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## Examining the Effects of Covid-19 on Small and Medium-Scale Entrepreneurs: A Case Study of Bar and Nightclub Owners in Kalingalinga, Lusaka Province

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### **Abstract**

*This study explored the effects of COVID-19 on small and medium enterprises, focusing on bars and nightclubs in Kalingalinga, Lusaka. Using a mixed-methods approach, both questionnaires and interviews were employed to collect data from a sample of 380 participants, including 18 bar owners, 18 nightclub owners, and 344 staff members. Purposive sampling was used to select bars and nightclubs officially registered under Chapter 167 of the Liquor Licensing Act, while simple random sampling was applied for participant selection. Data were analysed using SPSS and thematic analysis. Findings revealed major financial and operational challenges such as reduced business hours, employee losses, rent payment difficulties, and low customer turnout. While the government offered tax relief and stimulus packages, most owners faced challenges accessing these due to bureaucratic barriers. The study recommends introducing low-interest loans, grants, tax incentives, rent negotiation strategies, and promoting strict hygiene practices. It also suggests providing SME owners with crisis management training and improving access to government support through simplified processes. Future studies should replicate this research in other regions and across different SME sectors to guide broader policy development.*

**Keywords:** COVID-19, small and medium enterprises, bars, nightclubs, Kalingalinga, Zambia

## Introduction

Throughout the nation, nightclubs and bars stand as significant social hubs, providing spaces for people to engage authentically, socialize, and enjoy leisure. Undoubtedly, the nightclub industry was notably impacted by the adverse effects of the pandemic (Nofre, 2021). Beyond its recreational role, nightlife plays a crucial role in fostering the vitality of the arts. Globally, contemporary art galleries strategically leverage the allure of nightlife to attract a younger audience. This dynamic and thriving industry not only offers novel experiences but also seamlessly integrates with various cultural facets, including performances, plays, sports, fashion, music, cuisine, and beverages (The Guardian, 2021). The symbiotic relationship between art, music, and fashion in contemporary culture echoes a Warholian aesthetic (Nyambura, 2024). Nightclubs, therefore, emerge as indispensable spaces for exhibitionists, artists, fashion entities, musicians, actors, galleries, and museums. Moreover, these venues serve as focal points where diverse fields collaboratively interact and synergize (Tee, 2022).

In view of all the aforementioned, it can be said that the COVID-19 pandemic caused immediate, significant, and global human health consequences. The exact duration of the necessary pandemic response actions, such as quarantines and other restrictions, were uncertain throughout the early response phase (Scudellari, 2020). The COVID-19 pandemic offered an unprecedented risk to public health, food systems, and the workplace, resulting in a devastating loss of human life globally, according to the joint statement by WHO, FAO, ILO and IFAD (2020). The staggering number of people at risk of living in extreme poverty because of the epidemic, and the number of people who are undernourished, was estimated to be close to 690 million, rising by as

many as 132 million by the end of 2021. Numerous businesses were in danger of dying out. Almost fifty percent of the 3.3 billion people who were employed globally faced the possibility of losing their primary source of income (ILO, 2020). The bulk of workers in the informal economy lack social protection, access to high-quality healthcare, and possession of productive assets, making them particularly vulnerable. Many people were unable to provide for themselves and their family during lockdowns because they lacked the means of earning a living (World Bank, 2020). Hundreds of thousands of vulnerable families in Zambia faced an interruption in their income due to the pandemic. As a result, this had the potential to exacerbate poverty and eradicate the nation's nutrition and food insecurity problems (Kabisa, Chisanga, & Banda, 2021). Moreover, economic disruptions had slowed the expansion of small and medium-sized businesses, resulting in higher unemployment rates and lower remittances (International Monetary Fund (IMF), 2020). From the earlier estimated growth of 3.6 percent, the impact of COVID-19 was anticipated to result in a negative 2.6 percent Gross Domestic Product (GDP) as assessed by the International Growth Centre (IGC) (2020). Chelston, Nyanga, & Chileshe (2021) add that the epidemic destroyed jobs and jeopardized the livelihoods of millions of people. When a breadwinner loses their job, the livelihoods of their dependents are threatened, with those in low-income countries being primarily the most vulnerable.

The severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) was the infectious agent behind the coronavirus disease 2019 (COVID-19). The epidemic continued since it was first discovered in Wuhan, Hubei, China, in December 2019 (Zhu et al., 2020). Food security and nutrition were significantly impacted by the COVID-19 pandemic, which began spreading swiftly and widely in late 2019. Through a variety of factors, the crisis affected food systems and endangered people's access to food. In the wake of lockdowns brought on by the global health crisis, there was a

significant slowdown in the global economy in addition to a major disruption to food supply networks (Chelston, Nyanga, & Chileshe, 2021).

On March 18, 2020, Zambia reported its first 2 COVID-19 infections in Lusaka. On March 22, 2020, a third case was reported (MoH, 2020). An increase in instances resulted in the closure of schools and universities, suspension of public gatherings such as religious services, weddings, and funerals, as well as the closure of non-essential shops and markets. Public transport operations were also suspended or limited, and curfews and movement restrictions were put in place. Additionally, establishments like restaurants, gyms, cinemas, and recreational centres were closed to reduce opportunities for virus transmission (Government of Zambia, 2020; World Health Organisation [WHO], 2020).

Given these wide-ranging effects, this study narrows its focus specifically to the impact of COVID-19 on small and medium-scale entrepreneurs operating bars and nightclubs in Kalingalinga, Lusaka Province. With particular focus on the challenges faced by these entrepreneurs, whose livelihoods and the local social economy were severely disrupted by the pandemic control measures. This study was motivated by restrictions that were placed on the locals and communities in Zambia that had undocumented impacts.

The COVID-19 pandemic significantly disrupted the global economy, with SMEs in the hospitality sector being among the hardest hit. Globally, the hospitality industry suffered a 70% decline in international tourist arrivals in 2020, leading to widespread business closures and job losses (UNWTO, 2021). In Africa, the pandemic resulted in a loss of over \$55 billion in revenue from tourism-related activities, affecting millions of jobs (AfDB, 2021). Zambia's hospitality sector was no exception, experiencing a 56.2% decline in international tourist arrivals in 2020, severely impacting SMEs that rely on tourism and local patronage (M'phango & Mwanza, 2024). Despite government interventions aimed at supporting SMEs,

many businesses struggled to access relief funds and adapt to new operational challenges. In Zambia, 75% of SMEs reported reduced sales, while 54% faced difficulties in accessing inputs, leading to widespread business closures (Mwiinga, Phiri, & Chibwe, 2020). The effectiveness of government interventions remains a critical concern, as only 21% of the required \$197 million for relief efforts were secured (UNDP, 2020). This study assessed the applicability and antecedents of government interventions for SMEs in Zambia's hospitality sector during the COVID-19 pandemic, focusing on Kalingalinga Township by investigating the challenges faced by SMEs and the effectiveness of support programmes. The research further aimed to provide insights into policy improvements and sustainable recovery strategies.

## **Methodology**

This study used a pragmatic paradigm to explore the effects of COVID-19 on SMEs, especially bars and nightclubs in Kalingalinga, Lusaka. The mixed-methods approach combined quantitative (e.g., surveys) and qualitative (e.g., interviews) methods to provide both statistical and experiential insights. A case study design was adopted within a cross-sectional framework. Kalingalinga was chosen due to its high density, low income, and high concentration of informal businesses. The target population included only bars and nightclubs that were officially registered under Chapter 167 of the Liquor Licensing Act of Zambian Laws, excluding those in neighbouring areas like Mtendere. A sample size of 380 was calculated using Krejcie and Morgan's (1970) sample size determination. This study employed both probability and non-probability sampling methods to ensure a balanced and representative sample. Purposive sampling technique was applied to select 18 bars and 18 nightclubs within Kalingalinga of Lusaka Province. A simple random sampling technique was used to select 344 participants from the identified bars and nightclubs. Bar owners, managers, and personnel were randomly

chosen to participate in the study to reduce selection bias and improve the generalizability of the findings. The researcher aimed to gather a diverse range of perspectives from both patrons and staff members within the nightlife industry. This method allowed for a more thorough analysis of the data collected, providing a well-rounded view of the issues at hand.

Data were gathered through semi-structured questionnaires and interviews, and supported by secondary sources. Validity and reliability were ensured via expert reviews and a pilot study with 29 participants to evaluate the questionnaire's reliability. The responses from 29 respondents indicated the questions were well-designed. After the pilot study, 29 respondents who shared similar characteristics as the research sample but were not included in the main study were questioned. Some unclear questions were rephrased or dropped with expert help. Interviews were conducted with each subject for 20 minutes each, ensuring a broad understanding of the questionnaire's design and functionality. The feedback from these interviews was used to make necessary revisions to the questionnaire before distributing it to the main study participants. Quantitative data were analysed using descriptive statistics, paired t-tests, and regression analysis (including GLM and OLS models). These techniques assessed relationships between COVID-19 and variables like revenue loss, customer decline, and employee retention. The methodology ensured a holistic understanding of the pandemic's impact on SMEs in this setting. Ethical considerations are important because they ensure that there is fairness in the manner in which the research is conducted. The researcher ensured the study was approved before undertaking under the Humanities and Social Sciences Research Ethics Committee (HSSREC) in order to abide by research ethical standards. A research authorization number HSSREC: 2021-NOV-031 was subsequently issued to the researcher by the University of Zambia. In addition, the researcher made sure that participation in the study was fully voluntary by obtaining consent from individuals prior to their involvement. Additionally, by not

disclosing the information provided or enabling participants to sign their names on surveys, participants were given the assurance that the study's intention was to collect information solely for academic purposes and that, as such, all responses would be treated with the utmost discretion. This reduced participants' anxiety of being a victim and encouraged honesty in their answers to questions.

## **Findings**

This study's findings integrates both quantitative and qualitative data to provide a broad understanding of the effect of COVID-19 on small and medium-scale entrepreneurs, specifically bar and nightclub owners in Kalingalinga, Lusaka Province. The findings are Organised into themes derived from qualitative data and supported by quantitative data where applicable, ensuring a balanced representation of both numerical trends and individual experiences.

### **Effects of COVID-19 on Bars and Nightclub Owners**

Participants consistently argued that COVID-19 affected both employee numbers and operating hours. Taken together, these factors had a negative impact on income levels. Across conversations, bar and nightclub owners emphasized that the reduction in operating hours was the most impactful element of the pandemic. This was compounded by staff losses and difficulties in recruiting and training new employees. For instance, participant BO1, a 50-year-old female nightclub owner in a busy area of Kalingalinga who had been operating for several years, reported losing workers due to the pandemic. She expressed that she could not recruit new staff easily, as training new employees required time and resources she did not have. This, combined with reduced operating hours, directly resulted in revenue loss. As she explained:

The outbreak of the COVID-19 pandemic indeed affected our operations as bars and nightclub owners. I had six workers who depended on me for their survival and when I closed my bar due to the pandemic, there was no other source of income (BO1, Female, 50 years).

During the interviews, participants further highlighted financial losses caused by ongoing expenses and reduced customer numbers. They described the closure of their businesses during quarantine periods, mounting debts, and the loss of personnel. Participant BO5, a female bar owner, noted that although their expenses remained constant, their income had drastically decreased, making their financial situation unsustainable. She stressed the need for government support to recover from the economic hardships caused by the pandemic:

... It always brought negative effects; expenses are almost the same; incomes are not even 10%. While we used to earn K3, 000 and now we don't even earn 10%, but the expenses are the same (BO5, Female).

Similarly, participant BO3, a male bar owner, explained that he used personal savings to pay his six workers during business closures but eventually could no longer sustain that support:

When the bars closed, I had to get money from own savings in order to keep my six workers but I could not go on and so far, I have lost two workers (BO3, Male).

The study findings reveal that both the number of employees and operation hours were significantly impacted by COVID-19. When combined, these disruptions had a detrimental effect on revenue. Operators of bars and nightclubs stressed that shortened hours of operation were the most significant consequence of the pandemic. As reported by a 32-year-old female nightclub owner (BO4) and a 44-year-old male bar owner (BO5), income levels dropped due to business closures, making it difficult for them to meet basic household needs and fixed financial obligations such as rent, utilities, and loan payments:

During the time of the closure, we lost on the much-needed sales revenue. Since we were not allowed to operate, even payment of rentals became very difficult among other fixed obligations (BO4, Female, 32 years).

My landlord served me an eviction letter due to accrued rentals. As if that was not a burden enough, my bar workers could not be remunerated so that they could sustain themselves for that period (BO5, Male, 44 years).

**Table 1: GLM Results Pre and Post COVID-19: Bars and Nightclubs**

Variables	Pre-COVID- 19				Post COVID -19				
	Mean ( $\bar{x}$ )	Std. Dev	Std. Err	Mean( $\bar{x}$ )	Std. Dev	Std. Err	Mean Difference	t-Stat.	Cronbach Alpha
COVID-19	1.889	0.771	0.149	6.564	0.453	1.000	0.175,0.221	17.339	0.794
Employee turnover (EMI)	2.776	0.841	0.004	7.347	0.250	0.447	0.055,0.640	15.574	0.843
Reduced Revenue (RER)	4.379	6.743	0.001	4.016	2.349	2.417	0.061,0.847	12.047	0.821
Closure of business activities (CBA)	2.469	5.859	0.078	6.140	1.437	1.109	0.149,0.637	10.458	0.684
Size of Bar/Night club (SIZE)	3.118	4.829	0.157	4.011	2.582	0.037	0.318,0.783	9.591	0.741
Potential customer loss (PCL)	2.001	3.378	0.009	3.740	1.118	3.751	0.075,0.831	7.947	0.830
Business restrictions (BUR)	3.778	0.568	0.065	0.500	2.567	0.978	-1.511,1.345	-0.280	0.743
Location of bars/night club (LOC)	2.892	1.779	0.000	1.200	1.883	3.471	-0.527,0.673	-1.489	0.832
Presence of customer (CUP)	4.710	9.750	0.073	5.271	2.339	1.745	0.520,0.741	3.972	0.694
Sound of music played (SMP)	3.992	5.978	0.541	4.247	1.001	0.107	0.714,0.559	8.006	0.781
Business Age (AGE)	2.889	0.674	0.256	3.430	1.007	1.404	0.917,0.663	6.326	0.948
Gender (GEN)	4.889	0.573	0.449	5.290	3.126	3.416	0.764,0.754	7.111	0.891
Experience (EXP)	5.889	0.862	0.350	6.880	2.219	5.429	0.813,0.859	0.849	0.714

**Note.** Std. Dev. = Standard Deviation; Std. Error = Standard Error; t-Statistic = t-value for paired sample t-test; Cronbach’s Alpha measures internal consistency reliability.

Based on Table 1, the Generalized Linear Model (GLM) results compared the income levels of bars and nightclubs in Kalingalinga before and after the COVID-19 pandemic. The GLM analysis highlights the economic

impact of pandemic-related restrictions, specifically the enforced closures of bars and nightclubs, which significantly disrupted revenue streams for these businesses. This comparison provides insight into the extent to which income levels declined due to these public health measures and offers a quantitative foundation for understanding the financial vulnerability of small and medium enterprises (SMEs) in the entertainment sector during the pandemic. The findings in this table illustrate the shift in income levels, shedding light on the challenges faced by business owners and the broader implications for economic recovery in this sector.

The COVID-19 pandemic worsened a general trend of declining incomes in the bar and nightclub industry, as revealed by the statistics on the mean differences in Table 1, with profits dropping from 70% pre-pandemic to 30% post-pandemic. This trend has been present since the epidemic, with the industry experiencing a sharper fall during the pandemic. For instance, the COVID-19 variable shows a mean increase from 1.889 (SD = 0.771) pre-pandemic to 6.564 (SD = 0.453) post-pandemic, with a mean difference range of 0.175–0.221 and a t-statistic of 17.339. The Cronbach's alpha value of 0.794 indicates strong internal consistency, confirming a statistically significant impact.

Employee turnover (EMT) also recorded a substantial mean difference, increasing from 2.776 (SD = 0.841) to 7.347 (SD = 0.250), with a mean difference range of 0.055–0.640, a t-statistic of 15.574, and a Cronbach's alpha of 0.843. This highlights major employment disruptions linked to reduced business activity. Similarly, reduced revenue (RER) experienced a noticeable shift, with a mean difference range of 0.061–0.847 and a t-statistic of 12.047, indicating a sharp decline in financial performance due to COVID-19 restrictions.

The bar and nightclub industry in Kalingalinga experienced a reduction due to the closure of bars and nightclubs by the government, leading to a significant decrease in revenue for businesses. This is further illustrated by

the closure of business activities (CBA), which rose from a mean of 2.469 (SD = 5.859) pre-pandemic to 6.140 (SD = 1.437) post-pandemic, with a t-statistic of 10.458. Other indicators, such as potential customer loss (PCL), presence of customers (CUP), and sound of music played (SMP), all reported statistically significant t-values, further demonstrating the erosion of customer loyalty and regular foot traffic.

This decline in income levels further exacerbated the downward trend in late-night customer behaviour, resulting in a contraction throughout the entire scene. Many establishments were forced to permanently shut down, unable to withstand the financial strain. The once vibrant nightlife compound of Kalingalinga became a ghost town, with empty streets that were once bustling with partygoers. The once thriving businesses closed one by one, leaving many unemployed and struggling to make ends meet.

These realities are statistically reflected in variables such as size of bar/nightclub (SIZE), business age (AGE), gender (GEN), and experience (EXP), each showing significant mean differences, reliable Cronbach's alpha scores (all above 0.7), and t-statistics confirming substantial changes. The mean difference values, combined with strong reliability measures, emphasize both the depth and breadth of the pandemic's disruptive impact on SMEs in Kalingalinga's nightlife sector.

### **Government's response to COVID- 19 pandemic**

The study explored the Zambian government's response to the COVID-19 pandemic, focusing on the specific measures implemented to address the challenges faced by bar and nightclub owners. The study findings revealed that the Zambian government implemented several measures to curb the spread of COVID-19, many of which negatively affected bar and nightclub owners. During the peak of the pandemic, complete closures of bars and nightclubs were enforced, particularly in 2020, leading to a cessation in operations and revenue generation. Partial re-openings were

later permitted under strict conditions, such as limiting operating hours to Friday through Sunday from 6 p.m. to 9 p.m. These curfews drastically reduced the ability to generate income during peak business hours, which typically extended late into the night.

In addition, the government mandated strict social distancing protocols, including reducing seating capacities to as low as 25–50% of normal occupancy. This requirement, while critical for public health, further limited customer turnout and revenue. Bar and nightclub owners were required to provide personal protective equipment for staff and set up sanitation stations, which imposed additional financial burdens on bar and nightclub owners already struggling to stay afloat.

The live entertainment, a key attraction for many bars and nightclubs, was prohibited to avoid crowding. This restriction affected businesses dependent on music events and performances for drawing customers, further contributing to reduced revenue. Interviews with business owners revealed widespread frustration and economic distress caused by these bans, with many reporting revenue declines exceeding 70% during the lockdown periods. Compliance with these measures was monitored through frequent inspections, and non-compliance often resulted in fines or forced closures. Bar and nightclub owners indicated that the unpredictability of these inspections, coupled with sudden policy changes, created operational uncertainty. For instance, sudden directives to close without notice led to wasted inventory, compounding financial losses. As a result, some businesses were forced to permanently close, while others accumulated significant debt in an attempt to weather the crisis.

A nightclub owner (NO6) noted that they had to follow strict cleaning processes and provide personal protective equipment for staff. A 32-year-old bartender (NW01) with five years of experience also expressed gratitude for the reopening, as it provided a sense of normalcy for customers during uncertain times:

I removed some chairs and tables to ensure social distancing. (Nightclub owner, NO6)

As my boss stressed maintaining a clean and hygienic environment is crucial, utilizing hand sanitizer or hand wash and wearing of a mask at all times when working to ensure a safe working environment. (32-year-old nightclub worker, NW01)

Despite hardships, many business owners expressed readiness to comply with guidelines to curb the spread of COVID-19. The partial lifting of restrictions was welcomed, with proprietors hopeful for economic recovery:

We are grateful for the opportunity to reopen our doors and welcome customers back safely. (Nightclub owner, No. 7)

This sentiment was echoed by many other business owners in the area who were relieved to finally be able to resume operations. The community as a whole understood the importance of collective adherence to safety measures to prevent a resurgence of the pandemic. With everyone working together, they were hopeful that they could successfully navigate through these challenging times and come out stronger on the other side:

It will help us take care of not only our families but other people who depend on us. (Nightclub owner, No.15)

At least it is a step in the right direction. We would have loved a full operation, but this is good for us. The president has given us a test that we must pass before allowing us to start full operations, said a 53-year-old bar owner (BO16).

Participants emphasized the importance of providing mental health support for business owners and their employees during times of crisis. They also recommended creating a task force specifically dedicated to supporting SMEs in the hospitality industry during pandemics to ensure that they receive the necessary resources and assistance to survive and thrive, such as incentives like offering business loans with very little interest payment, putting in place health guidelines for informal traders, offering grants to struggling businesses, and offering tax incentives for the

most affected businesses, as quoted below. They highlighted the need for a comprehensive and coordinated approach from the government to ensure the survival of SMEs in the face of future crises.

As one female bar owner (BO12) highlighted, the implementation of supportive policies could enable small businesses to operate safely rather than face closures:

Instead of closing our businesses, they should just put-up health regulations that will enable our businesses operate normally, we are willing to listen and implement the health guidelines. (Affected nightclub owner, No.17)

This pandemic has already caused enough financial strain on my family, and closing my business would only make things worse. It is important for the government to support small businesses like mine by providing resources for safety measures rather than shutting us down. We are willing to do whatever it takes to ensure the safety of our customers and employees while keeping our business afloat. It is crucial for the authorities to consider alternative solutions rather than resorting to closures that would only exacerbate the economic hardship many families are facing. (Bar owner, BO12)

The Zambian government response included an 8 billion Zambian kwacha stimulus package aimed at providing financial relief to struggling business proprietors including those in the hospitality sector, such as bars and nightclubs. However, many proprietors found it challenging to access these funds due to bureaucratic hurdles and a lack of information on how to apply. Tax relief measures, such as waivers on some levies and deferred tax payments, specifically targeting businesses forced to close during the pandemic. For bar and nightclub owners, this relief aimed to reduce immediate financial pressures. These measures fell short of addressing their full operational costs, as extended closures significantly impacted their ability to recover financially.

Complementary initiatives involved awareness campaigns and training on operating under COVID-19 safety protocols, including enforcing capacity

limits and face mask mandates. Smaller enterprises, however, often lacked the resources necessary to fully implement these measures, increasing their vulnerability.

Partnerships with international Organisations, such as the United Nations Development Programme (UNDP), provided capacity-building and grant support. However, the outreach did not adequately address the unique needs of nightlife establishments, which experienced prolonged closures and lost customer bases.

**Table 2: Government’s Response to COVID-19 Pandemic in Zambia’s Hospitality Sector**

Variable	N=180						Per cent (%)	Mean ( $\bar{x}$ )
	Strongly Disagree	Disagree	Neutral	Strongly Agree	Agree	Total		
Relief funding	13	12	14	128	13	180	71.1	1.962
Tax relief	19	23	17	94	27	180	52.2	0.117
COVID-19 Vaccines	12	8	10	138	12	180	76.6	1.740
Government free cleaning and Protection Materials (Hand Sanitizers, Hand wash soap, face masks)	3	5	2	161	9	180	89.4	1.894

The results in Table 2 illustrate how bar and nightclub owners in Kalingalinga perceived the effectiveness of government interventions during the COVID-19 pandemic. The highest proportion of respondents 89.4% strongly agreed that government provision of free cleaning and

protection materials (such as hand sanitizers, hand wash soap, and face masks) was helpful. This was followed by 76.6% who strongly agreed that the COVID-19 vaccination programme supported their business continuity and staff safety. Regarding relief funding, 71.1% of respondents strongly agreed that financial support would help protect their businesses. However, despite this perception, qualitative data from the study indicated that many business owners faced challenges accessing these funds due to bureaucratic inefficiencies and limited information. Tax relief measures received comparatively lower support, with 52.2% of respondents strongly agreeing that such interventions were beneficial. This suggests that while tax relief was appreciated, it may not have been as impactful as direct financial support or health-related interventions.

The mean scores, calculated on a 5-point Likert scale, align with these findings, with government free cleaning and protection materials ( $\bar{x} = 1.894$ ) and relief funding ( $\bar{x} = 1.962$ ) receiving the highest mean agreement scores. Tax relief ( $\bar{x} = 0.117$ ) had the lowest mean score, indicating a less consistent perception of its usefulness among respondents.

## **Discussion of Findings**

This study investigated the effects of COVID-19 on small and medium-scale entrepreneurs (SMEs) specifically bar and nightclub owners in Kalingalinga compound, Lusaka District. The discussion of findings is structured in line with the study's specific objectives, supported by reviewed literature and empirical data gathered during fieldwork.

The findings revealed that the COVID-19 pandemic profoundly impacted the financial stability of bar and nightclub owners in Kalingalinga. The government-imposed restrictions in December 2021, aimed at curbing virus transmission, led to shortened operating hours and, in some instances, complete closure of establishments. This directly reduced revenue streams, as bar and nightclub owners could no longer serve their

customers at full capacity, especially during peak business hours. Further, the majority (80%) of bar and nightclub owners reported not receiving any bailout packages, exacerbating their financial strain. These findings resonate with earlier studies by McKinsey (2020), Busha (2021), and Nkanjeni (2020), which reported similar disruptions in nightlife industries globally. Likewise, Veethi and Ashirul (2020) noted that 69% of Zambian SMEs experienced reduced income due to the pandemic, aligning with Bartik et al., (2020) research, which highlighted business closures and financial constraints.

### **The effects of the closure of bars and nightclubs in Kalingalinga compound**

The results showed that bar and nightclub owners encountered several challenges during the COVID-19 pandemic, including a decrease in sales revenue, inability to meet debt obligations, loss of capital, staff layoffs due to reduced business activity, and failure to meet fixed obligations such as rent and utilities. This financial strain had a ripple effect, impacting both business owners and employees, as employees lost their primary source of income. The interdependence within the nightlife industry became evident, where business closures affected not only the owners' livelihoods but also those of their workers. This observation is consistent with findings by Huang (2020), who reported that 27% of employees temporarily reduced their work hours, 60% of companies redeployed employees, and 20% made employees redundant as a direct effect of business closures such as bars and nightclubs during the COVID-19 pandemic. The findings suggest that the closure of such establishments significantly impacted the workforce, with many employees experiencing changes in their work hours, roles, and job security. These findings highlight the vulnerability of both entrepreneurs and employees in times of crisis.

## **Governments' response to protect SMEs during the pandemic**

The Zambian government introduced an 8 billion Zambian kwacha stimulus package and tax relief measures to support SMEs during the pandemic. However, the study found that many business owners in Kalingalinga struggled to access these funds due to bureaucratic hurdles and limited information dissemination. Moreover, the relief provided was insufficient to cover operational costs during extended closures. This outcome is consistent with findings by Haykal, Bensaadi, and Yunus (2022) and Biyela and Utete (2024), who observed similar difficulties among SMEs in accessing government support during the pandemic. Andrew, Habasimbi, Muzyamba, and Nchito (2023) further noted that while stimulus packages offered temporary relief, long-term recovery remained uncertain due to persistent operational challenges. These studies reinforce the current research's conclusion that financial relief measures, while helpful, were not enough to fully mitigate the losses experienced by business owners in the hospitality industry.

## **Socio-Economic Implications of COVID-19 on the Nightlife Sector**

The study's findings align with national and global patterns. Nightclubs and bars are not only leisure spaces but also contribute significantly to cultural and economic vitality (Nofre, 2021; Tee, 2022). The closure of these venues during COVID-19 disrupted both Zambia's social fabric and its informal economy. Globally, the hospitality sector suffered a 70% decline in international tourist arrivals in 2020, while Africa lost over \$55 billion in tourism revenue (AfDB, 2021). In Zambia, there was a 56.2% decline in international tourist arrivals in 2020, severely impacting SMEs dependent on local and foreign patronage (M'hango & Mwanza, 2024). Despite government interventions, only 21% of the required \$197 million in relief funds was secured (UNDP, 2020), and 75% of Zambian SMEs reported reduced sales (Mwiinga, Phiri, & Chibwe, 2020).

The International Monetary Fund (2020) and Kabisa, Chisanga, and Banda (2021) report similar findings, where COVID-19 slowed SME expansion, increased unemployment, and worsened food insecurity. The pandemic caused significant disruptions to Zambia's economic growth, with GDP projected to contract by 2.6% as per the International Growth Centre (2020).

### **Implications for Policy and Practice**

The findings suggest that while government interventions were present, their implementation was insufficient to address the depth of challenges faced by bar and nightclub owners in Kalingalinga. Effective support for SMEs during crises must consider not just the allocation of funds but also improving accessibility, transparency, and communication regarding relief programmes. This study echoes Chelston, Nyanga, and Chileshe (2021), who emphasized that the loss of employment for breadwinners severely affects dependents, especially in low-income settings. The pandemic has highlighted the need for resilient support structures for SMEs in Zambia's hospitality sector to safeguard livelihoods and contribute to national economic stability.

### **Conclusion**

In conclusion, this study examined the effects of COVID-19 on Small and Medium-Scale Entrepreneurs, with a particular focus on bar and nightclub owners in Kalingalinga, Lusaka Province. The findings revealed that the COVID-19 pandemic had a significant negative impact on bar and nightclub owners in Kalingalinga, with most businesses experiencing reduced income, operational challenges, and job losses. Notably, 80% of the entrepreneurs did not access any form of financial support, further worsening their financial vulnerability. These results highlight the critical role that government support plays in sustaining small businesses during economic disruptions, especially in low-income communities.

The study's key contribution lies in expanding understanding of how COVID-19 affected SMEs in Zambia's hospitality sector. It provides empirical evidence on the challenges SMEs faced, the limitations of government interventions, and the socio-economic consequences for both business owners and employees. Focusing on a specific locality, the study offers localized insights that can inform more targeted policy responses. However, the findings also point to the need for broader research across different regions and business sectors to fully capture the nationwide impact. In reaffirming its significance, the study contributes to academic knowledge on SME resilience, government intervention effectiveness, and crisis management. It also offers practical guidance for policymakers and business proprietors, identifying gaps in existing support systems and suggesting ways to improve future economic recovery strategies. Through its findings, the study emphasizes the importance of building stronger, more inclusive support mechanisms to ensure the long-term sustainability of SMEs in Zambia's hospitality industry.

## **Recommendations**

Based on the findings of this study, the following specific and actionable recommendations are proposed to support bar and nightclub owners and improve the resilience of SMEs in similar contexts:

1. The government should work closely with bar and nightclub owners through industry associations like BANCOAZ to develop balanced policies that enable business operations without imposing overly restrictive measures. Practical steps include reducing licensing fees to alleviate financial burdens, enforcing health and safety regulations effectively, and conducting regular spot checks to ensure compliance with hygiene standards. Additionally, the government should establish or expand financial support programmes such as low-interest loans, grants, and tax relief initiatives to help these businesses recover and sustain operations.

2. Given that many bars and nightclubs operate in small, crowded spaces that challenge social distancing, owners should consider relocating to larger premises where feasible. For those who rent their premises and face difficulties paying rent, it is recommended that they negotiate with landlords for rent reductions suggesting a 20% discount or agree on flexible payment plans, such as spreading rent payments over a 12-month period. Strict adherence to hygiene and sanitation protocols is essential to protect public health and rebuild consumer trust in these venues.
3. To improve long-term resilience, SME owners in the hospitality sector should be provided with training in business continuity planning, financial management, and crisis preparedness. Government ministries, NGOs, or academic institutions could facilitate these capacity-building initiatives, equipping business owners with skills to navigate future disruptions.
4. Many bar and nightclub owners in Kalingalinga compound reported difficulties accessing government relief packages due to bureaucratic barriers and lack of information. It is recommended that the government and relevant agencies improve communication channels, including simplified application processes and decentralised access points for financial assistance. Partnering with local business associations could facilitate better outreach and support.
5. Future studies should replicate this research in other areas beyond Kalingalinga compound to establish whether similar effects are observed elsewhere. Expanding the focus to other business sectors, such as restaurants, private schools, casinos, and retail shops, would provide a broader understanding of COVID-19's extensive impact on SMEs in Zambia. Comparative studies across provinces could also inform national-level policy formulation.

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