Effect of the Covid-19 Pandemic on Customer Service by Small And Medium Enterprises in Garissa Township Ward, Kenya

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Abstract: Operating under the restrictions imposed by the Covid-19 was difficult for most firms. Challenges for SMEs were more severe than for other enterprises due to a considerable decline in demand for goods and services. Thus, the study examined the effect of the Covid 19 Pandemic on customer service by small and medium enterprises in Garissa Township Ward, Kenya. The study employed a descriptive research design with a sample size of 387 locals from Garissa County. Data was collected using questionnaires targeting locals owning SMEs in and key informant interviews from the County Government of Garissa. The findings indicated that customer service was one of the measures of performance affected by the pandemic. From the researchers, because of how contagious the virus was, the Kenyan government and other world governments instituted a social distancing policy that restricted customers from participating in in-person purchases. The study recommends that future researchers to conduct further research on the performance of SMEs years after COVID-19 to show their health as the economy stabilizes.

Key Words: Covid-19 Pandemic, Customer service, Performance, SMEs, Enterprises

Introduction

The small and medium enterprises are critical in the social economic development of a country. The Small and Medium Enterprises (SMEs) are a multidimensional concept that varies across the globe due to diverse economic development levels. However, two components are often used in the conceptualization and definition of the SMEs that is number of employees and the sales turnover aspects. In this context, (Hazimah & Mat, 2022) views the SMEs within Malaysia to refer to enterprises with less than 75 employees and with an sales turnover of not more than 20 million Malaysian Ringgits (approximately 500 million Kenya shillings). (Omar et al., 2020) also commented on the conceptualization of SMEs in Malaysian context. In this regard, (Omar et al., 2020) noted that the SMEs are defined by the number of the employees and the sales turnover aspects.

In Malaysian context, (Pek et al., 2019) had also viewed the SMEs to refer to the business enterprises with sales turnovers of between MYR 250,000 and 25 million or with full time employees between 5 and 150. In Pakistan, (Hassan et al., 2018) viewed the SMEs as enterprises with up to 250 employees with an annual turnover of up to PKR 250 million (Approximately 150 Million Kenya shillings). On the other hand, (Awan et al., 2019) commenting on the Pakistan context also noted that the SMEs have between 20-250 employees. Within the context of United States of America, (Aun, 2022) viewed the small and medium enterprises as enterprises with less than 500 employees. On the other hand, within the European Union the SMEs are taken to be enterprises with between 10 and 250 employees (Okoye & Igbokwe-Ibeto, 2020). The SMEs in African context are also been viewed differently across the African countries. Within Nigerian context, (Departmet, 2021) noted that the SMEs refers to the enterprises with less than 300 employees and an operational costs not exceeding 200,000 Nairas (Approximately Ksh 55,000) excluding costs

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of land. (EMERAH, 2018) further noted that in the Nigerian context that SMEs are enterprises with less than 300 employees. In Ghanaian context (Biney, 2018) viewed the SMEs to be the firms with a maximum of 300 employees.

In Kenya, MSMEs are classed under the MSEA Act based on their annual revenue, personnel count, or total financial investment. According to (CBK, 2020), the 2020 Survey differs from the 2017 Survey in that it permitted respondent institutions to complete the survey using their own internal MSMEs classification criteria. The Micro and Small Enterprises Act (2012) [MSEA Act 2012], as well as the Public Finance Management (Amendment) Act (No. 2) of 2020, were used to define MSMEs for the 2020 Survey (CBK, 2020). The SMEs in Kenya are important in the provision of essential goods and services, creation of employment opportunities, women and youth empowerment, fighting unemployment challenges, and helping in the achievement of Kenya’s social economic development (Abdifatah, 2019; Shurie & Olando, 2020a).

The performance of the SMEs is critical in the social economic development of a country. The SMEs have been associated with women empowerment aspects (Khamuruddin & Sripathi, 2011)(Mishra, 2020). In this context, the women who are often financially disempowered in diverse contexts due to aspects such as illiteracy and negative cultural practices, are able to engage in SMEs leading to their financial empowerment. The women are able to financially support their own financial needs and those of their dependents through engagement in SMEs activities (Kanwal, 2018).

The SMEs have also been noted for the youth empowerment aspects (Chapter, 2019). The SMEs in this context provide a source of livelihood to the youths. Engagement of the youths in the SMEs activities have been noted to eliminate the youth unemployment challenges across diverse countries. In this context, SMEs initiatives have been used as strategic initiatives to address youth employment in diverse countries such as Nigeria (Ojetunde & Mafikuyomi, 2018), and Ghana (Amero, 2018) amongst other countries. The SMEs has also been linked with economic growth and Gross Domestic Growth (GDP) through facilitation of movement of goods and services within the country (Esther et al., 2018; Ruslaiini, 2021). The SMEs in this context are associated with the provision of the provision of critical goods and services within the country hence leading to the social economic development (Ngota et al., 2018).

The performance of the SMEs is thus important due to its impact on the social economic development. According to (Baariu et al., 2020), performance of the SMEs relates to the ability of the SMEs to achieve its entrepreneurial objectives. The performance has also been though as the extent in which the business objectives of the SMEs are achieved (Baariu & Gathungu, 2020).

The performance of the SMEs has also been viewed in terms of meeting stakeholder expectations and the comparison between the realized output against the desired output (HANGGRAENI & SINAMO, 2021). There are diverse indicators of performance aspects amongst the SMEs. The organizational performance of the SMEs has multiple indicators including employee retention (Agweya, 2020), employee performance (Sumiati et al., 2019), market performance (Amaglo, 2020), operations performance (Yawson, 2020), market penetration (Pramodanie et al., 2019), and product development (Bukki et al., 2019) amongst others.

The covid 19 pandemic was one of the major events of the last two years that impacted on the performance of the Small and Medium Enterprises (SMEs). According to (Nor Edi Azhar Mohamad, 2021) covid 19 pandemic was first discovered in Wuhan China in December of 2019. The disease posted major challenges to the working environment for the entrepreneurs due to the various restrictions posted placed by the diverse stakeholders including lockdowns, restrictions of public gathering, restrictions of the number of people interacting, working from home restriction and other measures that undermined entrepreneurial activities (Nawaz, 2021). The covid 19 impacted on the performance of the SMEs in diverse ways. These ways included loss of market share, financial constraints, failure to pay outstanding business debts, loss of customers, loss of revenue, closure of businesses, reduction of sales revenues, poor financial performance, and employee performance constraints (Behera et al., 2021; Goel & Donaldson, 2021; Imkotta et al., 2021).

Garissa Township Small and Medium Enterprises infrastructure relates to the small-scale trading in diverse items. Professional services, agribusiness, and retail companies are among the winners in Garissa Township. Doctors, attorneys, and hospitality services are examples of professional services. The public transportation provided by Boda Boda may be considered among other small and medium-sized enterprises. While farming is primarily carried out in rural areas, small and medium-sized enterprises are primarily found in urban areas. In Garissa County, small and medium-sized businesses (SMEs) are active in every sector and region. Young men, old women, educated individuals, and uneducated people are all involved in SMEs. The majority of businesses in the county are family-owned or inherited, and two to three of the employees come from close family or friends (Noor & Simiyu, 2020).
A survey conducted by CBK (2020) concluded that, Micro, small, and medium-sized businesses (MSMEs) play an important role in the economy, both in terms of job creation and economic growth. Covid 19 pandemic was associated with challenging business performance for the SMEs due to covid 19 restrictions such as lockdowns, restrictions of public gathering, restrictions of the number of people interacting, working from home restriction and other measures that undermined entrepreneurial activities (Nawaz, 2021).

Operating under the restrictions imposed by the Covid-19 was difficult for most firms. Challenges for SMEs were more severe than for other enterprises due to a considerable decline in demand for goods and services. In fact, due to their limited capacity to mitigate the associated risks and cover the costs associated with delayed firm activities, some SMEs were faced with the issues of a shortage of cash and liquidity, employees, clients, and technology. Due to their inability to service their clients, pay their employees' salaries, and honor their agreements with suppliers, SMEs suffered (Syriopoulos, 2020).

In fact, the implications of COVID-19 on SMEs have already been covered in a number of studies. In Kenya, Kaberia & Muathe (2021) examined the “Effect of Covid 19 Pandemic on Performance of Women Owned Micro, Small and Medium Enterprises” and discovered that a number of women-owned SMEs that had previously encountered severe difficulties are now in danger of going out of business. However, the study's emphasis on women-owned SMEs created an empirical gap. In their study “Effect of COVID-19 Pandemic on the Performance of Small and Medium Business Enterprises in Abuja-FCT, Nigeria,” Enesi and Ibrahim (2021) discovered a number of effects, including the loss of qualified workers as a result of staff salary reductions and low revenue or income generation. However, this study had a focus on financial performance; thereby presenting an empirical gap and geographical gap. This study aimed at examining the effect of the Covid 19 Pandemic on customer service by small and medium enterprises in Garissa Township Ward, Kenya. In the context of customer service, product innovation, service innovation and marketing operations, this research filled the gap in empirical literature.

1.3 Purpose of the Study

The purpose of the study was to examine the effects of covid 19 pandemic on the performance of Small and Medium Enterprises in Garissa Township Ward, Kenya.

1.4 Specific Objectives

The specific objectives of the study are as follows;

i. To

Literature Review

Most businesses had no concept how to conduct customer service when the Covid-19 pandemic first struck the United States. As they looked for new methods to help their clients, they had no idea that many of the temporary changes they had made would end up becoming long-term fixes. The loss of jobs led to the implementation of consumer protections by the federal, state, and local governments, including restrictions on property repossessions (Kannan, 2021). Businesses had to change and put in more effort to understand the challenges and sufferings that their customers were facing, and many of them responded to a national catastrophe with empathy.

Accenture (2020) argues that COVID-19's abrupt emergence necessitated brands moving at breakneck speed to provide exceptional service to their customers while also caring for their staff with compassion. Consumers' and enterprises' emotional states exacerbate the problem. However, the combination of fear, uncertainty, and irritation poses new dangers and opportunities for companies. After a crisis, providing compassionate customer care is likely to result in a significant rise in good brand reputation and customer loyalty. Inaccessible, ineffective, or indifferent responses, on the other hand, are likely to elicit an equally strong negative reaction. Contact centers are critical in times of distress. When customers require immediate and sophisticated solutions, they choose live interaction (Accenture, 2022).

Customer service is occasionally one of the divisions that is most negatively impacted during times of crisis, according to Dixon et al. (2020). Tethr, an AI and machine learning firm, conducted research of more than 1 million customer service contacts involving more than 20 organizations from diverse industries in order to better illustrate the degree of influence of a crisis on customer service departments. The calls were placed between March 11 and March 26, when Covid-19 was declared a pandemic by the World Health
In just two weeks, Dixon et al., (2020) study found that the average company saw a more than doubling of its percentage of “difficult” calls, from a typical level of 10% to more than 20%. Due to unanticipated travel cancellations, bill payment delays, and insurance coverage disputes, customer stress and anxiety in service calls surged as a result of the pandemic, making a task that was already challenging for reps on a typical day considerably more challenging. Only 50% of the rationale for the high effort level of these Covid-related calls was customer anxiety. Another significant finding was the lack of infrastructure (such as a dependable phone connection) and support (peers and supervisors available to help) that most reps working from home for the first time previously had in the contact center. They therefore experienced greater difficulty than normal in helping clients. Customers and salespeople were both making more “I can’t understand you” claims, for instance, and some of the firms in the survey had an increase in hold times of up to 34% and an increase in escalations (calls forwarded up the chain of command) of more than 68 percent.

Kannan (2021) notes that most businesses had no concept how to conduct customer service when the Covid-19 pandemic first struck the United States. As they looked for new methods to help their clients, they had no idea that many of the temporary changes they had made would end up becoming long-term fixes. The loss of jobs led to the implementation of consumer protections by the federal, state, and local governments, including restrictions on property repossession. Businesses had to change and put in more effort to understand the challenges and sufferings that their customers were facing, and many of them responded to a national catastrophe with empathy.

Kannan (2021) opines that customer service will be a significant distinction in this new market, when travel companies will face even more competition. Airlines should consider whether they want to rely on business travel as much as they do now and adjust their customer service accordingly. He observes that “One of my company's clients showed empathy in the face of the catastrophe. The bank contacted customers to offer delayed collections and deferred payments because its customers’ income levels are self-reported. Even a one-time reprieve on a single payment might make a significant difference in customers' lives. If a customer defaults on a payment one month, assisting them will benefit your business in the long run. So, if your consumers require support, encourage them to contact you.”

Calkins, (2021) argues that with so much of life moving online and set to remain so for the foreseeable future, it's time to make sure the online consumer experience is as well-designed as the in-person one. Before COVID-19, for instance, the majority of supermarket customers chose their products based on what they saw, felt, and compared when browsing the aisles. As a result, companies made investments in point-of-sale merchandising, in-store promotions, and shelf placement techniques to boost visibility and sales (Calkins, 2021).

Methods

Using Resilience Theory by Norman Garmezy and Contingency Theory by Fred Fiedler (1967) the researcher underpinned the study in theoretical framework. The study employed a descriptive research design gathering both qualitative and quantitative data from a sample size of 387 out of which 382 are locals from Garissa County owning and operating both licensed and unlicensed MSMEs and 5 key informant interviewees. Data was collected using questionnaires targeting locals owning SMEs in and key informant interviews from the County Government Ministry of Trade. Quantitative data was analysed statistically using the Social Science Statistics Package (SPSS) v21, content analysis was used to analyse qualitative, and information from the Likert scale was organized into relevant groupings using content analysis. Using simple descriptive statistics and inference statistical analysis, the research analysed and interpreted the results.

Results

The study used different elements of customer service interruptions to analyze the study problem. The results are presented in subsections as follows.

In-person customer service (Before)

Figure 1 below shows that in-person customer service before covid-19 was very high and high, representing 42% and 30%, respectively. Other results showed that 5% of the responses were moderate on the level of in-person customer service, while the rest were low and very low, representing 13% and 10%, respectively. These results implied that before covid-19, the rate of in-
person customer service was high since customers could interact with businesses without any restrictions. This is presented in Figure 1.

![In-person customer service (Before)](image)

**Figure 1 in-person customer service before covid-19**

**Use calls for customer service (Before)**

The results in figure 2 depicted that calls were not mostly used for customer service since most of the responses showed that there was low and very low usage of calls for customer service, representing 40% and 33%, respectively. On the other hand, 10% of the responses were moderate on calls being used for customer service. In comparison, the rest of the responses were 11% and 6%, representing very high and high usage of calls for customer service, respectively. These results implied that before covid-19, most customer service was done in person rather than through calls.
Figure 2 Use calls for customer service before COVID-19

Purchase of masks and sanitation equipment (Before)

Figure 3 showed that most responses on purchasing masks and sanitation equipment before covid-19 were very low and low. Since most of the responses indicated this, with each represented by 56% and 18%, respectively. The other responses were moderate, high, and very high, where each was represented by 8%, 13%, and 5%, respectively. These results implied that the majority of the people did not purchase masks and sanitation equipment since they were not necessary to them at that point in time.

Figure 3 Purchase of Masks and Other equipment

Observing social distancing (Before)

The results in figure 4 showed that most of the responses on observing social distance before covid-19 were very low and low since most of the responses indicated this, representing 53% and 22%, respectively. The other responses were moderate, high, and very high, where each was represented by 12%, 11%, and 2%, respectively. These results implied that most people did not observe social
distancing before covid-19 since there were no regulations to follow or an infectious virus. Thus, that was not necessary for them during that period.

**Figure 4 Observing Social Distance**

**In-person customer service (During)**

The results showed that in-person customer service during the covid-19 era decreased by a very large percentage. Most of the responses indicated very low and low in-person customer service, representing 55% and 25%, respectively. The rest of the responses were moderate, which was 9%, followed by high, which was 7%, and finally, very high, which represented 4%. Since most of the responses indicated very low in-person customer service, this was evident that covid-19 negatively affected the physical interaction between businesses and customers. This is presented in Figure 5.
Figure 5 In-person Customers during Covid-19 Pandemic

Use calls for customer service (During)

The results in Figure 6 below showed that use of calls for customer service after covid-19 was very high, with each represented by 24% and 53%, respectively. Other results showed that 4% of the responses were moderate on the usage of calls for customer service, while the rest were low and very low, represented by 13% and 6%, respectively. These results implied that after covid-19, the usage of calls for customer service increased by a very high percentage since customers could not interact with businesses due to the restrictions brought by the virus.

Figure 6 Use calls for customer service
Use emails for customer service (During)

The results showed that emails for customer service were almost the same for all the responses since there was a very small percentage of differentiating them. Most of the responses indicated that there was low usage of emails for customer service, which represented 24%, followed by responses that showed that there was very high usage of emails for customer service. The other responses were very low, high, and moderate, representing 21%, 18%, and 15%, respectively. This is presented in figure 7.

![Use emails for customer service (During)](image)

Figure 7 Use emails for customer service (During)

Purchase of masks and sanitation equipment (During)

The restrictions set aside by the ministry of health relating to the mandatory wearing of masks and sanitation led to an increase in the purchase of these items. Most of the responses showed a very high purchase of the items, represented by 24%, followed by high, represented by 21% and then moderate purchases, represented by 21%. Some responses indicated that the purchases of these items were low and very low, representing 19% and 15%, respectively. These results implied that due to the covid-19 impact, the business that sold masks and sanitation equipment increased their sales due to the high demand for the items. This presented in Figure 8.

![Purchase of masks and sanitation equipment (During)](image)

Figure 8 Purchase of Masks and Sanitation equipment (During)
Observing social distancing (During)

Due to the restrictions set aside by the ministry of health relating to observing social distance, many respondents indicated that observing social distance was very high and high, representing 25% and 23%, respectively. Some responses indicated that the observation of social distance was very low, low, and moderate, and these responses were represented by 21%, 16%, and 15%, respectively. These results implied that due to the covid-19 impact, most people were observing social distancing to avoid getting the virus. This is presented in Figure 9.

Figure 9 Observing social distancing (During)

Discussions

The study showed that before the outbreak, businesses in Garissa relied heavily on in-person customer service. The responses indicated that most businesses reported high and very high in-person customer service. Since there was no pandemic at the time, there were no restrictions put in place, thus, the customers and the businesses could interact. According to Calkins (2021), before the outbreak, most consumers made purchasing decisions based on what they saw, handled, and compared on supermarket shelves. Most businesses invest in point-of-sale merchandising, in-store promotions, and shelf-placing strategies to increase visibility and sales. However, the outbreak of COVID-19 resulted in restrictions such as social distancing, which meant the consumers could no longer visit the SMEs due to the fear of contracting the virus. The study showed respondent accounts of in-person customer services in the county during the outbreak. From the accounts, in-person customer services dropped significantly, negatively affecting the SMEs. According to Kannan (2021), the world was unprepared when COVID-19 first hit. Therefore, most businesses did not know how to handle customer service. The pandemic was expected to last a short term before everything returned to normal. However, the pandemic persisted, which meant that the interim modifications put in place to mitigate the implications of COVID-19 became permanent, resulting in negative issues such as increased employment losses, and barring home repossession (Kannan, 2021).

Nevertheless, the outbreak had relatively positive impacts on SMEs that could find a way to cope with the pandemic. For instance, the presentations indicate that businesses that sold masks and sanitation equipment increased their sales significantly due to the high demand for the items. The availability of these items provided a buffer to the SMEs against the negative impacts brought by the drop in in-person customer services. According to Terlep (2021), hand sanitizer prices jumped 600% during the outbreak, with companies such as Gojo industries adding a second factory as they expected the demand for hand sanitizer to persist well after the COVID-19 crisis faded. Similarly, the study showed a completely different perception of using calls for consumer services compared to the account, as SMEs in the county opted to introduce the use of calls as an alternative to in-person customer services. According to Kumar and Ayedee (2021), adopting technology, such as social media and e-commerce would help the SMEs adhere to the social distancing protocols during the outbreak while simultaneously maintaining consumer interaction which inadvertently increases sales and turnover. Therefore, the new approaches would serve as tools to increase business during the pandemic and maintain consumer interaction despite the restriction put forth by the government on social distancing.
Conclusion and Recommendations

The findings indicated that customer service was one of the measures of performance affected by the pandemic. From the researchers, because of how contagious the virus was, the Kenyan government and other world governments instituted a social distancing policy that restricted customers from participating in in-person purchases. Therefore, in-person customer services declined significantly, which inadvertently caused a decline in the performance of the SMEs. To combat the decline in performance, the SMEs had to shift to using phone calls instead of in-person customer services, which increased the frequency with which the phone calls were used. Similarly, SMEs that dealt with face masks and sanitation equipment increased their sale to improve performance. Based on these findings, the research urges future researchers to conduct further research on the performance of SMEs years after COVID-19 to show their health as the economy stabilizes. The research can help investors and other SMEs to learn the various approaches that can be taken in the aftermath of a devastating event such as the COVID-19 outbreak.

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