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**| RESEARCH ARTICLE**

## How SMEs Coped with the Impact of Covid-19; Results from a Survey in Accra, Ghana

David Doe Fiergbor<sup>1</sup> ✉ Alexander Owiredu<sup>2</sup>, Frank Antwi<sup>3</sup>, Christian Narh Fiergbor<sup>4</sup> and Christian Lawerh Anim<sup>5</sup>

<sup>15</sup>*School of Management, Jiangsu University, P.R. China*

<sup>23</sup>*Department of Accounting and Finance, Pentecost University, Accra, Ghana*

<sup>4</sup>*Ashesi University, Ghana*

**Corresponding Author:** David Doe Fiergbor, **E-mail:** [daviddoef@gmail.com](mailto:daviddoef@gmail.com)

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**| ABSTRACT**

This research explored how Small and Medium Enterprises (SMEs) coped with the impact of COVID-19 on the Ghanaian economy. The relevance of this research goes as far as the economic strength of the country as SMEs account for nearly 70% of Ghana's total GDP. This means the findings from this research have a significant effect on the macroeconomic indicators of the country as a whole. The study examined results from 864 SMEs in the Greater Accra Region of Ghana that were selected under the purposive sampling method. Various SMEs, including business operations in the hospitality, trading, manufacturing, fashion, and IT industries, were included in the study. The results indicated that the effects of the Covid-19 pandemic on the survival of SMEs were evident as the global economic crisis disrupted business operations, including supply chain and manufacturing activities which resulted in operating cash flow, profitability, and loan repayment challenges. To cope with the impact of the pandemic, most SMEs implored several strategies mainly service outsourcing and downsizing of employees, among other operational interventions. Those in the IT service industry intensified their online presence to leverage the opportunities. The government also provided business support packages to cushion the impact of the pandemic. In conclusion, as SMEs are a strong support system to the economy, the government ought to create an enabling environment for their sustainability at all times, especially during economic meltdowns like the covid-19 global pandemic.

**| KEYWORDS**

Impact, SMEs, Coping Strategies, Covid-19.

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### 1. Introduction

The fourth quarter of 2019 experienced an outbreak of a new virus that was identified to belong to the coronavirus family and was later referred to as the SARS COVID-19 by the World Health Organisation (WHO) (Zhu et al., 2020). The virus that originated from the Wuhan province in China spread across the globe and by the end of the first quarter of 2020, trails of its impacts were evident. The WHO, therefore, declared the covid-19 a global health pandemic on March 11, 2020 Lu et al., (2020) at a time that most countries were battling to contain the spread of the virus. As a new virus, scientists and health professionals initially struggled to understand its characteristics and mode of spread as well as the effects of its infection. As the virus went viral with increasing mortality rates, containment measures suggested by the WHO included social distancing, movement restrictions, wearing of nose masks, and regular washing of hands, among others (CDC, 2020). In effect, many countries closed their international borders with the imposition of travel restrictions and lockdowns in some major cities and provinces across the world (Li et al., 2021). While the major health concern of the pandemic had been contagion, governments across the world had to grapple with the economic impacts (Amewu, et al., 2020) and the implications of their intervention policies that were testing their economic shocks.

Ghana, a developing economy with an underdeveloped healthcare system recorded its first covid-19 case on March 12, 2020, suspected to have been imported from outside. As the world battled the virus that was spreading like wildfire, the Government of Ghana (Ghana) had also taken steps to contain the spread and mitigate the risk of higher infection rates. Land and air borders of the country were closed and an initial two weeks partial lockdown was imposed on the Greater Accra and Ashanti Region (GSS, 2021). However, Ghana had to battle with a more deadly "economic virus" and not just the covid-19, as majority of the citizens engage in businesses such as petty trading, farming, fishing, and small-scale mining among others Amewu et al., (2020) largely feed "from hand to mouth" and several squatters in the main trading cities who could hardly feed on a three-square meal a day. This study explored how SMEs coped with the impact of Covid-19 in Ghana. However, specific research objectives keenly explored the following areas; the economic effects of covid-19 on SMEs in Accra, measures taken by SMEs in Accra to protect their businesses during the covid-19 pandemic, and available support systems for SMEs in Accra to ensure businesses remained active during and after the covid-19 pandemic.

## **2. Literature Review**

### **2.1 Global Economic Impact of the Covid-19**

As of the end of the first quarter of 2020, most countries had already announced international border closures to curb the spread of the virus. China at this time was hard hit with downward economic turnover as major economic activities such as manufacturing and supply chain operations were disrupted (McCloskey & Heymann, 2020). This also affected the economic activities of China's major trading partners. Acknowledged as a global economic power (second largest economy) in the world that commands 17% of global GDP, a country that is reckoned as a manufacturing hub and a major supply chain and trade hub (MoF, 2020), China experienced negative economic growth due to lower productivity rates in manufacturing and supply chain business operations. Similar spiral economic growth has been experienced globally even in the most economically advanced and developed countries. World-acclaimed research and multilateral institutions such as the World Bank, IMF, UNECA, Economic Intelligence Unit, and Fitch Solutions all projected low economic growth. The World Trade Organization (WTO) projected a decline between 13% and 32% in world trade in 2020 (WTO, 2020). The IMF speculated a downward growth rate below the 3.3% earlier projected for 2020, while the World Bank estimated a 1% decline in developing economies' growth rate.

Major trading partners to China including the UK, the US, and Africa were affected by downward projector growth in GDP (MoF, 2020). Many African countries were expected to experience slow economic growth and a fall in GDP as major trading commodities such as gold, cocoa, and crude oil experienced drops in prices. International organizations projected a drop in the GDP of African countries (Amewu et al., 2020). The UNCTAD estimated a fall of 1.4% in GDP with a 5% public revenue loss for African economies. UNECA also projected a drop of 1.4% in Africa's GDP. Most African economies faced challenges with responsive policies to mitigate the impacts of the covid-19 on their citizens at risk. Most economies resorted to a reduction in interest rates and provision of monetary aid to households and businesses. Some stronger economies injected more cash into the economy to lessen the impacts. Tunisia particularly injected an amount of US\$0.9 million into the economy to enhance liquidity. While Senegal established a "Force Covid-19" fund of Euro 2.1 million into the economy (KPMG, 2020), Egypt and Morocco injected US\$6.4 billion and US\$1 billion, respectively, into their economies to ensure liquidity during the covid-19 (AACO, 2020). For South Africa, an amount of US\$160 million was allocated to households and firms at risk, with US\$ 8.4 billion funds set aside for unemployment insurance funds and tax subsidies for firms with less than US\$2.7 million annual turnover (Global Policy Watch, 2020).

### **2.2 Impact of Covid-19 on Ghana's Economy**

Ghana, which is the second-largest economy in West Africa, was already experiencing the turbulent menaces of the covid-19 on its economy by the end of the first quarter of 2020 (Amewu et al., 2020). The slowdown of GDP growth, shortfalls in petroleum revenue, the decline in import duties and tax revenues, as well as increased health expenditure accounted for major macro-fiscal impacts. As part of government efforts to alleviate the financial burdens of the covid-19 pandemic, the central bank, Bank of Ghana (BoG) reduced the policy rate to 14.50%, from 16%, and reserve rates from 10% to 8% which were announced during the first quarter of 2020 (MoF, 2020). A Coronavirus Alleviation Programme (CAP) of US\$219 million from the Stabilization Fund which is 2.5% of the revised GDP. The estimated economic impact is a fiscal gap of 2.9% of the revised GDP. Excess money from the Ghana Stabilization Fund was moved into the Contingency Fund to fund the CAP as the limit was reduced from USD300 million to USD100 million (MoF, 2020). The BoG has also deferred payment on non-marketable instruments beyond 2022. There was adjusted expenditure on goods and services to the tune of GHS1,248 million. The government also secured a World Bank DPO of GHS1,716 million and the IMF Rapid Credit Facility to the tune of GHS3,145 million. Plans were further advanced to withdraw money from the Ghana Heritage Fund (MoF, 2020). These fiscal response policies resulted in a monetary shortfall of 6.6% of revised GDP and a corresponding basic shortfall of 1.1% of rebased GDP.

### **2.3 Government of Ghana Covid-19 Economic Recovery Programmes**

The Government of Ghana 2021 national budget read at the end of 2020 highlighted some economic recovery programs such as the Ghs100 billion Ghana CARES/Obatanpa program that focused on economic digitization and the housing and construction

industry. It was also aimed at leveraging African Continental Free Trade Area (AfCFTA) with a focus on education, manufacturing, healthcare, aviation, petroleum, tourism, creative arts, and automobile among others as well as technical and vocational skills training and private sector support. Others included covid 19 fiscal support to Small and Medium-Size Enterprises (SMEs) and investors, suspension of quarterly installment payments of Vehicle Income Tax (VIT) for minivans and taxis from the second quarter to the fourth quarter of 2021, and income tax rebate of 30% for companies in the education, hospitality and entertainment sectors. Per the budget, several taxes were increased whilst new taxes were also introduced to increase revenue to finance the economic recovery programs. These included: a covid-19 health levy, an increase in the road toll, gaming tax, a 1% increase in NHIL, a 1% increase in VAT flat rate, and a financial sector clean-up levy of 5% of profit-before-tax of banks. An increase in the Energy Sector Levy Act (ESLA) and sanitation, in addition to the pollution levy, brings a total of 5.7% increase in petroleum prices at the pump (MoF, 2020).

#### ***2.4 Impact of Covid-19 on SMEs in Ghana***

Ghana, as a developing economy largely boosted by Small and Medium-size Enterprises (SMEs), had a greater economic stake in the socio-economic development of the sustainability and productivity of SMEs during and after the covid-19 pandemic. This is evidenced in the role of SMEs in the economic drive and expansion of most countries, as they are avenues for employment, growth, and new market developments (Li, et al., 2021). They form more than 90% of all businesses in Ghana, with a total annual GDP contribution of over 70% (Abor & Quartey, 2010) (Adams, 2020). They account for over 80% of all the over 250,000 registered enterprises in Ghana (Li et al., 2021). Despite the undeniable economic contributions of SMEs, they are, however, the most susceptible during major economic crises partly due to higher vulnerability, inadequate preparations, lower financial stabilities, and psychological shocks on owners and managers (Runyan, 2006). The partial lockdown was economically devastating and challenging to the operations and smooth running of these SMEs. After the lockdown, many SMEs faced difficulties in resuming business operations which further worsened economic losses, with many on the verge of closing permanently (Lu et al., 2020). It was a challenging time for most businesses as those operating in the hospitality and education sectors were entirely closed down nationwide (Li et al., 2021). Manufacturing, agriculture, and supply chain operations also experienced disruptions. The service industry was hard hit as some businesses were entirely closed down due to losses in revenue and workers laid off. Within the partial lockdown regions, businesses in the education, financial services, transport and storage, and manufacturing sectors were closed down. Even those businesses that were operational faced a myriad of challenges, such as fewer customer retention, difficulty in sourcing inputs, and difficulties in covering revenue shortfalls (GSS, 2021).

Most SMEs struggled for turnover leverage as some staff was laid off, and those who could not withstand the harsh economic burdens of the pandemic were out of business operations. It had been empirically evident that the majority of businesses (especially SMEs) across the world experienced the impacts of the pandemic in a way. Ghana as a country experienced the impacts of the covid-19 pandemic that tested the shocks of its economic pillars. Businesses, especially SMEs, were among those that were the hardest hit by the economic challenges of the pandemic (GSS, 2021). The majority of the SMEs were privately owned companies that were driving Ghanaian's economic wheels. They were reckoned as the bedrock of economic novelty and hence the panacea of economic growth (Agbola & Amoah, 2019). Many scholars, such as Abor and Quartey (2010), Obi et al. (2018), and Tesheen et al. (2019) have admitted the vitality of the numerous contributions of SMEs to economic health. However, to date, very little scholarly study has been done on how SMEs coped with the impact of the covid-19 pandemic, although Li, et al., (2021) attempted to examine "Ghanaian SMEs Amidst the COVID-19 Pandemic: Evaluating the Influence of Entrepreneurial Orientation." Much more scholarly work could have been done on the subject of the impact of Covid-19, with the main focus on SMEs in Ghana. It was therefore, against this background that this study was carried out to explore "How SMEs are coping with the impact of Covid-19". This survey study focused mainly on SMEs that operate businesses in Accra.

#### ***2.5 Challenges Faced by SMEs***

Due to their size, operational strategies, and financial strength, SMEs face several challenges in their operations. However, key among these challenges have been identified and classified as cash flow, supply chain, and market demands (Lu, et al., 2020).

##### ***2.5.1 Cash flows***

A major challenge for SMEs is working capital even in normal times (Lee, et al., 2015). The working capital acquisition has been identified as a daunting issue for most SMEs even in times of normal business operations. Due to their size, governance structure, and operational strategies, they encounter difficulties in securing funds to push their business drives. This is largely due to the fear of bad debt anticipated by financial institutions when dealing with SMEs. Another major issue has been the lack of or inadequate assets to guarantee to fund. The closure of work and movement restrictions imposed by governments further worsened the already challenging operational conditions of SMEs. Most companies had little to no cash for their operational expenses (Lu et al., 2020). Castillo (2005) opined that to ensure business continuity in disruptive times, SMEs must ensure revenue inflow streams. Biggs et al. (2012) also opined that available savings are one of the three key factors necessary for a business's survival during disruptive times. Savings could therefore be drawn to ensure business continuity in the event of disruptions (Lu et al., 2020). More savings is

a sign of a healthy business and proper risk management also ensures continued operational sustainability (Khan & Sayem, 2013). For SMEs that have no strong financial backbone, government interventions and support through tax incentives and grants are crucial for survival Gotham (2013) and could cushion the economic pressure for post-disaster recovery (Biggs et al., 2012).

### **2.5.2 Supply Chain**

As a core component of business operation, the supply chain remains a major concern for business continuity at all times. However, at crucial times in the pandemic era, countries closed their borders in efforts to contain the spread of the virus thus halting supply chain operations for the period. This resulted in disruptions in the supply chain industry as China's borders were also closed (Li et al., 2021). Disruptions in the supply chain resulted in shortages of raw materials, which affected the production and general business operations of SMEs (McCloskey & Heymann, 2020). This hit hard on SMEs thereby confirming the assertion Wedawatta and Ingirige (2012) that SMEs generally do not make plans for unforeseen disasters or disruptions that would affect their supply chain. They are therefore vulnerable to the consequences of the disaster. This delayed their business recovery and was one of the pressing challenges they faced during the covid-19 pandemic (Lu et al., 2020).

### **2.5.3 Market Demands**

The closure of international borders and the imposition of restrictions and movements took a toll on market demands for goods and services. While some SMEs in the Technological space well navigated their industry and the economy entirely because they provided "essential services" for which demand was high, the majority on the other hand witnessed the turbulent strides of the pandemic. As Cowling et al. (2015) noted, SMEs are not immune to large contractions in demand for their goods and services. The restriction in movement resulted in a demand shock that particularly affected consumption due to a reduction in private consumption spending. The highly volatile and uncertain environment required SMEs to quickly adjust and adapt to the market demands (Lu, et al., 2020). The market demand dynamics result in a shift in consumer preference, especially for luxury goods (Zhang et al., 2009). During a crisis, consumer preferences are shifted toward basic survival needs hence the demand for luxury products, goods, and services were usually affected and resulted in lower patronage. Previous studies on post-disaster recovery reveal that market demands changed across industries, especially for retail enterprises (Forbes, 2017).

## **3. Methodology**

The sample size of the study covered 864 of all SMEs in Ghana, but preference was given to those located in Accra. The present study was descriptive in nature and was based on primary data collected through field surveys. The study captured pieces of evidence from SME owners by analyzing their experiences, strategies, and challenges concerning the covid-19 pandemic. The study examined how SMEs coped with the impact of the covid-19 on their business operations viz-a-viz the myriad of global and national economic challenges as of the year 2021. Both primary and secondary data were employed for the study. The primary data was gathered through the use of a structured questionnaire that was administered on Google Forms online for a greater reach out to the respondents, while textbooks, journals, newspapers, online libraries, etc. were used as the sources of secondary data for the study.

### **3.1 Research Strategy and Sample Size**

This investigation was carried out by capturing primary data from SME owners in the Greater Accra region of Ghana. The total population of the region as per the 2021 census was a little over 5.4 million. Krejcie and Morgan (1970) recommend a sample size of 384 for such a population. For the study, sampling was done in two phases with the help of the purposive random sampling method to arrive at the necessary sample size. In the first phase, purposive sampling of the region was done by selecting a region that had a population size of more than 5 million. In the second phase, a simple random sampling method was applied to select the SMEs from each district. A total of 1000 SMEs were approached for data collection. However, the complete data collected was for only 864 SMEs. Thus, the sample size taken for this research work was fixed at 864, which was above the threshold level of 384. Data analysis was carried out using MS Excel and Statistical Package in the Social Sciences (SPSS). The responses received from these units were considered for further data analysis to arrive at the findings.

4. Results, Findings and Discussions

4.1 Nature of business

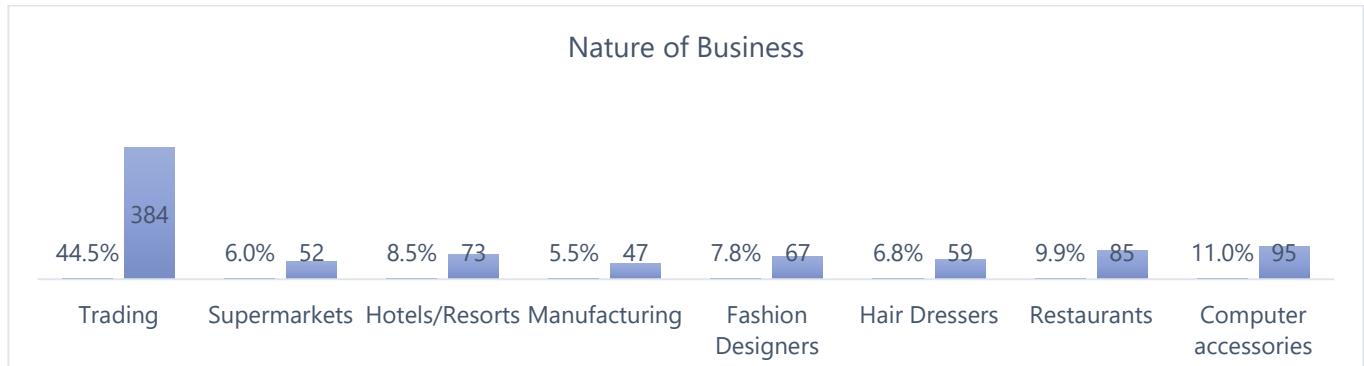


Figure 1: Nature of business

During the research, the SMEs were categorized based on the nature of their business operations, which proved crucial in understanding the specific sectors affected by the global pandemic. The chart reveals that the majority of SMEs, accounting for 44.5% of the total, were engaged in trading. This indicates that the trading sector was significantly impacted by the global pandemic. SMEs involved in the computer accessories sector constituted 11.0% of the total population, signifying that businesses in this category also faced disruptions and negative effects due to the global pandemic. Additionally, 9.9% of the SMEs operated in the restaurant business, while fashion design and hotels/resorts accounted for 7.8% each. Hairdressers represented 6.8% of the total population, while supermarkets and manufacturing each comprised 6.0% and 5.5%, respectively. SMEs that offer Hotel/Resort services constituted 8.5%. By examining the distribution across different sectors, it becomes apparent that the global pandemic had varying impacts on SMEs in different industries. The findings highlight the diverse challenges faced by SMEs across various sectors, underscoring the need for targeted support and interventions tailored to the specific needs of each sector affected by the crisis.

4.2 Number of employees

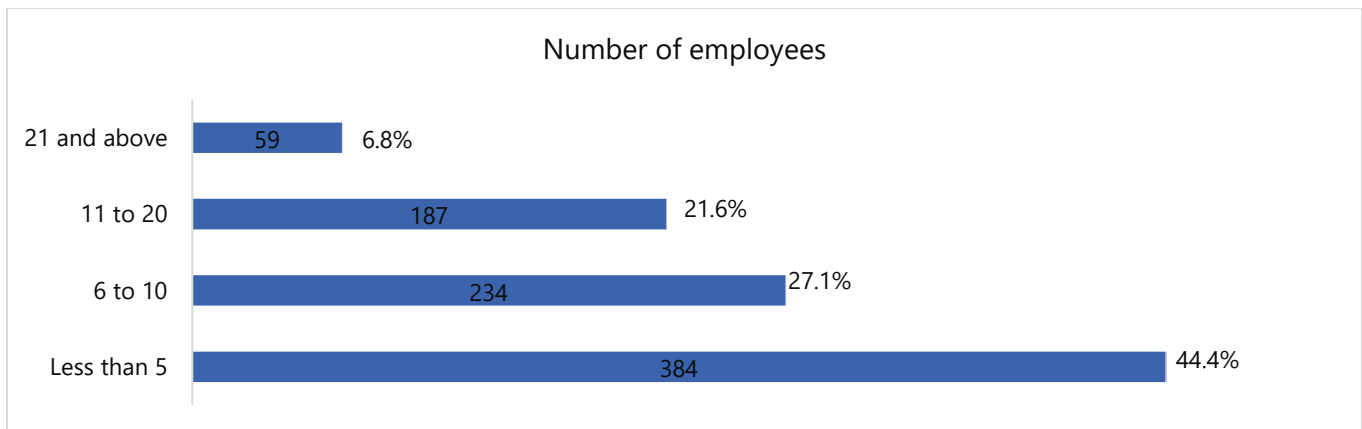


Figure 2: Number of employees

The SMEs included in this research were classified into four groups based on the number of employees they had. The chart provides an overview of the employee distribution among the SMEs considered in the study. According to the research findings, 44.4% of the SMEs, totaling 384 out of the 864 SMEs, had less than five employees. This suggests that the majority of the SMEs examined were new and emerging enterprises that were established relatively recently, just before the global pandemic outbreak (COVID-19). Furthermore, 27.1% of the SMEs (234 in total) had between six and ten employees. The research also investigated SMEs with 11 to 20 employees, comprising 187 enterprises, which accounted for 21.6% of the total population. The final category consisted of SMEs with 21 or more employees, representing 6.8% of the total (59 SMEs). This indicates that the majority (83.2%) of the SMEs were in a growth phase, actively establishing themselves in their respective industries. The distribution of SMEs across these employee categories provides valuable insights into the composition of the SME sector and highlights the predominance of smaller

and newer enterprises. Understanding the size and growth stage of these SMEs is essential for developing targeted policies and support measures that address their specific needs and challenges.

**4.3 Years of business existence**



Figure 3: Years of business existence

The research findings provide insights into the duration of existence for the SMEs included in the study. The analysis indicates that a significant portion of the SMEs were still in their growth stage and working towards establishing themselves in the market before the global economic crisis caused by the pandemic. Specifically, 73 SMEs, representing 8.4% of the total population, had been in operation for at most three years. Additionally, 205 enterprises (23.7%) were among the category of businesses that had been operating for three years. Furthermore, 192 enterprises (22.2%) fall within the range of businesses that had been in operation for 4-6 years. Among the SMEs included in the study, 106 enterprises (12.3%) have been in existence for 7-9 years. Moreover, 288 enterprises (33.3%) had been operating for 10 years or more. These findings highlight that a significant portion of the SMEs were still in the early stages of their development, striving to gain a foothold in their respective markets and industries. They were actively seeking the right networks, strategies, sustainability, and market share to increase profitability and expand their operations. Understanding the growth stage and duration of the existence of these SMEs is crucial for designing targeted support programs and strategies that can aid their development and ensure their long-term success, particularly in the face of unexpected challenges such as the global economic crisis triggered by the pandemic.

**4.4 Challenges that SMEs had to deal with during the first year of COVID-19**

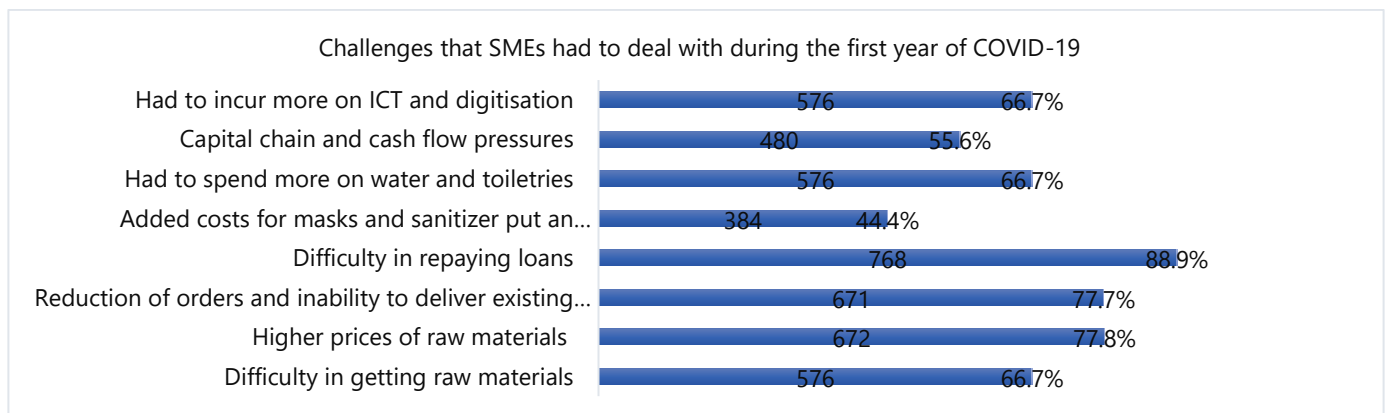


Figure 4: Challenges that SMEs had to deal with during the first year of COVID-19

During the first year of the pandemic, SMEs encountered significant socioeconomic challenges that impacted their operations. Analysis of the data reveals the difficulties faced by SMEs in various aspects of their business. Regarding the availability of raw materials, 66.7% of SMEs encountered difficulties in obtaining the necessary materials for production, while the remaining 33.3% did not face such challenges. Furthermore, 77.8% of SMEs experienced higher prices for raw materials, indicating the impact of inflationary pressures, while 22.2% did not encounter price increases. In terms of orders and deliveries, 77.7% of SMEs faced a reduction in orders and were unable to fulfil existing orders during that time. Conversely, 22.3% either witnessed stable or increased orders or were able to fulfil them. This indicates the adverse effect of the pandemic on business activities for the majority of SMEs. Financial difficulties were also prevalent among SMEs during this period. A significant majority, 88.9% of the SMEs included in the

research, encountered challenges in repaying loans they had borrowed to support their enterprises. Only 11.1% did not face difficulties in loan repayments.

Additionally, 44.4% of SMEs faced additional cost burdens due to the expenses related to masks and sanitizers, while 55.6% did not experience such pressure. In terms of expenditure, 66.7% of SMEs had increased spending on water and toiletries, while the remaining 33.3% did not face such additional costs. The issue of capital chain and cash flow affected 55.6% of the SMEs, putting pressure on their financial stability, while 44.4% did not face this specific challenge. Moreover, 66.7% of SMEs incurred additional costs related to ICT and digitization, whereas the remaining 33.3% did not face such expenditure. The data clearly demonstrates the unfavourable business environment created by the pandemic, impacting the majority of SMEs in various aspects of their operations, including raw material availability, pricing, order reduction, loan repayments, additional costs, and financial constraints. These findings emphasize the need for targeted support and policies to assist SMEs in navigating such challenges and promoting their resilience and recovery.

**4.5 Coping Strategies or Operational Changes**

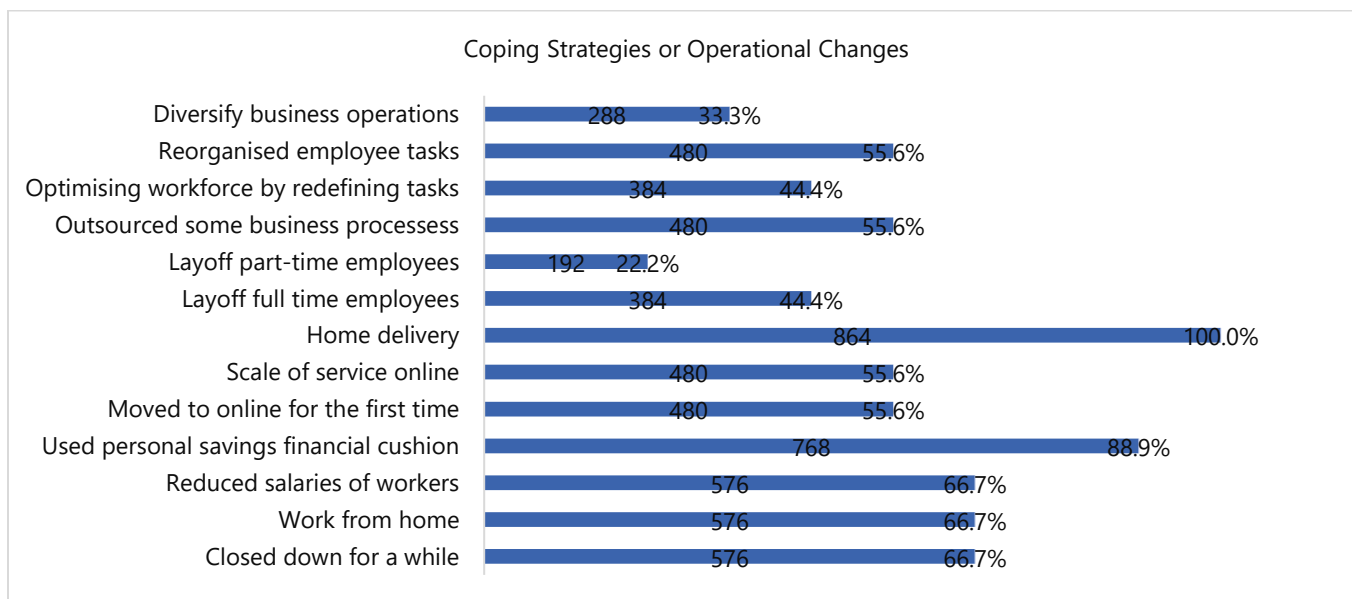


Figure 5: Coping Strategies or Operational Changes

To mitigate the impact of the global pandemic on their operations, SMEs implemented various strategies. The findings reveal the actions taken by SMEs to navigate the challenges they faced. During the pandemic, 66.7% of SMEs had to temporarily close down even after the lockdown measures were lifted, while 33.3% continued operating without closure. Additionally, 66.7% of SMEs shifted their operations from the office to employees' homes, while the remaining 33.3% did not make this transition. Regarding employee salaries, 66.7% of SMEs reduced their workers' salaries, while the remaining 33.3% either maintained or increased employee salaries. To manage their finances, 88.9% of SMEs used their savings as a financial cushion, while 11.1% did not rely on savings for financial support. In terms of online presence, 55.6% of SMEs ventured into online operations for the first time, while 44.4% either remained offline or had an existing online presence before the pandemic. Among all SMEs included in the research, 100% engaged in home delivery services to reach customers in the comfort of their homes.

Regarding employment, 44.4% of SMEs terminated or laid off some full-time employees, while 55.6% maintained their full-time workforce. Furthermore, 22.2% terminated part-time employees, while 77.8% did not make any changes to their part-time workforce. SMEs also adopted outsourcing strategies, with 55.6% outsourcing certain processes and activities, while the remaining 44.4% did not outsource any tasks. Workforce optimization was implemented by 44.4% of SMEs, where they redefined tasks and responsibilities, while 55.6% did not make significant changes to job descriptions. In terms of business diversification, 33.3% of SMEs ventured into new business lines to improve cash flows, while 66.7% remained focused on their existing business lines. These findings demonstrate the various adaptive strategies employed by SMEs to cope with the challenges posed by the pandemic. The actions taken include temporary closures, remote work arrangements, salary adjustments, utilizing savings, online expansion, home delivery services, workforce restructuring, outsourcing, and business diversification. These strategies were implemented to ensure business continuity, financial stability, and the ability to serve customers in changing market conditions.

#### 4.6 Supportive packages

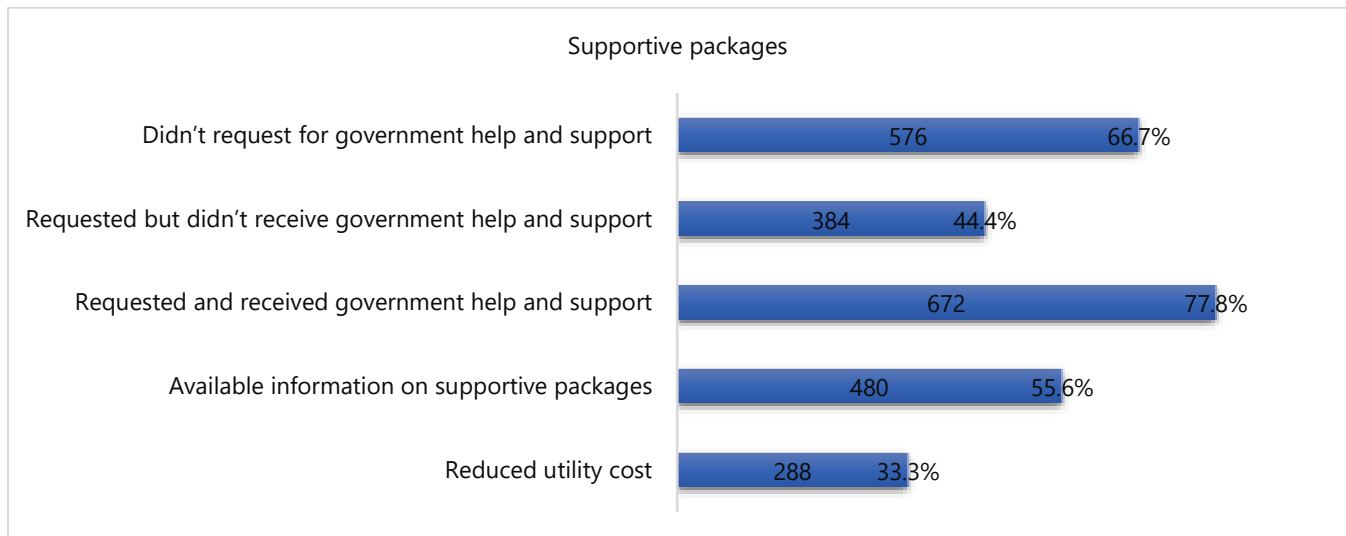


Figure 6: Supportive packages

The global economic crisis caused by the outbreak of the COVID-19 pandemic had a significant impact on the smooth functioning of many enterprises, including small and medium-sized enterprises (SMEs) in Ghana. Recognizing the challenges faced by SMEs, the government of Ghana implemented supportive packages to assist them in surviving the crisis. According to the research findings, 66.7% of the SMEs included in the study did not request government help or support, indicating that a portion of these enterprises either did not require assistance or were unaware of the available support. However, a considerable number of the SMEs, representing 33.3% of the sample, sought government support during this difficult time. Among the SMEs that requested government support, 77.8% received the help and assistance they sought, while 22.2% did not receive any government support. This indicates that a significant portion of the SMEs that sought assistance received the intended support, although a notable proportion did not receive the expected aid. Regarding the awareness and knowledge of SMEs about how to apply for government support packages, the findings reveal that 55.6% of the SMEs had sufficient information on the application procedures. However, a considerable percentage of SMEs, representing 44.4%, lacked adequate information on how to apply for the government support packages. This indicates that a significant number of SMEs were not fully aware of the application process, potentially limiting their access to government assistance.

It is worth noting that the percentage of SMEs lacking sufficient information on the application process, which was 44.4%, was only slightly lower (5.6%) than the total number of SMEs. This suggests that a considerable proportion of the sample faced challenges in accessing information about the government support packages, hindering their ability to apply for and benefit from the available assistance. In terms of the perceived benefits of government support measures, 33.3% of the SMEs found the reduction of electricity and water costs helpful, indicating that these measures provided some relief to a portion of the enterprises. However, the majority of SMEs, representing 66.7%, did not consider the reduction in utility costs as beneficial for their operations. These findings highlight the dynamics of SMEs' interaction with the government support packages in Ghana during the pandemic. While a significant number of SMEs sought and received assistance, there were challenges related to awareness and information accessibility. Improving communication channels and ensuring widespread knowledge about the application process could help bridge this information gap and enable more SMEs to benefit from government support. Additionally, understanding the specific needs and preferences of SMEs can aid in tailoring support measures to address the diverse challenges faced by these enterprises, thereby fostering their survival and contributing to Ghana's economic recovery.



4.7 Current strategies to cope with the pandemic

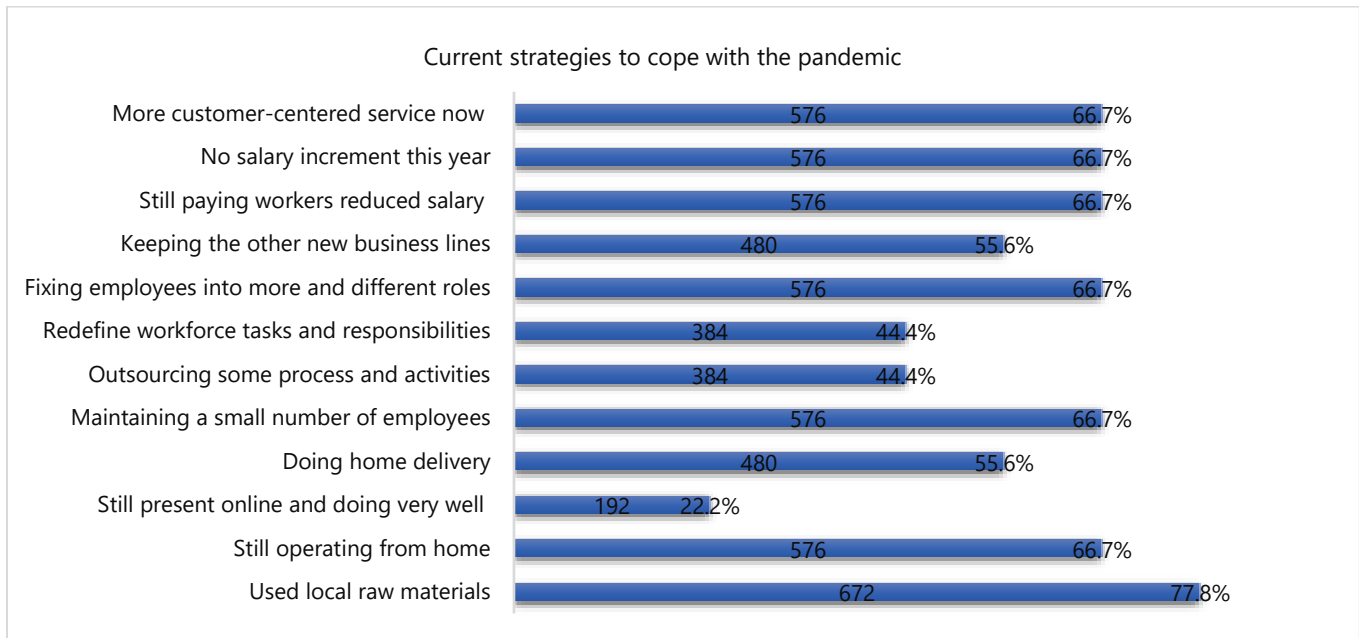


Figure 7: Current strategies to cope with the pandemic

One of the strategies employed by SMEs was the use of local raw materials. The findings indicate that 77.8% of the SMEs resorted to using local raw materials, while 22.2% did not prioritize local sourcing. This can be attributed to the closure of borders, which hindered the importation and exportation of raw materials. The reliance on local resources allowed SMEs to continue their production activities despite the supply chain disruptions caused by the pandemic. Additionally, a considerable proportion of SMEs, representing 66.7%, chose to operate from home as a means of adapting to the challenges posed by the pandemic. This remote work arrangement enabled them to maintain their operations while adhering to social distancing guidelines and minimizing the risk of virus transmission. On the other hand, 33.3% of SMEs managed to continue operating from their business offices or physical locations, possibly due to the nature of their business or the availability of necessary safety measures. Regarding online presence, the study found that only a small number of SMEs (22.2%) had an established online presence during the research period. These SMEs had already recognized the value of digital platforms and were well-positioned to leverage e-commerce and online services. However, the majority of SMEs (77.8%) had not yet established an online presence, indicating a potential missed opportunity to reach a wider customer base and mitigate the limitations imposed by physical restrictions.

To adapt to the changing business landscape, 55.6% of the SMEs engaged in strategic partnerships with delivery companies to offer home delivery services. This allowed them to meet the needs of customers who preferred contactless transactions and delivery options during the pandemic. Furthermore, 66.7% of the SMEs downsized their workforce to a smaller number of employees as a cost-cutting measure and to manage the financial challenges imposed by the crisis. In terms of workforce management, 44.4% of the SMEs outsourced certain processes and activities to external providers, potentially to optimize efficiency and reduce costs. Conversely, 55.6% of the SMEs maintained their full staff strength, suggesting their commitment to retaining their employees and preserving jobs. Some SMEs (44.4%) redefined tasks and responsibilities within their workforce to optimize productivity, while others (55.6%) diversified their business operations by exploring new lines of business to adapt to changing market demands. Additionally, 66.7% of the SMEs chose to pay reduced salaries to their staff as a means of managing financial constraints during the pandemic, while 33.3% maintained the original salary levels. This salary reduction might have been a difficult decision but was likely necessary to ensure the survival of the businesses. Strategically, a majority of the SMEs (66.7%) focused on enhancing and improving customer-centered services during the pandemic. This customer-centric approach aimed to retain existing customers and attract new ones by providing exceptional service, addressing their needs, and building strong relationships. Overall, the findings highlight the resilience and adaptability of SMEs in the face of the global pandemic. These enterprises implemented a range of strategies, including utilizing local raw materials, remote work, home delivery services, downsizing, outsourcing, task redefinition, diversification, salary adjustments, and customer-centricity. By adopting these measures, SMEs aimed to navigate the challenges posed by the pandemic and ensure the continuity of their businesses.

## 5. Conclusion

This study aimed to investigate how small and medium enterprises (SMEs) in Accra, Ghana, coped with the impact of the COVID-19 pandemic. The key objectives were to examine the economic effects of COVID-19 on SMEs, the measures they took to protect their businesses, and the support systems available to them during and after the pandemic. The results showed that most small and medium-sized enterprises in Accra were significantly impacted by the pandemic, experiencing issues like lower cash flow, interrupted supply chains, and decreased demand from customers. Certain industries, such as trade and computer accessories, were especially affected. Numerous small and medium-sized enterprises had to make adjustments by temporarily shutting down, cutting employee wages, transitioning to online operations, and introducing home delivery options. In spite of these attempts, many companies faced challenges with paying back loans, higher expenses on raw materials, and added costs for health and safety measures.

This research adds to the current body of knowledge by presenting real-life data on the unique obstacles encountered by small and medium-sized enterprises in a developing nation amidst a worldwide health emergency. It emphasizes the strength and ability of small and medium-sized enterprises, focusing on the significance of digitalization and adaptable business tactics in reducing the negative impacts of economic disturbances. Nevertheless, the research was restricted to SMEs in Accra, thus it might not accurately depict the situation of SMEs in other areas of Ghana. Moreover, the research depended on information provided by the participants themselves, which may lead to prejudice or errors.

Future studies should investigate the lasting impacts of the pandemic on small and medium-sized enterprises, such as the viability of the innovative methods they utilized. Studying governmental and institutional support is important for boosting SME resilience in times of economic crises. Broadening the geographic range to incorporate small and medium-sized enterprises from various regions of Ghana would offer a more thorough insight into the effects of the pandemic on the businesses.

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