

COVID 19 and MSMEs in the Manufacturing Sector in Harare, Zimbabwe: Exploring Lessons for Coping Mechanisms During Pandemics

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Abstract

This study focused on examining the effects of the COVID-19 pandemic on MSMEs' businesses in Harare CBD and exploring the coping measures employed by the MSME sector for business survival. The MSME sector in Zimbabwe and the world at large was the hardest hit by COVID-19 as lockdown restrictions imposed affected small players in business. The study employed mixed methodology using the instrument of a questionnaire to collect data from a sample of 50 participants from five MSMEs in Harare CBD. Pearson correlation was used to examine the association between variables. The findings of this study confirmed the significant impact of COVID-19 on MSME businesses in Harare CBD. These early-stage effects and losses to medium to small business activity have important implications for policy, business revenue, and future business performance and GDP. One of the policy implications of this study is the need to address business strategies and Government interventions which can help to cushion the effect of the pandemics on the MSMEs.

Key Words: COVID-19, lockdown measures, shocks, coping mechanisms, MSMEs, remote work.

Introduction

MSMEs play a pivotal role in economic development in Africa. MSMEs contribute between 40% and 60% of the Gross Domestic Product (GDP) in Sub Saharan African countries and 60% of the employment and constitute 90% to 95% of businesses (Muriithi, 2017). MSMEs are at the heart of Africa's economic growth. In Zimbabwe, MSMEs are the cynosure of economic development in the country as they contribute over 70% of economic activities, employing more than 60% of the workforce and contributing over 50% of the country's GDP (Manyani, 2014). In terms of distribution, the bulk (46%) of them are domiciled in the City of Harare, followed by Bulawayo at 19% (Chirume & Kaseke, 2020).

During disruptions such as the COVID-19¹ pandemic, the resilience of commercial organizations becomes critical for survival and growth (Walmsley et al., 2021). Figure 1 shows the macroeconomic trends in Zimbabwe during the COVID-19 era.

Figure 1: Zimbabwe Macroeconomic Indicators from 2019 to the projected 2022 GDP.



Source: Data are as of December 2020 and are from domestic authorities; figures for 2020 are estimates and figures for 2021 and 2022 are projections by the African Economic Outlook team.

Source (Price, 2020)

Like any other country across the globe facing unexpected challenges due to the COVID-19 pandemic, Zimbabwe and its business economy is no exception. The Zimbabwean economy was in recession, contracting by 6.0% in 2019 (Bank, 2019) largely attributed to COVID-19 lockdown restrictions. The onset of the COVID-19 pandemic led to 10% contraction in real GDP in 2020 (Chirume & Kaseke, 2020). Inflation soared averaging 622.8% in 2020 up from 226.9% in 2019, with an economic decline trend culminating in GDP contraction by an estimated 6.5%. (Chirume & Kaseke, 2020). In Africa, the pandemic led to a negative growth

¹ COVID-19 is a severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) is a novel severe acute respiratory syndrome coronavirus (Al-Rohaimi & Al Otaibi, 2020).

of -5% by 2020, thereby plunging the continent into the worst recession in 25 years (Bisong et al., 2020).

The widespread closing of stores and businesses in the United States and around the world due to the coronavirus was unprecedented (Fairlie & Fossen, 2021). Stores, factories, and many other businesses were closed by policy mandate, downward demand shifts, health concerns, or other factors (Fairlie & Fossen, 2021). Estimates from the CPS, for example, indicate that the number of active business owners in the United States plummeted from 15.0 million in February 2020 to 11.7 million in April 2020 and only partially rebounded by June 2020 (Fairlie & Fossen, 2021).

The manufacturing MSME sector in Zimbabwe is hamstrung by a plethora of problems among them inadequate finances, marketing ethics wars, lack of management skills and a failure to adapt to a rapidly changing market condition (Maseko, 2011). As if this was not enough, the novel Corona Virus Disease of 2019 (COVID-19) which was first reported in the province of Wuhan, China in September 2019 created major disruptions in the economy and the life of MSME businesses (OECD, 2020b), creating a wide range of impacts on businesses (OECD, 2020b). These disruptions resulted in job losses, retrenchments and businesses failing to deliver services and remunerate their employees and thereby leading to misconduct in many businesses (Bisong et al., 2020). In Leviticus 19:13, the bible requires that employees be paid according to the work they provide, and that nothing should be held back. Such disruptions did not only affect the employees but the customers as well, promoting unfair dealings contrary to the teachings of the Bible. These economic trends and reduction in production in the MSMEs sector are worrying considering that the sector is key in creating the 600 million new jobs needed by 2030. This article will contribute to debates on challenges being faced by MSMEs across the continent, by examining how MSMEs in Zimbabwe fared in the face of COVID-19 pandemic.

To survive shocks, organizations need to develop a resilience capacity which enables them to cope effectively with the shock (Duchek, 2020). The former captures the stability dimension of resilience, which is an organization's ability to resist adverse circumstances, indicating that systematic shocks have no severe consequences as they fall within the boundaries of a firm's coping range (Centorrino, 2020). The latter embraces the level of flexibility, a firm's capacity to restore an acceptable level of functioning or return to normal state (Centorrino, 2020). Recent studies have revealed that organizational strategies or processes are important for building resilience (Huang et al., 2020).

The problem faced by the MSMEs in Zimbabwe is that COVID-19 moved from a health crisis to an economic crisis (Chirume & Kaseke, 2020). Business owners were fervently trying to survive both crises almost certainly with lesser resources (Muriithi Njue et al., 2020). Some sectors suffered more than others with manufacturing, accommodation, food service and travel being hardest hit. Remaining open under lockdown or partial lockdown situations posed new work conditions never experienced before. Face masks and social distancing, although disruptive to human interaction, became essential. The lockdown also imposed intricate problems of workers travelling to and from work. Reduced workforce and movement control compelled small business owners to work with greatly reduced workforce and working hours (Walmsley et al., 2021).

COVID-19 affected different sectors in unique ways, hence there can never be enough studies to understand this phenomenon. The fragility of the MSMEs is often assessed from business indices available from national statistics (Rusvingo, 2014) which unfortunately do not adequately capture the activities of the MSMEs sector given that it is largely informal in Zimbabwe. Administration based on such statistics failed to successfully choose, monitor, and keep track of how the young entrepreneurs managed their fledgling businesses (Dutta & Banerjee, 2011). Thus, it is essential to understand the voice of the business owners to better help them sustain or regain their businesses. The effect of COVID-19 needs to be comprehended from the literal voice of the small business owners themselves (Al-fadly, 2020).

Therefore, there is need to ensure MSMEs remain resilient in face of especially climate change induced shocks. To address this issue, the researcher seeks to explore organizational resilience in the face of COVID-19 crisis focusing on the MSME sector in Harare. Thus, the aim of this research is to assess the effects of COVID-19 on MSMEs and establish coping mechanisms employed for survival by the manufacturing sector in Harare CBD. The study will draw its context from the Zimbabwean economy perspective, focusing on identifying the economic disruptions on MSMEs businesses as a result of COVID-19 and the coping strategies to mitigate the effects of the pandemic. The results will culminate into a resilience framework that can be applied by MSMEs in the face of global shocks of the magnitude of the COVID-19 pandemic. This is particularly important for small counties like Zimbabwe whose economic fortunes are heavily hinged on the performance of the MSMEs sector.

Literature Review.

Theoretical Framework.

The Situational Crisis Communication Theory (SCCT) which was proposed by Timothy Coombs in 2007 provides the theoretical foundation for this study (Coombs & Holladay, 2008). It is a theory in the field of crisis communication which suggests that crisis managers should match strategic crisis responses to the level of crisis responsibility and reputational threat posed by a crisis (Werder, 2020; Coombs & Holladay, 2014). According to SCCT, evaluating the crisis type, crisis history and prior relationship reputation will help crisis managers predict the level of reputational threat of an organization and how that organization's publics will perceive the crisis and attribute crisis responsibility (Werder, 2020). SCCT posits that by understanding the crisis situation, the crisis manager can determine which crisis response strategy or strategies will maximize reputational protection (Thieben, 2009). SCCT centres on the crisis manager examining the crisis situation in order to assess the reputational threat level presented by a crisis (Coombs, 2007). The threat is the amount of damage a crisis could inflict on the organization's reputation if no action is taken (Coombs, 2007).

The Stakeholder Theory (ST) is a point of view within business ethics, popularized by Edward Freeman (Freeman et al., 2004). It is a theory of organizational management and business ethics that accounts for multiple constituencies impacted by business entities like employees, suppliers, local communities and others (Ahmad et al., 2012). It addresses morals and values in managing an organization (Zhu et al., 2014). Manetti & Bellucci, (2019) argue that the theory has three distinct aspects which are descriptive, instrumental and normative when they applied the stakeholder's theory in their study on organizational resilience during COVID-19 on Chinese firms. Obrenovic et al., (2020) also employed the same theory in the study towards the sustenance of enterprise operations during COVID-19 focusing on the impacts of COVID-19 on both internal and external stakeholders, hence the stakeholder theory is an appropriate complementary and corresponding theory to guide this study.

Empirical Review.

Globalization and the interconnectedness of countries has been the main trigger for the worldwide spread of COVID-19 (Fairlie & Fossen, 2021). The closure of national borders and the restricted mobility of the population even within their own territory has resulted in economic disruption comparable only to the Great Recession (DiGrazia & Dixon, 2020). COVID-19 is

viewed as an extreme exogenous shock with immediate impact upon existing businesses (Huang et al., 2020). It is important to note that not all ‘external shocks’ are equal in force (Kang & Stulz, 2000), hence do not elicit or deserve the same response. In fact, some external shocks are gradual and/or reasonably predictable, while others are traumatic and unpredictable (Gursoy & Chi, 2020). In addition to being unpredictable and dramatic, and unlike prior exogenous shocks, the COVID-19 pandemic caused a double shock to the global economic system (Huang et al., 2020). On the supply side, COVID-19 resulted in the immediate cessation of contact-intensive business sectors (such as non-mechanised manufacturing) affected by the lockdown policies and in large-scale disruptions in global supply chains (Muriithi, 2017). On the demand side, COVID-19 led to a sharp rise in demand for certain classes of hospital equipment and supplies, personal protection equipment, household staples and digital services. Because of this unprecedented pandemic, assumptions forming the basis of current business models were rapidly overturned, as all aspects of current operating certainty disappeared (Walmsley et al., 2021). This change in circumstances paved the way for new assumptions and business projections and called for a thorough rethinking and radical pivoting of established business models (Woodside, 2020).

The resulting global crisis was unprecedented; the paralysis of the entire productive sector led to a supply and demand shock, with the consequent collapse of international financial markets (Manolova et al., 2020). Without exception, the pandemic rendered countries’ productive systems obsolete (Giones et al., 2020). New, more interconnected forms of management were needed, but with less dependence on external agents, which is where virtual markets are irreversibly gaining ground (Walmsley et al., 2021). Business survival depended on the ability to adapt to the new market (Yang et al., 2010), which has been shaped by the restrictions on movement imposed by almost all nations to curb the spread of the disease (Manolova et al., 2020). Small and medium-sized businesses were the hardest hit by the pandemic (Altman, 2009), hence the need for them to reinvent themselves quickly if they want to survive any such shocks in future. The survival of businesses depends on their ability to treat this situation as a turning point; detailed market analysis and the introduction of innovation at all levels will strengthen the foundations of productive activity. This is an opportunity for renewal that must be seized in order to promote the sustainability of organizations, regardless of their profitmaking purpose (Walmsley et al., 2021).

Furthermore, the impact of COVID-19 on MSME’s were severe, businesses were forced to lay off their workforce in huge numbers, thus reducing their capability to spend (Sun et al., 2021), which effectively culminated in a loss in demand for their products and services

respectively. One of the short term impacts felt by SME's across the globe is that most of their workforces were asked per guidelines to accord their operations from their home's confines. Social distance restricts their movements and interactions with their consumer base (She et al., 2020). The social distancing discouraged the populace from frequent venturing for purchases, thus reducing the possibility of SME's engaging with their consumer base respectively (Ozili & Arun, 2020). Therefore, it is pertinent for MSME's to adopt strategies that mitigate the effects of COVID-19 and ensure sustainability.

Furthermore, it can be stated that this pandemic posed a serious challenge and burden on the management of MSMEs because they are not capacitated to make changes within a short period of time. In tandem with the afore-mentioned point, these factors led to business failure as business are rendered ineffective in their capability to provide any services or products to their consumer base, respectively (Ratnasingam et al., 2013).

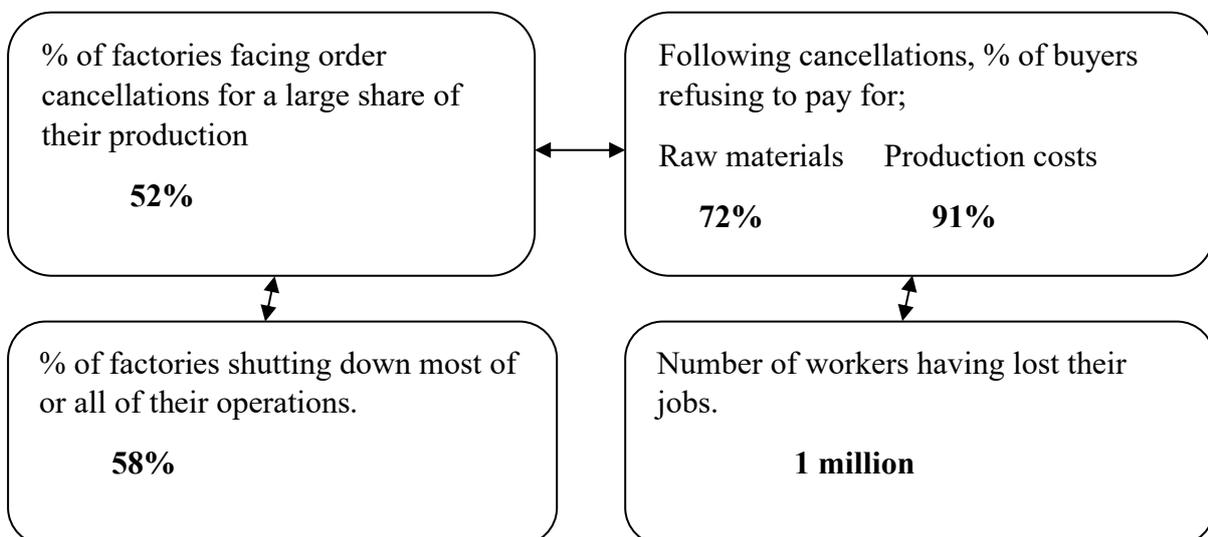
The COVID-19 crisis caused financial distress and liquidity problems for many companies as a result of the reduction or cancellation of business (Sun et al., 2021). This in turn impacts workers, whose income and livelihood are at risk (OECD, 2020b). While some companies were able to shield their workforce from such impacts by choosing to keep and pay employees during the suspension of their activities, many companies had to lay off workers or reduce their working hours (OECD, 2020b). In March 2020, the ILO estimated that the impact of COVID-19 would result in a rise in global unemployment of between 5.3 million ('low' scenario) and 24.7 million ('high' scenario) (OECD, 2020b) with later estimates suggesting that the impact may already be greater than the high scenario (OECD, 2020b). In the US alone, about 16.8 million people filed for unemployment benefits, making up about 11% of the US labour force (OECD, 2020b).

In China the pandemic and its induced lockdown measures, resulted in SMEs suffering a significant fall of over 56% in their normal capacity in the first quarter of the preceding year. (Gössling et al., 2020). The forecasted disruption was that the small to medium enterprises were expected to witness a further decrease of 20% that would amount to 167 billion dollar losses (Sun et al., 2021). In Bangladesh, garment supply chains were exposed to supply and demand shocks (OECD, 2020b). Their garment sector accounts for more than 80% of the country's annual exports and is highly dependent on brands orders from the US and the EU, country's biggest trading partners of textiles and apparels and current epicentre of the virus (OECD, 2020b). By end of 2020, about 959 factories reported demand shocks linked to the COVID-19

crisis that represented 826.42 million pieces worth USD 2.67 billion of export orders that were cancelled and held up by global buyers (OECD, 2020b). Buyers were halting new orders but also asking suppliers not to ship clothing that had already been made and deferring payments (OECD, 2020b).

In these cases, manufacturers have already incurred costs and may be in debt to their raw material supplier who were calling buyers to fulfil their existing contractual obligations by taking delivery of goods already produced and goods currently in production and pay under the normal term. This led to temporary closure or suspension of activity as raw material shortage impedes production continuity (OECD, 2020b).

Figure 3: Impact of COVID-19 on business operations.



Source: (Al-fadly, 2020)

A Kuwait COVID-19 business impact survey indicated in March 2020, that 45% of business owners had suspended or shutdown their business whilst a further 26% were about to collapse due to a revenue drop of over 80% (Obrenovic et al., 2020). Within the manufacturing industry, businesses are highly dependent on supply chain networks (Chirume & Kaseke, 2020). COVID-19 broke these supply chains by a contagion effect. As one business collapses, the supplier above and the consumer below are almost certainly disrupted into a sinking whirlpool. These disruptions rapidly broke business resilience and culminated in mass layoffs, inability to sustain financial commitments, risk of bankruptcy, and the ultimate closure for many (Hevia & Neumeyer, 2020).

The International Trade Centre (ITC) notes in its special report on COVID-19 and SME, that one in five SMEs faced the possibility of going bankrupt and shutting down completely after three months due to lockdowns and supply chain disruptions (OECD, 2020e). That report additionally notes that smaller firms had lower operational cash flows, lower capacity utilisation, and are more sensitive to a disruption in supply chains (OECD, 2020a). The report highlights the impact on small African firms, 75% of whom had experienced reduced sales and 54% had experienced reduced access to inputs (Bisong et al., 2020). Losses were additionally recorded in exports; this is evident in the more than USD2,4 billion loss experienced by African exporters which were relying on key markets in China, The United States and the EU in the early part of 2020 (World Health Organization, 2021).

A study by COMESA Monetary Institute gave insights on African businesses' reactions and outlook to COVID-19 and this was the first comprehensive survey on the Coronavirus disease (COVID-19) and its economic impacts across Africa (Olagoke et al., 2020). It takes stock of the impact of COVID-19 on businesses and trade, and identifies the challenges faced and responses made by businesses. The survey was jointly developed and carried out by the African Trade Policy Centre (ATPC) of the United Nations Economic Commission for Africa (UNECA) and International Economics Consulting Ltd (ADB, 2020). According to this study, there are key factors which make SMES highly vulnerable to the impact of COVID-19 (OECD, 2020d). Firstly, they are more labour-intensive than other companies and therefore more exposed to disruption, especially when workforces are in quarantine, as was happening in several countries (OECD, 2020a). Secondly, they have thinner liquidity reserves, meaning, they have limited financial alternatives, and mostly rely on support from local banks (Yang & Deng, 2021). In the majority of cases, they lack assets that can be disposed of, or that can be used as collateral for new credit lines. However, they still have to pay all their fixed costs, such as the rent, the salaries, taxes, and their suppliers as well (Yang & Deng, 2021).

The pandemic impacted negatively not only the MSME sector but the mainstream economy “beyond anything experienced in nearly a century” (Agung et al., 2020). United Nations (UN) noted that the impact of the pandemic in Africa was felt way before it reached the continent's shores; economies and livelihoods were destroyed (Hevia & Neumeyer, 2020). This was due to the lockdown which culminated in the closure of industries, economies, borders and airspace (Chirume & Kaseke, 2020). Consequentially, this led to the decrease in demand for Africa's products and collapse of tourism due to the reduction of international flights (Al-fadly, 2020). The decrease of tourists had a huge impact on the African MSME economies which

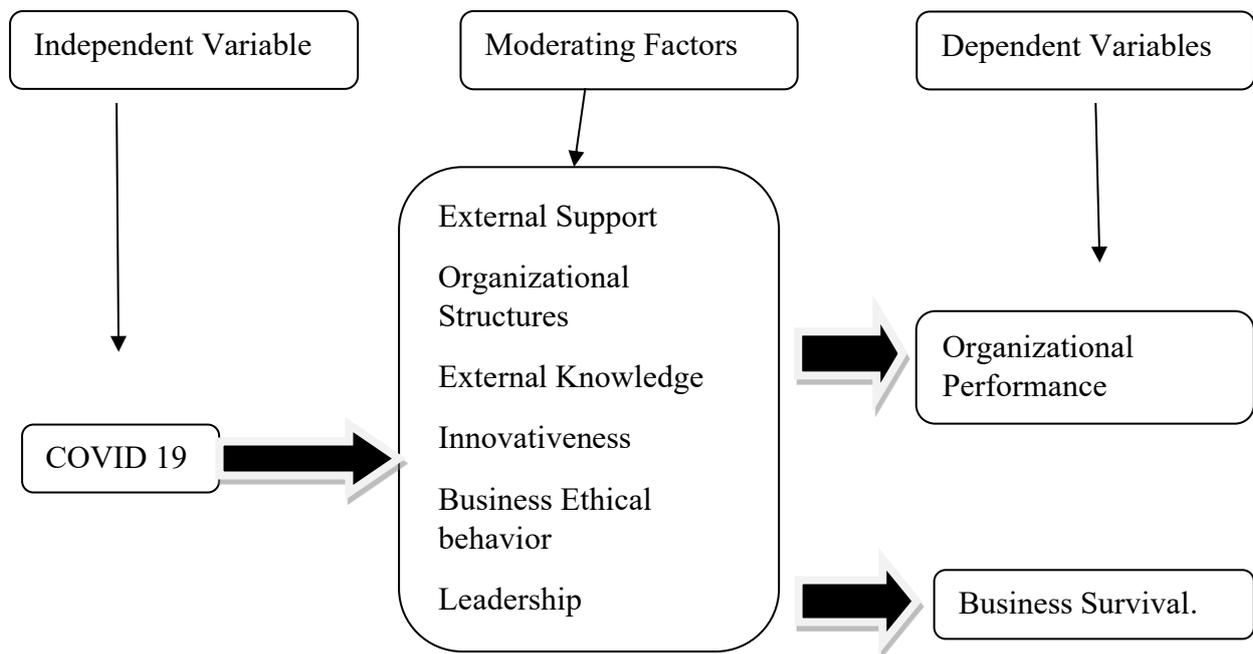
are the biggest suppliers of organic foods and African traditional arts to tourists (Bisong et al., 2020).

The notion of innovation capability is deemed important, due to the intertwined nature of the business that has been accorded in the contemporary era and in light of the pandemic (Sun et al., 2021). Innovation capability concerns itself with the performance of the new products that are provided to the consumer base. Introducing innovation in their products and in the process of delivering them to their consumer base (Sun et al., 2021), the SME's raise the possibility of their brand to be leveraged with their consumer base and is viewed positively (Sun et al., 2021). However, such innovation capabilities are based on the organizational hierarchy of the MSME's, the decision of whether it's feasible or not lies in the management discretion (Sun et al., 2021).

The SME Association of Zimbabwe (SMEA) announced that the ZWD500 million COVID funding targeting SME's was availed by the government on 4 May 2020 (Murewanhema et al., 2020). The requirements for accessing the loans as indicated by the SMEA were to include a business plan, company documents, financial records, and a tax clearance certificate (Chimamise et al., 2021). As a COVID 19, mitigation measure, the RBZ increased its medium term bank accommodation (MBA) facility from ZWD500 million (USD 8.7 million) to ZWD 3 billion (USD 52.3 million), and reduced the interest rate applicable to this facility from 15 percent to 10 percent per annum (Nyabunze & Siavhundu, 2020). As part of interventions to compensate for loss of income during the COVID-19 lockdown periods, the Zimbabwe Government unveiled a ZWD600 million (USD 10.5 million) facility for MSME's, youths, women and the elderly (Murewanhema et al., 2020). Only registered MSME's were allocated workspaces and allowed to operate while complying with the parameters and protocols set by WHO (Nyabunze & Siavhundu, 2020).

Conceptual Framework.

The conceptual framework is presented in Figure 2 where the independent variable is COVID 19, and the dependent variables are business survival and business performance.

Figure 2: Conceptual Framework.

Source: Authors' conceptualisation

For any organization to survive a crisis, it has to adopt external support, as the first moderator. Second moderating factor is the organizational structure which is a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities can include rules, roles, and responsibilities (Agung et al., 2020). External knowledge can also have a significant bearing on whether an organisation survives a crisis or not. The fourth moderator is the organizational innovation and can be defined as the introduction of something new (an idea, product) service, technology, process, and strategy) to an organization (Demircioglu, 2020). Business ethics is an organizational way of conducting business, and it involves the work relations between management, employees and the customers. Effective communication, being responsible, reliability, transparency and trustworthy make a whole aspect of business ethics. The leadership style is also a major moderating factor in managing a crisis. The above-mentioned factors influence the best ethical practices within organizations.

The outcome of this model are the dependent variables which are business performance and business survival (Leszczyński, 2016). We start with the main problem which is COVID 19, then organizations have to put down mitigation measures which is the external support.

When these are successfully implemented, the result is productivity and the business can survive.

Research Methodology.

The study utilised the mixed methods which is imperative to address the research problems to assess MSME's performance in Harare in the face of the COVID-19 pandemic. A convergent mixed methods design was used, where qualitative and quantitative data are collected in parallel (Creswell, 2018). The qualitative interviews explore the overall impact of COVID-19 on MSME's business, the coping mechanisms used by MSME's business to cope with COVID-19 lockdown, and to seek deeper understanding of the several Government relief initiatives for the survival of MSME's businesses in Harare CBD.

The sample size for phenomenological studies is recommended to be 50 (Cetinkaya, 2017). This indicative sample size is helpful to note that ultimately, the required number of participants depended on reaching saturation of the quotation-coding process and no new theme, category, or information emerged from further interviews. Participant selection was carried out by purposeful sampling and snowballing which was helpful in identifying a total of 50 participants. Thus, the sample for this study in unstructured interviews (qualitative data) comprised of 8 executives. In terms of the questionnaire (quantitative data) the population comprised of the general staff and employees and this constituted 42 participants in Harare CBD. The interview guide was administered to MSME'S Managing Directors, Human Resources Managers, Marketing Managers, whereas questionnaires were administered to the employees from each of the selected manufacturing MSME companies in Harare. The purpose for choosing senior management was that they are directly involved in the strategic planning process within the organisation.

Data was collected through telephone interviews and booked meetings with participants (business owners) who were affected by COVID-19 and also electronic Google survey. Using only simple, unstructured guiding questions, participants were asked to express their views of the impact of the pandemic. The research also made use of questionnaires to target the employees. The Pearson's correlation coefficient were used to find how strong the relationship between data, where 1 indicates a strong positive relationship and -1 indicates a strong negative relationship (Shariat-Mohaymany et al., 2015). A result of zero indicates no relationship at all. The Statistical Package for Social Sciences (SPSS) version 21 for Windows was used to analyse

the quantitative data. Thematic analysis was used to analyse the qualitative data collected using the open-ended interviews.

Ethical principles were religiously adhered to so as to safeguard the participants and the organization. Respondents were adequately apprised of the issues relating to the study, giving them a deeper understanding of the subject matter, and allowing room for honest and accurate responses. Their rights to participate voluntarily were articulated and so were their rights to withdraw from the study at any time without any consequences. This was done because the issues to do with COVID-19 had been very traumatic, most businesses had suffered, and owners and employees were still very emotional and trying to recover. Anonymity and confidentiality were respected and assurance of no physical or mental harm and discomfort was provided (Rogers, 1987). The surveys would have exposed information that is very sensitive because there were issues to do with the Government policies and COVID 19. The participants were made not to feel that they may be in danger for having spoken positively or negatively on a certain subject. The researcher produced necessary study approval documents from the institution and relevant authorities in order to ensure trust between the researcher and the participants.

Presentation and Discussion of Results

Demographic Information of Research Participants

The sample was dominated by females at 52% consistent with the fact that most MSME's in Zimbabwe are owned by women. The main sectors in which women are participating include retail and manufacturing (World Health Organization, 2021). The 2014 Labour Force and Child Labour Survey, revealed that the majority (78.8%) of females in the informal sector were engaged in wholesale and retail trade followed by manufacturing (7.8%) (Haider et al., 2020). The United Nations SDG emphasized on leaving no one behind and in this case it is evidenced that women are taking a leading role in developmental issues (Murewanhema et al., 2020). A mere 4% of the organization studied were more than ten years into operation, showing a high level of business failure in the early stages of establishment. This, partly explains why there are indications that MSME's have been struggling to cope with the COVID 19. The bigger the organization, the more experience it has and the more prepared it is for unforeseen disaster ("Cities at Risk," 2014). An estimated 37.5% of the respondents had

been holding a position for more than 5 years, a period long enough to have survived through the COVID-19 period.

The Pearson's Product-Moment correlation was used to determine the relationships between constructs in the study (Yen & Lo, 2002). The results shown in Table 1 below show a positive correlation. This means that there is a linear relationship between the duration of organizational existence and the COVID-19 impact. However, in this case it is important to note that even though the two variables are correlated, it does not mean that one causes the other. In this case the two variables move in the same direction in that the longer the organization has been in existence, the more it is aware of economic and natural occurrences, and the more prepared it is and hence the higher organizational performance (Walter et al., 2013). This also applies to individuals within an organization, the longer they have been with the organization, the more experienced and prepared to devise counter measures when faced with a pandemic resulting in higher performance (Papakostas, 2012). Moreover, more established organizations and employees tend to have strong business ethics, which then transforms into better performance as compared to the small and emerging businesses, which in most cases have no stipulated business ethics. The research accepts the hypothesis.

Table 1. Pearson's Product-Moment correlation

IC 19.	Pearson Correlation	1	.042
	Sig. (2-tailed)		.793
	N	42	42
BP	Pearson Correlation	.042	1
	Sig. (2-tailed)	.793	
	N	42	42

** . Correlation is high at the 0.793 level (2-tailed).

IC 19- Impact of COVID 19, BP- Business Performance.

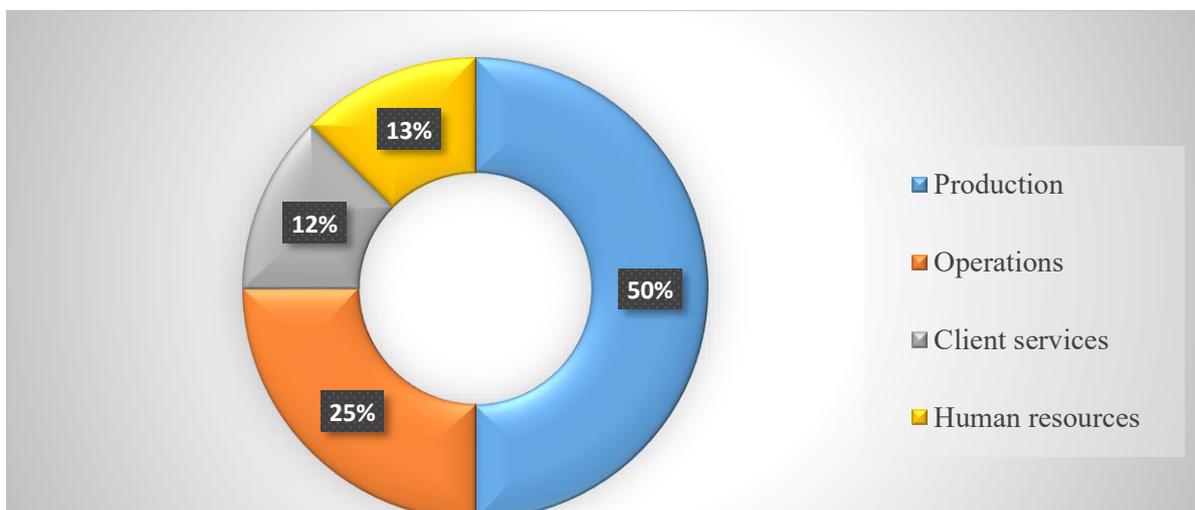
1. The economic and social disruptions of MSMEs due to COVID 19

The results indicate that the pandemic had already caused serious disruptions among MSME businesses just a few months after the beginning of lockdown (Bartik et al., 2020). The results show a plethora of problems that were attributed to COVID 19. The effects are social and economic, adaptation problems, and staff psychological systems. This had an adverse effect on business performance as MSMEs also had to engage in trainings in order to equip staff with adequate tools for remote working. The challenges of working from home were worse for women who had to balance between working from home and taking care of households. Remote

working opened up avenues to be initiative, with most MSME's adopting the digitalization of services which may not have happened if it was not for COVID 19. This is in line with Giones et al., (2020) who emphasized the fact that COVID-19 had brought up changes and MSME needed to adapt to the new normal. Issues of communication were also raised in the findings, where employees and employers lacked the proper communication channels. Most employees needed monitoring and frequent guidance in terms of their work. Thus, working from home meant that most work was not done and most tasks could not be taken account of.

The financial challenges brought about by COVID-19 led to many businesses failing to meet their financial and business obligations. When respondents were probed on the financial impact that the COVID-19 lockdown had and still having on business, 75% of the respondents indicated that the lockdown had an adverse impact on finances. However, a small section amounting to 25% positively confirmed that the lockdown had a beneficial impact on their business, improving their revenues. Most MSME's indicated they would shut down before March 2022, if no interventions were made. A total of 12% of respondents were failing to import raw materials due to strict import measures and border closure, hence struggling to pay for their business premises rentals. The increased costs on importation delays and delivery costs of raw material translated into price hikes for the processed goods which affected both the consumers and the MSME's. An estimated 13% of the firms indicated considering retrenching more employees, with a whopping 38% of MSME businesses expressing fears of complete shutdown. Figure 4 below shows areas of businesses most affected by COVID-19 Lockdown.

Figure 4. Areas of business mostly affected by COVID-19 Lockdown.

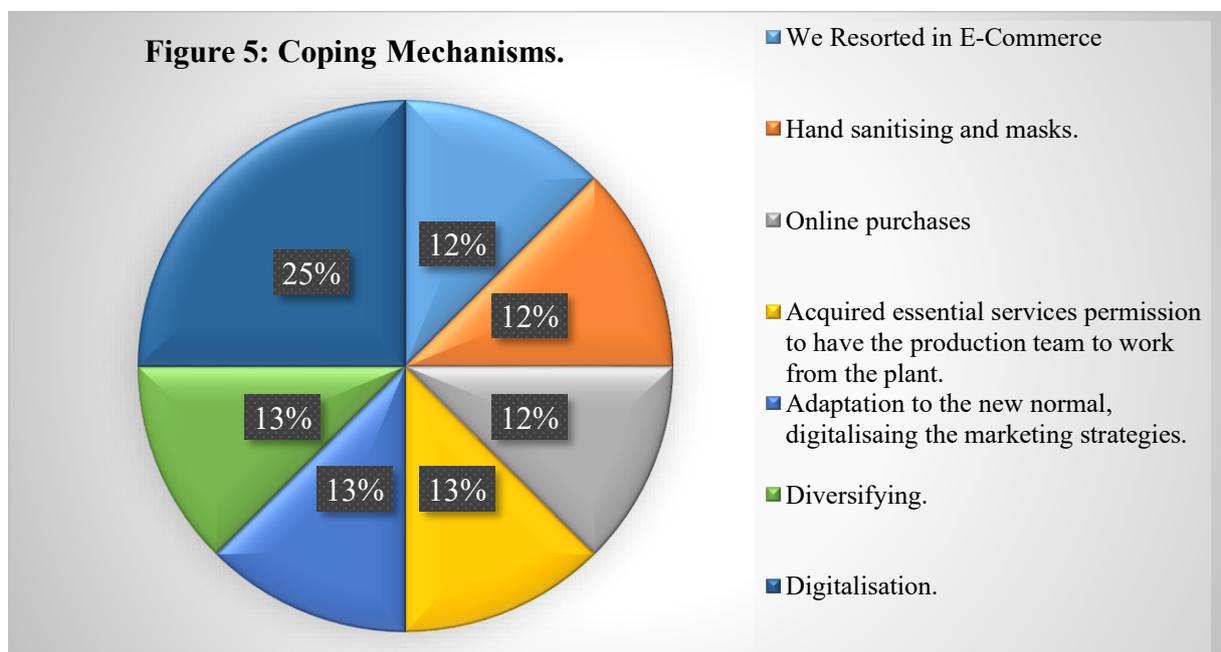


Production capacity of MSME's suffered the most with 50% of the respondents indicating that the inability to produce was as a result of delays in raw material supplies, inability to be physically at work, and transport issues during lockdown where only ZUPCO buses were allowed to operate yet they were not capacitated enough to ferry people. Client services were down to 12% as a result of communication challenges and closure of the main client base. Human resources were also negatively affected to about 13% due to remote working, salary cuts and retrenchments.

Across the sample, 33.3% of businesses reported that they had temporarily closed some of the branches because of COVID-19. A far smaller number 0.8% reported that they were permanently closed because of the pandemic. By contrast, 64.4% reported that they were still operational but struggling to keep afloat (Bartik et al., 2020).

2. Business coping mechanism during COVID-19 lockdown.

The results indicate that MSME's were trying to cope and taking best precautionary measures in order to ensure business continuity. Figure 5. below summarises the various coping mechanism employed by MSMEs.



Despite the coping mechanism summarised in Figure 5 above, 80% of respondents indicated that they required government interventions for the businesses to bounce back. A narrow 10% were confident that the businesses would be able to fund itself for recovery. Whereas 8% indicated that they will be looking for new investment, partnership and eventually consider mergers, 2% of the MSME's resorted to closing down the businesses completely.

Many businesses were reluctant to apply for special loans because they expressed issues to do with corruption and nepotism, noting that the selection procedure was biased towards those MSME's that are owned by individuals who have a close association with influential people (Bartik et al., 2020). A large number of respondents also indicated challenges with applying for such financial relief and noted that the processes were long and some could not meet the required eligibility standard, and some lacked adequate paperwork.

3. Level of awareness and adherence to COVID-19 lockdown restrictions amongst MSMEs

According to Danquah et al., (2020), small business are most affected but they needed to comply with the COVID-19 measures in order to survive. About 75% of the respondents indicated that they had been adhering to COVID-19 lockdown restrictions. The Statutory Instruments (S.I) as introduced and implemented by the Government of Zimbabwe, gave guidelines and measures which provided clear business operation procedures. The measures had both adverse and positive effects on business, as Iraldo et al., (2011) puts it that new measures always have an effect on businesses. Most MSMEs were familiar with the S.I and that they had been complying with such. However, these S.I had a negative impact on gender and youths who in many cases were not eligible to the S.I demands.

There were reports that women were struggling to balance both work and gender roles at home. Women indicated a disruption on production for they had to cater for their home and work needs. The S.I did not consider the gender inequalities and demands around women responsibilities. The government failed to be sensitive to gender and youth factors which then resulted in production disruption, with 70% of the female respondents indicating that the S.Is were not sensitive to gender responsibilities and business production.

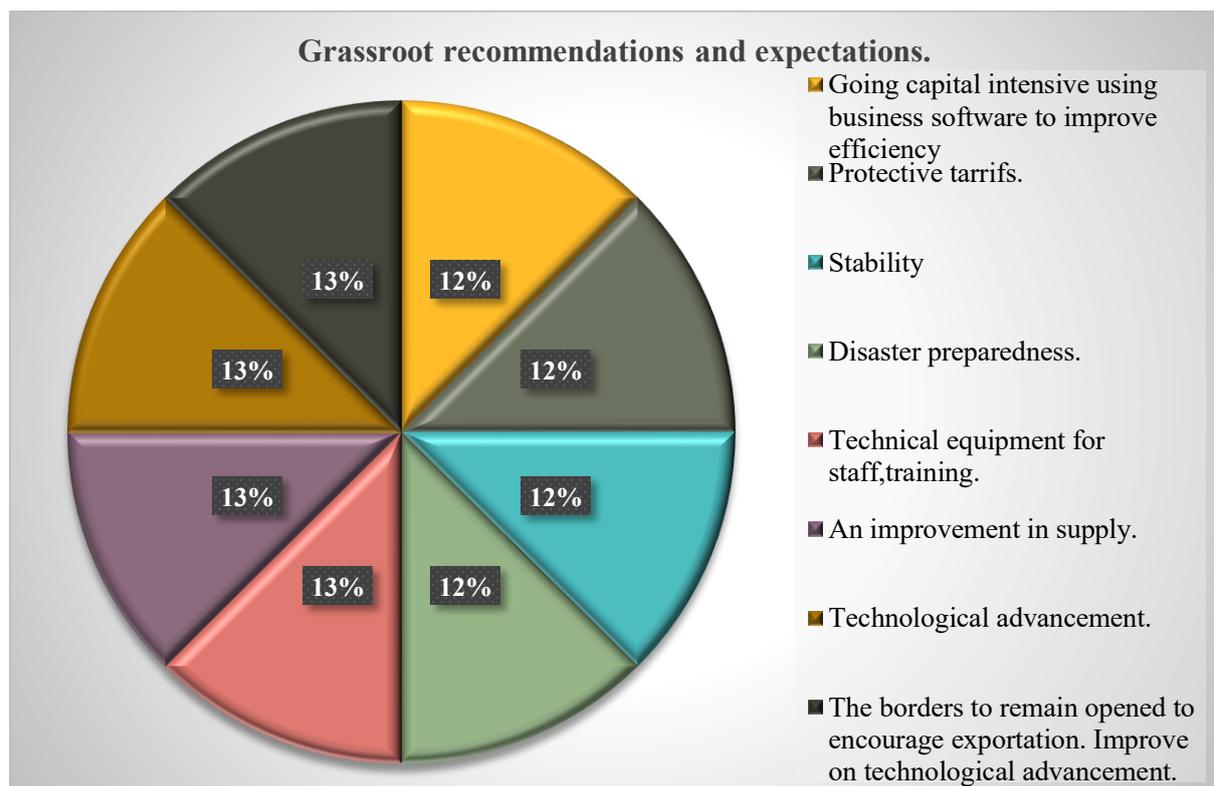
4. Grassroots recommendations on how MSMEs can be supported to cope with the pandemic.

The Respondents believed that Government has a responsibility to intervene in a case that a natural disaster strikes within a country. However, the participants indicated that the only Government intervention received was a series of awareness campaigns. *Apart from COVID-19 awareness campaigns. I cannot really say it did much (Interviewee 1)*. However, Interviewee 4 mentioned that the *Government had been rolling out COVID-19 grants, but the amount of grants was not enough for business needs*. The fact that the other MSME's had no idea that the Government had been rolling out grants, proves that there was a gap in terms of information

dissemination within the systems. There was selective rolling out, which could be a result of corruption or nepotism within the systems.

The MSME sector indicated the need for sustainable policies and initiatives which would boost their business operations as Interviewee 1 put it: *“Offer businesses rebates so that SMEs can survive in their early stages so that production increases in every sector and offer tax rebates especially on import duty; those can be among other factors businesses can grow”*. Interviewee 4 also added: *Cushioning grants, tax reduction on the manufacturing sector, foreign currency provision, import and export trade licenses*. Without these supporting interventions, most business would not survive the COVID-19 pandemic, as some MSMEs had already started shutting down by the time of this survey. Figure 6 below summarise the expected changes within MSMEs for survival from the perspective of MSME players themselves.

Figure 6. Expected changes within the MSME organizations



Conclusion

To accomplish the objectives of this study, quantitative data was collected through a survey questionnaire and the qualitative data was collected through interview guides. The SPSS and NVivo thematic analysis techniques were used for analysing the collected data. The study's

findings revealed the significant impact COVID-19 had on business performance, operational procedures, profitability, remote work, and stakeholder satisfaction and safety. The study suggests that innovation practices in terms of digitalization has a significant and critical impact on the performance and survival of MSMEs (Adam & Alarifi, 2021). Additionally, the study results confirmed the significant and moderating role of external support provided to SMEs during the COVID-19 epidemic and the survival of the business. The link that exists between the lack of external support and business performance should not be ignored nor taken for granted. The study confirmed that the Zimbabwean Government was not doing enough to reduce the repercussions of the COVID-19 pandemic on MSME. However, the results have shown that most MSME's were ignorant of the various statutory instruments and facilities for MSMEs which made it difficult for this sector to access COVID-19 funds availed by the Government.

It is, therefore, important for the Government to have effective awareness programs that educate business owners and employees on any supportive measures put in place. The processes of accessing the facilities should be made seamless for enhanced uptake. MSMEs need to develop a proper crisis or disaster preparedness plan to deal with an uncertain situation like COVID-19 effectively. The more prepared the organization is, the less the impact on business performance. Government on its part, should develop policies to provide meaningful stimulus packages, grants and loans for MSMEs that include financing facilities, advisory services, and training. Institutions such as ZIMTRADE, the Ministry of MSMEs and NGOs also need to provide different kinds of support to MSMEs financially, technically, socially, psychologically to help them cope with the challenges during pandemics/shocks.

Overall, the study contributes to the understanding of the impact of COVID-19 on the MSME business environment. The results provide a unique overview into business decisions and expectations for MSME businesses, while offering suggestions for policies and aid schemes for the MSME business recovery. This study may have been limited in that it focused on manufacturing sector, as results could be different for other sectors. Another limitation is on the measurement of business performance using mere information from participants. Using more scientific measurable indicators of performance could augment the accuracy of the results.

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