

PROBLEMS OF COVID-19 INFLUENCE ON SMALL AND MEDIUM ENTERPRISES ACTIVITIES – ORGANIZING FUNCTION

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Purpose: The aim of the paper is to analyze selected aspects of impact of COVID-19 pandemic on small and medium enterprises organizing function in Zimbabwe.

Design/methodology/approach: Critical literature analysis. Analysis of international literature from main databases and polish literature and legal acts connecting with researched topic. The analysis on data from questionnaire.

Findings: After analysis of the results of realization of organization function by SME in Zimbabwe during COVID-19 pandemic we can observe that it has the rather bad influence on the teams management. Especially problematic area was connected with coordinating work processes which was not easy and in many SME were problems with this area during COVID-19 pandemic. Also managers have problems with seating up work and too much absence of workers. The management of workers using only remote tools is not an easy one process and need very careful approach and many adjustment of team working organization to the new situation. We can observe the negative impact of CIVID-19 pandemic and full remote working on realization of organizations by SME organizations. Maybe this was because of not enough level of knowledge by workers how to use remote working solution. It would be interesting to conduct training in remote working and management of remote working teams in organization and try to analyze the results after it. Maybe it could influence positively on the results. It is important because in many organization also after the COVID-19 pandemic the remote work will be used more frequently comparing to times after this pandemic conditions.

Originality/value: Detailed analysis of all subjects connected with COVID-19 pandemic impact on the functioning of organization function in SME organizations.

Keywords: small and medium enterprises, management, COVID-19, organization, Industry 4.0.

Category of the paper: literature review, data analysis.

1. Introduction

The COVID-19 pandemic and its consequences have had a devastating impact on the business industry worldwide, particularly in the Small and medium-sized enterprises (SMEs) sector. There are emergent changes in work practices (e.g., working from home, virtual teaming) and (b) emerging changes for employees (e.g., social distancing, stress, and unemployment). COVID-19 lockdowns posed a challenge to existing organizational management functions, of planning, organizing, leading, staffing and controlling. Those changes are especially connected with Industry 4.0 principles – digitalization of the organization processes (Drozd, Wolniak, 2021; Kwiotkowska et al., 2021). This digitalization is a step towards remote working system but it's worth analyzing if for now organization are prepared for the full remote working. The times of COVID-19 pandemic was a good time to analyze it.

The aim of the paper is to present selected aspects of impact of COVID-19 pandemic on small and medium enterprises organizing function in Zimbabwe.

2. Small and medium enterprises

SME stands for Small and medium-sized enterprises (SMEs) and they play an important part in the economy of most countries. The European Commission considers SMEs as key to ensuring economic growth, innovation, job creation, and social integration in the European Union (Eurostat, 2020). The number of employees in SMEs varies from industry to industry. These enterprises are job creators and have created the competitive state of the market which led to better satisfaction of consumer needs. SMEs also contribute in supplying certain activities to help big enterprises in a way of producing goods and services efficiently (Fan, 2003). Another important feature of SMEs is focusing on innovative processes, both in technology and in management. Thus, they help in forming the GDP and increasing the national export and play role in maintaining the social-political stability in a country (Fan, 2003).

A small and medium-sized enterprise is defined as a company that employs under 250 employees. A small business is a company that has fewer than 50 employees and a micro business employs fewer than 10 people. Small and medium-sized enterprises (SMEs) represent 99% of all businesses in the EU. The definition of an SME is important for access to finance and EU support programmes targeted specifically at these enterprises (European Commission, 2021). SMEs play an important role in the economic development of a country (Jonek-Kowalska, Wolniak, 2021). Their role in terms of production, employment generation, contribution to exports and facilitating equitable distribution of income is very critical (Hashi,

2020). The World Bank estimates that 90% of businesses worldwide are SME's. The importance of SME for economic growth, as well as creating the competitive private sector has been proven in many studies. The significance of this group of entities for the economic growth and employment is unquestionable, which is proved by scientific research and numerous reports. Qimiao Fan indicates that SME are not only an engine for the growth but also essential for competitive and efficient market as well as critical for the poverty reduction (Fan, 2003).

Entrepreneurial activities in society were started by the ancient Greeks and it was the philosopher Xenophon (approximately 430-354 BC) who recognised opportunity seeking activities of overseas merchants (Houben, 2005). In modern times, small business development dates as far back as the 1600s, when Americans would trade crops, supplies, and services. As the nation itself was developing, all businesses were small at that time. Machines were not yet available, and automation was unheard of. Transportation was extremely slow, and banks had not yet been established. America was still working out the groundwork for such things, including taxes. In the 1800s, after the nation became independent, small businesses really began to boom. The growing commercialisation of farming, including the involvement of farmers in land speculation in the early 1830's almost all farmers combined some trade with agriculture, most of them make agriculture itself a trade. Small and medium enterprises are privately owned businesses whose capital, workforce, and assets fall below a certain level according to the national guidelines. Local restaurants, grocery stores, garages, etc. that serve a hyperlocal target audience usually fall under the blanket of a small-to-medium-size enterprise as they generate less revenue and operate with less than a certain level of workforce and assets. SMEs usually do not require heavy or sophisticated machinery. Hence, it uses more labour-intensive techniques, they require a smaller number of people as compared to large corporations, due to their small scale of operations (Verma, 2021). In most cases, a single owner or a small group of individuals handle the management of the business. While large corporations pour a lot of money to connect with their customers, SMEs do it easily they operate locally and have a smaller customer base, which makes it possible to maintain close relationships with its customers (Verma, 2021).

While only a few SMEs have managed to exploit the advent of the internet by doing business online, the majority of them still rely on the traditional means of face to face in doing business. Therefore, any situation that disrupts the status quo so much as to threaten to reduce or nullify face-to-face interaction will inevitably pose a perennial threat to the survival of these small businesses. The advent of COVID-19 with its stringent conditions therefore, is likely to have undoubtedly dealt a devastating blow to the SMEs especially in Zimbabwe where e-commerce and e-business are still budding. This study therefore sought to assess the impact of this pandemic.

SME'S are the anchor of most economies as they provide the most jobs and are a great contribute to a nation's Gross domestic Product GDP. In the United States Of America, in 2021, the number of small businesses in the reached 32,5 million making up nearly all (99.9 percent)

US businesses (Lin, 2020). The increase in the number of small businesses in the US in 2021 is representative of the sustained growth as it marks a 2.5 percent increase from the previous year and a growth of 9.8 percent over the four-year period from 2017 to 2021. According to the US Small Business Administration, “small businesses” are defined as “firms with fewer than 500 employees” (Lin, 2020).

While in Asia survey that the Asian Development Bank (Asia SME Finance Monitor (ASM) carried out on 20 countries from 5 ADB regions 1 showed that SMEs accounted for an average of 96% of all enterprises and 62% of the national labour forces across the ASM countries. These countries cover Central Asia, East Asia, South Asia, Southeast Asia, and the Pacific. Meanwhile, the latest data reveal that SMEs contributed an average of 42% of the gross domestic product (GDP) or manufacturing value added in ASM countries.

3. COVID-19 pandemic

Across the world, world leaders have declared health emergencies to combat the COVID 19 epidemic. At the moment, strides have been made to come up with COVID-19 vaccines like Pfizer, Moderna, Astra, Sputnik, Sino-pharm and Sinovak amongst others (WHO, 2022). In addition, authorities have effected lock downs, curfews and made the wearing of masks mandatory and they have ordered people to stay home and travel restrictions have been put in place (Stecula, Wolniak, 2022). Many businesses are closed and only a minimum of shops continue to operate particularly those who provide essential services, such as health care services, banks, media outlets, food industry etc.

There are new regulations for travelers, including quarantine, and most countries like Australia have very strict travel restrictions. According to media reports Australia was one of the few developed countries prohibiting its citizens and permanent residents from exiting the country except in cases where one had a compelling reason or emergencies.

Broughton (2015) denotes that crises can entail: epidemics, natural disasters, technology, poor management, terrorism, warfare and scarcity. There are three elements that are most common for defining crises: threats to organizations, elements of surprise, and short time decisions. COVID-19 meets this criterion, its severity has threatened small and large enterprises, and nonetheless small and medium businesses have been affected the most. Preventive Health Measures encompass a variety of interventions that can be undertaken to prevent or delay the occurrence of disease or reduce further transmission or exposure to (Hayakawa, Mukunoki, 2021) states that in the case of COVID-19, strict preventive measures had to be set in place due to the fact that COVID-19 is easily transmittable. According to the World Health Organisation the virus can spread from an infected person’s mouth or nose in small liquid particles when they cough, sneeze, speak, sing or breathe. One can transmit the

virus by breathing in when near someone who has COVID-19, or by touching a contaminated surface and then your eyes, nose or mouth. The virus spreads more easily indoors and in crowded settings (WHO, 2022).

A case study done by Kabir et al. (2021) shows that Bangladesh experienced a surge in infections from June to August 2020, marking the first wave of the virus. Several containment measures were applied to control the situation, including a countrywide lockdown and travel and social activities restrictions. Risk communication strategies were also developed and deployed in the country as part of the National Pandemic Preparedness and Response Plan.

Misconception on COVID-19 has been another predominant challenge in the risk communication strategies around the world. An exploratory study in Canada revealed that the participants perceived public health messages on COVID-19 as conflicting, with perceptions varying by age-group (Chrisa et al., 2020). The coronavirus outbreak has had a significant impact on the workplace. Many organizations have switched to working remotely to curb the virus's transmission and protect workers. Video communication applications such as Zoom meetings and instant messaging have replaced personal interaction (Gajdzik, Wolniak, 2021). This has both advantages and disadvantages although it may be flexible working from home. Some members of staff who preferred personal interaction with colleagues and also found face-to-face guidance with their manager extremely beneficial in helping them complete tasks and achieve their goals (Businessinfo.uk, 2020).

Working from home may also not fit in with everyone's home-life for example some people may have young children that may be unaware of boundaries and cause interruptions during the working day. Others may not have the physical space required to create a suitable dedicated working area (Businessinfo.uk, 2020). Maurer (2020) says research has shown remote employees are working longer, spending time in more meetings and having to keep up with more communication channels. Employees are struggling to know how to disconnect from work, resulting in longer hours, higher stress, and eventual burnout (Zhikuan, Zhang, 2022).

Despite researchers' changing perspectives on proximity over time, some general guidelines seem evident. It is apparent that increasing proximity among people has positive, but non-monotonic, effects on interpersonal relationships and group functioning. In most cases, humans are highly uncomfortable at close range (Freedman, 1975). Proximity increases social impact, such as obeying someone's request to sing loudly, contribute to a charity, give a large tip, or do a favour or expend effort for the group. Likewise, in a group, free riding (letting others do the work) is minimized when members are proximate and each member's contribution to the group project can be clearly identified (Latane, 1986). While working from home is convenient and has many benefits, it also exposes both individuals and businesses to a range of cyber security risks (Root, 2021).

4. Methodology

The study is designed to understand how COVID-19 induced lockdowns has impacted the organisational management of small businesses. A survey was focus on Zimbabwe example. In Zimbabwe, the biggest number of SME firms is to be found in the in-wholesale trade, retail and food industries, the focus of this research will be on the aforementioned. There were 50 questionnaire conducted in the research on example of Small and medium enterprises functioning in Zimbabwe. The highest percentage of respondents (70%) were SME directors, while the remainder (30%) were SME managers.

5. Effect of COVID-19 pandemic on organizing function

In our research we analyzed the effect of COVID-19 induced lockdowns on organizing in SMEs in Zimbabwe. The effect of COVID-19 pandemic was assessed through the following themes COVID-19 induced lockdowns, due to curfew and standard operating procedures. Respondents were asked to indicate the level at which they agreed with the responses suggested. The study results are presented. in Table 1 below. The effect of COVID-19 on organizing in SMEs was assessed through two themes work teams and organizational structure. Respondents were asked to indicate the level at which they agreed with the suggested responses.

Table 1.

Positive effects of COVID-19 pandemic on organization function

Teams	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree	Total	
						Freq	%
Setting up work teams was easy, with some team players absent	0.00%	58.00%	22.00%	12.00%	8.00%	50	100.00%
Coordinating work-processes was easy	54.00%	16.00%	0.00%	30.00%	0.00%	50	100.00%
Sharing operational work information was easy	10.00%	56.00%	20.00%	14.00%	0.00%	50	100.00%
Organization structures							
Functional reporting structures running	0.00%	8.00%	10.00%	56.00%	26.00%	50	100.00%
Formal reporting structures were easy to adhere to	8.00%	52.00%	12.00%	20.00%	8.00%	50	100.00%

Source: On basis: (Sibanda, 2022).

The primary question for SME directors was: how easy was it to set-work teams during the COVID-19 induced lockdowns when some workers were absent? An analysis of the presented results showed that the majority of respondents (58%) were strongly disagreeing with the assertion that setting up work teams was easy during the COVID-19 induced lockdowns despite the fact that some workers were absent from work. This was followed by 22% of respondents who were not sure whether it was easy or not to set up work teams. Only 8 % of respondents were agreeing that setting up work teams was easy during the COVID-19 induced lockdowns despite the fact that some workers were absent from work. Thus setting up work teams was not easy for SMEs during the COVID-19 induced lockdowns.

The other key question for SME directors was: how easy was it to coordinate work processes during the COVID 19 induced lockdowns? An analysis of results showed that the majority of respondents (54%) were strongly disagreeing with the assertion that coordinating work processes was easy during the COVID-19 induced lockdowns despite the fact that some workers were absent from work. This was followed by 30% of respondents who agreeing that it was easy to coordinate work processes during COVID-19 induced lockdowns. Only 16% of respondents were disagreeing that coordinating work processes was easy during the COVID-19 induced lockdowns despite the fact that some workers were absent from work. Thus coordinating work processes was not easy for SMEs during the COVID-19 induced lockdowns.

Key to the aspect of organizing was the question how easy was it to share operational information during the COVID-19 induced lockdowns? An analysis of results showed that the majority of respondents (56%) were disagreeing with the assertion that sharing operational information was easy during the COVID-19 induced lockdowns despite the fact that some systems were non-functional. This was followed by 20% of respondents who were not sure whether it was easy or not to share operational information during COVID-19 induced lockdowns. Only 14% of respondents were agreeing with the notion that sharing operational information was easy during the COVID-19 induced lockdowns despite the fact that some workers were absent from work. Thus, sharing operational information was not easy for SME managers and directors to share operational information during the COVID-19 induced lockdowns.

6. Conclusion

After analysis of the results of realization of organization function by SME in Zimbabwe during COVID-19 pandemic we can observe that it have the rather bad influence on the teams management. Especially problematic area was connected with coordinating work processes which was not easy and in many SME were problems with this area during COVID-19

pandemic. Also managers have problems with seating up work and too much absence of workers. The management of workers using only remote tools is not an easy one process and need very careful approach and many adjustment of team working organization to the new situation. We can also observe problems connected with sharing operational work and information between teams member. This is problematic in fully remote condition without additional training of workers.

In the case of SME organizational structures we can observe that the organizations don't have a problem with functional reporting – is could be done in times of pandemic even better than in normal condition. Typical, formal reports can be easy prepared using remote working system. But the main problem was in the case of sharing information's in report – it was worst without typical face-to-face meeting.

Summing up we can observe the negative impact of CIVID-19 pandemic and full remote working on realization of organizations by SME organizations. Maybe this was because of not enough level of knowledge by workers how to use remote working solution. It would be interesting to conduct training in remote working and management of remote working teams in organization and try to analyze the results after it. Maybe it could influence positively on the results. It is important because in many organization also after the COVID-19 pandemic the remote work will be used more frequently comparing to times after this pandemic conditions.

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