

Investigating the growth prospects of SMEs during the COVID-19 pandemic in Polokwane Local Municipality

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ABSTRACT

Small to medium-sized enterprises (SMEs) are generally perceived as the drivers of innovation, economic growth, and employment, especially in emerging economies such as South Africa. The challenges and growth prospects SMEs face are well documented, but in recent years, they had to contend with the coronavirus disease (Covid-19) impacting most economies worldwide. Global epidemic crises expose SMEs to new challenges and risks that impact their viability as a growing business.

This study aims to shed light on the impacts of COVID-19 on small businesses within Polokwane Local Municipality and provide recommendations to both policymakers and SMEs impacted by the pandemic to survive and thrive through COVID-19. This study implemented a quantitative research method with an online questionnaire to collect data from SMEs operating in the Polokwane region.

The collected data were analysed using the descriptive statistics analysis approach. The results of the study indicate that the COVID-19 pandemic has massively affected small and medium enterprises.

The study also explores the challenges SMEs have faced because of the pandemic and states several significant practical implications for SME managers, governments, and policy makers they must overcome to support SMEs during these challenging times, based on the research findings.

The study concluded with a summary of key findings hindering the growth prospects of SMEs in Polokwane Local Municipality due to the COVID-19 pandemic. The study made several recommendations to support SMEs in building more resilient strategies and remain viable during periods of disruption. Lastly, the study proposed future studies to be explored to enhance this current study.

Keywords: Contribution of SMEs, COVID-19 impact, Growth prospects, Polokwane region, consumer spending.

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1 CHAPTER 1: NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

A reasonably large South African labour pool acquires a livelihood by managing or working in the micro- and informal sectors. The significant contribution of small and midsize enterprises (SMEs) to job creation and wealth generation in the global space cannot be downplayed in the economic context, as noted by numerous scholars (among others, Rocha, 2005:365-366; Bradley & Roberts, 2004:37; Ligthelm & Cant, 2003:41).

In South Africa, various authors such as Burger *et al.* (2004:203), Naudé and Krugell (2003:5), and Horton *et al.* (2000:45-50) agree with the findings of global scholars that SMEs play a vital role in driving sustainable jobs and wealth creation in the country. For this study, SMEs employ less than 250 full-time equivalents of paid employees aligned with the amended South African National Small Business Act 102 of 1996. The growth of SMEs is regarded as one of the critical measures of small business success when one assumes that the growth of SMEs result in employment of more workers, thus reducing the current unemployment rate and eradicating poverty.

In offering their products and services, SMEs must compete in a highly competitive market and urge strategies to adapt to a rapidly changing environment (Robu, 2013). Owing to their smaller size, SMEs can make swift decisions in response to changing environments or crises (Alonso *et al.*, 2020), but global crises such as the 2008 recession are known to cause significant setbacks to SMEs, resulting in massive job losses. Unfortunately, the emergence of COVID-19 was likely to reverse the gains made by SMEs after the 2008 recession.

1.2 BACKGROUND TO THE STUDY

In a constantly changing and ever-demanding business environment, SMEs across the globe are faced with constant changes in the business environment. The emergence of the COVID-19 epidemic has caused adverse effects worldwide and disrupted the human way of life, including SMEs (Hasanat *et al.*, 2020).

In South Africa, the immediate response in terms of regulation when the pandemic started focused on preserving life, where only SMEs offering essential products or services were permitted to trade or render services. The lockdown measures imposed by the government resulted in closure, reduced trading hours of businesses, and restrictions on the movement of people, which weakened the financial positions of SMEs and exposed them to an elevated level of financial risk (Omar *et al.*, 2020).

This study contributes to the ongoing literature on SME practices and the support required during the unprecedented crisis to provide valuable information to all stakeholders, especially owners and managers, for SMEs to strengthen their business survival and potential growth.

1.3 DEFINITION OF TERMS

The table below summarises the vital definitions of terms for this study.

Table 1.1: Definition of terms

Abbreviations	Meaning
COVID-19 pandemic	An infectious disease caused by the SARS-CoV-2 virus causes respiratory illness once infected. (WHO, 2023)
Gross Domestic Product (GDP)	The total monetary value of all finished goods and services produced within the borders of a country in a specific period, such as a year or quarter. $GDP = Consumption + Investment + Government\ Spending + Net\ Exports$. (Bondarenko, 2017)
Lock-down measures	Restriction measures imposed by the government to control the infection rate due to COVID-19
Polokwane Region	Previously called Pietersburg, it is in the Limpopo province in South Africa. Polokwane is part of the Capricorn region and is the capital of Limpopo.
Small and Medium Enterprises (SMEs)	Small enterprises are businesses with employees between 1 and 49, while medium enterprises employ a minimum of 51 but less than 200 as guided by the National Small Business Act 102 of 1996

1.4 PROBLEM STATEMENT

Small-medium enterprises in South Africa face growth challenges coupled with a high failure rate of more than 75%, one of the highest globally (Olawale *et al.*, 2010; Wagner, 2015). The viability of existing SMEs is under threat due to the Covid-19 pandemic, which has caught the whole world off guard and unprepared, especially developing countries such as South Africa, causing massive financial losses. The dilemma facing all organisations was measuring the full magnitude impact of COVID-19 owing to limited scientific research (Isaac *et al.* 2020). The COVID-19 pandemic has disrupted supply chain networks, negatively affecting SMEs (Gurría, 2020; Segal & Gerstel, 2020). SMEs face reduced customer spending caused by decreased income and high uncertainty (Gurría, 2020).

South Africa was dealing with a declining economy before the pandemic, and COVID-19 lockdown measures put additional strain on small businesses, affecting their growth prospects. Lockdown actions have resulted in reductions in revenue for many operations due to reduced operating hours. Unfortunately, most SMEs do not have reserves to sustain them to remain viable in the long term. The government's ongoing lockdown measures are likely to deplete resources for most SMEs, which can impact their growth prospects. Latham (2009) and Robbins and Pearce II (1993) emphasised that SMEs are often most likely to be affected by economic crises.

Therefore, it was imperative that SMEs understand all the challenges and hurdles posed by the COVID-19 outbreak for their operations. This research could provide valuable information on the common challenges SMEs face in the local municipality of Polokwane, deterring their growth prospects. The purpose was to proactively transfer the findings to concrete action plans to address the challenges, thus reducing financial risk.

1.5 RESEARCH OBJECTIVES

1.5.1.1 Primary objective

The primary objective of this study was to investigate the growth prospects of SMEs in the local municipality of Polokwane during the COVID-19 pandemic by describing the determinants of growth and suggesting prototype model guidelines that can be adapted to soften the blow caused by the pandemic.

1.5.1.2 Secondary objectives

Given this objective, the following secondary objectives for SMEs were formulated:

Sub-objective 1: To provide a comprehensive review of the literature on the determinants of growth to boost demand for products and services during the pandemic.

Sub-objective 2: To investigate the relationship between SME innovation practices and perceived positive financial performance.

Sub-objective 3: To determine the influence of COVID-19 lockdowns on consumer spending and the perceived performance of SMEs.

Sub-objective 4: To deduce solutions for both the funders and the provincial government to support SMEs during the pandemic to achieve sustainable growth.

1.6 RESEARCH QUESTIONS

This study attempts to answer the following critical questions:

1. What new obstacles are likely to confront SMEs during the pandemic that may hinder growth?
2. To what extent do innovative practices positively influence SMEs' operations?
3. To what extent do reduced consumer spending and loss of income influence the operations of SMEs negatively?

1.7 SCOPE OF THE STUDY/DELIMITATIONS

The focus of the research work was mainly centred on SMEs in the local municipality of Polokwane, Limpopo province. Polokwane, also known as Pietersburg, is the capital of the Limpopo Province in South Africa. It is a vibrant and rapidly growing city with a diverse economy. In Polokwane, as in many other cities, Small and Medium Enterprises (SMEs) play a crucial role in driving economic growth, generating employment opportunities, and contributing to the region's overall development. SMEs in Polokwane span various sectors, including retail, hospitality, manufacturing, agriculture, construction, and services. These enterprises are typically privately owned and operated, often by individuals or small groups of entrepreneurs. They are characterised by their relatively small size, flexibility, and ability to adapt quickly to market changes.

The growth prospects of SMEs was focussed on those operational before the lockdown period or pandemic and existing for at least five years. No new start-ups during the COVID-19 pandemic will be considered. The aim was to investigate the growth prospects of SMEs that operated beyond the survival stage before the disruption caused by the pandemic.

1.8 RESEARCH METHODOLOGY

1.8.1 Literature review

The in-depth literature review was conducted through various publications, including the following sources:

- Various published articles covered SME challenges, strategic management journals, and Gross Domestic figures for the Polokwane local municipality.
- Various textbooks.
- Applicable Internet articles (Covering both the growth of SMEs and the COVID-19 pandemic)
- Dissertations of previous scholars and researchers.
- Annual reports and SMEs' financial statistics as provided by Stats SA and SEDA (Small Enterprise Development Agency).

The following topics was researched:

- Conceptual definition of SMEs.
- Impact of the COVID-19 pandemic on SMEs
- Importance of SMEs in Polokwane local municipality
- International Management/Administration practices
- National management / administration practices
- Theoretical application and contextualisation
- An investigation of the factors that relate to the perceived success of SMEs.
- We are measuring instruments available to assess SMEs' growth.

1.8.2 Research paradigm

A research paradigm is a powerful tool to guide scientific discoveries through assumptions and principles. Willis (2007:8) argues that the research paradigm provides a comprehensive belief system and framework that shows research and practice in a field. Collis and Hussey (2014:43) note the positivistic and interpretivist paradigms as the two commonly used research paradigms when conducting social and management sciences. The positivism research paradigm focusses on pure data and facts free of human bias. In contrast, the interpretivism paradigm aims to include richness in the insights gathered using subjective experiences (Saunders *et al.*, 2012). For this study, a positivistic research paradigm was conducted to ensure that the testing of our hypothesis was on point and aligned with our key objectives.

1.8.3 Research approach

The research approach was empirical, as it provides a framework for collecting and analysing data; the choice of research design reflects the importance of various dimensions of the research process (Bryman *et al.*, 2014). Zalaghi and Khazaei (2016:24) distinguish deductive and inductive methodological approaches for management research. Deductive research has a positive relationship with the positivistic research paradigm, where existing literature is expanded or used as the base to test the hypothesis for further testing through empirical investigation validated using deductive reasoning (Saunders *et al.*, 2016:74).

In the other spectrum, inductive research follows the intern interpretivist research paradigm, ignoring existing theory by using primary data to develop a novel idea through the researcher's observation (Saunders *et al.*, 2016:74). This study followed a deductive approach aligned with the positivistic research paradigm in Section 1.8.2.2 above.

1.8.4 Methodological choice

As a rule, methodological choice follows quantitative or qualitative research (Antwi and Hamza, 2015:220). The fundamental differences between qualitative and quantitative research methodologies are attributable to how data are analysed. Quantitative research has a direct positive relationship with the positivistic research paradigm. It is characterised by numerical data collected from many samples and statistical analyses to test the hypothesised relationships between two or more variables (Wiid & Diggines, 2013:860). On the contrary, qualitative research, associated with the interpretivism research paradigm, was driven by a deeper understanding of the subject matter to develop a theory (Wiid & Diggines, 2013:87).

For this study, **quantitative research** was chosen as the suitable methodological choice as it aligns with the nature and objectives of the study by adopting quantitative data collection techniques and analysis procedures to identify the factors influencing the growth prospects of SMEs in the local municipality of Polokwane during the pandemic.

1.8.5 Research strategy

After the research paradigm, approach, and choice, the data collection process must follow, including interviews, observations, and questionnaires (Yin, 2014). Maree (2007:76) notes that a survey is suitable for collecting quantitative research data using open or closed-ended questionnaires (Abbott & McKinney, 2013: 210).

As Babbie (2016:268) guided, a closed-ended, structured, and **self-administered questionnaire** was preferred method by which identified SME managers and owners was issued with an online questionnaire to complete in their leisure time.

1.8.6 Time horizon

Time horizons, in basic terms, refer to the periods to be studied. There are three essential time horizons: short-term – up to 10 years; medium-term - 25 years; and long-term – more than 25 years (Kosow and Gaßner, 2008). Longitudinal studies result in participants being questioned or interviewed multiple times, in contrast to cross-sectional studies, which examine data once and are short-term. (Bryman & Bell, 2011:53)

For this study, a **cross-sectional time horizon** was chosen because of the study's short-term nature (less than one year), and participants requested to share their responses once.

1.8.7 Study population and sampling

1.8.7.1 Sampling procedure

As guided by Tustin *et al.* (2005:339), the sampling procedure followed logical steps by clearly defining the target population, selecting a sampling frame, choosing sampling techniques, determining sample size, collecting data, and using the response rate.

1.8.7.2 The target population of the study

The study's target population is an identified group of elements of interest to the researcher, also known as a collection of individuals or objects with similar characteristics. In determining the population for this study, the researcher had to accurately identify which elements were of interest (Nel *et al.*, 1988:292). For this study, the population refers to the owners and managers of small and medium enterprises (SMEs) operating in the Polokwane local municipality. The population is the complete set of cases from which a sample is taken (Saunders *et al.*, 2012). The population for this study was ring-fenced to SMEs in the Polokwane Local Municipality, which was the core of economic development and the capital city of Limpopo province.

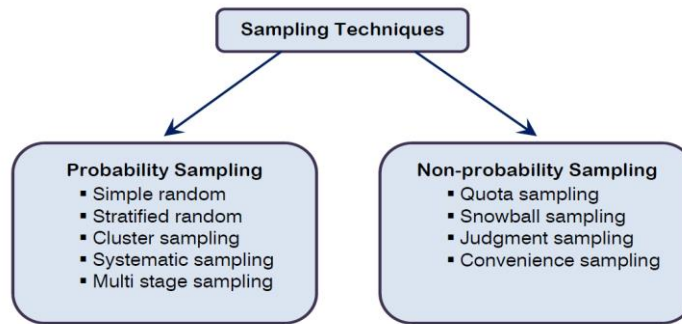
1.8.7.3 Participants

When choosing participants or respondents for the study, the researcher focussed on participants who are knowledgeable about the issues covered in the survey and were willing to participate and engage with the researcher. In this study, SME owners and managers were chosen as participants as they are involved in the day-to-day management of the business and are deemed to be knowledgeable in addressing questions about the growth prospects of their operations (Lighthelm & Cant, 2003:41). For this study, participants were selected according to the following criteria:

- Only SMEs with a minimum of five years of operational experience were chosen.
- A proportionate spread of SME participants according to size to ensure fair representation of participants.
- A proportionate spread of SME participants according to industry to ensure responses cover all industries as the impact on industries may differ.
- From the cluster grouping above, the selection of participants was randomly chosen from the local supplier development database that works with SMEs.

1.8.7.4 Sampling method

The researcher must decide on the type of sample method to be used by deciding on the technique for selecting the sample items. The sampling method plays a vital role as it is doubtful that the researcher should collect data from all cases. Sampling is defined as selecting a population characteristic that represents the whole population (Gentles *et al.*, 2015). A distinction must be made between probability and nonprobability sampling when deciding on a sampling technique, as depicted in Figure 1.1 below.

Figure 1.1: Sampling techniques

A nonprobability convenience sampling technique was chosen for this study, enabling the researcher to identify readily and easily available participants to be interviewed in a relatively short period (Burns & Bush, 2006:121). Convenience sampling is widespread among students, as it is inexpensive and easy to use compared to other sampling techniques. Jones and Gratton (2009) argued that convenience sampling is usually selected as it is convenient in terms of location and accessibility, among other benefits. In this study, the researcher collaborated with the Polokwane supplier development company to provide an existing list of SMEs at their disposal for a formal approach to participate in the study.

From the total of 610 SMEs available from the Supplier development database, the sample size was reduced to 500 SMEs to cater for non eligible participants based on exclusion criteria explained in the Participants paragraph above. The total of 500 compressed SMEs list represents a sample frame on which sample size was scientifically determined. This study's 95% confidence level or 5% margin error is deemed reasonable owing to the limited time frame and budget. Using the required size table or model, a population with 95% confidence results in a sample size of 217 participants, as depicted in Figure 1.2 below:

Figure 1.2: Required sample size (Adapted from Research Advisors, 2006)

Population Size	Confidence = 95.0%			
	Degree of Accuracy/Margin of Error			
	0.05	0.035	0.025	0.01
10	10	10	10	10
20	19	20	20	20
30	28	29	29	30
50	44	47	48	50
75	63	69	72	74
100	80	89	94	99
150	108	126	137	148
200	132	160	177	196
250	152	190	215	244
300	169	217	251	291
400	196	265	318	384
500	217	306	377	475
600	234	340	432	565
700	248	370	481	653
800	260	396	526	739
900	269	419	568	823
1,000	278	440	606	906

Supplier development acted as a gatekeeper in terms of sharing the questionnaire with the respondents and collate all responses for sharing with the researcher to promote the anonymity of the respondents in accordance with the POPI act.

1.8.7.5 Research instrument

A questionnaire was the main instrument used to collect data for this study. Radhakrishna (2007:8) argues that questionnaires are the most popular data collection method in educational and evaluation research. Researchers developed research instruments to collect data for further analysis to achieve the study objectives.

The collected data was first captured in an Excel file using a computer and then coded using the Statistical Package for Social Sciences (SPSS) for further analysis to identify trends, develop predictive models, and draw informed conclusions. The next step was to perform statistical analysis to verify data accuracy, completeness, and finally validity with the help of Cronbach's alpha coefficients. For easy analysis, the data was summarised using descriptive analysis and graphs, while the respondents' demographics was depicted using frequency tables.

1.8.7.6 Measuring instrument

This study used a closed-end structured questionnaire as a measuring instrument to enhance validity and reduce the error margin.

The questionnaire used serves as a foundation measure of variables across various SMEs in Polokwane in accordance with the review of the literature to ensure that the primary source of information is central to the study. The research questionnaire respondents targeted are senior managers within the organisation or line management to ensure responses across SMEs represent a related understanding of the sector.

1.8.7.7 Data collection instrument

Due to the limitation in face-to-face contact caused by the COVID-19 pandemic, the researcher collected data using online platforms. The use of online media allowed small businesses still prohibiting visitors to their operations due to COVID-19 to participate in the survey. The researcher considered using primary and secondary data or both. Primary data are gathered from a source, while secondary information is available for consumption (Creswell *et al.*, 2014). For this study, a primary data source was used, as the COVID-19 outbreak was still in its infancy stage.

1.8.7.8 Collection of data

For this study, computer-administered questionnaires was used to gather primary data by using a web-based link that was shared with respondents via email by the supplier development company, allowing them the opportunity to complete it on their own time.

1.8.7.8.1 Procedure - Personal Administration Questionnaires

As depicted in Appendix A, a structured questionnaire was developed, which tables a series of questions that respondents were given to answer, enabling the researcher to achieve the essential functions below, as advised by Burns *et al.* (2006:300).

- The questionnaire assisted in translating the clearly defined questions of the research objective.

- The questionnaire aided in the standardisation and categorisation of questions and responses.
- The questionnaire also provided a permanent record and audit trail for detailed analysis.
- By nature, the questionnaire helps speed up the data analysis process.

1.8.7.8.2 Data quality check

To enhance the quality of the study, two quality control techniques were used, namely pre-testing and pilot purification. Pre-testing helps detect and eliminate potential errors before the central survey is finalised by validating the instrument and measurement. For this study, the draught questionnaire questions were validated by testing whether the questions were clearly articulated and whether the options were relevant and mutually exclusive from the respondent's point of view.

For completeness, a pre-test checklist was developed that covers the administration, organisation, and content from the respondents' point of view. Before disseminating the questionnaire, a pilot test was conducted, in which the questionnaire was shared with ten experienced SME owners or managers to validate the suitability of the draught questions by providing clarity and eliminating possible ambiguity in responding to the survey. The pilot testing participants did not form part of the sample frame. Their responses were only used to enhance the draught questionnaire to ensure it is clear, concise and time to complete is reasonable.

1.8.8 Statistical analysis

1.8.8.1 Data analysis and interpretation

This section resulted in data being screened for missing data, outliers, and normality. The information was then be populated using an excel template for further analysis, grouping, and interpretation. The preliminary data from the excel template was used to produce incomplete data and descriptive analysis such as graphs, means, and standard deviations. Data was analysed using basic structural equation modelling to develop

exploratory factor analysis to estimate measurement models for the primary constructs of the study.

1.8.8.2 Descriptive analysis

Raw data are hard to visualise; descriptive analysis provides simple summaries of the sample and measures using simple descriptive statistics. This study used descriptive statistics to analyse the composition and normality of the data, which helped to find patterns that make the data easy to understand and interpret. A measure of location and variability dispersion was developed for the study, and data summarised in frequency tables.

1.8.8.3 Univariate analysis

Univariate analysis is the most straightforward statistical analysis technique used when data contain one variable, and the cause of the relationship is not required. For this study, the urine analysis statistics included data in terms of the ownership of SMEs, whether they are male or female, using a simple pie chart. This technique results in patterns found within the data; this is done by looking into the mean, median, mode, dispersion, variance, range, and standard deviation.

1.9 ETHICAL CONSIDERATIONS

When dealing with ethical research issues, the researcher must focus on uncovering the truth by investigating all variables, revealing the unknown, and establishing relationships among various variables. Researchers must demonstrate high honesty and integrity, remain objective, and not cloud their research with preconceived notions and assessments. One of the integrity levers is the protection of anonymity in terms of data and participants. According to Coen *et al.* (2011:94) using digital communication platforms such as telephone interviews compromises the preservation of anonymity. For this study, ethical issues was discussed under the following subheadings:

- **Protection of Personal Information Act** - The act came into full effect on 1 July 2021 and is aimed at governing the collection, processing, and sharing of personally identifiable information.
- **Institutional authority** - The research ethics committees of North-West University (NWU) are responsible for governing the research activities of researchers in academic settings by ensuring that the research topic is aligned with the university's ethics code. i.e., selection of worthy issues.
- **Access to research data** - as a rule, the distinction was made between public and private data. For this study, direct marketing was discouraged from complying with the Consumer Protection Act (CPA), which protects individuals from unsolicited marketing communication.

1.9.1 Informed consent form

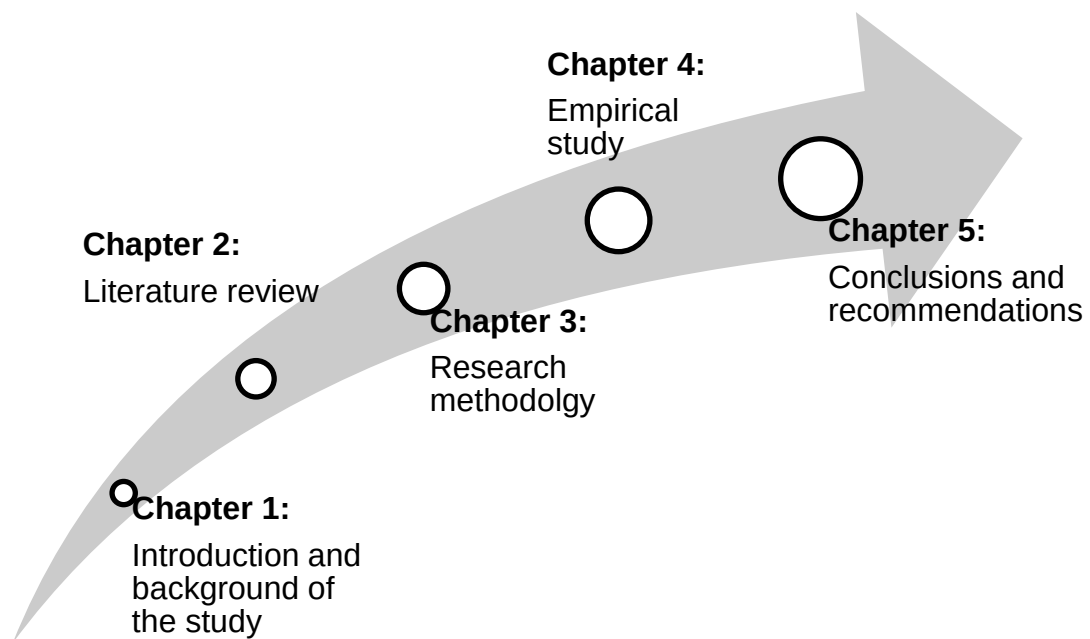
Moreno *et al.* (2013) argue that all information not available to the public needs to be supported by a valid consent agreement between the researcher and participants. For this study, standard consent forms were developed as per **Appendix B** that required participants to agree to the research. The purpose of the study was outlined to participants through a brief background and problem statement to re-evaluate if they have concerns or queries before proceeding with the submission of data. Participation in the study was entirely voluntary and participants can terminate at any stage. To promote anonymity, the research project did not collect information that can link individual responses to participants' identities, such as names, physical addresses and email addresses.

Participants were required to acknowledge whether they have an objection to their data being used for research purposes despite the commitment to keep their information at all stages during the research with the utmost confidentiality.

1.10 LAYOUT OF THE STUDY

The mini-dissertation research proposal and the report covered the main five chapters as depicted in Figure 1.3 below and include the nature and scope of the study, the literature review and the research methodology, followed by empirical research resulting in an analysis of collected data and recommendations.

Figure 1.3: Layout of the study



2 CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

Chapter 1 above provided the roadmap by which the study was conducted. The literature review section aims to provide background information on the relevant literature used to address the study's primary objective. This chapter will provide an in-depth review of the available literature on the growth prospects of SMEs during COVID-19, both in South Africa and globally. The literature review explains the theoretical framework for this study by covering the neoclassical, resource-based and cluster theories and the justification for adopting these theories. The literature review in terms of SMEs' contribution to the economy will be unpacked, not forgetting the challenges or hurdles SMEs must navigate exacerbated by the prevalence of COVID-19. The COVID-19 pandemic has precipitated a global crisis, profoundly affecting economies and businesses, particularly Small, Medium, and Micro Enterprises (SMMEs). This literature review aims to explore the multifaceted impacts of the pandemic on these enterprises, focusing specifically on their challenges and adaptations during this unprecedented time. The role of SMMEs in economic development, especially in regions like South Africa, is undeniably critical. They are key drivers of innovation, employment, and economic growth. However, the pandemic has laid bare their vulnerabilities, underscoring the need for robust strategies to ensure their survival and growth.

The onset of the pandemic brought immediate and drastic challenges to SMMEs, ranging from operational disruptions to a sudden drop in consumer demand. This review delves into the determinants of growth for SMMEs during the pandemic, exploring how they navigated these challenges. A significant focus is placed on the strategies employed by these enterprises to generate demand amidst the severe restrictions imposed by lockdowns and social distancing measures. The shift to digital platforms, the need for agility in response to changing market conditions, and the importance of innovative approaches are examined in detail. Moreover, the review addresses the role of innovation in times of crisis. While presenting numerous challenges, the pandemic also acted as a catalyst for change, forcing businesses to rethink their models and strategies. This section

explores how SMMEs embraced innovation, adapting their operations and offerings to the new business landscape shaped by the pandemic.

Crucially, the review highlights the pivotal role played by government and financial institutions in supporting SMMEs during this crisis. Various interventions and policies were implemented to mitigate the economic impact on these enterprises. The effectiveness of these measures, their implementation challenges, and the lessons learned provide valuable insights for future strategies aimed at supporting the business sector, particularly in developing economies. In synthesizing insights from various scholarly works, this literature review seeks to provide a comprehensive understanding of the challenges faced by SMMEs during the COVID-19 pandemic and the strategies they employed to navigate these challenges. The aim is to contribute to the ongoing discourse on building resilient and sustainable business models for SMMEs, with a focus on the unique context of South Africa.

2.2 OVERVIEW OF SMEs

South Africa, like other emerging nations, has realised that its inhabitants have a right to the same level of economic benefits. An economy in which wealth is distributed evenly across its population is one that is most likely to see expansion. In response to this, the Indigenous Economic Empowerment Policy was developed, Jasra *et al.* (2011), who argue that small to medium enterprises (SMEs) are essential to the growth and maintenance of any economy. Small and medium-sized enterprises provide employment opportunities for members of society while also providing support to larger firms. Despite this fact, a variety of obstacles hinder the growth of small and medium-sized businesses. According to Rapitsenyane *et al.* (2014), some of these issues are of a monetary character, some are due to a lack of technical skills, and some are due to the legislative environment and the organisational culture of the SME.

According to research done by Jasra *et al.* (2011), small and medium-sized enterprises (SMEs) are thought to significantly influence economic growth in many nations. Because of this, the function of SMEs is becoming more prominent. However, in spite of the crucial part they play in economic growth on a global scale, there are a number of obstacles that make it difficult for them to perform well and maintain their viability in the markets from

where they operate. These criteria are subject to change based on the size of the nation and the environment in which small and medium-sized businesses operate. According to (Natarajan and Wyrick, 2011:6), some of the primary elements in the United States that have a significant impact on the capacity of small and medium-sized enterprises (SMEs) to apply sustainable practises include financial strength, technical skills, availability of information; regulation; consumer demands; and organisational culture.

According to Page and Soderbom (2015:44-55), one of the primary issues that small and medium-sized enterprises (SMEs) confront is competitiveness, particularly with manufacturers from countries with growing economies such as China, India, and Brazil. According to El-Khasawneh (2012), the challenges that affect the performance and sustainability of SMEs in Egypt, Jordan, Saudi Arabia, Syria, and the United Arab Emirates are as follows: market size constraints, governance and regulatory barriers, subsidy and protectionism regime, political and economic climate, innovation culture, international and national standards, financial constraints, local advantage content, and education language barrier.

In addition, inherent challenges have been identified as being prevalent in the small business sector in a land-locked country like Swaziland. These challenges include the ease of doing business, the creation of infrastructure and practises to foster business; exports seriously threatened by changes in global trade and regional trade liberalisation, sharply rising international food and energy prices, shrinking demand for exports, the impact of HIV and AIDS; and the failure to maximise opportunities for regional and international an economic integration. On the one hand, the most significant limiting factors for entrepreneurial activity in South Africa have been identified as the following: a lack of financial support, stringent government policies and programmes, a lack of education and training, a lack of research and development transfer; a lack of commercial and professional infrastructure; market openness; cultural and social norms; perceived population composition; and political, institutional, and social context (Wiese, 2014:40). According to Ozanne *et al.* (2017:1-14), the small and medium-sized enterprise (SME) sector in South Africa is also confronting a variety of issues that impede its growth and development. These problems include, but are not limited to, a lack of mobility, inadequate equipment, insufficient money, a lack of expertise in human resources,

marketing, and financial management; negative coverage in western media; and a scarcity of gasoline.

The significant role played by Small and medium-sized enterprises (SMEs) cannot be downplayed in the country's drive to better life of the citizens. SMEs serve as catalysts for employment, economic growth in both developed and emerging countries (Ramakumba, 2014:19). In developing countries such as South Africa, SMEs contribute to the production of goods and services, opening doors for export opportunities (Aigbavboa *et al.*, 2014:350) while Jassiem *et al.* (2012:6910) argues that enhancement of SMEs environment goes a long way in setting SMEs for success. SMEs are central in innovation prospects by finding new ways to solve day-to-day problems to support the country in its economic growth prospects. Notwithstanding the significant contribution to economic growth, SMEs are mostly affected by public crises when compared to their established counterparts. The severity of the crisis on SMEs is due to their higher dependence on government support, higher susceptibility, and greater reliance on the owner in terms of emotional and financial support (Runyan, 2006). These restrictions or challenges limit SMEs from achieving sustainable growth and a high level of competitiveness in their area of expertise (Urban and Naidoo, 2012:147). Afolabi and Macheke, 2012:237 mention the diminutiveness and novelty of most SMEs as the contributing factors for SMEs' failure when compared with established organisations.

When dealing with challenges facing SMEs, one must differentiate between internal and external factors. Sibanda and Manda (2016:196) mention the capability of the manager as one of the examples of internal factors, while the business environment the SME operates in can be seen as an external factor. Previous studies have demonstrated the need for SMEs to improve on internal factors impacting their business since they are in direct control and give a competitive edge over peers or competitors. Abdurahman *et al.* (2012:7529) argue that the organisation's decline and failure greatly depend on how the organisation manages internal factors. Some of the internal factors affecting the organisation include limited financial management skills, poor management routines, poor marketing practices and poor planning.

In addition to the internal factors above, SMEs will have to navigate the impacts of external negative as another major contributor to SMEs failure. Soni *et al.* (2015:60-62)

have noted inadequate or lack of capital and high level of crime in the vicinity of the business area as some of the external factors' contributors. This chapter defines SMEs based on this study and highlights the significant contribution SMEs are making to the country's economy, as well as some of the challenges currently faced by SMEs during the COVID-19 pandemic.

2.3 DEFINING SMEs

Globally, there is no standard definition for SMEs as the definition varies between countries and industries (Madusise, 2012:8). In general, SMEs share common characteristics such as being independent entities, being founded by owners who bear most or all the risk of conducting business and have a relatively small number of employees and offer a limited range of goods and services. However, for the purpose of this study, an SME in the South African context will be defined according to the National Small Business Act (South Africa, 1996:2).

The SME definition as per the National Small Business Act is best outlined using the consolidated table below:

Table 2.1: SME definition

Size or class (Column 2)	Total full-time equivalent of paid employees depending on sector, less than: (Column 3)	Total annual turnover depending on sector, less than: (R million) (Column 4)	Total gross asset value (fixed property excluded) depending on sector, less than: (R million) (Column 5)
Medium	200 to 100	50,00 to 4,00	18,00 to 2,00
Small	50	25,00 to 2,00	4,50 to 1,00
Very Small	20 to 10	5,00 to 0,40	1,80 to 0,20
Micro	5	1,50 to 0,15	0,10

(Source: National Small Business Act No. 102 of 1996 (South Africa, 1996:15))

2.4 KEY CHARACTERISTICS

As outlined in the precious section, Small and Medium Enterprises (SMEs) are characterized by several key features distinguishing them from larger corporations. SMEs operate in different environments compared to large organisations, and central to their existence is their ‘smallness’, which impacts their ability to survive and grow owing to limited resources compared to their counterparts.

The contrast between SMEs and large organisations is best demonstrated using the table below:

Table 2.2: Consolidated schedule defining SMEs.

	SMEs	Large enterprise
<i>Number of business formation</i>	Single	Multiple
<i>Legal structure</i>	It varies from sole proprietorship, close corporation, partnership, or small company	Company structure
<i>Geographical spreading</i>	Limited or localised	Limited or wide
<i>Product or service range</i>	Limited, specialised	Limited or wide
<i>Market share</i>	Limited	Significant
<i>Client or customer base</i>	Small	Numerous
<i>Firm failure and exit likelihood</i>	High	Low
<i>Compliance cost burden</i>	Proportionately high	Proportionately low
<i>Knowledge of, and to access to, regulatory information</i>	Limited; ad hoc	Sophisticated; extensive
<i>Access to technical experts and training capabilities</i>	Limited	High
<i>Knowledge of, and to access to, marketplace information</i>	Limited; ad hoc	Sophisticated; extensive
<i>Ability to access established supply sources</i>	Difficult	Easy
<i>Level of financial resources</i>	Typically, small and limited	Substantial
<i>Use of external legal and economic advisers</i>	Limited; ad hoc	Systematic; structured

2.5 SMEs' CONTRIBUTION TO THE ECONOMY

The contribution of SMEs in most economies, especially in developing countries such as South Africa, cannot be downplayed. According to the world bank, SMEs account for 90% of business globally and employ more than 50% of the workforce worldwide. Globally, SMEs are the enablers of economic expansion and socio-political stability (Amoah *et al.*,

2021). According to Delport (2021), SMEs represent a staggering 98% of all South African businesses, which means they are the true backbone of the South African economy. In Africa, the role played by SMEs is directly linked with positive economic growth and development (Agbim, 2020). In South Africa, SMEs are recognized as engines for their significant contribution to innovation, economic growth, and job creation (Bruwer, 2020:148).

2.5.1 SMEs contribution to Gross Domestic Product

Small and Medium-sized Enterprises (SMEs) play a prominent role in contributing to many countries' Gross Domestic Product (GDP) due to their ability to drive economic growth and job creation. East Asia countries such as China, Japan, and Korea attribute their economy's growth to the successful implementation of programs by SMEs (Kambwale *et al.*, 2015).

2.5.2 SMEs as the driver of employment

It is well-documented that South Africa suffers from a persistent unemployment problem (Amra *et al.*, 2013). Broadly, the unemployed are those who are actively searching for jobs but are unable to find work. (Hayes., 2020). South Africa's unemployment problem can be subdivided into structural and cyclical unemployment. Structural unemployment occurs when there is a mismatch between available jobs and the skills of individuals looking for employment. At the same time, the cyclical is caused by temporary loss of jobs such as recession and retrenchment. SMEs spearhead the African continent's job creation in a quest to resolve the employment crisis most African countries face. The ongoing job losses in the formal sector have elevated SMEs as the main source of job creation, thereby improving the quality of life and alleviating poverty. (Maholwana, 2015). According to Kwaku Amoah (2018), SMEs account for 61 and 70 per cent of total employment in South Africa and Ghana, respectively, improving their standard of living and their income levels.

SMEs are often labour-intensive and have the capacity to generate a substantial number of jobs. They provide employment opportunities to a significant portion of the population, thereby contributing to overall economic growth (OECD, 2017). SMEs will serve as an

enabler in driving the National Development Plan (NDP) of creating 11 million jobs by 2030; which staggering 90% of those jobs are expected from SMEs

2.6 THE IMPACT OF COVID-19 ON SMEs

The COVID-19 pandemic has affected SMEs in various ways. One of the most significant impacts of the pandemic on SMEs has been a reduction in demand for their products and services. As people have become more cautious about their spending, they have been less likely to purchase goods and services from SMEs. This has led to a decline in revenue and has made it more difficult for SMEs to stay afloat (Gurría, 2020).

In addition to reduced demand, SMEs have also been affected by the disruption of supply chains. The pandemic has made it difficult for SMEs to access the materials and resources they need to produce their goods and services. As a result, many SMEs have had to find alternative suppliers or have had to adjust their production processes, which has increased their costs and reduced their profitability (Bui *et al.*, 2021).

Financial constraints have also been a significant challenge for SMEs during the pandemic. With reduced revenue and increased costs associated with implementing health and safety measures, many SMEs have struggled to maintain their operations. Some have been forced to lay off employees or reduce their working hours in order to cut costs (Omar *et al.*, 2020).

The closure of businesses has been another major impact of the pandemic on SMEs. Many SMEs, particularly those in the travel, tourism, and hospitality industries, have permanently closed their businesses due to the pandemic. This has devastated the owners and employees of these businesses, as well as the communities in which they operate (Bartik *et al.*, 2020).

Finally, the pandemic has also led to a shift to remote work for many SMEs. While this has allowed some SMEs to continue operating, it has presented its own set of challenges. SMEs have had to adapt to new ways of working and have had to invest in technology and infrastructure to support remote work (Guo *et al.*, 2020; Papadopoulos *et al.*, 2020).

The pandemic's onset and consequent lockdown measures initially imposed significant operational and financial challenges on SMMEs. Arndt *et al.* (2020) emphasize the broader economic context in South Africa, indicating how lockdowns disrupted income distribution and heightened food security issues. This economic turmoil directly affected SMMEs, as they faced reduced consumer spending and disrupted supply chains. Concurrently, Chirisa *et al.* (2021) reflect on the broader societal impacts of COVID-19, noting significant disruptions in economic activities, which indirectly influenced the operations of SMMEs, particularly in consumer-driven sectors. Adapting to these challenges, many SMMEs turned to digital platforms to sustain their operations. Bylieva *et al.* (2020) highlight the transition to online platforms in the context of education, which parallels the shift observed in the business sector. Digital platforms enabled SMMEs to reach customers despite physical restrictions. However, Bruwer *et al.* (2020), argue that this transition required rethinking traditional business models, as digital commerce presents different challenges and opportunities compared to conventional methods.

The role of government intervention in supporting SMMEs during this crisis has been significant. Chukwuneme *et al.* (2023) discuss the South African government's efforts to provide financial aid to SMMEs, highlighting both the importance and the challenges of such support. Effective implementation of these measures was crucial for many businesses struggling to stay afloat. Additionally, Enwereji (2022) underscores the importance of systematic review and future sustainability measures, suggesting that continuous government support and strategic planning are essential for the long-term viability of SMMEs.

The pandemic also instigated changes in consumer behaviour, which had direct implications for SMMEs. Chirisa *et al.* (2021) note a shift in consumer spending patterns due to the economic impact of COVID-19, which in turn affected the demand for products and services offered by SMMEs. This shift necessitated businesses to adapt their strategies to align with changing consumer preferences and spending capacities. Looking toward recovery and sustainability, the experiences of SMMEs during the pandemic offer valuable insights. Enwereji (2022) emphasizes the need for resilience and adaptability in the face of unprecedented challenges. Moreover, as Bruwer *et al.* (2020), suggest, the pandemic has accelerated the adoption of digital technologies, which could offer a pathway for innovation and growth for SMMEs in the post-pandemic era.

2.7 IMPACT OF COVID-19 ON SMEs ADAPTION STRATEGIES

Small and medium-sized enterprises (SMMEs) in South Africa play an important part in the overall economic landscape of the nation. The relevance of these enterprises goes beyond their numerical size, however, as they are necessary for the production of jobs and the growth of regional economies. When the COVID-19 pandemic arrived, it brought with it a cascade of issues that had a significant impact on SMMEs. Enwereji (2022) provides a thorough analysis of the effects of the pandemic, pointing out that throughout this time period, these companies were forced to contend with pronounced difficulties in both their operational and financial domains. The research sheds light on the precarious situation that small and medium-sized enterprises (SMMEs) find themselves in during times of unforeseen crisis and suggests that the inherent structures of SMMEs often make them more sensitive to unexpected economic downturns.

Warsame (2020), in an article that echoes similar results, described the multiple problems that small and medium enterprises faced throughout the pandemic. Globally, common themes included operational disruptions, breaks in supply chains, and a general decrease in consumer demand. Existing socioeconomic gaps served to amplify the negative effects of these disruptions in the South African setting.

Mkhonza and Sifolo (2022) investigated the strategic planning methods used by small and medium-sized enterprises (SMMEs) in Johannesburg after the COVID-19 lockdown. This was done because Mkhonza and Sifolo believed that difficulty frequently leads to creativity. The focus was placed on adaptability, digital transformation, and the ability to pivot business models. Businesses that were able to quickly reposition themselves frequently fared better than their competitors, and the need for strategic foresight and agility became increasingly pronounced during these difficult times.

2.8 GOVERNMENT SUPPORT AND CHALLENGES IN IMPLEMENTATION

As soon as the South African government became aware of the potential destruction that the pandemic may inflict on SMMEs, a number of palliative funds and measures were implemented (Chukwuneme *et al.*, 2023). However, despite the fact that the goals of these endeavours were honourable, carrying them out presented a number of obstacles. These efforts are given a critical evaluation by Chukwuneme *et al.* (2023), who argue that the primary obstacles were bureaucratic impediments, a lack of transparency, and inequities in the allocation of funds.

In addition, Bruwer *et al.* (2020) highlight possible actions that might improve the long-term viability of SMMEs after COVID-19. Their investigation reveals that while governmental assistance was necessary, it had to be combined with other initiatives, such as debt relief, business training, and the incorporation of technical advancements. A noteworthy conclusion from their research is a demand for increased support measures that are more targeted and industry-specific. These policies should take into consideration the one-of-a-kind issues that are encountered by various industries.

Stiegler and Bouchard (2020) provide a more comprehensive analysis of South Africa's entire response to the pandemic. They highlight the country's initial rigorous lockdown measures and the socio-economic implications resulting from those efforts. Their research highlights the difficult balance governments have to find between maintaining economic stability and protecting public health.

2.9 TECHNOLOGICAL CHALLENGES AND OPPORTUNITIES DURING THE PANDEMIC

The pandemic has caused a significant shift towards digitization and operations driven by technology in most enterprises due to the changes it has wrought. Nevertheless, there were difficulties associated with this move. Gqoboka *et al.* (2022) highlight the obstacles encountered by South African small and medium-sized enterprises (SMMEs) in the field of ICT usage during the pandemic. Many small and medium-sized businesses (SMMEs) have had difficulty properly migrating to an online style of operation due to problems with their technical infrastructure as well as a lack of digital skills.

Despite this, there were substantial prospects despite the difficulties that were there. Mosca (2020) digs at the digitalization of Human Resource Management (HRM), showing how technology advancements over the previous decade have paved the way for companies to respond to the limits imposed by pandemics. The results of this research on digital HRM techniques may be seen as part of a larger trend that emerged during the pandemic despite the study not focusing specifically on South Africa. Similarly, Vahdat (2021) analyses the role that IT-based technologies had in managing human resources during the pandemic. He reiterates the concept that digital transition, although difficult, also creates opportunities for creativity and resilience.

Bylieva *et al.* (2020) give an intriguing digression by investigating the repercussions of shifting to online education. Although their work mainly emphasises MOOCs, the wider ideas of flexibility, digital inclusion, and technology-driven innovation have parallels in the business world.

2.10 INNOVATION IN TIMES OF CRISIS

The Auditor-General of South Africa Report (2020) provides a pertinent starting point for this discussion. The report, focusing on the financial and operational challenges public sector entities face during the pandemic, sets a context that mirrors the adversities SMMEs encounter. In times of crisis, organizations are compelled to innovate in order to adapt to new challenges, restructure their operations, and meet emergent needs. The report underscores the importance of financial prudence and operational agility, both of which are integral to fostering an environment conducive to innovation.

Bloch and Bugge (2013) contribute to our understanding of innovation, particularly in the public sector, which is pertinent given the interdependencies between public policies and the business environment. Their exploration of public sector innovation, from theory to measurement, sheds light on how organizations can innovate to adapt to changing environments and demands. This is particularly relevant for SMMEs during times of crisis, as they must navigate evolving market conditions and consumer behaviours, often necessitating significant shifts in business models and operational strategies.

The work of Damanpour and Schneider (2006) is integral in understanding the dynamics of innovation adoption in organizations. They delve into the phases of innovation adoption, emphasizing the impact of environmental factors, organizational structure, and leadership. This perspective is crucial in crisis times, where the ability of an organization to rapidly adopt and implement innovative solutions can be a determinant of its survival and growth. The role of top management in fostering a culture that encourages innovation and responsiveness to environmental changes is particularly significant.

Foreman-Peck (2012) discusses the effectiveness and efficiency of innovation policy in state-owned enterprises (SOEs). While his focus is on SOEs, the principles and findings can be extrapolated to SMMEs. The study highlights how policy and regulatory environments can either impede or facilitate innovation. During the COVID-19 pandemic, governmental responses and policies significantly influenced the operational landscape for businesses, directly impacting their capacity for innovation.

In the context of business model innovation, Hartkamp (2017) provides insights into how SMEs can leverage tools and resources for innovation. His analysis of the value of tools provided by platforms like “Businessmakeover.eu” underscores the importance of external support systems in driving innovation in SMEs. During the pandemic, such external resources were vital for many SMMEs as they sought to rapidly innovate their business models in response to drastically altered market conditions.

Cheah *et al.* (2018) look closely at business model innovation, particularly in the retail and hospitality industries. Given that these industries were among those most impacted by the pandemic, the study offers valuable lessons on how innovation in business models can contribute to sustainability and resilience in crisis situations. This research highlights the need for businesses to rethink their operational strategies and core business models to adapt to new realities.

Moreover, the pandemic has underscored the importance of digital innovation. As Gqoboka *et al.* (2022) discuss, the adoption of ICT during the pandemic was not just a matter of convenience but a necessity for many businesses. The shift to digital platforms and technologies enabled SMMEs to maintain operations, reach customers in lockdowns,

and explore new markets. However, this transition also posed challenges, particularly for smaller businesses with limited resources and expertise in digital technologies.

The importance of innovation in human resources cannot be overlooked. Vahdat (2021) emphasizes the role of IT-based technologies in managing human resources during the pandemic. The transition to remote work necessitated innovations in HR practices, from recruitment and onboarding to employee engagement and productivity management. This shift had profound implications for how businesses maintained their workforce's effectiveness, which in turn was crucial for sustaining operations and customer service.

In considering the broader impacts of innovation during the pandemic, the work of Jokwiro *et al.* (2022) is noteworthy. They developed a questionnaire for assessing staff readiness and preparedness for infectious disease outbreaks, highlighting the importance of having a workforce capable of adapting to unique challenges. This kind of innovation in workforce management and preparedness was essential for businesses to navigate the uncertainties of the pandemic. The experiences of SMMEs during the pandemic offer lessons for the future. Stiegler and Bouchard (2020) provide insights into the challenges and successes of the COVID-19 lockdown in South Africa, offering a broader perspective on how external factors such as government policies and societal responses influenced business strategies and innovation efforts.

The literature suggests that innovation during times of crisis involves multiple facets, including operational processes, business models, human resources, and digital transformation. For SMMEs, the COVID-19 pandemic presented both challenges and opportunities for innovation. The ability to rapidly adapt to changing circumstances, leverage technology, manage human resources effectively, and navigate government policies and market shifts was key to their survival and growth. As businesses continue to navigate the post-pandemic landscape, the lessons learned in innovation during this crisis will be instrumental in guiding their future strategies and ensuring their long-term resilience and success.

2.11 ROLE OF TECHNOLOGY AND DIGITIZATION

According to the study, there is no clear and complete definition of digitalization. Indeed, it seemed that the majority of authors used this term with the expectation that the reader would understand its meaning without having to be clarified. Rather than giving definitions, they introduce the term digitalization by stressing the significant implications it has for society as a whole and for businesses in particular. According to Evseeva *et al.* (2020), "digitalization of processes is important not just at the level of individual enterprises: there is increasing demand from global and local network companies to be able to respond to any new and changing consumer expectations as fast as possible."

While many publications avoid using the word "digitalization" (Mosca, 2020), some do. We can see, however, that there is no clear meaning for this term. According to Kristoff *et al.* (2018), digitalization is about how people use technology. Others, on the other hand, see digitization as a process. "Digitalization is the process of converting analogue signals or information in any form into a digital format that computer systems or electronic devices can comprehend," writes Murphy (2018). Ketolainen (2018) agrees with this process-oriented perspective of digitalization, describing digital human resource transformation as "transitioning to a digital human resource management system in order to make it more automated and data-driven. The use of technology enables a business to alter ""

Osipova (2019) built on this research, suggesting that the definition of the word may be interpreted strictly or broadly. In the first example, digitalization is defined as a transition from analogue to digital; therefore, this definition is compatible with the other authors'. According to Osipova (2019), under the second scenario, it is critical to see digitization as a long-term process that involves both technical and strategic advancements. This broader interpretation of "digitalization" is also reflected in the work of Abdali (2019), who asserts that, in addition to the introduction of new digital technologies that necessitate changes to the business model, digitalization necessitates alignment between the latter and the processes, practices, and organizational culture. Finally, Das and Sureshkrishna (2019) argue that in order for businesses to remain competitive, they must be ready to embrace new technologies. In this situation, digitalization is seen as a must-have, an inevitable development that businesses cannot ignore. After, when the authors address this topic, certain characteristics seem to be essential in defining digitalization.

- (1) Digitalization is a fast-paced and adaptable process.
- (2) It is easy to utilize;
- (3) It is customer-oriented;
- (4) It is based on data;
- (5) It's a collective effort; and
- (6) It is strategically important to the success of a company.

As a consequence, we argue in this article that digitalization entails much more than just the employment of digital technology inside an organization. Rather, it involves the use of these technologies with the goal of changing the business model and long-term corporate strategy. Regarding the 26 articles examined, we can conclude that most authors concentrated on digitalisation's impact on key human resource activities such as recruitment and training (Mosca, 2020).

For example, Thaker and Pillai (2018) investigated the organizational fit of digital technology-based training and recruitment. The authors discovered that digital recruitment and training, or the use of technological tools to carry out these human resource activities, positively impacted employee performance and the time needed to carry out these operations. Florea and Badea (2013) studied the topic by determining the advantages and disadvantages of different recruiting methods. Other authors, on the other hand, have tried to study the impact of digital transformation on human resource managers in order to understand how digitalization poses challenges to them and how they make sense of it (Das and Sureshkrishna, 2019).

According to Das and Sureshkrishna (2019), digitization has changed society on many levels and has a variety of implications for human resource managers and businesses. Bengtsson and Bloom (2017:19) highlighted how human resource managers view digitization as a process that generates a constantly changing environment to which they must adapt. For human resource managers, digitalization has a cycle of consequences: it is a facilitator of consequences, and these consequences are critical to HRM success (Bengtsson and Bloom, 2017:4).

Finally, some study on the impacts of digitalization on employees has been done. For example, Lager and Milojkovic (2018) investigated how companies could utilize digital solutions to manage employees globally and found that employee digital engagement surveys increase employee involvement in corporate activities. Fedorova *et al.* (2019) examined the impact of digitalization on employee performance. They highlighted that this accomplishment resulted in fewer routine tasks and human errors. The researchers examined data from several countries. Evseeva *et al* (2020), for example, investigated how digital technologies are used in the human resource management of the biggest Russian companies. Russia was selected because it is actively involved in the digitization of human resource management (Evseeva *et al*, 2020). On the other hand, Savola and Troqe (2019) investigated the management implications of utilizing Artificial Intelligence (AI) in recruiting in Sweden. Northern European countries view AI as a vital tool for staying competitive, and Sweden, in particular, is known as one of the world's most computerized countries (Savola and Troqe, 2019).

2.12 CONSUMER BEHAVIOR DURING PANDEMICS

The COVID-19 pandemic has necessitated a reevaluation of demand generation strategies for Small, Medium, and Micro Enterprises (SMMEs), particularly in the context of the profound disruptions it has caused to traditional business operations and consumer behaviour. This section of the literature review explores various strategies that have been employed by SMMEs to generate and sustain demand during the pandemic, integrating insights from recent scholarly works.

At the outset of the pandemic, the abrupt imposition of lockdowns and social distancing measures compelled businesses to rapidly adapt their strategies to maintain customer engagement and demand. This period saw a significant pivot to digital platforms as a means of reaching consumers. Gqoboka *et al.* (2022) highlight the challenges that SMMEs faced in adopting Information and Communication Technology (ICT) during the pandemic. This shift to digital platforms, while challenging, was essential for businesses to sustain operations and customer interactions at a time when physical storefronts were inaccessible. Complementing this, Mosca (2020) discusses the broader digitalization trend in Human Resource Management (HRM) over the last decade, a movement that gained critical momentum during the pandemic. The digitalization of HRM practices was

a key component in supporting the remote workforce, thereby enabling businesses to continue their demand-generation efforts.

The role of government interventions in supporting SMMEs during the pandemic also had a significant impact on demand generation. Chukwuneme *et al.* (2023) examine the South African government's palliative funds aimed at SMMEs during COVID-19, noting both their necessity and the challenges in their implementation. These funds were vital in helping many businesses stay operational, indirectly supporting their demand-generation strategies. In parallel, Enwereji (2022) offers a systematic review of the pandemic's impact on SMMEs and underscores the importance of government support in ensuring future sustainability. This support provided immediate financial relief and helped businesses adapt their strategies to the changing market conditions.

The pandemic also precipitated a shift in consumer behaviour, with increased online shopping and changing priorities in terms of product and service needs. Mkhonza and Sifolo (2021) provide insights into how these shifts in consumer behaviour affected business performance from the perspective of SMMEs in South Africa. Understanding these changes was crucial for businesses to tailor their demand-generation strategies effectively. Moreover, Mkhonza and Sifolo (2022) delve into the strategic planning techniques employed by SMMEs in the post-COVID-19 landscape, emphasizing the need for businesses to be agile and responsive to evolving consumer preferences and market conditions.

Another significant aspect was the management of human resources during the pandemic. The role of IT-based technologies in facilitating remote work and maintaining productivity is discussed by Vahdat (2021). The effective management of human resources was integral to sustaining business operations and, by extension, demand generation. This was complemented by efforts to ensure staff readiness and preparedness for the pandemic, as explored by Jokwiro *et al.* (2022). Their development of a questionnaire for assessing staff preparedness highlights the importance of having a workforce capable of adapting to the unique challenges posed by the pandemic. Stiegler and Bouchard (2020) provide a broader perspective on the challenges and successes of the COVID-19 lockdown in South Africa. Their analysis offers insights into the external

factors, such as government policies and societal responses, which shaped the business environment and influenced the effectiveness of demand generation strategies.

2.13 GOVERNMENT AND FINANCIAL INSTITUTION ROLE

The onset of the COVID-19 pandemic brought about an immediate need for government intervention to support businesses facing unprecedented challenges. Chukwuneme *et al.* (2023) delve into the South African government's provision of palliative funds for SMMEs during the pandemic. Their analysis highlights the challenges in implementing these funds and offers suggestions for improvement. The provision of financial support was crucial in helping many businesses stay afloat during lockdowns and periods of reduced consumer spending. However, the effectiveness of this support was often hampered by bureaucratic hurdles and delays in disbursement. Chirisa *et al.* (2021) reflect on the broader societal impacts of COVID-19, including its economic repercussions. Their insights are pertinent in understanding the context within which government interventions were made. The pandemic not only disrupted business operations but also had a profound effect on the overall economy, necessitating a multifaceted approach to government support that went beyond mere financial aid. Enwereji (2022) provides a systematic review of the impact of COVID-19 on SMMEs and the measures taken for future sustainability. This review underscores the importance of continued support from governments and financial institutions in ensuring the long-term viability of SMMEs. The pandemic has highlighted the need for resilient business models and the role of external support in fostering such resilience.

The challenges in utilizing Information and Communication Technology (ICT) during the pandemic, as discussed by Gqoboka *et al.* (2022), also underscore the role of government and financial institutions. Their support in facilitating access to digital technologies was essential for many SMMEs to adapt to the new business environment, characterized by increased online operations and remote working. Financial institutions also played a critical role in supporting businesses during the pandemic. Warsame (2020) discusses the impacts of COVID-19 on SMMEs and the response of financial institutions. These entities were instrumental in providing liquidity and financial relief to businesses struggling with cash flow disruptions. Moreover, Shafi *et al.* (2020) examine the impact of

the pandemic on SMMEs in Pakistan, offering a global perspective on the challenges faced by businesses and the corresponding financial support mechanisms.

In South Africa, Mkhonza and Sifolo (2022) investigate the strategic planning techniques and the perspectives of SMMEs post-COVID-19 lockdown. Their research highlights how strategic planning, aided by government and financial institution support, was crucial for businesses to navigate the uncertain economic landscape brought about by the pandemic. Mosca (2020) and Vahdat (2021) contribute to the discussion from a human resource management perspective. The digitalization of HRM and the role of IT-based technologies in managing human resources during the pandemic were areas where government and financial institution support could have a significant impact. By facilitating access to digital tools and technologies, these entities enabled businesses to adapt to remote working models and maintain operational continuity.

Stiegler and Bouchard (2020) provide a broader view of the challenges and successes of the COVID-19 lockdown in South Africa. Their analysis gives context to the government's response to the pandemic, including the implementation of lockdown measures and the support provided to businesses during this period. Enwereji (2022) focuses on research to remark on the enormous importance of SMMEs, emphasising the fact that this vital sector generates a significant share of the nation's employment and economic activity. There is no comparable to the persistence shown by SMMEs throughout history. Their fortitude was on full show during the 2008 global financial crisis and the concomitant economic problems that their region experienced. The inherent ability of small and medium-sized firms (SMMEs) to adapt, alter their strategy, and endure in the face of adversity highlights SMMEs' significance in South Africa's economic environment.

The advent of the COVID-19 pandemic in 2020, on the other hand, presented a dilemma of a whole other magnitude. The world was presented with a public health catastrophe that quickly evolved into an economic maelstrom, upending the established order of global commerce. As the virus travelled over the globe, it brought with it an environment of uncertainty, which showed itself in the form of economic halts, trade restrictions, and national-scale lockdowns. All businesses, regardless of size, found themselves operating in terrain that was foreign to them. SMMEs, on the other hand, have had their battle made significantly more difficult. Arndt *et al.* (2020) further on the implications of COVID-induced

lockdowns, citing income distribution disruptions and a rising threat to food security as some of the repercussions. These disturbances, particularly those affecting the agricultural sector, implied seismic shifts in the connected value chains, posing a threat to the very foundation of SMMEs operating in this area. These interruptions were especially troubling for a country like South Africa.

South Africa's government reacted quickly to the growing crisis and the growing vulnerabilities of the SMME sector, which has historically been more vulnerable to economic shocks than its larger competitors. Furthermore, the administration was aware that the problem was escalating. It is impossible to overstate how critical the present situation is. According to Chukwuneme *et al.* (2023), the establishment of palliative funds began as a way for the government to assist enterprises on the edge of failure. This was done to avoid any unintended consequences. This was more than just an issue of economic policy; it was a matter of saving lives. Without such immediate assistance, the South African landscape of small and medium-sized companies (SMMEs) was in peril, with potential consequences including increased unemployment and a widening economic chasm.

Despite the humanitarian goals of the palliative measures and the rapidity with which they were adopted, they were not without criticism and protest. This is true of every large-scale government initiative. The efficacy of these funds, as well as their distribution and management, immediately became the focus of debate. Chukwuneme *et al.* (2023) expressed concern about apparent disparities in money distribution, which were leading to a growing feeling of discontent among firms that felt marginalised or undersupported. Furthermore, there was an increasing recognition, expressed by experts such as Bruwer *et al.* (2020), that the path to true sustainability for SMMEs after COVID required more than just financial rescues. To guarantee long-term sustainability and resilience, it was proposed that comprehensive solutions such as business acumen training, digital platform adaptation, and an overhaul of present business models to align with new global dynamics are key steps to adopt.

2.14 GROWTH DETERMINANTS FOR SMES

Understanding the determinants that influence the growth of SMEs is crucial for policymakers, support organizations, and business owners. The various actors that drive the growth of SMEs

which are all essential in fostering a supportive environment that enables SMEs success. For, example conducive regulatory environment that promotes entrepreneurship, reduces red tape, and provides a level playing field can significantly impact SME growth. Clear and predictable regulations can encourage investment and business expansion. Damanpour (2010) argues that embracing innovation and adopting new technologies can significantly impact the growth of SMEs. This includes investing in research and development, adopting digital tools, and leveraging technology to improve efficiency and competitiveness. Another key determinants for growth is access to finance by SMEs. Adequate access to finance is critical for SMEs to invest in their businesses, expand operations, and innovate. Access to credit, venture capital, and other forms of funding can enable SMEs to grow. (Beck, 2011). These factors are interconnected and can influence the growth trajectory of SMEs. By addressing these determinants, policymakers, support organizations, and SME owners can work together to create an environment conducive to SME growth and development.

2.15 CONCLUSION

The review has illuminated the profound impact of the COVID-19 pandemic on Small, Medium, and Micro Enterprises (SMMEs), particularly in developing economies. It has underscored the critical role of these enterprises in economic development and highlighted the complex challenges they faced during the pandemic. The resilience and adaptability of SMMEs have been central themes throughout this analysis, reflecting their capacity to navigate through unprecedented challenges. The pandemic has served as a stark reminder of the vulnerabilities of SMMEs, but it has also highlighted their potential for innovation and adaptability. The strategies adopted by these businesses in response to the crisis – from pivoting to digital platforms to rethinking business models – demonstrate a remarkable capacity for resilience. The role of innovation has emerged as a key factor in this resilience, with SMMEs leveraging new technologies and approaches to sustain operations and meet evolving market demands. The review also highlighted the critical role of government and financial institutions in supporting SMMEs during this period. The interventions and support provided were essential in cushioning businesses from the immediate impacts of the pandemic. However, the challenges in the implementation of these measures also offer important lessons for future policy and support mechanisms.

3 CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

The previous chapter outlined relevant literature to gain insights into the contribution and challenges facing SMEs from both global and South African contexts. This chapter sets out the research methodology adopted for this study. The chapter inaugurates with a discussion of the research paradigm, which is an exegetical paradigm applicable to the study. The discussion is followed by the research design and approach incorporated for this study and the rationale for adopting a descriptive and quantitative research design. The chapter will also define the research population and outline how participants were selected, followed by a discussion on the collection and analysis of data.

3.2 RESEARCH PARADIGM

In brief, research is the process of discovering new knowledge. New knowledge for research may take various forms, such as developing new concepts or enhancing existing knowledge and theories, which culminates in a new understanding or unmasking of the unknown. Research, in other words, is a logical way of uncovering the truth using both experience and logical reasoning where the researcher must question the research paradigm (Ugwuowo, 2016:4). Through the research paradigm, the researcher outlines how they perceive the world through sets of beliefs on a particular problem and how it can be investigated.

The positivism paradigm of research underpinned the current study. Positivism research philosophy limits researchers to data collection and interpretation from an objective viewpoint.

According to Crowther and Lancaster (2008), positivist studies, as a general rule, adopt a deductive approach as they need to concentrate on facts in contrast to phenomenology, which makes provision for human interest. For this study, this positivism paradigm has been chosen as it promotes the researcher's objectivity by adopting quantitative methodologies through the use of statistics and structured questionnaires. This paradigm

will also allow for inductive reasoning by the researcher, where hypotheses or statements developed can be logically tested during the research process.

3.3 RESEARCH DESIGN

A researcher requires a strategy to answer research questions backed by empirical data. According to (McCombes, 2021), research design compels the Researcher to decide, in terms of overall research objective and approach, whether reliance will be placed on primary or secondary research as well as sampling and collection of data methods. Kabir (2016:112) argues that Research design is a general plan that distinctly and reasonably integrates a study's different elements. Previous scholars distinguish between three research design types: exploratory, descriptive, and causal research (McDaniel & Gates, 2013:37; Geldenhuys, 2018:17; Babin & Zikmund, 2016:53-60). The three types of research designs are now discussed in detail in the next sub-paragraphs:

3.3.1 Exploratory research

Exploratory research is a methodology approach that investigates research questions that have not been explored comprehensively owing to a lack of clear idea regarding what the Researcher is looking for. Gravetter *et al.* (2016:06) argue that this type of research is used to generate new hypotheses, and to develop theories when more information and insight are needed about a research problem. A key characteristic of exploratory research design is the lack of conclusive evidence, which is conducted to better understand the problem at hand by merely exploring research problems with varying levels of depth. (Cooper & Schindler, 2014:129; Sreejesh *et al.*, 2014:31; Feinberg *et al.*, 2013:54). Primary and Secondary data is gathered through surveys, interviews, focus groups and observations (Hassan, 2023)

3.3.2 Descriptive research

Descriptive research can be explained as a situation report in which the researcher attempts to determine, explain, and validate research findings but has no control over variables. Dudovskiy (2016) argues that descriptive research aims to investigate present challenges by systematically collecting data that result in a more accurate description of

the situation or problem. In contrast to the exploratory research discussed above, it offers conclusive evidence through determination of frequencies, to which variables are linked (Feinberg *et al.*, 2013:57).

Descriptive research accurately and systematically describes the situation, emphasising what, where, when and how in answering the research questions without necessarily answering the why part. Descriptive research is best suited for understanding current events or patterns and how they may affect other factors by detailing what is exactly happening regarding the research subject. (Salkind, 2012:197-198)

3.3.3 Causal research

Central to causal research is the evaluation of cause-and-effect relationships between two different situations or variables. This research predominantly identifies the cause of the behaviour by observing variation in an independent variable (Bhasin, 2020). Babin and Zikmund (2016:57) argue that researchers must be subject experts on the topic they are conducting research to determine causation among variables or incidences. According to Dunnett (2023), organisations can benefit from using causal research, which predicts hypothetical situations, improves business strategies, and avoids ineffective and costly projects or campaigns.

3.3.4 Preferred research design

The primary objective of this study was to investigate the growth prospects of SMEs within the Polokwane local municipality during the pandemic. Therefore, this study employed a descriptive research design to help identify characteristics, frequencies, trends, and categories of challenges impacting SMEs in general, focusing on SMEs located within Polokwane's local municipality.

3.4 RESEARCH APPROACH

A Research Approach is a framework for conducting a study characterised by assumptions, beliefs and values guiding the researcher in planning and conducting the

study.(Hassan, 2023). Creswell (2014:3) makes a distinction between three types of research approaches, namely qualitative, quantitative, and mixed methods.

Solanki (2022) argues that the research objective, research experience, and the research study's audience are some of the factors considered when choosing a research approach. He further mentions that the qualitative method is primarily used when the researcher wants to determine the presence or absence of an element in the study versus the quantitative approach, which is used to determine the level of the element's presence. The following section explains the key differences between the three methodologies and the rationale for the approach chosen by the researcher.

3.4.1 Qualitative research method

Qualitative research is primarily used when researchers want to gain a deeper understanding of the subject, as it not only answers what happened but also aims to uncover why and how it happened. According to O'Gorman and MacIntosh (2015:138), qualitative research incorporates participants' social and material encounters, perceptions, history and natural surroundings to formulate an in-depth interpretation or understanding of the subject. Bryman and Bell (2014:31) argue that qualitative research promotes an inductive approach since it primarily focuses on generating theories rather than proving them. Central to this method is to describe what people think and feel and the nature of their interaction, resulting in trends and new ideas being formulated.

For data collection, qualitative research supports the use of focus groups, individual interviews, case studies, ethnography, grounded theory, action research and observations as forms of data collection technique (Cooper & Schindler, 2014:144).

3.4.2 Quantitative research method

Quantitative research is the process of collecting and analyzing numerical data to find patterns and trends, make forecasts, test causal relationships, and generalise to wider populations (Bhandari, 2022). The data gathered from larger and more representative samples results in the execution of statistical, mathematical, or computational techniques being performed from these samples (Wiid and Digginess, 2015:95). Central to

quantitative research is its deductive approach and objectivity when developing a hypothesis for the study. (Bryman *et al.*, 2014:31) In technical terms, one can safely say quantitative research promotes the discovery of facts about social phenomena with little bias and measurable reality. Geldenhuys (2018:15) has highlighted some of the benefits of adopting quantitative research as summarised below:

- Data accuracy is promoted through the usage of large samples.
- This method promotes the usage of structured questionnaires for easy collection of demographic data such as Age of respondent, Type of business, Sector, and level of income.
- Quantitative research is relatively cheap when compared to other methods.
- Data collected can be easily analysed using statistical software programs.

3.4.3 Mixed research method

The mixed research method strategically integrates both quantitative and qualitative to draw on the strengths of both research methods and help the researcher gain more understanding (George, 2022). This method uses both numerical data and text during various phases of the research, with alternative tools such as statistics and analysis being applied. Mixing data sets can offer a sound understanding of the problem and yield more complete evidence as the researcher gains depth and breadth by strategically integrating quantitative and qualitative research methods.

3.4.4 Chosen research method.

For this study, a quantitative research methodology was adopted, which enables the researcher to provide a better description relating to challenges faced by SMEs in the Polokwane Local Municipality, and it promotes the use of statistical data as a tool for saving time and resources (Bryman, 2001:20).

3.5 RESEARCH POPULATION

A study's research population is the entire group of people or subjects that the researcher is interested in studying, as well as the location they are ringfenced in. The researcher

uses sampling methodology to choose the segment of the population that will most likely be representative of the entire population. The population is referred to as the essential element of interest that the researcher wishes to explore for a better understanding of the study (Rahi, 2017:3). The target population included SMEs within Polokwane local municipality. De Vos *et al.* (2011:14) argue that the target population is a group of individuals who meet certain specified characteristics, while Xabana (2016:28) notes the target population is a combination of all units, which requires analysis by the Researcher.

The population included in the study consists of all types of SMEs situated within the Polokwane Local Municipality. Polokwane Local Municipality is located within the Capricorn District in the Limpopo Province and accounts for 3% (5 054km²) of the total surface area of Limpopo. The Polokwane local Municipality serves as the capital city of Limpopo and has the highest population density in the Capricorn District with over 10% of the population residing despite contributing 3% of the total surface area of Limpopo.

The selection of participants for this study was based on the following inclusion criteria:

- The business must be an SME within Polokwane local municipality as per the database supplied supplier development company based in Polokwane to provide an existing list of the SMEs at their disposal for a formal approach to participate in the study.
- The SMEs must have been active and operational before 2021.

3.6 SELECTION OF PARTICIPANTS

The population of a study is generally large and cumbersome, which requires the researcher to formulate a sampling strategy to reduce the population (Saunders *et al.* 2019). The researcher must first identify all members of the population they are researching, known as a sampling frame. A sampling frame is a list of all eligible members of a population from which samples are drawn. In an ideal world, the sampling frame should contain the complete list of the population members that covers all the interests of the researcher (Cooper & Schindler, 2014:347). This frame is necessary to arrive at an unbiased, accurate conclusion or finding because it defines the population being studied

completely. Due to the Protection of Personal Information Act 4 of 2013 (POPIA Act), which aims to promote the protection of personal information processed by public and private bodies, a detailed list of all registered SMEs is not publicly available. Compounding the problem is the large number of unregistered SMEs. As a result, the sampling frame cannot be identified.

Sampling methods are broadly divided into probability and nonprobability sampling techniques for research purposes (Saunders *et al.*, 2019). According to Nikolopoulou (2022), in probability sampling, each unit in your target population must have an equal chance of selection, while non-probability sampling does not have an equal chance of being included. For this study, a non-probability sampling technique was employed to select the participants for the study. Due to financial and time constraints, a convenience sampling method was used based on the geographical proximity and ease of access of participants to the researcher.

The list of SMEs was obtained from the local supplier development operating in the Polokwane region. A local Supplier development vendor contacted all the listed SMEs via email requesting them to participate in the study. Conditional to participating in the study is for the participant to be the SME owner or manager involved in day to day running of the operation to fairly represent the SME position from a strategic point of view in terms of challenges facing SMEs.

3.7 DATA COLLECTION

The data collection techniques are primarily driven by the chosen research design and method after careful consideration of the advantages and disadvantages data collection method brings (Nyakudya, 2016:83). For this study, the data collection process started in chapter 2 where the literature review was conducted to obtain background information of SMEs and impact of COVID-19. The challenges faced by SMEs was thoroughly researched covering both regional and national footprint to guide the researcher in answering research questions or closing the gaps. Where applicable, a comparison was drawn between challenges facing SMEs in other countries to gather more information and provide much-needed clarity. Secondly, a self-administered questionnaire was chosen as the research instrument as it allows minimum interaction with participants, thereby

reducing the level of bias by the researcher. The questionnaire provided a faster and more convenient way of gathering data from participants, which was uploaded online or the internet and sharing the link with various SMEs via email.

3.7.1 Research instrument and layout of the questionnaire

A measuring instrument (see Appendix A) in the form of an online, closed-ended, self-administered, and structured questionnaire has been designed to collect the primary data needed to achieve the objectives of this study. The self-administered questionnaire was sent to 500 participants within Polokwane local municipality, resulting in 93 responses (26% response rate). The response rate achieved is adequate when one considers the level of sensitivity in reporting organizational-level data compared to individual and group studies. Solarino and Aguinis (2021) also found that executives of organisations have an intense schedule, which renders their participation in research studies low when compared to the public.

3.7.2 Layout of the questionnaire

The self-administered questionnaire discussed above was used as a primary tool for collecting source data, which consisted of the demographic information, the impact of COVID-19 on Operations, the Impact on the bottom line of the SMEs in terms of profit and costs and finally, discussion on the availability of government support and financial relief.

3.7.3 Pilot study

According to Crossman (2019), a pilot study is a preliminary small-scale study that researchers conduct to help them decide how best to conduct a large-scale research project. As argued by Coughlan (2017:109), the participants used for the pilot study must be the same representative of the main study. For this study, a pilot study was conducted to determine the average time it takes for participants to complete the questionnaire by sending it to 10 participants located in Polokwane's local municipality.

Using a pilot study can save costs and time in the long run as inherent problems and errors in the questionnaire can be detected early and resolved. According to Coughlan (2017:109), it is advised to pilot a questionnaire with participants who are representative of the participants of the main study.

Before sending out the questionnaires for the full-scale study, a pilot study had to be conducted first. The purpose of a pilot study is to establish the time participants are required to complete the questionnaire, the feasibility of the questionnaire, and identify possible problems with the materials or the method used for data collection, such as questionnaire guidelines that are unclear (Leedy & Ormrod, 2014:114; Bless *et al.*, 2013:109). Pilot studies also help researchers improve any issues with scaled items, if necessary, evaluate if the method used for data analysis is appropriate and further identify the suitability of other possible resources required to carry out the main study (De Jongh, 2017:116). He further said that doing this contributes to and confirms the reliability of the measuring instrument.

According to Coughlan (2017:109), it is advised to pilot a questionnaire with participants who are representative of the participants of the main study. Therefore, the pilot study for the questionnaire was distributed to a small group of small business owners within the Emfuleni Municipality prior to the distribution of the questionnaire for the main study. During the pilot study, it was established that it took approximately 15 to 20 minutes to complete the questionnaire. The results obtained from the pilot study were not included in the final study.

3.8 DATA ANALYSIS AND REPORTING

Data analysis refers to systematically arranging and cleaning research data and modelling using various statistical and computational techniques to formulate a correlation between raw data outcomes and research done (Cuesta and Kumar, 2016:7). The data reporting will be discussed in Chapter 4.

4 CHAPTER 4: RESULTS OF THE STUDY

4.1 INTRODUCTION

This study aims to investigate the growth prospects of SMEs in the Polokwane local municipality during the pandemic by describing the determinants for growth and suggesting prototype model guidelines that can be adapted to soften the blow caused by the pandemic. The empirical data was obtained by interviewing the owner-managers of small and medium enterprises (SMEs) operating in the Polokwane Local Municipality using an online questionnaire. The study results are then presented below, starting with the profile of the participants, followed by the descriptive statistics, data reliability, objectives of the study, correlation, and regression analysis.

4.2 DEMOGRAPHICS DATA

The age groups of the respondents varied, as shown in Figure 4.1, with the majority of the respondents falling in the age group 31 to 40 years, followed by 51 to 60 years and 41 to 50 years. The smallest age groups were those falling in the ages between 18 to 30 years and those older than 60 years. The study's respondents were owner-managers of different types of SMEs (Figure 4.2). Most of the respondents owned private companies (52.2%), close corporations (24.4%) and sole proprietorship companies (12.2%).

Figure 4.1: Age of respondent

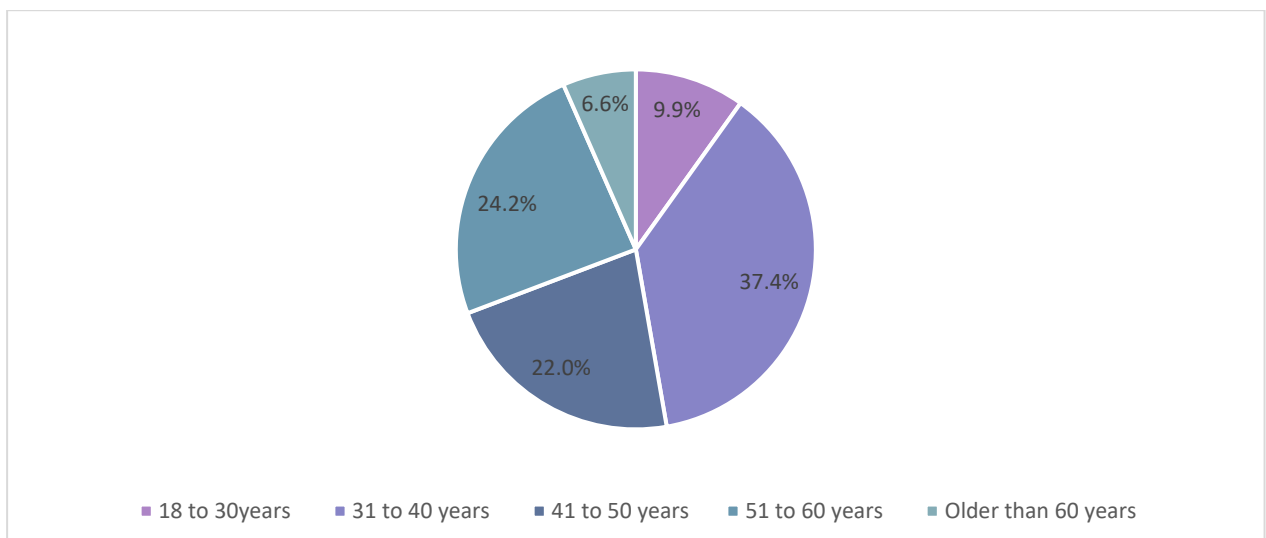
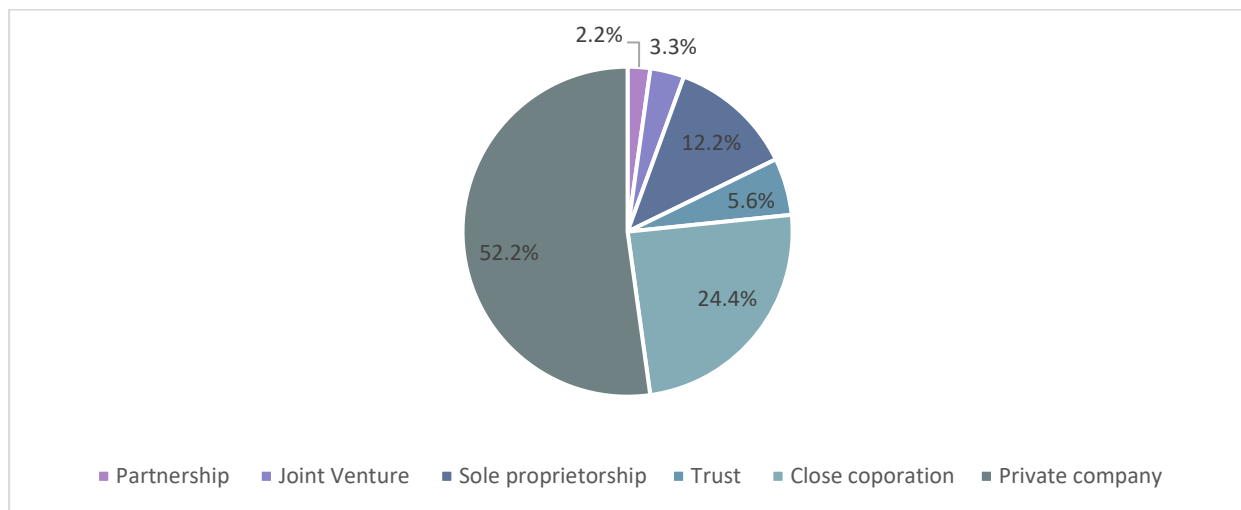


Figure 4.2: Type of business ownership

4.3 OBJECTIVES OF THE STUDY

The study had four objectives, which were To provide a comprehensive literature review on the determinants of growth to boost demand for products and services during the pandemic, To investigate the relationship between SMEs' innovation practices and perceived positive financial performance, To ascertain the influence of COVID19 lockdowns on consumer spending and perceived SME performance and To deduce solutions for both funders and provincial government to support SMEs' during the pandemic to achieve sustainable growth. The objectives of the study are further discussed in section to follow.

4.3.1 The determinants of growth to boost demand for products and services during the pandemic.

The first objective was to provide a comprehensive literature review on the determinants of growth to boost demand for products and services during the pandemic. The factors investigated to determine the determinants for growth to boost demand for products and services during the pandemic were the year of establishment, number of employees and the sector of operation, which are discussed below. The impact on SME operations measured the impact of government-imposed restrictions or lockdowns by validating early evidence to gauge the magnitude of COVID-19 disruption on operations. This is followed

by a cross-tabulation between the determinants of growth and the impact on operations caused by the lockdown restrictions.

4.3.1.1 Determinants of growth

Of the respondents' companies or SMEs, 62.8% were majorly established between 2010 and 2020 (Figure 4.3) and about 24.2% were established between 2000 and 2009. The remaining 13.4% of the SMEs involved in this study were established before the year 2000. More than 50 % (56.7%) of the SMEs only had between 1 and 10 employees before COVID-19 (Figure 4.4), 15.6% of the SMEs had between 11 to 100 employees, and 7.9% of the SMEs had more than 100 employees before Covid- 19. The sector of operation for the SMEs in this study varied greatly. However, 33.0% of the SMEs were in Construction, 26.4% in the mining sector, and 12.3% in other sectors not mentioned in this study. The rest of the sectors represented by the SMEs in the study are presented in Figure 4.5.

Figure 4.3: Year of establishment

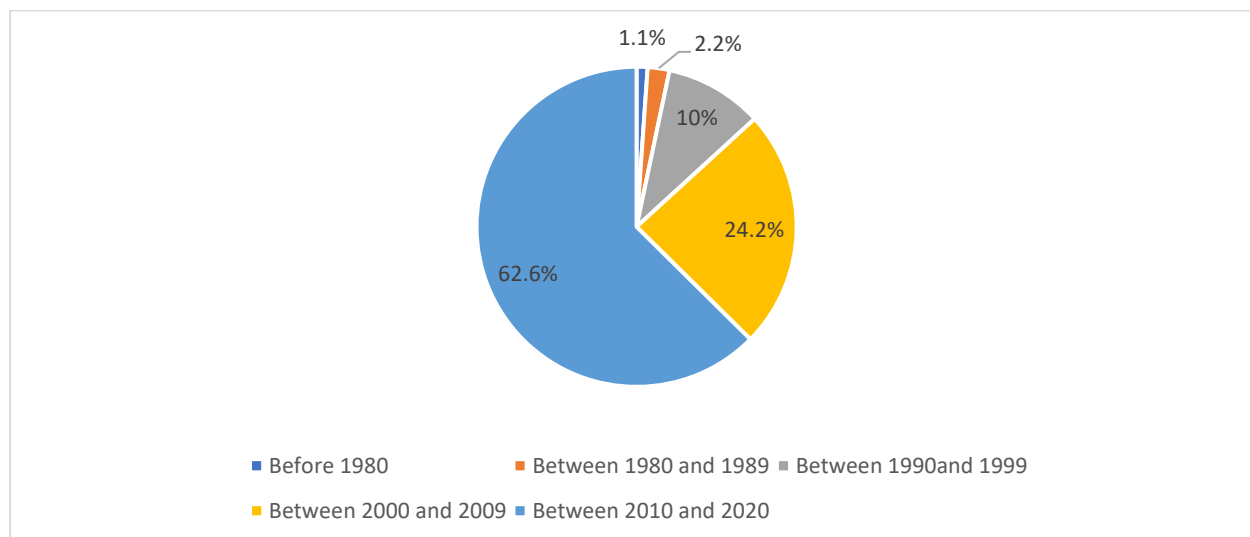
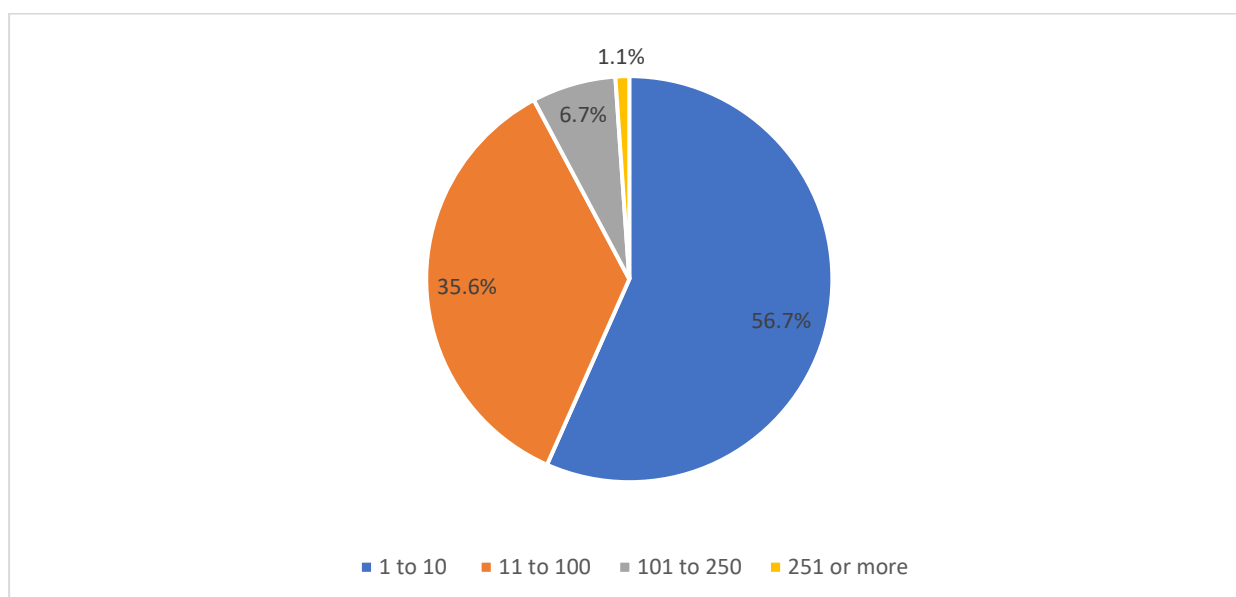
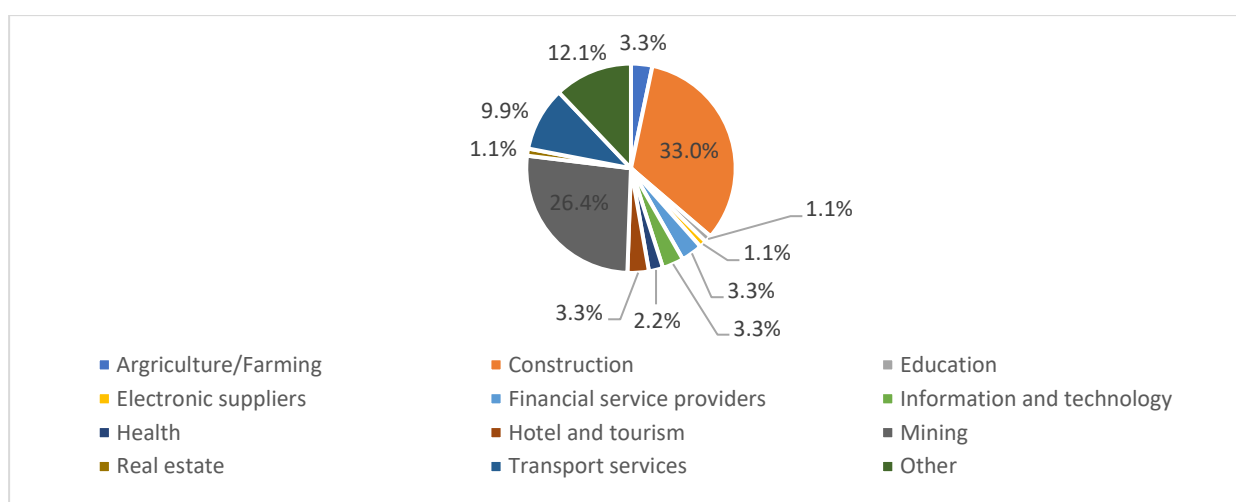
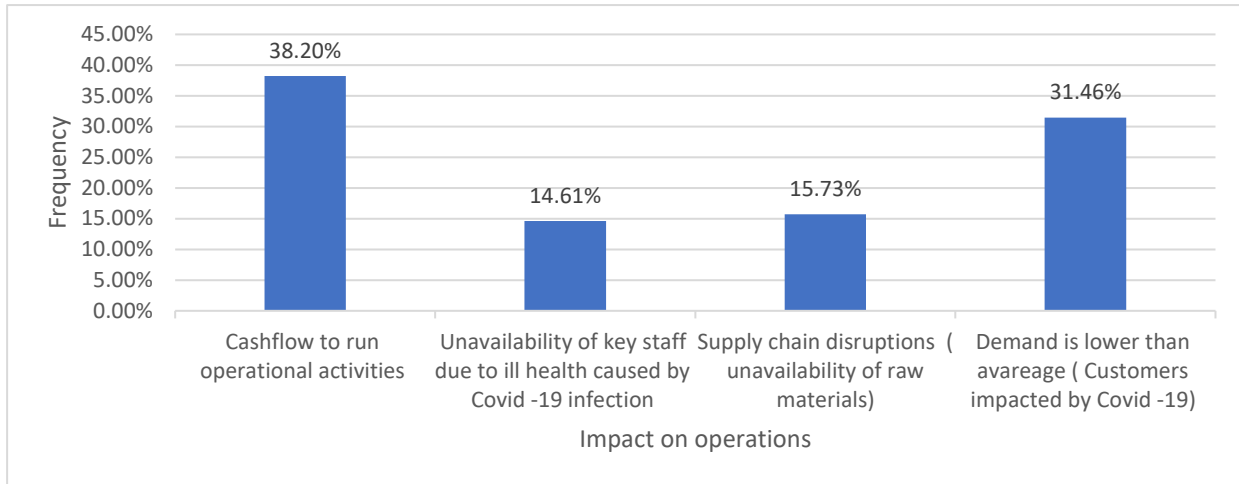


Figure 4.4: Total employees before COVID-19**Figure 4.5: Sector of operation**

4.3.1.2 Impact on Operations

This section aimed to collect data on the impact of government-imposed restrictions or lockdowns by validating early evidence to gauge the magnitude of COVID-19 disruption on operations. The respondents were asked to choose one option to describe the impact of government-imposed lockdown/restriction in their sector (Figure 4.6). The highest impact was seen in the cashflow to run operational activities of the SMEs in the various sectors, followed by the decrease in demand compared to the average demand before COVID and the lockdown restrictions as the customers were also impacted by COVID and the restrictions put in place by the government.

Figure 4.6: Showing the impact on operations by COVID-19

4.3.1.3 Cross tabulation: Impact on operations

A cross-tabulation of the perceived determinants of growth (year of establishment, number of employees and sector of operation) was performed against the government-imposed restrictions in the different sectors. The Chi-square test was used to analyse whether there was an association between the determinants of growth and the government-imposed restrictions during the pandemic. The Chi-square uses the equation:

$$X^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

A p-value of 0.05 or lower is generally considered statistically significant. For those factors that are statistically significant, the strength of the association was analysed using Cramer's V test (ϕ), with weak strength, $\phi < 0.30$. The results are depicted by the Chi-square values (Table 4.1), which determine whether there is an association between the categorical values. The results show that there was no statistically significant association between the government lockdown restrictions, the year of establishment and the number of employees. $X^2 = 13.245$, $p = 0.352$ and $X^2 = 8.738$, $p = 0.462$, respectively and however big the difference between the sector of operation and the government-imposed restrictions, the p-value is above 0.05 and thus is not considered statistically significant $X^2 = 27.854$, $p = 0.721$. This indicates that the years of establishment, total number of

employees and sector of operation did not have an influence on the determinants of growth and production. The Covid-19 had impact that is not statistically significant on the operations

Table 4.1: Showing the chi-square value for the determinants of growth and production.

Variable	Chi-square	p-value
Year of establishment	13.245	0.352
Total number of employees	8.738	0.462
Sector of operation	27.854	0.721

4.3.2 Relationship between SMEs ' innovation practices and perceived positive financial performance.

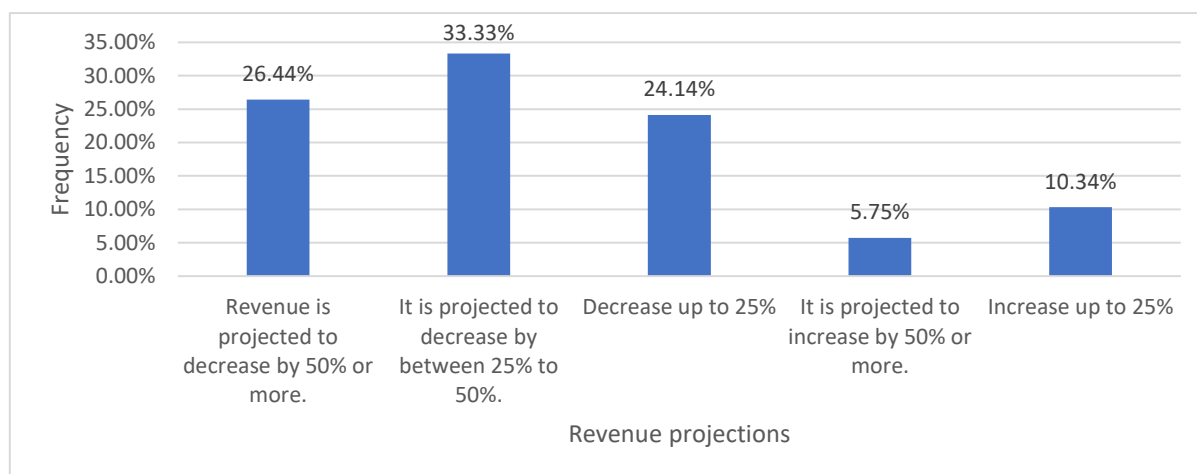
The second objective was to investigate the relationship between SMEs ' innovation practices and perceived positive financial performance. The impact on perceived profit and costs is discussed in this section, followed by the considered strategies to increase revenue during the pandemic and finally, a correlation between the innovation practices and the perceived positive financial performance for each organisation is discussed.

4.3.2.1 Impact on Profit and Costs

In this section, the focus is on the impact on profit and costs of the SMEs. This section aims to assess the liquidity and profitability of SMEs to gauge their viability in the medium to long term. The liquidity and profitability of SMEs were assessed using various variables. The first variable was the projected revenue for the respondent's organization for the year 2022 compared to that of 2021 (Figure 4.7), and 83.91% of the respondents projected that their revenue would decrease in the year 2022, with 33.33 % of the respondents projecting a decrease of 25% to 50% decrease in revenue, 26.44% projected a 50% decrease in revenue and 24.14% projected a decrease of up to 25% in revenue. The remaining 16.09% of the respondents projected an increase in revenue of up to or

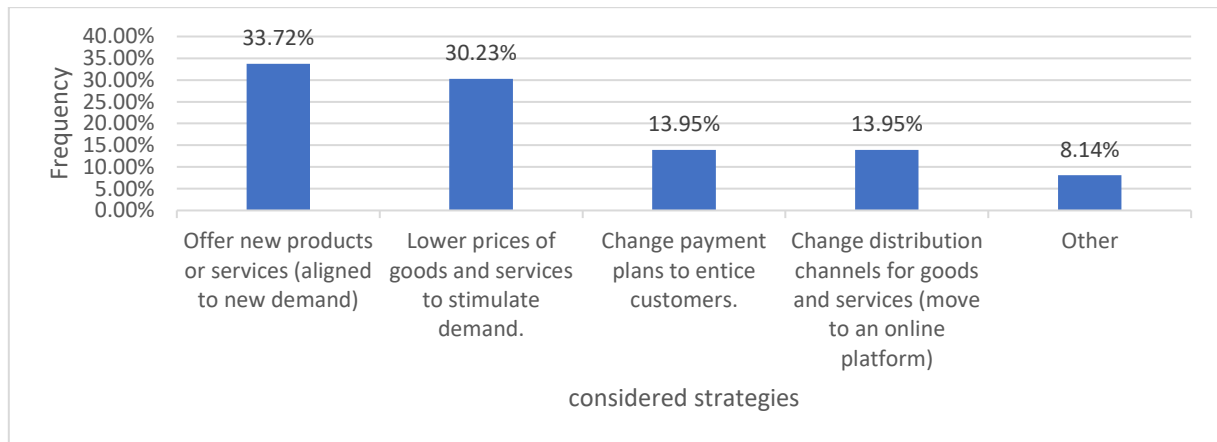
more than 50 %, with the majority of those respondents (10.34%) projecting an increase of up to 25% in revenue.

Figure 4.7: Showing the revenue projections for SMEs in 2022



4.3.2.2 Strategies considered to increase revenue.

The second variable was the strategies considered by the organisations to increase revenue during the COVID-19 period. The strategies considered by the respondents were to Offer new products or services (aligned to new demand), Lower prices of goods and services to stimulate demand, change payment plans to entice customers, change distribution channels for goods and services (move to an online platform) and other (Figure 4.8) options such as seeking new clients as old client's businesses closed due to the pandemic, cancellation of the projects due to injuries and no plans for continuing new projects and seeking sub construction work. Of the available strategies, offering new products or services to align with demand and lowering the price of goods and services to stimulate demand were the most favourable strategies chosen by participants 33.72% and 30.23%, respectively.

Figure 4.8: Showing the considered strategies to increase revenue

4.3.2.3 Correlation: Cost-cutting measures

The Spearman's rank correlation was computed to assess (Table 4.2) the relationship between variable 1 – the projected revenue of the organisation for 2022 compared to 2021 and variable 2- the strategies considered by the organisation to increase revenue during the covid 19 period. There was a negative but negligible correlation between the two variables $r = -0.071$ $p = 0.524$. This meant that the variables did not affect each other at all, and the effect was negligible if they did.

Table 4.2: Showing the Spearman's correlation coefficient for the innovation practices and the perceived financial performance

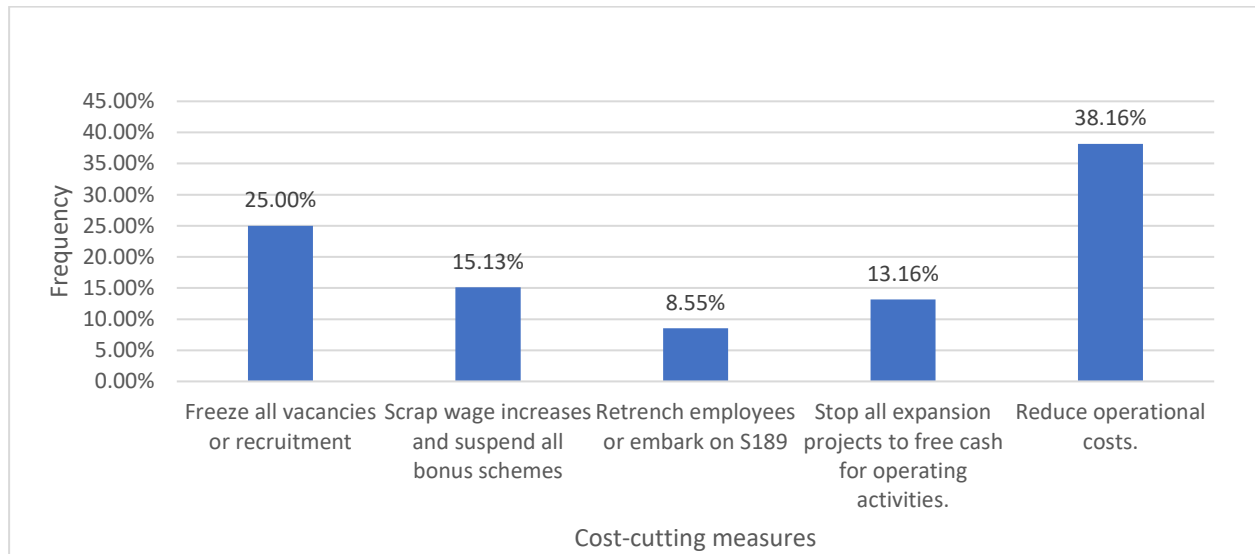
	Projected revenue for your organisation for the year 2022 compared to 2021?	Strategies are being considered by the organisation to increase revenue during the covid 19- period.
What is the projected revenue for your organisation for the year 2022 compared to 2021?	1.00	-0.071 (0.524)
Which strategies are being considered by the organisation to increase revenue during the covid 19- period?	- 0.071 (0.524)	1.00

4.3.3 The influence of COVID-19 lockdowns on consumer spending and perceived SME performance.

The third objective was to ascertain the influence of COVID-19 lockdowns on consumer spending and perceived SME performance. To determine the influence of the pandemic on consumer spending, the study focused on the organisational cost cutting measures due to a decrease in customer demand for goods and services seen in figure 3 and the low organisational performance seen in figure 4. The cost-cutting measures mostly used by organisations during the pandemic give an idea of the severity of the pandemic influence on consumer spending which then determines the organisation's financial health level.

4.3.3.1 Cost-cutting measures.

Due to lower demands on goods and services and the lower perceived organisational performance, Some of the cost-cutting measures considered by the respondents included freezing all vacancies or recruitment, scrapping wage increases and suspending all bonus schemes, retrenching employees, or embark on S189, stop all expansion projects to free cash for operating activities and reducing operational costs (Figure 4.9). The respondents mostly favoured reducing operational costs (38.16%) in order to cut costs during covid-19. Next was freezing all vacancies or recruitments (25%), scrapping wage increases, and suspending all bonus schemes (15.13%) as a means of cost-cutting within the organisations. The least favourable measures considered were stopping all expansion projects to free cash for operating activities (13.16%) and retrenching employees or embarking on S189 as a means to cut- costs during COVID-19.

Figure 4.9: Showing the cost-cutting measures considered during Covid-19

4.3.3.2 Cross-tabulation: Cost-cutting measures

Cross tabulations of the cost-cutting measures against the impact of the government-imposed restrictions on organisations (Table 4.3) and the cost-cutting measures and projected revenue (Table 4.4). The results of the study show that there were no statistically significant associations between the government-imposed restrictions and the cost-cutting measures. This meant that the government-imposed restrictions on the organisations did not have an impact on the cost-cutting measures or did not drive the cost-cutting measures considered by SMEs, and thus, the lockdown restrictions may not have had a significant impact on customer spending.

Table 4.3: Showing the chi-square results of the government-imposed lockdown restrictions and the cost-cutting measures.

Variable	Chi-square	p-value
Freeze all vacancies or recruitment	1.179	0.758
Scrap wage increase	3.028	0.387
Retrench employees	2.671	0.445
Stop all expansion projects	0.713	0.870
Reduce operational costs	4.094	0.252

The chi-square results of the projected revenue and the cost-cutting measures show that there is only one statistically significant association between the projected revenue and one of the costs cutting measures, which was scrapping wage increase, which had the chi-square value, $X^2 = 12.992$, $p = 0.011$. The association's strength, measured by the Cramer's V statistic, was moderate as $\phi = 0.389$, which is slightly higher than 0.30. This meant that the projected revenue could have influenced the cost cutting measure of scrapping wage increase, even though it did not strongly influence this measure. Thus, there may have been a very small relationship between customer spending and the perceived revenue projections of the organisations.

Table 4.4: Showing the Chi-square value of the projected revenue and the cost-cutting measures.

Variable	Chi-square	p-value	Cramer's V
Freeze all vacancies or recruitment	5.799	0.215	
Scrap wage increase	12.992	0.011	0.389
Retrench employees	0.919	0.922	
Stop all expansion projects	6.548	0.162	
Reduce operational costs	4.298	0.367	

4.3.4 Funders and provincial government support for SMEs' during the pandemic to achieve sustainable growth.

The fourth objective was to deduce solutions for both funders and the provincial government to support SMEs' during the pandemic to achieve sustainable growth. To better deduce solutions, the study focused on the government support offered to SMEs during the pandemic. This was then followed by a correlation between the types of support offered and their effectiveness in offering financial relief to organisations during the COVID-19 pandemic.

4.3.3.3 Government Interventions and Support

This section focuses on government support. The section assesses SMME's policy response by the government in softening the COVID-19 pandemic impact and gathers SME responses regarding government relief provided and its effectiveness. In Figure

4.10, the respondents were asked if their organisations received any form of government relief during the Covid-19 pandemic 59.34% of the respondents answered no to the question, while 26.37% of the respondents answered yes and 14.29% of the respondents were not eligible for government support. For the respondents who did apply for government support and were awarded the government support (Figure 4.11), 60% of the participants felt that the support was not effective, while 11.76% felt that the support was effective, and 28.24% felt that they could not measure the financial relief effectiveness in their organisation currently. The types of relief given to organisations by the government (Figure 4.12), from the most common to the least common, were UIF temporary relief scheme (33.78%), favourable loan terms (32.43%), tax payment deferral (20.27%) and government subsidy (13.51%).

Figure 4.10: Showing if the organisations applied for government support

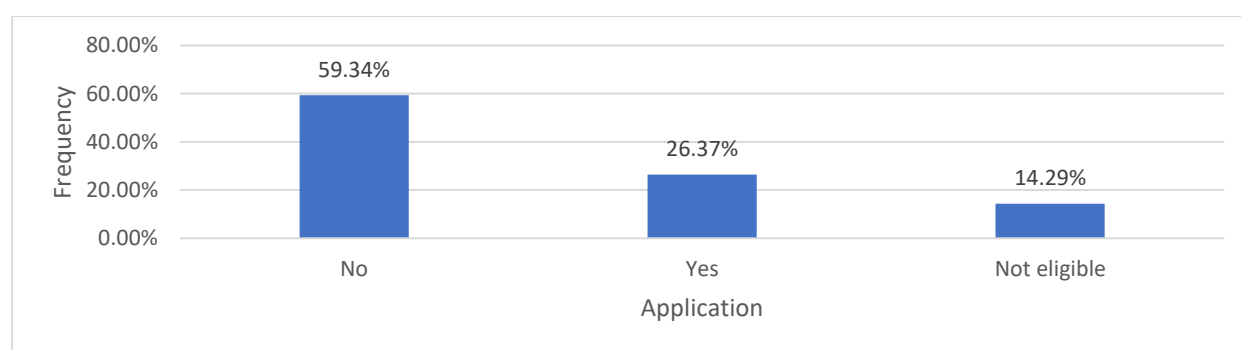


Figure 4.11: Showing the effectiveness of government support in organisations

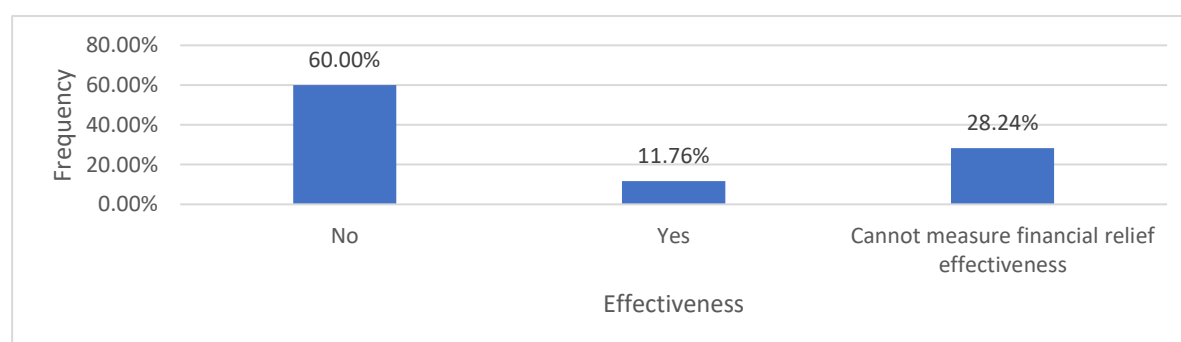
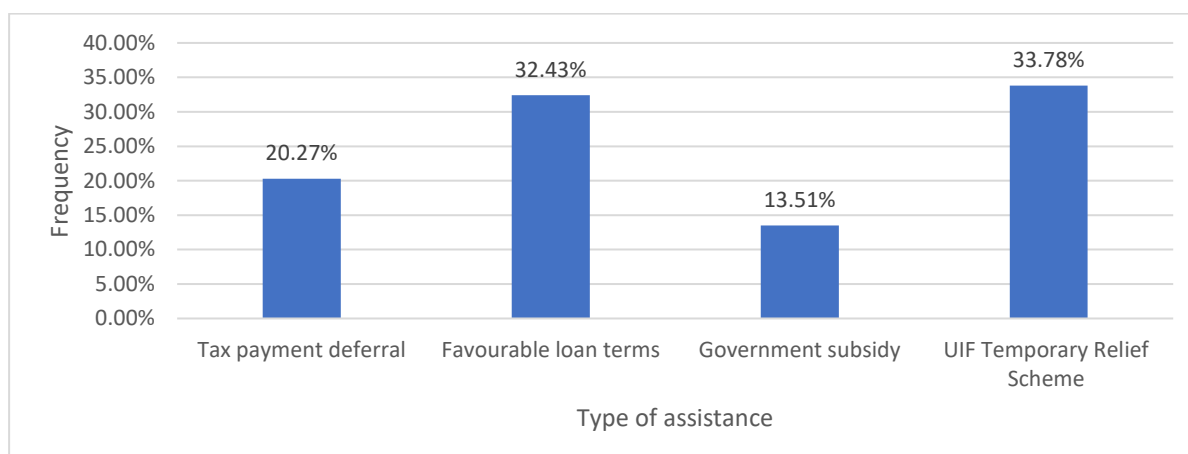


Figure 4.12: The types of relief given to organisations by the government

4.3.3.4 Correlation: Government funding and support

The Spearman's rank correlation was computed to assess (Table 4.5) the relationship between variable 1 – application for government, variable 2- effectiveness of the government provided financial relief and variable 3 – kind or measure of financial relief. There was a positively small correlation between all the variables, with the Spearman's correlation coefficient for variables 1 and 2 being $r = 0.187$ $p = 0.086$, variables 1 and 3 being $r = 0.199$ $p = 0.089$ and variables 2 and 3 being $r = 0.170$ $p = 0.152$, respectively. This meant that as one variable increases the other slightly increases, and this was true for all the variables.

Table 4.5: Showing the correlation between the type of financial support and the effectiveness of the support in SMEs.

	Did your organisation apply for any government funding	Was the financial relief provided by the government effective	What kind or measure of financial relief was offered to your organisation?
Did your organisation apply for any government funding	1.00	0.187 (0.086)	0.199 (0.089)
Was the financial relief provided by the government effective	0.187 (0.086)	1.00	0.170 (0.152)
What kind or measure of financial relief was offered to your organisation?	0.199 (0.089)	0.170 (0.152)	1.00

4.4 SUMMARY AND CONCLUSION

Using the four objectives were to provide a comprehensive literature review on the determinants of growth to boost demand for products and services during the pandemic, To investigate the relationship between SMEs ' innovation practices and perceived positive financial performance, To ascertain the influence of COVID-19 lock-downs on consumer spending and perceived SME performance and to deduce solutions for both funders and provincial government to support SMEs' during the pandemic to achieve sustainable growth the study aimed to investigate the growth prospects of SMEs in the Polokwane local municipality during the pandemic by describing the determinants for growth and suggesting prototype model guidelines that can be adapted to soften the blow caused by the pandemic. The determinants for growth during the pandemic, as seen in the results of the study, were the year of establishment, the number of employees and the sector of operation. There was no correlation between the perceived positive financial performance and the organisations' innovation practice which alluded that the strategies would have no effect on the perceived financial performance. Lower consumer spending on goods and services resulted in SMEs scrapping wage increases in their organisations to survive the pandemic and lockdown restrictions. There was a very weak correlation between applying for funding, the effectiveness of financial relief received, and the type of financial relief received by the SMEs, which meant that the financial relief for SMEs should be looked into, and a better strategy should be employed in order to ensure SME survival during disasters and pandemics.

5 CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The COVID-19 pandemic has given the global community a wake-up call on how disastrous pandemics can be and can be struck without warning. The extended period of lockdown adopted by most governments has negatively impacted the majority of SMEs, incapacitating their operations, plunging their financial positions, and exposing them to elevated high levels of financial risk (Oyewale *et al.*, 2020).

This chapter aims to summarise both the literature review and empirical study results for the growth prospects of SMEs during the COVID-19 pandemic in Polokwane Local Municipality. The chapter rounds off the discussion with practical recommendations for SMEs on planning and navigating natural disasters such as COVID-19. Furthermore, the chapter evaluates whether this study's primary and secondary objectives were achieved and concludes with proposed future research to unearth more opportunities.

5.2 CONCLUSION OF THE FINDINGS

5.2.1 To provide a comprehensive review of the literature on the determinants of growth to boost demand for products and services during the pandemic.

The study's first objective aimed to provide a comprehensive literature review on the determinants of growth for SMEs to boost demand for products and services during the COVID-19 pandemic. This objective is particularly relevant in understanding how small and medium enterprises, pivotal to the economy of the Polokwane local municipality, navigated the unprecedented challenges brought about by the pandemic. The findings from this study offer crucial insights into the factors that influenced the growth and resilience of SMEs during this period of global crisis.

One of the primary determinants of growth identified was the age of the businesses. The study revealed that the majority of respondent SMEs were established between 2010 and 2020, indicating a relatively young business landscape in the Polokwane local municipality. This is significant as the age of a business can influence its resilience and

adaptability in times of crisis. Younger businesses, often being more agile and less encumbered by traditional processes, might have been better positioned to adapt to the rapidly changing market conditions caused by the pandemic. However, they may also lack the financial reserves and robust supply chains that more established businesses possess, potentially making them more vulnerable to prolonged disruptions.

Another key factor influencing SME growth during the pandemic was the size of the enterprises, particularly in terms of employee numbers. The study found that more than half of the SMEs had between 1 and 10 employees, which falls into the micro-enterprise category. This small size could be a double-edged sword; on the one hand, smaller enterprises can pivot and adapt more quickly due to fewer bureaucratic hurdles and a closer connection to their customer base. On the other hand, they often have limited resources to withstand extended periods of reduced business activity, making them more susceptible to economic downturns like those experienced during the pandemic.

The sectors in which these SMEs operated also played a crucial role in their growth prospects during the pandemic. The study indicated a significant representation of SMEs in the construction and mining sectors. The impact of the pandemic varied across different sectors, with some, like tourism and hospitality, being hit harder than others. Construction and mining, while also affected, might have had different levels of resilience and opportunities for growth. For instance, construction projects might have been delayed but not completely halted, and the essential nature of mining could have allowed for continued operations, albeit under stringent health and safety protocols.

In terms of boosting demand for products and services, the study highlights the importance of understanding the changed consumer behaviour due to the pandemic. With lockdowns and social distancing measures in place, consumer priorities and spending habits shifted significantly. SMEs that quickly recognized and adapted to these changes were more likely to maintain or even grow their customer base. For instance, businesses that increased their online presence or shifted to e-commerce platforms likely found a new avenue to reach customers, offsetting the decline in foot traffic to physical stores.

Additionally, innovation emerged as a critical factor in boosting demand. SMEs that were able to innovate, either by introducing new products and services or by modifying existing

ones to suit the changing needs of the market, had a better chance of sustaining their business through the pandemic. This innovation wasn't limited to product development alone; it also encompassed changes in business models, such as adopting new sales channels, rethinking marketing strategies, or finding efficiencies in operations to reduce costs and maintain competitiveness.

The pandemic also forced SMEs to reconsider their financial management strategies. Effective financial management became crucial for survival, severely impacting cash flows due to reduced consumer spending and operational challenges. SMEs that managed their expenses, negotiated with creditors, and possibly diversified their revenue streams had a better chance of navigating the financial challenges posed by the pandemic.

Finally, the role of external support, particularly from the government and financial institutions, was highlighted as a key determinant of growth. SMEs that were able to access financial aid, whether in the form of grants, loans, or other relief measures, had additional resources to manage the crisis. This external support was crucial in providing immediate financial relief and enabling businesses to invest in necessary changes, such as digital transformation or process improvements, to adapt to the new business environment.

5.2.2 To investigate the relationship between SME innovation practices and perceived positive financial performance

The second objective of the study, focusing on the relationship between SMEs' innovation practices and perceived positive financial performance, provides valuable insights into how small and medium enterprises adapted to the turbulent environment caused by the COVID-19 pandemic. This objective is critical in understanding the role of innovation as a strategic response to the crisis and its impact on the financial health of SMEs.

Innovation, traditionally seen as a key driver of business growth and competitive advantage, took on an even greater significance during the pandemic. With the sudden onset of COVID-19 and its accompanying restrictions, SMEs faced a rapidly changing business landscape. Consumer behaviours shifted, disrupted supply chains, and

challenged traditional business models. In this context, innovation became a tool for growth and a necessity for survival.

The study aimed to understand how SMEs in the Polokwane local municipality employed innovation practices during this period and whether these practices correlated with positive financial performance. This investigation is particularly relevant as the economic impact of the pandemic varied across sectors and regions, with some businesses experiencing severe downturns while others found new opportunities.

One of the key areas explored in the study was the impact of innovation on profit and costs. The pandemic forced many SMEs to reassess their business models and operations. For some, this meant finding more cost-effective ways of delivering services or products; for others, it involved exploring new revenue streams. For instance, businesses that quickly adapted to online platforms or introduced new, pandemic-relevant products and services could tap into new markets or meet evolving customer needs. This ability to pivot, often driven by innovative thinking, was crucial in mitigating the financial impact of the pandemic.

The study also examined the specific strategies considered by SMEs to increase revenue during the COVID-19 period. The range of strategies included offering new products or services aligned with new demand, lowering prices to stimulate demand, changing payment plans to entice customers, and shifting to online platforms for distribution. Each of these strategies required a degree of innovation, whether in product development, pricing strategy, customer engagement, or sales channels.

However, the relationship between these innovation practices and perceived positive financial performance was not straightforward. The study found a negligible correlation between the revenue projections for 2022 compared to 2021 and the strategies employed to increase revenue during the pandemic. This finding suggests that while SMEs widely adopted innovation practices to respond to the pandemic, their direct impact on financial performance was not as significant as expected.

This outcome could be attributed to several factors. First, the external environment during the pandemic was extraordinarily challenging and unpredictable, making it difficult for any

single strategy or set of innovations to guarantee financial success. Additionally, the time frame for realizing the financial benefits of innovation can be longer than the immediate crisis period, meaning that positive impacts might not have been evident within the study's time frame. Furthermore, the effectiveness of innovation practices likely varied depending on the sector, the specific nature of the innovation, and the overall resilience and adaptability of the business. For example, innovations in sectors severely impacted by lockdowns, such as tourism and hospitality, might not have translated into immediate financial gains due to the broader market conditions.

5.2.3 To determine the influence of COVID-19 lockdowns on consumer spending and perceived performance of SME

The third objective of the study, focusing on determining the influence of COVID-19 lockdowns on consumer spending and the perceived performance of SMEs, delves into the direct impact of the pandemic's containment measures on the business landscape. This aspect of the study is particularly crucial as it provides an understanding of how external, uncontrollable factors like government-imposed lockdowns can significantly alter market dynamics, consumer behaviour, and, subsequently, the performance of small and medium-sized enterprises.

The imposition of lockdowns as a response to the COVID-19 pandemic led to an immediate and drastic change in consumer behaviour. With movement restrictions and a heightened sense of uncertainty, consumers rapidly altered their spending patterns. These changes had far-reaching implications for SMEs, which often rely heavily on local markets and regular customer interactions. The study sought to explore this altered landscape and gauge how SMEs perceived their performance in light of these shifts.

One of the central findings from the study relates to the cash flow challenges experienced by SMEs during the lockdowns. Cash flow is the lifeblood of any business, especially smaller enterprises that might not have significant reserves to fall back on. The lockdowns led to a decrease in consumer spending, affecting the revenue streams of many SMEs. This drop in demand, compounded by ongoing operational costs and potential supply chain disruptions, created a challenging financial environment for SMEs. The reduced

cash flow impacted their day-to-day operations and their capacity to invest in growth opportunities or adapt to the changing market.

The study also highlighted a decline in consumer demand as a significant outcome of the lockdowns. With consumers confined to their homes and many facing economic uncertainties, spending was largely limited to essential goods and services. This shift profoundly impacted SMEs, particularly those in non-essential sectors or those that traditionally relied on foot traffic and in-person interactions. The extent to which SMEs could navigate this reduced demand depended on several factors, including the nature of their business, financial resilience, and ability to pivot to alternative business models or offerings.

Interestingly, the study also sought to understand the perceived performance of SMEs during the lockdowns. Perception of performance is a subjective measure and can vary widely depending on individual business circumstances and the resilience strategies employed by SMEs. For some businesses, the lockdowns may have presented unique opportunities – for example, those able to shift to online sales or delivery models might have perceived their performance as stable or even improved. Conversely, the perception of performance would likely have been much more negative for businesses heavily reliant on physical presence or those in severely impacted sectors.

The pandemic and resultant lockdowns underscored the importance of flexibility and adaptability in business. SMEs that were able to quickly pivot, whether by shifting to online platforms, altering their product or service offerings, or finding new ways to engage with customers, were better positioned to weather the downturn in consumer spending. This adaptability not only helped in mitigating the immediate impact of the lockdowns but also set the stage for future resilience in the face of similar challenges.

5.2.4 To deduce solutions for both the funders and the provincial government to support SMEs during the pandemic to achieve sustainable growth.

The fourth objective of the study sought to deduce solutions for funders and the provincial government to support SMEs during the pandemic, aiming at achieving sustainable growth. This objective is particularly pivotal as it addresses the critical role of external

support mechanisms in stabilizing and nurturing small and medium enterprises during an unprecedented global crisis like COVID-19. The objective underscores the necessity for coordinated efforts between various stakeholders, including governments, financial institutions, and other funding bodies, to ensure SMEs' survival and future prosperity.

The pandemic's onset brought to light the vulnerabilities of SMEs, particularly in terms of financial resilience, operational flexibility, and market adaptability. In response to these challenges, the study explored potential solutions and strategies that funders and provincial governments could employ to provide effective support. The primary focus was on understanding the nature of support needed by SMEs and how existing measures could be optimized, or new initiatives introduced to better serve these enterprises during the crisis.

One of the central findings of the study relates to the financial support offered to SMEs. The pandemic led to a significant downturn in revenues for many SMEs, necessitating urgent financial assistance to keep businesses afloat. This support came in various forms, including grants, loans, tax relief, and wage subsidies. The study highlighted the importance of timely and accessible financial aid, noting that delays or complexities in accessing funds could severely impact the survival chances of SMEs. It suggested that funders and governments should streamline application processes and make funds more readily available to ensure swift financial relief.

Another key aspect of the support system was advisory and technical assistance. During the pandemic, many SMEs had to rapidly adapt their operations, often venturing into digital platforms or modifying their business models. In this context, guidance on digital transformation, market reorientation, and operational restructuring became invaluable. The study advocated for the establishment of dedicated advisory services to assist SMEs in navigating these changes effectively. These services could include consultancy on digital tools, marketing strategies, supply chain management, and overall business resilience planning.

The study also emphasized the importance of sector-specific support. The impact of the pandemic varied across different sectors, with some being more adversely affected than others. Tailored support measures for the most impacted sectors, such as tourism,

hospitality, and retail, were deemed crucial. This could involve sector-specific grants, targeted tax reliefs, or specialized advisory services to address the unique challenges faced by businesses in these areas.

Furthermore, the role of provincial governments in coordinating and augmenting support measures was highlighted. Local governments, being closer to the ground realities of SMEs, are uniquely positioned to understand and address their specific needs. The study suggested that provincial governments could play a pivotal role in disseminating information about available support, facilitating connections between SMEs and funders, and even initiating local support programs tailored to the needs of businesses in their respective regions.

5.3 RECOMMENDATIONS

The study on the growth prospects of SMEs in the Polokwane local municipality during the COVID-19 pandemic, while providing critical insights, also highlights the need for specific recommendations to support SMEs in similar future crises. These recommendations are derived from the study's findings and aim to address the identified challenges and leverage opportunities for sustainable growth.

1. Enhancing Access to Financial Support: Rao *et al.* (2022) argue that Small- and medium-sized enterprises in developing economies have limited access to resources. One of the primary challenges faced by SMEs during the pandemic was the disruption of cash flows due to reduced consumer spending and operational hindrances. It is recommended that financial institutions and government bodies streamline the process of providing financial support to SMEs. This could include simplified application processes for grants and loans, faster disbursement of funds, and more flexible repayment terms. Additionally, creating special funds aimed specifically at sectors most affected by the pandemic, like tourism and hospitality, would help address sector-specific financial challenges.

2. Fostering Digital Transformation: The pandemic has underscored the importance of digital capabilities for business continuity. To support SMEs in digital transformation, it is recommended to provide access to digital tools, training, and resources. Government and

private sector partnerships could facilitate workshops and training programs to enhance digital literacy among SME business owners and employees. Subsidies or tax reliefs for digital infrastructure investments could also encourage SMEs to embrace digital technologies. As a result of the current market's shift to the digital age, Kukanja *et al.* (2022) has noted that SMEs have embedded both disruptive and incremental known as ambidextrous innovation to navigate current disruption caused by the pandemic.

3. Advisory and Consultation Services: Many SMEs struggled to adapt to the rapidly changing business environment during the pandemic. Providing advisory services to help SMEs navigate these changes could be immensely beneficial. These services could include guidance on market trends, consumer behaviour insights, and strategies for operational efficiency. Establishing local advisory centres where SMEs can receive tailored business advice would be a practical step in this direction.

4. Tailoring Support to Sector-Specific Needs: Government support and policy responses have played a critical role in mitigating the impact of the pandemic on SMEs in South Africa. According to a report by the Treasury (2021), financial relief measures, tax incentives, and support programs have been implemented to assist SMEs during the crisis. However, the effectiveness of these interventions requires further investigation to assess their impact on the growth prospects of SMEs. Different sectors experienced the pandemic's impact in varying degrees. Tailoring support initiatives to the specific needs of each sector is essential. For example, the retail sector might benefit more from e-commerce support, while the manufacturing sector might need assistance with supply chain management. Understanding these sector-specific needs and designing targeted support programs will enhance the effectiveness of the assistance provided.

5. Promoting Innovation and Diversification: Innovation was a key factor in determining which SMEs were able to successfully navigate the pandemic. Encouraging innovation through incentives, grants, or innovation-focused competitions can stimulate creative solutions to business challenges. Additionally, supporting diversification in terms of products/services offered and markets served can help SMEs reduce risk and tap into new growth opportunities.

6. Strengthening Government and SME Communication: Effective communication between governments and SMEs is crucial, especially during crises. Establishing regular channels for communication, feedback, and information dissemination would ensure that SMEs are well-informed about available support, policy changes, and relevant market information. Regular surveys and forums can help governments understand the evolving needs of SMEs and adjust support measures accordingly.

7. Enhancing Resilience through Training and Development: Building resilience in SMEs to withstand future crises is imperative. This can be achieved through targeted training programs focused on crisis management, financial literacy, and strategic planning. Collaborations with educational institutions, business associations, and professional bodies to develop and deliver these training programs would be beneficial.

8. Encouraging Collaborations and Networking: Creating platforms for SMEs to collaborate and network can lead to shared learning and new business opportunities. Encouraging local business associations, organizing networking events, and facilitating industry partnerships can help SMEs leverage collective strengths and resources.

9. Implementing Flexible Regulatory Frameworks: Regulatory frameworks play a significant role in the operation and growth of SMEs. Implementing flexible regulatory measures, especially during crises, can provide much-needed relief to SMEs. This could include temporary relaxation of certain regulations, expedited permit processes, or reduced compliance burdens.

10. Fostering Long-term Sustainability: Supporting SMEs in developing sustainable business practices is vital for long-term growth. This includes promoting environmentally friendly practices, sustainable supply chain management, and ethical business operations. Incentives for adopting sustainable practices could encourage SMEs to consider the long-term impacts of their operations.

5.4 ACHIEVEMENT OF STUDY OBJECTIVES

It is pivotal to evaluate whether the researcher achieved the research objectives as stipulated in Chapter 1 of this study. As per paragraph 1.5, this research study's primary

objective was to *“investigate the growth prospects of SMEs in the Polokwane region during the pandemic by describing the determinants for growth and suggesting prototype model guidelines that can be adapted to soften the blow caused by the pandemic”*.

The primary objective of the research highlighted above was achieved through the literature review chapter in chapter two, findings identified in chapter four and practical recommendations mentioned in chapter five.

The following secondary goals were formulated to achieve the primary objective of this study:

- To provide a comprehensive literature review on the determinants of growth to boost demand for products and services during the pandemic.
- To investigate the relationship between SMEs' innovation practices and perceived positive financial performance.
- To ascertain the influence of COVID-19 lockdowns on consumer spending and perceived SME performance.
- Deduce solutions for both Funders and the provincial government to support SMEs' during the pandemic to achieve sustainable growth.

The section that follows will discuss how the research objectives were achieved.

To provide a comprehensive literature review on the determinants of growth to boost demand for products and services during the pandemic.

The study achieved this objective through a comprehensive literature review in chapter two and conducted a thorough review of existing literature on SMEs in South Africa, their growth prospects, and the impact of the COVID-19 pandemic on small businesses, which provided a solid understanding of the existing knowledge and identify research gaps. Using local supplier development, data through a closed-ended questionnaire was gathered to understand the specific challenges faced by SMEs during the pandemic and their growth strategies, including financial data, operational changes, and insights from SME owners.

To investigate the relationship between SME's innovation practices and perceived positive financial performance.

The descriptions of study participants accomplished this objective after conducting survey from SMEs that resulted in findings presented in chapter 4 and practical recommendations in chapter 5. The study has revealed how SMEs have leveraged e-commerce, digital marketing, and remote working to adapt their business models and reach customers in a socially distanced environment. This shift towards digitalization presents opportunities for SMEs to expand their market reach and improve operational efficiency.

To ascertain the influence of COVID19 lockdowns on consumer spending and perceived SME performance.

This objective was achieved through the empirical findings discussed in chapter four and recommendations in chapter five. The study emphasizes that the pandemic led to a significant decline in SME revenues and employment, posing substantial challenges to their survival and growth prospects.

Deduce solutions for both Funders and the provincial government to support SMEs' during the pandemic to achieve sustainable growth.

This objective was achieved through the empirical findings discussed in chapter four and recommendations in chapter five by assessing the government policies and support programs to assist SMEs during the pandemic. Evaluate their effectiveness and identify areas for improvement.

5.5 CONTRIBUTION OF THE STUDY

The context and significance of this study originate from the fundamental need to understand the impact of COVID-19 on SMEs in the already ailing South African economy to contribute to the research work on the challenges facing SMEs with specific reference to the local municipality of Polokwane. The study will lay the foundation for both academics and SMEs confronted by the COVID-19 pandemic, which can close businesses, thus reversing previous gains made by SMEs.

5.5.1 Contribution to the policymakers

The study contributed recommendations that could provide valuable insights into the challenges faced by SMEs in South Africa during the pandemic and offer policy recommendations to support their growth and resilience. This could be crucial for informing government policies aimed at bolstering the SME sector.

5.5.2 Theoretical contribution

From an academic standpoint, the study could add to the body of knowledge on SME resilience during crises, providing a case study for future research and contributing to the broader understanding of SME dynamics in challenging environments. The study identified best practices and successful strategies employed by certain SMEs to navigate the challenges posed by the pandemic. Sharing these insights could benefit other SMEs facing similar issues.

5.5.3 Awareness and Advocacy contribution

The findings of the study could raise awareness about the specific needs of SMEs during times of crisis and contribute to advocacy efforts aimed at garnering support for this important sector of the economy. SMEs and all other role players could benefit from the study's insights by using them to inform strategic planning and resource allocation aimed at supporting SMEs through the pandemic and beyond.

5.6 LIMITATIONS AND FUTURE RESEARCH

The study, while providing valuable insights into the impact of the COVID-19 pandemic on SMEs and suggesting strategies for their support, also presents several limitations that should be acknowledged for a comprehensive understanding of its findings.

Firstly, the study's geographic focus on the Polokwane local municipality means its findings may not be generalizable to other regions or contexts. Polokwane's specific economic, cultural, and social dynamics play a significant role in shaping the experiences

of SMEs in this area, which might differ from those in other municipalities or countries. Therefore, while the study offers important local insights, caution should be exercised in applying its findings more broadly.

Another limitation is the reliance on self-reported data from SME owners and managers. While this approach provides direct insights from those experiencing the pandemic's impact firsthand, it also introduces the potential for bias. Responses may be influenced by individual perceptions, experiences, and even the desire to present one's business in a positive light, which can affect the accuracy and objectivity of the data.

The study's timeframe also poses a limitation. The COVID-19 pandemic and its impacts on businesses have been evolving rapidly. The findings represent a snapshot in time and may not fully capture the long-term effects of the pandemic or the ongoing adaptations and strategies employed by SMEs.

Additionally, the study predominantly focuses on quantitative data, which, while valuable, may not capture the full depth of the challenges and nuances experienced by SMEs. Qualitative insights, such as detailed case studies or in-depth interviews, could provide a richer understanding of the SMEs' experiences during the pandemic.

Finally, the focus on specific objectives, such as the impact of lockdowns on consumer spending and SME performance, leaves other potentially relevant factors unexplored. For instance, the role of digital literacy, the specific challenges faced by different sectors, and future studies.

Future studies in the realm of SME resilience and growth, particularly in the context of crises like the COVID-19 pandemic, should aim to address several key areas. First, there's a need for longitudinal studies to understand the long-term effects of the pandemic on SMEs. Such studies would provide insights into the sustainability of the adaptations and strategies employed by SMEs and the lasting impact of government and financial support mechanisms.

Additionally, future research should explore the differential impact of the pandemic across various sectors. In-depth sector-specific studies can offer a nuanced understanding of

the unique challenges and opportunities faced by SMEs in different industries, leading to more targeted support strategies. Another crucial area is the exploration of digital transformation in SMEs. Future research should investigate the long-term benefits and challenges of digital adoption for SMEs, including aspects such as digital literacy, access to technology, and digital infrastructure development.

Furthermore, there's a need for comparative studies between regions or countries. Such comparative analyses could reveal valuable lessons from different approaches taken to support SMEs during the pandemic, providing a global perspective on effective strategies and policies. Future studies should also examine the psychological and social impacts of crises on SME owners and employees. Understanding the human element behind SME operations is vital for developing comprehensive support systems that address both business and personal well-being.

5.7 SUMMARY

The study on the growth prospects of SMEs in the Polokwane local municipality during the COVID-19 pandemic concluded by summarising the research findings and providing recommendations for SMEs to deal with the identified challenges and leverage opportunities for sustainable growth. All secondary objectives and a primary objective of the study were revisited to test if objectives were met, all of the objectives were successfully accomplished. The empirical study culminated in proposal of practical recommendations for SMEs and concluded with a call for future research to understand long-term effects of the pandemic on SMEs and to benchmark with other regions.

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7 APPENDIX

7.1 APPENDIX A INFORMED CONSENT



NWU Business School
 North-West University
 Private Bag x6001
 Potchefstroom, 2520
<http://commerce.nwu.ac.za/business-school>

01 July 2022

To whom it may be concerned

INFORMED CONSENT TO PARTICIPATE IN A SURVEY

My name is Ntiyiso Rikhotso, and I am an MBA student at the NWU Business School, North-West University. This study investigates the growth prospects of small and medium-sized enterprises (SMEs) during the COVID-19 pandemic in Polokwane in the Limpopo province (South Africa).

Thank you for your willingness to participate in the study. Your participation is voluntary. You do not have to answer any questions you are not comfortable answering. Limited demographic information will be collected to form a profile of the participants and the participating organisations but will not be used to make comparisons between groups or for further statistical analyses.

If you do not want to continue completing the questionnaire at any time, you may stop. Your time and involvement are profoundly appreciated. It will take you 20 minutes to complete the questionnaire.

The questionnaires will be shared via email with identified participants. The researcher will gather the completed questionnaires, and no one else will handle the questionnaires. The completed questionnaires will be captured and analysed by the Statistical Consultation Services at the North-West University. The data will be safeguarded with password protection, and all electronic copies of the questionnaires or statistical analyses will be destroyed after three years.

The researcher will ensure that all results will be kept confidential, and no ethical guidelines will be breached. Only the researcher, the supervisor, and the statistician will have access to the data being captured. Your name will not be revealed at any stage of the data collection, data analyses, and discussion of the study results. To promote anonymity, the research project will not collect information which may link individual responses to participants' identities such as names, physical addresses and email addresses.

This study is approved by the General Management Scientific Committee of the NWU Business School. Prof Christoff Botha is the Research Manager. His contact number is 018 299 1672, and his email address is christoff.botha@nwu.ac.za.

The Faculty of Economic and Management Sciences Ethics Committee (EMS-REC) has given this study an ethical clearance. The ethical clearance number is 00627-22-S4. Mark Rathbone is the chair of the Ethical Committee. His contact number is 018 299 1356, and his email address is mark.rathbone@nwu.ac.za.

My supervisor for this MBA research study is Professor Stephan Van der Merwe. His contact details are as follows: 018 299 1414.
Email: stephan.vandermere@nwu.ac.za. Please feel free to contact him regarding my credentials and concerns about the study.

Thank you once more for your participation. Your honest contribution to this study is highly valued.

Sincerely,

NTIYISO RIKHOTSO

NWU Business School

North-West University, Potchefstroom

7.2 APPENDIX B STRUCTURED QUESTIONNAIRE

APPENDIX B: RESEARCH QUESTIONNAIRE		
Section A: Demographic Information		
Demographic information helps in understanding the background characteristics of the SMEs in terms of age, type of ownership, number of years in existence and sector to assist with the segmentation.		
Please answer the items in section A by selecting one option that applies to your profile. Tick one that is applicable.		
1. Age of respondent	☐ 18 to 30 years ☐ 31 to 40 years ☐ 41 to 50 years ☐ 51 to 60 years ☐ Older than 60 years	
2. Type of ownership	☐ Partnership ☐ Joint venture ☐ Sole proprietorship ☐ Trust ☐ Close corporation ☐ Private company	
3. Year of establishment	☐ Before 1980 ☐ Between 1980 and 1989 ☐ Between 1990 and 1999 ☐ Between 2000 and 2009 ☐ Between 2010 and 2020	
4. Total employees before COVID-19	☐ 1 to 10 ☐ 11 to 100 ☐ 101 to 250 ☐ 251 or more	
1 Page		
5. Sector of Operation		
	☐ Agriculture/Farming ☐ Construction ☐ Chemical manufacture ☐ Education ☐ Electronics suppliers ☐ Financial service providers ☐ Information and Technology ☐ Health ☐ Hotel and tourism ☐ Mining ☐ Real estate ☐ Oil and gas ☐ Transport services ☐ Textile ☐ Other (Please specify)	
Section B: Impact on Operations		
This section aims to collect data on the impact of government-imposed restrictions or lockdowns by validating early evidence to gauge the magnitude of COVID-19 disruption on operations.		
1. Describe the current state of government-imposed lockdown/restriction in your sector. Please tick one option applicable.		
☐ Most COVID-19 restrictions have been lifted.		
☐ Government restrictions were lifted and re-imposed due to a surge in COVID 19 cases.		
☐ Government restrictions have not been lifted.		
☐ The government never imposed any restrictions due to COVID-19.		
2 Page		
2. Following the relaxation of COVID-19 lockdowns, have your normal organisational activities been restored? Please select one option that is applicable.		
☐ Yes, we are operating at total capacity.		
☐ Yes, we are operating at total capacity but also remotely.		
☐ Yes, we are operating at partial capacity (On-site and remotely).		
☐ No, we are not operating.		
3. How much longer will it take for your enterprise to restore operations fully?		
☐ Between 31 and 90 days.		
☐ Between 91 and 180 days.		
☐ More than 180 days		
☐ We are considering closing temporarily.		
☐ We are considering closing permanently.		
4. Does your organisation has formalised business continuity plan during COVID-19? You may select more than one option.		
3 Page		
☐ For prevention of employees against COVID, the organisation's employees are provided with Personal Protective Equipment.		
☐ For preparedness, all organization critical business activities have been identified covering processes, employees, and documents.		
☐ An incident response plan has been identified i.e roadmap of what to do in the face of a critical incident		
5. Which are the main challenges your organisation currently faces resulting from COVID-19? You may select more than one option.		
☐ Cash flow to run operational activities.		
☐ Unavailability of key staff due to ill health caused by COVID-19 infection.		
☐ Supply chain disruptions (Unavailability of raw materials)		
☐ Demand is lower than average (Customers impacted by COVID-19)		
Section C: Impact on Profit and costs		
This section aims to assess the liquidity and profitability of the SMEs to gauge their viability in the medium to long-term.		
1. What is the projected revenue for your organisation for the year 2022 compared to 2021?		
☐ Revenue is projected to decrease by 50% or more.		
☐ It is projected to decrease by between 25% to 50%.		
4 Page		

- ☐ Decrease up to 25%
- ☐ It is projected to increase by 50% or more.
- ☐ Increase up to 25%
- ☐ It is projected to decrease by between 25% to 50%.

2. Which strategies are being considered by the organisation to increase revenue during the COVID-19 period?

- ☐ Offer new products or services (aligned to new demand)
- ☐ Lower prices of goods and services to stimulate demand.
- ☐ Change payment plans to entice customers.
- ☐ Change distribution channels for goods and services (move to an online platform)
- ☐ Other. Please specify.....

3. What are some of the cost-cutting measures considered during COVID-19? You may select more than one option.

- ☐ Freeze all vacancies or recruitment
- ☐ Scrap wage increases and suspend all bonus schemes

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- ☐ Retrench employees or embark on S189
- ☐ Stop all expansion projects to free cash for operating activities.
- ☐ Retrench employees or embark on S189
- ☐ Reduce operational costs.

Section D: Government support

The section assesses SME policy response by the government in softening the COVID-19 pandemic impact and gathers SME responses in terms of government relief provided and its effectiveness.

1. Did your organisation apply for any government relief?

- ☐ Yes.
- ☐ No.
- ☐ Not eligible.

(If you answered yes to question 1 above, proceed to question 2 below)

2. Was the financial relief provided by the government effective?

- ☐ Yes.

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☐

No.

☐

Cannot measure financial relief effectiveness

3. What kind of measure or financial relief was offered to your organisation to assist with the recovery process.

☐

Tax deferral

☐

Favourable loan terms

☐

Government subsidy

☐

Other, please specify.....

7.3 APPENDIX C ETHICS CLEARANCE LETTER



Private Bag X1290, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Fax: 018 299-4910
Web: <http://www.nwu.ac.za>

Senate Committee for Research Ethics
Tel: 018 299-4849
Email: nkosinathi.machine@nwu.ac.za

27 June 2022

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the Economic and Management Sciences Research Ethics Committee (EMS-REC) on 24/06/2022, the Economic and Management Sciences Research Ethics Committee hereby approves your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-REC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: Investigating the growth prospects of SMEs during the COVID-19 pandemic in Polokwane Local Municipality
Study Leader/Supervisor (Principal Investigator)/Researcher: Prof SP van der Merwe - MBA
Student: Rikhotso, NE (35108096)

Ethics number:

N	W	U	-	0	0	6	2	7	-	2	2	-	A	4
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Institution Study Number Year Status

Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation

Application Type:

Commencement date: 27/06/2022

Risk:

Low

Expiry date: 27/06/2023

Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.

Special in process conditions of the research for approval (if applicable):

General conditions:

While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:

- The study leader/supervisor (principle investigator)/researcher must report in the prescribed format to the EMS-REC:
 - annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and
 - without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.
- The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EMS-REC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.
- Annually a number of studies may be randomly selected for an external audit.
- The date of approval indicates the first date that the study may be started.
 - in the interest of ethical responsibility, the NWU-SCRE and EMS-REC reserves the right to:
 - request access to any information or data at any time during the course or after completion of the study;

- *to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process;*
- *withdraw or postpone approval if:*
 - *any unethical principles or practices of the study are revealed or suspected;*
 - *it becomes apparent that any relevant information was withheld from the EMS-REC or that information has been false or misrepresented;*
 - *submission of the annual (or otherwise stipulated) monitoring report, the required amendments, or reporting of adverse events or incidents was not done in a timely manner and accurately; and / or*
 - *new institutional rules, national legislation or international conventions deem it necessary.*
- *Please note that the ethics approval of this application is subject to the Covid-19 protocols.*

The EMS-REC would like to remain at your service as scientist and researcher, and wishes you well with your study. Please do not hesitate to contact the EMS-REC or the NWU-SCRE for any further enquiries or requests for assistance.

Yours sincerely,

Mark
Rathbone

Digitally signed by Mark Rathbone
DN: cn=Mark Rathbone, o=North-
West University, ou=Business
management,
email=mark.rathbone@nwu.ac.za,
c=ZA
Date: 2022.06.28 13:35:55 +02'00'

Prof Mark Rathbone
Chairperson: NWU Economic and Management Sciences Research Ethics Committee

7.4 APPENDIX D SUPPLIER DEVELOPMENT FORM



INSTITUTIONAL PERMISSION LETTER

NAME & ADDRESS: MOEPATHUTSI CONSULTING, 124 MARSHAL STREET, POLOKWANE, 0699

CONTACT PERSON: TP MAEPA

CONTACT NUMBER: 015 297 0609/ 063 2570896

EMAIL ADDRESS: tpmaepa@moepathutsiconsulting.co.za

TITLE OF RESEARCH PROJECT: Investigating the growth prospects of SMEs during the COVID-19 pandemic in Polokwane Local Municipality

ETHICS APPLICATION REFERENCE NUMBER: NWU-00627-22-S4

RESEARCHER: NTIYISO ERENS RIKHOTSO

DEPT NAME & ADDRESS: NWU Business school, North-West University, Private Bag x6001 Potchefstroom, 2520

CONTACT NUMBER: 083 399 4253

EMAIL ADDRESS: erens.rikhotso@angloamerican.com

Dear Ntiyiso Rikhotso

We have reviewed your request to conduct a research project involving data related to small and medium enterprises in our database. You have permission to utilize the data for this project as defined in your "Project Proposal".

The following stipulations should be observed:

- SME's participation or withdrawal is purely voluntarily and won't affect the relationship with the consulting firm.
- The information of all participants will be kept confidential as guided by the POPI act.

Sincerely,

Name: TP MAEPA

Who warrants that he/she is duly authorised to sign on behalf of MOEPATHUTSI CONSULTING

Position: MANAGING DIRECTOR

Date: 2022/05/23