



STRATEGIES USED BY MICRO AND SMALL ENTERPRISES (MSEs) TO MITIGATE AGAINST CHALLENGES POSED BY COVID-19 PANDEMIC: CASE OF MACHAKOS COUNTY, KENYA

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Abstract

The study explored the strategies adopted by Micro and Small enterprises to mitigate the challenges posed by COVID-19. The target population of the study were the 6000 Micro and Small Enterprises (MSEs) in Machakos County. A sample of 438 micro and small enterprises (MSEs) were included in the study from different sectors using simple random sampling. Data was collected through a survey of various business categories using a questionnaire to determine the strategies adopted by MSEs to counter the challenges of COVID-19. Quantitative data was analyzed using descriptive statistics and presented in form of tables and graphs. The findings were that increasing social media engagement, review of supply chain logistics, and providing protective equipment were the common strategies that were perceived important for mitigating the effects of the COVID-19 by the MSE enterprises. Cashless transaction protocols adopted were Mpesa – send money, and Buy Goods as payment methods to avoid person to person contact while What's app and Facebook platforms were used for sales and marketing.

Though there were other mitigation strategies, they were not considered important by the MSEs. Overall, the study noted that the choice of strategy was guided by an MSE's limitations and or lack of experience with crisis management, and a general lack of strategic approach to the crisis.

Keywords: Micro and Small Enterprises, Strategies, Mitigate, Covid-19, Kenya

INTRODUCTION

Micro and small sized enterprises by Kenyan definition are enterprises that employ about four to nine employees including the owner (referred to as micro), while small businesses will employ between 10 and 50 with a business activity whose annual sales turnover does not exceed Kenya Shillings 5 million (Mwangi/KNBS, 2016; Anastasia, 2015; MSEA, 2018). Micro and small enterprises (MSEs) are vital contributors to the global economy, often serving as the backbone of local communities by providing jobs, fostering innovation, and driving economic activity (Tracy et al., 2020; Huang et al., 2022). These businesses, faced abrupt operational constraints, declining revenues, and heightened uncertainty during COVID-19 which happened globally in March 2020 (Amoa-Gyarteng et al., 2023).

COVID-19 pandemic brought unparalleled disruptions to the global economy, posing severe challenges for businesses, especially micro and small enterprises (MSEs). For MSEs whose survival often hinges on adaptability and resource efficiency, the pandemic caused unprecedented negative economic impacts as they were required to adhere to government directives aimed at curbing the spread of the virus while simultaneously trying to sustain their operations.

The pandemic triggered the Kenyan government to impose measures such as lockdowns, social distancing mandates, capacity restrictions, and health protocols, all of which disrupted business operations. For enterprises that play such a critical role in the Kenyan economy by influencing entrepreneurship, catalysing innovation and creating employment, the ability to balance compliance with these health and safety regulations while maintaining financial viability and meeting the needs of their customers became an incredibly complex task. These businesses, already operating with limited resources, faced heightened difficulties in adapting to constantly changing directives, securing financial support, and managing supply chain disruptions. Furthermore, the implementation of remote work solutions, digitization, and safety measures imposed significant financial burdens on these enterprises characterized with limited capital and workforce.

Despite the government's short-term recovery measures to support households in reducing negative impacts of the pandemic negative macroeconomic effects were still felt across the Kenyan economy (Nechifor et al., 2020). These measures notwithstanding, adhering to government directives while ensuring business continuity became a major setback for MSEs, exposing their vulnerability during the time of the crisis. These businesses were further constrained by factors such as limited access to resources, inadequate digital infrastructure, and a lack of knowledge in adapting to rapidly changing regulations. As a result, many small enterprises struggled to stay afloat, since they had difficulties in getting the right strategy for survival. This study therefore explores the strategies adopted by MSEs to navigate the multifaceted challenges presented by the COVID-19 pandemic. There were external challenges faced by these enterprises during the pandemic, including supply chain disruptions, reduced sales, reduction in income and profit including regulatory restrictions as well. The study analysed the government measures, and highlighted the resilience of MSEs and their ability to adapt in times of crisis. It also shed light on the lessons learned from their experiences, offering insight into how small business enterprises can prepare for and respond to future economic disruptions.

More importantly, the study brings up some of the strategies used by micro enterprises to counter external challenges posed by COVID-19 pandemic of 2020. The remainder of this paper is organized as follows. Section 2 elaborates on the data and methods. This section details the MSEs dataset used for the study, statistical methods, description and pre-processing. Section 3 discusses the resilience strategies employed by MSEs to survive during the pandemic. It also presents the On-line and social media strategies used maintain business operations afloat including digital/cash less payment methods preferred and cashless transaction method found most useful for adoption. Lastly, section 4 provides recommendations for future Kenyan Government MSE policy on on-line operation protocols. Ultimately, the findings presented in this segment contribute to a broader understanding of economic crisis management and resilience building in the context of micro enterprises.

RESEARCH METHODOLOGY

The target population of the study was all the Micro and Small Enterprises (MSEs) in Machakos County estimated to be about 6,000 in number. A sample of about 450 small business/MSEs traders were purposively sampled from 19 key trade centers in Machakos county, Kenya. An effective sample of 438 MSEs from different sectors was included in the study using simple stratified random sampling. Random sampling was used because it gave an equal chance for each MSE in each category to be selected given the many trade centers in the county.

Data was collected through a survey of various business categories using a questionnaire to determine the strategies adopted by MSE to counter the challenges of COVID-19. Quantitative data was analyzed using descriptive statistics and presented in form of tables and graphs.

The number of enterprises in each sector reflected the level of demand or competition in that field as indicated in table 1. Retail Shops (125) that constitutes majority of the response are enterprises that sell goods directly to consumers. This is a broad category that can include various types of the sector includes various types of businesses, such as convenience shops, mini-supermarkets, and specialty retailers selling non-food items. Shoe services (9) on the other hand offer repairs, cleaning, and custom services like sole replacement, polishing, and fitting adjustments.

Table 1: Distribution of MSE Sectors

Sectors	Frequency	Empl Nos	
		1-4	5-9
Agrovet	16	18	8
Automobiles	13	17	9
Bar	24	32	34
Barber Shop	11	21	0
Cleaning Services	3	1	0
Clothing	38	61	11
Cosmetics	35	52	5
Electronics	17	31	0
Events Wedding and Decoration	2	6	0
Fruits and Vegetables Vendor	42	103	0
Furniture	5	2	8
Hardware	21	32	3
Hotel	45	82	35
Money and Banking	8	16	0
Pharmaceutical	18	28	1
Restaurant	3	3	6
Retail Shops	125	243	7
Shoe services	9	10	1
Welding	3	2	1
Total	438	760	126

Note: Each sector represents a different segment of the economy where small enterprises contribute to the community by providing goods, services, and employment opportunities.

Table 1, presents the distribution of micro and small-sized enterprises by sector, broken down into two categories based on the number of employees: 1-4 employees (micro) and 5-9 employees (small). Further analysis revealed that most enterprises in the county across various sectors in the dataset are indeed micro (760 employees), with a significant number employing between 1-4 employees. However, certain sectors such as Bars and Hotels have a relatively higher proportion of enterprises with 5-9 employees, indicating that some of these sectors have larger operations compared to others. Overall, the data reveals that the majority of micro and small enterprises (MSEs) are micro in size.

COVID-19 Containment Measures and Mitigation Strategies by MSEs

The containment measures implemented during the COVID-19 pandemic had a significant negative impact on the sales performance of MSEs. This is grounded in the evidence that disruptive measures such as lockdowns, travel restrictions, night curfews and social distancing protocols led to a drastic decrease in consumer spending, resulting in significant decrease in sales for MSEs, and reduction in GDP of 5.6% (Nechifor et al., 2020).

The pandemic economic negative impacts were felt across many countries, with most affected countries being those which did not initiate quick measures to address the health risks posed. Likewise, countries and economic sectors were impacted differently depending on their resilience. For example, in Kenya, sectors like tourism and hospitality had to face a lot of negative consequences due to measures like limited public gatherings, work from home schemes, temporarily closures of restaurants-eateries and hotels, strict social distance policies and mandatory face masks in public spaces. Governments and central banks on the other hand had been adjusting the monetary and fiscal policy to mitigate the economic impact on businesses, particularly on matters dealing social distancing and payment systems. Those businesses impacted severely were those with less financial capabilities to address the health measures imposed by governments.

The ability of MSEs to adapt to the new operating protocols imposed by government containment measures dependent on capacity to shift to on-line operations. For MSEs, the overall unstable, unpredictable and negative market environment due to COVID-19 was a major setback, which greatly affected their normal operations and even threatened their very survival. SMEs that quickly adjusted to the "new normal" and found new operating strategies were less negatively impacted compared to those that were unable to adapt.

This paper presents the results of 438 micro and small enterprises in Kenya reactions to government containment protocols, explores the economic challenges they faced during COVID-19, and the strategies they adopted to reduce the negative impacts and sustain growth.

There were external challenges faced by these enterprises during COVID-19, including supply chain disruptions, reduced sales, reduction in income and profit and some enterprises even lost contracts altogether, with some other regulatory restrictions as well. The analysing of how successfully MSEs negotiated the effects of the pandemic highlights the resilience of these enterprises and their ability to adapt in times of crisis (Huang et al., 2022; Nechifor et al., 2020). It also sheds light on the lessons learned from their experiences, offering insights into how microenterprises can prepare for and respond to future disruptions. Ultimately, the findings presented in this segment contribute to a broader understanding of crisis management and resilience building in the context of micro enterprises in Kenya.

In order to mitigate losses caused by COVID-19 containment measures, MSEs in Machakos County-Kenya adopted a variety of strategies (whose importance was rated on a scale of 1-5, where 1= meant unimportant and 5= extremely important) to cope with the challenges. The strategies used by micro enterprises ranged from adjusting working hours, social distancing measures, to downsizing staff to review of supply chain logistics. MSEs attached different levels of importance to these strategies as the findings reveal.

RESULTS

On-line and social media strategies

The following are some of the successful strategies that were applied by the 438 MSE participants in this study:

Review of Supply Chain Logistics

When COVID-19 pandemic erupted in China in February, 2020- it was purely a health crisis (Warwick & Roshen, 2023). Human contact and labour mobility became a key restriction due to the infectious nature of the virus. Micro and small enterprises (MSEs) implemented various strategies to navigate operational disruptions, and reviewing supply chain logistics was one such approach. The responses to the importance of this strategy were varied.

During the pandemic, reviewing supply chain logistics became an essential strategy for most Micro and Small Enterprises (MSEs), as 55% of respondents rated it as either very important or extremely important as indicated in figure 1. This highlighted that for the majority of businesses, reassessing and optimizing supply chain logistics played a vital role in ensuring operational continuity, managing disruptions, and meeting customer demands during the pandemic. The pandemic posed significant challenges to supply chains globally, and Machakos, being a major metropolitan area, was heavily affected by lockdowns and restrictions. The lockdowns disrupted transportation, limiting the movement of goods and people across regions.

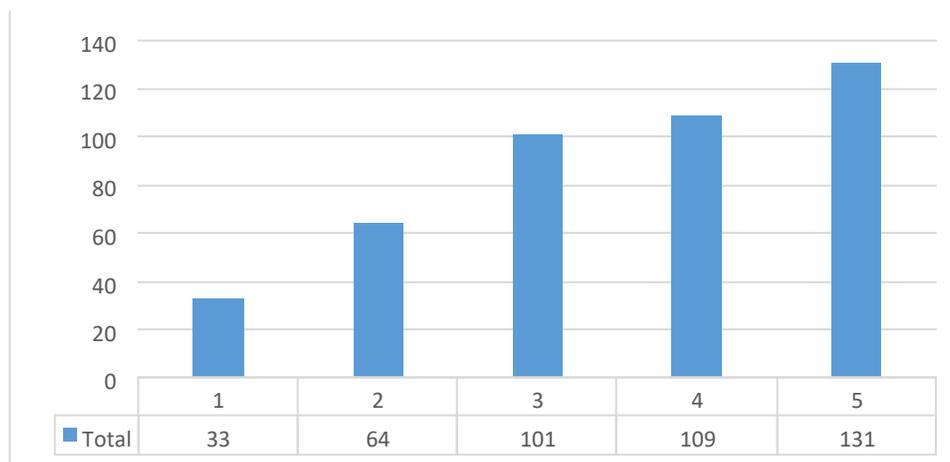


Figure 1: Supply chain logistics

A smaller proportion, 7.6% (33 respondents), rated it as unimportant (1), indicating that for some businesses, supply chain logistics was not a primary concern or was not significantly impacted during the pandemic. Meanwhile, 14.7% (64 respondents) rated it as less important (2), suggesting that for some businesses, reviewing logistics was seen as less critical despite the disruptions. Conversely, 23 % (101 respondents), rated it as moderately important (3), indicating that many businesses acknowledged the relevance of reviewing logistics but did not view it as an urgent priority. Overall, the data reflects the critical role of supply chain management for businesses particularly micro enterprises in adapting to the challenges of the pandemic.

Additionally, many suppliers, particularly those based in Nairobi which is the main source of goods supplied to other urban centres in Kenya, were forced to abandon the supply chain due to fears of contracting the virus. Poor logistics also prevented timely delivery of orders, further increasing the difficulty of selling and this led to a backlog of stocks. As a result, some suppliers chose to travel upcountry to avoid the risks associated with staying in the capital, leading to further disruptions in the flow of goods and services. This situation highlighted the vulnerability of supply chains in the face of such unexpected crises, emphasizing the need for MSEs to assess and adapt their logistics strategies to maintain business continuity in times of uncertainty.

Demarcation of Social Distance measures

The strategy of demarcating social distance measures showed varied importance among micro and small enterprises. Figure 2 indicates that a significant portion, 34.5% (151 respondents), rated it as unimportant (1), suggesting that for many businesses, this measure

was either not applicable or laborious to do. However, 41.5% (182 respondents) rated it as very important (4) or extremely important (5), indicating its critical role in maintaining health and safety standards, ensuring compliance with government regulations, and fostering customer confidence. Additionally, 16% (70 respondents) considered it moderately important (3), highlighting its relevance in specific contexts. This distribution reflects the mixed impact of social distancing measures across different business sectors. MSEA (2022) identified social distancing and public gathering restrictions as one of the strategies that had a positive impact on MSEs during the COVID-19 period.

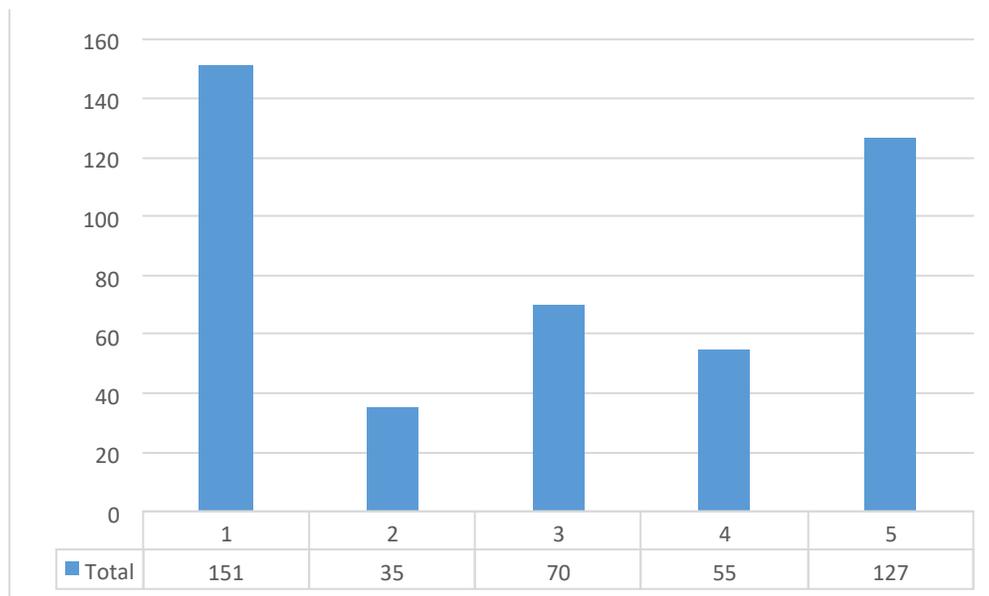


Figure 2: Social Distance

Increase Social Media Engagement

Despite the many challenges faced by MSEs during the pandemic there was a concerted effort to explore new opportunities to make sales and build resilience and competitiveness through innovative strategies like on-line operations and e-commerce. For micro traders this was a big challenge, due to the demand for internet and technological devices (Huang et al., 2022). Figure 3 presents the results on adoption of this strategy.

A significant portion, 30% (131 respondents) found it extremely important (5), and 24% (105 respondents) considered it very important (4), indicating that a considerable number of micro businesses viewed social media including digital operations as a vital tool to stay connected with customers, increase visibility, and adapting to changes in consumer behaviour. About 26% (115 respondents), rated it as unimportant (1), suggesting that for many businesses,

social media engagement was not a priority or perhaps did not have a significant impact since the nature of business and the sector does not require this social media platform to operate. However, 13.5% (59 respondents) rated it as moderately important (3), reflecting that for some businesses, it played a supportive role, though not a central one. A smaller group, 6.4% (28 respondents), rated it as less important (2), suggesting that for some, the strategy was not a significant factor in their operations.

Increasing social media engagement was deemed important by many MSEs, with 54% of respondents rating it as either very important or extremely important. However, a notable portion (26.3%) considered it unimportant, highlighting that its relevance varied depending on the type of business. This suggests that while social media engagement was crucial for many enterprises in maintaining customer relations and visibility, it was not universally seen as essential, probably due to the demands of internet and technological devices which increased the cost of doing business.

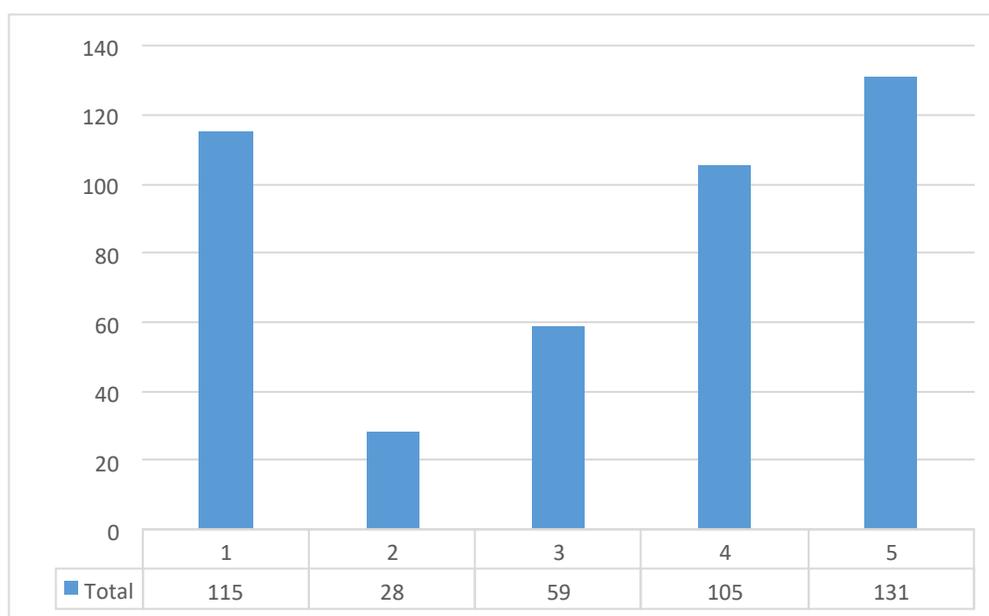


Figure 3: Use of digital operations

Providing Protective Equipment

The strategy of providing protective equipment during the COVID-19 pandemic was seen as highly important by micro and small enterprises (MSEs). Figure 4, shows that a significant majority, 54% (235 respondents), rated it as extremely important (5), indicating that for many businesses, providing protective equipment was crucial for safeguarding the health of employees and customers, ensuring compliance with government regulations, and maintaining

business operations. A substantial portion, 19.1% (83 respondents), rated it as very important (4), further supporting the idea that protective equipment was considered an essential measure. However, 5.2% (71 respondents) rated it as unimportant (1), suggesting that for a smaller group of businesses, this strategy was not a priority, possibly due to the nature of their operations or because they were less affected by health concerns. Additionally, 6.2% (27 respondents) found it less important (2), and 5% (22 respondents) rated it as moderately important (3), suggesting that a small portion of businesses considered this measure of lesser relevance or impact.

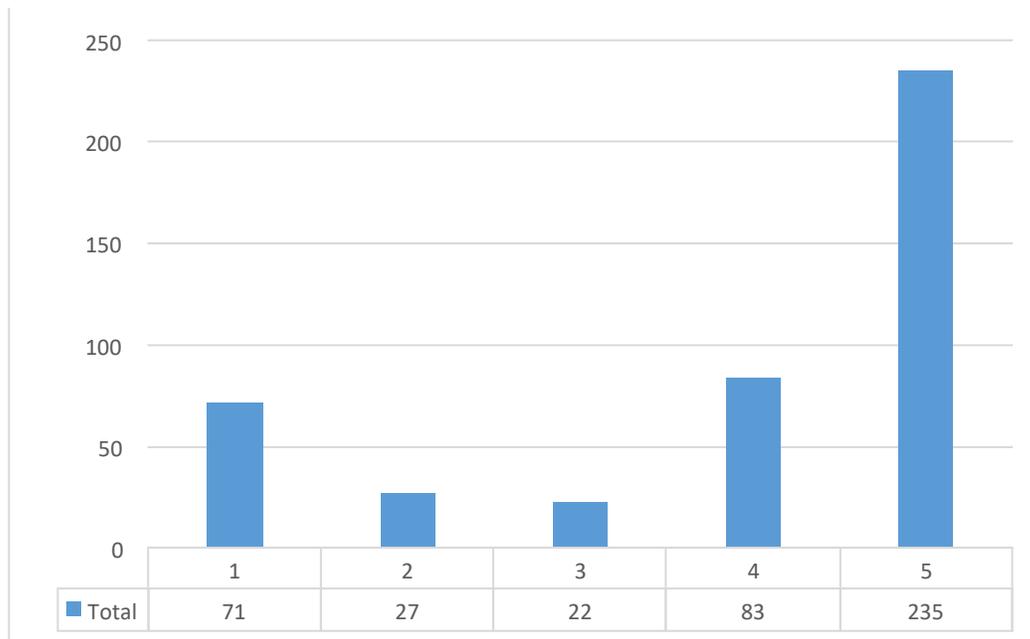


Figure 4: Providing protective equipment

In summary, providing protective equipment was regarded as the most critical strategy by most MSEs during the COVID-19 pandemic, with 73% of respondents considering it very important or extremely important. The data highlights the significant role protective equipment played in helping businesses navigate the health risks posed by the pandemic, with the majority of businesses recognizing its importance in maintaining safe and operational work environments.

A considerable portion of businesses adopted health and safety measures under protected equipment which included; social distancing, washing hands, and wearing face masks to keep safe and comply with government regulations. These protocols were essential in ensuring the safety of employees and customers, thus enabling businesses to continue functioning. Among these measures, social distancing was the most widely adopted strategy,

indicating its importance in minimizing transmission risks and maintaining a safe environment for business activities. This concurs with the findings of surveys by Siddique et al. (2020); MSEA (2022) and Zeidy (n.d.).

Key Pandemic Strategies used by MSEs

There were a number of strategies that Micro and small traders in the county were exposed to, as guided by the ministry of health services. However, it was noted that among MSEs with limited or no experience with crisis management, a general lack of strategic approach to the crisis or a comprehensive crisis management was common place. Owners and top employees were all involved in developing crisis management mechanisms according to their needs suited to their sectors. From a list of 10 (ten) strategies further analysis indicated the most [referred coping mechanisms to the corona pandemic as indicated in table 2.

Table 2: Most preferred strategies for coping
with Covid-19 pandemic

Variable	frequency
Protective Equipment	315
Review Supply logistics	240
Increase use of social media	236
Adjusting working hours	187
Social distance	182
Vary delivery time	179
Downsize staff	131
Diversification	89
Working from home	68
Started New Business	35

Table 2 investigates the most preferred strategy in mitigating Covid-19 disruptions. Accordingly, the study classified MSEs ratings into two groups (most preferred and less preferred group) based on their scores on importance of strategy. Specifically, in column 2, of the table presents importance score of 4 and 5 considered as part of most preferred (group) while importance scores of 1-3 were cumulatively taken to belong to the less preferred group.

The most commonly adopted strategy by micro and small enterprises (MSEs) during the COVID-19 pandemic was use of protective equipment (315 businesses preferred this), review of supply logistics (240), and increased use of social media (236). These reflect a strong focus on

achieving immediate health and safety during the period, maintaining operational status, and staying connected with customers. Comparatively, the most preferred action to mitigate the negative impact of the pandemic in Mombasa county on their businesses was adjusting working hours, adapting supply chain logistics and working from home (County Government of Mombasa, 2021). These findings are quite different, perhaps indicating the nature of the businesses and the fact that Mombasa is the second largest city in Kenya.

Meanwhile, diversification (89), working from home (68), and starting new businesses (35) were the least adopted strategies. This suggests that more complex or resource intensive adaptations were less feasible for many MSEs, perhaps due to limited capacity, infrastructure, or risk appetite during the crisis.

On-line operations, Cashless payments and social media strategies

COVID-19 forced small businesses globally to move their presence online to survive. MSEs responded to business disruption caused by the pandemic by adapting digital platforms to varying degrees depending on the level of income in the respective country (IFC, 2021). Developing countries had lower usage of technology in the response to COVID-19 than developed countries having an increase of 1.3 percent for the first quarter of 2020 which was 10 times less than the increase in developed countries while those of middle-income countries were 6 times more. This is an indication that there is a lack of internet connectivity in most areas in the developing countries especially in rural urban areas which hindered the sustainability of MSEs.

Besides on-line operations being a strategy used by businesses across the world to mitigate Covid-19 disruptions, governments intervened to support adoption of digital operations as this became of the ways to circumvent the threats of the health pandemic. Many countries designed interventions to minimize disruptions to economic activities, particularly for the small businesses which were hit hard by the disruption of lockdown (Warwick and Roshen, 2023). In Rwanda, the government waived the transfer and payment charges and increased the maximum amount on mobile money transfers. This led to an increase in person-to-person transfer enabling people to transact in business. There was also the use of robots in the provision of services such as food, screening, and medication during the lockdown (IFC, 2021). In Kenya, the government increased the amount that would be transacted through mobile money transfer and at the same time waiving the transaction fees for online money transfers.

According to the Kenya short term recovery report by KIPPRA (Nechifor et al., 2020) the April-June 2020 lockdown lead to a decrease in economic activities across all sectors, with most

sectors reducing output by 5% and over and services and utilities (water and energy) being the most affected. Among the policy recommendations to support the short-term economic recovery plan by the Kenyan government was flexible bridge loans given to MSEs to facilitate market dynamics and reduce critical expenses. Additionally, it was a government regulation for businesses small, large and micro to adopt on-line operations. This directive posed a lot of challenges particularly to micro and small businesses which did not have access to internet and finances to support digital operations.

This paper analyses how different micro and small businesses embraced the GoK on-line operations protocols which included use of social media and cashless transactions for their economic survival. There was a general demand for better internet connectivity and use of technology as home-based working arrangements became more and more common among several organizations. Work from home became real for many businesses, which propelled an increase in the use of social media and IT for promoting businesses and their products and services such as takeaway food options from regular restaurants. The observed heavy reliance on technology during the crisis did not spare MSEs that also needed to sustain their business operations.

Digital and Social Media Platforms

The Kenya government directives on on-line operations aimed at controlling the spread of the coronavirus through lockdowns, social distancing, and restrictions on in-person interactions. These protocols played a crucial role in accelerating the adoption of digital communication tools. As physical stores closed and remote work became the norm, businesses turned to digital platforms to maintain communication, collaborate with employees, and continue operations. Common social platforms included; WhatsApp, TikTok, Instagram, SMS, email, Twitter, and digital payment services such as Send Money and buy goods (Till No.).

Digitization of businesses in Kenya continued to take place at an accelerated speed, albeit the transition has been slow for MSEs despite the enormous benefits. Overall, both national and county governments pushed businesses to adapt quickly to digital tools, making them central to business continuity and revenue generation during the pandemic. The shift to digital communication and financial services, supported by these directives, not only helped businesses survive the crisis but also laid the foundation for future digital transformation. This study explores how well MSEs adopted and increased use of social media for sales and marketing purposes to mitigate the challenges posed to their businesses in order to survive the complexities of the pandemic as indicated in figure 5.

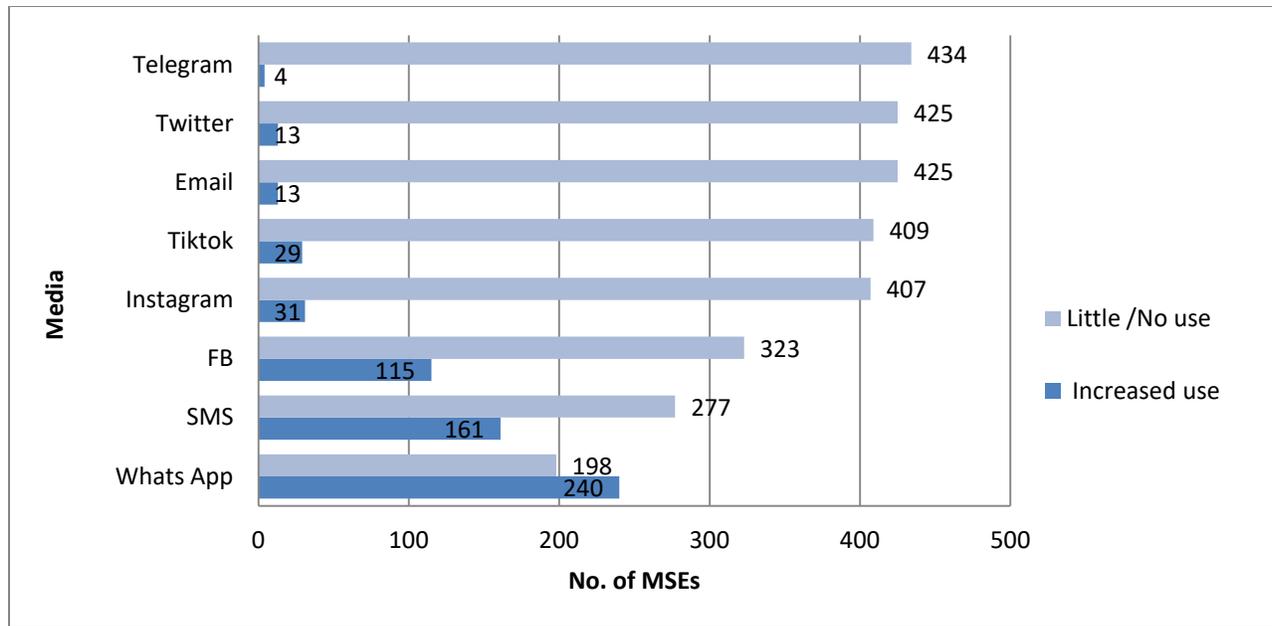


Figure 5: Spread of social media use

Figure 5 demonstrates that micro and small enterprises increasingly turned to WhatsApp as a vital tool for maintaining business operations. About 240 entrepreneurs from these enterprises reported a significant increase in their use of WhatsApp, recognizing its value for direct customer communication, managing orders, providing real-time support, and facilitating transactions. This shift enabled many businesses to continue operating and engaging with customers despite physical store closures. This clearly indicates the power of what's app to provide images or pictures on real time and support sales and marketing of goods and services. In contrast, 198 owners from similar businesses across the sectors reported little or no use of WhatsApp, indicating a gap in digital adoption and access to internet. Ultimately, it was a critical survival strategy for any business including micro enterprises.

Short messages (SMS) were embraced by 161 micro and small businesses that reported an increase in the use of texting as a way of providing information via mobile devices, recognizing its value for direct communication with customers, order confirmations, and updates in maintaining e-commerce operations. However, 277 businesses reported little or no use of SMS, suggesting that while SMS was helpful for essential communication, many businesses in sectors reliant on more interactive or visual engagement, such as fashion and food, preferred platforms like WhatsApp for driving online sales and customer interaction. This highlights how SMS was important for basic transactional communication but less effective for the dynamic needs of e-commerce.

Further analysis indicated that Facebook (FB) was also highly adopted by 115 micro and small businesses, particularly in industries like clothing, cosmetics, and furniture, where the platform was leveraged for marketing, customer engagement, and community building. This suggests the sophisticated nature of micro enterprises in Machakos county, a Nairobi city metropolis by engaging in e-commerce often presumed to be for medium entrepreneurs. However, a large number of 323 businesses, especially in the food sector, reported little or no use of Facebook for business activities. This reluctance may be attributed to the perishable nature of food products and day to day consumable products/services traded by MSEs, which often require more immediate, direct communication methods. As a result, many food businesses favoured platforms like what's app or SMS for real-time customer interactions and order management rather than relying on Facebook. Facebook also requires a lot more internet bundles that may have been expensive for micro enterprises.

Twitter, though popular among young consumers had a limited adoption for day-to-day business activities. As many as 425 business owners reported little or no use of Twitter, suggesting it was not widely embraced for communication during this period. This reflects the formal and less interactive nature of Twitter, making it less popular for real-time engagement, especially for small businesses focused on e-commerce. The study also found telegram to be quite unfamiliar to micro and small business owners.

In a survey of 30, 000 MSMEs by the County Government of Mombasa (2020), Kenya it was reported that during Covid-19 period, March -June, 2020 most micro enterprises embraced various digital technology platforms to promote their products. The most used social media by entrepreneurs and key decision makers in the city of Mombasa was reported as what's app and Facebook while twitter and Instagram received the least increased usage. The findings reflect a similar pattern in use of social media as in Machakos county.

Cashless transaction methods and Financial technology for MSEs

Globally, businesses were forced to be more innovative and strategic to maintain business continuity. However, one of the areas that created a big challenge for customers was how to make payment for goods and services during Covid-19. The Government protocol was that to minimise contact and spread of the disease payments were to be made through cashless payment methods such as use of mobile applications like Send money (Mpesa), Lipa na Mpesa (Buy goods or paybill), or Pochi la biashara; including use of ATM cards. This study sought to find out preferred mode of cashless payment used by MSEs in Machakos county during Covid-19. The findings are presented in figure 6.

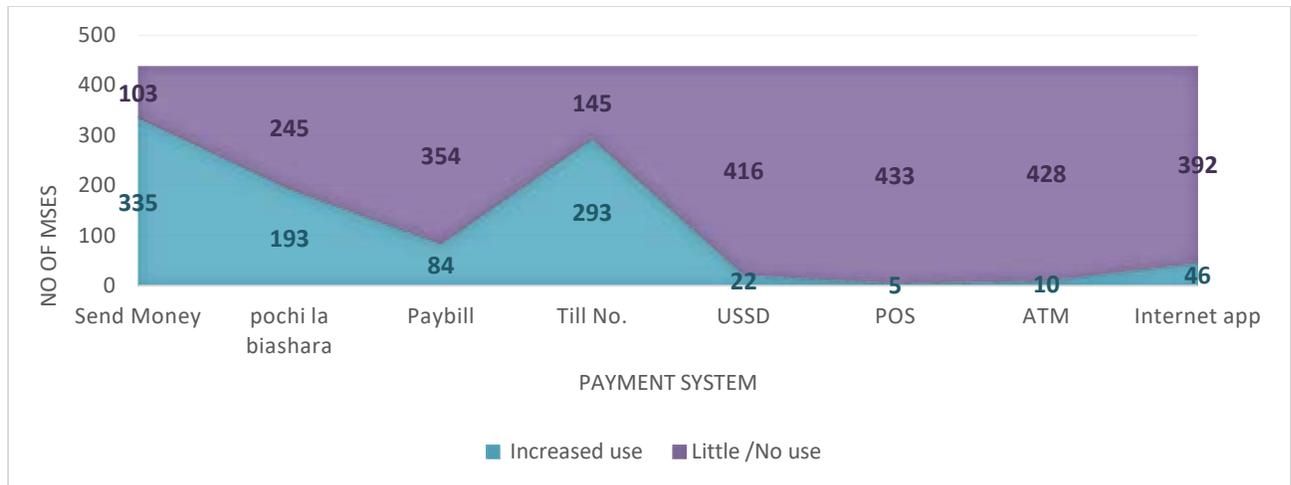


Figure 6: Cashless transaction methods

The findings reveal that M-Pesa emerged as a critical tool for small and micro businesses, with 335 (against 103 who showed little or no use of this method) businesses reporting an increase in their use of the platform for sending money by way of making payment for goods and services. MPesa widespread adoption can be attributed to its convenience, security, and accessibility, which attributes were considered important during a time when physical distancing and limited access to traditional banking services were major concerns. The platform allowed businesses to make mobile money-based payments to suppliers, employees, and customers efficiently, without needing to rely on physical cash or in-person banking.

During the COVID-19 health pandemic, businesses reported an increased use of a new payment method dubbed Pochi la Biashara, with 193 businesses adopting the mode of payment against 245 businesses indicated they either used it little or never at all. This reflected the early stages of adoption for the platform, as Pochi la Biashara was relatively new compared to other well-established services like M-Pesa. Although Pochi la Biashara provided a mobile money solution for business transactions, many businesses still preferred M-Pesa for sending money, given its longer presence in the market, wider recognition, and ease of use. M-Pesa familiarity and established user base made it a more trusted and popular choice for financial transactions, especially during a time when businesses were looking for reliable and secure methods to send money.

Buy goods, or use of a Till number to a bank account proved to be a more secure payment system particularly preferred by small businesses. About 293 businesses saw an increase in the use of Till number as this system offered customers a cost-free payment option, which was particularly appealing during financially challenging times. However, 145 businesses reported little or no use, likely due to limited customer preference and the fact that many

businesses had not adopted the Till number as a payment method, favouring other more familiar platforms like M-Pesa.

The Unstructured Supplementary Service Data (USSD) which is a communication protocol used by mobile phones to send text messages to and from a service provider's system found little use by a majority of businesses (416). A similar fate befell the use of ATM (bank card) owing to the fact that small enterprises in Kenya typically do not accept ATM payments as a primary method, due to factors such as transaction fees, lack of infrastructure around their informal business premises, or a preference for more less complicated digital payment options like mobile money.

The limited adoption of some payment platforms underscores the preference for systems like MPesa-Send Money, which are more integrated with the mobile money ecosystem that small and micro enterprises rely on for e-commerce. This trend highlights the growing importance of mobile-based payment systems in facilitating online transactions for micro/small businesses, as they seek accessible, cost-effective solutions to meet the demands of a digital economy.

CONCLUSION AND RECOMMENDATIONS

This study explored the important findings of the strategies used by MSEs to survive during the COVID-19 health pandemic while complying to Kenya Government regulations on containment restrictions meant to safeguard the spread of the virus. Most of the Micro and Small Enterprises in Machakos County adopted strategies that in their perception were important and effectively able to mitigate against the challenges posed. The study noted that their choice of strategy was guided by an MSE's limitations and or lack of experience with crisis management, and a general lack of strategic approach to the crisis. Owners and top employees particularly the micro traders where the owner is the manager and one or two employees were all involved in developing crisis management mechanisms according to their needs suited to their sectors.

The strategies varied across the enterprise operations, the sourcing of good and services, health and safety protocols and also financial sustainability. When the pandemic struck, the most immediate action adopted by micro and small enterprises (MSEs) in Machakos county was use of protective equipment (315 businesses preferred this). This reflected a strong focus on achieving immediate health and safety during the period, maintaining operational status, and staying connected with customers. The second best strategy was a review of supply chain logistics because of the lockdown measures and restrictions on movement imposed by the Government. Interestingly due to the survival nature of the MSEs sector which is the main

stay of many Kenyans livelihoods, the third most important action was to foster continuity of business through increased use of social media (Mombasa County Government, 2020; Prijadi et al., 2022).

The Government protocol on cashless transactions during the coronavirus pandemic caused untold transactional problems to MSEs. This study found that micro entrepreneurs had to make critical decisions to survive and explore new payment methods in complying with the cashless system. The findings reveal that M-Pesa's mobile money transfer system and Buy Goods (use of Till No.) were the most preferred modes of payment. This finding highlights the growing importance of mobile-based payment systems in facilitating online transactions for micro/small businesses, as they seek accessible, cost-effective solutions to meet the demands of a digital economy.

The shift to digital communication and use of social media to support business continuity during lockdown was embraced by most businesses for survival. Micro and small entrepreneur reported a significant increase in their use of WhatsApp, recognizing its value for direct customer communication in providing real-time support, and generating sales. This shift enabled many businesses to continue operating and engaging with customers despite physical store closures. The study also noted that a combination of short message (SMS) texts and Facebook were the other popular social media platforms that were used for sales and marketing. These findings can serve as empirical evidence for advocating targeted strategies that balance public health and the economic activities during pandemic scenarios.

This study recommends that MSEs need to be given technological support by the Government through training programmes to enhance use of financial technology (fintech) by businesses. Businesses that leveraged on fintech and alternative social platforms like what's app and Facebook managed to lower transaction costs and increase visibility of their products. Additionally, an increased deployment of high- quality digital infrastructure and broadband connectivity in market places and locations of business for micro traders would be useful in promoting e-commerce in the country.

LIMITATIONS

This study focused on the MSEs from one of the counties in Kenya and although it can be taken to be a representation of micro enterprises in Kenyan counties, it is acknowledged that some factors could make the findings not apply to other regions. That notwithstanding, the findings of this study are indeed comparable to similar studies globally, and other regions in Kenya (Nechifor et al., 2020; Mombasa County Government, 2020; Huang et al., 2022; Prijadi et al., 2022).

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