# Impact of COVID-19 on Women-Led SMEs in Kabul: Linking and Understanding their Role in Trade and Empowerment

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# IMPACT OF COVID-19 ON WOMEN-LED SMEs IN KABUL: LINKING AND UNDERSTANDING THEIR ROLE IN TRADE AND EMPOWERMENT

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**Abstract**

Small and medium sized enterprises (SMEs) are the backbone and key drivers of economy and economic growth in each country. In developing countries like Afghanistan, SMEs are a good source of income generation and employment, and they are considered the heart of private sectors. After the outbreak December 2019 in Wuhan China, in early 2020 the World Health Organization identified a new virus called coronavirus disease or COVID-19. In order to cope with and prevent effectively from the spread of the COVID-19 virus, different countries around the world responded in several ways to this pandemic. Majority of the countries decided to handle the situation with social distancing and lockdowns that affected the flows of trade and economic situation widely. Travel restrictions were put in place by some countries. At the end of March 2020, the Afghan cabinet decided to impose a lockdown in Kabul city for three weeks. All the hotels, sauna, shrines, cafes, restaurants, gyms, parks, public bathing centers and other stores remained closed for 3 weeks. As the situation continued, the quarantine also got extended for longer. The study's objective was to assess the impact of COVID-19 on Afghan women-led SMEs in Kabul city and to investigate the alternative ways that would help Afghan Women-Led SMEs to continue their business during such crisis and the way it contribute to their growth and creativity. Quantitative research design was adopted for this study. The study used a descriptive research design. The target population for this study was women engaged in SMEs in Kabul city. Sample size for the study was 285 women SME considering Kris Morgan sample size table, out of which 122 respondents have answered the questionnaire. Questionnaire was designed in Google form as well as in word document. The study used descriptive statistics to analyze data, through SPSS version 24 computer software. To find out the relationship between variables, ANOVA and regression analysis were computed. The finding of the study shows that there is a significant relationship between the impact of COVID-19 and the performance of women led SMEs.

**Keywords:** Impact, Women-Led SMEs, COVID-19, Entrepreneurship

## Chapter One

## Introduction

The first chapter aims to introduces the research area and outline the rational and background of the study. It clearly reviews the Impact of COVID-19 on women-led Small and Medium sized

enterprises (SMEs) and the challenges and opportunities. The chapter then follows with the main discussions on statement of problem, research gap, significance of the study, research objective, research question, limitation and delimitation of the study.

## 1.1 Background of the Study

This study is titled as the impact of COVID-19 on women- led SMEs in Kabul Afghanistan, which studies how the COVID-19 pandemic impacted women business, what challenges they have faced/ have been facing and how creative they have been during this period to survive and continue their business.

Small and medium sized enterprises (SMEs) are called the backbone and drivers of economy and economic growth. In developing countries like Afghanistan SMEs are the good source of income generation and employment and they are considered the heart of private sectors. SMEs in Afghanistan makes half of the gross domestic product GDP, form up 80 to 85% of businesses and employees 33% of the labor force. Saleem, S. A. A. (2008).

As women of Afghanistan represent half of the population of the country, therefore, their participation in entrepreneurial activities are considered important in economic development. As per Afghanistan living conditions survey (2016-2017), 80% of men and 20% of women presents the economic population. Afghan women usually chose to run small businesses since it is new phenomenon in the context of Afghanistan. Junussova, M., Hashim, N., Iamshchikova, M., Kakar, P., Khan, M. A., Rajabi, S., & Wardak, F. (2019).

There are several challenges that women SMEs in general, especially in Afghanistan faces, the recent challenges that they are coping with is COVID-19 pandemic which harmed women SMEs the most. Mashal, M. (2014).

After the outbreak December 2019 in Wuhan China, in early 2020 the world health organization identified a new virus called coronavirus disease or COVID-19. Till April 2020 the virus rapidly spread all around world. The source of this virus was in Wuhan, Hubei province, China. Caballero -Morales (2021)

The disease caused severe neurological, cardiovascular and respiratory difficulties. Caballero - Morales (2021) and the rapid spread all over the world become a global health threat and begin to chaos the world economy. In order to cope with and prevent effectively from the spread of the COVID-19 virus different countries around the world responded in several ways to this pandemic. Majority of the countries decided to handle the situation with social distance and lockdown that

affected the flows of trade and economic situation widely. travel restrictions have been taken by countries Sultan, S., & Sultan, W. I. (2020).

Afghanistan was also affected by the COVID-19 worldwide pandemic. The first case was identified in February 2020 in Herat. Following to those further cases have been identified in other provinces and the cases increased day by day all over the country, and therefore, on mid-March the government of Afghanistan decided to take some restrictive measures to prevent the spread of the disease which included temporary closure of wedding halls, swimming pools, fitness clubs, entertainment places and sports grounds. But still the number of cases were increasing day by day. At the end of March 2020, the Afghan cabinet decided to impose a lockdown in Kabul city for three weeks. All the hotels, sauna, shrines, cafes, restaurants, gyms, parks, public bathing centers and other stores will remain closed for 3 weeks. As the Covid-19 situation continued, the quarantine got extended for longer.

The lockdown and movement restrictions due to the outbreak of COVID-19 pandemic have negatively impacted national and global economies. The protections that have been taken to lessen the health risks as well as other restrictions measures affected manner, scope and management of the businesses specially in small and medium enterprises owned by women Popović-Pantić, Semenčenko & Vasilić (2020). It has excessively affected women entrepreneurs because their businesses and firms are smaller and younger than men. In this observation, we cope that whereas all businesses must pivot their business models in times of unrestrained change, at the same time dipping risk and grabbing new opportunities, this is mostly tough for women entrepreneurs, whose businesses are focused in the manufacturing sectors most harshly impacted by the economic shutdown.

The major victims of this pandemic 1are Small and medium size enterprises specially women enterprise. SMEs are known as the main source of income, creativity and flexibility in both developing countries and industrialized nations across the world and they are the one who have been severally affected by this pandemic. Do, P. C., Phong, V. T., Van Thuong, P., Tien, N. H., & Van Dung, H. (2019)

This crisis had a huge impact on the activities and businesses of women entrepreneurs and considering the research that has been done previously women are the one that bore the burden of this crisis the most. Popović-Pantić et al. (2020)

## 1.2 Statement of the Problem

Small and medium enterprises SMEs are the main component and key drivers in the economy of countries and play an important role in the development and the growth rate of the domestic economies. SMEs make up half of the Afghanistan's GDP according to Junussova, M. et.al (2019). Private sectors are the engine economic growth of the country and SMEs are called the heart of private sectors and contains 1/3 of the labor force. Engagement and activities of women SMEs in the business chain as suppliers, consumers and distributers plays an important role in the economic growth.

SMEs have a huge contribution to the economy of Afghanistan; women-led SMEs have great contributions as well. Women are working in different sectors; they have provided huge number of jobs for both women and men. Not all these SMEs are registered with women chamber of commerce. As per Afghanistan Women's Chamber of Commerce and Industry Database) Or (Database of AWCCI) report, there are 2,471 businesswomen registered with Afghanistan Women's Chamber of Commerce among which 1,144 women SMEs are in Kabul.

Women-led SMEs are more vulnerable than men-led business and encounter number of challenges that effects their business and work. Lack of funds, market capacity and lack of confidence have presented big challenges for women in business the recent and most dangerous challenge and problem that impacted their business is the worldwide COVID_19 Pandemic. To cope and prevent from fast spread of pandemic governments around the world decided to lockdown, which impacted the operations of many women-led SMEs in Kabul. It further forced many women-run businesses to close shutdown their business.

## 1.3 Research Gap

Research on women SME field in Afghanistan so far has been inadequate, the needs to find out what challenges and difficulties women-led SMEs are facing specifically in a such a critical era of COVID-19 pandemic seems very important. This will be the most updated paper in regards to women SMEs during the crisis.

## 1.4 Significance of the Research

The study offers new insights about the situation of women-led SMEs in such a critical period where the lingering impacts of Covid-19 are still felt on various sectors including the SMEs sector. Women SMEs in Afghanistan have not faced such issue in the past, there isn't any related article published before in the context of Afghanistan. even though there are researchers that have worked on the barriers and challenges to women entrepreneurship, none have studied the challenges of

women entrepreneurs in a in a critical situation such as COVID_19. this study was unique where I found the daily business experiences of women entrepreneurs in Kabul who were facing such issue for the first time and trying to survive and cope with the situation. The findings of the study might inform women entrepreneurs some possible ways to cope with the challenges during crisis and find out alternative ways to continue or survive the businesses with their specific business context.

The findings of this study will also be used with help AWCC and other relevant agencies who are working and involve with women SMEs in Kabul, Afghanistan to better know the situation and take necessary actions for possible future incidents and crisis. It also helps the current and future women SMEs of Afghanistan to have in-depth knowledge of opportunities and challenges as well as new issues with their management perception.

## 1.5 Research Objective

The of this objective of this narrative paper is to study the impact of COVID_19 on Afghan women led SMEs in Kabul, the challenges they have faced. The two main objective of this paper is as below:

1. To investigate the impact of COVID-19 on Afghan women-led SMEs.
2. To investigate the alternative ways that would help Afghan Women-Led SMEs to continue their business during such crisis and the way it contribute to their growth and creativity.

## 1.6 Research Questions

1. How has COVID-19 impacted the women-led SMEs in Kabul, Afghanistan?
2 What alternatives would help SMEs to continue their business during such crisis and how it contributes to their growth and creativity?

## 1.7 Limitation of the study

Though it was to make this study very inclusive and authentic, still there were some problems and limitation that cannot be avoided. The study was conducted from women SMEs who are running businesses in Kabul province only in Kabul province due to COVID-19 restriction as well as security situation. The study could be extended to include men SMEs as well to have comparative study. Beside that in Afghanistan there isn't a central database or specific source for SMEs to provide information and their contacts. it was challenging to interview all the sample size and only 70% of the target was achieved. Most of the women entrepreneurs were not ready to respond the survey.

**1.8 Scheme of the study**

**1.9 The study has five chapters which are as followings:**

**Chapter one:** This chapter explains background of the study, statement of the problem, research gap, significance of the research, research objectives, research questions and limitation of the study.

**Chapter Two:** This chapter of the study discusses literature review.

**Chapter Three:** This chapter explains Research Design, Instrumentation, Measurements, Data Sources, Target population and sampling techniques, Unit of Analysis, Research Method employed and Rational of choosing technique.

**Chapter Four:** This chapter discusses the data analysis and interpretation.

**Chapter Five:** This chapter contains discussions, findings and recommendation of the study

## Chapter Two
## Literature Review

**Introduction**

This chapter mainly demonstrate and provide an overview of Impact of COVID-19 on women- led SMEs and the challenges and issues that they face during the crisis (COVID-19). In this chapter main themes and information about women entrepreneurship and their challenges during COVID-19 has been gathered and organized from several scholarly articles, journals, research paper and reports from different scholars and researchers around the world.

**2.1 Definition of Small and Medium Size Enterprises/ Small Businesses**

Entreneurship is known as main driver of economic growth, innovation, creativity, employment and productivity which is also accepted as key to economic dynamism. In other words, discovering new ways to make something that already is there. Abdul Rahim, Fabeil, sung (2017) and a person who generates new ideas and faces risk and uncertainties to put them in practice in order to achieve their goals is called an entrepreneur, Sangem (2020).

SMEs are called the main source for employment, innovation, competitiveness and dynamic economy. Though Small and medium-size enterprises (SMEs) play an important role in the economy of a country, there isn't any standard and exact definition for it. Do et al., (2019) it is defined based on different criteria like value of asset, number of employee's outputs and sales and volume and varies country to country. SMEs are classified into three categories of:

- Micro (up to 10 employees),

They are also known as self-employed persons that are mostly shop owners' households, street vendors, and household businesses that are usually run by family members in different industries ranging from agriculture to education and they are determined as part of informal economy. Shafi et al. (2020) self-employed workers are considered as main part in the economy of Canada and the government is promoting them by providing grants, loan and other kind of support. Belan et al. (2020)

- Small (up to 50 employees) with having total revenue or total asset of USD 3 million.
- Medium (up to 300 employees) enterprises with having total revenue or total asset of USD 15 million. Siddiqui, M. S., & Naeem, T. (2015).

SMEs has been recognized as sources of income generation and employment in a country due to its significant role in different aspects of economical, industrial and social developments. SMEs are the main sources for income generation and employment creation. To finance and run their business majority of them relies on taking loans from friends, credit from suppliers and personal finance. Dar, Ahmed & Raziq (2017). Compared to large businesses, SMEs doesn't have sufficient resources both in term of financial resources and managerial, they depend on the small number of customers that they have and routine business transactions. Shafi et al. (2020).

Woman or group of women who initiate, organize and face challenges to run a business is called women entrepreneur. The role and contribution of women entrepreneur is very high in the economic progress of a country Sangem (2020). Women are now considered as main player in the entrepreneurial landscape. Even though, compare to men businesses the number is still small, but it shows the positive changes in believe of stereotype that only men can earn and run business and family. Abdul Rahim et al. (2017).

## 2.2 Impact of crisis on SMEs/ Enterprises

There is always some crisis around the globe that threatens human beings, economic situation and businesses, specifically small and medium size businesses. SMEs are facing numerous external and internal crises. SMEs are mostly vulnerable to external crisis as they do not have the capacity to manage, radar, influence and control them. As small and medium enterprises face enormous risks like big corporation and are less equipped to control the risks, still their survival is essential for national and global economies. There are ten top global crisis that impact the most which are water crises, biodiversity loss and ecosystem collapse, weapons of mass destruction, extreme whether events,

critical information infrastructure breakdown, failure of climate- change mitigation and adoption, natural disaster, man-made environmental damages and disasters, cyber-attacks, and spread of infectious Asgary, Ozdemir, & Özyürek (2020). There are so many severe crises that happened in the past which affected small businesses and enterprise globally. For example, Hurricane Harvey in 2017, Japan Tsunami in 2011, 1953 great floods in Holland, floods in Thailand in 2011, Great East Japan Earthquake in 2011, Hurricane Katrina in 2005 and so many more. These environmental crises impacted SMEs directly and indirectly. The direct impacts can be seen in loss of inventories, supply chain disruption, damage of prosperities, indirect impacts can be damages to communication and transportation systems, damage to public infrastructure like electricity supply, increase in production cost and most of the time business discontinuity. Further, there has been many epidemic outbreaks happened in the past that also affected economy and businesses and specially SMEs, those crises are ZIKA, Salmonella Infantis outbreak, Ebola outbreak, Severe acute respiratory syndrome SARS, Middle East Respiratory Syndrome MERS, Swine flu pandemic (2009 H1N1) and COVID-19 Shafi et al. (2020)

**2.3 COVID_19 Pandemic**

On December 2019, new disease was first identified in Wuhan, China which is called COVD-19. COVID-19 is a humanitarian foremost crisis. The data shows that it is more of infectious and spreadable disease but not causes death and clinical symptoms like MERS and SARS. COVID-19 patients have symptoms and indications alike to flu. The disease continued to spread, primarily in China, but some cases was seen in other countries as well. When government of China accepted that the disease is transmitted from person to person, three days after that they decided to lock down the City of Wuhan on January 23, 2020. Because it has huge impact on the economy, social and political situation. Government of China shut down the public transportations, railways and airports and asked people to stay homes, they also canceled tour groups. Other countries restricted travel to and from China Bouey (2020). The virus has spread all over the world by April 2020. Because there were no effective treatments and the cases and fatalities were increasing day by day, governments in order to reduce the spread of virus and decrease the number of cases have decided to take emergency actions like closure of public places, canceling of event where there is more than ten people, social isolation and to stop non-essential activities. Governments has also provided some recommendation which are to wash hands frequently, not to use public transportations, to avoid interactions with individuals that as signs and symptoms like problem in breathing, sneezing and coughing. Caballero -Morales (2021).

**2.4 The Impact of COVID_19 on global economy and Small Business or SMEs**

**2.4.1    Situation of COVID-19 on the global economy**

The COVID-19 Pandemic has affected people's health, economic situation, work pattern, social and public services and routine life of everyone all around the world. Popović-Pantić et al. (2020)

COVID_19 pandemic spread globally from 21 February 2020 to 24 March 2021 that has affected national and global economies strictly. Its impact can be seen from lockdown of the cities all around the world, airline delays and travel restrictions, labor mobility restrictions and specially slowdown of economies. As per International Labor Organization 25 million people lose their jobs. Shafi et al. (2020). Belan et al. (2020) says that small businesses play an important role the in the economy of Canada and how it affected their economy is critical as well. Countries that are mostly dependent on trade and tourism sectors, have weak health infrastructure, deeply indebted and are depended on unstable capital flows are vulnerable countries to this pandemic. Beside those developing countries are more deeply affected by this pandemic. Shafi et al. (2020). COVID- 19 has had unparalleled impact and consequences on the economy of Canada as well, its case caused provincial governments of Canada to impose strict social distance and shutter non-essential businesses and services across the country which resulted many Canadians to lose their jobs. There was great decrease in business ownership from February 2020 and May 2020 which was -14.8% for incorporated entity and -10.1% for unincorporated entities, 16.1% for immigrant's ownership, –17.8% for less-educated people and –12.9 % for women Belan et al. (2020) The economy will be recovered by controlling the COVID-19 outbreak, but the financial stress would remain the same and even high after 2020. Shafi et al. (2020)

**2.4.2    The Impact of COVID-19 on SMEs**

Halt in operation of business is the most instant impact of the lockdown. It affected SMEs harshly because they are more concentrated to the sectors that are directly impacted by COVID-19 response measures (retail/ services) and they are more credit constrained rather than larger businesses Neilson & Ulyssea (2020). Compare to large businesses SMEs doesn't seem to be prepared for such distraction and as they do not possess MSMEs, in comparison to large enterprises, usually do not possess enough of financial and managerial resources Shafi et al. (2020)

Lockdown and Social distancing restrictions caused many small businesses to be closed during first month of widespread of COVID-19. 22 percent of SMEs were inactive and closed their business in April 2020 with inconsistent impacts on Latinx, African American and immigrant. Fairlie (2020). According to Liguori & Pittz (2020) study 96% of the small business's owners out of 10,000 in the

USA were already affected by the COVID-19 crisis. 67% of them had difficulty to get access for emergency funds, 53% reported that their employees are unable to telecommunicate and 51% of them would not be surviving after three months if the situation continued the same. In America 50% of the workers are employed by small businesses and the crisis has affected them very deeply that caused fragility of most of those small businesses. 43% of the small businesses (retail sector) was closed temporarily and employment fell on by 40% and that shows American's small firms a shock since the 1930s Great Depression. (Bartik et al.,2020).

## 2.5 The Impact of COVID_19 on Women Led Small Medium Enterprises

Women tend to run informal micro and small businesses rather than men in low-return sectors. Women owned businesses are mostly small compared to men owned businesses. In difference to 44% of men enterprise, 55% of women enterprise has no employee. Abebe, Bundervoet & Wieser (2020).

As per Popović-Pantić et al. (2020) words, women businesses are having great expansion across the world and plays an important role in the social-economy development sectors. Restrictions taken to reduce the negative effects of COVID-19 pandemic had impacted the scope, manner and organizations of many small and medium businesses especially those that are run by women. It's because 78% of their operations are toward local market and only 28% has expanded their business and operations all over Popović-Pantić et al. (2020). It has worsened the situation of women entrepreneurs they are carrying the utmost burden while fulfilling household and children's responsibilities, whereas men thinks that they are "Financial Pillar" of the family.

COVID-19 had negatively result on labor market outcome for male and female enterprises, but the larger effects were seen for women the most compare to men enterprises. It's because their businesses are less established. Belan et al. (2020). In Canada women are more likely to launch a business rather than unemployment, they represent significant number of startups. It's said that if the gender gap has been removed there will 6% of increase in the total GDP of the globe or 5 trillion increases in the global economy. Grandy, Cukier & Gagnon (2020).

As per Grandy et al. (2020) In Canada, mostly women entrepreneurs are self-employed and tend to have smaller businesses compare to men, most of the programs that helps SMEs who are struggling to survive during COVID-19 they target SMEs with employee, therefore women entrepreneurs are excluded from such programs. Whenever women enterprises are about to have access to dominant center, they seem to be at the risk of being and known as 'other' and their privilege

is fragile. They mistreat the needs of women enterprise and keep them aside at the margins in different aspects like when they gave loans, they do not consider women's experience of debt and attitude or when their focus is on technological innovation again, they keep women aside as they are solo and self-employed.

The data gathered for the companies which was closed during the global economic crisis in 2008 shows that women would be more exposed to the effects and impact of the current COVID-19 crisis. 47% women businesses are closed compared to 38% of the men businesses which was closed due to COVID-19. 43% of women entrepreneur decreased the number of hours that they spent on their business during the period of crisis, 60% of them increased the number of hours on doing activities related to the work at home and taking care of their children and family and 76% of women said that the pandemic affected their businesses negatively Popović-Pantić et al. (2020)

In a survey Manolova, Brush, Edelman & Elam. (2020) find out that only two- fifth of the Women said that they will resume their normal operations this year and the rest said that it will take a year to resume and or for the time being it is too soon to tell. Women adopted to move to the emergency state by decreasing their spending.

## 2.6 Challenges for Women Entrepreneurs in the Wake of COVID 19 Pandemic

Women are being more attracted to the field of entrepreneurship by its fast developments. Women always tried to create name in the industries and didn't miss any chance and opportunity which lead them to do so. Those who are willing to succeed, should be able to demonstrate the seriousness and willing to confront the problems and challenges that comes across. Women would never been able to succeed without high morale, hard work and ability to came across and face problems challenges. Rahim et al. (2017).

In compared to big organizations and companies, they do not understand the planned management scheme. Koltai et al., (2020). Women face more barriers in the field of business than men that may be imposed naturally or artificially on them, this could lead to the assumption that women face serious injury in all situations even in the crisis of COVID-19 than men, as there is always gender sensitivity barriers that they face in all conditions that weaken their position. Popović-Pantić et al. (2020).

Entrepreneurs in general face internal and external challenges, internal challenges are defined as credibility of a person to pursue her/his dreams. External challenges and financial are those that involves entrepreneurs themselves and businesses Rahim et al. (2017).

Entrepreneurs are facing different kind of issues and problems with some certain losses due to COVID-19 outbreak specifically micro, small and medium-sized enterprises are the main victims for this pandemic as they do not own sufficient resources such as financial and managerial, and it seems that they are not well prepared to face such disruptions and continue for longer. Mainly SMEs are facing problems such as supply chain distractions, decline in demand, shortage of raw material, export orders cancelation and transportation distraction. Shafi et al. (2020).

Women entrepreneurs are strictly stricken due to COVID-19 economic shutdown. Because their firms and businesses are smaller and younger and growing businesses. They are the toughest segments that has been hit during the pandemic Sangem (2020).

It is not possible to become an entrepreneur without taking risk, but the question always comes that which and at what time we should take those risks. Making such type of practical guidance and advice for financing and marketing decisions, networking with key persons, partners and employees and to handle the disruptions as reasonably as possible is the appropriate for such times. Liguori & Pittz (2020).

In comparison to men and large businesses, women entrepreneurs and their businesses are more vulnerable due to several below reasons than men and large business:

**2.7 Size and age of the firm/ business**

Size and age of the firms is the main element for the success of the business. Women are running mostly the young, small, fresh and vulnerable businesses Manolova et al. (2020). the situation seems to be critical and life- threatening for women because of their main structural issues such as young age and size of the businesses Jaim (2021) and they have informal, micro and small businesses with low-return firms than men Abebe et al. (2020). Sangem (2020) says that women entrepreneurs tend to run young, small and weak businesses in the industries where there is low ratio, high competition and less or no access to funds. Structural discriminations within the marketplace are there long ago long before the pandemic. Due to small size of their business, mostly there is high rate of self-employment, in most cases it seems that women are managing their businesses as part time beside their main job. Less number of women businesses have more than 250 employees and others are having 10-49 employees which are having the greatest losses due to COVID-19 pandemic Koltai et al., (2020).

## 2.8 Increase in unpaid care work

There was increased demand placed on females during the pandemic due to **s**ocial distance. It has caused them to be with their families and take care of them and reduce the time that they used to spend on their businesses. Most of the household tasks and responsibilities are being carried traditionally by women Sangem (2020). As per Popović-Pantić et al. (2020) saying compared to the time before the COVID-19 49% of women has devote their time to taking care of their children and family. With the closure of schools and the threats that the elders of family members are facing due to pandemic caused women to juggle with the primary homemaking and caregiving to family members while they are struggling to save their businesses. Manolova et al. (2020).

## 2.9 Lack of external investment/ Funds

Small businesses not often have the luxurious of an emergency fund to suffice crisis. Before the pandemic women entrepreneur and their businesses were getting traction and funds through investment firms and intermediary organizations, but during the pandemic all the gears and mechanisms are concentrating on immediate relief. Sangem (2020).  women entrepreneurs struggle with acquiring financing is very difficult and complicated and the reason behind it, is considered as a result of their choice, for example they don't like to take risk, or they be afraid of failure, and they prefer to rely on their own savings. It is also true that 80 percent of women in tech sector use their own savings as a main source of their business funding. Grandy et al. (2020)

## 2.10    Sectors

Women entrepreneurs are facing more challenges than men as they are working in sectors that are more impacted due to COVID-19 pandemic. Women owned firms are involved in trade, tourism and hospitality sectors and they are considered as being in immediate risk due to COVID-19 pandemic. Grandy et al. (2020). Popović-Pantić et al. (2020) also says that generally, women entrepreneurs are in the hospitality, service and similar sectors they are more affected as they were imposed to suspend their business operations temporarily. It has disturbed 19% of women SMEs. Beside these sectors many of women led businesses has been found in beauty and education which is also affected the most then the sectors led by men. Sangem (2020). the number of small enterprise as well as the level of women employees are very high**.** As per the Reponses of women who are working and involve in these sectors, women are affected negatively during the pandemic. It is also said that women in Health and education sector are impacted negatively to greater extent rather than all other sectors, as these companies are usually working in the private sectors of health care and education therefore, they had to suspend their activities, for example they were not able to deliver private health

care and educational service during the pandemic. Companies that were operating in the sectors of hospitality and tourism has experienced the greatest obstacles they have lost half of their revenue and during the pandemic year. They (women working in the trade, education, personal services) have lost one third of their annual revenues during the pandemic year (2020) and female working in the social services, health care and handicrafts has also faced 25% of decrease in their revenues. Berisha & Pula (2015). Jaim (2021). says that in the western developed context, women working in the retail and hospitality sector are facing major problems and difficulties and they are affected by decrease in demand of their customers.

According to the report of Global Women and Tourism during the years of 2012-2016 which was conducted in Seven EU countries, 38% of women enterprise are working in the tourism sectors and they shared their concern and challenges the same during the COVID-19 as their male peers. They are hit by the COVID-19 pandemic very heavily. Most of these touristic affected players are owners of the hotels, agencies, hospitality services and accommodation providers, beside these sectors there are other related sectors like food processing, handicraft, and wellness were also affected where women work. Popović-Pantić et al. (2020)

## 2.11    Finance/ Decline in Revenue

Having Access to finance plays an important role in the SMEs development. Do et al. (2019). Women at the beginning and initial stage of their business relay on their self-generated finance, but by the passage of time and in the middle of their business and day to day operations they need for some external finance to continue which seems challenging and difficult to get and therefore, they move away and give up the way to success. Kumar Amlathe, & Mehrotra (2017).

Women-led SMEs are being expanded in last two decades and their financial contribution to the family are equal to men. Popović-Pantić et al. (2020)

At the initial stages of the pandemic most of the firms had very less cash on hand and they had to either cut their expenses to survive, take on debt or state bankruptcy. Which highlights the manners by which the instantaneousness of new funding and financing might affect medium term results.  Result shows that many of the small firms may fail due to lack of financial assistance and funds. (Bartik et al.,2020). In developing countries, it seems that women do not have access to information, awareness or other skills and abilities to use and get benefit from financial services Sangem (2020). The current pandemic and financial crisis seem very challenging for the women enterprise as they do not have adequate financial assets and they are dependent on informal financings.

Jaim (2021). Compared to men enterprise, women are less inclined to look for financial growth including equity capital. Grandy et al. (2020)

## 2.12    Gender/ Disproportionate gender balance

There is an assumption that says "men attend work and home its own take care of itself, while women work outside, and they are the first care giver" this stereotype should be removed Sangem (2020). women SMEs are particularly facing intersecting problems and gendered challenges then men that is increasing their vulnerability to the COVID-19 crisis.  Despite that fact that all the firms and business are facing decline in sale turnover, the despair and depression seems to be more in women owned businesses. They are impacted disproportionately as only less than 1% of them are receiving government support Abebe et al. (2020). There are a lot of inequalities in receiving funds and access to resources for men and women entrepreneurs. Sangem (2020) says that the support services for both men and women entrepreneur is shifted to online due to social distance and the belief of having equal (men and women) access to internet, space, accessible time for leveraging those resources are completely flawed itself. Beside that women SMEs usually do not have the network of peers to succeed for technical support or moral Sangem (2020). entrepreneurship is always criticized due to gender biases and this field is determined as male dominant Jaim (2021). firms that are owned wholly by men are likely to receive venture capital four time more than the firms that are owned wholly by women Grandy et al. (2020).

## 2.13    Networking

In developing countries such as Pakistan and Tanzania women have weak informal networks due to the restrictions that they have in communicating with men and this create a barrier for them to operate their businesses. Such limitations in networking during the crisis restricted women from getting ideas and advice on how to manage the crisis Jaim (2021). Having ties in social capitals and networks can help enterprise to improve flow of information and get access to scarce resources Shafi et al. (2020).

Being part of strong social ties enable entrepreneurs to have access to resources which can help them to have good opportunities to facilitate their startup phases and have the chance to enhance their work and adopt innovations and so on. These networks will work well when they are right and supportive in knowledge sharing. Sultan & I.M Sultan (2020).

Women usually tend to not have identical network of peer or companion to men to support them technically. Sangem (2020). and their network is typically poor, less diverse and minimal then men Raheem (2013).

## 2.14    Invisibility and lack of power

During the pandemic government in most of the countries provided support to SMEs so that they could survive the pandemic, but most of the time women are being neglected from the supports. As per Grandy et al. (2020) report while government provided various types of support to the entrepreneurs who are struggling to survive and recover due to the impact of COVID-19, but due to invisibility and lack of power and following reasons government neglected women needs and kept them in the margins. They excluded single and self-employee entrepreneurs from the list. Second, they refused to take loan to women entrepreneur because of their debt experience and attitudes. Third, they excluded women because their focus was on technological innovation. Government ignored all type of support and advice that women needed that time Grandy et al. (2020).

## 2.15    Exist or exit?

### 2.15.1  Innovation and Opportunities to Exist

Innovation is considered as an important term for the development of small businesses, and it can boost and enhance the profit of the firm. Irrespective of the size and sector any business can be innovative and could get advantage over their competitors Sultan & I.M Sultan (2020).

Innovation is the main sources for the survival of SMEs during this pandemic event. It is recognized as a key feature for the recovery of SMEs in the current and post-COVID-19 crisis. Innovation and creativity are known as a powerful and dominant cause for organizational resilience and survival of SMEs and economic development during the crisis, both in service and manufacturing sectors, which are the most impacted sectors during the COVID-19 crisis. Three dimensions are there that can measure the innovation in SMEs which are product innovation, management system innovation and process innovation. In practice the most important dimension that improves performance of the enterprise is product innovation, it is important to consider when, where and how terms while implementing or performing innovation and the required technical and managerial tools, as product innovation requires high cost and risk specifically in the current time of COVID-19 pandemic, which severely affects the SMEs performance. Internet and communication platforms such as skype, zoom, WhatsApp etc. can be a good digital resource for SMEs as well as getting information and knowledge about their clients and suppliers could be performed to make good use of partial resources of SMEs Caballero-Morales (2021). even though it seems impossible to make good plan for

such a pandemic, but it is important for the entrepreneurs to have fortitude and courage. It is difficult to decrease the psychological and financial effects of the upheaval but, still it is possible for small business owners to enhance cooperation and collaborations and involve themselves in the innovative mindset that led their business in to first place and success. Exploring and finding new opportunities while dealing with the loss of customers, profit and even employee is the hardest task for the enterprises. However, for the survival it is a must for SME owners to be resilience to the situations and foster the mindset of opportunity recognition. The pandemic will not last forever and eventually it will pass and SMEs who take it as opportunity and use it to the fullest by keeping the contact with their customers, maintain strong community ties, work to improve their skillset and innovate their businesses, will be stronger and more resilient then even before the pandemic. The pandemic is good opportunity for SMEs to find out the needs of their customers and help them to deepen the connection with them and help them issues their needs as much as the business can. While it is difficult but to maintain the balance for sales and revenue it is a must to reach out the regular customers Liguori & Pittz (2020).

## 2.15.2  Exit?

Enterprises that were affected negatively by the COVID-19 crisis wanted to decrease their activities or most of them tried to seek new circumstances in different ways. The impact of the COVID-19 crisis on women increased the number of tasks and responsibilities that they had been doing worldwide.

<div align="center">

**Chapter Three**

**Research Methodology**

</div>

**Introduction**

The aim of this chapter is to describe the appropriate method for data collection and data analysis to address research questions on the impact of COVID_19 on women led SMEs in Kabul city. This chapter contains the complete and detailed discussion on design of the research, data collection strategy, sampling (target group and Participants), data interpretation, analysis, ethics, reliability/ validity and at the end summary of the chapter.

## 3.1 Research Design

Considering the current research problem and objective which is to find out the impact of COVID- 19 on women- led SMEs in Kabul Afghanistan, quantitative method (survey) works well for this research and applies positivism philosophy. Survey research sampling and questionnaire (close-ended) is used to measure the views and characteristics of the Women SMEs in Kabul. The questionnaire is designed in such a way that it shall not take more than 10 minutes of respondents to fill it out. The survey will be run through Google form.

## 3.2 Instrumentation

Data was collected from 285 women-led SMEs in Kabul who are working in different sectors. Self –administered questionnaire was designed to collect quantitative data. Questionnaire is designed in Google form as well as in word document. Questionnaire had two parts, part one consisted of demographic information including, age, marital status, business sector, duration of the business and number of employees. Part two of the questionnaire included status of women businesses during COVID-19 and the changes and opportunities that the pandemic brought to them. Close-ended questions were designed for this part that should be answered by using Likert scale (strongly agree, agree, neutral, disagree and strongly disagree).

## 3.3 Measurements

Ordinal measurement scale was used for this study. To know the opinion, behavior and attitudes of the respondents as they will be asked Likert scale type questions (strongly agree, agree, neutral, disagree and strongly disagree).

## 3.4 Data Sources

To approach to the most of women involved in SMEs to have their ideas regarding impact of the COVID-19 on their business in different sectors it was good idea to collect the data through quantitative method. Both primary and secondary data were collected for the study. Primary data was collected from Women who have small businesses in Kabul city. Almost all these women are the owners of the companies which are registered with women chamber of commerce. Secondary data was collected from books, journal, reports and articles which are available online.

## 3.5 Target population and sampling techniques

The whole population and participants of this study is women who are running small and medium businesses in different sectors around Kabul city.

But the target group and participants who are selected for this study is women SMEs who were registered with the Women Chamber of Commerce in Kabul, since it is not possible to collected data from the whole Women- Led SMEs around the country, 285 women were selected as a sample for data collection considering Kris Morgan sampling table. Random sampling method was used for this study.

**3.6 Unit of Analysis**

Unit of analysis for this study is individual level as the primary data was collected from women who are running SMEs.

**3.7 Research Method employed**

For this quantitative research, data was collected through surveys. Close ended questionnaire was designed both in Google form and word document. Questionnaire was shared among SMEs through link in women SME WhatsApp groups entrepreneurs and number of women SMEs who are registered with women chamber of commerce around the city to gather their view and opinions on the research problem.

**3.8 Rational of choosing technique**

Questionnaire link was sent to beneficiaries through email and WhatsApp. As it was the most efficient and effective way. To administer the survey in a suitable way and considering social distancing and physical contact among people (as COVID-19 still continues) online survey was the best and most suitable way to collect the data and administer the survey. Respondents filled out the questionnaire and sent it out by clicking the submit button. Besides, some of the respondents who are illiterate and didn't have access to email and WhatsApp were asked the questions via phone calls and a few of them were interviewed face-to-face (preventive measures such as facemasks and social distancing were strictly considered to prevent spread of Covid-19).

# CHAPTER FOUR

# DATA ANALYSIS AND FINDINGs

## Introduction

The aim of the study was to analyze impact of covid-19 on women-led SMEs in Kabul. Questionnaire of the research was distributed to SMEs women. A total of 285 interviews were planned based on the sampling framework, however, the researcher was able to conduct only 205 interviews due time and resource limitations. The response rate was 73% the data has been analyzed utilizing different descriptive and inferential statistical tools and results are elaborated in the following sections of this chapter.

## 4.1 Demographics

Descriptive statistics was used to represent the demographic part of this study. Frequencies and percentages were used to explain the demographic part of this study. The total number of participants of this study was 205. Out of which 2% of the respondents were under the age 21, 49% of them were between 21-31 years old, 27% of them were between age 31 -41 years old and 22% of them were above age 41. 56% of the respondents were married and 44% of them were single. Also, only 3% of the participants were illiterate, 10% had attended primary and secondary school, 25% of them were high school graduate, 7% of them were 14th Graduate, the majority of them with 41% were had bachelor's degree and 14% of them had master's degree as well.

The table 4.1 is also indicating the income source of the participants that shows 66% of the participants has used personal investment for their business, 24% of them has taken loan from family/ friends, 7% of them took loan from banks and only 3% of the respondents took loan from other businesses. The table also shows the sectors that respondents are working as per the analysis 24% of the respondents had trading companies, 23% of them were having handicraft projects, 4% of them had learning centers, 13% are busy in Agriculture sector, 16% of them were restaurant owners, 16% of them were having beauty pallor and lastly 4% of them were busy having other businesses.

The table also illustrate the figure for the age of the business, it indicates that 59% of these businesses are having less than 5 years of experience, 32% of them had (5-10) years of experience, 8% of them had (11-20) years of experience and lastly 1% of them had 21 and more than 21 years of experience. Therefore, it can be concluded that most businesses have experience of less than 5 years.

Finally, the last part of demographics discusses the number of employees that each business or sector had, 74% of the businesses has less than 10 employees, 22% of them had employees between (10-20) employees,2% of the respondents had (21-50) employees and lastly 2% of them had more than 50 employees. It shows that majority of the businesses had less than 10 employees.

*Table 4. 1 Demographic distribution of the respondents*

| Characteristics | N | % | Characteristics | N | % |
|---|---|---|---|---|---|
| **Age** | | | **Education** | | |
| Underage 21 | 4 | 2 | Illiterate | 7 | 3 |
| 21 - 30 | 100 | 49 | Primary/ Secondary School | 20 | 10 |
| 31 - 41 | 55 | 27 | High School Graduate | 52 | 25 |
| 41 and over | 46 | 22 | 14th Grade | 15 | 7 |
| *Total* | 205 | 100 | Bachelor | 83 | 41 |
| **Marital Status** | | | Masters | 28 | 14 |
| Married | 115 | 56 | *Total* | 205 | 100 |
| Single | 90 | 44 | **Business Sector** | | |
| *Total* | 205 | 100 | Trading companies | 50 | 24 |

**Source**

| | | |
|---|---|---|
| Personal investment | 136 | 66 |
| Loan from family/friend | 49 | 24 |
| Loan from bank | 14 | 7 |
| Loan from other business | 6 | 3 |
| *Total* | 205 | 100 |

| | | |
|---|---|---|
| Learning Centers | 8 | 4 |
| Handicraft | 47 | 23 |
| Agriculture | 26 | 13 |
| Restaurant Owner | 32 | 16 |
| Beauty Pallor | 33 | 16 |
| Other | 9 | 4 |
| *Total* | 205 | 100 |

**Age of the Business**

| | | |
|---|---|---|
| Less than 5 Years | 121 | 59 |
| 5 -10 Years | 66 | 32 |
| 11 -20 Years | 16 | 8 |
| 21 years and more | 2 | 1 |
| *Total* | 205 | 100 |

**Number of Employee**

| | | |
|---|---|---|
| less than 10 employees | 152 | 74 |
| 10 -20 employee | 45 | 22 |
| 21 - 50 employee | 4 | 2 |
| more than 50 employees | 4 | 2 |
| *Total* | 205 | 100 |

## 4.2 Data Reliability Test

The reliability test checks the internal consistency of the data using Cronbach alpha. Cronbach alpha ranges between 00.1 to 1.00 Quansah, F. (1916). The Cronbach alpha values obtained for each of the variables for the study is listed in the below Table 4.1 indicates that it varies from .627 to .724.

*Table 4. 2 Data Reliability Test*

| Variables | Cronbach's Alpha | N of Items |
|---|---|---|
| Financial | .712 | 4 |
| Supply Chain Disruptions | .724 | 5 |
| Employee Support | .700 | 4 |
| Mental Health | .708 | 4 |
| Adjust operations | .709 | 4 |
| Networks and Advice | .627 | 2 |

| | | | |
|---|---|---|---|
| Shift to Digital Business | .726 | | 5 |
| Opportunities | .674 | | 3 |

## 4.3 Descriptive Statistics Analysis and Findings

This section provides an overview of the collected data on Impact of COVID-19 on women- led SMEs in Kabul using descriptive statistics that includes mean, standard deviation and frequencies.

### 4.3.1 Financial

The table 4.3 presents the statistics on financial position of women SMEs during COVID-19, that contains four questions. The first question enquired on whether *women SMEs face a decrease in sales*, and the results shows that 1% of the respondents strongly disagreed, 6.3% disagreed, 18% selected neutral, 44.4% agreed and 30.7% strongly agreed. The mean value obtained was 3.98 and standard deviation was 0.91. following to this question they were asked about *Reduction in cash flow; survival 1 to 3 months,* the results present 0.5% of the respondents strongly disagreed, 1% disagree, 22% neutral, 45.4% agree and 31.7% strongly disagree. The mean value is 4.07 and standard deviation is 0.783. they were also asked question on *Demand plummeting in sectors where most women are operating* and the results show that 2.4% of the respondents selected strongly disagree, 6.8% of the respondents selected disagree, 22% of them selected neutral, 51.7% which show the majority of the respondents, selected agree and lastly 17.6% of them selected strongly agree. The mean value was calculated 3.75 and the standard deviation is 0.908. The last question that has been asked in this section was about *Insufficient finance & working capital led to liquidity constraints & insolvency,* the findings indicates that 0.5% of the participants selected strongly disagree, 2.9% selected disagree, while 9.3% of them selected neutral, 54.1% selected agree and 33.2% of the respondents selected strongly agree. This was reflected by a mean of 4.17 and standard deviation of 0.749.

*Table 4. 3 Respondents' Opinions on financial issues during Covid 19*

| Financial | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | | Mean | St.dev | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F | % | F | % | F | % | F | % | F | % | | | |
| Women SMEs face a decrease in sales | 2 | 1 | 13 | 6.3 | 36 | 18 | 91 | 44.4 | 63 | 30.7 | 3.98 | 0.91 | 205 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Reduction in cash flow; survival 1 to 3 months | 1 | 0.5 | 2 | 1 | 44 | 22 | 93 | 45.4 | 65 | 31.7 | 4.07 | 0.783 | 205 |
| Demand plummeting in sectors where most women are operating | 5 | 2.4 | 14 | 6.8 | 44 | 22 | 106 | 51.7 | 36 | 17.6 | 3.75 | 0.908 | 205 |
| Insufficient finance & working capital led to liquidity constraints & insolvency | 1 | 0.5 | 6 | 2.9 | 19 | 9.3 | 111 | 54.1 | 68 | 33.2 | 4.17 | 0.749 | 205 |

### 4.3.1 Supply Chain Disruption

Table 4.4 presents the descriptive analysis of supply chain disruption section, as shown in the table respondents are asked several questions. The first question which was asked says *Women Led SMEs are unable to deliver on existing contracts due to logistical challenges,* 3% of the answers were strongly disagree, 10.2% is disagree, 12% selected neutral, majority of the respondents which is 54.6% selected agree and 20% selected strongly disagree. The mean value obtained was 3.79 and the reflected standard deviation was 0.977. following to this they were asked about the *inventory delays ad shortages* in which 0.5% of the responses were strongly disagree, 9.6% was disagree, 24% was neutral, 45.5% was agree and 20% was strongly agree. The mean value was 3.75 and the standard deviation was 0.904. on the *Labor shortages due to quarantine and fear, and low cash flows,* the response rate for strongly disagree was 0.5%, disagree was 19%, neutral was 6.8%, agreed on was 43% and finally strongly agree was 30.7%. This Is reflected by a mean of 3.84 and standard deviation of 1.078. the respondents were also asked about the *shipping delays and order fulfillment disruptions,* the results show that 3.4% strongly disagreed, 17.6% disagreed, 20% selected neutral, 40% agreed and 19% strongly disagreed. This is reflected by a mean of 3.54 and standard deviation of 1.091. lastly, in this section the respondents were asked about the *inability to source raw materials and inputs for products,* the results indicate that 6.3% of the respondents strongly disagreed with this, 13.2% disagreed, 15% selected neutral, 46.3% of the respondents that represents the majority agreed and 19% strongly agreed. The mean value obtained was 3.59 and the standard deviation was 1.128.

*Table 4. 4 Supply Chain disruption*

| Supply Chain Disruption | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | | Mean | St.dev | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F | % | F | % | F | % | F | % | F | % | | | |
| Women Led SMEs are unable to deliver on existing contracts due to logistical challenges | 6 | 3 | 21 | 10.2 | 25 | 12 | 112 | 54.6 | 41 | 20 | 3.79 | 0.977 | 205 |
| Inventory delays & shortages | 1 | 0.5 | 20 | 9.6 | 50 | 24 | 93 | 45.5 | 41 | 20 | 3.75 | 0.904 | 205 |
| Labor shortages due to quarantine and fear, and low cash flows | 1 | 0.5 | 39 | 19 | 14 | 6.8 | 88 | 43 | 63 | 30.7 | 3.84 | 1.078 | 205 |
| Shipping delays and order fulfillment disruptions | 7 | 3.4 | 36 | 17.6 | 41 | 20 | 82 | 40 | 39 | 19 | 3.54 | 1.091 | 205 |
| Inability to source raw materials and inputs for products | 13 | 6.3 | 27 | 13.2 | 31 | 15 | 95 | 46.3 | 39 | 19 | 3.59 | 1.128 | 205 |

### 4.3.3 Employee Support

The following table (4.5) shows the descriptive analysis for the questions on employee support. This section includes four questions as follow; the first question was *small businesses have reduced their number of employees,* 6.3% of the respondents strongly disagreed, 9.8% disagreed, 13% selected neutral, 46.3% agreed and 24.9% of the respondents selected strongly disagree. The mean value obtained for this question was 3.74 and the standard deviation was 1.128. the next question was *Decrease in employee morale, and hours due to revenues declining, inability to work remotely, and due to family care responsibility,* in which 4.4% strongly disagreed, 8.3% disagreed, 11% selected neutral, 55.6% which is majority they selected agree and 20.5% selected strongly disagree. The reflected mean value was 3.8 and obtained standard deviation was 1.003. the third question in this section was *need financial support to pay wages,* 4.4% strongly disagreed, 5.4% disagreed, 12% selected neutral, 43.4% agreed and 35.1% strongly agreed. The mean value was 4 and the standard deviation was 1.041. the last question in this section was *Demand has decreased/ ceased to exist,* the percentages obtained for this question was 3.4% strongly disagree, 8.8% disagree, 16% neutral, 53.7% agree and 18.5% strongly agree. The mean value was 3.75 and the standard deviation was 0.971.

| Employee Support | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | St.dev | N |
|---|---|---|---|---|---|---|---|---|

| | F | % | F | % | F | % | F | % | F | % | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Small businesses have reduced their number of employees | 13 | 6.3 | 20 | 9.8 | 26 | 13 | 95 | 46.3 | 51 | 24.9 | 3.74 | 1.128 | 205 |
| Decrease in employee morale, and hours due to revenues declining, inability to work remotely, and due to family care responsibility | 9 | 4.4 | 17 | 8.3 | 23 | 11 | 114 | 55.6 | 42 | 20.5 | 3.8 | 1.003 | 205 |
| Need financial support to pay wages | 9 | 4.4 | 11 | 5.4 | 24 | 12 | 89 | 43.4 | 72 | 35.1 | 4 | 1.041 | 205 |
| Demand has decreased/ceased to exist | 7 | 3.4 | 18 | 8.8 | 32 | 16 | 110 | 53.7 | 38 | 18.5 | 3.75 | 0.971 | 205 |

*Table 4. 5 Employee Support*

### 4.3.4 Mental Health

Table 4.6 discuss the descriptive statistics of mental health questions. The first question asked from the participants was about *Women Led SMEs increased anxiety that situation has reduced productivity,* 6.3% of the respondents strongly disagreed, 6.3% of the respondents disagreed, 15% responded with neutral, 55.2% of the respondents agreed with this statement and 17.6% of the respondents strongly disagreed. The mean value for this question was 3.71 and the standard deviation was 1.034. the next questions in this section asked from the participants were about *WSMEs increased care demands (children, elderly) & reduced time spent on business* in which the respondent's rate for the option strongly disagree was 6.3%, disagree was 16.1%, neutral was 12%, agree was 43.4% and lastly strongly agree was 22%. The reflected mean was 3.59 and standard deviation was 1.179. next question was about *Uncertainty surrounding how to manage risks and losses related to COVID-19, and how to provide protection and support for the health of employees.* 5.9% of the employees strongly disagreed with statement, 10.2% disagreed, 13% selected neutral, 56.1% agreed and 14.6% selected strongly disagree. The mean value was 3.63 and the standard deviation was 1.042. The last question for this section was *Lack of mental support form husband,* the responses on strongly disagree was 13.7%, response rate for disagree was 32.7%, response rate for the option neutral was 12%, the response rate for the option agree was 27.8% and for the last option which is strongly disagree the response rate was 14.1%. The mean value was 2.96 and standard deviation was 1.313.

*Table 4. 6 Mental Health*

| Mental Health | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | | Mean | St.dev | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F | % | F | % | F | % | F | % | F | % | | | |
| Women Led SMEs increased anxiety that situation has reduced productivity | 13 | 6.3 | 13 | 6.3 | 30 | 15 | 113 | 55.2 | 36 | 17.6 | 3.71 | 1.034 | 205 |
| WSMEs increased care demands (children, elderly) & reduced time spent on business | 13 | 6.3 | 33 | 16.1 | 25 | 12 | 89 | 43.4 | 45 | 22 | 3.59 | 1.179 | 205 |
| Uncertainty surrounding how to manage risks & losses related to COVID-19, and how to provide protection and support for the health of employees | 12 | 5.9 | 21 | 10.2 | 27 | 13 | 115 | 56.1 | 30 | 14.6 | 3.63 | 1.042 | 205 |
| Lack of mental support from husband | 28 | 13.7 | 67 | 32.7 | 24 | 12 | 57 | 27.8 | 29 | 14.1 | 2.96 | 1.313 | 205 |

### 4.3.5 Adjust Operations

The table 4.7 reflects the respondent's opinion on operations that contains four questions. The first question asked from the women SMEs were Women Led SMEs adapting products & services to customer needs in which 1.5% of the respondents strongly disagreed, 7.7% disagreed, 13% of them were neither disagree nor agree, 57.6% of the respondents were agree and 20% of them strongly disagreed. The mean value was 3.87 and standard deviation was 0.873. following to this the responses for the statement on Diversifying supplier network, 2.4% were strongly disagreed, 18% disagreed, 18% stayed neutral, 49.8% agreed and 11.8% strongly agreed. The mean value was 3.5 and standard deviation was 0.998. the next question was Use technology to engage customers, suppliers, distributors (online payments, mobile phones) in which 2.9% respondents strongly disagreed, 13.2% disagreed, 8.3% was neutral, 46.3% agreed and 29.3% strongly disagreed. The reflected mean value was 3.86 and standard deviation was 1.073. the last question asked from the respondents were Adopt alternative distribution channels e.g., motorcycles to deliver goods, go direct to customer, 3.9% strongly disagreed, 25.4% of the respondents disagreed, 13% stayed neutral, 33.2% agreed and 24.3% of the respondents strongly agreed. The mean value was 3.49 and the standard deviation was 1.219.

| Adjust Operations | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | | Mean | St.dev | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F | % | F | % | F | % | F | % | F | % | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Women Led SMEs adapting products & services to customer needs | 3 | 1.5 | 16 | 7.7 | 27 | 13 | 118 | 57.6 | 41 | 20 | 3.87 | 0.873 | 205 |
| Diversifying supplier network | 5 | 2.4 | 37 | 18 | 37 | 18 | 102 | 49.8 | 24 | 11.8 | 3.5 | 0.998 | 205 |
| Use technology to engage customers, suppliers, distributors (online payments, mobile phones) | 6 | 2.9 | 27 | 13.2 | 17 | 8.3 | 95 | 46.3 | 60 | 29.3 | 3.86 | 1.073 | 205 |
| Adopt alternative distribution channels e.g., motorcycles to deliver goods, go direct to customer | 8 | 3.9 | 52 | 25.4 | 27 | 13 | 68 | 33.2 | 50 | 24.3 | 3.49 | 1.219 | 205 |

*Table 4. 7 Adjust Operations*

**4.3.6 Networks and Advice**

The following table 4.8 discusses the issues on women SMEs networking and the advice they would need, to take new steps to survive their business as they are working in small networks then men businesses. On the statement Need to shift to digital business and not sure where to start, 11.7% of the respondents selected strongly disagreed, 19.5% selected, 7.8% selected neutral, again many respondents about 38.5 % selected agree and 22.5% selected strongly disagree. The mean obtained was 3.4 and the standard deviation was 1.338. the following question in this section was Already operating with smaller, less-diverse networks than men, less likely to know where to go for advice on crisis management and business resilience strategies, in which 12.7% of the respondents answered strongly disagree, 9.3% answered with disagree, 11% answered with neutral, 57.4% which is again most of the respondents they answered with agree and only 9.8% answered with strongly agree. The reflected mean for this question was 3.42 and the standard deviation was 1.182.

| Networks and Advice | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | | Mean | St.dev | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F | % | F | % | F | % | F | % | F | % | | | |
| Need to shift to digital business and not sure where to start | 24 | 11.7 | 40 | 19.5 | 16 | 7.8 | 79 | 38.5 | 46 | 22.5 | 3.4 | 1.338 | 205 |

| Already operating with smaller, less-diverse networks than men, less likely to know where to go for advice on crisis management and business resilience strategies | 26 | 12.7 | 19 | 9.3 | 22 | 11 | 117 | 57.4 | 21 | 9.8 | 3.42 | 1.182 | 205 |

*Table 4. 8 Networks and Advice*

### 4.3.7 Shift to Digital Business

The table 4.9 discusses about the digital business during this period. In this section respondents were asked five questions. In response to WSMEs plan to sell online due to COVID-19, only 2% strongly disagreed, 21.5% disagreed, 13% neither agreed nor disagreed they were neutral, 44.3% of them agreed and 19.5% strongly agreed with this statement. This was reflected by mean of 3.58 and standard deviation of 1.089. following to this SMEs were asked to have their opinion on Increase in e-commerce (create website or improve current one, alt channels such as marketplaces), none of them were strongly disagreed with this statement, only 15.6% disagreed, 14% stayed neutral, they majority of the respondents with 48.3% agreed and 22.4% strongly agreed. This mean value was 3.78 and standard deviation was 0.969. on the next statement which was Communicate timely with customers re: delivery dates, availability of goods, none of the respondents disagreed, only 10,7% of them disagreed, 15% stayed neutral, majority of them 52.7% agreed and 22% strongly disagreed. The mean value obtained was 3.86 while standard deviation was 0.883. following to that they were asked about what about Those already selling online do not expect a downturn in sales, only 1% of the respondents responded with strongly disagree, 13.2% responded with disagree while 15% responded with neutral, again most of the respondents which was 46.3% responded with agree and 24.9% answered with strongly agree. The mean value was 3.81 and standard deviation was 0.989. the last statement in this section asked from participants was online sales have expanded in which 1% strongly disagreed, 10.2% disagreed, 11% responded with neutral, 48.3% were agree and 29.8% of the respondents strongly agreed, the reflected mean for this statement was 3.96 and the standard deviation was 0.951.

| Shift to Digital Business | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | | Mean | St.dev | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F | % | F | % | F | % | F | % | F | % | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| WSMEs plan to sell online due to COVID19 | 4 | 2 | 44 | 21.5 | 26 | 13 | 91 | 44.3 | 40 | 19.5 | 3.58 | 1.089 | 205 |
| Increase in e-commerce (create website or improve current one, alt channels such as marketplaces) | 0 | 0 | 32 | 15.6 | 28 | 14 | 99 | 48.3 | 46 | 22.4 | 3.78 | 0.969 | 205 |
| Communicate timely with customers re: delivery dates, availability of goods | 0 | 0 | 22 | 10.7 | 30 | 15 | 108 | 52.7 | 45 | 22 | 3.86 | 0.883 | 205 |
| Those already selling online do not expect a downturn in sales | 2 | 1 | 27 | 13.2 | 30 | 15 | 95 | 46.3 | 51 | 24.9 | 3.81 | 0.989 | 205 |
| Online sales have expanded | 2 | 1 | 21 | 10.2 | 22 | 11 | 99 | 48.3 | 61 | 29.8 | 3.96 | 0.951 | 205 |

*Table 4. 9 Shift to Digital Business*

### 4.3.8 Opportunities

Table 4.10 discusses the opportunities for the SMEs during the COVID-19, three statements were provided for the respondents to see to what extend they were creative to see this period as an opportunity for their business. In response to whether they have purchased new equipment or new services were introduced 21% of the respondents were strongly disagree, 14.6% of them were disagree, while 11% were neither agree nor disagree, 41.5% said they agree with this and 11.7% were strongly agree. This was reflected with the mean of 3.08 and standard deviation of 1.368.

Respondents were also asked about the use of governmental aid/ support, whether they have been provided support by the government or received any aids, 30.7% of the respondents were strongly disagree, majority or 35.1% were disagree, 11% were neutral and didn't agreed/ disagreed, 17.2% agreed and only 6.3% responded with strongly agree. The mean reflected with this question is 2.33 and standard deviation is 1.251.

The last question asked from respondents in this section was new markets were identified, 22.4% of the respondents strongly disagreed with this statement, 23.9% of them disagreed, 8.8% stayed neutral, 35.1% agreed and 9.8% strongly agreed. The was reflected with mean of 2.86 and standard deviation of 1.366.

*Table 4. 10 Opportunities*

| Opportunities | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | | Mean | St.dev | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F | % | F | % | F | % | F | % | F | % | | | |
| New equipment was purchased/ New services were introduced | 43 | 21 | 30 | 14.6 | 23 | 11 | 85 | 41.5 | 24 | 11.7 | 3.08 | 1.368 | 205 |
| Use of (governmental) aid/support | 63 | 30.7 | 72 | 35.1 | 22 | 11 | 35 | 17.2 | 13 | 6.3 | 2.33 | 1.251 | 205 |
| New markets were identified | 46 | 22.4 | 49 | 23.9 | 18 | 8.8 | 72 | 35.1 | 20 | 9.8 | 2.86 | 1.366 | 205 |

## 4.4 Regression Analysis

Regression analysis was used to access the impact of COVID-19 on the Afghan women-led SMEs. The regression analysis was guided by the following model: -

$$Y = \beta_0 + \beta_1 X_1 + \cdots + \beta_8 X_8 + \varepsilon$$

Where: -

Y= dependent variable (Performance of SMEs)

$X_i$ = independent variables (impact of COVID-19 to SMEs)

$B_0$ = constant

$B_i$ = coefficient of the independent variable

ε = Error term

The table below shows the significance level of variance factors that affected the performance of women-led SMEs due to covid-19. As observed from coefficients table below, the significance of the supply chain is 0.000 which is less than 0.05 implying that supply chain had a positive significant effect on the performance of SMEs. similarly shift to digital business had a significance value less than 0.05 which implies that shift to digital business had a positive significant effect with the performance of SMEs. On the other hand, Network and advice had a p-value less than 0.005, which means that network and advice had a negative significant effect on the performance of the SMEs. All the remaining variables had a p-value greater than 0.05 which implies that they had no significant effect/relationship with the performance of the SMEs.

*Table 4. 11 Model Summary*

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | .181 | .492 | | .367 | .714 |
| financial | .130 | .103 | .082 | 1.266 | .207 |
| Supply chain | .931 | .108 | .683 | 8.643 | .000 |
| employeesupport | .069 | .105 | .046 | .656 | .512 |
| mental health | -.091 | .107 | -.061 | -.845 | .399 |
| Adjust operations | -.163 | .095 | -.128 | -1.717 | .087 |
| Network and advice | -.245 | .077 | -.206 | -3.170 | .002 |
| Shift to digital business | .254 | .119 | .176 | 2.131 | .034 |
| opportunities | .071 | .080 | .062 | .878 | .381 |

a. Dependent Variable: q5.SME

From the model summary table which explains the percentage effect of covid-19 on the performance of Afghan women-led SMEs, the coefficient of determination R square is 0.456 this implies that 45.6% variation in performance of the Afghan women-led SMEs is explained by the covid-19 effects, only the remaining 54.4% is explained by other factors not considered in this study.

*Table 4. 12 Model Summary*

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .691ª | .477 | .456 | .720 |

a. Predictors: (Constant), opportunities, employeesupport, network and advice, financial, adjustopertions, mental health, supply chain, shift to digital business

The anova table confirms the appropriateness of this model fit for the dataset, the significance value/p-value of the F-statistics is 0.000 which implies that the fitted model is adequate or rather appropriate. This computation affirms a relationship between covid-19 and the performance of the of the Afghan women-led SMEs.

*Table 4. 13 ANOVAa*

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 92.845 | 8 | 11.606 | 22.364 | .000[b] |
| | Residual | 101.711 | 196 | .519 | | |
| | Total | 194.556 | 204 | | | |

a. Dependent Variable: q5.SME

b. Predictors: (Constant), opportunities, employeesupport, network and advice, financial, adjustopertions, mental health, supply chain, shift to digital business

**Hypothesis testing**

To determine whether the impact ofcovid-19 influenced the performance of the of the Afghan women-led SMEs the null hypothesis was tested.

**$H_0$**: There is no significant relationship on the impact of Covid-19 and the performance of the Afghan women-led SMEs.

**Decision rule**: Reject the null hypothesis if the p-value calculated is less than significance level of 0.05 and vice versa.

The ANOVA results indicated in the table above shows that the significance value of the F-statistics is 0.000 which is less than the significance level 0.05, we therefore reject the null hypothesis that "There is no significant relationship on the impact of Covid-19 and the performance of the Afghan women-led SMEs". Consequently, we accept the alternative hypothesis that "There is significant relationship on the impact of Covid-19 and the performance of the Afghan women-led SMEs". Further, we conclude that from the above test covid-19 has a significant impact on the performance of Afghan women-led SMEs.

**4.5 Discussion of the findings**

The findings of the study showed that there is a significance relationship between the impact of covid-19 and the performance of Afghan women-led SMEs. The supply chain, shift to digital

business had a positive relationship with the performance of the Afghan women-led SMEs. Only Network and advice had a significant negative effect on the performance of the Afghan women-led SMEs. This implies that providing the Afghan women with sufficient covid-19 measures will not compromise their SMEs activities. Proper management of covid-19 would improve the performance of the SMEs in terms improving profits, growth and sustainability of the business activities.

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**CHAPTER FIVE**

**CONCLUSION AND RECOMMENDATION**

</div>

**Introduction**

The last chapter of the study concludes the study by presenting the conclusion and the recommendations based on the results of the study.

**5.1 Conclusion**

This study was conducted to show the impact of COVID-19 on the performance of SMEs in Kabul city. The study specifically designed to answer how COVID-19 impacted the women-led SMEs? what alternatives will help SMEs to continue their business during such crisis and how it contributes to their growth and creativity. Through in-depth and comprehensive literature review and questionnaire survey (see appendix), the researcher succeeded to achieve the objectives and answer questions. The quantitative data have been collected through a survey questionnaire. Likewise, data was analyzed through SPSS software using descriptive analysis and regression and ANOVA tests to find out the relationship among variables. The findings of the study revealed that there is a significant relationship between the impact of covid-19 and the performance of Afghan women-led SMEs. Among the variables only network and advice had a significant negative effect on the performance of

the Afghan women-led SMEs. This suggests that providing the Afghan women with sufficient covid-19 measures will not compromise their SMEs activities. Proper management of covid-19 would improve the performance of the SMEs in terms improving profits, growth and sustainability of the business activities.

## 5.2 Recommendation for Policy Makers

The government of Afghanistan and Women chamber of commerce should provide guarantees to support SMEs and/or launch loaning to SMEs. The owners of SMEs must be supported financially and non-financially to ensure that their business will survive economic recessions and closures during and after COVID-19 pandemic. The SMEs should be assisted by increasing their liquidity by covering liquidity to Micro Finance Institutions and work with them to increase availability of credit to SMEs, at lower interest rates and protracted repayment period. Provision of social safety net to people rendered jobless due to coronavirus pandemic by the government. This can be done by offering cash transfers to the vulnerable in the SMEs sector. boost inclusive economic growth as the coronavirus delays in the economy. This should include supporting SMEs to quicken growth through business development support and increasing access to finance and markets to recover employment. SMEs should be encouraged to embrace digitalization of their activities to remain relevant during and after the covid-19 period.

## 5.3 Limitation and Future Research Direction

The sample of the study was estimated 285 SMEs but due to COVID-19 restrictions and lockdown it was not possible to interview all the sample size, still the number of interviews conducted represent the findings of the study. Furthermore, the study was conducted only in Kabul city, it is recommended for future researchers to conduct the study comprehensively in other provinces as well as to have this research in specific sectors so that there will be good understanding of the challenges that each specific sector faces.

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## Questionnaire:

My name is Parisa Sabbar. I am in the process of completing my MBA degree with Kardan University. This research questionnaire is part of my thesis that aims to measure the Impact of COVID- 19 on Women Led SMEs in Kabul Afghanistan. Therefore, I would appreciate if you could answer all above questions. Your information and responses will be kept strictly confidential. It will take maximum 10 minutes of your valuable time to be completed.

**Section One**

1. **Age:** ----------------
2. **Marital Status:** Single / Married
3. **Education Level:** *illiterate, Primary/ Secondary School, High School Graduate, 14th Grade, Bachelor, Masters*
4. **Business Sector:** *trading companies, learning centers, handicraft, fruits and vegetable companies, restaurant owner, beauty pallor, travel agency, other--------*
5. **What is source of finance/funding of your company/business?**
   - *Personal investment*
   - *Loan from family/friend*
   - *Loan from bank*

*- Loan from other business*

6. **How long have been in your company/business? -----------**

7. **How many employees do you have? ---------------**

**Section Two:**

**Q1: Financial**

| Questions | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|---|---|---|---|---|
| 1. Women SMEs face a decrease in sales | 1 | 2 | 3 | 4 | 5 |
| 2. Reduction in cash flow; survival 1 to 3 months | | | | | |
| 3. Demand plummeting in sectors where most women are operating | | | | | |
| 4. Insufficient finance & working capital led to liquidity constraints & insolvency | | | | | |

**Q2: Supply Chain Disruptions**

| Questions | Disagree | Strongly Disagree | Agree | Strongly agree |
|---|---|---|---|---|
| 5. Women Led SMEs are unable to deliver on existing contracts due to logistical challenges | | | | |
| 6. Inventory delays & shortages | | | | |
| 7. Labor shortages due to quarantine and fear, and low cash flows | | | | |

| Questions | Disagree | Strongly Disagree | Agree | Strongly agree |
|---|---|---|---|---|
| 8. Shipping delays and order fulfillment disruptions | | | | |
| 9. Inability to source raw materials and inputs for products | | | | |

## Q3: Employee Support

| Questions | Disagree | Strongly Disagree | Agree | Strongly agree |
|---|---|---|---|---|
| 10. Small businesses have reduced their number of employees | | | | |
| 11. Decrease in employee morale, and hours due to revenues declining, inability to work remotely, and due to family care responsibility | | | | |
| 12. Need financial support to pay wages | | | | |
| 13. Demand has decreased/ceased to exist | | | | |

## Q4: Mental Health

| Questions | Disagree | Strongly Disagree | Agree | Strongly agree |
|---|---|---|---|---|
| 14. Women Led SMEs increased anxiety that situation has reduced productivity | | | | |
| 15. WSMEs increased care demands (children, elderly) & | | | | |

| | | | | |
|---|---|---|---|---|
| reduced time spent on business | | | | |
| 16. Uncertainty surrounding how to manage risks & losses related to COVID-19, and how to provide protection and support for the health of employees | | | | |
| 17. Lack of mental support from husband | | | | |

## Q5: Adjust operations

| Questions | Disagree | Strongly Disagree | Agree | Strongly agree |
|---|---|---|---|---|
| 18. Women Led SMEs adapting products & services to customer needs | | | | |
| 19. Diversifying supplier network | | | | |
| 20. Use technology to engage customers, suppliers, distributors (online payments, mobile phones) | | | | |
| 21. Adopt alternative distribution channels e.g., motorcycles to deliver goods, go direct to customer | | | | |

## Q6: Networks and Advice

| Questions | Disagree | Strongly Disagree | Agree | Strongly agree |
|---|---|---|---|---|
| 22. Need to shift to digital business and not sure where to start | | | | |
| 23. Already operating with smaller, less-diverse networks than men, less likely to know where to go for advice on crisis management and business resilience strategies | | | | |

**Q7: Shift to Digital Business**

| Questions | Disagree | Strongly Disagree | Agree | Strongly agree |
|---|---|---|---|---|
| 24. WSMEs plan to sell online due to COVID19 | | | | |
| 25. Increase in e-commerce (create website or improve current one, alt channels such as marketplaces) | | | | |
| 26. Communicate timely with customers re: delivery dates, availability of goods | | | | |
| 27. Those already selling online do not expect a downturn in sales | | | | |
| 28. Online sales have expanded | | | | |

**Q8: Opportunities**

| Questions | Disagree | Strongly Disagree | Agree | Strongly agree |
|---|---|---|---|---|
| 29. New equipment was purchased/ New services were introduced | | | | |
| 30. Use of (governmental) aid/support | | | | |
| 31. New markets were identified | | | | |