ENTREPRENEURSHIP AND SUSTAINABILITY CENTER

Publisher
http://jssidoi.org/esc/home

IMPACT OF COVID-19 ON SMES AND EMPLOYMENT

Ahmad Al-Fadly

College of Business Administration, Gulf University for Science & Technology, Kuwait

E-mail: alfadly.a@gust.edu.kw

Abstract. COVID-19 is a highly infectious disease-causing serious health hazards and fatalities to humans around the world. The objective of this paper is to identify how COVID-19 caused immense failures to society, particularly Small-Medium Enterprises (SMEs) in the hospitality and tourism sectors which provide employment to many people. A literature review examined how preventive measures to control COVID-19 devastated businesses. The review highlighted particular interest to workforce, supply chain and cash flow of SMEs. This research addressed the gap in understanding what and how business was affected as seen by business owners. This research used phenomenology to study businesses crippled by the pandemic. Interviews were conducted with several business owners using a set of unstructured guiding questions. Verbal responses from the participants were transcribed to textual data and analyzed thematically. The results constructed a generalized perception of SME business owners and identified themes reflecting the business individual, the business, and business survival. Importantly, the study revealed several government actions are needed to support surviving businesses and revive lost businesses, specifically, in the form of stimulus funds, moratoriums, extended loans and waivers of interest.

Keywords: COVID-19; Pandemic; Economic effects; Hospitality; Tourism; Businesses owners

1. Introduction

The pandemic COVID-19 crisis has negatively affected the hospitality and tourism industries in Kuwait by forcing Small-Medium Enterprises (SME) in Kuwait to curtail much of their businesses. On April 6, 2020, the Kuwaiti government extended curfew hours and imposed lockdown of certain areas (WorldAware, 2020). These new measures were a part of the government's effort to prevent the spread of COVID-19. But this also meant that public were banned from meeting in restaurants, cafes, and commercial centers. Intrinsically, this meant that outlets like coffee shops, restaurants, hotels and travel agencies had to close their doors until further notice. Together with earlier suspension of commercial flights to and from Kuwait, travel and tourism had already taken a plunge. Altogether, the preventive restrictions meant that inter-dependent businesses were collectively doomed

(WorldAware, 2020). Following from the extended curfew and lockdowns, SMEs started to feel the financial crunch caused directly by coronavirus disease. At least 45 % of Kuwaiti small business owners said they had suspended or shutdown their businesses while 26% were on the verge of collapse with revenues dropping more than 80 % (Bensirri Public Relations, 2020). Irrefutably, with the increase in the pandemic, many small businesses in Kuwait have become clueless about their future.

The problems faced by the SMEs is that COVID-19 has moved from a health crisis to an economic crisis. Business owners are fervently trying to survive both the crises almost certainly with lesser resources. Some sectors suffer more than others with accommodation, food service and travel being most hit (Skidmore, 2020). It is proposed that businesses undergo a four-phase process. First, businesses see a collapsing demand with a plunge in the cash received. Second, businesses see a dwindling of product and services necessary for business as the supply chains are increasing broken (for the same reasons). Third, remaining open under lockdown or partial lockdown situations posed new work conditions never experienced before. Face masks and social distancing although disruptive to human interaction have become essential. The lockdown also imposes intricate problems of workers travelling to and from work. Fourth, reduced workforce and movement control compelled small business owners to work with greatly reduce workforce (Skidmore, 2020; Besenyő, Kármán, 2020).

To put it in a statement, the plight of small business owners has not been heard from the victims themselves. The fragility of the SMEs is often assessed from business indices available from national statistics. Administration based on such statistics "failed to successfully choose, monitor, and keep track of how the young entrepreneurs managed their fledgling businesses" (Al Sharekh, 2018). Thus, it is essential to understand the voice of the business owners to better help them sustain or regain their businesses. The effect of COVID-19 needs to be comprehended from the literal voice of the small business owners themselves.

The aim of this study was to culminate in a credible comprehension and interpretation of the effect of COVID-19 on the collapse of Small-Medium Enterprises and failing employment.

1.1. Purpose of the Study
The purpose of this study was to explore the extent to which COVID-19 has affected SMEs namely, coffee shops, hotels, restaurants and travel agents. The study is scoped on the business individual, the collapsing business and anticipation of governmental assistance. The study examined the slew of factors hitting the business individual and how businesses managed to survive – literally from the disease and the grips of sustaining. It also explored the hopes and expectations of business to survive the pandemic with government initiatives.

1.2. Questions Guiding the Research
The study examined the perceptions of businesses affected by the COVID-19 pandemic. The phenomenological methodology allowed participants to express their own experiences and consequently the direction of the study. The participant expression was based on three guiding questions which provided the framework for this study:
1. How are individual business owners affected by the pandemic?
2. What are the main issues and their resolutions to bounce back by businesses?
3. What government assistance do business owners expect in bouncing of the pandemic?

2. Literature Review

COVID-19 also known as the Coronavirus is caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). This is a new strain of infection that appeared toward the end of 2019. The virus was first identified in Wuhan, China and reported to WHO on December 2019. The virus spread rapidly across the globe and WHO declared the virus a public health emergency on January 30, 2020. On March 11, 2020 the virus was named COVID-19. By then it had spread to over 118,000 cases in over 110 countries that the World Health Organization (WHO) declared a coronavirus pandemic outbreak. This viral respiratory disease caused symptom that occurred after 1-14 days following exposure of an average of 3-7 days (WorldAware, 2020). The symptoms include fever, fatigue, cough, difficult breathing, sometimes worsening to pneumonia and kidney failure - especially in those with underlying medical conditions. The Coronavirus caused the COVID-19 pandemic which is part of a worldwide phenomenon. As of June 25, there were 485,707 deaths and 9,566,268 confirmed cases of the disease (World Health Organization, 2020).

There is currently is no vaccine available for treating COVID-19. However, symptomatic treated is provided by early emergency medical support. The control of COVID-19 requires drastic action that arrest the disease from spreading. COVID-19 spreads readily through symptomatic people to others who are in close contact. The virus is transmitted through direct contact with respiratory droplets arising from coughing and sneezing of an infected person. Individuals can also be infected from and touching surfaces contaminated with the virus and then touching their face (e.g., eyes, nose, mouth). COVID-19 virus may survive on surfaces for several hours, but simple disinfectants can kill it (UNICEF, 2020).

Unfortunately, the drastic measures required to prevent the spread of COVID-19 requires several legislated actions that prohibit the normal functioning of society. These include wearing face masks, social distancing, stay home and the ultimate lockdown of all movement. Consequently, normal business activities cannot be conducted for fear of spreading the disease. Most business have had to close their shops or malls resulting in a multitude of unprecedented issues. Closing shop means losing business and therefore losing revenue. This triggers a domino effect of issues forefront of which is employment and the welfare of the employees.

The closure of businesses means that many businesses are unable to operate and are closed down. Following the institution of lockdowns in Kuwait in March 2020, 45% of business owners indicated they have suspended or shutdown their business. A Kuwait COVID-19 business impact survey reported that a further 26% were about to collapse due to a revenue drop of over 80% (Bensirri Public Relations, 2020).

Among the industries, the demand for hospitality including, restaurants, hotels and travel has been high. Indeed, the hotel-restaurant-tourism industry are interlocked. Restaurants that were based on direct customer presence on-location have been hard hit. Similarly, hotels and tourism have been severely hit due to the inter-relationship between the industries. Cancellation in restaurant catering and hotel stay are in tandem with cancellation of planned trips with none scheduled for the near future (Creamer, 2020).

Within the hospitality industry, businesses are highly dependent on supply chain networks. COVID-19 breaks these supply chains themselves by a contagion effect. As one business collapses, the supplier above and the consumer below are almost certainly disrupted into a sinking whirlpool (Baldwin & Mauro, 2020). These disruptions rapidly breakdown business resilience and culminate in mass layoffs, inability to sustain financial commitments, risk of bankruptcy, and the ultimate closure for many (Bartik, Bertrand, Cullen, Glaeser, Luca, & Stanton, 2020).

Globally, businesses experienced incredible levels of disruptions. Most businesses are searching for ways to survive the COVID-19 pandemic. This is particularly true for business owners of SMEs who are left with little choice. Such businesses are finding ways of identifying their position amidst their employees, their customers and the legislation. Business owners have to juggle survival in the short-term, as well as long-term, as workforces and communities try to function and perform, while struggling to cope with what is happening in their daily lives (Accenture, 2020).

Following such reports, the author embarked on a research to study what and how businesses perceived the pandemic as seen from their point of view with particular focus on the hospitality and tourism industries.

3. Methodology

3.1. Research Design
The purpose of this research was to foster an understanding of how a particular social group experienced the world. This was accomplished through an explanation by the researcher about an event within the specific social context (i.e. business owners affected by COVID-19 pandemic). This explanation is for others (readers) to visualize how an area of the social world functions with many individuals each with a subjective worldview. The objective then is to collate a collective view of the event. Thus, the process is one of decoding information in which meaning is derived from the specific social context (Newman, 2014).

In this study, the axiological stand is that the researcher's value affects the conduction or outcome of the research studied. Simultaneously, the subject's values also affect the conduction and outcome of the research. By way of epistemology, the researcher's presence affects the outcome of the research by interaction with the subject. Ontologically, true knowledge cannot be obtained by repeated investigations because they may not converge on the same outcome. Truth therefore, is a social construction of those in a particular society. In this case, the society that was affected by the COVID-19 pandemic. The best research paradigm is therefore an interpretivist with a phenomenological approach (Creswell, 2014). Hence the research methodology needs to be conducted by an inductive approach through unstructured interviews or observation. The outcome of the research can change in time and results are influenced by both researcher and subject who co-create the conduction and outcomes of the inquiry process. This approach is commonly used in the social sciences and regarded as an analytic adaptation that represents a faithful vocalization of the people who experienced the phenomenon (Fendt, Wilson, Jenkins, Dimmock, & Weeks, 2014). A similar study using phenomenology on the COVID-19 outbreak has been conducted on perceptions and psychosocial consideration of Spanish nursing students (Collado-Boira, Ruiz-Palomino, Salas-Media, Folch-Ayora, Muriach, & Baliño, 2020).

3.2. Sampling Plan
The sampling size for phenomenological studies is recommended to be 5 – 25 (Creswell, 2014). This indicative sample size is helpful to note that ultimately, the required number of participants depended on reaching saturation of the quotation-coding process and no new theme, category, or information emerged from further interviews (Bradley, Curry, & Devers, 2007). Participant selection was by purposeful sampling and snowballing which helped to identify a total of 25 participants.

Trustworthiness of the research was attained by individual participants willing to describe their experience of the phenomenon. The individual participants agreed that they voluntarily express their true feelings and describe any relevant physiological or psychological experiences that occurred with the feelings. In all cases, data was

collected through in-depth dialogue between the researcher and participant. In phenomenology, this is also the point when analysis began. During the interview, the researcher simultaneously assessed if further data collection was necessary (Smith, 2010).

3.3. Study Participants
The study participants comprised of 2 coffee shop owners, 6 hotel owners, 10 restaurants and 7 tourist operators. The participants were aged between 35 and 62 years. There were 19 males and 6 females. All 25 participants owned their businesses and were directly affected by COVID-19.

3.4. Trustworthiness
Credibility is the equivalent of internal validity in quantitative research and is related to the trustworthiness of the research findings. Credibility is an indication of how well the research findings represent the acceptability of information extracted from the participant and the correctness of the extraction as perceived by the participant (Korstjens & Moser, 2018). Another aspect of trustworthiness is reflexivity. Here, the researcher must be aware of self-biases in the process of collecting, analyzing and interpreting data, and pre-conceived assumptions that may be inadvertently brought into the research. Thus, a researcher must put aside the researchers own biases so that the true experiences of respondents are reflected in the analysis and reporting of research (Korstjens & Moser, 2018).

3.5. Data Collection
The participants are mainly from hospitality and tourism industry. These include Coffee Shops, Hotels, Restaurants, Travel and Tour Operators. Data collection was primarily through telephone interviews with participants (business owners) who were affected by COVID-19. Using only simple unassuming guiding questions participants were asked to express their views of the impact of the pandemic. The guiding questions were unstructured and the expected response was a narrative of the participant's reflection. As interviews were made through the telephone verbal responses were noted impromptu. These were then transcribed to convert the spoken word to the written word to facilitate analysis immediately after the interview (Sutton & Austin, 2015).
Once all the research interviews had been transcribed and checked, pertinent quotations were noted and coded. Field notes compiled during an interview were useful complementary source of information to facilitate this process as the gap in time between an interview, transcribing and coding can result in memory bias regarding nonverbal or environmental context issues that may affect interpretation of data.

3.6. Data Analysis
The participant transcripts were read and re-read to look for communal views among the participants. The researcher implemented a process of bracketing by an iterative reflexive consideration of the quotations. Although total bracketing is not achievable the researcher made conscious attempts to put aside personal assumptions so that the true experiences of participants were reflected in the analysis and reporting of the research. Using this method, a total of 385 Quotations were made from the data analysis. These quotations were assigned to 34 Codes created directly from recurring views of the participants. No Code was predetermined. Coding and data analysis were done using Atlas.ti (Atlas.ti, 2020). The conceptual framework of this research is shown in Fig.1.

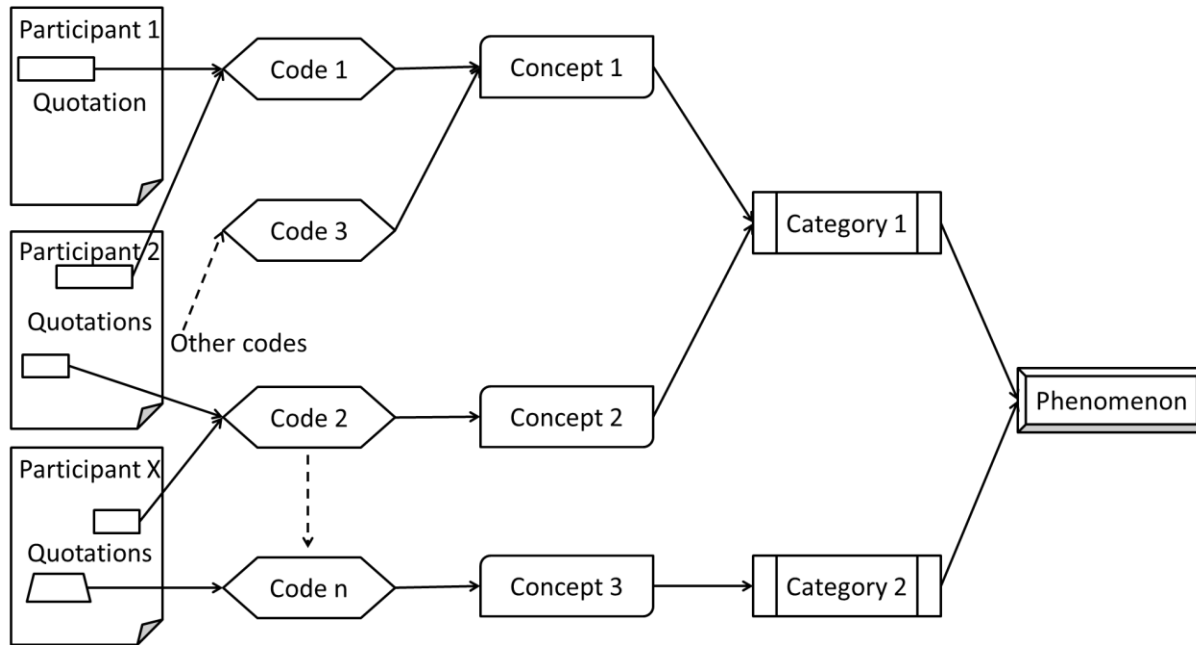**Fig. 1.** Conceptual framework of phenomenology research in this study.
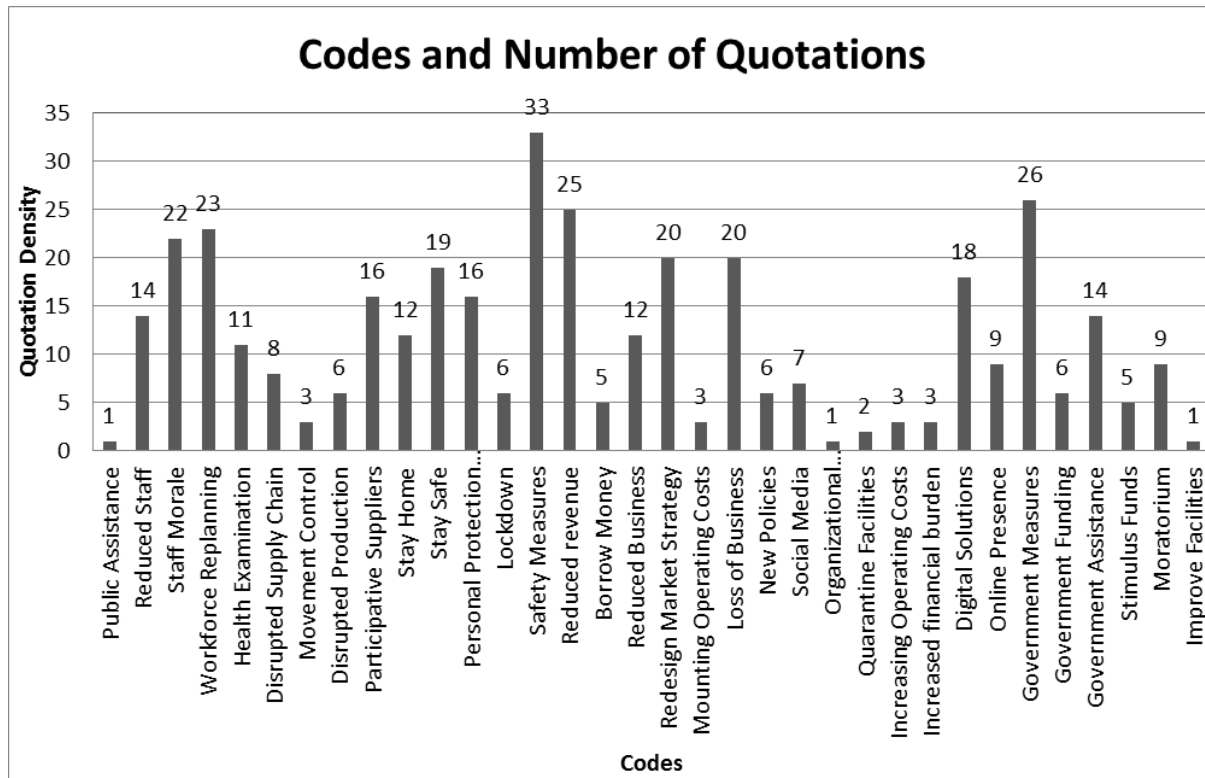
Fig. 2. Codes and quotations from participants.

From this data, the 34 codes (Fig.2) were assigned to meaningful concepts pertinent to the objectives of the research questions. A total of nine concepts were identified as shown in Fig.3. These were further grouped into three categories comprising Individual (staff and social distancing), Business (supply chain, business, resurging, cash flow and work remotely) and government (initiative and recovery plan).

Category	Cum. Code	Concept	Code	Code Density
Individuals	157	Staff	71	
		Social Distancing	86	
Business	167	Supply Chain	33	
		Business Relations	85	
		Resurging	16	
		Cash Flow	6	
		Work Remotely	27	
Government	61	Initative	46	
		Recovery Plan	15	

Fig. 3. Code density, concepts and categories.

Of course, there were many ways of synthesizing and presenting the data. However, any conclusions drawn by the researcher has to be supported by direct quotations from the participants. Thus, it will be clear to the reader that the themes that emerged in the study are solely from the participants information and not from the researcher (Creswell, 2014).

4. Thematic Analysis

From considerations in the last section, three themes that emerged purely from the quotations assigned to codes, codes assigned to concepts and concepts assigned to categories. Themes are generalized propositions emerging from a particular clade of categories, concepts, codes and quotations. Themes can also include the relationship of codes, which tag data that link concepts and categories to each other (Bradley, Curry, & Devers, 2007). In this study, three themes emerged as identified by Individual, Business and Government as shown in Fig.4. The thematic analysis is explained next. Note that the thematic concepts comprise of codes given as the heading for each paragraph.
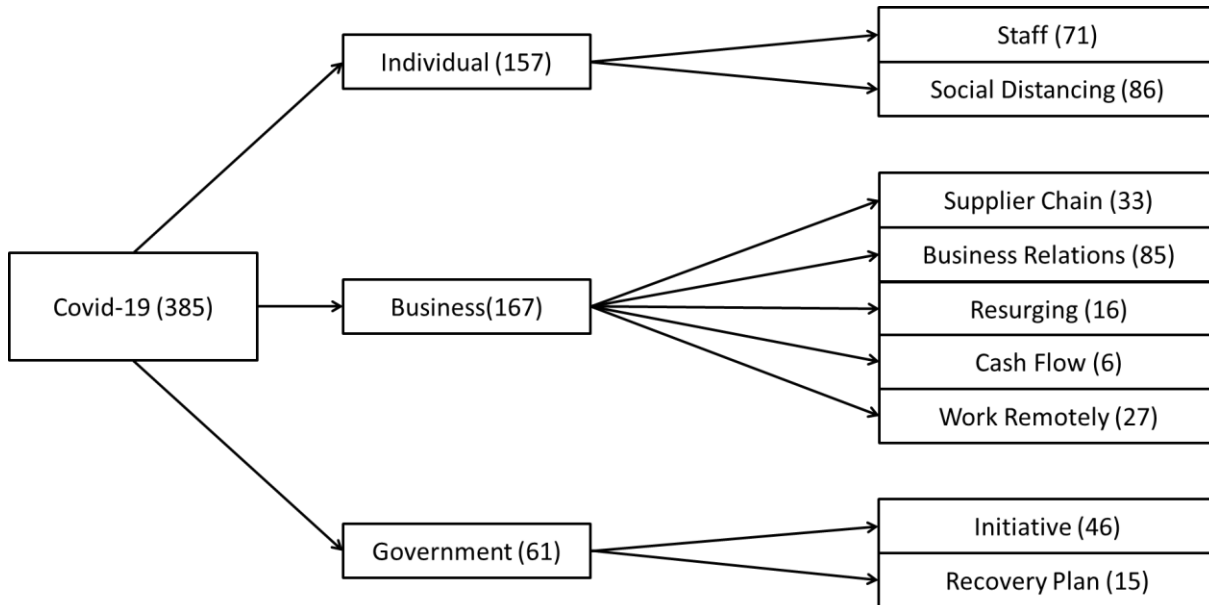
Fig. 4. Emergent themes for Kuwait hospitality and tourism industry.

4.1. Theme Individuals

The emergent theme of concepts and codes for Individual is shown in Fig. 5. A detailed explanation of each code follows.
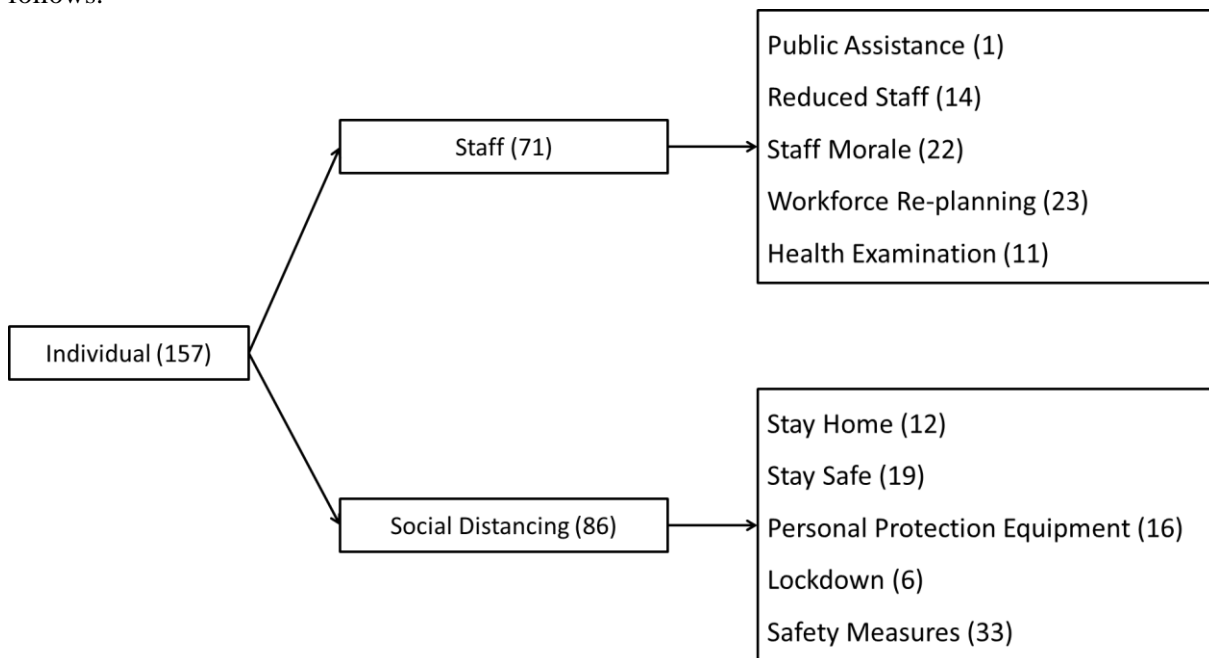

Fig. 5. Theme of concept and codes for individual.

Make your research more visible, join the Twitter account of ENTREPRENEURSHIP AND SUSTAINABILITY ISSUES: @Entrepr69728810

4.1.1. Staff
Public Assistance: Managers expected public assistance from all stakeholders including customers, staff and the public.

Reduced Staff: Many businesses had to cut their staff by half. As branches were shut down the workforce had to be reduced between 20-50% with the business disruption. The staff reduction was necessary to overcome the situation. Only key staff were employed. This was also a huge challenge as some employees were already on vacation or planning to do so. The shortfall in cash revenue also meant the salaries had to be cut. Some employees planned to leave as there is no work and salary reduction was not viable. Availability of new staffs for business also met with challenges aggravated by the lockdown and curfew.

Staff Morale: Staff morale was greatly affected as staff experienced a high level of mental strain and frustrations as they faced this situation for the first time. Salary cuts to the skilled staff greatly affected their morale. Employees whose vacations were approved had to be cancelled resulting in lost confidence and poor mental attitude. Work hours were reduced so employees were not over-worked for the reduced salary. Training and counselling were conducted to boost the employee morale. Additionally, a savings fund was suggested for employee welfare.

Workforce Re-planning: Business managers were mainly concerned with the employment of workers as most had lost their employment with them. Hotels had to continue to support customers already with them. Only essential services like housekeeping could be provided as many employees were asked to go on leave. A core employee group was maintained to service elite customers. Three shifts were reduced to two. Reduced workforce meant that workload had to be distributed. In the travel industry, work was conducted within the curfew hours. Some staff were asked to work from home much like call centers.

Health Examination: Coffee shop managers ensured that health examinations were conducted by encouraging their staff and customers to make use of proper PPEs while entering their premises. Orders were mainly through phone and custom-made mobile app specially designed for this purpose. Hotels kept track of their staff who worked from home on a regular basis. Any employee tested positive was transferred to quarantine for medical treatment. Restaurants and travel industry planned installing thermal scanners on premises to fight the pandemic. Routine medical examination was conducted for staff. Businesses promoted a hygienic and sterile environment for employees and customers.

4.1.2. Social Distancing
Stay Home: Social distancing was very important. Coffee shops urged their staff to stay at home until the situation improved. Although most hotel staff stayed in the accommodation provided, they were told to stay at home. Since many of them stayed in lockdown areas this made their transportation difficult during the curfew times. In the travel industry, around 60-75% of the staff had to stay home. Among them 50% worked from home.

Stay Safe: Most coffee shop customers who had their morning coffee stopped coming in fear of the virus spread. So, coffee shop staff were directed to practise social distancing. Menu cards contained important contact numbers of health centres for contact during an emergency. Hotels directed their staff and customers to practice social distancing at all times. Transportation arrangement was available to help customers reach their destination between curfew times. More safety procedures were planned for implementation to ensure customers were safe and healthy. Restaurants staff always maintained social distancing. This constrained in employing few staff in the kitchen area with strict rules to practice social distancing. In the travel industry, organizations created an elite

group to monitor the safety measures used while transporting customers to the airport. Rules and principles were set for employees to follow in order to create a safe working environment.

Personal Protection Equipment: Coffee shops had to provide personal protective equipment (PPE) to staff. Customers were provided with essential services like food and PPE. The PPE increased the monthly expenses. Additionally, masks and a pair of gloves were provided to customers who ordered above a minimum amount. Hotels also followed safety precautions with the use of PPE like masks and gloves. Providing PPE to staff and customers increased expenses for the company. Restaurants also provided PPEs to staff and customers. Strict measures were taken to promote the use of personal protective equipment in the business premises. Essential services like food, water, gloves, sanitizers and other PPEs were made readily available. In the travel industry, PPE was made available to staff and they were encouraged to use it when they travelled or had contact with the customers as recommended by the health authorities. Customers were encouraged to use PPEs when they entered the premises.

Lockdown: All businesses were restricted to function during the lockdown. As the government shut down majority of the businesses, other related businesses had to shut down. Many branches closed due to the lockdown as part of government decisions. Many staff who could not travel to work worked from home.

Safety Measures: Safety measures seem to be the most concerning aspect. Staff were provided with gloves and masks to protect themselves. All measures were taken to ensure staff and customers were not infected. PPE was used without wastage. Suppliers who followed precautionary measures and safety policies were preferred. Staff were given specific directions on hygiene measures to follow as recommended by the government. As an organization, many have implemented the 5-meter apart policy even though this meant reducing the number of customers in the shop. In the coffee shops, tables were sanitized before and after customer usage. Hotels provided sanitizers in the hall way and in front of lifts for both staff and customer safety. Timely brochures containing latest safety rules published by the government were distributed among the staffs and resident customers to make them aware that all were together in the fight against the pandemic. This strategy helped the customers to identify the business as taking safety as the first priority. Hotels undertook to provide accurate information so clients were informed about the virus and steps taken to fight it. Rooms were disinfected before and after a client's stay. Sanitizers were installed in the premises. Social distancing was made mandatory. Safe travel and other precautionary measures helped the customer confidence. In the travel industry, premises and branches outlets were sanitized every alternate day to ensure safety. Safety policies were implemented for the safety of the employees and the customers who entered the premises for their travelling needs. Only safe travelling destinations were included in the packages so that customers travelled without fear of the virus.

4.2. Theme Business
The emergent theme of concepts and codes for Business is shown in Fig. 6. A detailed explanation of each code follows.
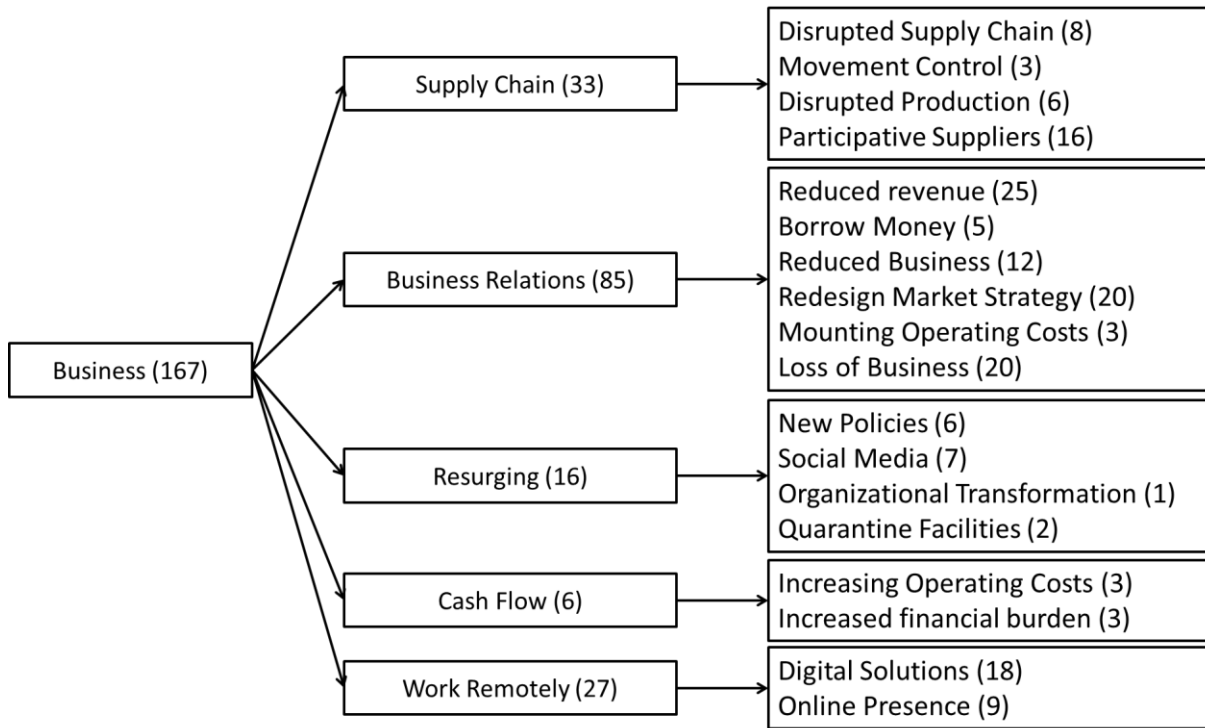
Fig. 6. Theme of concept and codes for business

4.2.1. Supplier Chain

Disrupted Supply Chain: Businesses stopped and the supply chain was difficult to maintain. Suppliers were also in the same situation unable to provide their services. Hotels faced severe challenges of supply chain management since food suppliers and restaurant caterers had stopped working during the lockdown and curfew times. Restaurants faced similar problems since it was difficult to maintain relationship with vendors and suppliers who reduce their services to a minimal level.

Movement Control: The movement control greatly reduced customers visiting coffee shops and the sales went down. As public gathering stopped, only door delivery was provided. This meant acquiring passes for transporting employees to work during curfew conditions.

Disrupted Production: Suppliers had passes which made the availability of essential supplies. The orders for food supplies were reduced as there were few customers. Hotels and restaurants reduced the food items to sustain business. In the travel industry, transport providers, accommodation providers and tour operating service providers were shut down as it was difficult to coordinate tour packages and arranging accommodation for tourist customers.

Participative Suppliers: Some more participative suppliers generated plans and ways of continuing working relations. Manufacturers and food suppliers were contacted directly particularly those who could arrange to transport the supplies. Transportation cost was borne by the business so as to maintain a good relationship with the suppliers. Travel passes were also arranged by the business with cooperative suppliers. Restaurants made

agreements with leading pharmacies and other outlets to provide personal protective equipment like gloves and masks. In the travel industry, customer relations were maintained through emails and other social media.

4.2.2. Business Relations

Reduced Revenue: Reduced revenue was seen across all businesses. Coffee shop revenue was affected through direct sales. People refrained from door deliveries particularly during total lockdown. For hotels, many bookings were cancelled and the money refunded to customers. The government also required that hotels were shut down resulting in huge losses. Revenues dropped to 30-50% during the lockdown. Restaurants were affected by loss of takeout and delivery which had stopped. Customers driving in for food and home deliveries had stopped. The cash flow had come to a standstill. Phone orders which generated 40% of the revenue stopped. Private catering and bulk private orders stopped. In the travel industry, around 60% of customers were refunded fully as they had booked before the shutdown. Another 40% had to be provide partial refund as they booked tickets more than 4 months before the shutdown. Travel packages also decreased as customers who booked them backed off. The reduced work hours further affected productivity.

Borrow Money: Hotels could not borrow money from the banks as the banks were shut down and loans were not readily available. Travel agents also faced similar problems as they could not opt for loans to hold back losses as the banks shut down their activities.

Reduced Business: Coffee shops were partially open during non-curfew periods. Nevertheless, business was affected from the beginning of the virus outbreak. For hotels, customers who intended to stay cancelled their reservations. The occupancy rate declined considerably. The cash flow was affected as the credit booking system stopped. Food prices were reduced in the restaurants. All these seriously affected the hotel business. Restaurants had to operate in a regulated timeframe especially the non-curfew hours, but adhering to the restricted time periods was very difficult. In the travel industry, accommodation providers for tourists were all shut down. As the government introduced further restrictions, travel agents had to follow the shut down operations completely. The closure of the airport posed a serious blow which further affected the business.

Redesign Market Strategy: Coffee shops introduced more discounts and complements for their customers. Participative suppliers would be considered first after the lockdown. Brochures with safety measures for the pandemic would be designed and printed for customers. Hotels were keen to adopt cloud-based Property Management Technologies which enable activities of the hotel from a remote distance. At the same time, customers would be encouraged to use custom-made mobile application that served the customers without being present at the hotel. Hotels also devised plans to include more discounted rates for routine customers. This provided personalized offers to customers to fulfill the needs of customers. This new policy would promote an emotional connection between the hotel and the customers. Restaurants aimed to provide good nutritious food to their customers by implementing new recipes in their menu. Food will be cooked on order and supplied fresh. Restaurants chose the internet as their business platform. In the travel industry, new strategies would be created to attract customers and stakeholders. Customer care cells were planned to cater customer queries.

Mounting Operating Costs: Businesses had to pay salaries to employees and take care of their safety resulting in increased financial expenses. For restaurants, it was a difficult task to pay staff during the lockdown and curfew. The unavailability of funds led to inability to pay staff salary timely. For travel agents, refunding money demanded by customers incurred severe operating losses.

Loss of Business: Coffee shops were disrupted of daily routines. Loss of business was very high during lockdown. With the ban of public gathering customers stopped regular order of coffee. Most of the revenue generating branches affected by the lockdown closed business within the first two weeks of the pandemic. Closing down the coffee shop resulted in huge losses. For hotels, the pandemic plunged the industry tied to most other businesses locally and globally. The high level of cancellations and postponements in bookings caused severe loss of business. The hotel business had been affected drastically. For restaurants, the government closed all food outlets during the total lockdown resulting in total loss of business. Many branches in the lockdown areas were also shut down completely. The closure of local markets resulted in loss of business. With the lockdown, the travel industry came to a standstill. Many pre-booked travels were cancelled. People postponed their travel dates. Vacation packages were lost. The airport was shut down. And, much money had to be refunded resulting in tremendous loss of business.

4.2.3. Resurging

New Policies: The hotels conducted research as how to manage the hotel without direct contact with customers. They worked on their management policies regarding room service, advertising and introduced a proper check-in and check-out process. One of the main policies was to generate feasible rates and discounts to customers. Another was to attract millennial travellers. The new policies and strategies would be implemented in their business. Restaurants generated new policies and regulations for employees to follow. The travel industry had introduced a new policy of including in their brochures and pamphlets, information about the virus and also locations of health centres to contact.

Social Media: Hotels were keen to conduct sales, advertising and business development activities remotely. A hotel app would be used to entertain their guests without actually being present there. Hotels also devised plans to retain existing regular customers by giving them latest updates of the situations through a portal. Restaurants would use social platforms to provide the latest updates on the policies of the government to their employees. In particular, employees would be informed of new developments regarding rules and regulations by the government through WhatsApp Group Messages. The system will also be used to take orders through WhatsApp numbers. A WhatsApp Group was created for employees at all branches. The employees were encouraged to communicate through the Group for any concerns. The daily menu was also be available through WhatsApp.

Organizational Transformation: Hotels ensured that different departments functioned together with management to produce a safe working environment to customers.

Quarantine Facility: Hotels were forced to provide premises for quarantine purposes. Thus, the flow of customers was stopped. Another hotel, had given its premises and transport facilities to transport nationals brought back from other countries to the quarantine areas.

4.2.4. Cash Flow

Increasing Operating Costs: The travel industry incurred high expenses to provide for staff welfare. Premises had to be frequently sanitized to enable a safe environment even though this was costly. Having to refund money completely for many travel bookings affected profits and commissions were lost from business partners abroad for arranging stays for customers.

Increased Financial Burden: Restaurants could not have private borrowings as the banks and other financial institutions were closed. Refunds had to be given to the customers who cancelled their bookings. Inevitable, employees had to bear salary cuts.

4.2.5. Work Remotely

Digital Solutions: Working from home is not an option for coffee shops. However, customers could order food and drinks through a mobile app rather than over the counter. This enabled customers to pre-order and pay through the app. The customers benefitted by pre-ordering, table booking, and paying for beverages beforehand. This made their coffee available once they arrived. Of course, different options like selection of number people, different flavours of coffee and preferred table was available in the App. In the hotel industry, digital solutions would enable remote business control. During the lockdown, most managers and supervisors worked from home. This is the future trend to implement measures to track activities remotely. It is likely that future business will be mainly based on technologies. As most of the businesses around the world are switching to embrace technology in their business, it is high time that hotels implemented the same. Introduction of Property Management Technologies was the future strategy to sustain. Contactless method of engaging guests would be a new strategy introduced in the hotel business. Therefore, it was appropriate to embrace technology in business. Many explored how to implement this as restaurants turned to technology. Some introduced a Facebook page to provide customers with new updates and nutritious recipes. Hotels planned to develop software through which customers could order directly. Customer requests would be forwarded to computerised system. The travel industry devised plans to give discounted rates and safe travels to the customers who booked through technology apps.

Online Presence: Many hotel supervisors and managers had been working from home. A majority of team leaders were asked to work from home to understand customer queries. An online presence would implement technologies to serve customers without coming into contact with them. Staff could work from home to act as a customer care cells that answered customer queries. Online campaigns were promoted to protect staff and customers.

4.3. Theme Government

The emergent theme of concepts and codes for Government is shown in Fig. 7. A detailed explanation of each code follows.
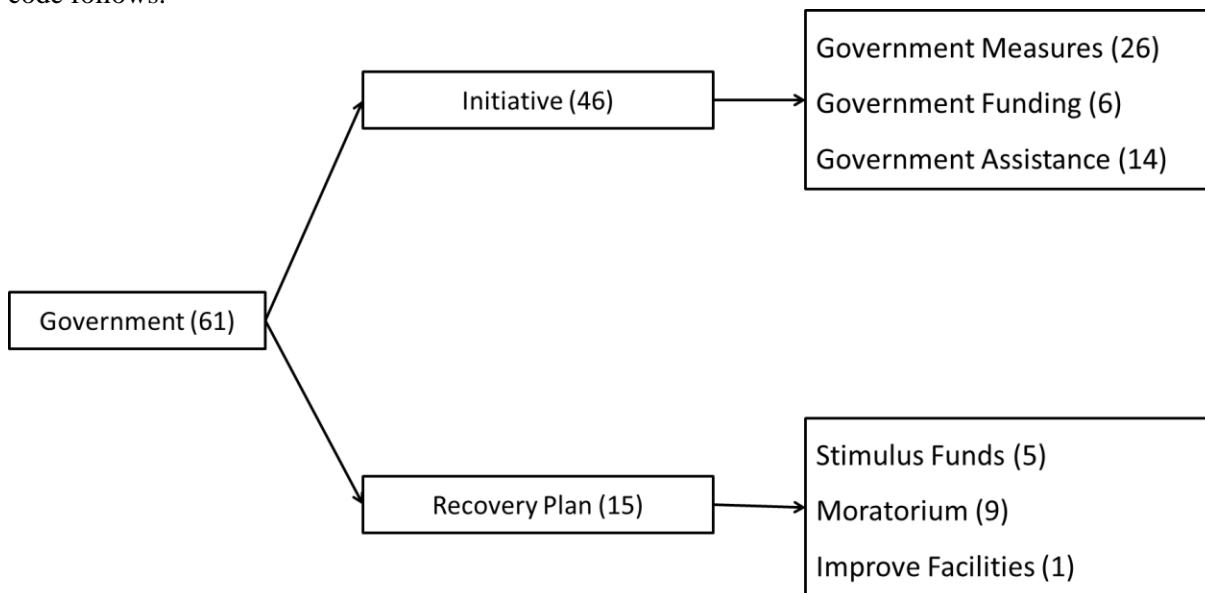

Fig. 7. Theme of concept and codes for government.

4.3.1. Initiative

Government Measures: In order to recover from the pandemic, a limited and steady operation would be most suitable with the government health authorities' approval. Coffee shops anticipate that there will be more supportive measures from the government and banks. While vaccines and medicines are developed businesses will adopt to live with the virus. Safety measures need to be improved in in admitting people to coffee shops. Sanitizers will be installed at occupied tables to enable customers to use then when needed. Banks are expected to extend their loan waivers so that money was available for re-investing in the business. As the government introduced 5 phases of reopening, hopes are that coffee shop business will function normally in the future. Hotels have followed the government's instructions step-by-step. As the government is considerate in supporting the hotel and hospitality industry, it is hoped that the government will continue to support the hotel industry. If the government advocates living with the pandemic, hotels would strictly follow the relief methods by the government. It is also expected that the public will support by complying with safety precautions as explained by the government. Hotels intend to work side by side with the government's efforts to fight the pandemic along with other NGOs. Restaurants plan to recover from the pandemic by practice business according to the government guidelines. In case the government advocates living with the pandemic, restaurants will follow the government guidelines and be socially responsible. Hotels will need to adapt to the new situations; with the government support of granting permission to the restaurants to function. In the travel industry, if the government advocated living with the pandemic, the industry will operate along with the government's guidelines in the best interest of the businesses. Moreover, the banks announced waiver of interests and loans helped businesses to save money for other expenses. Following government instructions would be the best way to mitigate the pandemic by taking measures and steps to control the spread of the virus.

Government Funding: Coffee shops expect the government to introduce more measures to help the business. For hotels, the various subsidies and moratorium announced by the banks and government helped to ease the financial burden to a large extend. For restaurants, the availability of government fund would be utilized for generating an employee welfare fund through emergency assistance. The government sectors are expected to set aside further funds for sustaining the restaurant business sector. The travel industry also expects the government and the banking institutions to introduce more grants and funds to help business growth.

Government Assistance: Coffee shops anticipate government support by providing operation facilities after businesses reopen after the lockdown. Hotels anticipate the public and the government will assist the implementation of new technologies in their venture. Furthermore, an increase in the lending period will also help in loan repayment. This assistance could also be expected as a cooperation not only from government but also private, public and semi-government sectors. This will help hotels stay up-to-date with the latest government policies introduced and relief measures introduced for recovering from the pandemic. However, it is expected that the government continue to introduce new plans and policies to help the restaurant businesses. Since, the restaurant business is a booming business, special policies should be generated by the government to support growth. The travel industry also expects further relief from the waiver of loans and interests by the banking institutions. This would help recover the loss incurred due to refunds and cancellations. The industry believes that the government will announce more incentives to the travel industry. The government of Kuwait is considerate in their efforts to bring the economy back to normal.

4.3.2. Recovery Plan

Stimulus Funds: Hotels suggest stimulus funds offered by Kuwait Banking Association and Central Bank of Kuwait will help to ease the loss incurred during the pandemic. Loan waivers by the financial institutions will also help them to pool the money for further developmental programs after the pandemic. Thus, it is expected that the

government will support by introducing more stimulus funds to support SMEs like the hotels. Restaurants suggested that stimulus funds like reduction in the discount rates and increase of limit of finance to a 100% had proven to accumulate the money for necessary changes. The stimulus package announced by various banks had also benefited them.

Moratorium: The government's 6-month moratorium helped coffee shops to sustain during the lockdown. Even though, they were functioning between the curfew periods and there was enough revenue generated, the moratorium helped greatly. For hotels, the 6-month moratorium helped to pay important necessities like providing salaries and buying PPEs for employees and resident customers. The 6-month moratorium by the government helped the hotels to recoup the losses and invest the money back into business. For restaurants, the tax reliefs and 6-month moratorium helped them to utilize the money to pay staffs. It lowered the risk of SMEs by about 25-75%, thus helping businesses to sustain. The moratorium also helped them to sustain through pandemic. It also helped them to provide PPEs to employees. Restaurant admitted that loan waivers and moratorium introduced by the government had greatly helped them sustain during the difficult situation. The 6-month waiver of loan repayments proved to be helpful. In the travel industry, the moratorium announced by the government helped to survive the losses incurred due to the virus. The moratorium helped to ease the loss suffered during this period particularly in employee retention as they were paid salaries and bonuses for Ramadan.

Improve Facilities: The hotel took the pandemic period in a positive way by using the period for renovation and maintenance.

5. Discussion

Based on the findings described in Section 4, the following questions are answered.
1. How are individual business owners affected by the pandemic?
2. What are the main issues and their resolutions to bounce back by companies?
3. What government assistance do business owners expect in bouncing of the pandemic?
4.

5.1. *How are individual business owners affected by the pandemic?*
There are two ways in which business owners are affected.
First, business owners are severely affected by staff issues. Many SMEs had reduced their staff to between 20-50% with disrupted business. This reduction in staff manning the business was due to the inability of the SME to continue to hire the employees. Only key staff were employed due to shortfall in cash revenue. Staff morale was highly affected due to the loss of confidence associated with facing the problem first time together with the salary cuts. Business managers were mainly concerned with the employment of workers as most had lost their employment with them. Reduced workforce also meant that workload had to be distributed among remaining staff. Health examinations, thermal scanners and the usage of PPEs was necessary to promote a hygienic and sterile environment for employees and customers.

Second, many of the staff were asked to stay home for safety reasons. To ensure customer safety, staff were directed to practice social distancing. This was very constraining in businesses like coffee shops, and restaurants. Not only businesses had to provide essential services to their customers, they also had to provide Personal Protection Equipment including masks, gloves and sanitizers to customers entering the business premise. The effect of the lockdown was that, as more businesses shut down, many other inter-dependent businesses had to follow. Safety measures seem to be the most concerning aspect. Staff were given specific directions on hygiene

measures to follow as recommended by the government. Many had implemented the 5-meter apart policy even though this meant reducing the number of customers in the premises.

5.2. What are the main issues and their resolutions to bounce back by businesses?
The main issues faced by businesses was business relations and supply chain disruption. Business relations was the predominant factor. Many businesses were affected by reduced revenue. Revenues dropped to 30-50% during the lockdown. The cash flow had come to a halt. Phone orders which often generated 40% of the revenue also stopped. Around 60% of customer orders had to be refunded full payments as their services could not be fulfilled. The reduced work hours further affected productivity. Loss of business also accompanied the ban of public gathering customers. The closure of local markets also resulted in loss of business.

The supply chain was the next most important factor. As businesses closed, the supply chain was difficult to maintain. Other suppliers were similarly affected and unable to provide their services. Coordination between suppliers was difficult. Nevertheless, some suppliers were more participative by generating plans and ways of continuing working relations. For those who could arrange to transport the supplies, the transportation cost was borne by the buyer business so as to maintain good relationship with the suppliers. This would help broken supply chain links to be reconnected and enable service flow. Suppliers reconnected after the pandemic are likely to have a mutual business-survivor bonding that will quickly thrust business recovery.

The resolutions to rebound the business was clearly in place. One way to bounce back diminishing business was to redesign market strategy. Businesses introduced more discounts and complements for their customers. New strategies to include brochures with safety measures to follow during the pandemic was designed and printed in customer brochures.

A second way to rebound the business was to use social media platforms and portals to provide the latest updates on government policies along with business applications. In particular, employees would be informed of new developments through WhatsApp Group Messages. The system would also be used to conduct business through WhatsApp groups created for employees.

A third way to rebound the business was to develop new market strategies to work remotely with online presence and digital solutions. Customers were encouraged to use custom-made mobile application that helped to serve customers. Some business used cloud-based technologies to enable remote service activities. The method also provided personalized offers to customers and helped to fulfill the customer needs as much as possible. The new market strategies promoted an emotional connection between the business and the customers.

5.3. What government assistance do business owners expect in bouncing of the pandemic?
There are two facets to what government assistance are expected by businesses. These are government initiatives and government recovery plans.

The government initiatives expected are clearly on government measures to enable a steady operation with the approval of government health authorities. Businesses anticipate more supportive measures from the government and banks.

Many businesses also expect more government funding through grants and subsidies to be announced by the government to ease the financial burden to a large extend. The availability of government funding would be

utilized for employee welfare through emergency assistance. Moreover, the banks through the government are expected to announce waivers of interests and loans to further helped businesses to cover expenses.

Businesses anticipate the government assistance through incentives to implement new technologies ventures. This could be done by an increase in the lending period to help businesses to relax loan repayment. This assistance could be expected as a cooperation not only from government, but also semi-government, private and public sectors.

As for recovery plans, businesses expect the government to introduce stimulus funds. Stimulus funds would be used to ease the loss incurred during the pandemic. Loan waivers by the financial institutions will help businesses pool money for post-pandemic development programs. Business suggested that stimulus funds could be based on an increase of finance limit to 100% of value to accumulate money for necessary changes.

All businesses agreed that government recovery plans such as the 6-month moratorium helped them to sustain during the lockdown. The moratorium helped to pay necessities like providing salaries and buying PPEs for employees and customers. The moratorium also helped to recoup losses and invest the money back in to business.

5.4. Implications of the Findings for Practice
The research showed three themes identified in the research. Firstly, a fairly extensive outline of the effect of COVID-19 on SMEs has been elucidated. Secondly, the extent of problems faced by SMEs has been visualized from the view point of the business owners. Thirdly, and most importantly, the research has exposed in-depth expectations of SMEs as to how governments need to provide various initiatives and recovery plans to bring back business to pre-COVID-19 levels. Specific initiatives include government measures to revive hospitality and tourism industries with government funding and stimulus funds.

5.5. Recommendations for Further Research
Recommendations for further research are:
1. Conduct similar research on specifically how existing businesses struggling to sustain themselves could be assisted to regain their pre-COVID-19 levels of business. This could in fact be conducted at a national level. Although government bodies may have their perceptions of what needs to be done, the real needs of the business are best elucidated by a suitable phenomenological study. Such a method would have a better chance of identify true business needs.
2. Another study could be done on business owners who have lost their business. Bearing in mind such failed businesses failed for reasons beyond their control, it would be prudent to identify more accurately, how the failure occurred and what actions can be taken to revive these businesses. This would be best done by government bodies that administer to the local SME businesses.
3. Research of SME financial predicaments by banks and financial institutions is another important aspect. Banks and financial institutions stand to gain most by understanding the plight of failing and failed businesses and, creating a variety of business products (i.e. waivers, reduced interest rates, loans, funds and incentives) to support failing businesses and revive failed businesses.

5.6. Limitations

The limitations of the study are bound to the qualitative nature of the study although much effort had been included to reduce the subjectivity of the data. Researcher bias though reduced by bracketing cannot be completely avoided since some bias is not intrinsically knowable to the researcher.

Although the sample size was fairly large, and the interviews were conducted to saturation of quotations and codes, it would be difficult to assume that the selected participants were representative of the larger population.

6. Conclusion

This research has espoused phenomenology as a remarkable way of understanding social perception of a society from their own point of view. This phenomenological study exposed three themes of the COVID-19 pandemic on the collapse of SMEs and failing employment. The first theme revealed the plight of SME business owners and the hardships faced due to the pandemic. The second theme uncovered extensive experiential predicaments of the businesses. The third and most important theme revealed quite clearly, what SME business owners expect of government and financial bodies to support surviving businesses and revive failed businesses.

References

Accenture. (2020). *Connecting with changing customer habits*. Retrieved June 24, 2020, from Impact on Customers: https://www.accenture.com/mu-en/about/company/coronavirus-business-economic-impact

Al Sharekh, A. (2018). SME Funds as Vehicles of Economic Reform in Kuwait and the GCC. *Carnegie Corporation of New York*, 1-14.
Atlas.ti. (2020). Atlas.ti (8.4.24) for Windows, Scientific Software Development. GMBH, Berlin, Germany.

Baldwin, R., & Mauro, B. W. (2020). *Economics in the Time of COVID-19.* London: Centre for Economic Policy Research Press.

Bartik, A. W., Bertrand, M., Cullen, Z., Glaeser, E. L., Luca, M., & Stanton, C. (2020). The impact of COVID-19 on small business outcomes and expectations. *Proceedings of the National Academy of Sciences*, 117(30), 17656–17666.

Bensirri Public Relations. (2020, May 17). *Kuwait COVID-19 Business Impact Survey Finds 45% of Businesses have Shut Down Since February.* Retrieved June 23, 2020, from Bensirri Public Relations: https://www.prnewswire.com/news-releases/kuwait-covid-19-business-impact-survey-finds-45-of-businesses-have-shut-down-since-february-301060491.html

Besenyő, J., Kármán, M. (2020). Effects of COVID-19 pandemy on African health, poltical and economic strategy. *Insights into Regional Development*, 2(3), 630-644. https://doi.org/10.9770/IRD.2020.2.3(2)

Bradley, E. H., Curry, L. A., & Devers, K. J. (2007). Qualitative Data Analysis for Health Services Research: Developing Taxonomy, Themes, and Theory. *Health Services Research*, 42(4), 1758–1772. https://doi.org/0.1111/j.1475-6773.2006.00684.x

Collado-Boira, E. J., Ruiz-Palomino, E., Salas-Media, P., Folch-Ayora, A., Muriach, M., & Baliño, P. (2020). The COVID-19 outbreak: An empirical phenomenological study on perceptions and psychosocial considerations surrounding the immediate incorporation of final-year Spanish nursing and medical students into the health system. *Nurse Education Today*, 1-10.

Creamer, D. (2020). *COVID-19 Hospitality Industry Impact.* Retrieved June 23, 2020, from IDC Corporate USA: https://www.idc.com/getdoc.jsp?containerId=US46187920

Creswell, J. W. (2014). *Research Design: Qualitative, Quantitative and Mixed Methods Approaches, 4th Ed.* Thousand Oaks: Sage Publications.

Make your research more visible, join the Twitter account of ENTREPRENEURSHIP AND SUSTAINABILITY ISSUES: @Entrepr69728810

Fendt, L. S., Wilson, E., Jenkins, J., Dimmock, K., & Weeks, P. (2014). Presenting phenomenology: faithfully recreating the lived experiences of Surfer Girls. *Annals of Leisure Research,* 17(4) https://doi.org/10.1080/11745398.2014.938668

Korstjens, I., & Moser, A. (2018). Practical guidance to qualitative research. *European Journal of General Practice*, 24(1), 120-124.
Newman, L. (2014). *Social Research Methods: Qualitative and Quantitative Approaches.* Harlow: Pearson Education Limited.

Skidmore, R. (2020, April 7). *How can we help small business affected by the COVID-19 crisis?* Retrieved June 24, 2020, from International Trade Centre: http://www.intracen.org/covid19/Blogs/How-can-we-help-small-business-affected-by-the-COVID-19-crisis/

Smith, J. A. (2010). Evaluating the contribution of interpretative phenomenological analysis. *Health Psychology Review*, 5(1), 9-27. https://doi.org/10.1080/17437199.2010.510659

Sutton, J., & Austin, Z. (2015). *Qualitative Research: Data Collection, Analysis, and Management.* Retrieved from https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4485510/

UNICEF. (2020, March). *Key Messages.* Retrieved June 23, 2020, from UNICEF: https://www.who.int/docs/default-source/coronaviruse/key-messages-and-actions-for-covid-19-prevention-and-control-in-schools-march-2020.pdf?sfvrsn=baf81d52_4

World Health Organization. (2020, June 23). *WHO Coronavirus Disease (COVID-19) Dashboard.* Retrieved June 23, 2020, from World Health Organization: https://covid19.who.int/info

WorldAware. (2020, April 6). *COVID-19 Alert: Kuwait Extends Curfew Hours as of April 6; Imposes Lockdown of Certain Areas.* Retrieved June 24, 2020, from WorldAware: https://www.worldaware.com/covid-19-alert-kuwait-extends-curfew-hours-april-6-imposes-lockdown-certain-areas

Dr. Ahmad A-Fadly
ORCID ID: 0000000162051741