

# The Impact of Global Covid-19 Pandemic on Small and Medium Enterprises in Ghana

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## Abstract

The general concern about the impact of covid-19 which was declared a pandemic by World Health Organization on businesses, livelihoods and economies is what triggered this research. The objective was to find out the impact of covid-19 on the statuses small and medium enterprises in Ghana using SME's in the Kumasi Metropolis as the focus of study. The study adopted parameters such as revenue reduction, downsizing, reduction in demand, organizational restructuring, and fear of exiting business to assess the state of the various SME's. Using a purposive sampling approach 120 online questionnaires were sent managers, supervisors, and business owners out of which 106 which were fully filled used for the study. The data obtained was coded and run using SPSS 26 and results used for discussions and analysis. The outcome of the study shows that the SME's are battling to survive in the era of this pandemic as revenue reduction, downsizing, reduction in demand, organizational restructuring, and fear of exiting correlated positively to indicate the of the state of SME's in the metropolis during this pandemic. This means covid-19 have really affected the operations of small and medium enterprises. SME's must therefore initiate measures that would make them survive in the period of this pandemic and post covid-19.

**Keywords:** Global pandemic covid-19, revenue reduction, demand reduction, downsizing, organizational restructuring, fear of exiting business.

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Cite this article: Korankye, B. (2020). The Impact of Global Covid-19 Pandemic on Small and Medium Enterprises in Ghana. *International Journal of Management, Accounting and Economics*, 7(6), 255-276.

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## Introduction

The global covid19 pandemic has taken a devastating impact on humanity and everything that makes life worth living. The effect of this pandemic has caused a major upset in economic activities across the globe. Every country, independent organizations, multinational companies, and all business are enduring the impact of this pandemic. This ailment is regarded as unprecedented crisis that is claiming lives and crippling businesses. The pace at which the virus spread also highlights how integrated the world has become. Therefore, every impact of this pandemic on one country affects almost all nations (Africa's pulse, 2020).

BBC NEWS reporting on the various ways countries are managing this deadly virus indicated that, measures such as social distancing, washing of hands, the use of hand sanitizers, wearing of facemasks, avoiding gatherings, no shaking of hands, eating a well-balanced diet, closure of borders and lockdowns are ways various countries and the World Health Organization have adopted to fight the virus since no medication for the virus is yet to be obtained. These measures have been unusual with most of the populace in the world and therefore initial compliance became problematic which lead to the escalation of the virus in some places (BBC NEWS, 2020).

Additionally, the pattern of lifestyle defined by the pandemic has affected every facet of human life especially working lifestyle of people. Workers of various institutions and businesses have been instructed to stay at home and work from home. Some businesses also practice social distancing and therefore the workforce is divided into two and running shifts. Some businesses have also however halted production or offering of services because there is no demand for their products or services. Those who engage in production cannot do much because they are also battling for the scarce suppliers who are still working. Various governments have made bold decisions to support some types of businesses to operate because they provide elements that are of basic need of their citizens. There is drastic reduction of import and export of various products and services due to this pandemic. Most citizens living in various countries and working have been repatriated to their home countries. The situation about this global pandemic is very bad and there seem not to be a solution to it in the immediate even though numerous scientists and research institutions are doing everything possible to get a cure (Allegra & Grady, 2020).

As the whole world continue to tackle the effects of the COVID-19 pandemic, CEO's of various businesses and institutions face daunting, conflicting threats and uncharted waters. CEO's have generally prioritized the "Now", focused on helping their employees, consumers and suppliers, and orchestration of disruptive supply chain responses. In addition, organizational stakeholders are working hard to stabilize sales and take care of consumers, reshape their companies to comply with changing demand and pursue new avenues of growth. Leaders are shifting their focus rapidly to the "Next", a phase of volatile and probably slowed economic growth that will pose new high-speed competitive challenges and opportunities. What unfolds is not a change to pre-COVID corporate practices but more possibly an era of the "Never Normal", a new age characterized by rapidly evolving cultural standards, social values, and attitudes, such as increased demand for good corporate governance and enhanced brand intent (Accenture, 2020).

Doom mongering, as usual has overshadowed the encouraging news, and now, domestically, and internationally small and medium-sized enterprises (SMEs) and multinational enterprises (MNCs) struggle and in some extreme situations even closed. Commodities have been stuck at ports for weeks, hundreds of cities around the world are in lockout, with civil and industrial transport suffering cuts, flight cancellations like no other time. Consumers act erratically, succumb to desperate buying, or rewrite all their material values and immaterial needs. Politicians are struggling to catch up with regular events to cater for needs, and global supply chains are suffering and straining. A very honest and local prediction shows that the general reflection of sales and production involving businesses is largely negative both in the short and medium term. In a Chinese survey of Chinese Chambers of Commerce, 26 percent of respondents suggested that they saw a decline in their company income of 20 percent by 2020, and one third of respondents saw imminent reductions in annual targets (China Briefing, 2020).

According to International Labour Organization, (2020), this pandemic will have far-reaching consequences on the labor market. Aside the immediate concerns to the health conditions of workers in the various institutions, there will be a massive shock to the world of work in three key areas. The first will be the quantity of work i.e. unemployment and underemployment. Secondly, work quality would be affected examples wages and access to social protection. lastly, impact on different groups who are more susceptible to serious labor market outcomes. Initial ILO predictions and figures indicate a large rise in unemployment and underemployment in the wake of the outbreak. Based on various context for the impact of COVID-19 on global GDP growth as shown in figure 1.1, preliminary ILO estimates indicate a rise in global unemployment from a base level of 188 million in 2019 between 5.3 million ("low" scenario) and 24.7 million ("high" scenario) The "mid" scenario suggests a 13 million-plus (7.4 million in high-income countries). Although these forecasts remain somewhat unpredictable, both data shows a notable increase in global unemployment. For instance, the 2008-9 global financial crisis increased unemployment by 22 million people.

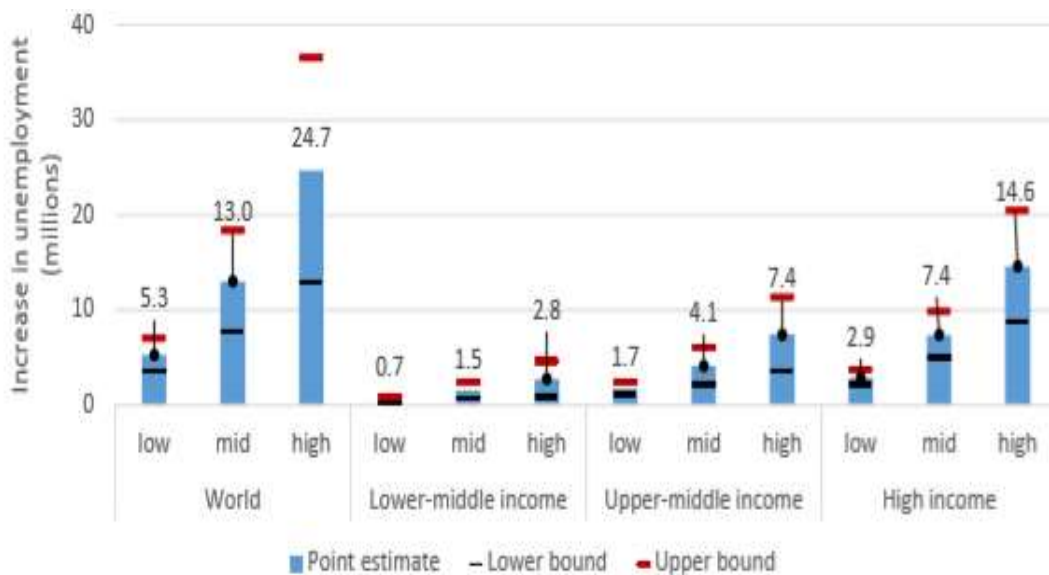


Figure 1. Impact of declining global growth on unemployment based on three scenarios, world, and income groups (millions)

The downturn in economic activity and the restrictions on the movements of people impacts manufacturing and services alike. Recent survey indicate that over the first two months of 2020 the total value added of industrial enterprises in China declined by 13.5% (International Labour Organization, 2020). The pandemic has also affected the global and national supply chains. The tourism sector, service industry and retail sectors are serious victims to this pandemic. An initial evaluation by the World Trade and Tourism Council predicts a decrease of up to 25 per cent in foreign arrivals by 2020, which would put millions of jobs at risk (National Bureau of Statistics of China, 2020).

Ghana is a country with most of businesses classified under the category of small and medium enterprises. These businesses provide employment to about to greater percentage of the people in the country. These SME's are made of organizations such banking, insurance, food and catering, construction, schools, information, and technology among others. They provide basic services and products to satisfy the basic needs of the citizens (Tweneboah, 2014). However, these SME's have not been left out of the disastrous impact of this covid19. Based on that, this study sort to establish the impact of covid19 on the small and medium enterprises in Ghana particularly in the Kumasi Metropolitan Assembly using parameters such as revenue reduction, downsizing, reduction in demand, organizational restructuring, and the fear of exiting business.

## Literature Review

### *Global impact of covid19 on small and medium enterprises and other businesses*

In December 2019, the COVID-19 virus first emerged in China's Hubei Province, and has eventually spread to Asia, Europe, and the rest of the world. On March 11, COVID-19 was declared a global pandemic by the World Health Organization (WHO) in the midst of the rapid spread across countries and the major public health danger it posed for the planet. Though the speed of new infections within China is stabilizing, in several areas of the world it is accelerating (Africa's pulse, 2020). The deadly virus is deeply affecting the world of work. The crisis has since turned into an economic and labor-market shock that has affected all businesses regardless of size. During this challenging period, it is important to preserve jobs, to keep companies sustainable, to protect workers and their affected families, particularly the most vulnerable and those in the informal economy.

Although it's especially difficult to predict the economic repercussions of the size of the shock of the pandemic, the distinctive potential for a global recession has become tangible. OECD indicators on the 27<sup>th</sup> March 2020 showed that, because of the shutdowns of various organizations, there would be a reduction in production level of about one-fifth to one quarter with demands from customers also declining by about one-third (OECD, 2020b). The global GDP is expected to run into the negatives while nations implement strict measures to combat the impact of the pandemic. Though this decline may be as a result of various reasons such as the longevity and severity of national shutdowns, decreased demands for goods and services in many economies and the state of the fiscal and monetary policies of nations. These observations should give us an insight into the

impact of the pandemic on small and medium enterprises around the world (United Nations Conference on Trade & Development, 2020).

The following sections in small and medium enterprises are affected by the pandemic as indicated by OECD in a write-up on SME's responses.

Firstly, on the supply side, businesses are experiencing a reduction in labor supply, as employees are unwell or need to look after children or other dependents while schools are closed and people movements are restricted. The lock-down and quarantine measures to prevent the disease lead to further and more serious decreases in capacity use. In addition, supply chains are broken making components and intermediate products scarcity is triggered. Some businesses which could not survive from the shock of this pandemic have folded up leading laying-off of workers. There is also underemployment hovering on the necks of small and medium enterprises due to high operation cost within this period (Gopinath, 2020).

Secondly, on the demand side, an abrupt and immediate decrease of demand and income for SMEs seriously affects their capacity to perform and/or causes immense shortfalls of liquidity. In addition, consumers undergo financial difficulties, fear of contagion and increased uncertainty, which ultimately decreases expenditure and consumption. These implications are compounded by the workers being laid off and the companies being unable to pay wages. Notably among areas affected are businesses who provide services, tourism, and transport, which also lead to a decline in company and consumer trust. More specifically, SMEs are more vulnerable to 'social distancing' than multinational companies (United Nations Conference on Trade & Development, 2020).

Furthermore, SMEs may be less resilient and responsive in dealing with the costs associated with the impacts of this pandemic. Cost of accommodating this pandemic and the alteration in businesses processes such as transiting into teleworking could be comparatively higher for SMEs due to their smaller scale, but also, in many cases, due to the low level of digitalization and the complexity of accessing and integrating technology. In response to innovations, if production is decreased, the costs of underutilized labor and capital weigh more on SMEs than on larger firms.

Additionally, it is noted that SMEs mostly have a narrower supplier number. This may in some cases shield them from the shock. This showed up to be the situation at the start of the pandemic outbreak in China with German SMEs operating more in regional supply chains and thus less affected by developments in Asia. In other cases, SMEs that rely on suppliers from countries and regions with more COVID-19 cases, raising their vulnerability. Similarly, those SMEs are affected by obstacles in transportation by sea, road, or air. Several other SMEs are notably vulnerable to risks of business networks and supply chains, with linkages to larger operators (e.g. MNEs) and outsourcing of several business services that are crucial to their performance. In the longer term, re-building relations with former networks may be challenging for many SMEs once supply chains are broken and new partnerships and business arrangements have been formed former partners(OECD, 2020a).

The table 1 below highlights the impact of covid19 on some selected SME's in various countries across the world through a survey conducted by OECD within this pandemic era

Table 1. SME Surveys on the Impact of COVID-19

Date	Country	Impact on Business	Expectations
10 <sup>th</sup> February	China	80% of SMEs have not resumed operations yet	1/3 out of business in 1 month, another 1/3 in two months
25 <sup>th</sup> February	Finland	1/3 anticipated a negative or very negative impact	n.a.
Early March	Italy	72% directly affected	n.a.
Early March	UK	63% see crisis as moderate to high/severe threat to their business	n.a.
9 <sup>th</sup> March	Germany	50% expect a negative impact	n.a.
9 <sup>th</sup> March	Japan	39% report supply chain disruptions, 26% decrease in orders and sales	n.a.
10 <sup>th</sup> March	Poland	1/3 of SMEs experience increasing costs and reduced sales	27% already encounter cash flow problems
11 <sup>th</sup> March	USA	70% experience supply chain disruptions, 80% the impact of the crisis	n.a.
12 <sup>th</sup> March	UK	69% experience serious cash flow problems	1/3 fear being out of business in 1 month
13 <sup>th</sup> March	USA	23% negatively affected, 36% expect to be	
16 <sup>th</sup> March	Canada	50% drop in sales	
16 <sup>th</sup> March	Israel	55% experienced no impact yet, 1/3 planning layoffs	n.a.
16 <sup>th</sup> March	Greece	60% experience marked decline in sales	n.a.
17 <sup>th</sup> March	USA	50% negatively affected, 75% very concerned	n.a.

17 <sup>th</sup> -20 <sup>th</sup> March	Korea	61% have been impacted	42% fear being out of business in 3 months, 70% in six months
18 <sup>th</sup> March	Belgium	75% report declines in turnover	50% fear not to be able to pay costs in the short term
19 <sup>th</sup> March	USA	96% have been affected	51% indicate not be able to survive three months
20 <sup>th</sup> March	Hungary	60% expect a decline in sales	n.a.
20 <sup>th</sup> March	Netherlands	50% start-ups lost significant revenue	50% expects to be out of business within 3 months
21 <sup>st</sup> March	Japan	92% experience economic impact	n.a.
24 <sup>th</sup> March	Canada	60% experience significant impact	1/3 expect to be out of business in a month
31 <sup>st</sup> March -6 <sup>th</sup> April	Several Asian countries	30% of SMEs expect to lay off 50% of their staff	50% of their staff. 50% of SMEs have a moth cash reserves or less
3 <sup>rd</sup> April	Australia	Two thirds of small business experience the impact of the crisis. 41% experience a drop in income of 50% or more in the last two months	n.a.
7 <sup>th</sup> April	Belgium		Over 31% of Belgium SMEs may not survive the crisis
7 <sup>th</sup> April	Canada and the US	90% of small business affected	1/3 lack the reserves to survive longer than a few weeks
8 <sup>th</sup> April	UK	37% expect to furlough 75-100% of their staff in the next week	6% out of cash, 57% three months reserves or less
8 <sup>th</sup> April	Netherlands	n.a.	85% of SMEs in financial difficulty because of COVID 19, 20% is at serious risk

Source: SME's policy response (OECD, 2020a)

The table above which is presented orderly shows clearly the growing concern of the impact of covid19 among SME's. There is the gradual reduction in the confidence of SME's in various jurisdictions.

### *Impact of covid-19 on SME's in Ghana*

Ghana has also had its share of the global pandemic which claiming lives, causing economic downturns, and leaving businesses in jumbo. As at 27<sup>th</sup> May, 2020 the case count of covid-19 stood at 7,303 with 2,412 recovering and 34 losing their lives. This pandemic has affected every aspect of the economy of the country. Schools, churches, mosques and all other gatherings have been suspended for now whiles government agencies and business are instructed to practice social distancing and all other protocols associated with the fight of covid-19 (Darko, 2020). Businesses especially small and medium enterprises have also experienced a negative impact of this pandemic.

Most of the small and medium enterprises are battling survival. Reports emanating from various SME's indicates that they are have been numerous job losses, shutdown of SME's, operating at loss because of poor responses from customers to their products and services, not able to produce at full capacity, revenue losses among others. This situation is now a threat to households, employees, the state, and business owners. The situation does not look pleasant as SME's battles with uncertainties and running at loss. There has been countless outcry from business owners about the state of their business and the risk hanging on their neck in losing all their investment. SME's who have contracted loans from the various financial institutions faces the challenge of how to repay back with the exorbitant interest rate. One could therefore say, the pandemic has paralyzed the small and medium enterprises in Ghana (JoyBusiness, 2020).

The Ghana Statistical Service (GSS) is undertaking a Business Tracker Survey from Tuesday, 25 May to 20 June 2020, in collaboration with the United Nations Development Program (UNDP) and the World Bank (WB), to monitor the adverse effect of the Coronavirus pandemic on firms in Ghana. The study (business tracker) involving using telephone interview to gather data will define and assess the impact of the pandemic on small, medium, and large-scale organizations working in the country. It will also evaluate policies put in place by organizations to counteract the COVID-19 negative effects, as well as attempts to develop better recovery for businesses. The survey results would encourage government and development partners to take steps to minimize the effect of the disease on businesses. The results would also include insights into holding alive the African Continental Free Trade Area (AfCTA) pledge as an instrument for coping with potential pandemics and protecting employment and businesses (JoyBusiness, 2020).

### *Measures in place to mitigate the impact of covid19 on SME's in Ghana*

The global pandemic even though came with its own adverse consequences, countries and various stakeholders have also constituted measures to ease the impact of the pandemic. Ghana as a sovereign nation has also implemented some measures and policies to cushion up business and ease the burden the pandemic has brought unto the citizens. The Central Bank of Ghana through the directive of the president of the land constituted the following measures:



1. Interest rate has been decreased from 16% to 14.5%
2. Lowered the reserve requirements for lenders from 10% to 8% in order to support critical sectors of the economy with liquidity support.
3. Obtained a rapid disbursement of a credit facility from the International Monetary Fund (IMF) to support the budget of the state.
4. Decreased the cost of transferring money through mobile payments for the months of April, May, and June 2020.
5. Provided free water for all individuals and businesses for the months of April, May, and June 2020.
6. Provided free electricity for all lifeline consumers and 50% reduction for all who consume above that which includes all businesses whether small or big (KPMG, 2020).

Subsequently, the government of the have also made provision of stimulus packages to support small and medium enterprises in Ghana. The government introduced a model called the Coronavirus Alleviation program and provided a whopping sum of GH¢1 billion to small and medium enterprises and households to cushion them unto their feet irrespective of the threat the pandemic poses. The main aim of this model was to revitalize the industries within the country and help promote the agenda of Ghana beyond aid. Additionally, businesses were given tax reliefs such as extension of tax filling from the month of April through to June. There was also a reduction of interest rate by two percent which took effect from April 1<sup>st</sup>, 2020. The banks also provided a six-month moratorium on principal repayments to airline and hospitality entities(Ghana Business News, 2020). These are the pragmatic provisions made by the government to support small and medium enterprises in the country.

### *Basis of this study*

Based on the adverse impacts the covid-19 as reported in the literature review on SME's globally and that of Ghana specifically, this study sort to use the parameters such as downsizing, revenue reduction, reduction in demand, organizational restructuring, and fear of exit to determine the impact of the pandemic on the SME's in Ghana using evidence from SME's in the Kumasi Metropolis. The rational is to use these variables to determine the statuses of the various SME's within this pandemic period. The study proposes the following hypothesis:

- H1: Downsizing have positive impact on SME status
- H2: Revenue reduction have positive impact on SME status
- H3: Reduction in demand have a positive impact on SME status
- H4: Organizational restructuring have a positive impact on SME status.

H5: Fear of exit have a positive impact on SME status

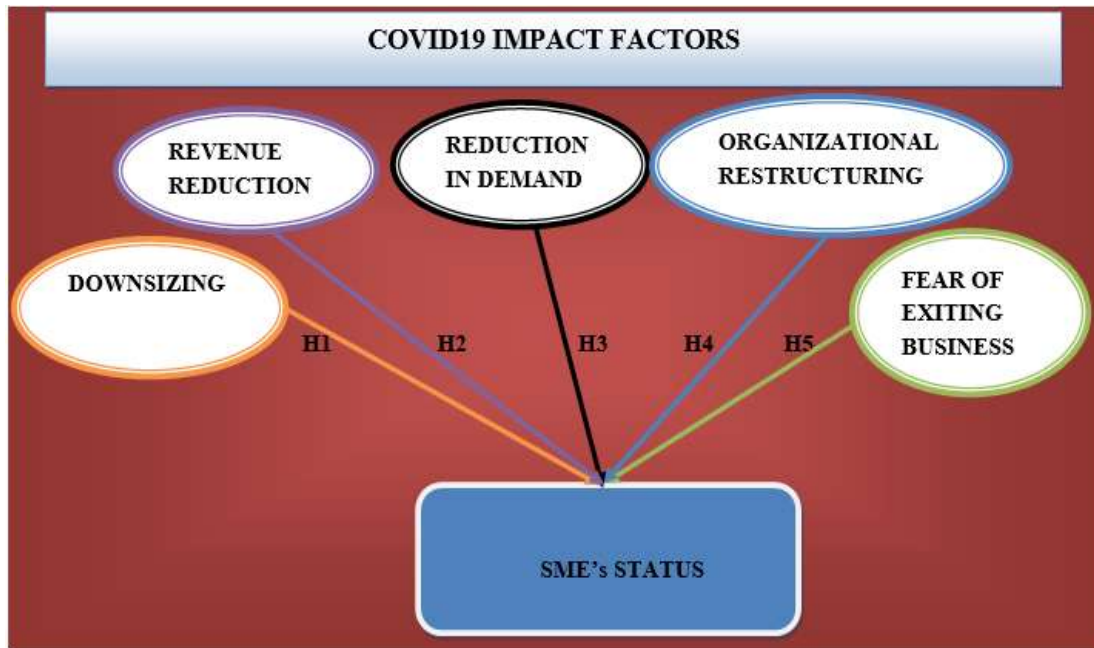


Figure 1. Conceptual framework of the study

## Methodology

### *Research Design*

Study design describes the ways and approaches by which data can be derived for analysis. It shows the sources and the sort of information collected, and the ways to do so. This research applied a cross-sectional sample method that is mostly used in the fields of education and social sciences. A cross-sectional study aims at collecting and analyzing data from various groups of people whose interests vary but may have certain characteristics similar such as educational background and socio-economic status (Kothari, 2004). A cross-sectional survey was conducted to collate field data from respondents who are managers, supervisors, and business owners of various Small and Medium Enterprises in Kumasi Metropolis, Ghana. This study is seeking to shed more light on the effect of covid-19 on the existing situations of their SME's. The value or quality of the survey approach is its applicability to current human circumstances in real life. The researcher will use the survey approach because its findings explicitly relate to the everyday life of the average reader.

### *Data Collection and Sampling Technique*

The research population consist of individuals who are deemed to have certain features alike. They are regarded as people who have similar traits which are connected and binding. The research focuses on Managers, Supervisors, and business owners of various small and medium enterprises in the Kumasi Metropolis, Ghana which is the second largest city in the country. The study adopted an online survey where questionnaires were sent to 120 respondents which consist of managers, supervisors, and business owners who

were sampled purposively. This is an indication that the study adopted the primary source of data to make its analysis. 106 of the questionnaires was successfully filled and submitted showing a response rate of 88%. This was used for the discussion. The break down of the sample size for the population and the method is indicated below:

Table 2. Sampling size and Sampling Method

Unit of analysis (population group)	Sample Size	Sampling Method
Managers	60	Purposive Sampling
Supervisors	29	Purposive Sampling
Business Owners	17	Purposive Sampling
Total	106	

### *Data Analysis*

The data gathered was analyzed using the Statistical Package of Social Sciences (SPSS). For the benefit of proper analysis and clarity, data was processed into mathematical tables and charts. All errors were identified, corrected, and coded in order to ensure proper processing of the data gathered in this case the questionnaire collected from the respondents. This enabled the study to also test for the reliability, validity, and accurateness of the answers. The gathered data will be analyzed quantitatively. Correlation analysis would be done to determine the correlations or relationships that exist between independent variables and dependent variables. Additionally, multiple regression analysis would be initiated to define relationships among constructs being studied.

### *Model specification*

The multiple linear regression model used for this research is indicated in mathematical terms as follows:

$$\text{SME status} = \beta_0 + \beta_1 \text{RR1} + \beta_2 \text{DW1} + \beta_3 \text{RID1} + \beta_4 \text{OR1} + \beta_5 \text{FOEB1} + \mu_i \quad \text{Eq (1)}$$

Where SME status = the state of Small and Medium Enterprises (DV), RR = Revenue Reduction (IV), RID = Reduction in demand (IV), OR = Organizational Restructuring (IV) and FOEB = Fear of exiting business (IV)

### *Descriptive Analysis*

Descriptive Statistics on degree Revenue Reduction, Downsizing, Reduction in demand, Organizational Restructuring, and fear of exiting business on the status of SME's in the Kumasi Metropolis, Ghana.

Table 3 below covers the descriptive statistics of the data that were processed. It indicates the mean of the various elements under study, the standard deviation and the

number of respondents or observations which were reported to be 106. The highest mean that was recorded among the variables is (4.3994) which was the attributed to downsizing as an impact factor in this pandemic period.

Table 3. Descriptive Statistics

Factor	Mean	Std. Deviation	N
SME status	4.2893	.60522	106
Revenue Reduction	4.2799	.56930	106
Downsizing	4.3994	.49424	106
Reduction in demand	4.3915	.50240	106
Organizational Restructuring	4.2013	.61322	106
Fear of exiting business	4.2736	.60997	106

The gender distribution of the respondents shows that 67(63.20%) are males and 39(36.80%) are females. With the age bracket, 21(19.80%), 22(20.80%), 35(33.00%) and 28(26.40%) were between the ages of 21-30, 31-40, 41-50 and 51-60 respectively. Organizational tenure of respondents indicates that, 32(30.19%), 31(29.25%), 23(21.70%) and 20(18.87%) have been with their organization for 1-5 years, 6-10 years, 11-20 years and 21 years and above respectively.

Out of the 106 respondents, 12(11.32%), 21(19.81%), 12(11.32%), 9(8.49%), 12(11.32%), 12(11.32%), 15(14.15%), 7(6.60%) and 6(5.66%) belonged to the manufacturing, financial & insurance, wholesale & retail, construction, education, information & technology, food, catering & accommodation, arts, entertainment & recreation, and others respectively as shown in figure 3 below.

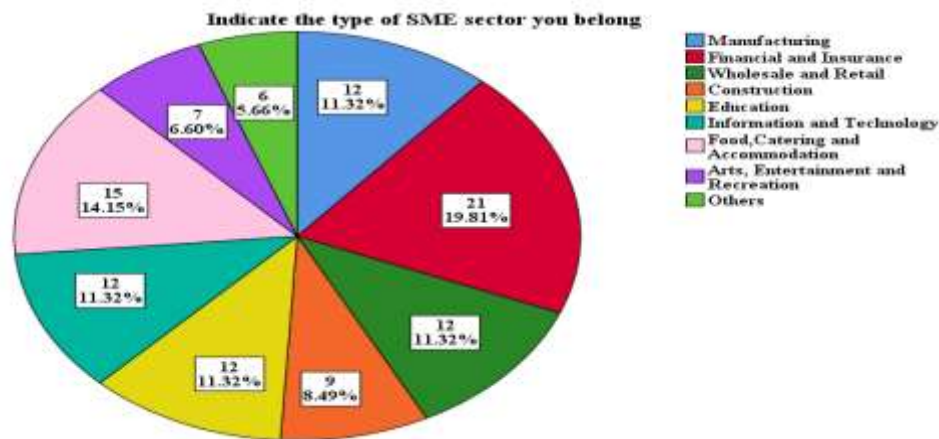


Figure 2. Type of SME sector respondents belong  
 Source: generated by researcher from data collected and analyzed using SPSS (version 26.0)

### Correlation Analysis

Table 4 completely indicates the relationship between the predictors and the dependent variable. The variables displayed consist of SME status (DV), Revenue Reduction,

Downsizing, Reduction in demand, Organizational Restructuring, and fear of exiting business (Independent variables)

Table 4. Correlations

		SME status	Revenue Reduction	Downsizing	Reduction in demand	Org. Restructuring	Fear of exiting business
Pearson Correlation	SME	1.000					
	RR	.730	1.000				
	DW	.622	.667	1.000			
	RID	.694	.651	.732	1.000		
	OR	.771	.728	.584	.762	1.000	
	FOEB	.781	.701	.603	.657	.827	1.000

From the table 4 above, fear of exiting business (FOEB) shows the highest correlation of 0.781 which means it has a positive relationship with SME status. This also means one issue businesses are battle with as a result of this pandemic is the fear that they would be out of business. Revenue reduction, downsizing, reduction in demand and organizational restructuring recorded a positive correlation values of 0.730, 0.622, 0.694 and 0.771 respectively with SME status. These predictors understudy is having a tow on SME's due to the pandemic. These variables have a correlation with the status of SME's. This also paints a picture about the current state of the SME's in the metropolis as a result of the covid-19 pandemic. It also means that small and medium enterprises are struggling with reduction in revenue, engaging in downsizing, reduction in demand for their products or services, restructuring their organizations and fear they could go out of business.

*Multiple Regression Analysis*

The research came up with a model which summary is shown in table 5 and the table 6 showing how reliable the model was. The test for reliability is most used to find out the reliability of the measurement model which is in respect to the independent variables used which are revenue reduction downsizing, reduction in demand, organizational restructuring, and fear of exiting business with SME status as the dependent variable in this study.

Table 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	Sig. F Change
1	.841 <sup>a</sup>	.708	.693	.33536	.708	.000
a. Predictors: (Constant), Revenue Reduction, Downsizing, Reduction in demand, Organizational Restructuring, Fear of exiting business						
b. Dependent Variable: SME status						

The table shows all the predictors have a very strong reliability values because their corresponding Cronbach Alpha exceeds 0.80. Fear of exiting business produced the highest reliability with an alpha value of 0.857.

We therefore conclude that all the constructs fall good in the reliability scores. The thumb rule states that Cronbach Alpha coefficient represents as:  $0.7 < 0.8$  is good and  $0.8 < 0.9$  is very good.

Table 6. Reliability Statistics summary for the two dependent variables under study

S. N	Variables	Cronbach's Alpha	No. of Items	No. of Respondents
1	Revenue Reduction	0.853	6	106
2	Downsizing	0.822	6	106
3	Reduction in demand	0.838	5	106
4	Org. Restructuring	0.852	6	106
5	Fear of exiting business	0.857	5	106
Dependent variable: SME status				

Table 7. ANOVA on the relationship between Independent variables and dependent variables

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.214	5	5.443	48.394	.000 <sup>b</sup>
	Residual	11.247	100	.112		
	Total	38.461	105			
a. Dependent Variable: SME status						
b. Predictors: (Constant), Fear of business exit, Downsizing, Revenue Reduction, Reduction in demand, Organizational Restructuring						

The goodness fit for the model was evaluated using ANOVA and the F value of predictors observed to be 48.394 and was significant at 0.000 making the model fit.

The table 8 records that the independent variables which in this case is Revenue Reduction, Downsizing, Reduction in demand, Organizational Restructuring and Fear of exiting business have an acceptable significant P-values which are 0.011, 0.185, 0.148, 0.147, and 0.001 respectively. This is a reflection that they have a positive relationship with the independent variable i.e. SME status. It also means these predictors affects the state of small and medium enterprises and therefore additional units of the predictors would lead to a 0.011, 0.185, 0.148, 0.147, and 0.001 increase in SME status in the Kumasi Metropolis of Ghana.

Table 8. Correlation coefficients depicting the relationship between Independent variables and dependent variable

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.001	.316		.003	.998
	Revenue Reduction	.246	.094	.231	2.602	.011
	Downsizing	.159	.108	.048	1.547	.185
	Reduction in demand	.176	.121	.146	1.456	.148
	Organizational Restructuring	.171	.117	.173	1.461	.147
	Fear of exiting business	.348	.101	.351	3.459	.001

a. Dependent Variable: SME status

This results also shows that the hypothesis, H1, H2, H3, H4 and H5 can be accepted as it records a positive relationship between the independent variables and the dependent variable which is SME status. This is an indication of the impact the pandemic is having on the small and medium enterprises as the turn to battle revenue reduction, looking at the options of downsizing, consumers not patronizing their products resulting in reduction in demand, having a second thought of restructuring businesses and have the fear they might exit business. These factors hanging on the necks of SME's are as a result of the global pandemic that have affected every tom dick and harry.

### Findings and Discussion of results

The outcome of the study shows that the global pandemic covid-19 has really affected the operations and the standings of small and medium enterprises in Ghana. Using factors such as revenue reduction, downsizing, reduction in demand, organizational restructuring, and the fear of exiting businesses to measure the impact of this pandemic on SME's in the country proved to be that these elements are being done by SME's within the country. These elements were chosen to present a picture about the devastating effect or impact of this pandemic on businesses in the country. All the variables had a positive and significant impact on small and medium enterprises status. This conclusively shows that, the global pandemic covid-19 on the status of small and medium enterprises in Ghana.

Jasmine, (2019) in her research indicated that business sectors have been affected by the covid-19 pandemic. The study revealed that wages and salaries of workers have been reduced and employees being laid off. The tourism, hospitality industry and restaurants which was the focus of study showed that the pandemic has led to a decline in tourist and revenue which is posing a challenge to the economy of Indonesia and a fall in stock prices. The study showed that there is sharp decrease in public purchases and demand for

products. The study in conclusion indicated that the pandemic has really affected businesses and proposed models for which businesses could follow to survive.

After investigating SME's in the manufacturing, finance & insurance, wholesale & retail, construction, education, information & technology, food, catering & accommodation, arts, entertainment & recreation, and others sectors of the country, the study realized that similar impact of the pandemic as stated by Jasmine, (2019), OECD, (2020a) and International Labour Organization, (2020) are happening in Ghana and precisely Kumasi Metropolis. The study showed that small and medium enterprises are sweating to accrue revenue, reducing the number of work force in some case laying some off. Consumers are not patronizing their products resulting in high cost of doing business without returns. Some SME's are reorganizing themselves to remain efficient and survive in the heat and post covid-19. Some businesses also are in a state of fear of losing all investment or being kicked out of business. This is the situation small and medium enterprises find themselves in the light of this global pandemic in Ghana. These conclusions were supported by responses of participant of this research as indicated in the figures below.

Figure 4 paints a picture of the challenges SME's is going through in the wake of this global pandemic as respondents indicated. 37(34.91%) indicated a fall in their revenue, 18(16.98%) said their productions are disrupted, 26(24.53%) indicated their inability to pay remunerations, 14(13.21%) indicated their human resources are under utilized and 11(10.38%) indicate there is high holding cost as a result of reduction in demand. These challenges have come as a result of the covid-19.

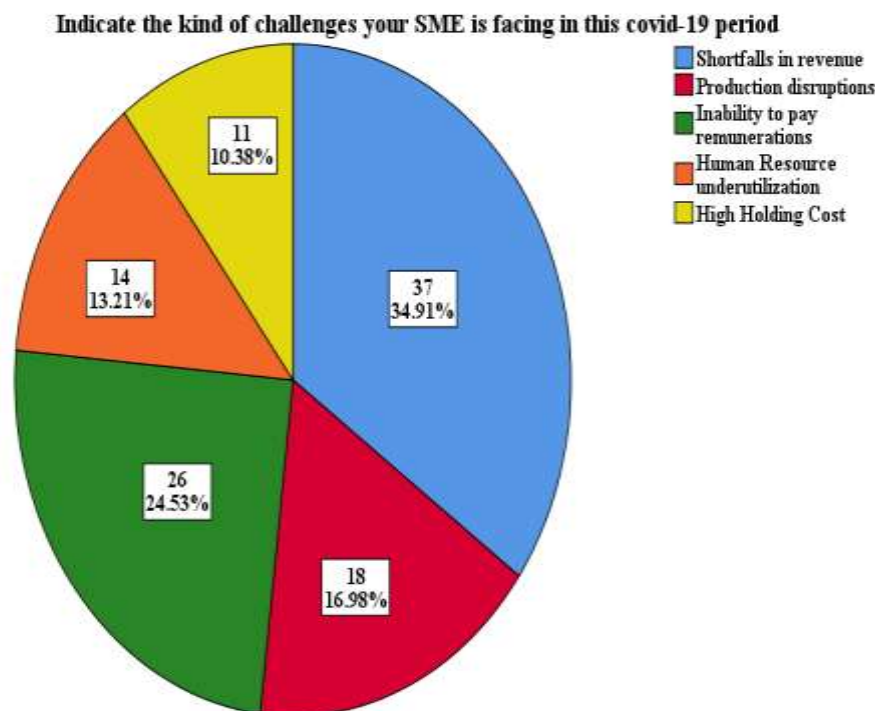


Figure 3. Challenges of SME's in the wake of this pandemic



Lewin, (2020) undertook a survey on 200 startups in the United Kingdom. The outcome of the study reflects the devastating impact of this pandemic on these startups. The study shows that, the drop in revenue for these startups have resulted in numerous decisions just to survive. 68% of respondents have re-negotiated office rents, 49% have placed an end to hiring and have reduced drastically the budget placed on advertising. 30% of the startups have introduced the policy of pay cut to at least 15% of an employee’s salary. 68% of the startups indicates that they are expecting a cumulative fall in revenue in the year 2020 to fall more than 25%. For business-to-customer businesses (B2C), they expect revenue to drop to about 50% in the year. 41% of the startups are considering venture debt. This period is not a pleasant moment for businesses and service providers across the globe as a result of a shock in their revenue standing. The situation seems not to be different in the case of Ghana.

Figure 5 below also gives a clear indication about the fall in revenue by small and medium enterprises in the Metropolis as shown by the respondents in the graph. 30(37.74%), 57(53.77%), 3(2.83%), 5(4.72%) and 1(0.94%) of the population strongly agreed, agreed, neutral, disagreed and strongly disagreed respectively. However, the graph indicates majority of the respondents believed their revenues have been critically affected as the pandemic persists. One would come to terms that revenue reduction on the part of businesses is a recipe for disaster because almost every activity of a business requires money to make it happen. Once revenue is affected, active operations of a business becomes seemingly impossible.

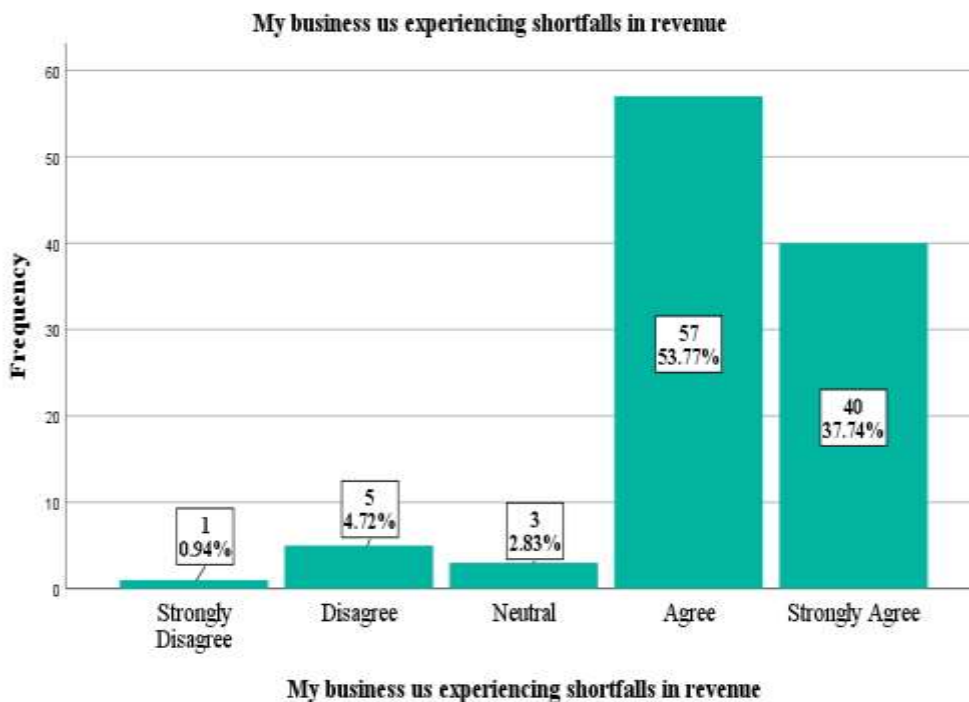


Figure 4. Fall in revenue of Small and Medium Enterprise

Meyer, (2020) indicated in a survey that consumer behavior has changed within this pandemic period. The reason was because the isolation and uncertainty regarding when

this disease would be eliminated or a cure developed have made people reserved in their spending. This according to the survey have changed their shopping behavior and buying pattern. Consumers now decide with all clarity when they are really in need of something and how to procure it. Buyers also are not ready to pay higher prices for products or services because of resource constraints. Additionally, as cities of various countries go through lockdowns, non-essential businesses are made to close, consumers generally also to avoid public gatherings. The survey predicted that, there would be a drop in global sales by 5%.

This observation, this study believes this is not different from the situation happening with the small and medium enterprises in Ghana. Respondents concerns as to the low demand for consumers for their products is captured in figure 6. With 73(68.87%), 29(27.36%) and 4(3.77%) indicating they strongly agree, agree and neutral respectively. Their responses show the ordeal these businesses are going through regarding how to market their products as consumers demands falls continuously because budget constraints as a result of this pandemic.

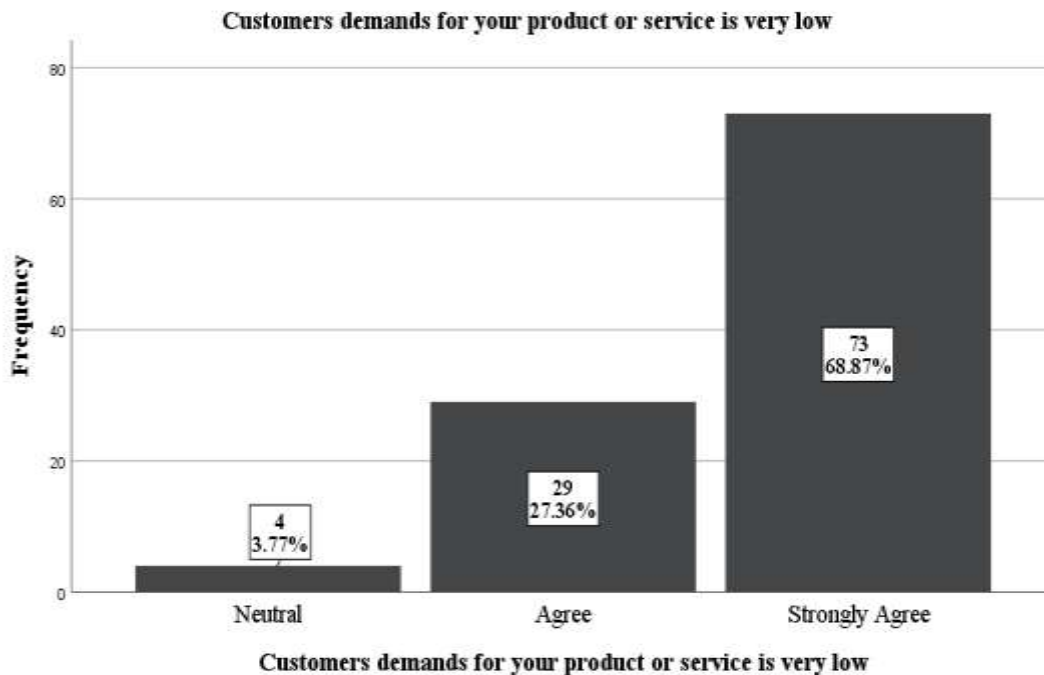


Figure 5. Reduction in demand of customers for products

The crisis that came with covid-19 has caused an alteration in customers behavior, affected supply chains and routes to market are knocking businesses off balance. The pandemic has created the platform for organizational leaders to rethink and reengineer themselves in order to minimize the uncertainties surrounding this crisis. Organizations in an effort to minimize cost and remain efficient in these times are undergoing reorganization, regrouping, and refocusing. It is also to remain resilient and promote growth post covid-19 (Accenture, 2020).

Information gathered from our respondents shows that small and medium enterprises have in mind to restructure their operations and activities in order to remain in business. Figure 7 below shows that 42(39.62%), 48(45.28%), 5(4.72%), 9(8.49%) and 2(1.89%) of respondents strongly agreed, agreed, neutral, disagreed and strongly disagreed respectively. Majority responses shows that, the weapon for their survival in this pandemic period is to go for the option of doing away with some departments. In the process of organizational restructuring, some small and medium enterprises may opt for merges, change the nature of business, and develop new methods of working.

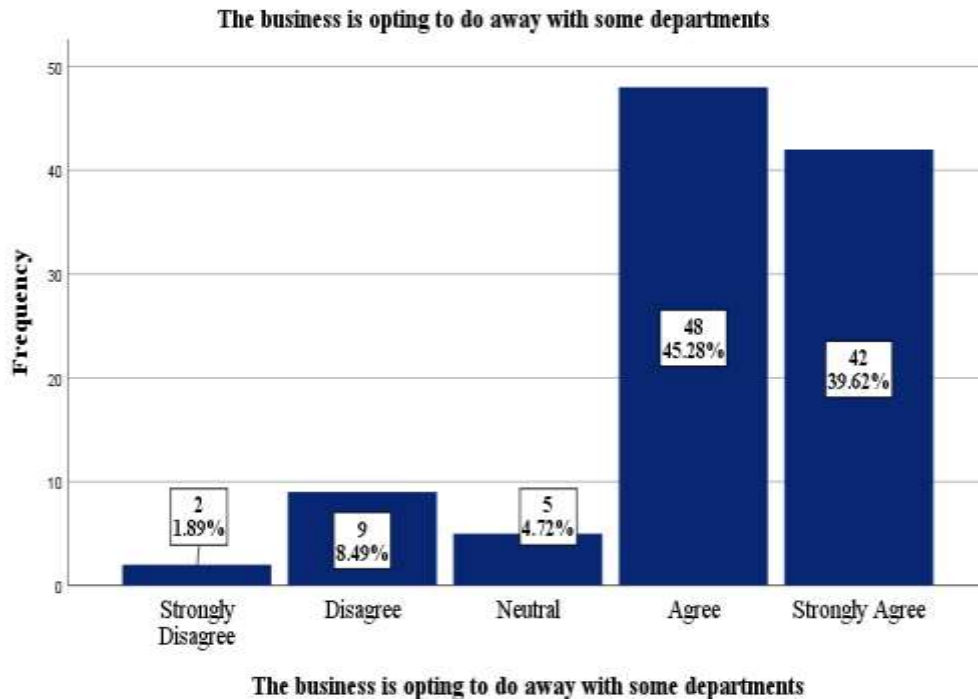


Figure 6. Restructuring of organizational departments

## Conclusions

The study sort to determine the impact of the global pandemic covid-19 on the status of small and medium enterprises in Ghana specifically with respect to SME's in the Kumasi Metropolis which is the second biggest city in the country. The study adopted factors such as revenue reduction, downsizing, reduction in demand for goods and services, organizational restructuring, and fear of exiting business as factors that have come into being because of this pandemic. The results indicate that most small and medium enterprises are engaging in all the said constructs with the aim of surviving the heat of this pandemic. Businesses are suffering a fall in their revenue, laying-off workers, restructuring their organizational set-ups, suffering from the fall in demand of their products by customers and the uncertainty surrounding the end of this pandemic with most fearing they might go out of business, taken over or merge. This impact of this pandemic is what has brought these SME's to this state where the find themselves as to how to survive. One could therefore conclude that, the covid-19 has really affected small

and medium enterprises in Ghana and beyond as literature obtain for the study paints a picture alike.

### **Recommendations**

In the heat of the covid-19 which is causing more harm than good to businesses, individuals, and governments, it would be prudent appropriate measures that would sustain and preserve businesses and investments need to be in place. Although, in some countries and that of Ghana there are stimulus packages to cushion small and medium enterprises, the study upon sober reflection on the results of the research proposes the following:

1. Businesses must change the modules of operation to meet the changing needs of their buyers in order to minimize cost of doing business and holding stocks.
2. Businesses assemble innovative ideas from its intellectual capital in order to make informed decisions as to which direction to go.
3. Businesses must review all projects they have undertaken and their related expenditures and make efforts of closing the chapter which is draining the coffers of the business in this period.
4. Businesses should quickly come to terms with customers buying behaviors and develop means of reaching out to them in their homes especially through online marketing. Data compilation on the purchases of customers within this period would give businesses insight, inform decision making and plan accurately.
5. Businesses should accelerate online or digital sales and services.
6. Accelerate upskilling to cover skills gaps in the value-creating areas of the business.
7. Proactively anticipate where disruption is most likely to impact the organization and refine responses accordingly.
8. Communicate early with employees on policy and process changes, engaging with workers unions where appropriate.
9. Businesses should engage in skills mapping and workforce architecture.
10. Businesses should desist from doing risky investments in this period.

### **Limitations**

The study area is a limitation to the study. There are 16 regions in Ghana but the study resort to only one which is the Kumasi Metropolis the second largest city in the country. This limitation also led to smaller sample size. Expanding the sample population to include other small and medium enterprises in Ghana may result in a change of the results obtained from this study.

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