IMPACT OF COVID 19 LOCKDOWN ON MICRO, SMALL & MEDIUM SCALE ENTERPRISES IN ZIMBABWE

September 2020

Belinda Chaora
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- Increasing poverty and inequality
- Limited coherence of policies across sectors
- Ineffectual participation in public processes by non-state actors
- Increased dependence on external resources and limited leveraging of local resources

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# Table of Contents

**Introduction** ........................................................................................................................................... 1

**Global Experiences on COVID 19** ........................................................................................................... 3

**Methodology** ........................................................................................................................................ 5

**Section 1: Description of Sample** .......................................................................................................... 7

- Gender of Respondents .......................................................................................................................... 7
- Location of Respondents ......................................................................................................................... 8
- Number of Employees in Responding Enterprises .............................................................................. 9
- Position of Respondents within Enterprises ......................................................................................... 9
- Industry Representation of Respondents ............................................................................................ 10
- Annual Turnover of Responding Enterprises ...................................................................................... 11

**Section 2: Business Compliance to Government Restrictions** .............................................................. 12

- Measures Employed by Enterprises to Comply with Lockdown Order ........................................... 12
- Measures Employed by MSMEs to Mitigate the Spread of COVID 19 ............................................. 13

**Section 3: Impact of COVID 19 Lockdown on Businesses** .................................................................... 14

- Financial Impact of Lockdown on Enterprises ................................................................................... 14
- Impact of Lockdown on Business Operations ..................................................................................... 16
- Anticipated Recovery Rate of Enterprises .......................................................................................... 22

**Section 4: Diversification and Business Innovation Arising from COVID 19** ..................................... 23

- Diversification of Enterprises ............................................................................................................. 23
- Innovations Adopted to Sustain Enterprises ....................................................................................... 24

**Section 5: Business Efforts to Reduce the Spread of COVID 19 In Workplaces** ............................... 26

- Efforts by Enterprises to Ensure Safe Workspaces ........................................................................... 26
- Funding of COVID 19 Initiatives .......................................................................................................... 28

**Section 6: Small Enterprise Survival Strategy** ...................................................................................... 29

- Survival Actions by Enterprises ......................................................................................................... 29
- So, What’s Next for Small Enterprises in a World with COVID 19? .................................................. 30

**References** ........................................................................................................................................... 33
### Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>AU</td>
<td>African Union</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for East and Southern Africa</td>
</tr>
<tr>
<td>COVID-19</td>
<td>Corona Virus Disease of 2019</td>
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<tr>
<td>FAO</td>
<td>Food and Agriculture Organization</td>
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<tr>
<td>FFPI</td>
<td>FAO Food Price Index</td>
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<tr>
<td>ITC</td>
<td>International Trade Centre</td>
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<tr>
<td>MSME</td>
<td>Micro Small and Medium Scale Enterprises</td>
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<tr>
<td>MSMED</td>
<td>Ministry of Women’s Affairs, Community, Small to Medium Scale Enterprise Development</td>
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<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
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<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
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<tr>
<td>WHO</td>
<td>World Health Organization</td>
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<tr>
<td>ZIMRA</td>
<td>Zimbabwe Revenue Authority</td>
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<tr>
<td>ZUPCO</td>
<td>Zimbabwe United Passenger Company</td>
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Introduction

The Novel Coronavirus Disease of 2019 (COVID-19) was first reported in the province of Wuhan, China in September 2019. It is an airborne strain of the family of Coronavirus not previously identified in humans. No effective vaccine exists. Vaccines generally take years in clinical trials before they are released onto the market and currently researchers worldwide are racing to have a safe and effective vaccine available as early as 2021. Russia has claimed success before approved clinical trials with Sputnik V. No registered treatment currently exists, and all cases are treated symptomatically. The virus has a global mortality rate of 3%, however Zimbabwe has experienced a slightly higher rate of 3.1%. The best course of action as recommended by the World Health Organization (WHO, 2020) is prevention through social distancing, and good hygiene standards such as wearing of masks to prevent inhalation of infected air droplets, hand washing and sanitization of surfaces.

To prevent the spread of COVID-19, many countries imposed national lockdowns with significant restrictions to movement and productivity, sports, entertainment as well as education. According to the Ministry of Health and Childcare (MoH) as at 31 August 2020 the country had recorded a total of 6497 confirmed cases, 5221 recoveries and 202 deaths (MOH, 2020).

The first lockdown was imposed with a Level 4 status. Since then the lockdown has been reduced to Level 2 allowing business to resume. This level of lockdown was initially extended indefinitely with guidelines for commercial operations. However, after a sharp rise in COVID-19 cases in mid-July new restrictions were introduced which included a 6pm to 6am curfew.
and penalties for non-compliance. The ‘lockdown’ in Zimbabwe has morphed over the weeks. At the time of writing, the curfew is now from 8pm to 6am, examination classes have returned to schools but all other children are either learning from home or not at school at all and Zimbabweans are trying to adapt to the “new normal”. The presence of the COVID-19 virus has created many challenges as well as many opportunities for businesses in Zimbabwe. This report outlines the findings from a survey we (SIVIO Institute (SI)) conducted to understand the impact of the COVID 19 Lockdown on Micro, Small to Medium Scale Enterprises (MSME’s) in Zimbabwe.

To date the imposed lockdown remains indefinite. Formal businesses and more recently informal businesses have been given permission to reopen subject to their adhering to strict hygiene protocols and their formal registration. Informal businesses are being encouraged to get hawkers and vending licenses, pay taxes, and ensure cleaning of work areas as preconditions for reopening. Ninety percent (90%) of businesses in Zimbabwe are in the informal sector and it is anticipated the closure of these businesses for several months since the end of March had a significant impact on the productivity of small enterprises. This closure most likely increased the vulnerability of households in Zimbabwe.
Global Experiences on COVID 19

According to Magaisa and Matipira (2017) MSME’s in Zimbabwe account for between 80 to 90% of the countries working force whilst contributing at least 60% to Zimbabwe’s GDP. Despite this contribution, Zimbabwe has one of the largest informal economies in the world, second to Bolivia (Medina & Shneider, 2018). Most of the entities in the informal sector are micro, small and medium scale enterprises.

Informal businesses and smaller firms in poor countries are disproportionately affected by COVID 19. Tembo (2020) points out that COVID 19 has compounded an already bad situation in African countries that were already struggling with poor infrastructure, lack of financial access, and haphazard value chains. The International Trade Centre (ITC) notes in its special report on COVID 19 and SME impacts, that one in five SMEs face the possibility of going bankrupt and shutting down completely after three months due to lockdowns and supply chain disruptions. That report additionally notes that smaller firms have lower operational cash flows, lower capacity utilization, and are more sensitive to a disruption in supply chains. The report highlights the impact on small African firms, 75% of whom have experienced reduced sales and 54% have experienced reduced access to inputs. 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 (ITC, 2020) in the early part of 2020.

The UN Economic Commission for Africa in April noted that for small entities the three top challenges created by COVID 19 were lack of operational cash flows, potential closures and reduced opportunities to meet customers. By contrast the challenges for large firms were a reduction in customer interaction, issues relating to strategy and alternative products or services and a reduced demand for goods and services (UNECA, 2020).

Because this is a global pandemic and has affected small and large business the world over, it has been noted by Bar Am , Furstenthal and Roth (2020) that only 21% of business owners/executives feel they have the expertise, resources and the commitment to pursue new avenues of growth which have arisen because of COVID 19. These executives (90%) according to Bar Am et al (2020) have indicated they believe the crisis will fundamentally change the way they do business in the next five years.

Worldwide the hardest hit industries have been service industries where face to face contact is essential. Seventy six percent (76%) of accommodation and food services experienced partial or full lockdowns which severely affected their operations. Many of these institutions are female led institutions and hence COVID-19 has disproportionately affected gender even in the small business landscape, with 64% of women worldwide saying their business were severely affected (ITC, 2020).

After an initial price reduction of agricultural produce as demand lowered after initial lockdowns, there has been a steady increase in prices mainly due to localized logistical
constraints. According to the Food and Agriculture Organization (FAO), Food Price Index (FFPI) average prices increased in August 2020 by 2% from the July 2020 figure in the third consecutive month of global price increases (FAO, 2020). This was additionally a 2.2% increase from the previous year’s (2019) prices.

The pandemic has created historical moments for example in the petroleum industry, the greatest price reduction in 30 years took place on the 23rd of March when Brent crude dropped by 24% from $34/barrel to $25.70/barrel and heightened tensions between Russia and Saudi Arabia which are some of the world’s top oil producers.

Of note across the globe, is that supply chains have been affected by uncoordinated lock downs of various countries in key industries such as health care, hospitality, education, and tourism. Estimates are that global economic growth could be trimmed by between 3 and 6% with only partial recovery in 2021. This would be the largest recession since the Second World War (World Bank, 2020). The World Bank also estimates that the Sub-Saharan region is estimated to potentially contract by 2.8% by end of 2020.

However, there are many opportunities arising and small businesses are more agile than large firms. They can be the key to recovery in the coming season. New opportunities have arisen for tech innovations especially in Africa, in addition to innovations in health research, medicines and equipment supply, education, internet service provision and logistics support.
Methodology

We conducted this study to assess the impact of Micro, Small and Medium-scale Enterprises (MSME’s) in Zimbabwe during the lockdown. The survey was conducted in the month of May 2020 via Survey Monkey. A total of 44 people responded to the questions for small enterprises.

I. This report on MSME’s focuses on four thematic areas:

II. The impact of the Zimbabwe lockdown at its peak (between 30 March and 31 May 2020) on business cycles and operations.

III. The response of MSME’s to the directive to shut down and work remotely.

IV. The level of diversification and innovation generated by the new opportunities arising from the presence of COVID-19.

V. Efforts by MSME’s to stay afloat and recover from lost business during the lockdown.
Summary of Key Findings

Efforts by MSME's to Comply with Lockdown

- 32% Shut down operations completely
- 35% Worked remotely and the rest stayed in business with essential staff only

Results of Lost Revenue

- 68.5% Cannot restock their businesses
- 57% Could not pay next salaries for the month of June
- 40% Could not cover rentals for the month of June

Lost Revenue

- 62.77% Lost between USD1000 and USD3000 in the period under review

Business Operations Affected

- 70% The production capacity was greatly affected
- 56% The customer base was greatly affected, and customers were lost to competitors

Diversification

- 28.5% Diversified into new areas of business or new methods of operation
- 71.4% Did not diversify at all
- 41% Created new strategies for communicating with customers

Recovery

- 47% Will be self-funding to recover
- 50% Will need credit or a loan to recover
Section 1: Description of Sample

Gender of Respondents

Figure 1.1: Gender of Respondents

The sample size was 44 and constituted of 63% female and 36% male (see Figure 1.1 above)
Responses came from seven of the countries’ provinces. However, the majority (69.7%) are located in Harare and 9.3% said they have offices across the country. Representation from the countries other provinces was as follows: Mashonaland East 6.9%, Bulawayo 6.9%, Masvingo 4.6%, Matabeleland South 4.6% and Matabeleland North 2.3%. 

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Harare</td>
<td>32%</td>
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<tr>
<td>Across The Country</td>
<td>9.3%</td>
</tr>
<tr>
<td>Mashonaland East</td>
<td>6.9%</td>
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<tr>
<td>Bulawayo</td>
<td>6.9%</td>
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<tr>
<td>Masvingo</td>
<td>4.6%</td>
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<tr>
<td>Matabeleland South</td>
<td>4.6%</td>
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<tr>
<td>Matabeleland North Province</td>
<td>2.3%</td>
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The responding entities had a mixture of full-time staff, part-time staff and volunteers. The data shows that 15% of respondents had less than five (5) staff members, 23% had less than five (5) part-time staff members and 63% had less than five (5) volunteers. Forty-five (45%) of entities had one (1) to five (5) full-time staff, whilst over 60% had a similar number of part-time staff, and 30% had similar number of volunteers.

Position of Respondents within Enterprises

In most entities the responder was the business owner and founder (59%). Other individuals also responded on behalf of their organizations namely Board Members 4.55%, Chief Executive Officers (6.8%), Branch Managers 4.5%, regular staff members (11.3 %) and consultants (4.5%).
The respondents came from most sectors of the economy. Figure 1.4 above shows the profile of industries represented by the survey. The manufacturing sector had the highest representation at 15.9% followed by retail and wholesale industries 13.6%. Information Technology/Data Service and Agriculture had the third highest number of respondents with...
9% each. There were no responses from MSME’s in the media and publishing sector and none from the security and mining sectors. Other significant industries included research and consultancy services and construction and maintenance work.

Annual Turnover of Responding Enterprises

Figure 1.5: Annual Turnover of Respondent MSME’s in USD

Most of the enterprises interviewed (65%) have an annual turnover of less than USD10,000 and 21.9% indicating that their turn-over is between USD10,000 and USD50,000 per annum. A smaller proportion of 2.4% indicated they have turnover between USD100,000 to USD300,000; whilst 2.4% indicated a turnover between USD300,000 to USD500,000. The highest turnover above USD500,000 was represented by 2.4%

The Zimbabwean SME Act 24: 12 defines Micro, Small and Medium-scale entities with specific classification based on size, annual turnover, and asset base. The classification states a maximum of five (5) full time staff members for micro enterprises and 75 full-time staff members for medium enterprises. According to this Act, micro enterprises should have a maximum annual turnover of USD30 000 and medium enterprises a maximum turnover of USD1 million dollars. The responding enterprises were not asked about their asset base, however, based on the detail that was given all the responding entities fit into the description of MSME’s. Most of the entities can be classified as being micro and small sized entities.
In response to the lockdown measures that were put in place by government, 32% of respondents indicated that they shut down operations completely and adopted a wait and see approach. Forty-one percent (41%) closed the physical office and continued to work remotely. Only 35% of respondents remained operational in their office space during the lockdown. Of those who continued to operate 20% indicated they had essential staff only with strict measures in place for social distancing and maintained high standards of hygiene (see Figure 2.1).

When the lockdown began on the 30th of March, it was on Level 4 which was a total lockdown of industry and commerce. Only essential services could operate, and special permission had to be granted from the relevant ministries in writing. The lockdown was then downgraded to Level 3 where mines could operate. On the 1st of May the lockdown restrictions were reduced allowing for registered businesses in industry and commerce to operate subject to set conditions. Schools, churches, gyms, bottle stores, bars, beer halls, leisure and recreational facilities remained closed. Intercity and interprovincial travel remained restricted. The countries’ borders remained closed except for cargo. The informal sector was however not allowed to re-open at this time.
Measures Employed by MSMEs to Mitigate the Spread of COVID 19

When asked about what measures entities put in place to reduce the spread of COVID 19 in their workplaces, it was noted that since the start of the lockdown, 50% of SMEs indicated they had started to enforce social distancing in their workspaces to minimize unnecessary contact with other employees. Thirty-eight percent (38%) had put in place measures to increase the standard of hygiene by supplying employees with masks and making available chemicals and equipment to ensure hygiene is prioritized. The equipment made available includes sanitizers, gloves and handwashing soap. Approximately 41% had also initiated online engagement of staff members as a way of allowing employees to destress and find ways of coping with the loneliness and routine changes that arose because of the lockdown.
Section 3: Impact of COVID 19 Lockdown on Businesses

Financial Impact of Lockdown on Enterprises

We probed respondents for financial impact and 95% said the impact was negative and only 5% indicated some form of positive impact.
We attempted to quantify the financial impact and we noted that a combined total of 62.77% of respondents lost US$250 to US$3,000 during the lock down. Twenty percent of respondents (20%) lost USD501 to USD1000, another 20% lost between USD1001 to USD3000. A small fraction (2.86%) lost between US$3001 and US$5000. The largest losses were between US$5,001 and US$10,000 where 22.86% lost potential revenues. None of the MSME’s interviewed lost more than US$100,000 during the period under review.
The loss of revenue largely impacted the enterprise’s ability to restock on raw materials and the enterprises ability to pay employee salaries. Sixty-eight percent (68%) said they cannot restock in the immediate future and 57% cannot pay employees their next salaries which at the time of research was salaries covering the month of June 2020. Forty percent (40%) also indicated they could not cover their business rentals for the month of June. A small percentage 8.5% indicated they would have to close their businesses altogether because the financial losses were too severe.

**Impact of Lockdown on Business Operations**

![Changes to Supply Chain Experienced by MSMEs During Lockdown](image)

**Figure 3.4: Impact of Lockdown on Supply Chains**

The supply chains of over 57% of respondents were negatively affected by complete closures of suppliers. Some suppliers remained open (15.15%) and 27% were operational on a delivery basis. However, the increased costs of delivery were being passed on to the MSME’s. This cost would mostly likely be passed down to consumers resulting in a corresponding increase in the cost of goods and services.
When asked to identify areas of the business that were most affected, respondents noted that the biggest impact of the lockdown was on revenue. Seventy-eight percent (78%) of MSMEs indicated revenue had declined and 63% indicated they had significant challenges providing goods and services even if they were operating remotely or complying with government protocols as they continued to operate. The costs of production increased for 22% of respondent’s, whist 44% noted an increase in overheads. Up to 53% of respondents had their client base affected by the lockdown. This figure is also consistent with the trend noted in Figure 3.6 on specific operations affected.

Figure 3.5: Specific Business Units Affected by Lockdown
Significant disruptions were noted on the production capacity of MSME's. Close to 70% of respondents indicated their ability to produce had been greatly affected. The customer base of 51% of respondents was greatly affected whilst the customer bases of 36% of respondents registered a notable shift. In the areas of security or storage facilities during the lockdown, 50% indicated they had not been affected in any way, however 30% of respondents reported the impact on this aspect as significant. These entities may have had a minimal security cost before since they were always present at their workplaces but because of the lockdown, security in their absence became a significant concern. Operational areas moderately affected include the ability to communicate with customers, administration procedures and the availability and willingness of human resources to carry out their duties.

The latter is due to the commuting challenges which arose from the banning of all non-essential commercial services including the banning of commuter omnibuses. The official mode of public transport was restricted to personal vehicles or buses serviced by the Zimbabwe United Passenger Company (ZUPCO). These buses however have a limited passenger carrying capacity and inconsistent schedules which resulted in longer passenger queues and delayed travel times.
The first lockdown order was announced on the 27th of March and it began at midnight of the 29th or 00:00 hours on the 30th of March. Businesses were in no position to complete any pending work before the restrictions were imposed. When asked if any entities had unfilled commitments, a total of 67% of SMES indicated they had outstanding orders for a product or service before the lockdown was imposed. Figure 3.8 below shows the trickle-down effect this had on customers who had to deal with cancellations or delays to their orders as supply chains of MSME’s were disrupted and movements restricted for both MSME’s and their customers.
The result of these frustrations is that 18 of the 44 respondents (56%) indicated that had lost customers to competitors which indicates some failure to deliver within agreed timelines on their part because of lockdown restrictions. Additionally, 25% indicated their customers expressed frustration at the impeded service or product delivery. However, 18% said their business either experienced no change at all and a further 18% said they simply shifted to receiving all their orders online to avoid causing the customers frustration.

Figure 3.8: Impact of COVID 19 Lockdown on Customer Interactions

Figure 3.9: Response to Operational Impact
When asked about how they intended to address the challenges, the majority 55% were employing a wait and see approach i.e. ‘wait and see what happens when the lockdown ends’ and then resume business. Forty seven percent (47%) were eager and ready to resume business in the shortest possible time. Within both groups, 41% indicated they would like to move their business online. A small percentage 5% had no plans or any idea what their next move would be and how they could address the frustrations expressed by their customers.
When the negative impact was explored further the majority (54%) said they would take a long time to recover whilst 31.4% expressed that the impact would be minimal and anticipated they would bounce back quickly. Only 2.86% stated that the atmosphere was conducive for their business to thrive and possibly do even better in future. A few respondents (2.86%) could not gauge the direction they would take at the end of the lockdown. Of note is that the majority felt that that impact of the lockdown had negatively affected the viability of their businesses, and none of the respondents anticipated their business would remain the same after the lockdown.

There is however a silver lining for some businesses. Two (2) respondents indicated that COVID-19 and the lockdown had a positive impact on their businesses. Revenue gained during the period was between US$500 and US$3000 for those enterprises.
Section 4: Diversification and Business Innovation Arising from COVID 19

Diversification of Enterprises

Figure 4.1: Diversification of Business During COVID 19 Lockdown

The majority 71.4% of business did not diversify any of their current product/service offering and remained the same. However, diversification took place in 28.5% of MSME’s.
Figure 4.2: Diversified Activities Conducted by MSME’s During Lockdown

Of those that diversified 40% had new product lines, 40% had changed how they provide products or services to customers and 20% had started to provide completely new services.

Innovations Adopted to Sustain Enterprises

Figure 4.3: Innovations Arising from the COVID 19 Pandemic
Probing the innovations further, some entities were able to innovate because of the new opportunities presented by the COVID 19 pandemic. The bulk of innovations took place in the form of new communication strategies for customers which were employed by 41.8% of the respondents. Twenty percent (20%) also added new features to old products whilst 23.5% are now offering 100% of their products online. However, 29% made no innovative changes at all and their product and service offering remained unchanged.
Section 5: Business Efforts to Reduce the Spread of COVID-19 In Workplaces

Efforts by Enterprises to Ensure Safe Workspaces

When asked if entities had started or were part of initiatives to mitigate against the spread of COVID-19, 57.5% indicated they had been a part of or were actively engaged in activities that contribute to the reduced spread of COVID-19, whilst the balance (42.4%) were not in any way involved in such activities.
When respondents were asked what they were doing to mitigate the spread of COVID 19 within their communities, 59% indicated they were involved in the dissemination of information to curb the spread of the virus, whilst 33% were carrying out activities to develop new products that could be used to curb the spread of the virus. Of note is that 25% were involved in philanthropy work to distribute parcels, Personal Protective Equipment (PPE) and financial aid to people in need within their communities. An additional 25% were involved in the manufacture and sale of PPE (gloves, masks and surgical gowns) for health workers and members of the public.
Of those involved in activities to reduce the spread of COVID-19, 92% indicated they were funding their activities using personal savings, 17% used company profits and 8% were using customer pre-payments to fund the production of the new products. None of the respondents indicated they had taken out a loan to fund COVID-19 initiatives.
Section 6: Small Enterprise Survival Strategy

Survival Actions by Enterprises

We also made efforts to understand the level of resilience of Zimbabwean MSME’s by probing for plans to recover from the negative impact of the lockdown. The MSME’s seemed to have an overlapping mixture of measures adopted; 50% indicated they will need a loan of some sort to get back onto their feet, and 47% will be able to recover using self-funding. Within these two groups 26% indicated they would like to involve new investors demonstrating their willingness to leverage a shareholding portion of their entities to remain afloat.
So, What’s Next for Small Enterprises in a World with COVID 19?

So much has changed since the end of May when we completed data collection. Registered businesses have since been allowed to resume operations whilst, in the informal sector the Ministry of Women’s Affairs, Community, Small to Medium-scale Enterprise Development made efforts to have the informal sector reopened in recognition of the important contribution of this sector to the Zimbabwean economy. The World Health Organization (WHO, 2020) is however anticipating a world where COVID 19 is the new norm until a vaccine or treatment are identified. This would imply that unless a vaccine or treatment is identified, restrictions to movement and requirements for high hygiene standards will continue. At the moment, a safe vaccine could be identified as early as end of 2020 with the Russian ‘Sputnik V’. But for Africa and Zimbabwe, access to vaccines may be as late as 2021 and beyond. The way businesses have been operating will drastically change in the interim with supply chains and operations shifting in response. New innovations to deal with arising challenges will have to be found.

Assuming such innovations for business are not secured, the Zimbabwean economy will most likely face the following challenges:

1. Increased prices of local goods and services
2. Reduced competitiveness of Zimbabwean goods on the local and international markets
3. Job losses due to retrenchments and lay-offs as business cut losses to make up for lost revenue and lost opportunities.

All the above have the potential to increase the vulnerability of the Zimbabwean citizen. The crisis has caused businesses in Zimbabwe and the world over to prioritize survival, reducing their exposure where possible even if it means laying off or not paying staff. The ‘wait and see’ approach employed by MSMEs is synonymous with the general sentiment in many quarters of the country were citizens caught off guard by the overnight shift.

A key issue for MSMEs coming out of this study was the loss of customers and associated revenue. This issue could be solved with simple training on applications and digital functions that can keep businesses in touch with their customers. However, their efficient use is always hampered by the age-old Zimbabwean question of data costs. Will innovation in the digital space be efficiently possible using current service providers or is there need for increased competition in that area with resultant benefits for consumers?
Nonetheless going forward as a country, data will be a key cost for every household and enterprise and its cost needs to be priced as efficiently as possible.

Businesses have the responsibility of innovating into the digital space to ensure seamless continued operations. Until a treatment or vaccine are found for COVID 19, countries will likely go through several round of lockdowns and re-openings. To this end, MSMEs need to be prepared for not whether there will be another full lockdown, but when the next full lockdown will be. Similarly, contagious diseases such as COVID 19 are predicted by the Global Preparedness Monitoring Board in their 2019 report to be a recurring feature of our future, meaning more preparation is necessary across all sectors to prepare for similar health emergencies.

For MSMEs a new understanding of technology must become the workplace norm. Pandemics like COVID 19 are likely to increase in frequency and with them will be more disruptions to workplace contexts as we know them. So, going into the future MSMEs need a new and robust understanding of how to trade on digital markets and improve their access to financial services online. This demand will also affect the line Ministry for MSMES shifting its use of digital technology to create entrepreneurship databases or engage enterprises using digital platforms. Their use of technology could expand to following up on enterprises using digital technology to ensure that funds disbursed in time of crises reach the right recipients and are spent on the agreed-on initiatives.

MSMEs and key government institutions such as ZimTrade and the line Ministry for SMEs need to quickly identify new opportunities and move in to fill the gap. For example, African entities could reposition themselves to attract manufacturing activities as the world seeks new markets for affordable manufactured goods. There are opportunities for countries within the SADC region, COMESA and AU to learn from this pandemic and speed up regional trade agreements that will benefit African manufacturers. In Zimbabwe, there is room to target products that that are most imported and prioritise their local productions with either tax exemptions for local producers or additional financial support.

Reallocation of resources to harness business innovation including investment in research and development is an important area of focus. The moratorium on rentals helped ease the immediate burden for small enterprises, however that moratorium had an end date and MSME’s will have the burden of paying back money owed in addition to covering expenses on new raw materials in future. Assistance for purchase of raw materials or new machinery to improve production capacity (which according to this study affected close to 70% of respondents) is an important avenue of support. Linked to this is the need to build solid foundations for post crisis growth to remain competitive in the recovery period. This includes maximising on near markets and friendships with neighbouring countries. The disruptions to supply chains especially for business dependent on China, the EU and the US was unprecedented, yet the disruption could continue with future waves of the virus if new markets are not created now.

Both MSMES and the government need to invest in technology to allow the movement of business operations into the digital space. This includes offices such as the Department of Deeds, Companies and Intellectual Property and the Zimbabwe Revenue Authority (ZIMRA) transforming into complete digital hubs. Currently even these offices have slowed down their
operations due to smaller staff compliments as staff members are minimizing their movements. The challenge is that even small business wishing to register or pay taxes have to go through several phone calls and trips (increasing their exposure to COVID 19) to get services, yet this could be solved with simple workplace innovations on the part of these offices enabling MSMEs to move quickly into business.
References


