusaka, and the Copperbelt Provinces are less likely to contract COVID-19, because they observe the guidelines and are spending their time with their families using their considerable assets to maintain their standard of living. Therefore, due to the differences in inequality among the rural and urban it is making it difficult to observe the Covid-19 guidelines such as physical distancing among the poor in society. The wealthy people are also able to observe physical distancing by remaining confined in their homes and conduct their shopping at malls and expensive shops whereas the less privileged are crowed in congested neighbourhoods and markets. Therefore, to control the spread of COVID-19 a lot of sensitizations on the precautionary measures should be conducted at all levels of society to prevent the continuous transmission of the virus. Businesses can only return to normal if the spread of the virus is contained and this can be achieved by following the set WHO COVID-19 guidelines (Nicola, O'Neil, Sohrabi, Khan, Agha, 2020).

According to Mukosa, Mwitumwa, Mweemba, Mbewe, Katebe, Sinkala and Sikazwe, (2020) the small-scale businesses in Zambia contribute up to 70% of the total GDP and that the agriculture and manufacturing sectors are key sectors for economic growth. However, the COVID-19 Pandemic has negatively affected the livelihood of farmers with over 80% reporting a decline in sales and total losses. The prices of the harvested products were also reduced by over 50% there by reducing the farm income by half. The reduced income meant a reduction in the farmer's ability to buy nutrient rich food for the family and resulted in the fall in consumption of fruits and animal by-products (Harris, Depenbush, Pal, Nair and Ramasamu 2020).

2.4 Impact of the COVID-19 Pandemic on social and economic well-being

The small businesses and start- ups were the most affected by the COVID-19 restrictions because it resulted in the dismissal of workers, an increase in unemployment, lack of productivity, reduction in revenue and an impact on the global supply chain as well as a contraction of the world economy (Meahjohn and Persad, 2020). Bartik, Bertrand, Cullen, Glaeser, Luca and Stanton, (2020) also observed that the outbreak of COVID-19 resulted in loss of employment and business closures. The businesses had limited money available to sustain their business during the lock down, with most of the businesses planning to request for funding through the Covid-19 relief fund.

The adjustment in the working culture due to the new normal affected the concentration and the ways of communication among employees at work. For example, the wearing of masks, social distance, the frequent temperature checks, the frequent use of hand sanitizers and the lack of handshakes and hugs affected the performance and concentration at workplaces (Hamid, Hosana and Hasanate, 2020). Therefore, Chanana and Sangeeta (2020) recommended that to ensure employees are motivated during the COVID-19 Pandemic period business owners should develop activities which should promote employee engagement such as online guidance exercise and mediation, online games, e-learning modules, virtual challenges and competition and team meet ups over video conferences for lunch.

The effect of the COVID-19 Pandemic on agriculture is very significant because it is the main source of food for both the rural and the urban communities. This is supported by Maslow's 1943 theory of Human Motivation which describes food, clothes, shelter, safe indoors, social love and belongingness as the primary level of needs for any human. This was also observed by Mehta, Saxena and Purohit (2020a), who stated that the COVID-19 Pandemic has led to a shift in consumer behaviour, with consumers only buying primary needs. They have shifted from patronizing established brands to smaller, closer to home retail outlets which only stock primary needs. The spending pattern has also changed due to the loss of employment and consistent income with consumers only preferring to spend within their limits or capacity. The external and internal drivers of consumer behaviour such as personality types, brand image, status, self, and self-concept which initially used to be key drivers have become inconspicuous during the

pandemic. The ordering of only essential products is the new driver in behaviour followed by recycled and reuse of products, as the households are now micro consumer units of products, consumption, co-creation, and cooperation.

The economic and social crisis generated by the COVID-19 Pandemic has surprised the whole world. The exact behaviour response of the population towards the pandemic has been a challenge to determine and the forecasting rate has been zero. However, studies from the last 20 years indicate that consumer behaviour changes significantly in an event of an economic crisis, and it becomes more rational, economical, but also demanding in terms of consumer expectations. The consumers would not easily spend their limited resources, which could be already limited in prevailing situation, unless they are certain that their expectations would be met. As a result of the diminishing discretionary income, all the purchased products and services would be evaluated in terms of the marginal utility they would bring to consumption, and purchases that do not meet the real needs would not be purchased (Oana, 2020). This can be observed in India were the outbreak of COVID-19 has affected the retail sector due to the reduced number of people going to shopping mall and also the change in consumption pattern, with consumers preferring to buy essentials unlike luxury goods. The constant fear of the pandemic in the public has affected their mental well-being and confidence level that changed their purchasing decision (Agrawal, Jamwal and Gupta, 2020).

Abe (2020) in the report on Market Trends and Direct to Consumer opportunities during the COVID-19 Pandemic, also observed that consumers reduced their spending on commodities which are viewed as luxurious or non-essential such as clothing, shoes, make-up, jewellery, games and electrical. The report also indicated that globally the demand for food products is likely to increase as compared to non-food items which are expected to decrease in demand and these include homecare, cosmetic and personal care products.

Mehta, Saxena and Purohit (2020b) stated that the consumer behaviour during the pandemic will move towards the survival mode, and some of these consumer spending characteristics might not be retained while others could be permanent. For example, apart from the change in expenditure patterns, the use of e-commerce such as touch points for shopping and various digital platforms-namely official sites products, social media and mobile platforms which have been used by

consumers during the pandemic have led to the digitalisation in buying. The digitalisation of consumer shopping is likely to increase with the weakening presence of traditional outdoor advertisement and shopping mall visits as a result of physical distancing regulations. The impacted of COVID-19 on the hospitality industry has also brought about novel challenges. The efforts to flatten the Covid-19 curve such as lockdowns, staying at home, social distancing, travel, and mobility restrictions have led to temporary closure of the hospitality businesses and decreased the demand for business significantly (Bartik et al.2020).

Gursory and Chi (2020a) also observed that the COVID-19 lockdown measures, such as social distancing, stay at home, travel and mobility restrictions have led to partial closures of hospitality businesses resulting in a sharp decline in hotel and lodge occupancy and revenues. Fairlie (2020), established that 3 months after the social distancing restrictions were introduced in the United States of America (USA), the number of active business owners reduced by 3.3 million or 22% during the period from February to April 2020. This was the record largest number of business losses ever recorded. According to Gossling, Scott and Hall (2020), the ongoing travel restrictions are being observed at both national and international levels. These travel bans, cancellations of events, boarder closures, quarantine requirements and the fear of spreading the virus have greatly affected the tourism and hospitality industry,

Aburuman (2020), stated that the COVID-19 Pandemic impacted all sectors of travel and tourism industry (i.e., the airlines, transportation, cruise lines, hotels, restaurants, attraction such as National parks, cultural heritages sites and protected areas), travel agencies, tour operators and online travel organisers. The small and medium sized enterprises and micro-firms which comprise of 80% of the tourism sector may not survive the pandemic without considerable support. And this may result in a domino effect in the tourism supply chain, will affect livelihoods which depend on agriculture, fisheries, creative industries, and other services.

The human survival during the pandemic depends on essential goods and this can be met by the utilization of the critical resources such as raw materials, employees' other logistic systems. The priority of nationals during pandemics is to save lives, therefore, shortages of essential goods like medicines, diagnostic, equipment, clinical care, Personal Protective Equipment (PPE) and food makes it difficult to contain the spread of the 2019 Coronavirus. According to the COVID-19

PPE demand and supply perspective report of 2021, the global demand for PPE rose by 300-400% between 2019 and 2020 driven by increased consumption by the general public and in non- health care work settings. Hence, the Agricultural, health care products, aviation, railway, and the availability of the fast-moving consumer products should be prioritised. The use of drones to supply essentials such as medicines and food to highly infected regions also known as hot zones is also being considered as a measure to reduce operational costs and constraints associated with capacity, delivery time and time windows (Sigh, Kumar, Panchal and Tiwari, 2020).

The pandemic's long-term effects on the supply chain would lead to job losses and this would affect access to universal rights such as right to food, health, and education. Education is one of the fundamental factors of development, it enriches individual understanding of the world and improves people's lives, productivity, creativity, promotes entrepreneurship and technological mindset. Therefore, education plays a critical role in economic and social progress as well as improving income distribution (Ozturk, 2021)

Additionally, Prasetyo and Kistanti, (2020) states that the COVID-19 Pandemic has contributed to the high levels of unemployment in Indonesia and that it made it difficult to solve the three main problems of economic development, namely unemployment, poverty, and income inequality.

Maliszewska, Mattro and Mensbugshe (2020), summarised the impact of the COVID-19 Pandemic on the world economy in term of four shocks and stated that these shocks would have a duration of 8-12 weeks and they would be unsynchronised across countries.

The first shock was the rise in unemployment rate by 3%. The high levels of unemployment would lead to lower demand for capital because firms need a combination of labour and capital to produce goods and services. And the underutilization of capacity due to factory closures and social distancing forced workers to stay in their home.

The second shock which was cumulative with the supply shock was the raise in international trade costs of imports and exports by an estimated 25%. This shock applies to all goods and services. The increase in logistical and transactional costs in foreign trading as a result of

increased inspections, reduced working hours, road check points, boarder restrictions, increased transport costs, etc.

The third shock indicated a reduction in international tourism. The COVID-19 Pandemic had an unprecedented effect on tourism, hospitality, and recreation sectors. The quarterly revenues in the accommodation and lodging sectors have dropped by 75%. For example, travel agents have witnessed a reduction in bookings by 50% in March 2020. The airlines worldwide are also expected to make a loss of $113 billion in total revenues in 2020. The world Travel and Tourism council (WTTC) has estimated a 25% reduction in global travel in 2020.

The fourth COVID-19 Pandemic shock represented a change in demand by households, who prefer to purchase less services which require direct human contact, such as communal transportation, local tourism, restaurants, and recreational activities, hence an increase in demand for consumption goods and other services. However, was difficult to estimate the direct impact of social distancing and overall reduction in economic activities on selected sectors, though anecdotal indicated that it would be significant. In the United States, United Kingdom and Germany for example, results showed a 100% reduction in open table bookings due to social distancing measures and the closure of nonessential businesses.

According to the United Nations (2020), African cities are home to 600 million people and account for more than 50% of the region's GDP. The urban-based sectors of the economy (Manufacturing and services) which currently account for 64% of the GDP in Africa are expected to be hit hard by the COVID-19 Pandemic related effects and would lead to substantial losses in productive jobs. The firms and businesses in African cities are highly vulnerable to the COVID-19 Pandemic related effects, especially SMEs which account for 80% of employment in Africa. A decline in urban consumption because of the COVID-19 Pandemic would affect domestic value chains, including the rural areas.

2.5 Gaps in Literature

As regards the literature reviewed in this study, this section highlights the gaps noted. In the study conducted by Bouey (2020) it clearly shows that the study was considering the impact of the COVID-19 Pandemic on the lives of people in China. Firstly, the study was concerned with

people themselves which was contrary from the current study which focuses on the effect of the COVID-19 Pandemic on the SMEs in Zambia. Zambia and China are two different countries experiencing different climates and social cultural fronts implying that the findings in one country will not be automated as true in another.

Richards (2020) also conduct a study on the impact of the COVID-19 Pandemic on the business of fruits and vegetables in Canada. This study is contrary from the current study in the sense that it is specific on the products and not the entity as is the case with the current study. Richard's study was foregrounded on the impact of the not selling phenomenon of the fruits and the vegetables due to the related cases of lockdown in Canada.

Saasa and James's study is contrary from the current study because it looked at the implications of the COVID-19 Pandemic on families, social and economic standings of people in Zambia. This study set out to just establish the effects the pandemic had brought to the social-economic status of people which is different from a study that trails on the performance of business structures and their sustainability in the wake of the COVID-19 Pandemic. Therefore, it can be stated that this study has not been covered either in this study.

Hapompwe, Kakano and Siwale (2020) in their paper set out to enumerate the challenges of the E-learning platforms that had just come as a solution to the ravaging effects of the COVID-19 Pandemic. At the outset it can be noted that the study acknowledges the availability of the pandemic and its effects on education which is the very reason the e-learning platforms have been created. This fact sets away this study from the current one in the sense that while it is on educational challenges. Educational challenges are not the same as the small medium enterprises which was the concern of the current study. There was still a need to conduct this study and come to understand how the SMEs were affected by the pandemic.

Mulenga (2020) in his study he set out to research on the spread of COVID-19 through the use of Mathematic models. Basically, the study was not looking at its effects on anything but rather just how it was spreading from one place to another or from person to person. For this reason, it can be said to far different from this study that concerns itself with how certain business entities or firms have been affected owing to the spread of COVID-19. It can be mentioned that the study

was carried out because it was not studied anywhere in Zambia and outside Zambia according to the available and reviewed literature.

The methodology used in the study to determine the effect of the COVID-19 Pandemic on the SMEs was the Mixed method approach which involved both the qualitative and quantitative data collection and analysis using tool like Excel and SPSS. However, the above-mentioned studies by Bouey (2020), Richards (2020) and Saasa and James (2020) used desk reviews while the study by Hapompwe et al., (2020) used exploratory qualitative method which involved semi-structured interview questions while the study by Mulenga (2020) used formatted mathematical models to predict the outcomes of the COVID-19 Pandemic.

2.6 Theoretical framework

This section contains theories which hold or support the theories of the study. The theories describe and explain why the research problem under study exist. This study aims to create a framework that can be used to access the effect of COVID-19 and any future pandemic on SMEs performance. The main theory for the study is the organizational Change theory which shows the changes the SMEs have to go through to adopt to change in the environment.

2.6.1 Theory of the Business

Drucker (1994) defines the "theory of the business" as the assumptions that shape any organisation's behaviour, dictate its decisions about what to do and what not to do, and define what the organisation considers meaningful results. These assumptions are about markets. They are about identifying customers and competitors, their values and behaviour. They are about technology and its dynamics, about a company's strengths and weaknesses. These assumptions are about what a company gets paid for. They are what I call a company's theory of the business' (Drucker, 1994, pp. 95-6). The theory is built around three assumptions which include: first, the assumptions about the environment of the organization: society and its structure, the market, the customer, and technology. Second, the assumptions about the specific mission of the organization. Thirdly, the assumptions about the core competencies needed to accomplish the organization's mission (Drucker, 1994). Therefore, the assumptions

can be used by organisation management to coordinate signals from the environment and use them to control the organization. The organisation's theory of the business should also be changing with time and it should not remain static, the failure to re-calibrate the business assumptions can lead to collapse because of an obsolete organizational theory. It is through assumptions that organisation's future competitive advantage is achieved. Therefore, the study will be anchored on Drucker's Business theory suggests that a new business paradigm is built around organization assumptions. It states that the reasons for organizations existing is because of assumptions made by someone with regards to what they do, how they create value, how they perform, how they operate, how they are structured and how they get paid. The theory positioned assumptions as the core constitute of modern management and business practice. He further argues that assumptions are the philosophical base of businesses, the basic hypothesis of the enterprise and therefore deserves careful attention from current mangers.

2.6.2 Organizational Change theory

The outbreak of the COVID-19 Pandemic has led to changes in the way organizations operate, the way employees relate to each other and the customers. Some of these changes have been received with mixed feeling and other have been widely adopted with ease. Kurt Lewin's 1947 "Organizational Change theory" suggests that for change to occur three steps namely unfreeze, Change and Freeze have to be observed. The unfreeze step requires the realization of the need for change and opening up to the new ways of meeting the organization's objectives. The current methods of doing business are realigned for the wheels of change to be set in motion. The next step is the 'Change' or Implementation stage. This step occurs once the people have accepted the changes. Change might take time due to the slow adaptation of some employees and new rules might bring chaos, however, these measures are necessary if an organization is to archive efficiency in business. The third step is referred to as Freeze or making it stick. At this stage, efforts are made by the organization to make the changes permanent and standard (Hussain, Lei, Akram, Haider and Ali, 2018).

2.6.3 Buyers' behaviour theory

The behaviour of consumers has been affected by the outbreak of COVID-19. According to Schuuman and Kanuk (2007), consumer behaviour is the behaviour that buyers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. Howard and Seth in their 1969, Theory of Buyer behaviour stated that the buying behaviour of consumers is influenced by both exogenous and input variables. The exogenous variables include social class, Culture, importance of purchase and the financial status while the input variables are quality, price, availability, service, and distinctiveness (Howard and Seth, 1969). These variables have greatly affected the consumer behaviour during the pandemic such that the consumers have become more sensitive to importance of purchase, product price and quality due to the changes in the financial status as a result of losses in employment and uncertainties in the economy.

2.7. Conceptual Framework

The assumptions that shape any organization's behavior, dictate its decisions about what To do and what not to do, and define what the organization considers meaningful results. These assumptions are about markets. They are about identifying customers and Competitors, their values, and behavior. They are about technology and its dynamics, about a Company's strengths and weaknesses. These assumptions are about what a company gets Paid for. They are what I call a company's theory of the business (Drucker, 1994, pp. 95-6

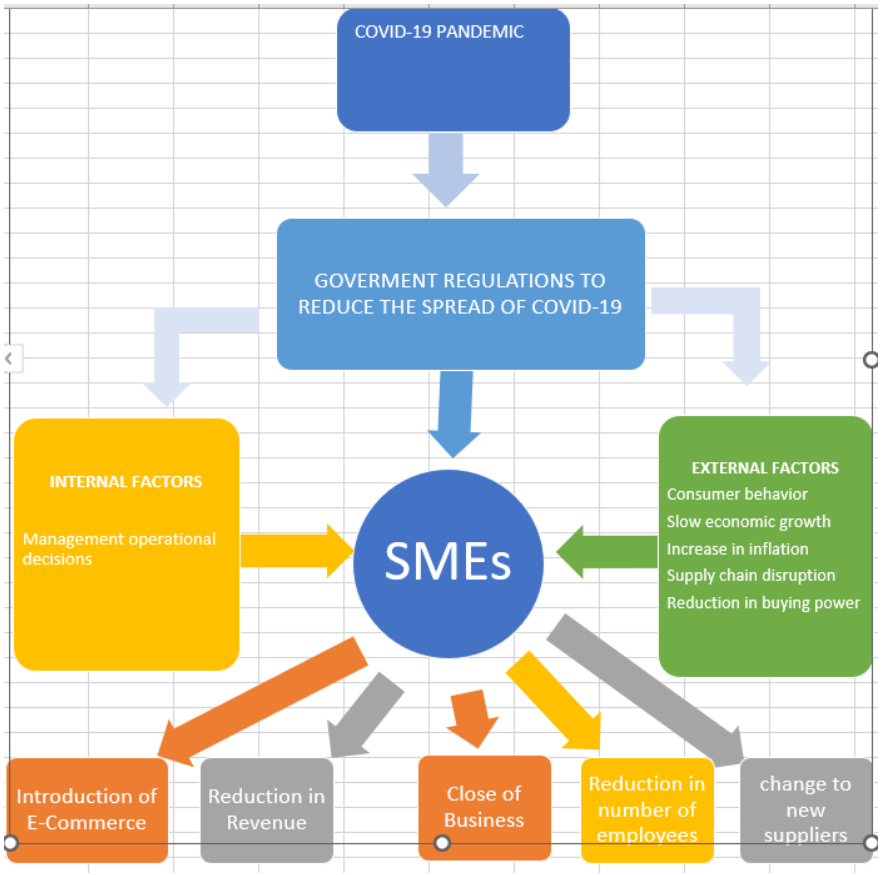
A conceptual framework is the result of bringing together several related concepts to explain and give a broader understanding of the phenomenon under research (Imenda, 2014). The frameworks show the effects regulations which were imposed on the SMEs by the government after the outbreak of the COVID-19 Pandemic. The figure below separates the factors which affected the SMEs during the period of the COVID-19 Pandemic into internal and External effects for ease of illustration.

The Internal factors included their day-to-day operations of the business such as adjusting their business operational activities to meet the consumer needs and preferences, deciding on the number of employees to hire or lay off and where to sale the products and services.

The SMEs had no control over the external factors, and these included the slow economic growth, high unemployment rates, reduction in income levels, increase in inflation and interest rates. The law of supply and demand also came to play during this period. This was seen by a rise in demand for essential products compared to luxury products and services (Agrawal, Jamwal and Gupta, 2020). However, the supply of essential products was affected by the closure of boarders and manufacturing companies.

Figure 1 below show the link between the independent (Internal and External variables) and dependent (the effects) variables on a conceptual framework.

Figure 1: Conceptual framework



2.8 Chapter summary

From the review of the literature, it shows that COVID-19 had an impact on the world economy since its outbreak in 2019. It also affected different sectors of economies in different countries where the studies to determine its effects were conducted. However, it is yet to be determined how it affected the SMEs in the Zambian context. Literature from both local and abroad showed that the pandemic had brought about many effects to the way nations and individual person conduct themselves.

CHAPTER 3:

METHODOLOGY

3.0 Overview

The previous chapter was mainly concerned with the review of literature. Therefore, several works done by many scholars ranging from continental, regional and Zambia have been reviewed and the research gaps have since been identified. This section of the study answers the question of how the objectives and the research questions of the study will be and answered. It considers the following the Research type, Target population, Research design, Sampling techniques, sample sizes, Research instruments and Data collection.

3.1 Research Design

The study used the Mixed method design to collect the quantitative and qualitative data, with the qualitative method as the main paradigm. The quantitative data was collected using questionnaires with closed ended questions and the qualitative data using interviews. The business owners or managers were subjected to the questionnaires because of their high-level understanding of the business and employees were subjected to interviews because of the low literacy levels and business understanding.

3.2 Research Type

The research used a mixed method approach during data collection and analysis. Quantitative data was used to comparing the liquidity of SMEs from the current period to two years before the pandemic. The use of numerical data approach assured more measurable outcomes. The qualitative approach was used to gather additional information. during the research.

3.3 The Site of the Research

The study was conducted in three selected townships of Lusaka namely: Chelstone, Chainda and Mtendere. The target SMEs as was earlier indicated include Restaurants, Lodges, Saloons, barbershops, grocery stores, boutiques, Taxi operators, bus operators, bars, and taverns.

3.4 Target Population

According to the 2021 ZRA Research and Corporate strategy department there are 266,693 registered SMEs in Zambia of which 130,025 are in Lusaka. Therefore, Lusaka Province represents 51.2% of the total SMEs in Zambia. In addition, this further justifies the reason for conducting the research in Lusaka Province.

The additional data gathered from the local market authorities in the study area shows that there is a total number of 2,504 registered SMEs in Chelstone, Chainda and Mtendere. The breakdown of this total is as shown in table 1:

Table 1: Target population

Study Area	Number of SMEs
Chelstone	660
Chainda	824
Mtendere	1,020
Total	2,504

The study population of 2,504 SMEs operate the above-mentioned businesses with Mtendere having the highest population and Chelstone the least**.**

3.5 Sampling Technique

The research used the Purposive and Snow balling sampling techniques to collect the quantitative and qualitative data. The Purposive method was used to identify and select a homogenous sample of SMEs that met the predetermined criterion of importance. This method was justified because it helped identify and select SMEs who were especially knowledgeable about or experienced as SMEs unlike the use of Probabilistic or random sampling which is used to ensure the generalizability of findings by minimising the potential for bias in selection and to control for potential influence of known and unknown confounders (Palinkas et al., 2015).

Therefore, the SMEs who were identified and selected were in business for over 2 years, registered with City Council, PACRA, ZRA and RTSA for Taxi and Bus operators.

The initially identified SMEs were asked to further identify other participants who meet the set criteria using the Snow balling sampling method. Snow balling consisted of two steps:

1. Identification of Potential SMEs in the population.

2. Ask these SMEs to identify other SMEs who meet the set criterion.

These steps were repeated until the needed sample size of 216 was obtained.

3.6 Sample Size

Sample size is a set of participants selected from a population and is less in number (size) though it represents the population adequately from which it has been drawn from so that correct inferences concerning the population can be made using the obtained results. Sample size determination is, therefore, a process of selecting the number of observations, which will be included in a statistical sample (Kadam and Bhaleraro, 2010).

The Yamene's equation was used to determine n the sample size, because N which is the Total population of SMEs in the selected townships was known, the margin of error e was determined at 0.05 to ensure that the results obtained would be within 4% points of the real population value at 95% of the time (Yamene, 1976).

$$n = \frac{N}{1+Ne^2}$$

Where;

n=Sample size

N=Total population of 2,504 as shown in Table 3.4 above.

e^2 =0.05 or 95% margin of error

Using the formula above a sample size(n) of 345 was determined. Therefore, the sample size for the study wound not be less than 345 respondents. A target population of 15 SMEs from each enterprise located in Chelstone, Chainda and Mtendere were identified resulting to a total of 360 SMEs as shown in Table 2 below:

Table 2 Sample size

Enterprise	Chainda	Chelstone	Mtendere	Total
Restaurants	15	15	15	45
Lodges	15	15	15	45
Saloon and Barbershop	15	15	15	45
Private schools	15	15	15	45
Grocery stores	15	15	15	45
Taxi and Bus operators	15	15	15	45
Boutiques	15	15	15	45
Bars and Taverns	15	15	15	45
Total	120	120	120	360

The 360-sample size comprised 45 SMEs who operated, Restaurants, Saloons, barbershops, Private schools, grocery stores, boutiques, Taxi operators, bus operators, bars, and taverns from Chainda, Mtendere and Chelstone.

3.7 Research Instruments

Questionnaires with closed ended questions and Interviews were used for data collection. The questionnaires comprised a series of questions, which were used to collect statistically useful information from the selected individuals, or respondents. The questionnaires were used because they are the main means of collecting quantitative primary data. The structured questions questionnaires enabled that the quantitative data collected was standardized, consistentt and coherent for the easy of analysis (Roopa and Satya, 2012). The respondents of the questionnaires were the managers and/or business owners**.**

Structured or open-ended Interviews were used to collect the qualitative data. The employees were subjected to interviews because of their low literacy levels and the limited understanding of the business ventures. The information from the interviews was recorded in word or text form.

From the target population of 360 respondents, 178 were enumerated through questionnaires and 162 interviews. Therefore, 12 questionnaires and 8 interviews were not administered because the businesses remained closed during the pandemic and some respondents where not willing to share their experiences.

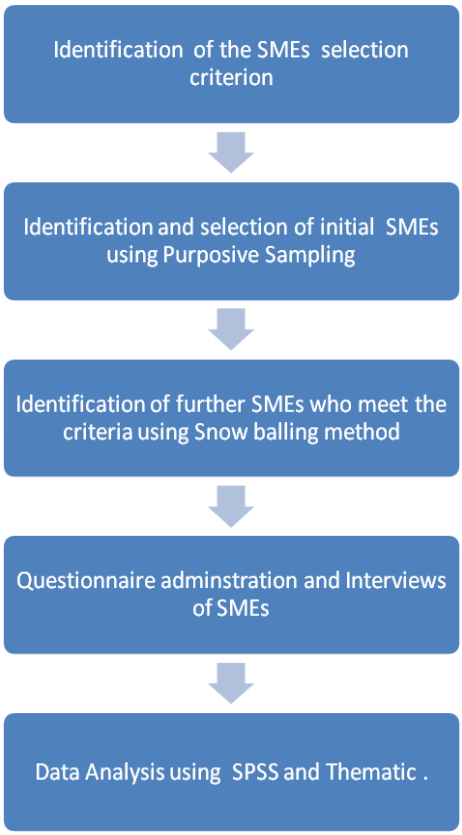
The research instrument tools, Excel and Statistical Package for Social Sciences (SPSS) version 20 were used during the analysis of the data collected during the research.

3.8 Data Collection Procedure

The SMEs who met the set criterion were identified and selected from Chainda, Mtendere and Chelstone area using the purposive and snowballing methods. Questionnaires and interviews were administered concurrently to the participants. The data from the questionnaires was analyzed using the Statistical Package for Social Sciences (SPSS) version 20 and the data from

the Interview using thematic method. The data collection process took a period of 30 days. The procedure was as shown in figure 2below:

Figure 2: Data Collection Procedure.



3.9 Analytical Framework.

The data from the quantitative and qualitative research was linked before analysis.

The data from the questionnaires was analysed using the Statistical Package for Social Sciences version 20 (SPSS V20) and Excel sheets.

The data from the interviews was analysed using the Thematic method.

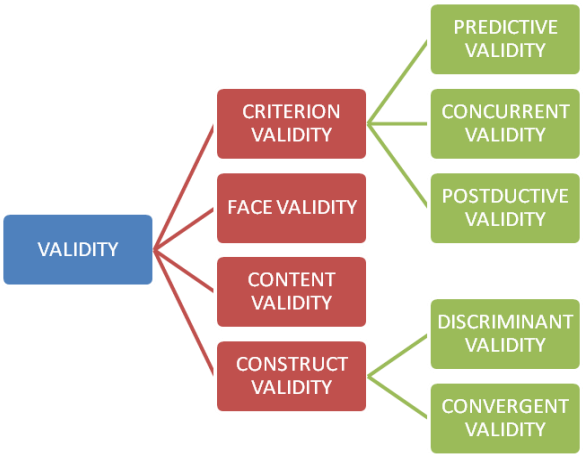
3.10 Validity and Reliability

The Cronbach Alpha test using SPSS Version 20 was used to determine the reliability and the Hamed Taherdoost test was used to determine the validity of the questionnaire.

According to Taherdoost (2016), validity explains how well the collected data covers the actual area of investigation.

The Hamed Taherdoost validity test method will be used to test for validity following the various forms of subtest as seen below in figure 3.

Figure 3: Subtypes of various forms of validity tests**.**



Source Taherdoost (2016)

Reliability is the extent to which measurement of phenomena provides stable and consistent results or repeatability. An alpha of below 0.5 is considered low reliability, an alpha of between 0.5 and 0.75 is acceptable as moderately reliability and an alpha of above 0.75 as high reliability (Hinton,2004).

S

3.11 Ethical Consideration

Before data collection for the main study, the research proposal was submitted to the Ethical Committee at the University of Zambia for review. All explanations about the purpose of the study were made available to the participants and informed consent was obtained from those who agreed to participate in the study. Therefore, all necessary ethical guidelines were considered in this research.

3.12 Pilot Study

A pilot study was done from 1st March to 14th March 2022. The aim of the pilot study was to gain familiarity with the assessment tools; to finalize the assessment tools; to determine the time required for each participant to respond to the questionnaire/interview and to assess the Validity and Reliability of the questionnaire. 10 surveys were done in the pilot study and following the pilot study a few changes were made to improve the reliability and validity of the questions.

3.13 Main Study

Data collection for the main study started 1st April 2022 to 30th May 2022, for a period of 2 months. During this period, participants were interviewed, and data was collected.

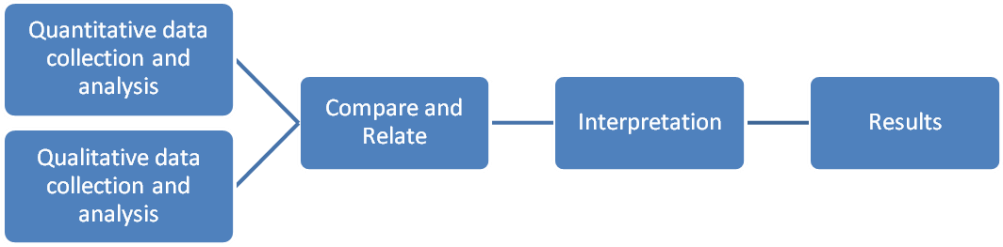
315. Data Analysis.

The Quantitative data was compiled on an excel sheet and later transferred to SPSS V20 for analysis. The data was interpreted by referring to the answers to each of the questions and the results of the research were obtained.

The Qualitative data from the Interviews was synthesised using critical thinking by identifying themes, analysing, and interpreting the patterns to derive an understanding of the data collected.

The results obtained from the quantitative and the qualitative data was compared and merged to come up with an interpretation using the mixed method approach. Table 4 shows the steps taken during the data analysis.

Figure 4: Data analysis



3.16 Chapter Summary

The Chapter covered the Methodology which was used to collect and analyze the data from the Structured Questionnaires and the Interviews. The Methodology included the following important components, Research Design, Research Types, Site Selection, Target populations, Sampling Techniques, Sample Size, Research Instruments, Data Collection and Analysis procedures. From the target population of 360 respondents, 340 took part in the research of which and 20 respondents were not available.

CHAPTER 4:

PRESENTATION OF RESULTS

4.0 Overview

This section of the study presents the research findings regarding the research objectives and questions raised at the outset. The themes, which became eminent resulting from the different respondents through the questionnaires will be shown on pie charts, graphs, or tables. The research targeted SMEs who have been in operation for at least two years before the outbreak of the COVID-19 Pandemic and are registered with either Zambia Revenue Authority (ZRA), PACRA or the Lusaka City Council. It is critical to reiterate that the sample size for the study was 360 respondents however only 340 respondents were successfully interviewed using the questionnaires. Therefore, the response rate for the research was 94.4%. Since the research collected both quantitative and qualitative data, the convergent parallel mixed method approach was used to analysis the data. During analysis the data from the qualitative and quantitative analysis was merged and the qualitative data gave more details on the effects and mitigation measures adopted by the SMEs during and after the outbreak of the COVID-19 Pandemic.The data from structured questionnaires was analyzed using SPSS Version 20 while Thematic approach was used for qualitative data analysis.

4.1 **Demographic characteristics of the respondents.**

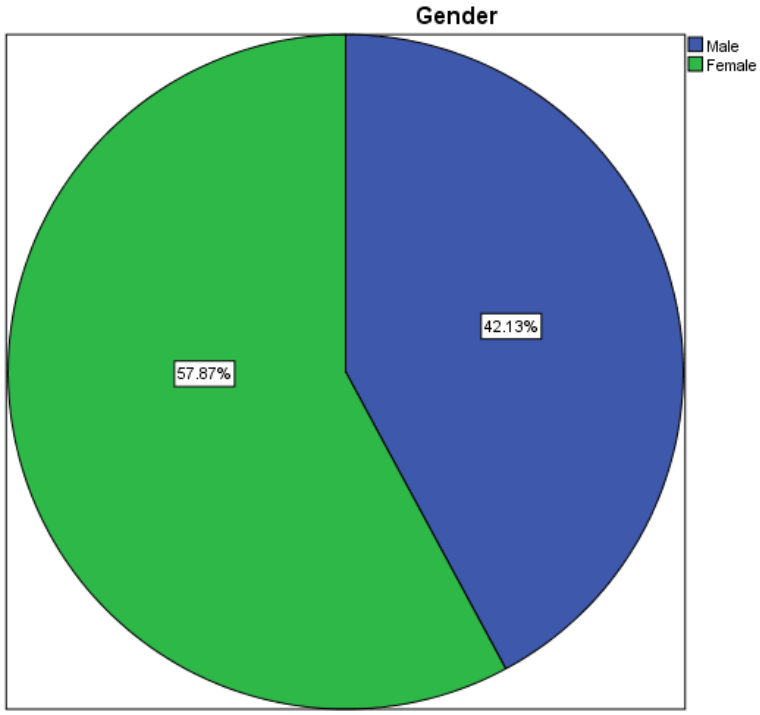
This section includes the gender, age and education level of the respondents. These characteristics give an insight on the age group, gender, and education level according to the Zambia education system of the SMEs located in the respective townships of Lusaka**.**

4.1.1 Gender

On the question of gender of the SME owners, the respondents were asked to state their gender and the figure 4.1.1 show the divisions accordingly. The research discovered that the number of females SMEs was more than that of males as can be observed in the figure 5 below. The results

showed that 57.87% (197 respondents) of the respondents were females compared to 42.13% (143 respondents) males.

Figure 5: Gender of respondents

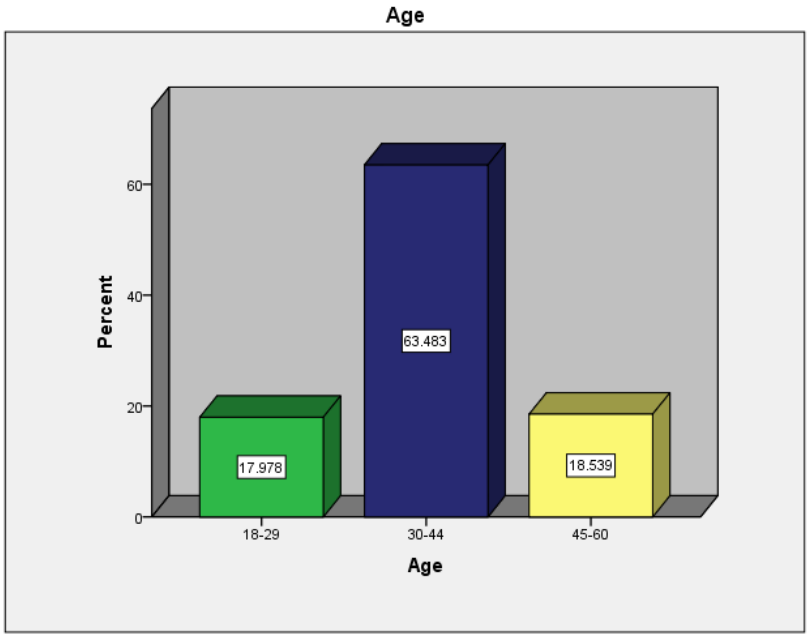


Source: Field data (2022)

4.1.2 Age of respondents

To understand the age group, which was keener on entrepreneurial ventures, the researcher got the respondents to indicate their age, and the following was the age distribution presented on a bar chart on figure 6 below.

Figure 6: Age of respondents



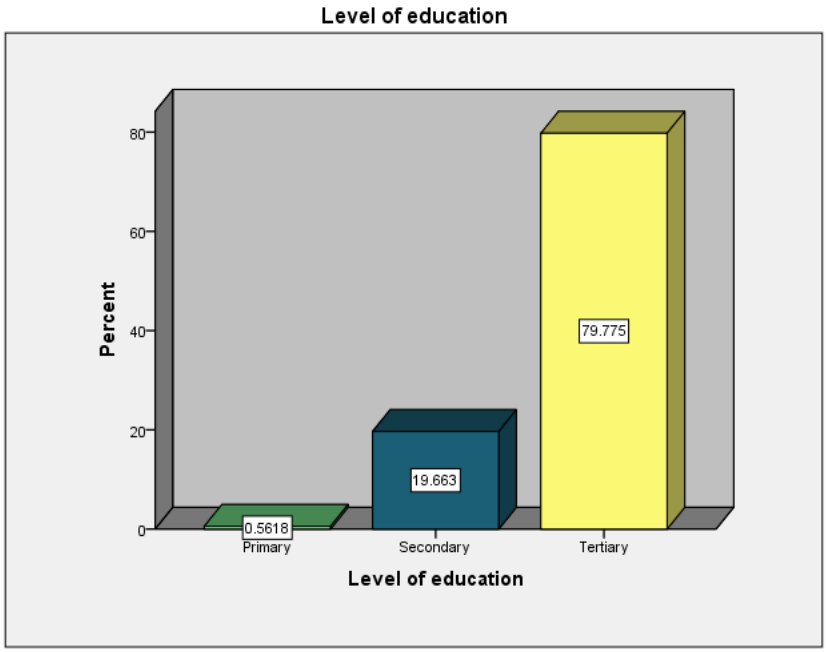
Source: Field data (2022)

The distribution shows that 17.978% (61 respondents) of the respondents were between the age of 18 and 29 years; while 63.483% (216respondents) were between the age of 30 to 44 years, while 18.539% (63 respondents) were between the ages of 45 and 60 years. None of the respondents were above the age of 60 years.

4.1.3 Level of education

The respondents were asked to state the level of education attained using the Zambian education level system and the results are as shown on Figure 7 below.

Figure 7: Level of Education



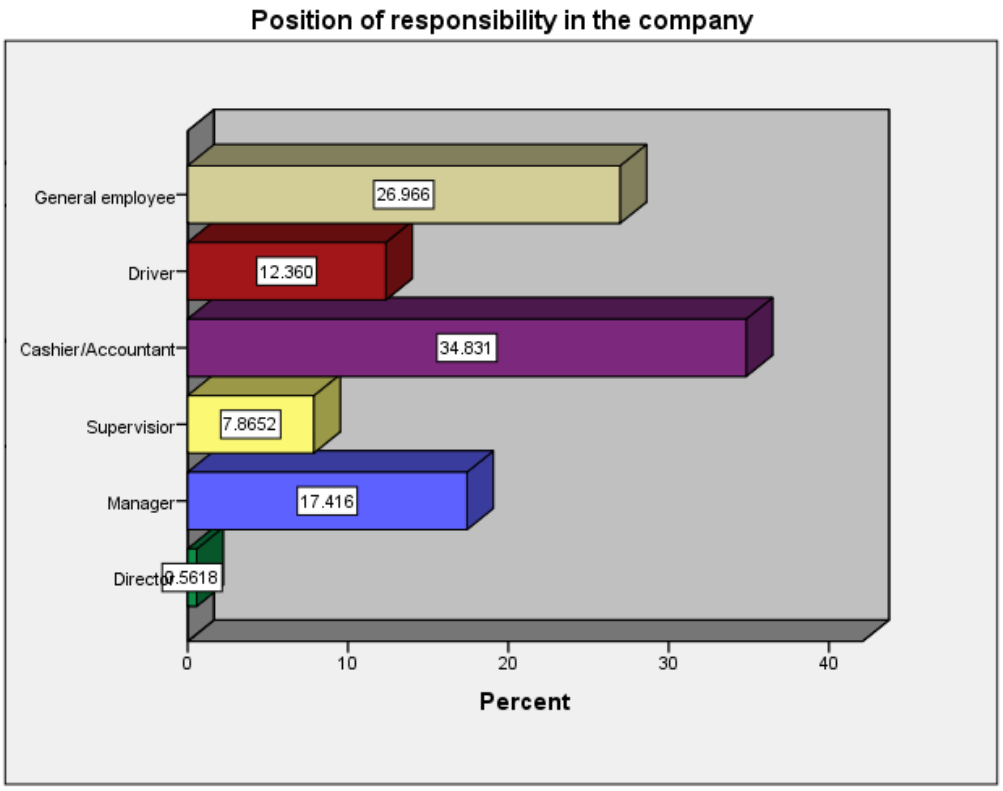
Source: Field Data (2022)

The chart shows that 0.56% (2 respondents) of the respondents completed primary education; while 19.66% (67 respondents) completed Secondary education and 79.78% (271 respondents) graduated from either colleges or universities. All the respondents who took part in the study had the basic education.

4.1.4. Position of responsibility

The respondents were asked to state their level of responsibility in the businesses and the results are as shown in figure 8 below.

Figure 8: Position of Responsibility



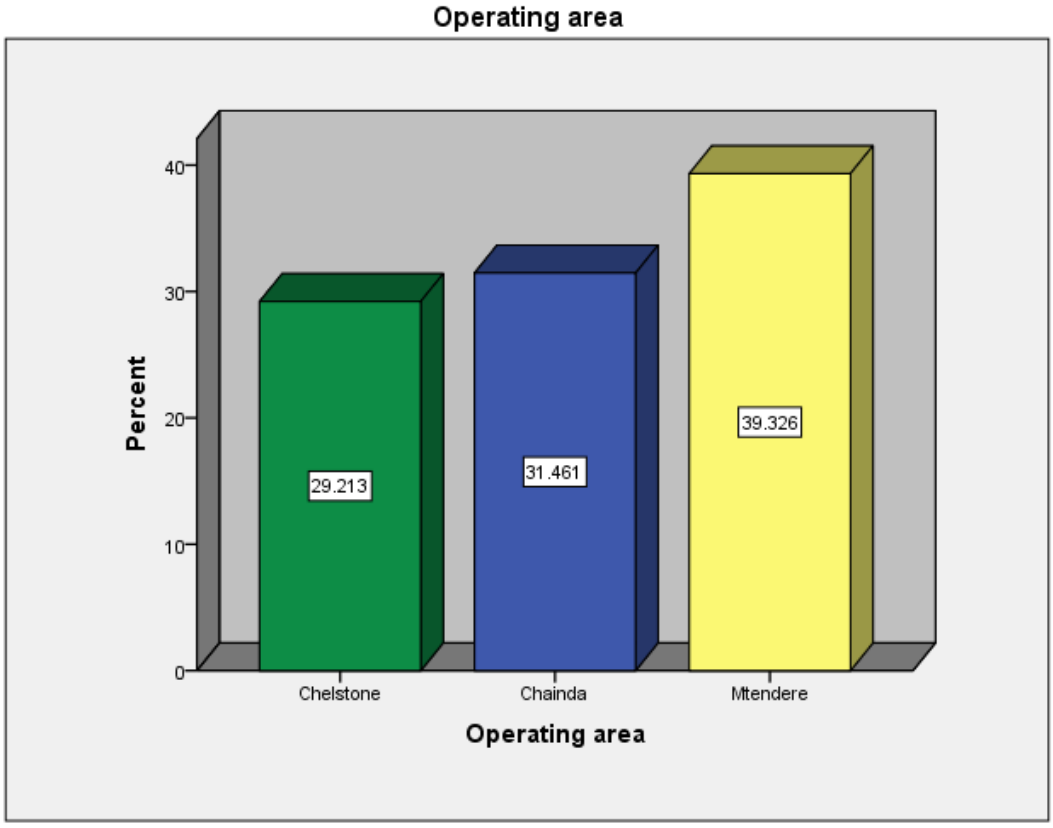
Source: Field Data (2022)

The chart shows that of the total respondents 27% (92respondents) were General workers, 12.4% (42 respondents) were either Taxi or Bus Driver operators, 34.8% (118 respondents) were either Cashiers or Accountants,7.9% (27 respondents) were Supervisors, 17.4% (59 respondents) were Managers and less than 1% (2 respondents) were Directors of the businesses.

4.1.5. Operating area of Business

The respondents were asked to state the operating areas for their businesses and the responses are as shown below in Figure 9

Figure 9: Operating Area



Source: Field Data (2022)

The results show that 29.213% (99 respondents) where from Chelston, 31.5% (107 respondents) from Chainda and 39.3% (134 respondents) from Mtendere.

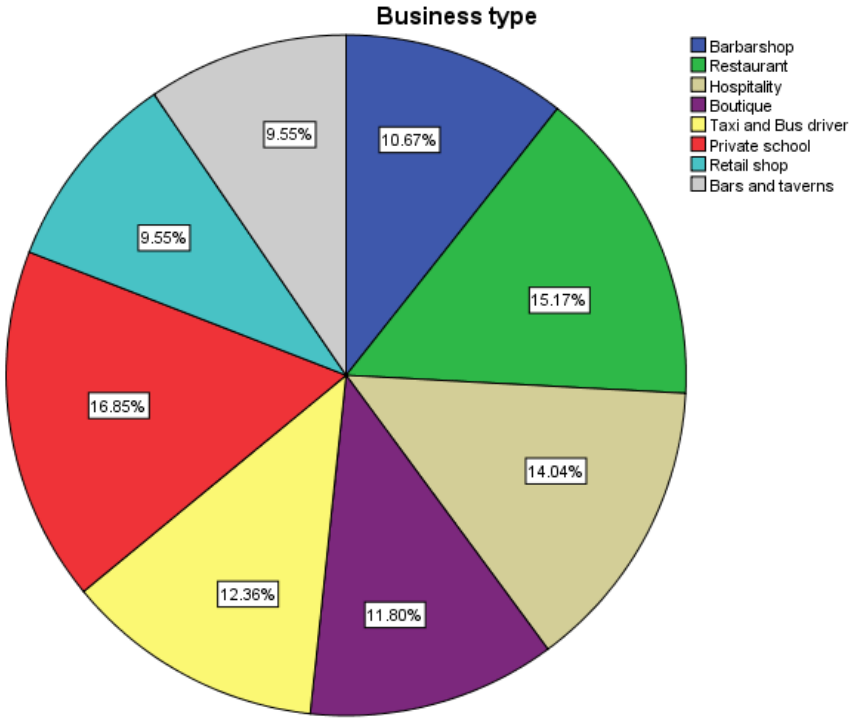
4.2 To describe the Small and Medium Enterprises (SMEs) located in the selected townships of Lusaka.

The first objective of the study was to describe the SMEs located in the selected townships of Lusaka namely Chelstone, Mtendere and Chainda in terms of the type of businesses they operate, their location, the number of employees, the years of experience operating the business and whether their companies are registered with any one of the local authorities namely PACRA, ZRA or the City Council.

4.2.1 Type of business operated by the SMEs

The study aimed at SMEs who operated businesses which provide the daily needs of the people located in the respective areas of study. Figure 10 below shows the business types.

Figure 10: Business types



Source: Field data (2022)

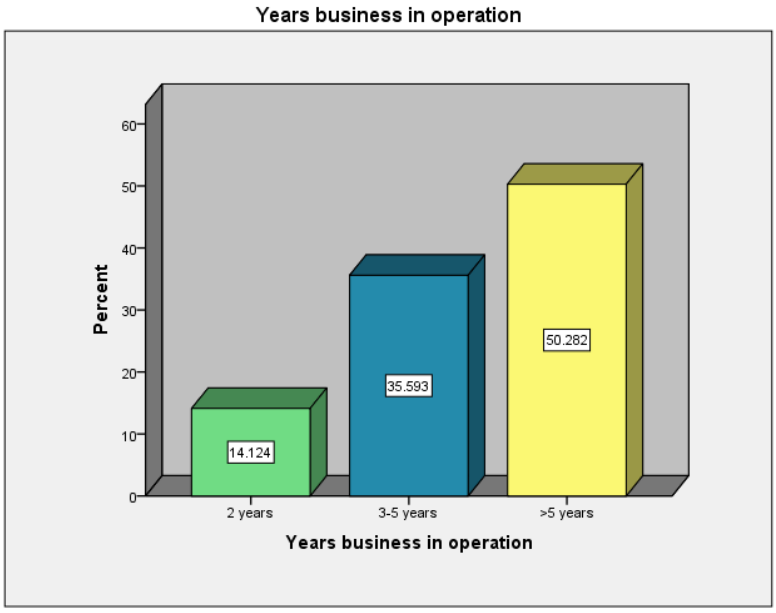
The results show that 10.67% (36 respondents) operated Barbershops, 15.17% (52 respondents) operated restaurants, 14.04% (48 respondents) were from the Hospitality industry, 11.8% (40 respondents) were from Boutiques, 12.36% (42 respondents) were Taxi and Bus operators, 16.85% (58 respondents) from private school, 9.55% (32 respondents) operated Retail shops we another 9.55% (32 respondents) operated Bars and Taverns. Therefore, there is diversity in the

industry and the SMEs in the selected township operate different businesses which are well represented in the pie chart.

4.2.2. Years business in operation

Only respondents whose business had been in operation for two or more years before the outbreak of the COVID-19 Pandemic, were selected to take part in the study. Therefore, these businesses should have had been registered in 2018 or before. And the results are as shown in figure 11 below.

Figure 11: Years business in operation



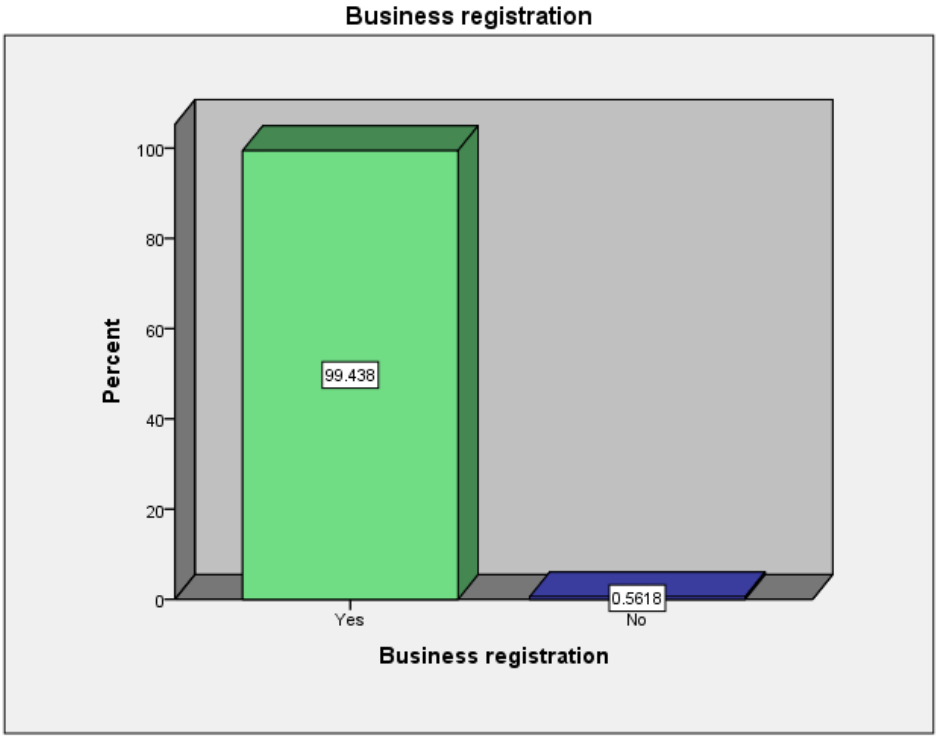
Source: Field Data (2022)

From the results 14.12% (48 respondents) of the businesses had been operational for at least 2 years before the outbreak of the COVID-19 Pandemic in 2019, while 35.59% (121 respondents) were operational for 3 to 5 years and 50.28% (171 respondents) were operational for more than 5 years. Therefore, the SMEs who took part in the study were experienced because they were in operational before and after the outbreak of the COVID-19 Pandemic. Thus, they were also suitable for the study.

4.2.3. Business registration.

The respondents were asked to state if their businesses were registered with either PACRA, ZRA or the Lusaka City Council. Figure 12 below shows the results.

Figure 12: Business registration



Source: Field data (2022)

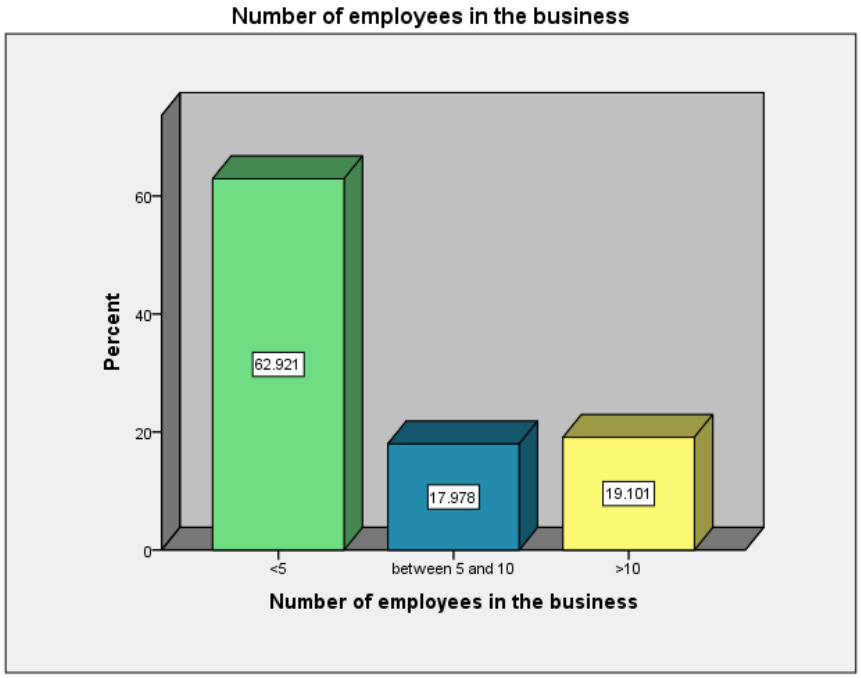
The results show that 99.4% (338 respondents) of the SMEs who took part in the study were registered with either ZRA, PACRA and the Lusaka City council as required by law compared to

0.56% (2 respondents) who were registered with the local authorities. Therefore, these SMEs understand the importance of registering their business, such as access to loans, brand development and paying the right taxes.

4.2.4. Number of employees

The respondents were asked to state the number of employees they have, and the results are as represented in the figure 13 below.

Figure 13: Number of employees in the business



Source: Field data (2022)

From the results, 62.9% (214 respondents) of the respondents had less than 5 employees, while 17.98% (61 respondents) of the respondents had between 5 and 10 employees; and 19.1% (65 respondents) had more than 10 employees.

4.3 Disparities in Financial Liquidity of the SMEs before and after the Outbreak of the COVID-19 Pandemic?

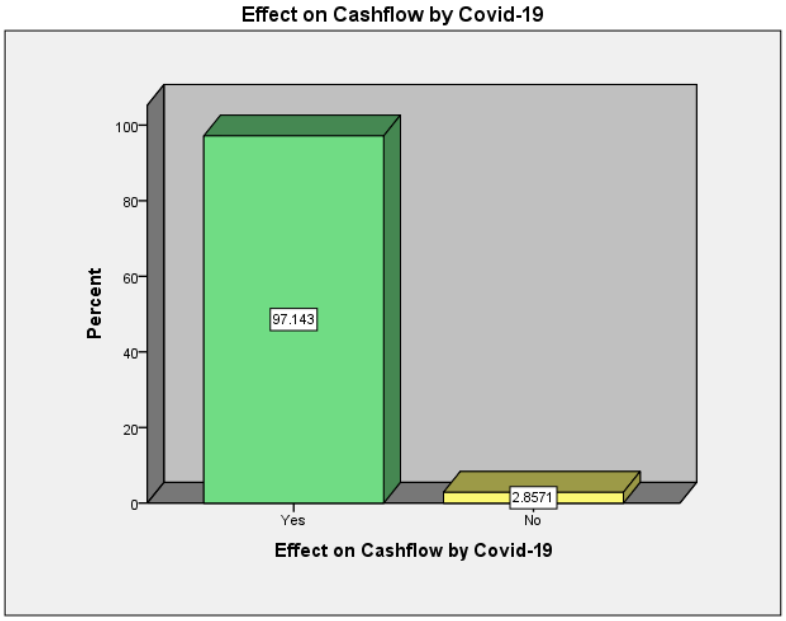
To determine the negative effects of the pandemic on the SMEs, the research's second objective sought to determine how the outbreak of the COVID-19 Pandemic affected the financial strength

and liquidity of the SMEs within the research domain. This was made more specific by measuring, ascertaining, and comparing the total cash flow earned before and after the pandemic. The challenges, before and after the outbreak were also appreciated by the research.

4.3.1 Effects on Cash flow

The respondents were asked if the cash flow in terms of revenues and profits of their businesses had been negatively affected since the outbreak of COVID-19 and figure 14 below shows the responses.

Figure 14: Effects on Cash flow by COVID-19



Source: Field data (2022)

The results show that 97.1% (330 respondents) indicated that their businesses were affected in terms of cash flow by the outbreak of COVID-19 compared to 2.86% (10 respondents) who stated that they were not affected. The affected businesses experienced a reduction in profits and revenue compared to the years before the outbreak.

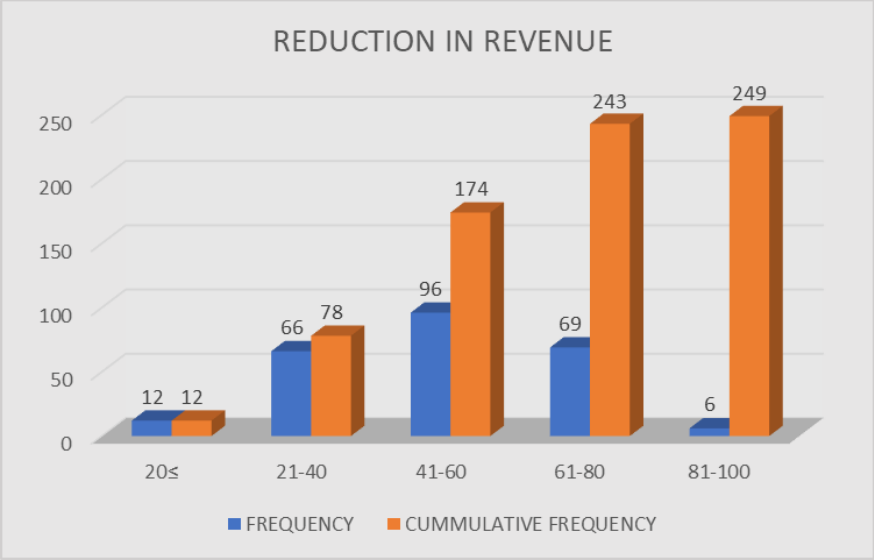
The respondents were also asked to compare the difference in revenue from before the outbreak of COVID-19 and after. Table 3 and Figure 15 below shows the Responses.

Table 3 Frequency table comparing financial performance before and after COVID-19

PERCENTAGE REDUCTION IN REVENUE	FREQUENCY	PERCENTAGE OF POPULATION	CUMMULATIVE FREQUENCY
20≤	12	5%	12
21-40	66	27%	78
41-60	96	39%	174
61-80	69	28%	243
81-100	6	2%	249

Source: Field Data (2022)

Figure 15: comparing financial performance before and after COVID-19



Source: Field data (2022)

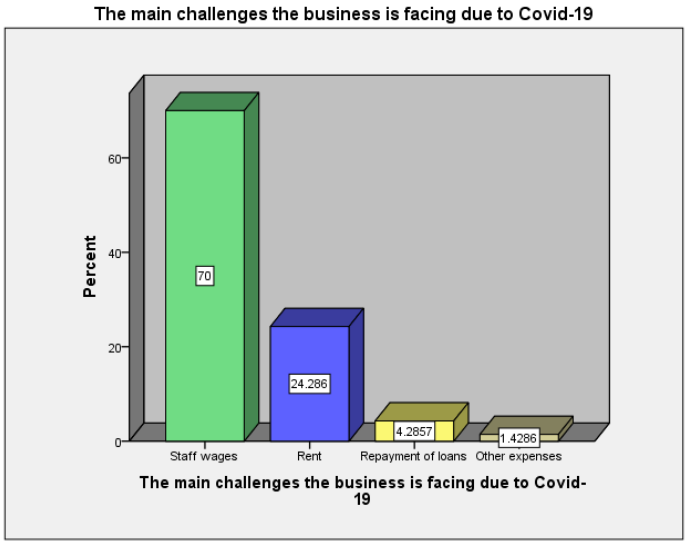
The results show that all the respondents were affected by a reduction in revenue after the outbreak of COVID-19. From the total population of respondents, 96 or 38.5% of the population experienced a revenue reduction of between 41-60%, 27.7% (69 respondents) experienced a reduction of between 61-80% reduction in revenue and 26.5% (66 respondents) experienced a

reduction of 21-40%, 5% (12 respondents) experienced a reduction of 20%, and 2% (6 respondents) experienced a loss of more than 81% to a complete loss or closure of their business.

4.3.2 The Financial challenges faced by the respondents.

Consequent to the reduction in the cash flow of their businesses, the respondents were asked to state main challenges they were facing, and figure 16 below shows the responses.

Figure 16: The main challenges businesses are facing due to the COVID-19 Pandemic.



Source: Field data (2022)

The main challenge that the respondents grappled with owing to the reduction in revenue was meeting the obligatory staff wages either weekly or monthly. This is evident from the 70% which is 238 of the respondents thus resulting into a high response rate. Rent was the other challenge with 24.29% (83 respondents), followed by loan payments with 4.29% (14 respondents) and lastly other expenses at 1.43% (5 Respondents)

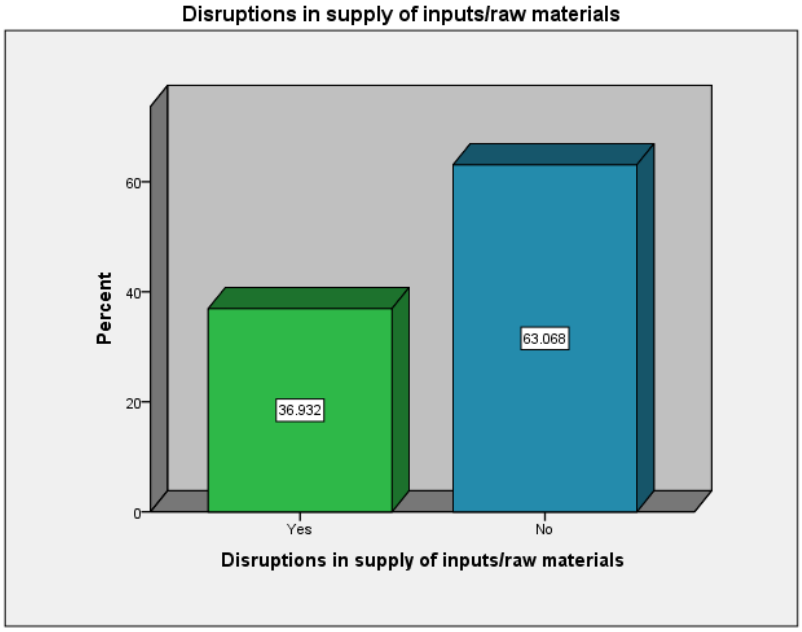
4.4 The effects of COVID-19 on the performance of SMEs

The third objective was to determine the effects of the COVID-19 Pandemic on the SMEs. This was determined by analyzing the effect on the supply chain, number of customers, orders, delivery services, access to loans and interest rate from the bank.

4.4.1 Effect on supply of good and raw materials.

The supply of goods and services is key for the survival of the business. The respondents were asked if there were any disruptions in the supply value chain for the goods and services. Figure 17 below shows the responses.

Figure 17: Disruptions in supply of inputs/raw materials



Source: Field data (2022)

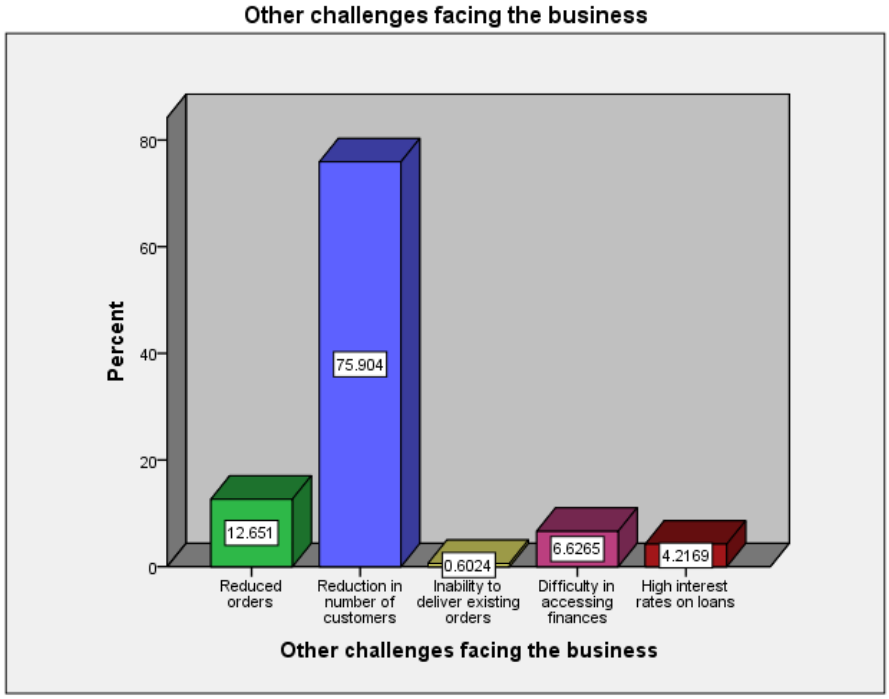
The results indicate that 63% (215 respondents) of the respondents had an uninterrupted supply of goods and services during the COVID-19 outbreak while 36.9% (125 respondents) faced challenges of supply of goods.

However, the respondents indicated that the prices of goods and services had gone up during the outbreak and the SMEs couldn't afford to purchase the goods they needed.

4.4.2 Other effects of the COVID-19 Pandemic on the SMEs.

The respondents were asked if they faced other challenges related to the outbreak of the COVID-19 Pandemic or during the period of the lock down, the responses are as shown below in figure 18.

Figure 18: Other challenges faced by the SMEs



Source: Field data (2022)

The other effect which affected SMEs was the reduction in the number of customers accessing their goods and services during and after the outbreak of COVID-19. As shown by the response rate of 75% or 258 respondents out of 340 responses. The SMEs were also affected by a reduction in the number of orders as stated by 12.65% (43 respondents), while 6.6% (23 respondents) had difficulties accessing finances, 4.21% (14 respondents) were affected by the high interest rates from banks and other lending institutions and 0.6% (2 respondents) were unable to deliver their orders.

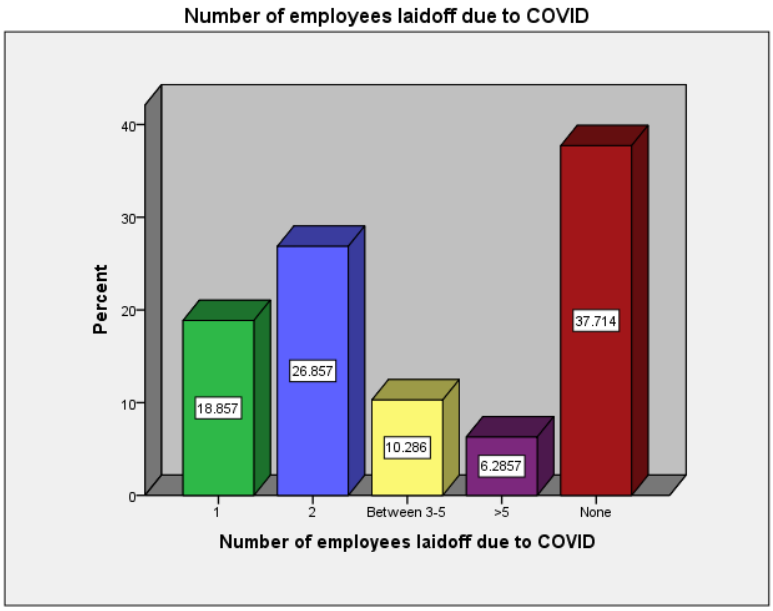
4.5 Mitigation measures

The SMEs were asked to state the measures introduced to mitigate the effects of the COVID-19 Pandemic on their businesses, to ensure they continued to operate. Below are the measures,

4.5.1 Number of employees laid off.

As a mitigation measure the SMEs were asked if they had laid off some employees during the period of the outbreak. The responses are as shown below in figure 19.

Figure 19. Number of employees laid off due to COVID-19**.**



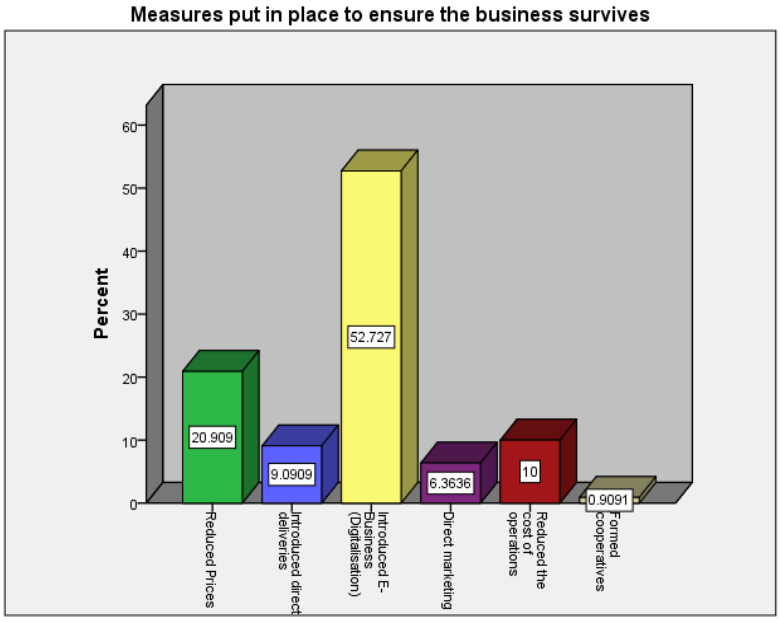
Source: Field data (2022)

The effects of COVID-19 had a mixed effect on the number of employees, with some SMEs deciding to lay off workers while some maintained their staff. From the results 18.857% (64 respondents) laid off one employee, while 26.86% (91 respondents) laid off two employees, 10.29% (35 respondents) laid off between 3 to 5 employees and 6.29% (22 respondents) laid off more than five employees. Cumulatively 62.3% (212 respondents) of the SMEs laid off their workers compared to 37.7% (128 respondents) who maintained the number of employees.

4.5.2 Other measures put in place to ensure business survival.

Apart from laying off workers the SMEs also implemented other unorthodox measures to ensure their businesses remained operational. The figure 20 below shows the measures taken by the SMEs.

Figure 20: Measures put in place to ensure the business survive**.**



Source: Field data (2022)

To ensure survival the SMEs had to come up with more than one way of doing business. The results show that 52.73% (196 respondents) of the SMEs introduced electronic business in their companies, 9.1% (31 respondents) introduced direct deliveries to their customers, 6.36% (22 respondents) introduced direct marketing, 20.91% (71 respondents) reduced prices of the commodities, 10% (34 respondents) reduced the costs of operations by sharing space and changing opting for cheaper and local suppliers and lastly 0.9% (3 respondents) formed money leading cooperatives.

4.5 Chapter Summary

Following the quantitative data presented, it can be concluded that the COVID-19 Pandemic has affected the SMEs located in the selected townships of Lusaka of Mtendere, Chelstone and Chainda. The major effect experienced by the SMEs was the reduction in revenue that resulted in challenges paying wages, rent, and repaying loans. COVID-19 also led to a reduction in the number of customers accessing services and goods this resulted in reduced orders and difficulty

accessing finances to recapitalize the businesses. The SMEs were also affected by an increase in interest rates from the banks and other lending institution as well as a disruption in the supply chain. To ensure survival the SMEs introduced mitigation measures such as electronic business (social media) to market their services and products, direct marketing, increased working hours, reduced the operational costs by changing suppliers to cheaper ones or stocking goods at the minimum levels to avoid wastage.

CHAPTER 5:

DISCUSSION OF RESULTS

5.0 Overview

This Chapter focuses on the discussions of the research findings under the sub-heading of the different subheadings backed by the objectives and the research questions from each of SMEs who were interviewed during the research. Each of the SMEs was affected differently by the outbreak of COVID-19 and they had to come up with measures to ensure their businesses remained in operation.

The research objectives were as follows.

1. To identify the Small and Medium Enterprises (SMEs) in the selected townships of Lusaka.
2. To compare the financial liquidity of the Small and Medium Enterprises (SMEs) in the selected townships of Lusaka two years before the outbreak of COVID-19.
3. To establish the effects of COVID-19 on the Small and Medium Enterprises (SMEs) in the selected townships of Lusaka.

The research questions from the objectives were as follows.

1. What type of SMEs are found in the selected townships of Lusaka?
2. What is the difference in terms of financial liquidity of the SMEs in the last two years (2018-2021)?
3. What are the effects of COVID-19 on the performance and life of the SMEs in the selected townships?

5.1 To identify the Small and Medium Enterprises (SMEs) in the selected townships of Lusaka.

The first object of the study was to identify the Small and Medium Enterprises (SMEs) in the selected townships of Lusaka. The SMEs were selected and identified in terms of the years of operational as a business, the number of employees, the business registration, area of operation and business type.

5.11 Number of employees

The study showed that 62.9% of the SMEs employed less than 5 employees, 17.98% employed between 5 to 10 employees and 19% employed over 10 employees. The SMEs who employee a few workers comprise the highest number of the SMEs in the townships. Therefore, this creates a livelihood for majority of the youths and according to the United Nations (2020) report African cities are a home to 600million people and account for 50% of the regions GDP. Therefore, even though each SME employees few workers cumulatively they are the major source of employment in the urban areas in Africa and Zambia is no exception.

5.1.2. Registration

The criteria for selection of the participants of the study was that they should be registered with either PACRA, ZRA or the Lusaka City Council. Of the total of interviewed 99.44% were registered with either or all of the regulatory authorities compared to 0.56% who were in the process of registering or were not registered. The importance of registering business is that the SMEs have less challenges accessing loans and government and non-governmental organizational grants. According to Mukoha et al., (2020), the SMEs in Zambia contribute up to 70% of the GDP and are key to economic development. Therefore, it is important that these enterprises are registered and natured so that they grow and contribute towards the growth of the economy.

5.1.3 Year of operation

The study showed that 50.28% of the respondents who took part in the study had been in operational for over 5 years, 35.59% for 3-5 years and 14.1% for years. This selection of respondents ensured that all those who took part in the study had been in operation before the outbreak of COVID-19.

5.1.4 Operating area

The respondents were selected from the three townships of Lusaka, with 39.3% from Mtendere, 31.46% from Chainda/Avondale and 29.2% from Chelstone. Mtendere had the highest number of respondents due to the high population density in the area and that of the SMEs. This has seen an increase in the number of businesses operating in the area because of the high population density. And this increase in business relates Drucker's 1994 theory of the business which focuses on identifying new markets, customers, competitors, their value, and behaviour.

5.1.5 Business type

The respondents from 8 different SMEs were selected to take part in the study. The results show that 16.85% of the respondents were from private school, 15.17% from restaurants, 14.04% from the hospitality industry, 11.8% from Boutiques and lastly 9.55 bars and taverns. These SMEs are the operating in the communities and providing the services, according to the Zambia statistical agency, (2020) 2.94Million SMEs operate in the common sectors such as wholesale and retail, hotel and lodges, catering, and food services. The wide variety of services provided by the SMEs in the selected townships agrees with Schuuman and Kanuk, 2007 buyer's behavior theory which states that availability is key influencing the buyer's decision. Therefore, the consumers will only access the services if they are in their locations and the SMEs are identifying these opportunities.

5.2 To compare the financial liquidity of the SMEs in the selected townships

The SMEs were asked to compare their financial status in terms of revenue before and after the outbreak of COVID-19. And 97% of the respondents stated that there was a reduction in revenue compared to before the outbreak, however 2.86% stated that there was no reduction. The SMEs were also asked to state the percentage reduction in revenue which they have experienced

and 38% of the respondents stated that they are experienced a 41-60% reduction in revenue, 27% of the respondents stated a reduction of 61-80%, while 26% a reduction of 21-40% with 9% experiencing reduction of less than 5%.

The reduction in revenue affected the operations of the SMEs as shown by 70% of the respondent's inability to pay wages, 24% failed to pay rental and 4% had challenges repay their loans.

The reduction income due the outbreak of COVID-19 was also confirmed by a study by Harris et al., 2020 in agriculture. He stated that 80% of the farmers reported a decline sales and total losses and that the prices of harvested products reduced by 50% hence reducing income by half. A study by Bartik et al., also observed that the outbreak of COVID-19 resulted in business closures because SMEs had limited resources to sustain their businesses during the lockdown with the majority planning to request for COVID-19 relief fund.

5.3 To establish the effects of COVID-19 on the Small and Medium Enterprises (SMEs) in the selected townships of Lusaka.

The SMEs in the selected township were affected differently by the outbreak of COVID-19. However, 75% of them confirmed a reduction in the number of customers visiting their business, 6.6% stated that they had difficulties accessing financing for their business during the lockdown and 4.2% had challenges paying back their existing loans due to the increase in the interest rates by the banks and other lending institutions.

The supply chain for goods and services was also partially affected by the outbreak of COVID-19. From the total population 36.9% of the respondents stated that there was a shortage of supply for the essential goods especially the imported products due to the closure of the boarder and increase in prices as a result of the depreciation of the Kwacha against the major currencies. However, 63% of the SMEs stated that there was no effect in the supply chain because they were getting their products locally. Ozturk, 2020, observed that the pandemic's long-term effect on the supply chain will led to job losses and affect access to universal rights such as rights to food, health, and education. Therefore, this observation demonstrates the importance of having a stable supply chain system for goods and services.

The SMEs came up with mitigation measures to counter the effects of COVID-19 and to ensure their business remained operational after the outbreak. The study showed that SMEs reduced their wage bills by laying off some of the workers as a measure to reduce cost. Business like Retail shops, Boutiques, lodges, and Private schools reduced their work with 26.9% laying off 2 employees, 18.9% laid off 1 employee, 10% laid off 3-5 employees and 6.3% laid off more than 5 employees. However, the restaurants, Saloons and barbershops and taxis and bus operators which comprised of 37.7% of the population maintained their staff.

The Boutiques, retail shops laid off their workers due to a significant reduction in revenue because of the change in consumer behaviour. The consumers preferred buying essential things than luxury and expensive things which are more profitable. This was also observed by Abe and Oana, 2020 that consumers reduced going to shopping malls and retail shops due to the change in consumption pattern, with consumers spending less on luxurious things and preferring spending on essential items. The change in consumer behaviour is also explained by Howard and Seth, in the 1969 Theory of buyer's behaviour which states that the consumers behaviour is affected by exogenous factors such as the importance of the purchase and financial status.

The private schools laid off their workers due to the challenges faced to pay the teachers wages. As a measure of survival, the schools had introduced E-learning however, there were challenges in the implementation process (Hapompwe and Siwale, 2020). Jacobs, 2020 observed that the inactivity in schools led to teachers not receiving their salaries, some teachers losing employment and some schools closing completely.

The study by Mehta, Saxena and Purolut (2020) observed that the change in consumer behaviour due the outbreak of COVID-19 will become permanent such as the use of e-commerce, digitalization, and direct interactions with consumers. And this can be seen by 52.7% of the SMEs adopting to E-business during the outbreak with 9% introducing direct deliveries and 6% direct marketing.

Lastly the SMEs also came up with other measures to ensure their businesses continue to operate such as promotions. The barbershops for example offered a free 4^{th} haircut to customers in a month, the bars and travers offered a promotion called Happy hour where they sold alcoholic

beverages at a reduced prices for an hour on Fridays or Saturday nights. The retail, restaurants and boutiques employed their family member to reduce the cost of labour and extended their working hours, offered discounts and credit to royal customers so as to attract new customers and retail the old ones

5.4 Chapter Summary of results

The Chapter presented the results of data collected from the study on the effect of COVID-19 on the SMEs in Mtendere, Chelston and Avondale/Chainda. The key outcome of the study is that the quantitative and qualitative analysis conducted revealed that the SMEs in these respective townships have been affected by COVID-19 which has led to a reduction in revenue, number of customers, difficult to repay loans, pay wages, restock, and grow their businesses. However, the SMEs have also come up with measures to ensure that their businesses remain operational such as the use of social media to advertise their products and services, extended their operating hours and offer promotions to attract new customers.

CHAPTER 6:
SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Overview

The SMEs are the building blocks of an economy, and they contribute to the GDP of the country by creating employment, paying taxes, drive innovations, technology and provide essential services to the citizens. However, the outbreak of COVID-19 has threatened the performance of the SMEs and the objective of the study is to determine the effect of COVID-19 on the SMEs located in Chelstone, Mtendere and Chainda/Avondale. Therefore, in this chapter, the conclusion of the study and recommendation are presented.

6.2 Conclusion of the study

The study has found that the SMEs have been affected by the outbreak of COVID-19. The pandemic affected the SMEs' revenue and profits, and this was confirmed by 97% of the respondents who stated that they are facing cashflow challenges since the outbreak of COVID-19 and the proceeding lockdowns. The reduction in cashflow led to SMEs failing to pay wages, rent and repay loans. The reduction in cash flow influenced the SMEs to change their suppliers and this affected the availability of products and services. In some instances, the SMEs compromised on the quality of goods and services to meet the customers' demands. This is because customers preferred cheaper goods and services during the outbreak as compared to before. Therefore, this behaviour by consumers confirmed Seth and Howard's 1969 buyers' behaviour theory.

The study also showed that the SMEs had difficulties getting loans from banks and other lending institutions. Therefore, they formed cooperatives and joined informal banking services such as village banking to save money and raise capital.

The SMEs came up with creative ideas during the lockdown to ensure their business remained afloat. The idea of change by the SMEs agrees with the Drucker's 1994 'theory of the business' which states that organizations should be changing with time failure to which can lead to

collapse and Kurt Lewin's 1947 organizational change theory. Kurt Lewin's that there is need to realize that change and new ways of doing are inevitable. And the SMEs during the lockdown have utilized these town theories.

For example, 52% of the business introduced Electron business. They started advertising their products and services on social media platforms, held virtual trainings and meetings. The use of virtual trainings was very effective for schools as the pupils continued learning during the lockdown and this ensured that the schools remained operational. The SMEs also extended their working hours beyond their usual time to serve more customers as was the case for the restaurants, boutiques, and retail shops. As for the bus and taxi operators they relocated their businesses to densely populated areas to gain more revenue.

The SMEs introduced promotions to maintain and attract new customers for the bars and taverns introduced 'happy hour'. For a just an hour during the day, the customers bought alcoholic beverages at a discounted amount. Similarly, the barbershops, offered a free hair cut if the customers came back for a fifth time in a month. These played a key role to ensure that the SMEs remained operational during the lock down.

6.3 Recommendations

It is therefore recommended that.

6.3.1 The Ministry of Small and Medium Enterprise Development should through the Citizen Economic Empowerment Commission (CEEC) identify SMEs with the high potential for growth and empower these them to become manufactures or producers of goods and services at commercial level so that the country does not face shortages during Pandemics. This can be done by creating another fund in collaboration with the Ministry of Finance, National Planning and the Zambia Development Agency to support the SMEs.

6.3.2 To ensure the SMEs continue to operate effectively they need the support of the government especially during the period of pandemics or economic shocks. This support should be made available during and after pandemics or shocks. The support can be in form of trainings such as business management,

accounting, innovation and technology and risk management. Such trainings will ensure that the SMEs are equipped with the knowledge and tools to survive any future pandemic. These trainings can be offered by the Ministry of Small and Medium Enterprise Development.

6.3.3 The Ministry of Finance and National Planning should design SMEs relief packages and the packages should be made easily accessible by SMEs in all sectors of the economy. The package should be a revolving fund and it should be managed at local government level to reduce on the paperwork when the funds are in the bank. The lending institutions should design packages with low interest rates and make their services flexible for the SMEs.

6.4 Recommendations for other studies

6.4.1. A similar study should be conducted 5 years from the outbreak of the COVID-19 to determine the long-term effects of the COVID-19 Pandemic on SMEs in the selected townships of Lusaka province.

6.4.2. Future research should also focus on the challenges faced in the roll out of the pandemic relief fund by the government and the study should be conducted in all provinces of Zambia.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

INFORMED CONSENT FORM

INSTITUTION: THE UNIVERSITY OF ZAMBIA, GRADUATE SCHOOL OF BUSINESS

CONTACT NUMBER: +260977717137/0953975 662

EMAIL ADDRESS: gsb@unza.zm

P.O.BOX: 32379, LUSAKA, ZAMBIA.

RESEARCHER: PHERGUSON MITI

CONTACT NUMBER: +260 977 494033

EMAIL ADDRESS: phergusonm@gmail.com

SUPERVISORS: Dr Chrine Hapompwe

CONTACT NUMBER: +260 977 808 621

EMAIL ADDRESS: chrine.hapompwe@unza.zm

Project Topic: Assessment of the Effects of COVID-19 on Small and Medium Enterprises (SMEs) in Selected Townships of Lusaka.

You are invited to participate in research conducted by Pherguson Miti, an MSc student in Entrepreneurship and Innovation at the University of Zambia, Graduate School of Business.

The objective of the study is to determine the effect of COVID-19 on SMEs in Chelstone, Avondale and Mtendere.

Interviewee's consent and confidentiality assurance:

- The study requires your participation through structured interviews to be administered by the researcher.
- Your name and any information obtained which can be identified with you will remain confidential.
- You have right to ask questions during the interview.

Do you agree to participate in this research?

- ☐ Yes
- ☐ No

Section A:

Tick the appropriate response in each of the questions below.

1. Sex
    - ☐ Male
    - ☐ Female

2. How old are you?
    - ☐ 18-29
    - ☐ 30-44
    - ☐ 45-60
    - ☐ >60

3. What is your level of education?
    - ☐ None
    - ☐ Primary
    - ☐ Secondary
    - ☐ Tertiary

4. What position of responsibility do you hold in the company?
    - ☐ Director
    - ☐ Manager
    - ☐ Supervisor
    - ☐ Cashier/Accountant
    - ☐ Driver
    - ☐ General employee

5. Select operating area:

    - ☐ Chelstone
    - ☐ Avondale
    - ☐ Mtendere

Section B.

Tick the appropriate response in each of the questions below.

6. Select Business type:

    - ☐ Barbershop and Salon
    - ☐ Restaurant
    - ☐ Hospitality
    - ☐ Agriculture crop production (Horticulture)
    - ☐ Taxi and Bus operators
    - ☐ Private Schools
    - ☐ Retail/Wholesalers
    - ☐ Bars and Taverns

7. How long has your business being in operation?

- ☐ 2 years
- ☐ 2-5 years
- ☐ Over 5 years

8. Is your business registered with PACRA, ZRA or RTSA?

   - ☐ Yes
   - ☐ No

9. How many employees do you have as a Business?

   - ☐ Less than 5.
   - ☐ Between 5 and 10
   - ☐ More than 10

Section C:

Tick the appropriate response in each of the questions below.

10. What has been the main financial challenge for your business after the outbreak of COVID-19 (Choose not more than 2 options).

    - ☐ Staff wages
    - ☐ Rent
    - ☐ Repayment of loans
    - ☐ Payment of Invoices
    - ☐ Other expenses
    - ☐ No Specific problem

11. What measures have you put in place to ensure that your business survives and continues to operate one year after the outbreak? (Choose not more than 3).

- ☐ Reduced the prices.
- ☐ Introduced direct deliveries.
- ☐ Introduced E-business (Digitalisation).
- ☐ Direct Marketing
- ☐ Reduced the cost of operations.
- ☐ Formed co operations.
- ☐ Changed suppliers.

12. Has your cash flow been negatively affected by the pandemic?

- ☐ Yes
- ☐ No

13. What measures have you put in place to mitigate the cash flow challenges?

- ☐ Got loan from the bank.
- ☐ Got loan from the Microfinance company.
- ☐ Get loan from individuals/Friends/Family
- ☐ Engage equity Finance.
- ☐ Reduction of operating costs
- ☐ No Cash flow challenges.

Section D:

Tick the appropriate response in each of the questions below**.**

14. Is your company currently considering layoffs or has already done so because of the Pandemic?

- ☐ Yes (Go to question 15)
- ☐ No (Go to question 16)

15. How many employees have you laid off due to the effects of COVID-19?

- ☐ 1
- ☐ 2
- ☐ Between 3-5
- ☐ More than 5
- ☐ None

16. Are you facing a disruption in supply of inputs/raw materials?

- ☐ Yes
- ☐ No

17. What measures have you put in place to mitigate the shortage in supply?

- ☐ Identified new suppliers.
- ☐ Reduced production.
- ☐ No shortages of inputs or raw materials.
- ☐

18. Are there any other business problems that your company is facing?

- ☐ Reduced orders.
- ☐ Reduction in customers
- ☐ Inability to deliver existing orders.
- ☐ Difficulty in accessing finances.
- ☐ High interest rates on loans.
- ☐ Disruption of logistics

THE END

APPENDIX 2: INTERVIEW QUESTIONS.

To be filled by the interviewee.

INFORMED CONSENT FORM

INSTITUTION: THE UNIVERSITY OF ZAMBIA, GRADUATE SCHOOL OF BUSINESS

CONTACT NUMBER: +260977717137/0953975 662

EMAIL ADDRESS: gsb@unza.zm

P.O.BOX: 32379, LUSAKA, ZAMBIA.

RESEARCHER: PHERGUSON MITI

CONTACT NUMBER: +260 977 494 033/0953 558 897

EMAIL ADDRESS: phergusonm@gmail.com

SUPERVISORS: Dr Chrine Hapompwe

CONTACT NUMBER: +260 977 808 621

EMAIL ADDRESS: chrine.hapompwe@unza.zm

Project Topic: Assessment of the Effects of COVID-19 on Small and Medium Enterprises (SMEs) in Selected Townships of Lusaka.

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Interviewee's consent and confidentiality assurance:

- The study requires your participation through structured interviews to be administered by the researcher.
- Your name and any information obtained and identified with you will remain confidential.
- You have the right to ask questions during the interview.

Do you agree to participate in this research?

- ☐ Yes
- ☐ No

Interview Date (dd/mm/yy):

_____

Section A:

Tick the appropriate response in the questions below.

1. Sex
   - ☐ Male
   - ☐ Female

2. Business location:
   - ☐ Chelstone
   - ☐ Chainda
   - ☐ Mtendere

3. What is your level of education?
   - ☐ None
   - ☐ Primary
   - ☐ Secondary

☐ Tertiary

Section B:

Write short answers to each of the questions below.

4. What type of business do you operate?

   _____

   _____

5. Is your business registered with PACRA, RTSA, ZRA or the Lusaka City Council?

   _____

   _____

   _____

6. Who is the owner of the business?

   _____

   _____

   _____

7. What is your role in the business?

   _____

   _____

   _____

8. How long has your business being operational?

_____

_____

_____

Section C:

Write short answers to each of the questions below.

9. What is the financial status of the company today compared to 2 years ago (Before the outbreak of COVID-19)?

   _____

   _____

   _____

   _____

   _____

   _____

Section D:

Write short answers to each of the questions below.

10. How many employees are there in your company today and was the number the same two years ago before the outbreak of COVID-19?

    _____

    _____

    _____

    _____

    _____

    _____

11. What challenges is your company currently facing which were not there before COVID-19 or have become worse by the outbreak of COVID-19?

_____

_____

_____

_____

12. What measures have you put in place to ensure that your business remains sustainable?

_____

_____

_____

_____

_____

13. What other business problems is your organisation facing which you think might be linked to the effects of COVID-19?

_____

_____

_____

_____

_____

THE END

THANK YOU FOR YOUR TIME.

APPENDIX 3: ZRA LETTER OF RESPONSE

ZAMBIA REVENUE AUTHORITY

Research and Corporate Strategy Department
New Revenue House
P.O. Box 35710 Lusaka
Tel: +260 211 383100 Fax +260 211 238029
E-mail.phiriEz@zra.org.zm Website: www.zra.org.zm

My Tax Your Tax Our Destiny

DRCS/003/05/21

27 April 2021

Pherguson Miti
UNZA-GBS Student
phergusonm@gmail.com
Lusaka.

RE: Request for Information

Reference is made to your letter dated 15th April 2021 on the above subject.

We are pleased to avail the requested data on the number of registered Small and Medium Enterprises (SME). The Authority has no classification of micro-enterprises, and taxpayers are classified as either Large, Medium or Small taxpayers. The information provided in the appendix is as at 31st March 2021.

Should you need any further information please feel free to get in touch with my office.

Yours faithfully

Ezekiel Phiri
DIRECTOR - RESEARCH AND CORPORATE STRATEGY

APPENDIX

Table 1: Small and Medium Enterprises in Zambia

TAXPAYER CLASS	NUMBER
MEDIUM TAXPAYER	76,443
SMALL TAXPAYER	190,250
Grand Total	266,693

Table 2: Small and Medium Enterprises in Lusaka

TAXPAYER CLASS	NUMBER
MEDIUM TAXPAYER	34,698
SMALL TAXPAYER	95,327
Grand Total	130,025

Classification of taxpayers

The Zambia Revenue Authority classifies taxpayers according to the level of annual turnover as indicated in table 3:

Table 3: Taxpayer classification

Taxpayer class	Level of turnover (ZMW)
Small taxpayer	Below 800,000.00
Medium taxpayer	800,000.00 – 50,000,000.00
Large taxpayer	Above 50,000,000.00

APPENDIX 4: PACRA 2018-2021 TRENDS REPORT

PACRA
REPORT ON ACTIVE BUSINESSES

Printed on: 4/27/2021 9:51:30 AM

Type of Entity: - All -
Category: - All -
Office: - All -
Year range: 2018 - 2021

		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
REGISTRATIONS	BN	2018	1512	1445	1243	1474	1408	1394	1188	1565	1399	1471	1318	1225	16642
		2019	1734	1486	1636	1480	1717	1568	1576	1725	1396	1555	1383	1473	18729
		2020	1594	1340	1167	984	1239	1450	1282	1472	2339	1693	1597	1323	17480
		2021	1307	1334	1567	1277	0	0	0	0	0	0	0	0	5485
		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	FCO	2018	4	6	7	5	6	7	6	12	4	4	3	3	67
		2019	9	7	6	3	4	3	6	5	9	3	12	7	74
		2020	6	3	7	5	5	3	11	6	7	11	6	7	77
		2021	6	4	1	4	0	0	0	0	0	0	0	0	15
		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	LCO	2018	905	878	858	904	988	944	812	992	882	978	908	774	10823
		2019	978	968	701	755	842	828	840	896	911	806	810	767	10102
		2020	917	849	796	698	900	933	928	1036	1182	1052	985	987	11263
		2021	1048	1033	1127	912	0	0	0	0	0	0	0	0	4120
		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	other	2018	41	30	47	35	33	57	34	46	53	44	56	24	500
		2019	24	41	10	2	7	3	4	7	0	8	10	8	124
		2020	19	7	18	8	7	7	12	7	12	11	18	8	134
		2021	7	3	5	0	0	0	0	0	0	0	0	0	15
DEREGISTRATIONS		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	BN	2018	186	161	173	160	132	176	131	147	155	137	143	129	1830
		2019	156	145	98	115	134	133	96	125	121	110	115	113	1461
		2020	146	100	131	98	108	138	130	110	140	147	127	124	1499
		2021	141	116	191	116	0	0	0	0	0	0	0	0	564
		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	FCO	2018	1	1	1	0	2	1	0	1	1	2	1	0	11
		2020	0	0	0	0	0	0	1	0	0	1	2	0	4

DEREGISTRATIONS		2021	0	1	0	0	0	0	0	0	0	0	0	0	1
		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	LCO	2018	41	32	30	37	19	30	35	43	31	28	18	25	369
		2019	33	24701	15	2	0	0	1	0	1	0	0	0	24753
		2020	1	1	0	4	0	20	40	16	10	3	6	26	127
		2021	2	36	23	30	0	0	0	0	0	0	0	0	91
ANNUAL RETURNS		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	BN	2018	2706	2141	2350	3123	2624	2061	1817	2006	1934	2067	3600	2569	28998
		2019	3652	2313	2393	2470	2404	1921	1977	1872	1843	1864	1840	2466	27015
		2020	4790	4386	2961	1923	3972	2853	2475	2052	3204	2602	2295	2432	35945
		2021	2880	2860	3309	3006	0	0	0	0	0	0	0	0	12055
		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	FCO	2018	10	27	10	12	25	38	39	17	11	23	28	14	254
		2019	17	19	12	4	26	10	22	10	16	21	15	22	194
		2020	22	16	22	19	36	16	12	23	31	40	5	12	254
		2021	47	20	40	11	0	0	0	0	0	0	0	0	118
		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	LCO	2018	2616	2337	2312	3634	3140	2742	2119	2238	2260	2239	3469	2890	31996
		2019	4158	2921	2443	3050	2768	2254	3064	2426	2285	1927	2041	3672	33009
		2020	4996	4541	3321	2851	3966	4233	3030	2569	2976	2352	2442	2431	39708
		2021	3746	3432	3767	3622	0	1	1	0	0	0	0	1	14570
		YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
	other	2018	0	0	0	0	1	0	0	0	0	0	0	0	1