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A Review on Post-COVID-19 Effects on Businesses and the Government Initiatives to Counter the Impacts of the Pandemic in Zambia

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Abstract:

The 2019 global coronavirus epidemic affected numerous companies and governments. Zambia, in the middle of the Southern African Development Community, Eastern and Southern Africa, might have unlikely deemed a coronavirus epidemic in Wuhan City, Hubei Province, China, in December 2019. The World Health Organization designated COVID-19 a pandemic on March 1, 2020, and a worldwide public health emergency on January 30, 2020, although its severity remained unclear. Zambia announced its first two COVID-19 incidences on March 18, 2020 and took immediate action to control it. On July 3, 2020, the Zambian government released the findings of a UNDP-funded Business Survey on COVID-19's impact on the country's enterprises. According to a study, Zambian enterprises were heavily impacted by COVID-19. Seventy-one percent of the enterprises were working part-time, while fourteen percent were completely closed and 15% were working on a normal basis (Estrada, Koutronas & Lee, 2020). COVID-19 hit education, transportation, and hospitality worst. 60% of health and social care services operated, whereas 85% of educational institutions had to be closed. Zambia handled all three pandemics with allied help (Saasa & James, 2020). Washing hands, wearing masks, staying inside and avoiding others helped Zambians avoid illness. Better COVID-19 monitoring accelerated detection. Zambian adults might get the COVID-19 vaccine since COVID-19 immunization initiatives began. But unfortunately, vaccine reluctance kept Zambia's adult vaccination rate below 10%. Zambia worked hard to stop the spread of COVID-19. Zambia's COVID-19 program suffered from underfunding, misinformation, misperceptions, and vaccine skepticism. This article will highlight the effects of post-COVID-19 on businesses and government initiatives to counter the impacts of the pandemic in Zambia.

Keywords: COVID-19, small-medium enterprises, Zambia, business performance, financial performance

1. Introduction

Zambia announced its first two cases of COVID-19 on March 18, 2020. There were more reports of cases, prompting government intervention to stem the tide of the pandemic. Both goods and human movement across borders were subject to strict controls, and travel to any country was restricted unless necessary. Zambia was aware of the need to prevent the spread of the illness while still safeguarding trade and infrastructure on its borders (Cavallo & Forman, 2020). Therefore, unrestricted and unhindered movement of goods and provision of services was crucial. Because of COVID-19, many individuals lost their jobs, money, and enterprises. Although the full impact was yet to be known, the outbreak was certain to impede any progress achieved by LLDCs since the halfway point of the Vienna Programme of Action for 2014–2024. The goals of the Paris Agreement on Climate Change and the Sustainable Development Goals of the 2030 Agenda were stymied. Issues of accessibility, affordability, safety, security and environmental impact hampered sustainable mobility initiatives (Pak et al., 2020). Government expenditure went up due to COVID-19's unforeseen expenses, but income collection stalled. Lack of funding for the transportation sector made it harder to achieve the goals of the National Transport Policy, such as cost-effectively providing services, maintaining and rehabilitating existing transportation infrastructure on an as-needed basis, fostering competition along regional corridors, and promoting safe transportation infrastructure and services.

2. Literature Review

The first outbreak of COVID-19 began in Zambia on March 18, 2020, and spread rapidly across the nation, as reported by Arsene et al. (2020). The population transmission rate rose after the first two cases were reported. All public institutions in the Republic of Zambia were ordered to be closed on March 20, 2020, out of concern that the virus would spread much faster. This preventative measure was used to slow the spread of the pandemic. Reports indicate that this

practice was common in other nations as well (Balla-Elliott et al., 2020). All schools had been shut down, so children had to complete their educations online. The majority of students, however, did not have access to financial resources that would allow them to purchase ICT equipment such as computers, cell phones, or tablets. Some students, especially those in rural regions or places with frequent power outages, found it difficult to study online. According to Manda (2022), 'lockdown' was a series of precautions used to contain the fatal COVID-19 virus outbreak. Everyone in the country was to follow these rules, and therefore, their regular activities and the economy were disturbed. Disease transmission was slowed when fewer people met potentially infected materials during lockdowns.

In the fight against the spread of SARS-CoV-2, lockdown was a beneficial technique because it lessened the chances of infected people coming into contact with others. Mathew et al. (2020) state that using lockdowns was an efficient method of preventing the transmission of the COVID-19 virus. This supports the idea that quarantines might reduce the influx of new cases and fatalities. Locking down just some areas or districts may have the same impact as a full lockdown since it causes significant behavioral changes among the population. Effective lockdown mechanisms backed initial responses in Zambia. The partial shutdown implemented by the Republic of Zambia in reaction to the pandemic was reasonable and effective (Mwansa et al., 2022). The leadership of the Republic of Zambia called for widespread testing, separation of those with signs and symptoms, and isolation of those who have tested positive, as well as other preventative measures such as the use of face masks, keeping a safe distance, washing and sanitizing hands thoroughly, wearing protective clothing, and so on. The government of Zambia had already begun protecting its citizens against the global spread of COVID-19 before one instance had been confirmed inside the nation.

According to Mudenda et al. (2021), on March 17, 2020, the Zambian Ministry of Health held a news conference in which they advocated for improved sanitation and individual privacy in densely crowded areas. The Honorable Dr. Edgar Chagwa Lungu, President of the Democratic of Zambia, announced on March 25, 2020, that further measures would be taken to halt the spread of COVID-19. All visitors, regardless of whether they showed symptoms, were ordered to stay in isolation for two weeks, and all but necessary travel to countries with confirmed cases of COVID-19 was prohibited (Ngoma, Hapompwe & Karim, 2023). This included weddings, funerals, and conferences. On April 9, 2020, there were 39 confirmed cases of COVID-19, with just one death. Despite the evidence, the Republican president called for more COVID-19 preventative measures, including making it mandatory to wear facemasks in crowded areas (Mukamba et al., 2022). In only 10 days, thorough testing in one Italian town cut by more than 90% the number of people showing symptoms of COVID-19.

The government of Zambia had, therefore, conducted hundreds of tests on potentially hazardous persons in Lusaka, Kafue, and Chirundu by May 21, 2020, to halt the spread of the virus. For rapid future detection and treatment, we advocated widespread, regular COVID-19 testing in Zambia (Ncube, 2020). Decentralized mass testing was required to have a large number of persons tested for SARS-CoV-2 and utilize the findings as the basis for choices. Drivers transporting necessities had to undergo medical examinations, have their vehicles cleaned, and be supervised by security personnel. The area was cleaned and fumigated at all entrance points, and PPE was made available to anybody who needed it. Cleaning and fumigation activities have been very helpful in the fight against the disease in high-risk locations, including schools, hospitals, marketplaces, government buildings, and places of worship. The first COVID-19 epidemic in Zambia had been contained thanks to the safeguards taken. According to SIMUSHI (2021), these precautions have helped, but non-adherence is still a major issue in the war against COVID-19. There were about 20,462 cases and 386 fatalities in the first wave of the pandemic. Furthermore, during the first wave, the general frequency in Zambia was 10.6% and among healthcare professionals, it was 9.3% (MacLeod & Guepie, 2023).

3. Methodology

Both qualitative and quantitative methods were used to gather information from 98 of the 4,500 small and medium-sized businesses in two Lusaka suburbs. The Israel Yamane approach was used to set up the sampling settings. 50 MEs were chosen at random from the George area, while 48 were chosen from the Furngroove area. 98 questionnaires and interview guides were used to collect data. Every single person who was given a questionnaire completed and returned it. Descriptive statistics from the questionnaires were analyzed using SPSS, while the qualitative data were analyzed using content analysis. Clubs and alcohol stores, beauty salons and hair salons, restaurants and takeout, stock feed shops, a computer and cell phone parts store, and supermarkets and minimarts were all the subjects of the study.

4. Findings

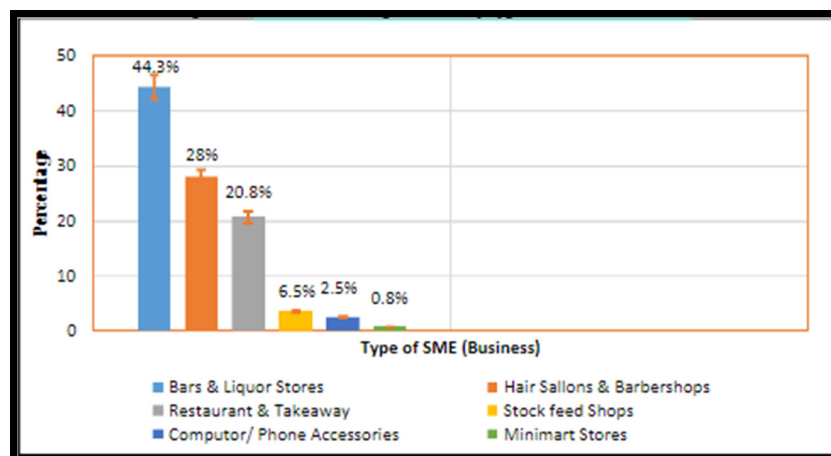


Figure 1: Response Rates by Industry for Small and Medium-Sized Businesses
Source: Data from the Field (2021)

Almost half of the respondents (44.3%) were owners of bars or liquor stores, while 28.0% were connected to the beauty industry, and 20.8% were involved in the food service industry. Compared to those who worked with computer and phone accessories, 6.5% of the population dealt with stock feeds (Obayelu, Edewor & Ogbe, 2021). In the end, convenience stores only accounted for 0.8% of the total.

Businesses in Lusaka's George and Fungroove townships have seen a 48% drop in consumers, a 22% drop in productivity from telecommuting employees, and a 21% rise in operating costs since the introduction of COVID-19. Slow adoption of digital technology was cited by 2.5% of SMEs, while 0.9 cited supply chain disruption. Consistent with results from the Bank of Zambia's (2020) study on the difficulties encountered by small and medium-sized businesses (SMEs), more than 86% of companies owned by women have observed a reduction in sales since the onset of the pandemic. Justina's Agro-processing Plant, which makes millet meal, porridge, and sorghum meal, was briefly shuttered in the initial months of the crisis and subsequently transferred to a bigger facility to fulfill social distancing standards, as shown by the results, which are in line with those of CUTS. It grew more costly to pay farmers for their crops and livestock, and it was essential to train additional workers.

The COVID-19 Effect on Average Monthly Revenues Surveillance data shows that around 62.8 percent of enterprises saw a decrease in income of less than 50 percent, while approximately 2 percent saw no revenue at all since they ceased operations entirely. In addition, profits dropped by more than half for 32.6% of the companies in the study. One percent of businesses reported stable earnings. Just 1.6% of all enterprises saw a gain in income. The results corroborated those of a study on the potential consequences of the pandemic on MSMEs in South Africa conducted by Mulenga and Marbán (2020). There was a significant economic impact from the COVID-19 pandemic, as 69 percent of micro, small, and medium-sized enterprises (MSMEs) reported a drop in company revenue generating since the outbreak began. The revenue deficit was caused mostly by consumers' reduced demand for products and secondarily by issues with the distribution network. The poll also indicated that around 14% of MSMEs witnessed an increase in revenue, with the majority of them being businesses involved in providing services essential to existence. Sharpe et al. (2021), who studied the immediate and long-term effects of the pandemic on the availability of capital for small and medium-sized enterprises in Zambia, corroborated the study's results. Findings showed that 71% of respondents named access to working capital as a need for firms to expand and weather the consequences of the crisis (Sintema, 2020). So far, respondents say that having access to competent professionals and digital literacy abilities is the least required condition. Seventy-three of the respondents have been unable to get financing for their firms to handle the effect of the epidemic, despite the requirement for operating capital.

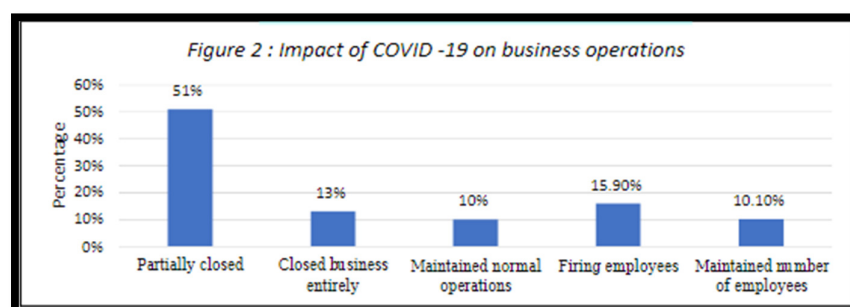


Figure 2: COVID-19's Effect on Business Operations

Figure 2 shows that although 13% of enterprises completely shut down, 51% reduced their hours, and 10% remained open. In addition, sixteen percent of the companies laid off workers, while ten percent kept the same number of people on staff but still struggled to survive (Ozili, 2020). The qualitative responses of SMEs on the impact of COVID-19 pointed to business closures, decreased revenues, fewer employees, and a lack of access to financing alternatives.

5. Discussion

When asked what form of government assistance they got to help them cope with the consequences of COVID-19 on their businesses, more than half of those surveyed stated they received a stimulus package. Government help came in the form of tax breaks and wage subsidies for the populace as well (Lone & Ahmad, 2020). Loan grants and loan facilities accounted for the remaining 1% and 12% of the total assistance packages. Qualitative research, however, revealed that the assistance package had been dispersed with obvious mistakes of inclusion and exclusion.

The government's assistance efforts for small and medium-sized enterprises in the wake of the epidemic may be observed in the form of a stimulus package. Some SMEs, however, reported that they were not eligible to receive this package from the government despite the availability of such an intervention. Most of them were forced to shut shop because of it, which seriously hampered their ability to make a living. It follows that if the proper distributive mechanisms are in place, government money may aid SMEs in dealing with the effects of COVID-19. According to the Bank of Zambia, a K8 billion kwacha economic stimulus program was agreed by the government and would be funded by a COVID-19 bond to help small and medium-sized companies (SMEs) cope with the effects of the epidemic. Tax fines and interest accrued due to COVID-19 have been declared null and void by the government. The Zambia Revenue Authority also outlined rules for the duration of the exemption, qualifying requirements, and other parameters. This strategy was put into place to aid SMEs during the COVID-19 Pandemic. To stimulate economic growth in Zambia, the country's central bank, Bank of Zambia, has suggested a set of regulatory relief measures for the banking industry, including lower lending rates. Providing these types of help attempts to persuade banks to assist struggling borrowers.

COVID-19's clear negative effects on businesses in terms of lost customers decreased productivity due to telecommuting employees, and increased cost of doing business cast a shadow over the country's hopes of becoming a prosperous middle-income nation by Vision 2030. This shows that the pandemic has had a devastating effect on SMEs and that their chances of survival have worsened, especially for SMEs with little operational capital. If business drops down, the corporation may lay off workers to keep costs down and keep making a profit. In the event of a drop in clientele, the company may elect to reduce its workforce to maintain profitability. Because of layoffs and company closures, many small and medium-sized enterprises (SMEs) have seen their incomes decline, which has led to a rise in the cost of living and, in extreme cases, poverty. Moreover, this becomes the simplest way to enter the poverty trap, from which there are few ways to escape.

6. Conclusion

This study, along with the scientific research it relies on, establishes without a reasonable doubt that COVID-19 has had a devastating effect on businesses' and individuals' ability to access financial assets. Indeed, it is certain that this epidemic has pushed even more people into poverty, increased the number of unemployed, and expanded the gap between the affluent and the poor. The country's hopes of becoming a successful middle-income nation by 2030 have been further diminished and overshadowed. In light of the above, urgent and decisive action is required to restore stability as soon as possible and over the longer term.

7. Recommendations

Government action via the Ministry of Commerce, Trade, and Industry is required due to the current impact of the pandemic on SMEs, and this action must be organized, unbiased, aimed at, and integrated. Particularly harmful are top-down policy imperatives and dogmas, which the government should avoid at all costs. The K10 billion stimulus program should be designed following broad talks with all relevant institutions and stakeholders to provide a medium-term liquidity facility to help businesses cope with the epidemic. Rather than the present state of uncertainty, it would have been preferable to have clarity on which companies would get which SMEs and how much would be awarded to each company based on the expected amount of effect. Because of this, an audit of the COVID-19 assistance package is necessary to assess its real delivery and the degree to which it has achieved its goals. The government, via the Department of Commerce and Industry, Trade, and Industry, must rework other existing forums where companies may find opportunities to contribute to the fight against COVID-19 and learn how other enterprises are successfully changing their operations to COVID-19. The 'success stories' of people who were able to fulfill the higher demand for products and services caused by the epidemic would be very helpful to others who are currently having trouble. Finally, the government may utilize existing statutory agencies like the Zambia Development Agency, the People's Economic Empowerment Commission, etc., to route such resources, preventing the politicization of development dollars meant to empower people.

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