

Are SME's Resilient Against COVID-19?: Evidence in Zambia

Chinyama Kapwacha¹, Ben Kasesela², Maboipuso Mathabiso Letoane³, Mulemwa Muwanei⁴

The Copperbelt University Directorate Of Distance Education and Open Learning PO Box 21692, Jambo Drive, Riverside, Kitwe - Zambia

¹Email: kapwachachinyama[at]gmail.com

²Email: bkasesela[at]yahoo.com

³Email: masthabiletoane[at]gmail.com

⁴Email: mulemwamuwanei[at]gmail.com

Abstract: COVID-19 affected countries on both health and economic level due to preventive measures imposed and implemented to curb the spread of the virus. Preventive measures included restriction of movements, change of business operation hours and total lockdown that impacted the income generation and performance of businesses just like any other country Zambia WAS also not spared. The study sought to determine SMEs resilience against COVID-19 crisis. It further, looked into the impact of COVID-19 specifically in the tourism sector on SMEs such as bars, hotels & lodges, restaurants and travel agents. The research was carried in Lusaka and Livingstone, which is the tourism capital city of Zambia. With much concentration on the tourism sector, with SMEs such as bars, hotels /lodges, restaurants and travel agents as respondent. A qualitative research method was applied in this study because of its focus on getting a detailed understanding of a situation in assessing the resilience of small and medium enterprises (SMEs) against COVID-19 pandemic in hospitality and tourism sectors. Semi structured interview questions were administered to business owners and workers to assess the impact occasioned by the COVID-19 restrictions, effect on labor and employment, strategies they adopted to resuscitate them businesses when the restrictions were released. All the research respondents stated that they were negatively impacted by COVID-19 pandemic as some companies had to close down due to lack of operating capital; others had to lay off staff to inability to pay salaries, but did not close their business and kept it the running as a going concern. The conclusion was that SME's are indeed not resilient against COVID-19 as evident by their way in which businesses crumbled, some closed down, some laid off their employees whilst others failed to keep their businesses afloat.

Keywords: Resilient, COVID-19 effects, Small and Medium Enterprises, Tourism

1. Introduction

Coronavirus disease (COVID-19) is a communicable respiratory disease caused by a new strain of coronavirus named SARS - CoV - 2 that causes illness in humans. Scientists are still learning about the disease, and reported that the virus is suspected to have begun in animals. At some point, one or more humans acquired infection from an animal, and those infected humans began transmitting infection to other humans. The disease spreads from person to person through infected air droplets projected during sneezing or coughing, having contact with infected surfaces and touching either nose, eyes and mouth with contaminated hands (African Union Africa Center for Disease and Preventions, 2020)

COVID-19 was first reported in Wuhan China in December 2019, but it has now spread throughout the world affecting global economies. The threat of COVID-19 was not evident even after it was declared a Global Public Health Emergency on 30th January, 2020 and upgraded to a pandemic in early March by the World Health Organization due to its wide and continued global spread. The first two (2) cases of COVID-19 in Zambia were recorded on 18th March, 2020. Thereafter, more cases came up, necessitating Government to act to curb the spread of the pandemic.

Zambia, like many other countries, devised preventive mechanisms and measures in an endeavor to manage and curb the spread of this deadly virus as advised by the World Health Organization. Movement restrictions implemented resulted in total lockdown of the country. Among the

measures imposed movement restrictions within and across the country for non - essential purposes resulted in closure businesses in the sectors considered non - essential. Essential services were medical related services, grocery shops and law enforcement institutions to ensure compliance to the public health regulations.

Movement between countries was only for medical and grocery related businesses while all other sectors had to remain closed until the situation improved. "The public care strategies included hand - washing, wearing face masks, physical distancing, and avoiding mass gathering and assemblies. Lockdown and staying home strategies have been put in place as the needed action to flatten the curve and control the transmission of the disease" (Siwale, 2021)

All these measures, though were beneficial to the public health security, posed an immense threat to the economy and business performance in different sectors and industries. Businesses in the non - essential sectors had to close operations, which affected going concern for most of the small and medium enterprises.

As the situation improved, where new cases and death toll reduced and countries managed to control infections, preventive measures were relaxed a bit to allow businesses in non - essential sectors to operate at reduced capacity. This meant introduction of changes in *modus operandi* for most businesses where others had to close shop while others struggled to keep open, as most companies and businesses were not prepared for the pandemic that resulted in devastating effects (Bularafa & Adamu, 2021).

Bularafa and Adamu (2021) posit that Small and Medium Enterprises (SMEs) play a pivotal role in economic development and performance in many countries through job creation and a source of entrepreneurial development in developing countries. Ibrahim (2021) posit that the pandemic has unsettled the global economy and continues to ravage the existence of small and medium enterprises (SMEs). According to Ibrahim (2021), devastating effects include, among others, loss of competent staff because companies cannot afford to increase salaries. Some companies had to deal with disrupted supply chains due to reduced availability of raw materials, which in turn resulted in low production and income generation (Ibrahim, 2021).

According to James and Navaneethkrishnan (2020), the exponential growth of the virus posed several dire challenges to SMEs such as reduction of global and local demand for their services and products, decline of credit worthiness because of inability to service loans in a timely manner. In addition, deteriorating cash flow situation caused by lost market and changes in operating patterns resulted in failure to pay for short - term working capital costs. Companies had to put in place COVID preventive measures that were not budgeted for and that increased the burden on cash flow (Robinson & Kengatharan, 2020).

All these challenges posed by the pandemic became emotionally draining for both business owners and employees alike, hence even when restrictions have been lifted, some companies could not manage to maintain their performance to an extent that some had to close shop (Robinson & Kengatharan, 2020)

Due to lock downs and movement restrictions, companies scaled down their operations with some employees staying at home awaiting recall by their management but due to dire financial constraints, some companies failed to recall employees due to reduce operation capacity and inability to pay salaries (Robinson & Kengatharan, 2020). During peak period of the pandemic, many people lost their jobs and their purchasing power deteriorated significantly resulting in less demand for SME products and services locally (Ibrahim, 2021)

COVID-19 pandemic brought devastating effects on performance of small and medium enterprises because preventive and controlling measures contributed to the reduction of customer purchasing rate and ability (Bularafa & Adamu, 2021). The pandemic affected businesses globally due to market closure, social distancing and total lockdowns that resulted in loss of business and cash flow for SMEs. With the challenges facing SMEs, those in the tourism sector suffered more because tourism involves movement of people from one place to another in the same country namely domestic tourism as well international tourism where tourists travel across countries to visit places of interest. Tourism sector suffered even more because it is considered a non - essential sector and travel agents, bars, hotels and lodges as well as restaurants suffered and some even closed down. There is a gap in the literature when considering the recovery strategies of SMEs from the aftermath of COVID-19, as there is paucity research on the strategies employed to stay in business.

Therefore, the aim of this paper was to assess the resilience of small and medium enterprises in hospitality and tourism sectors in Zambia to COVID-19 pandemic. The objective of this paper was to determine the extent to which small and medium enterprises mainly restaurants, bars, hotels and lodges as well as travel agents suffered due to the preventive measures such as restrictions, lockdowns and change in operating patterns, put in place to curb the spread of COVID-19. To determine the strategies implemented to survive the aftermath of the pandemic as well strategies employed to sustain the business going forward.

A qualitative research method was applied in this study to achieve an in - depth understanding of the effect and impact of COVID-19 on the going concern of small and medium enterprises and the strategies implemented to survive the aftermath of the pandemic. Semi - structured questionnaires were administered to collect data from the entrepreneurs in the selected sectors allowing for variations in respondents' answers and organizational practices and strategies they employed to continue in business even after a knock caused by the pandemic.

Responses from the participants indicate that indeed COVID-19 has affected their businesses in that the number of patrons going to bars and restaurants has significantly reduced. It was noted from the survey that most of the bars and nightclubs had seen their revenues decline due to the restrictive operating hours imposed by the government. As a result of reduced operating hours, bars and nightclubs had to scale down and lay off some staff.

On the other hand, COVID reduced buying power due to people losing jobs, maintenance and purchasing of COVID-19 supplies brought about an additional cost that reduced entertainment money. Hotels and lodges were no exception as number of guests reduced significantly due to restricted movements, hygiene issues as COVID-19 was transmitted through contact of contaminated surfaces.

2. Literature Review

COVID-19 was first reported in Wuhan China in December 2019, but it has now spread throughout the world impacting global economies. The COVID-19 caused lower economic growth and engendered a global recession (Craven et al., 2020). It is difficult to make an intuition as to how long the COVID-19 pandemic will last and the consequences of COVID-19 have surpassed the global financial crisis 2008 - 2009 (African Union Africa Center for Disease and Preventions, 2020)

The consequences of the COVID-19 are noticeable worse in developing countries owing to the reduction in exports, reduced commodity prices, declined in tourism, difficulties in accessing financial markets, and dropped in remittances (Loayza and Pennings, 2020). Economic immunity is lower across developing countries, hitting major sources of income (Fernandes, 2020) and the vulnerability of the pandemic is greater in developing countries (Loayza and Pennings, 2020). Nonetheless, there is a paucity of research studies in the context of developing countries and consequently, the present study focused on one of the developing countries, Sri

Lanka, to explore the consequences of the COVID-19. (Robinson & Kengatharan, 2020)

According to a report from the International Monetary Fund (IMF) there is likely to experience a recession globally in the year 2020. Business sectors such as travel, accommodation, and food services will feel the pain more than other sectors. Generally, businesses are likely to undergo several stages of depression before regaining (Vyas & Amin, 2020).

SMEs together with their employees are an integral part of social and economic systems of day - to - day life globally. This important role played by SMEs now is facing threats from unmatched effects of coronavirus. The customers, as well as facilitators of SMEs, are under the threat of business bankruptcy as a result of the recession experienced globally (Vyas & Amin, 2020). However, in such conditions controlling the virus, maintaining employee pay, reduction in long - term costs, and cost of preventing business collapse are vital which the government should be doing.

The severity and damages caused by each of the stages hinge on the measures taken by various governments. The effect will be severe and the length of the pandemic will be unknown. For the fact that businesses travel from closure to regaining. Micro, small and medium scale enterprises will experience a combination of threats in the process of surviving the effect of the pandemic. The demand for goods and services has risen and the majority of businesses have started showing a sign of liquidity problem due to the problem of cash reserves of SMEs.

Hence any liquidity problem from this sector of the economy will result in liquidation in many other large businesses. For SMEs engaging in production activities, operations during lockdown become a problem because factory floors are not designed for social distancing. The movement of people to other places for the safety of life has resulted in the disappearance of workers and filling the gap created may be difficult for SMEs. (Bularafa & Adamu, 2021)

The threat of COVID-19 was not evident even after it was declared a Global Public Health Emergency on 30th January, 2020 and upgraded to a pandemic in early March by the World Health Organization due to its wide and continued global spread. The first two (2) cases of COVID-19 in Zambia were recorded on 18th March, 2020. Thereafter, more cases came up, necessitating Government to act to curb the spread of the pandemic. Among the restrictions imposed were on the ban of non – essential travel to all Countries and controlled movements of goods and persons across borders.

The countries around the world cautioned the public to take responsive care. “The public care strategies have included hand - washing, wearing face masks, physical distancing, and avoiding mass gathering and assemblies. Lockdown and staying home strategies have been put in place as the needed action to flatten the curve and control the transmission of the disease” (Tembo, 2020)

However according to (Siwale, 2021), “Zambia was cognizant of the fact that a delicate balance had to be found

in the border control measures to prevent the spread of the virus while ensuring continuity of economic activities and preservation of supply chains hence, the need for unobstructed transportation of goods and provision of services to maintain their availability”. Zambia first declared closing of schools and institutions and reduction of business hours during the second week of March 2020. The complete nationwide lockdown was implemented from early months of 2020 (Siwale, 2021).

Many researchers around the globe since the emergence of the pandemic called COVID-19, which has a devastating effect on the economy of many countries of the world. For instance, the study of siwale (2021) examined the impact of COVID-19 on transportation in Lagos, Nigeria. The findings revealed that lockdown and restrictions on movement have a significant negative effect on SME's performance. The findings indicate that economic activities, social activities, and religious activities during COVID-19 were affected by the disrupted transport services due to the pandemic (Siwale, 2021). Additionally, the increased cost of transportation, shortage or lack of transportation mode, and traffic congestion were identified as the effect of COVID-19 on transportation in Lagos State, Nigeria, which also led to the increase in the overall cost of living in the city as well as an increase in the cost of food items.

In another study by Hamiza (2020) who conducted on the impact of Coronavirus Lockdown on Small and Medium Scale Businesses in Arua Municipality, Uganda, findings of the study revealed that lockdown has a significant negative effect on SMEs performance in Arua Municipal of Uganda. In their contribution, Ozili and Arun (2020) revealed that the increasing number of lockdown days, monetary policy decisions, and international travel restrictions have a significant negative effect on SME's performance.

Furthermore, the findings indicate that restriction on internal movement and higher fiscal policy spending did not have a positive effect on SME's performance. Also, Abideen (2020) who conducted on Coronavirus (COVID-19) and the Survival of Small and Medium Enterprises in Abeokuta, Ogun State Nigeria, the result of the study revealed that the COVID-19 sub - variables such as lockdown, movement restriction, and international travel restriction all have a significant negative relationship with the SMEs performance in Abeokuta, Ogun State Nigeria.

Tembo, (2020) discusses COVID and its Impact to the Zambian economy also taking into consideration the impact on the tourism Industry. For Zambia, a country centrally located in the Southern African Development Community (SADC), the Eastern and Southern Africa (COMESA), the outbreak of the Coronavirus in December, 2019 in Wuhan City, Hubei Province in China seemed far - fetched. The threat of COVID-19 was not evident even after it was declared a Global Public Health Emergency on 30th January, 2020 and upgraded to a pandemic in early March by the World Health Organisation due to its wide and continued global spread. The first two (2) cases of COVID-19 in Zambia were recorded on 18th March, 2020.

Thereafter, more cases came up, necessitating Government to act to curb the spread of the pandemic. Among the restrictions imposed were on the ban of non – essential travel to all Countries and controlled movements of goods and persons across borders. Zambia was cognisant of the fact that a delicate balance had to be found in the border control measures to prevent the spread of the virus while ensuring continuity of economic activities and preservation of supply chains. Hence, the need for unobstructed transportation of goods and provision of services to maintain their availability.

National Transport Emergency Guidelines were developed and outlined protocols on public transport, health measures, social distancing and provision of information on COVID-19. Closure of International Airports Three out of the four International Airports were closed. Impact of COVID-19 has had a negative impact on the economy due to loss of employment, income and in some cases loss of business. (Tembo, 2020)

After reporting its first case of COVID-19 on 18th March 2020. Zambia was quick to take early action to contain the spread. As of the 22nd July 2020, Zambia confirmed 3, 583 positive cases, of which recorded north of 50% recovery and 128 COVID-19 deaths. In response to the crisis, restrictions were imposed on public gatherings, schools and universities were closed including restaurants and bars, and there was a temporary lockdown of some towns.

Even though many of the restrictions have been eased or lifted altogether, social distancing and operational guidelines remain. As a result of the economic slowdown, disruptions to international trade and depreciation of the kwacha and with all these linked to COVID-19 pandemic, the International Monetary Fund (IMF) has projected a GDP growth of - 3.5% for Zambia in 2020, compared to between positive 2 and 3% in the last five years. In fact, the last time Zambia experienced negative GDP growth was over 20 years ago. The lowest income segments are particularly vulnerable to the economic impacts of the coronavirus pandemic and the resulting economic slowdown (Vyas & Amin, 2020).

“Overall COVID-19 is a real threat to Zambia’s tourism sector and there is a high risk that many firms will shut down and disappear, undermining any ultimate economic recovery when international travel resumes. The World Travel and Tourism Council (WTTC) has warned that the COVID-19 pandemic could cut 50 million jobs worldwide in the travel and tourism industry. The industry, which currently accounts for close to 10% of global GDP, is expected to contract by 20% to 30% in 2020. Zambia’s travel and tourism industry, which has shown signs of healthy in 2019 (Tabetando, 2020).

The year 2021 marks One year of the global COVID Pandemic, like the rest of the world, the pandemic has had unprecedented effects on many aspects of life. The economic effects have been particularly significant, most aptly demonstrated at the macro level by Zambia becoming the world’s first COVID-19 - era sovereign debt default (Siwale, 2021)

The COVID-19 policy responses that a country adopts have become a proxy indicator for state capacity. Like other countries, the Zambian government adopted COVID-19 policy measures to forestall the progression of the virus in the population. Rating the country’s policy response to the pandemic, the Oxford lockdown stringency index consistently rates Zambia’s response as moderate, relative to other countries in the region. Although Zambia never imposed a nationwide lockdown (as was the case in South Africa, Botswana, Zimbabwe, Uganda, and Rwanda), measures that were taken included short - term border closures (the Zambia - Tanzania border was closed for 5 days) and constrained economic activities (closing of bars, restaurants, nightclubs, cinemas, and casinos through mid - May), schools were also closed, but outside of this most businesses (the majority which are informal) remained open (Siwale, 2021).

3. Research Methodology

According to Kothari (2004), a research methodology is a precise procedure that yields answers to research questions using chosen research approaches. For this study a single method or approach was used where qualitative elements were utilised. A qualitative research method was applied in this study because of its focus on getting a detailed understanding of a situation in assessing the resilience of small and medium enterprises against COVID-19 pandemic in hospitality and tourism sectors particularly in Livingstone, the tourist capital city of Zambia. Further, qualitative research method generates a comprehensive explanation of respondents' thoughts, viewpoints, and perspectives, as well as perceives the interpretations of their activities. Therefore, qualitative research was used to interpret and better understand the complex reality of a given situation.

Research Design

The design that was used in this study is that of which is descriptive in nature. Basically, descriptive research is a process of collecting data in order to test hypothesis or to answer questions concerning the status of statistic in the study; it helps to describe what exists and may uncover new facts and meaning. Descriptive research attempts to explore and explain while providing additional information about the topic. It is advantageous because it is economical in cost and easy to manage (Mugenda *et al.*, 2003). The descriptive study is designed to explain evidence from COVID-19 SMEs resilience.

Study population and sample size

Study population is that population which the researcher wants to generalize the results of the study (Mugenda *et al.*, 2003). As such, the study population encompassed all owners of Small Medium Entrepreneurs (SMEs) and workers of Bars, restaurants, lodges, as well as traveling agents in the hospitality industry in Livingstone, the tourism capital city of Zambia. The sample frame for this study consisted of Small Medium Entrepreneurs who were employing at least one or two workers in their everyday business operation and are situated in Livingstone the tourism capital city of Zambia.

The sample size was further constrained by the guideline of Onwuegbuzie and Leech (2007) that the research sample should be large enough to achieve data saturation, yet small enough to achieve rich qualitative data. In addition, Magilvy and Thomas (2009) provided a rule of thumb to guide the sample size. According to Magilvy and Thomas (2009), 'A typical sample size for a qualitative descriptive study may be as few as 3 to 5 persons, ranging up to about 20 participants. For the purpose of this study, we agreed on a sample size of 20 participants. As stated by Salkind (2013: 235) and Dworkin (2012: 1320), not more than 30 participants are the ideal number when conducting in - depth interviews.

In the end, just like planned 20 participants were interviewed to curb the possibility of new information emerging after the saturation point was reached during the eighteenth interview. Those who did not meet inclusion criteria as set out were excluded from the research. This includes SMEs in the areas of Bars, restaurants, lodges as well as travel agents. Further, we choose this sample size of 20 in order to effectively manage the responses due to time and resource constraints and also to ensure a critical analysis of the phenomenon under study. The sample size was calculated using the Taro Yamene sampling formula. The formula is represented as follows;

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

Where n is the sample size, N is the population size, and e is the level of precision. When this formula is applied to the above sample, we get: An assumption 95% confidence level and 5% precision (alpha) level was made.

The study purposively selected 20 participants to conduct face to face interview and the interviews were conducted as indicated in the table below.

Table 1: A breakdown of number of respondents interviewed

Sector	Number of entrepreneurs and workers
Bars	05
Restaurants	05
Travel agents	05
Lodges	05
Total	20

Data collection

The study was primarily based on qualitative methods of data collection and analysis. Therefore, when creating the interview guide, it was critical to ask questions that were likely to produce as much knowledge of the subject as possible while also being sufficient to explore the research's goals. Valid questions for a qualitative interview ought to be open - ended, impartial, perceptive, and comprehensible. It was typically best to begin with questions that respondents could simply answer before moving on to more complicated or delicate topics. This helped to put people at ease, gain trust and cooperation, and often created rich data that was used to further advance the interview. Semi - structured questions were employed as the data collection tool as indicated in the appendix section of this paper. In line with the recurring inductive–deductive hybrid analytical strategy, the questions were designed to reflect the themes extracted

from the literature on SMEs resilient to COVID-19. In this method, the topic of the research was listed before the actual interview.

Further, the interviews were semi - structured, allowing for variations in respondents' answers and organizational practices. Semi - structured interviews, as opposed to structured interviews, investigate participants' reactions by letting them to further clarify and establish their answers, that might add new 30 (Saunders et al., 2009). Data was collected from the following classes of SMEs; Bars, lodges, restaurants and travel agents, at least 5 respondents from each of the above classes of SMEs are were interviewed.

The accounts of people established from the respondents was used to compare with the respondents of others, and in the end understand the underlying factors SMEs resilient against covid - 19 crisis (Kloss, Perlis, Zamzow, Culnan, & Graciac, 2015). Key informants were approached for face - to - face interview to provide with the information and were purposively selected. An interview guide was used and a recorder or a phone was also used to collect qualitative data. Refer to the appendix section for a complete list of interview questions.

Data analysis

A qualitative content analysis was conducted on the interview transcripts to reveal meanings, relationships and insights related to the research questions. Qualitative content analysis is a research technique that employs language characteristics to explore the content or contextual meaning of research data in the written text format within a naturalistic paradigm (Hsieh & Shannon 2005). The aim of this process is to abstract descriptive knowledge of the phenomena under study. This information is systematically coded, categorised, themed and evaluated for patterns (Assarroudi et al.2018; Hsieh & Shannon 2005).

Therefore, qualitative data was analyzed by the use of thematic analysis method. In - depth, thematic analysis involves using a primarily deductive approach to create data coded for perceived SME resilient against COVID-19 crisis. Thematic analysis is a method of analyzing qualitative data, it is usually applied to a set of texts, such as an interview or transcripts. The researcher closely examines the data to identify common themes – topics, ideas and patterns of meaning that come up repeatedly.

Data Management and Quality

Data was collected during the month of March 2022. All the respondents were allowed to respond to the Interview questions within 20 - 30 minutes. Pretesting was done on entrepreneurs and workers to test the credibility and the validity of the semi - structured interview questions in producing the desired results. This helped in identifying areas, which were not clear, and correction was made before the main data collection. We further performed a pilot study to examine the reliability of the instrument and in order to enhance validity of the findings, data to be collected was verified by using respondent validation.

4. Data Analysis, Findings, and Discussions

Based on the field survey, it was noted that indeed SME's are in fact not resilient against COVID-19. The impact has been felt across SME's in diverse business sectors. From our analysis of SME's in the tourism sector, 100% of our research respondents stated that they were negatively impact by COVID-19 in one way or another. The below observations were made from the surveys conducted on various market players in the tourism sector:

Bar & Nightclubs

With man's propensity for leisure and entertainment, bars and night clubs are a common place in modern day society. Hundreds of people usually flock to bars and night clubs for relaxation especially after having a hard day at the workplace. It is no wonder that bars and nightclubs are big businesses through which entrepreneurs make a living. Hundreds of people are employed in various bars and restaurants throughout Zambia.

It was noted from the survey that most of the bars and nightclubs had seen their revenues decline due to the restrictive operating hours imposed by the government. The Zambian government had restricted operating to only 3 hours a day at the beginning of the pandemic. Other bar and nightclub operators also had to scale down on their labour force in an effort to minimize costs during the turbulent economic time brought about by the COVID pandemic.

One of the survey respondents, the proprietor of popular beer lounge and nightclub in Woodlands, Lusaka stated that they had seen their daily revenues decline from about ZMW 9, 000 to only ZMW 3, 000 a day. This was because

restrictive operating hours had restricted the amount of revenue that could be earned in a day. At the height of the COVID pandemic, the government instituted a total lockdown which meant that the nightclub made no revenues at all as no individual patronized the bar for fear of being arrested. The club proprietor therefore had no income and had to temporarily lay off his employees during the lockdown.

Other businesses such as beer manufacturer were also directly affected as bars and nightclubs are some of their major customers. One of the respondents, a local businessman who owns a local beer brewery noted that his business had been negatively impacted by the COVID restrictions as his main customers (Bars and nightclubs) had scaled down operations due to the restrictive COVID operating measures. He lamented that weekly beer sales had reduced from about 860 crates sold per week to only about 240 crates sold per week after the COVID measures were introduced by the Zambian government.

Hotels & Lodges

A survey conducted on Hotels and lodges revealed that 100% of the respondent lodges and Loges saw a decline in their guest list after the onset of the COVID pandemic in 2020. In May 2020, the Zambian Government imposed a total lock down in order to contain the pandemic. This meant that local and international tourist did not travel for adventure anymore. A Lodge in the tourist capital, Livingstone, availed us the monthly guest list summary for 2020 showing just how COVID had significantly impacted their business

Month	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Guest List number	85	87	89	85	16	19	21	31	29	44	41	49

Guest List summary, 2020

As can be seen from the table, the guest list declined by 85% between April 2020 and May 2020. In fact throughout the remainder of 2020, the business had never fully recovered its usual guest numbers. Rather than lay off employees, the management of the hotel decided to put employees on half pay (50% of monthly pay). The average pay for employees was ZMW1, 800. This meant that during the pandemic, workers would get than ZMW 1, 000 a month which is no sustainable in a country with a high cost of living such as Zambia.

Restaurants

Eateries such as restaurants and café's were also not spared by the COVID pandemic. During the lockdown, very few customers went the restaurants. This is because people chose to stay indoors for fear of contracting COVID. One of our respondents, a restaurant manager at Matebeto Bar and Restaurant in Lusaka narrated that the COVID period was very bad such that on some days, the restaurant could close at 12 AM as they did not expect any more customers to come through for the rest of the day. Customers now only bought food on take ways basis, however, the number of customers declined during the COVID lock down. Daily

revenues for the restaurants had fallen from about ZMW3, 000 to about ZWM 1, 200 at the height of the pandemic.

Another restaurant in Lusaka's affluent neighborhood of Kabulonga also indicated that during the lockdown, the number of customers had reduced as most of their customers who are the working class were now required to work from home by their employers. Hence there was no one to come through for lunch!

Travel Agencies & Tour Operators

From the sample respondents in this sector, the survey indicated that most tour operators were adversely by the pandemic. This business line is highly dependent on the travel and adventurous propensity of mankind. When the Zambia government and other countries imposed travel restrictions, most tour operators and travel agencies witnessed a scale down in their business.

Mukwa Travel & Tours, a Livingstone based travel agent and tour operator gave us a glimpse into just how their business had been impacted by COVID. At the peak of the pandemic in Zambia in 2020, the number of bookings

drastically reduced by 89% between April and May 2020. This was because local and international tourists were no longer traveling. Newly wed couples were also no longer making bookings for their honey moon festivities. The director of the company narrated to us that she had to place her employees on quarter pay just in order to keep the business afloat. She also narrated that during this period of time, her landlord still demanded the monthly rental for the office space despite the fact that the business was struggling due to COVID-19.

Another one of the research respondents, a businessman operating a luxury boat cruise service in the tourist capital, Livingstone bemoaned the disastrous effects that COVID-19 had brought on his business. He narrated that prior to COVID, the business registered 100 customers on a monthly basis. During the COVID-19 peak era, the customer base had fallen to less than 40 a month. In fact in June 2020, the business only had only 8 customers the whole month which was an all time low for the business. As this type business thrives on the adventurous nature of local and international tourists, the travel restrictions imposed by the Zambian government negatively impacted the business activities.

The impact was twofold, firstly the proprietor of the business lost his monthly income and secondly, 7 of his employees were laid off as the business was not generating income to retain the employees. It is therefore undeniable the SME's in the tourism sector are not resilient against the disastrous effects of COVID-19. Throughout the survey, one thing was clear for sure, SME's are not resilient against COVID-19.

5. Conclusion and Recommendations

The paper examines the impact of COVID-19 on small and medium enterprises in Zambia in the tourism sector with particular focus on the bars and restaurants, lodges and tour operators.

The objective of the study aimed at assessing whether the sectors under study were affected by the COVID-19 pandemic in Zambia. The focus was the small and medium enterprises. All sectors of the economy had to comply with the requirements to adhere to restricted operating hours and guidelines for business operations in order to curb the spread of the pandemic. Whilst workplaces operated under an employee rotational schedule where the numbers of employees reporting for work were fewer than the total workforce, bars and night clubs had undergone total closure for an extended period of time.

On the other hand, the Zambian tourism sector thrives on international more than the local tourists. The country experienced cancelled planned visits by tourists due to restriction from their countries of origin and the requirement by authorities to ban travel. The country also experienced short term border closures of neighboring countries and subjected people entering the country to testing and quarantining for a specified period.

6. Conclusion

Subsequent to a detailed survey by way of questionnaires and detailed data analysis it can be concluded that the small and medium enterprises were negatively impacted by the COVID – 19 pandemic. Amongst the effects of the pandemic, business had to make a choice of laying off employees or maintaining them on reduced salaries as a result of slow business. The tour operator sectors experienced drops in numbers of their clientele over the period of the restrictive operating hours and total closure.

7. Limitations of the Study

The research was qualitative and the topic was on the study of the impact of the novel Corona Virus. The pandemic recently occurred and there wasn't much research carried out in Zambia as it is the first outbreak with effects of its kind. It is apparent that at a particular time period, researchers may not have worked at full capacity thus churning out few studies. On the other hand, the pandemic has been in existence for a period of slightly over two years and the period is relatively short to enable more articles and research papers to be published.

Small and Medium Enterprise are regulated for reporting purposes but do not undergo rigorous reporting requirements. This posed a challenge with obtaining factual information which can be obtained and is verifiable from annual reports and audited financial statements. The researchers relied on information that was provided to them by the business owners through responses from the questionnaires.

A higher number of samples could not be obtained for purposes of confirmation of the hypothesis for the simple reason that some firms were indifferent or did not respond to the questionnaire in the given time frame. Physical visits in some places were not also possible because of the limited timeframe and resource envelope. It can be noted however that sample responses which were collected from various businesses for different service providers were representative enough to arrive at the conclusion.

Recommendations for further studies

The country recently introduced a ministry to oversee the micro, small and medium enterprises in Zambia in the bid to stimulate the economy because this sector, if performing well contributes to the growth of the National Gross Domestic Product. The research in this paper focused on the impact of the pandemic on the tourism sector with particular focus on bars & restaurants, lodges and tour operators, there is an opportunity for research on how the MSMEs in this sector can remain viable and profitable throughout whilst cushioning them from unstable business environments.

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Appendices

Research Questions:

Bars

1. How have COVID restrictions such as minimal operating hours impacted your business ?
2. Did you have any patrons coming through during the total lockdown?
3. How has the COVID pandemic restrictions impacted your profitability?
4. How many of your employees did you retain during the lockdown?

Hotels /Lodges

1. How have COVID restrictions such as travel bans impacted your business?
2. Did you have any guests coming through during the total lockdown?
3. How has the COVID pandemic restrictions impacted your profitability?
4. How many of your employees did you retain during the lockdown?

Restaurant

1. How have COVID restrictions such as minimal operating hours impacted your business ?
2. Did you have any "eat in" customers coming through during the total lockdown?
3. How has the COVID pandemic restrictions impacted your profitability?
4. How many of your employees did you retain during the lockdown?

Travel agencies

1. How have COVID restrictions such as travel bans impacted travel bookings?
2. Did you have any travel book - ins coming through during the total lockdown?
3. How has the COVID pandemic restrictions impacted your profitability?
4. How many of your employees did you retain during the lockdown?

Author Profile



Ben Kasesela is a chartered Accountant with a Bachelor of Accountancy Degree from the Copperbelt University and a member of the Association of Chartered Certified Accountants (ACCA) with over seven (7) year's work experience. I have three (3) years of progressive auditing experience gained in industries spanning Mining, Manufacturing, Financial institutions, Agriculture and NGO's. Currently serving as Management Accountant in an Oil Marketing Company.



Kapwacha Chinyama is a professional Business Studies Teacher, he holds a degree in Business studies with education obtained from Kwame Nkrumah University. His main research interest is in the area of finance and accounting. A member of a Teaching Council of Zambia. Beside teaching he have had a good year of experience in the area of procurement officer and ECZ data entry officer.



Maboipuso Mathabiso Letoane is a Chartered Accountant with more than 10 years' experience in finance and accounting pursuing Master of Business Administration in Finance with The Copperbelt University. Her areas of interest are financial management and business management strategies and theories.



Ms. Mulemwa Muwanei is a Chartered Global Management Accountant with over 15 years combined management experience in Financial Management, Financial Reporting and Audit and Assurance services.

In addition, she holds a Bachelor of Arts in Accounting Degree from Athlone Institute of Technology, Ireland and currently pursuing the Masters of Business Administration, Finance with Copperbelt University.