

**Exploring the influence
of the Covid-19
pandemic on SMEs in
Gauteng, South Africa**

N Rabonda

 **orcid.org/0000-0003-2695-8367**

Mini-dissertation accepted in partial fulfilment
of the requirements for the degree
Master of Business Administration
at the North-West University

Supervisor: Prof SP van der Merwe

Graduation: June 2023

Student number: 25848569

ACKNOWLEDGEMENTS

For the two years, I have had the opportunity to pursue an MBA. It was not a task I could have completed without the support of the following people, to whom I wish to express my gratitude. Foremost, I thank the Almighty Lord. Through what seemed like one of the hardest but paramount period, God's grace held me through every challenge and success. All glory be to Jesus Christ, my saviour. Joshua 1:9 (NLT) "Be strong and courageous! Do not be afraid or discouraged. For the LORD your God is with you wherever you go."

I want to express my gratitude toward my Mother, Mrs Norah Zandile Rabonda, whom I hold dear. I am because you are Mom, and your unconditional love is highly treasured. I wish to thank my sister Dr Mukondi Rabonda for inspiring me to pave my own path and for support. I also want to thank my brothers (Sibusiso, Rudzi & Khuthi) for their love.

Special gratitude to my husband, Dr Munaka Maumela; your support through this journey has been unmatched. You are an inspiration; thank you for all the nights you stayed awake, supporting me, cheering me on and altering your schedule to suit mine. Thank you for your encouragement whenever it became unbearable; you are the best.

To Tshinyi Magoro, you inspired me to leap. Thank you for believing in me!

To my Supervisor, Professor Stephan van der Merwe, Thank you for all your support, guidance and patience throughout my studies. I will surely miss the voice notes of encouragement.

To my study partner Suzan Makume, thank you for the support, endless calls, and discussions. I have gained a sister.

Finally, to the participants: I would like to express my gratitude to all the remarkable entrepreneurs that willingly contributed to the study.

ABSTRACT

The South African government acknowledges SMEs as a catalyst for economic growth and job creation. However, SMEs in Gauteng are having trouble sustaining themselves in the current environment due to the effects of the Covid-19 pandemic. The economy has experienced a downturn, affecting the population's living standards. Poverty, inequality, and unemployment are all rising, a trend made worse by the Covid-19 pandemic and its economic effects.

The study's primary objective is to explore the influence of the Covid-19 pandemic on SMEs in Gauteng, South Africa. The four secondary objectives contribute to the achievement of the fundamental objectives. The literature review in Chapter 2 provided the necessary context for conducting the empirical investigation on the influence of Covid-19 on SMEs.

This study employs a qualitative research methodology with an exploratory research approach. Data from 10 participants were gathered through semi-structured interviews. These ten participants are SME entrepreneurs from Gauteng provinces in South Africa.

Thematic analysis was employed to analyse the data. Based on participant interview transcripts, four themes were established through the qualitative interview, with eight sub-themes emerging from the main themes.

The study concluded with a summary of key findings on the implications of the Covid-19 pandemic on SMEs in Gauteng. The study made practical recommendations on how SME entrepreneurs can remain resilient and grow during a disruption. The study also suggested future studies that can build on from this one.

Key terms

SMEs, Covid-19 Pandemic, Business, Opportunities, Challenges, Growth, Success, development, Influence, Entrepreneur.

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CHAPTER 1: NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

SMEs are essential to the economic progression of South Africa. Small and medium-sized businesses are a significant part of the economy due to their contribution to the country's advancement, employment, and development (Cook, 2020:14).

The 2008/09 overall financial slump has massively affected South Africa's business and the economy (Rena & Msoni, 2017:19). The economy went into a downturn without precedent for years, negatively influencing SMEs. As per Rena and Msoni (2017:22), gross credit openings to SMEs diminished in the fallout of the 2008 worldwide monetary emergency. Moreover, the information shows that it took around seven years for credit openness in the small and medium retail credit section to transcend pre-emergency levels (IMF, 2020:3).

The coronavirus pandemic, frequently known as Covid-19, is an infection that causes severe, intense respiratory conditions. The World Health Organisation (WHO) (2020:2) proclaimed the epidemic a global health crisis responsible for over 2.85 million deaths, making it one of history's most noticeably terrible pandemics and another worldwide emergency. The episode of coronavirus has seriously influenced SMEs' performance and general business execution in various nations. Alluding to the Kaberia and Muathe (2021:16) study, SMEs' pandemic circumstance has enormous effects.

The pandemic caused an inescapable social and monetary interruption, including the most significant overall downturn since the economic crisis of the early to mid-20th century. The world economy is relied upon to enter a downturn because of far-reaching disturbances brought about by the Coronavirus pandemic (IMF, 2020:2). IMF (2020:2) reported that worldwide development ascended from 2.9 per cent in 2019 to 3.0 per cent in 2020, a descending modification of 0.1 rate forecast for 2019/2020 and 0.2 for 2021 contrasted with those on the IMF World Economic Outlook and forecast. As per IMF (2020), the descending amendment fundamentally reflects negative astonishments to financial movement in a couple of developing business sector economies, which

prompted a reassessment of development possibilities throughout the following two years covering 2021 and 2022.

The South African coronavirus pandemic significantly impacted the country's economy and SMEs. The infection's impact has implications in the capital business sectors, bringing about a deficiency of interest and credit. Both medium and small enterprises are affected by these different consequences. The impact on SMEs is abhorrently explained by their greater degrees of fragility and lower obstruction because of their small size (OECD, 2020:3).

The report explores the interruption of SMEs' advancement brought about by the global crisis, shielding their manageable development and commitment towards the economy, considering SMEs' role in society, job creation, and economic development (Cowling *et al.*, 2015:492).

1.2 BACKGROUND OF THE STUDY

When the current South African government came into control in 1994, it acquired an economy constrained by a predetermined number of monopolies and oligopolies that made life challenging for independent small businesses (Fuchs *et al.*, 2011:67).

According to Fuchs *et al.* (2011:73), the government implemented much of the poverty reduction rhetoric surrounding South African SME policy for microenterprise development. However, the government's track record in establishing institutions to support small firms, particularly microenterprises, has been intermittent. On the other hand, substantial efforts to create a more positive, empowering climate for small and medium enterprises include simplified tax administration and new company credit law.

The Coronavirus pandemic was an unmatched worldwide crisis and remained so, affecting human well-being and economic welfare worldwide. States worldwide went to great lengths to prevent the infection from spreading because it was a health emergency. However, the pandemic has also resulted in a global financial downturn that has affected trade, investment, development, and employment. Albeit the pandemic has influenced

each side of the world, the monetary seismic tremor released by coronavirus did not affect everybody similarly. With fewer assets to brave the storm, SMEs have been especially defenceless against the repercussions of the crisis.

One of the biggest challenges to SMEs' emergence, survival, and growth is access to financing. The issue is worsened by prior years' extreme economic and financial crises. Different types of economies play a significant role for SMEs and business owners, who are also vital job creators and propellers of progress and development. SMEs employ a more substantial proportion of the private sector workforce in the OECD region. They are essential for economic recovery due to their importance in all economies.

State-run administrations and government departments have recognised that SMEs need specific arrangements and projects even in normal daily conditions; the global crisis has impacted SMEs more than any other businesses. These businesses are now more vulnerable for a variety of reasons. Not only has the conventional difficulty in obtaining financing persisted, but new difficulties—particularly supply-side difficulties—are now noticeable. It is crucial to emphasise that SMEs are typically more vulnerable during times of crisis for a variety of reasons, including:

- SMEs are small compared to large organisations; therefore, it is harder to downsize and restructure.
- SMEs are not as diversified in their business operations and have a more fragile monetary structure.
- Due to lesser credit ratings, SMEs are intensely reliant upon credit and have less financing.
- SMEs struggle to get clients or create a reliable customer base depending on the area of business in operation.
- SMEs are not trusted easily with opportunities to meet customer deliverables.

Several researchers recommended involving different sectors to provide monetary and non-monetary support to help SMEs (Zutshi *et al.*, 2021:2).

1.3 DEFINITION OF KEY TERMS

The definitions in the following section help to clarify some of the key concepts used in the study. The researcher referred to the terms defined in the below section.

1.3.1 Small and Medium-sized Enterprise

SMEs are a broad and diverse group of businesses, with legal and technical definitions that differ by country (Koirala, 2018:5). There is no universal agreement on what constitutes an SME because SMEs are classified as formal or informal and are affected by their geographic location. SMEs in South Africa are categorised based on their sector (Bvuma & Marnewick, 2020:3). Defining a small business within the parameters established by a country's policies and guidelines is critical.

SMEs are defined by the South African National Small Business Act, 102 of 1996, "as a separate entity within any sector or sub-sector of the economy and which can be classified as a micro-enterprise, a small or a medium enterprise." SME is defined by the 2003 and 2004 Amendment Acts to the South African National Small Business Act, 102 of 1996, as a "distinct business entity managed by one or more persons which must meet specified criteria", refer to Appendix A for amendment schedule of the definition with the different sector, size and maximum turnover". South African SMEs employ no more than 200 people (Department of Small Business Development, 2019: 111). The turnover ranges from R5 million for a micro-sized business to R220 million for a medium-sized company (De Wet, 2019).

1.3.2 Entrepreneurship

Entrepreneurship is defined by Hisrich *et al.* (2017:6) as creating something new and valuable while investing the necessary time and effort, taking calculated risks, and embracing social, psychological, and financial uncertainties in exchange for financial reward and personal fulfilment. Kloppers (2018:4), in contrast, describes an entrepreneur as "an individual who creates value through their entrepreneurial endeavours, identifies opportunities, acts thereon and follows an innovative approach to conducting business

and discovering unexplored markets". Spinelli and Robert (2012:35) add that entrepreneurship creates value for the business and all the participants and stakeholders in a company.

1.3.3 Influence

The term Influence is defined by Random house's unabridged online dictionary as "the action or process of producing effects on the actions, behaviour, opinions of another or others" (Random House Inc., 2021). According to the United Nations (UN, 2020), the Oxford dictionary describes impact "as the action of one object coming forcibly into contact with one another; a marked effect or influence".

The OECD (2019:4) highlights that the influence of pandemics suggests alterations to people's lives and businesses. These include changes in one's knowledge, skill, behaviour, health, living circumstances, communities and business operations in South Africa and globally. Such changes may have a positive or negative long-haul influence on SMEs created by an improvement mediation, straightforwardly or by implication, planned or accidental.

1.3.4 Pandemic

A pandemic is an occurrence that spreads globally or over a large area across international borders and typically affects many people (Doshi, 2011:583). The pandemic is categorised as a crisis or disruption that physically affects a system and imperils its fundamental tenets, self-perception, and existential foundation (Pauchant & Mitroff, 1992:15).

The Covid-19 epidemic is an odd circumstance that poses a significant risk to the business and could lead to rapid changes. Alexander (2005b:171) states that "the pandemic significance results in unexpectedness and uncontrollability, disrupting normal operations". It may have an appalling social, economic, and monetary effect on individuals, society, and the economy.

1.4 PROBLEM STATEMENT

"SMEs in Gauteng contribute significantly to the country's economy; the difficulty is their lack of resilience when confronted with unforeseen hurdles".

According to the International Labour Organisation (2020:3), SMEs are more sensitive to global crises such as COVID-19 because they employ more people and are thus subject to disruption, mainly when workers have been quarantined in many countries. Secondly, they have fewer liquidity reserves, which means they have fewer financial options and rely primarily on assistance from local banks and government agencies. SMEs frequently lack resources that can be sold or used as security for subsequent lending lines. Due to the pandemic, these conditions make them more susceptible to liquidity constraints, as SMEs cannot manufacture or render service to their end customers.

In addition, supply chain operations are disrupted, which causes scarcity of components and intermediate goods, consumer job losses, epidemic spread anxiety, increased instability, and a decline in investment and usage (Henriksen & Selwyn, 2020). Any containment measures implemented by governments due to globalisation would significantly impact economies and, consequently, small and medium-sized businesses inside those economies. SMEs feel the effects of the Covid-19 pandemic globally. Still, business owners in developing countries are likely to bear a disproportionately more significant share of the economic burden than those in industrialised ones (Kalidas *et al.*, 2020).

According to Kalidas *et al.* (2020), most SMEs in these market segments, including South Africa, already deal with constraints that result in a lack of resource base and consistently unstable economic factors. SME South Africa (2020:7) indicates that Covid-19 significantly impacted their regular business activities, earnings, and work opportunities. The country's economy may be severe as some SMEs estimated possible closure during and after COVID-19 (OECD, 2020:113).

The resilience of small and medium businesses is critical to the country's economic growth, job creation, and tackling numerous social concerns. This study aims to

determine the impact of a pandemic breakout on small businesses and the lack of resilience and recommend various coping techniques.

1.5 PRIMARY AND SECONDARY OBJECTIVES

1.5.1 Primary objective

The study's primary objective was to investigate how the Covid-19 pandemic affected SMEs in Gauteng.

1.5.2 Secondary objectives

The secondary objectives of the study were:

- To explore the adverse effects of the pandemic on SMEs' development, recommend solutions after gaining knowledge of the most affected business functions.
- To analyse how specific SMEs can maintain growth in the face of a worldwide crisis.
- To analyse how specific SMEs can accelerate growth.
- To encourage critical dialogue between SME owners and policymakers.
- To develop practical methods for increasing the resilience of SMEs during and after a disruption.

1.6 RESEARCH QUESTIONS

What are the implications of the pandemic on the growth of small- and medium-sized enterprises (SMEs)?

1.7 SCOPE OF THE STUDY

The section displays the area of the study, the industry under investigation, and the location.

1.7.1 Field of study

The research domain is entrepreneurship, focusing on SMEs' pandemic resistance and development.

1.7.2 Sector under investigation

The SMEs were the sector examined in this study, focusing on how the pandemic affected the development and resilience of SMEs. SMEs in South Africa are defined as companies with fewer than 200 employees and annual revenue of between R150 000 and R50 million National Small Business (NSB) Act 102 of 1996.

1.7.3 Geographical demarcation

The study focused on SMEs operating in Gauteng. The SMEs working in the chosen areas benefit from their proximity to the country's economic hub in trade. Figure 1.1 map illustrates South African provinces, and figure 1.2 shows the municipalities within Gauteng province.

Figure 1-1 South Africa's nine provinces map



Source: www.sa-venues.com (2021)

Figure 1-2 Gauteng municipalities map

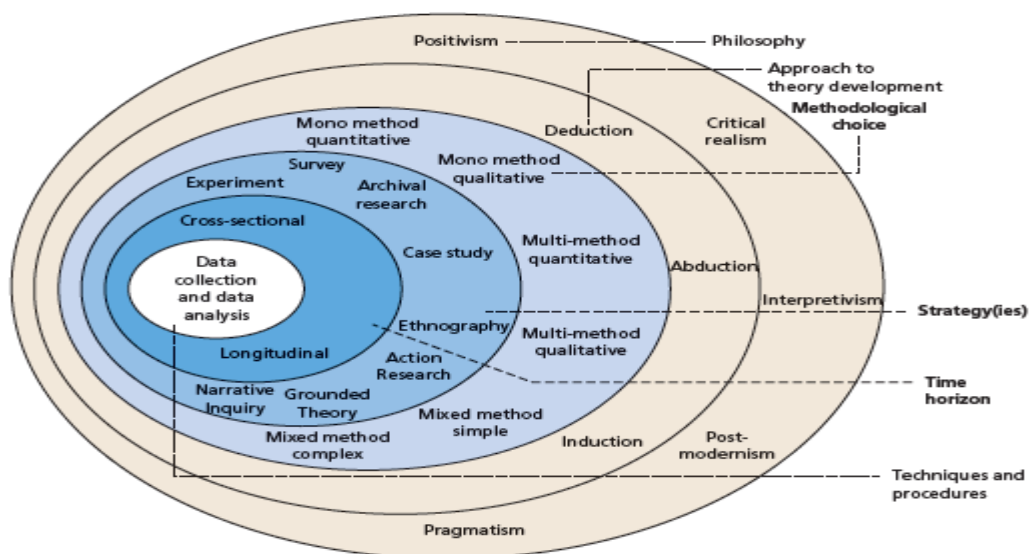


Source: AfriGIS (Pty) Ltd (2021)-

1.8 RESEARCH METHODOLOGY

The research approach was divided into a literature review and an empirical study. According to Saunders *et al.* (2019:129), the research structure was determined by the research design to answer the research objectives. Saunders *et al.* (2019:130) further refer to the exploration onion as the focal point for researchers to apply when gathering information. Saunders *et al.* (2019:130) developed the onion indicated below in Figure 1-3, which depicts research methods, techniques and approaches the researcher followed as a guiding principle for research methodology.

Figure 1-3 Research Onion



Source: Saunders *et al.* (2016:164)

1.8.1 Literature review

A literature review explores what is already known about their field of interest, identifies gaps in the study, and pursues any significant arguments (Bryman *et al.*, 2015:92).

The literature review unpacked the different initiatives by the public and private sectors to support SMEs' sustainable development during and after the pandemic. The study used website articles, journal articles, papers on the subject, news, other dissertations, publications, and textbooks to understand SMEs' development and resilience during the pandemic to generate employment in South Africa and contribute to the country's economy.

The goal of the review was to gain a better understanding of the following topics:

- Institutional frameworks and legislation that govern SMEs in South Africa.
- SMEs as a tool to create trade and contribute to the country's economy
- The SMEs' performance before and during the pandemic.

1.8.2 Empirical study

This section aims to explain the researcher's methodology for conducting the study. The sturdiness of the information produced by research depends on the methods used to gather the data (Silverman 2001:167). This section began with an explanation of the research paradigm, an interpretive framework that applied to the study. The study's research design and the motivation for an exploratory qualitative research approach were described. The research population and study participants were defined in further detail. The techniques for data gathering and analysis were detailed. The section concluded by discussing the study's trustworthiness and ethical considerations.

1.8.3 Research paradigm

According to Saunders *et al.* (2007:112), the research paradigm examined social phenomena from which understandings and explanations attempted to contribute. The research was conducted using interpretivist or positivist paradigms. Cohen *et al.* (2007:27) argued that each researcher in the social study should work from a specific

paradigm because researchers have different perspectives on the nature of information and realism.

An interpretative paradigm was used in this research. An interpretative model is based on people's knowledge of the subject from their perspectives and experiences rather than how the researcher sees it, according to Bryman *et al.* (2015:20).

Pham (2018:3) contends that the interpretivist paradigm has an advantage in that the researcher pronounces objects, individuals, or proceedings and acquires a deep understanding of these substances in a social context. The study promotes the researcher's interaction with the contributors to obtain a detailed knowledge of the actual concepts, connotations, purposes, principles, opinions, and the self-understanding individuals uphold (Bryman *et al.*, 2014:14).

1.8.4 Research approach

Saunders *et al.* (2007:117) alluded that attaching research approaches to the different research philosophies is helpful and informs the study's data collection and analysis decisions. The broader method for the study was an inductive approach that entails gathering theories relevant to the study. The researcher looked for patterns to develop an idea that explained the data (Saunders *et al.*, 2007:118). The objective of an inductive method was to collect a considerable amount of data about the influence of the covid-19 pandemic on SMEs in Gauteng and draw generalisable inferences or theories from observations (Bryman *et al.*, 2014:378).

1.8.5 Methodological choice

The study's research methods are all included in the research technique (Bryman *et al.*, 2014:666). The methodological choice used in this study was the qualitative method to explore the influence of the covid-19 pandemic on SMEs and recommend coping strategies in future. Qualitative research analyses and understands an individual's meaning of a societal or human problem (Creswell, 2014:16).

According to Bryman (2014:46), Qualitative research is primarily subjective in approach as it seeks to understand human behaviour and reasons that govern such behaviour,

looks at social life through the lens of how processes, events, and patterns emerge, unfold, interconnect, change, and shift across time.

The analysis is likely to be guided by specific evaluation objectives. The study provided a complete description of what happened and emphasised the need to understand and interpret the data (Bryman *et al.*, 2014:47).

Qualitative research relied on data obtained by the researcher from first-hand observation, interviews, questionnaires, focus groups, participant observation, recordings made in natural settings, documents, and artefacts (Saunders *et al.*, 2007:472). Several thoughts informed the choice of a qualitative research study.

These included a theoretical perspective on how the researcher conducted the research, consideration of the experience the researcher has gained working with SMEs, features of the investigation, the purpose of the research, and direction from previous studies of a similar nature. Because the researcher was interested in learning how specific SMEs' owners and managers operate, the qualitative research approach was thought to be appropriate as they described their own experiences regarding the influence of the pandemic on their SMEs and various challenges impacting their sustainability.

1.8.6 Research strategy

The next layer following methodological choice is the research strategy which indicates how the researcher collected the data. According to Saunders *et al.* (2007:135), the intention of the research strategy derives from the research question and objectives, the extent of existing knowledge, the amount of time and other resources available, and philosophical underpinnings. For this study, exploratory research was used. Exploratory analysis is used to understand better and clarify a topic (Saunders *et al.*, 2016:204). The primary goal of the exploratory study is to uncover new information about the research problem (Greener & Martelli, 2018:53). "Exploratory strategy is undertaken when there are few or no previous studies to refer to or rely on to predict an outcome," writes Saunders *et al.* (2016:174).

Using an exploratory strategy for this study assisted the researcher in becoming familiar with the relevant information, settings, and concerns to acquire a complete picture of the evolving scenario. Saunders *et al.* (2016:175) highlight that exploratory research has the advantage of being flexible and adaptable to change. The author says that the researcher conducting exploratory research must be prepared to alter course if new information, new insights, or new ideas and hypotheses emerge.

Additionally, the researcher thought about formulating speculative hypotheses, deciding on study feasibility in the future, and developing a plan for future research. The researcher considered an exploratory research strategy for this study because it gave the researcher direction on obtaining solutions to the research problem by examining the literature and interviewing experts on the topic.

1.8.7 Time horizon

The time horizon outlines the number of data collection points and the length of the research project (Saunders *et al.*, 2007:148). The time horizons layer specified the analysis time frame. The two types of time horizons include cross-sectional and longitudinal. The study employed a cross-sectional research study, which gathered data on multiple cases simultaneously. Most research programs for academic courses must be time-constrained; therefore, the researcher conducted a cross-sectional study. The study took place over a brief period and looked at the data collected from the study participants at a single point in time (Bryman *et al.*, 2014:108). The information was gathered based on the experiences of subjective sources (participants).

1.8.8 Study population and sampling

1.8.8.1 Define study population

According to Creswell and Creswell (2018:150), the study population consists of the components that satisfy the requirements for inclusion in the relevant research. The SMEs business sector embodies the study population, contributing to the local economies through various entrepreneurial ideas and rendering service in Gauteng. Saunders *et al.* (2007:206) define a population as "the complete gathering of individuals or elements from whom the researcher will collect data"; therefore, the population contained all the Gauteng-based SMEs. A target population included individual SME owners and

managers (per inclusion/exclusion criteria) with the insight, skill, experience and knowledge to comprehensively understand SME operations during the pandemic, primarily in Gauteng's various service industries (Kloppers, 2018:20).

A complete list of all the cases in the population from which selections are made constitutes the sampling frame for any probability sample (Saunders *et al.*, 2007:208). The sample frame consisted of participants' access to the researcher (through direct and indirect contact) from a list of registered SMEs in Gauteng.

1.8.8.2 Inclusion and exclusion criteria

In South Africa, there were more than 2.6 million SMEs, according to a report released by the Small Enterprise Development Agency (SEDA) in the first quarter of 2020. Gauteng is home to nearly half of South Africa's official SMEs, accounting for 46% of all SMEs (SEDA, 2021:2). The inclusion criteria identified the study population as consistent, reliable, uniform, and objective. The research population consisted of 1.2 million SMEs at least four years old, employed at least four full-time employees, registered/trading in Gauteng, and represented by the owner/manager.

The research population was scattered over Gauteng, with the bulk coming from Johannesburg and the surrounding districts. Exclusion criteria included aspects or traits that rendered the recruited population ineligible for the study and consisted of large firms (over 200 employees), SMEs located/registered outside of Gauteng province, and SMEs in operation for less than four years.

1.8.8.3 Sample size

The sample size is the number of individuals or observations a study encompasses. When determining the sample size, the researcher considered that the sample should be large enough to describe the phenomenon being studied and conclude on the stated research question. The goal of this study, regarding participant sample size, was thus to attain data saturation. Saturation in qualitative research is the criterion to inform the researcher to discontinue further data collection (Saunders *et al.*, 2018:1893). The data

saturation approach meant that the sample size was dictated by informational redundancy (Saunders *et al.*, 2018:1905). The selected research sample comprised approximately 10 (until saturation) SME owners and managers located across Gauteng, mainly in the service sector, in operation before the pandemic.

1.8.8.4 Sampling technique

Creswell (2013:3) defines sampling as "the method involved in choosing a delegate group from the population under study". A sampling technique is a term used to refer to the specific method used to select the sample entities. Probability and non-probability sampling are the two main methods employed by researchers. The researcher used non-probability sampling as all-inclusive sample frames were not readily available. Non-probability sampling refers to the selection of a sample that did not occur at random, indicating that some population segments were more likely to be chosen than others (Bryman *et al.*, 2014:174).

1.8.8.5 Sampling process

The population is a process whereby the sample represents the entirety of the population for a study (Bryman *et al.*, 2014:186). All sampling was done with limited time, effort, and financial resources.

The researcher used a snowball sampling strategy. The snowball strategy is when research respondents refer the researcher to others who possess comparable characteristics, and they, in turn, identify others (Cooper & Schindler 2014:360). Most management and organisational researchers advocate using existing contacts to access the desired research sample (Saunders *et al.*, 2019:245). Furthermore, the researcher adhered to the new POPI Act regulations in accessing and managing participants' personal information.

The Act requires accountability from the person collecting an individual's personal information (section 8), processing limitations (section 9-12) which require lawfulness of processing, minimality, consent, justification and objection, and finally, direct collection from data subjects (POPIA, 2019). Furthermore, section 13 and 14 of the POPIA act

requires purpose specification, which involves collecting personal information for a specific purpose and retaining and restricting records (POPIA, 2019). The Act imposes additional processing constraints, information quality, transparency, security safeguards, and data subject participation (POPIA, 2019).

This means that the person identifying the potential participants should get their consent before forwarding their contact details to the researcher, or the originator should give the researcher's contact details to the prospective participants to initiate the contact. This will ensure that the POPI Act is not violated.

Interviews were conducted until data saturation or when new data no longer enabled the revelation of new insights or properties. When the categories (or themes) were complete, the researcher ceased gathering data. Saturation refers to a sufficient sample size for the researcher (Creswell & Creswell, 2018:301).

1.8.9 The measuring instruments

Data collection instruments most commonly used in qualitative research include individual interviews, focus groups, and direct observations (Bryman *et al.*, 2014:209). The study was conducted on raw data collected through accounts gathered directly from the participants. The researcher depended entirely on the participants' willingness to share their knowledge about the research subject.

The researcher used semi-structured interviews as the study's measuring tool. The approach allowed the researcher to gain valuable data on the participant's thoughts, interactions, and feelings toward the subject while still allowing the researcher to focus on the research.

1.8.10 Data collection

According to Creswell (2013:15), data gathering involves coordinated operations and collecting information to respond to research questions. As discussed in the preceding section, interviews are the most commonly used tool in qualitative research. Interviews are a great way to get a lot of helpful information and may be tailored to the researcher's needs (Bryman *et al.*, 2014:223). Interviews were used to collect the data for this study, and Quinlan (2011: 289) distinguishes five different types of interviews:

- Group
- One-on-one contact
- Virtual or online
- Teleconference and telephone
- Photographic elicitation

Virtual or physical One-on-one interviews are when the interviewer sits down with each participant and conducts a detailed discussion (Quinlan, 2011:289). The researcher conducted one-on-one virtual interviews with chosen SME owners/managers to obtain data. The interview guide and questions are included in Appendix A. The researcher adhered to the POPI Act regarding the contact details of the prospective participant by complying with minimum requirements, which included taking accountability and ensuring that the contact details were used for the legitimate and lawful purpose of the research only (POPIA, 2019). The researcher secured the integrity and confidentiality of the prospective participant's contact details in adherence with the POPI Act.

The participants were communicated via emails to arrange a convenient interview time via online platforms such as Zoom and Teams. The interviews took place online, and participants could conduct them from the comfort of their own homes or offices. According to Bryman *et al.* (2015:227), the advantage of the environment is that the interviewee felt at ease in their familiar setting, which encouraged them to participate more actively in the interviews.

During the interview, the researcher introduced herself, expressed gratitude to the interviewee for partaking in the discussion, clarified the study's purpose, and requested permission to record the interview. The recording was done using zoom and the team's functionality. The researcher reminded the interviewee that taking part in the study was optional. Participants were informed that the information gathered during the interview would be kept confidential, used only for the research, and not shared with anyone (Bryman *et al.*, 2015:127).

1.8.11 Data analysis

The researcher used coding as a form of data analysis. According to Bryman *et al.* (2014:336), coding implies that the coded data will be understood and represented by the researcher rather than displayed in its original state. Interview proceedings were recorded and converted into a printed format only after the participant had signed a written consent document (Bryman *et al.*, 2014:336). Because of the study's qualitative character, the researcher paid no attention to the method of speaking or expressive behaviour. The researcher also removed extra grammatical performance from transcriptions (Bryman *et al.*, 2014:341).

Thematic data analysis, as stated by Creswell (2013:473), separates how things work and identifies key features in themes in the cultural setting to make sense of the information in ethnography. Additionally, the ethnographer divides the text, codes it, and produces a limited number of distinct, non-overlapping pieces in line with the process of describing and developing themes from data. But in an ethnography, these themes represented prevalent attitudes, behaviours, or conversations. The challenge was selecting a small number of articles and providing sufficient support for each. After description and analysis, it followed interpretation, and the ethnographer drew inferences and formed conclusions about the learnings in understanding.

The researcher connected the narrative and the concepts to a larger depiction of knowledge that would frequently reflect a combination of the researcher conducting their analysis, going back to the relevant literature, and posing specific questions in light of their findings. The researcher carefully chose interview questions to obtain information that would light the research and achieve the study's objectives. The Creswell thematic approach for data analysis was used, as illustrated in Figure 4.

Table 1-1 Phase of the thematic analysis of qualitative data

Phases	An explanation of the procedure
Familiarise oneself with the information	The transcription of verbal data was required first. The researcher read the information again and again while making initial notes.
Creating first codes	Coding interesting data features methodically and gathering data pertinent to each code.
Discover themes	Organise all pertinent information for each theme by sorting codes into potential themes.
Examining themes	Arrange all pertinent data for each theme and sort codes into potential themes.
Naming and defining themes	Clarify the details of each theme, then enumerate and describe each theme.
Create the report	The researcher selected compelling examples from the literature related to the research question and the analysis to produce a scholarly study report.

Source: Braun and Clarke (2006:87)

The researcher carried out the interviews and then used thematic analysis to transcribe and code the data. The researcher merged the transcribed interviews and encoded each paragraph to record all-important codes, resulting in a complete set of interviews (Bryman *et al.*, 2014:337). The study used software and worktable tools to assist the researcher in coding and to help with thematic data analysis. Qualitative data analysis tools review transcripts in bulk, saving the valuable researcher time during the data analysis process. The Atlas.ti software tool used improved accessibility for coding, transcript analysis, and other data categorisation (ATLAS.ti, 2020).

1.8.12 Reliability and Validity (trustworthiness)

Some qualitative researchers use the phrases' reliability and validity to describe crucial measures of study quality, rigour, and broader potential that may be obtained by adhering to methodological and disciplinary standards and principles (Bryman *et al.*, 2014:43). The research's validity and reliability were defined. Creswell & Creswell (2018:199) explain validity as evaluating the accuracy of the findings, while reliability denotes the study's consistency across numerous studies.

The researcher used the participant's method to determine the study's validity. The researcher compiled interview guides that were not biased and conducted an interview process that was not leading. The researcher conducted follow-up interviews with some study participants, allowing them to remark on the findings to assess whether they were true. Re-checking transcripts for evident faults during transcribing was also used to establish the study's dependability.

According to Bryman *et al.* (2015:44, 45), four components make up trustworthiness:

Credibility: The results were presented to the participants to confirm that the researcher had correctly interpreted the results. Respondent validation is another term for credibility (Bryman *et al.*, 2015:44).

Transferability: Readers must read the original research in greater detail to compare the similarities to their cases because it is a transfer of study results to another context (Bryman *et al.*, 2015:44). By the sixth interview, the main themes had been saturated, resulting in transferability.

Dependability: To achieve reliability, researchers ensured the research process was logical, traceable, and documented. How a research study responds to auditing could indicate credibility (Bryman *et al.*, 2014:45).

Confirmability was demonstrated when the researcher established trustworthiness, applicability, and dependability. It is a metric for determining whether the researcher allowed personal values to influence the research and whether the researcher's interpretations and findings were derived solely from the data gathered (Bryman *et al.*, 2014:45). Confirmability was attained by consulting the supervisor and a qualitative research expert.

1.9 ETHICAL ISSUES

Research ethics bind the researcher to a set of ethical principles that must be followed during the study. According to Saunders *et al.* (2016:228), research ethics refers to a researcher's appropriateness of behaviour concerning the rights of people impacted by their work. A research study must have an ethical design that is methodologically sound

and virtuously appropriate for the participants. Research ethics involves applying moral principles in the planning, conducting, and reporting of research studies.

The benefits of participating in the study must offset the risks. When the topic for this research was selected, the researcher pledged to gather the information that would not cause harm to participants but instead inform the industry of crucial considerations to influence strategy for inclusive reform. Silverman (2014) suggested below goals aimed to be realised in ethical research:

- Ensure that participants in the study do so voluntarily
- Ensuring the privacy of participant's comments
- Security of people against harm
- To promote trust between researchers and those being studied.

The researcher's views about the phenomenon being investigated should be disclosed, and suitable mitigating procedures should be used to lessen the data quality if applicable (Bryman *et al.*, 2014:136). The researcher involved participants in the data analysis in enabling participants to verify the final product. The study's participants were urged to express their views on the findings' validity and the research suggestions' applicability.

1.9.1 Voluntary participation

Participants were informed that involvement in the study was voluntary and that withdrawal was possible at any time. There were no rewards or incentives for willing participants.

1.9.2 Informed consent

Informed consent is an essential aspect of research ethics and a fundamental principle in social research ethics. It implies that prospective research participants should be given as much information as needed to decide whether or not they wish to participate in a study (Bryman *et al.*, 2014:712). The purpose of the study, the fact that participation was entirely voluntary, and the fact that withdrawal from the study was possible at any time were all made clear in the informed consent form that participants were required to sign.

Signing the consent form also granted the researcher permission to use the information gathered for research study purposes, as stated in the consent form. The researcher complied with the POPI Act regulations in accessing and managing participants' personal information. This means that the individual recommending participant obtained informed consent before forwarding contact details to the researcher; alternatively, the originator gave the researcher's contact details to the prospective participants to initiate the contact.

The researcher actively protected the participant's anonymity. Informed consent ensures privacy to build honest and open interactions and prevent misrepresenting participants' experiences. Participants filled out and signed a consent form before participating in the interview (refer to Appendix B).

1.9.3 Privacy and confidentiality

The right to privacy is a tenet that many researchers hold in high regard, and transgressions of that right in the name of research are not regarded as acceptable (Bryman *et al.*, 2014:142). Participants received guarantees that their data would be kept strictly private and wouldn't be disclosed to anyone besides those directly connected to the study. Participants were also told that the study was only for research purposes and that no one would know their personal information. Each participant was assigned a code and referred to by that code throughout the study. Participants' personal information was not gathered unless necessary for the study's objective. The language used in the informed consent was simple to understand so that participants knew all aspects of the study, and the study adhered to the POPIA Act's norms and regulations.

1.10 THE LAYOUT OF THE STUDY

The research paper is divided into four chapters.

Chapter 1 introduced the study's topic, problem statement, objectives, research methodology, and limitations.

Chapter 2 covered the literature and theoretical review. It focused on reviewing the existing literature on SMEs, public sector institutions created to help SMEs, their challenges and performance during the pandemic.

Chapter 3 The study results were presented and unpacked in Chapter 3. The researcher analysed the data and study findings.

Chapter 4 The research findings were summarised, and conclusions were drawn regarding the exploration problem. The suggestion discussed whether the study's objectives were met and suggested further research based on empirical research and literature review.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The Covid-19 crisis has caused tremendous anguish worldwide, necessitating urgent research into how it has affected and will continue to change multiple aspects of the economic system. Governments were forced to adopt ground-breaking measures to stop the spread of disease during the COVID-19 pandemic, resulting in the most severe consequences for businesses. The pandemic's lockdown measures harmed most economic sectors and regions. According to Stephan *et al.* (2021:4), small and medium-sized enterprises (including self-employed people) account for 90% of global businesses and 70% of global employment.

SMEs are especially vulnerable to the Covid-19 pandemic because they typically have fewer resources than big corporations, putting millions of jobs at risk. In most parts of the world, SMEs consist of a vast mainstream of firms, each contributing differently to their country's economy and, in particular, employment (SBI, 2020). Small businesses primarily use weekly projections to maintain their market share and relevance.

Okuwhere and Tafamel (2022:1) evaluated information on the nature of COVID-19 and its effects in Africa. They showed how COVID-19 emergence has endangered businesses, especially SMEs, increased unemployment on the African continent, and presented significant obstacles to the growth of entrepreneurship (Okuwhere & Tafamel 2022:9).

The literature supports Okuwhere and Tafamel's assertion that COVID-19 may have unintentionally done long-lasting harm to entrepreneurship in Africa. In the South African context, SMEs are critical to meeting the needs of the country's residents. According to the World Bank economic analysis of the country, young entrepreneurs are one of South Africa's best prospects for resolving the nation's employment crisis, which the COVID-19 pandemic has exacerbated in an environment of weak economic growth (World Bank, 2021)

The report claims that to create a more inclusive economy following the pandemic, policies to maintain macroeconomic stability, revitalise the job market, and enhance the investment climate as well as the country's growing and established small and medium enterprise sector could all help close the gap (World Bank, 2021). Parilla *et al.* (2020:484) stated that the Covid-19 epidemic poses an all-encompassing threat to the economic hub's business sectors, particularly SMEs. Transmission channels and employment have been at risk due to economic or environmental factors in Gauteng that may have impacted the survival rate of SMEs (Parilla *et al.*,2020:485).

Global economic hardship has been brought on by the COVID-19 pandemic and government-imposed containment measures, which added to the difficulty faced by small businesses. The SBI (2020) claims that the plight of small, medium, and micro enterprises and their future has come to light, particularly in the Gauteng region. It further states that the nation's entrepreneurial stock and the number of active small businesses had significantly decreased over the years, even before the pandemic (SBI, 2020).

The majority of businesses are now more financially vulnerable than ever due to the crisis, so concerted efforts and government involvement are needed to revive the entrepreneurial environment (Maritz *et al.*, 2020). Conventionally, the propensity has focused on specific entrepreneurs and organisations rather than their context. Although they have improved, the chances for a solution to the crisis are still unclear. Future opportunities for sustainable growth are available in these small businesses and their owners' aspirations to explore beyond a region. Ratten (2020a) mentions small businesses' limitations exist regarding cross-border opportunities. However, different entities can function effectively and sustainably in an increasingly interconnected world (Ratten, 2020a). The development of SMEs in South Africa is examined in the section below.

2.2 DEVELOPMENT OF SMEs IN SOUTH AFRICA

There is no single definition of small and medium-sized businesses due to variations among nations and economic sectors. According to the International Labour Organization (2015), three widely accepted criteria define SMEs: the number of employees, turnover,

and balance sheet total. Given that "SMEs are defined differently across different sets of legislation, statistical studies, and policy documents" in South Africa, the Small Business Institute (SBI) set out to apply a "coherent definition of SMEs" in its 2018 analysis of formal SMEs. SBI (2018) determined the definitions of size by examining the number of "person year jobs" associated with each type of business: 0–50 for microenterprises and small businesses, 51–200 for medium-sized businesses, and more than 200 for large, established businesses.

Initially, SMEs in South Africa were defined using three proxies: employee count, total annual revenue, and total gross asset value (SBI, 2018). Since 2019, SMEs have been categorised using two methods, one of which excludes total gross asset value. Additionally, from 1996 to 2018, small businesses were divided into four categories depending on the industry: micro (fewer than five employees), minimal (fewer than 10 to 20 employees), small (fewer than 50 employees), or medium (fewer than 100 to 200 employees) (SEDA, 2020). White Paper on SME Development from 1995 provided the first official documentation of government policy regarding South African SME development. In this situation, SMEs are governed by the National Small Business Act, 102 of 1996 (NSB, 1996). The Act's objectives include creating standards for state agencies to support small businesses in the Republic and addressing related issues.

To show its commitment to this sector, the government created the Department of Small Business Development (DSBD) in 2014. Numerous entrepreneurship support programmes and targeted support, like legal requirements, are run under its auspices. SMEs are also supported by the Department of Trade and Industry (DTI), established in June 2019 (Seda, 2016). One of the department's strategic goals is to facilitate economic transformation to encourage industrial development, investment, competitiveness, and job creation (South African Government, 2021). There is a significant gap between these objectives and South Africa's current economic climate. SMEs have been acknowledged as critical in advancing inclusive growth and development in South Africa.

In the National Development Plan, the government highlighted the significance of these companies for job creation, innovation, and competitiveness, with the objective of SMEs creating 90% of new jobs in South Africa by 2030 (South African Government, 2015:142).

Furthermore, the department's responsibilities include building equally favourable regional and international connections to promote trade in South Africa (South African Government, 2021). The National Development Plan (NDP) for South Africa sets several goals for 2030 in support of the department of small business development, including eliminating poverty, reducing inequality, and reducing unemployment (South African Government, 2015:117).

An ideal economic system is typically one with the stability of small, medium, and large firm sizes, as well as a good number of young, dynamic companies and more seasoned, yet creative, older generations. South Africa's economy has struggled to achieve this balance. Small and medium enterprise performance, growth, and sustainability will determine the economic system that fosters inclusion and development.

Mamabolo *et al.* (2017:5) state that, among other things, SMEs need technical, personal, leadership, social, and interpersonal abilities, such as business management, marketing, financial, and human resources skills. Support and development initiatives must be created and implemented to address the skills and competencies of those managing SMEs. Leitch *et al.* (2009:247) strongly advise that programmes for SMEs' entrepreneurial development should adopt a different strategy from leadership and development interventions in big companies. Since management and leadership commitments are frequently combined in the entrepreneurial context, entrepreneurial development efforts should focus on preparing entrepreneurs to handle their particular challenges (Leitch *et al.*, 2009:248).

Small and medium-sized enterprises (SMEs) contribute immensely to propelling the economy from an immature stage to high growth and development. According to studies, SMEs play an essential role during the early stages of growth (Fjose, 2010:2). Demand for services like utilities, transportation, trade, business, and personal benefits rises as the economy grows in both the corporate and household sectors. On the contrary, as the potential for local market growth increases, a growing economy encourages businesses to leave the informal sector. The following section will examine entrepreneurship concerning SMEs.

2.3 DEFINING ENTREPRENEURSHIP IN THE CONTEXT OF SMEs

In Africa, entrepreneurship is an endogenous force. Several arguments identify the root cause of SMEs, implying that entrepreneurialism is new to Africans (Njanike, 2019:5). This argument contends that because African economies joined the entrepreneurial race later than other continents, they were unable to cultivate and produce the necessary entrepreneurship and innovation. According to Cronje *et al.* (1998:2), a discernible pattern indicates that African economies began a downward spiral in the 1990s, with economic collapse, decaying urban areas, declining food production, and rapidly growing populations. The financial crisis had many negative consequences, such as never-ending suffering, hunger, poverty, illiteracy, unemployment, and violence (Bushe, 2019:7). The need to offer a potential remedy for these issues formed the foundation of the entire concept of entrepreneurship. However, the reasons why entrepreneurship efforts have not yet yielded the desired results are not immediately apparent.

Entrepreneurship is when a person assumes responsibility and makes choices that influence how things are produced, used, or distributed (Hebert & Link, 1989). This definition includes the ideas of agency and ownership structure when applied to business activities, and the perception of economic opportunities and the development of novel ideas are defining characteristics. However, these earlier definitions were reformulated by Bruyat and Julien (2001) to depict the ordinary person, the invented thing (an organisation and innovation), the environment, and the process, which are the four facets of entrepreneurship.

Entrepreneurship has frequently been presented as an option for the unemployed who cannot find formal employment. The international literature backs up this point of view from way back. Van Praag and Versloot (2007:354) find in a systematic review of 56 studies that entrepreneurs play a significant role in job creation and that entrepreneurship has positive, long-term spillover effects that boost employment levels of growth. Promoting the expansion of current SMEs may encourage innovation and job growth in these companies.

There is still not enough study of the causes and effects of SME failure in developing and underdeveloped nations worldwide. And South Africa is no different (Bushe, 2019:18). Despite the common belief that SMEs are essential for fostering economic development, especially in creating jobs (reducing unemployment), poverty obliteration, equitable distribution of income and enhanced lifestyles. Additionally, there is still a lack of a unified framework for placing the challenge in its proper perspective, facilitating its resolution at all levels of entrepreneurial initiative, including macro, micro, and all other levels contemplated.

Even though SMEs are thought to be an antidote for unemployment, for instance, the rate of joblessness in South Africa is at an all-time high, ranking the nation eighth among those with the worst unemployment rates globally. The country with the fourth-worst youth unemployment rate worldwide (Bushe, 2019:1). The unemployment rate in the first three months of 2022 was 34.50 per cent, down from 35.30 per cent in the previous quarter (Statistics South Africa, 2022). It is frequently asserted that SMEs will significantly contribute to economic growth and development if given more attention; however, the rate of SME failure cannot account for the necessary economic growth, especially when compared to the difficulty of job creation (Bushe, 2019:17).

Botha *et al.* (2015:57) state that successful entrepreneurship and SME ownership depend on specific traits and skills. The inference is that a person serves as both the start and finish of a business. The researcher emphasises that an SME exists because an entrepreneur risks opening a company; with a profit-making goal. Lekhanya (2016:4) states that enterprises must have the proper systems to succeed. These include acknowledging the factors that affect business growth, development, survival strategies, techniques, and methods. The primary step is to create a solid plan for pursuing innovation, survival, marketing their businesses, and long-term viability (Hossain, 2015:1).

No small business can start or continue to exist without an entrepreneur. As a result, such a business is viewed as offering products and services to satisfy customers. Profit, as previously stated, is the definitive goal. However, the entrepreneur's survival and existence depend entirely on risks taking, pursuing opportunities and bringing fresh ideas

to the marketplace. The SMEs capacity to flourish, perform positively, grow, and seize opportunities is challenging in the business environment. The suggested fundamental abilities (growth, adaptability and opportunity seizing) include the operational and dynamic aspects that reflect the firm's preparedness for future challenges and disturbances. To be resilient in today's evolving and complex business environments, SMEs must develop these competencies to a higher level (Hussen-Saad *et al.*, 2021:8).

2.4 UNDERSTANDING THE PANDEMIC CRISIS IN THE CONTEXT OF SMEs

Covid-19 has caused an unexpected and drastic shift in global business and socioeconomic factors since it was first reported in China (Rowan & Laffey, 2020:725). Although SMEs are the cornerstone of every economy, they are especially essential in emerging nations like South Africa, particularly in the Gauteng region. During the devastating pandemic, SME businesses became stuck and faced a massive crisis. The government halted a significant portion of its economy to fight the coronavirus's destructive effects.

During the pandemic, SMEs faced various issues, including decreased demand, supply chain disruptions, cancellation of export orders, raw material shortages, and transportation disruptions. The problems are consistent with the case study findings on Bangladeshi SMEs (Shafi *et al.*, 2020:1). Entrepreneurs first consider the scope of the issues in light of the nature of their business to manage the crisis. Business improvement can be accomplished in two different ways: first, by determining the immediate physical effects on business activities, and second, over time, by examining factors such as the business' age and financial health, its dependence on specific areas of the economy, the effects of direct and indirect catastrophes, and operational interruptions, among others (Morrish & Jones, 2019:2). According to Morrish and Jones (2019:3), entrepreneurs and SME owners face varying problems depending on their nature and business context.

Various studies indicate that SME owners should attempt to comprehend the nature and scope of the problems from all facets of their business in the initial phase. Forming a crisis management team can assist entrepreneurs in understanding the crisis and developing

crisis management strategies. Estimates of the crisis's adverse economic impact on some emerging economies, such as South Africa, are substantial, if not disastrous (Evans, 2020:3). The Covid-19 pandemic nearly brought the world economy to a halt as the pandemic has placed the SME sector under unprecedented strain.

The South African government used strategies such as lockdown, social isolation, stay-at-home directives, movement control orders, and travel bans to manage and compress the Covid-19 curve (Sansa, 2020:4).

The strategies severely impacted all industries, including small and medium enterprises (Sansa, 2020:5). SMEs were already facing different challenges of growing their business, retaining existing customers and lack of expansion due to financial constraints before the pandemic.

SMEs have had a severe impact because of unavoidable factors such as high rental costs, high-interest payments, supply chain disruptions, and worker wages throughout the pandemic (Le *et al.*, 2020:92). SMEs in South Africa had tremendous difficulty running their businesses smoothly due to pandemic situations in comparison with other countries.

2.5 THE IMPACT OF THE COVID-19 CRISIS ON SMEs IN THE SHORT-TERM

Aside from tourism, the economic sectors most directly impacted by lockdown measures are transportation, manufacturing, construction, wholesale and retail trade, air transportation, lodging and food services, real estate, professional services, and other personal services are all examples of industries at least initially (OECD, 2020:3).

Lockdown measures caused the crisis to have an almost immediate negative impact on the growth of businesses in most African nations, with notable decreases in business growth in 2020 compared to 2019. Due to lockdowns, small and medium-sized businesses (SMEs) have experienced severe liquidity shortages as revenues have decreased much more quickly than operating costs. According to Banerjee *et al.* (2020:13), for a 10% drop in income, operating expenses typically fall by 6%. Smaller

companies frequently have insufficient cash reserves, often only covering two to three weeks of outflows, which makes the situation worse. According to data from the United States, a more significant proportion of small businesses would need to supplement funding or make cost reductions when faced with a two-month revenue loss (OECD, 2020:158).

Additionally, SME revenue declined throughout the first wave of the epidemic. After the lockdown period, revenues in most countries remained low (OECD, 2020:39). Additionally, despite easing lockdown regulations in many nations during the time, SMEs' position improved only marginally. These findings concur with a survey conducted by the World Bank 2020 and the OECD 2020. Small business revenues increased in New Zealand, except for the hospitality industry, after containment measures were loosened earlier than anywhere else (Steeman, 2020:40).

Fortunately, the New Zealand example suggests some causes for hope and indicators of resilience in countries that are still viable, strengthening SMEs support measures (OECD, 2020).

The epidemic affected the economy's supply and demand sides (OECD, 2020:3). Due to their frequent lack of suppliers, SMEs frequently face shortages of parts and intermediate products. Due to their decreased income, consumers put off buying non-essential goods. Domestic suppliers were directly impacted by the decline in domestic demand (OECD, 2020:80). Lockdowns and quarantines have particularly harmed the tourism, transportation, and liquor industries. Chinese lockdowns caused critical input shortages and production disruptions on a global scale. European consumers cut back on their clothing purchases, which caused order cancellations and payment delays for Asian apparel suppliers (Adian *et al.*, 2020). Layoffs exacerbated the impact because the company could not afford to pay salaries

An extensive review of the literature reveals that studies focused on the impact of covid-19 on SMEs due to the impending economic distress caused by this pandemic and recovery strategies to manage the crisis. Thorgren and Williams (2020:6) contend that various factors impact SMEs during the pandemic. The severity of the problem in SMEs

varies depending on the nature of the business, its geographic location, the country's economic condition, environmental aspects of the company, entrepreneurship innovation, crisis-time adaptability, and so forth. Although academics and practitioners have become more interested in research on SMEs incorporating Covid-19, there is a limited study that concentrates on SME crisis and crisis recovery strategies in tandem based on practical SME business experience (Cowling *et al.*, 2020:322).

Most SME owners are concerned about a lack of working capital resulting from lengthy lockdown periods and a lack of client demand, forcing them to close their businesses (Lu *et al.*, 2020:328). Being in such a vulnerable state is due to several factors, including an excessive reliance on internally generated funds, an increase in dependence on local and government institutions, and a lack of readiness. SME owners experience an immediate liquidity crisis due to order and movement control restrictions imposed by a sudden pandemic and sales disruptions (Winarsih *et al.*, 2021a). As a result, many people struggle to cover recurring costs like rent, salaries, and loan interest, which prevents them from providing for their clients and keeping their agreements with suppliers (Lu *et al.*, 2020:332).

2.6 THE IMPACT OF THE COVID-19 CRISIS ON SMEs IN THE LONGER-TERM

SMEs are essential drivers of innovation and long-term productivity and economic growth. However, decreases in firm formation during recessions may amplify economic contractions, impede the speed of recovery, and even cause irreparable harm to the economy (OECD, 2021:11). SMEs created websites with e-commerce functionality at an accelerated rate throughout the global epidemic. Small to medium-sized businesses (SMEs) that previously did not have a digital presence now heavily or exclusively rely on digital sales. SMEs with a significant decline in sales are also significantly more likely to need assistance in the future to manage their costs compared to other types of interventions like innovations, training, or digital tools.

These indicate that a significant portion of SMEs' top priorities for the beginning of the year after Covid-19 is ensuring their company's financial viability rather than adjusting to

the "new normal" business environment emerging from the crisis. SME employment represents more than 50% of all employment globally (OECD, 2020). Small businesses employ less than 20 people in SMEs and are more vulnerable to demand and financial shocks (Adian *et al.*, 2020).

It is noted that the crisis would not lead to liquidation despite the possibility of a significant impact on the retail, cultural, and leisure industries. Notable job losses occurred during the more than six-month lockdown, particularly among micro-enterprises. The catalyst for growth (2020) states that, Of the 20 million jobs lost in the United States in April 2020, 11 million were at small and medium-sized businesses. In contrast, small business employment in New Zealand fell by 4% between March and April 2020 (C4G, 2020).

There has been and still is a threat to job security worldwide, with low-wage workers and minority business owners particularly vulnerable to the crisis. According to the literature reviewed, employee earnings and firm size have decreased. Younger employees were most susceptible because they work part-time, and companies are forced to make immediate staff reductions. It was reported in Canada that women-owned businesses laid off a disproportionately higher proportion of their employees (OECD, 2020).

The South African government tried to fill the gap. It established the Unemployment Insurance Fund and the Temporary Employee/Employer Relief Scheme, which provide specific measures and benefits to small businesses (South African Government, 2021). However, due to various registration and legal requirements, not all small businesses were eligible for these measures (C4G,2020). The above-mentioned risks indicate that SMEs face persistently low productivity levels (Bhorat *et al.*, 2018:60).

Demand shocks have hit SMEs harder than large firms (Adian *et al.*, 2020). According to Adian *et al.* (2020), SMEs may be less resilient and flexible in coping with the expenses brought on by the pandemic shocks. SMEs have limited resources, and many may find it challenging to re-establish relationships with previous networks (OECD, 2020). These companies struggle to stay in business and need a lot of help to develop into enterprises that create jobs. On the other hand, formal SMEs may have the internal resources to

compete but may face competition from other companies because of barriers in their larger economic environment (Bhorat *et al.*, 2018:46).

There is insufficient research on the longer-term effects of crisis events for SMEs, even though they are frequently the businesses that suffer the most (Baker *et al.*, 2020:2).

In addition, there is an insufficiency of research on entrepreneurial resilience and unexpected crisis management in the context of SMEs (Herbane, 2013:84; Wishart, 2018). Nonetheless, preliminary investigation indicates that the gravity of the COVID-19 crisis is such that it had devastating economic and societal consequences (Baker *et al.*, 2020:5).

The world is possibly witnessing the most significant crisis since World War II. There is the uniqueness of the current situation; some have dubbed it an unpredictable event that is beyond what is typically expected for entrepreneurship (Kuckertz *et al.*, 2020), as it affects virtually every sector and country across the entire global economy at the same time (Goodell, 2020:3).

Brown and Rocha (2020) have speculated that the current pandemic may damage entrepreneurial finance for a long time. Although research has shown that access to bank financing has become more challenging for innovative firms during previous crises like the global financial crisis, there is much less evidence of how these shock events affect the market for entrepreneurial sources of finance (Lee *et al.*, 2015:375).

2.7 GOVERNMENT SUPPORT FOR SMEs DURING THE PANDEMIC

According to the OECD (2021:48), government assistance has been crucial to SMEs and business owners dealing with liquidity crises. Several nations implemented temporary measures to reduce bankruptcies. For instance, France qualified the requirement to file for bankruptcy if businesses defaulted after 12 March 2020, and this rule was in place until 24 August 2020. The deadline for companies to file for bankruptcy in Germany has been postponed as of March 1, 2020. A bankruptcy moratorium was in effect in Italy from 09 Mar to 30 June 2020. A significant portion of businesses would have experienced

liquidity shortages in the early months of the crisis without implementing policy interventions, according to several studies using large samples of companies from various economic sectors (OECD, 2021).

According to Gourinchas *et al.* (2020:15), without government intervention, the failure rate of businesses in OECD nations would have increased to 12.1% in 2020 from 4.5%. Demmou *et al.* (2021:16) show that in the sample of 14 European countries, 18% of businesses would have run out of liquidity after a month and 30% after three months in the absence of policy interventions (such as tax exemptions, financial assistance for debt repayment, or temporary assistance for wage payments). Likewise, the OECD (2020:155) compared the economic factors affecting the probability of businesses failing before and during the COVID-19 crisis. Again, it turned out that the French government's firm-supporting policies have primarily mitigated the impact of sectoral economic shocks on bankruptcies.

Governments must place policies to deal with the issue and any potential ripple effects on the economy. There is a possibility that the financial assistance provided by governments may have decelerated the wave of bankruptcies, particularly in nations where financial aid has increased the level of business debt. To ensure resources are transferred away from failing businesses, these policies implement prompt debt restructuring for viable companies and effective liquidation procedures (Demmou *et al.*, 2021:20).

In South Africa's National Development Plan, SMEs have been identified as crucial for advancing inclusive growth and development. The government has emphasised the significance of these companies for job creation, innovation, and competitiveness. By 2030, according to the National Development Plan, SMEs will generate 90% of all new jobs in South Africa. However, the marginalised economic position that small and medium-sized businesses currently occupy, particularly in comparison to comparable regions, suggests that SMEs operate in South Africa in a setting that is not favourable to their success. This objective of SME-driven job creation will, therefore, not be met without effective policy intervention aimed at helping these businesses overcome the barriers impeding them (Bhorat *et al.*, 2018:61).

The greatest challenge to SMEs' survival during the pandemic is financial constraints (Dahles & Susilowati, 2015:35). SMEs were compelled to work below capacity, which put a significant financial strain on the viability of their businesses (Lalon, 2020). SMEs appear to be the most fragile and vulnerable due to the sudden onslaught of this highly contagious disease and the resulting economic shock (Juergensen *et al.*, 2020:501). Nevertheless, the OECD (2020:152) suggests that the SME sector employs a sizable portion of the global workforce.

Due to the pandemic, the SME sector has experienced unprecedented financial illiquidity, lack of access to trade credit, high risk of bankruptcy, lay-offs, and swapping business costs to survive (Djuricin, 2020:149). Contrary to prior crises, policymakers in the majority of developed and developing nations gave the pandemic's challenges to SMEs' survival their immediate attention. Moreover, the government supported them in promoting long-term resilience and growth through various stimulus packages that included multiple types of financial assistance to avoid job losses and cash shortages.

A recent analysis by Braun and Clarke (2016:77) showed that European governments acted quickly to safeguard SMEs by establishing specific wage support programmes for partial unemployment, allowing sick leave, and reducing working hours. In order to maintain a steady flow of liquidity, many nations also support SMEs by postponing payments or costs and setting up new finance lines. The policy mix for SMEs to survive the first stage of the crisis also included direct financial support, direct lending, grants, and subsidies to encourage commercial banks to lend to SMEs (Juergensen *et al.*, 2020:507).

In South Africa, relief schemes were created to lessen the COVID-19 pandemic's effects on businesses. According to SME South Africa (2021), relief programmes like the COVID-19 Temporary Employer/ Employee Relief Scheme (TERS) were developed to assist SMEs in avoiding layoffs, lessen the financial pressure on companies, and assist employees who lost revenue and income during the lockdown. A list of government funds available before, during and after the pandemic is provided below in Table 2-2.

Table 2-1 A list of public sector institutions providing SME funding in South Africa

NEF	The National Empowerment Fund (NEF) was created to offer financial and non-financial support to black-owned enterprises. It encourages a culture of saving and investing among black people. The NEF is a driving force and thought leader in promoting and supporting black economic involvement. Across all industry areas, the NEF offers business loans ranging from R250 000 to R75 million for starting, expansion, and equity acquisition projects.
Department of Small Business Development	The South African government created the Department of Small Business Development in 2014 to encourage the growth of entrepreneurship and to put SMEs and cooperatives at the forefront of economic development and employment creation. The ministry wants to expand SMEs' and cooperatives' involvement in domestic and international markets, their contribution to critical industries, and their access to financial and non-financial assistance.
DTI	The Department of Trade and Industry (often referred to as the "dti") and its affiliated organisations foster economic growth, black economic empowerment, carrying out commercial legislation, fostering and regulating international trade, and protecting consumers. The dti funding for SMEs is obtainable from SEDA Technology Programme, Agro-Processing Support Scheme (APSS), the Support Programme for Industrial Innovation (SPII), The Aquaculture Development and Enhancement Programme (ADEP), Export Marketing and Investment Assistance Scheme (EMIA), The Sector Specific Assistance Scheme (SSAS) and R&D Tax Incentive.
Black Industrialists Scheme (BIS)	It supports SMEs that can hasten economic transformation and have a high potential for job creation. The funds can be used on post-investment support and business development services; other manufacturing activities may be considered based on economic impact in terms of job creation, geographic spread and strengthening supply chains. The programme gives qualified organisations a cost-sharing award of up to R50 million, ranging from 30% to 50%.
Growth Fund	The Growth Fund is a grant programme designed exclusively for developing small enterprises in South Africa that require more funding to expand and create jobs. The Growth Fund is managed by CDI Capital, a company established in 2016 as a CDI subsidiary to stimulate finance for SMEs. The funding was made possible by contributions from the Western Cape Department of Economic Development and Tourism, the Technology Innovation Agency (TIA), and the National Treasury's Jobs Fund (DEDAT).

National Youth Development Agency (NYDA)	The NYDA offers grant funding for increased youth involvement in the cooperative sector and microfinance grants for sustainable young entrepreneurship. The Grant program aims to allow aspiring entrepreneurs to start their survivalist enterprises with financial and non-financial business development help. The programme focuses on young entrepreneurs still in the early stages of development, beginning to show hints of future promise.
Industrial Development Corporation (IDC)	The IDC is a national development finance organisation created to support industrial and economic development. They provide loans with minimums of R1 million and maximums of R1 billion for each project. Start-up firms, including money for infrastructure, equipment, and working capital for companies based in South Africa, are among the lending criteria. Existing firms are also eligible to apply for growth.
Small Enterprise Finance Agency (Sefa)	The Industrial Development Corporation, the Apex Finance Fund, KHULA, and other funds have formed Sefa, a joint venture (IDC). The fund does not provide any stock securities, only loan financing, and support for capacity building is provided as needed.

Source: Adapted from SME South Africa (2021) [https:// www.smesouthafrica.co.za](https://www.smesouthafrica.co.za)

The policy mix should strongly emphasise fostering SMEs' resilience and facilitating future growth now that the confinement order has been lifted. More targeted, proactive approaches to coordinating industrial efforts for combining domestic capabilities are needed, taking into account the opportunities and challenges faced by different sectors and the particularities of different types of SMEs within those sectors (Braun & Clarke 2016:87).

2.8 SMEs' PERFORMANCE AND CHALLENGES DURING THE PANDEMIC

The data currently available about the state of SMEs, including the OECD-World Bank survey, indicates that smaller businesses have been more likely than larger ones to shut down during the crisis (OECD, 2020:168). Additionally, SMEs in the sectors most negatively impacted by lockdown measures (such as travel, hospitality, and other services) have been unfairly harmed, with higher rates of business closures and a higher proportion of companies reporting sales declines (OECD, 2020:113). Many SMEs have

succeeded with digitalisation and online sales, although they have limited financing options (Masiak *et al.*, 2019:6).

Despite this, challenges persist, especially for smaller businesses whose internal capacity to adopt and use digital tools is more constrained than that of larger enterprises. Young, innovative companies have quickly responded to the pandemic, demonstrating the flexibility of business people. These companies and remote work have been essential to the digital transition. Many business people have capitalised on opportunities in e-education and e-health by developing innovative medical goods and services. Traditional companies can access funding easily compared to small and medium enterprises; SMEs rely solely on internal funds to continue operating (Moritz *et al.*, 2017:5).

Cowling *et al.* (2020:10) found that SMEs with stagnant growth or declining revenue tend to increase their demand for credit. The closure risks increased because many smaller businesses were cut off from financing for several months. A growing body of research shows that the COVID-19 pandemic disproportionately affects independent contractors and business owners. The adverse effects on employees as a whole and in smaller businesses have been more significant. For instance, a global study by the ILO (2020:26) discovered that the likelihood of being unemployed during the pandemic was higher among self-employed individuals (13%) compared to employees (8%) and the self-employed combined with employees (2.3%).

SMEs' fears about the financial fragility of small businesses were also confirmed through a survey by Bartik *et al.* (2020:35), which showed that 50% of respondents had enough cash on hand to cover between one and two months' worth of expenses and 25% had less than a month's worth. Concerns were also substantiated by a study conducted at the country level in the OECD countries, such as those shown in Australia, Canada, Germany, and the UK (OECD, 2021:41).

The growth in online platform activity and internal product sales capabilities accelerating the rate of SME digitalization, which in turn increases SME resilience and market shares, are likely to have longer-lasting effects (OECD, 2021:42).

The OECD (2021:12) identifies a few main findings from a year of crisis-response support measures. However, this is not strictly an assessment of government support's effectiveness. It emphasises that specific characteristics of support measures, like their timing and accessibility, are crucial in determining their effectiveness. OECD (2021:14) also highlights the variety of policy goals that will need to be evaluated, including assisting firms in need, preserving viable firms, protecting jobs, and encouraging firm restructuring (e.g., investment in digital tools).

2.9 GROWING THREATS AND OPPORTUNITIES FOR SMEs

2.9.1 Transformation to Digital

Covid19 introduced new challenges for SMEs. SME businesses must embrace digital transformation to survive future disruptions (Papadopoulos *et al.*, 2020:2). The way people shop and consume has changed almost everywhere in the world. Because of the extended lockdown periods, movement control protocol, social isolation, and physical isolation, they prefer using online services to meet their daily needs (Winarsih *et al.*, 2021a). As a result, SMEs must alter their business mindset to address the recently manifested crisis.

In contrast to businesses that rely on physical locations or outdated practices, SMEs that use digital platforms for marketing their goods and services are flourishing and seeing high returns (Juergensen *et al.*, 2020:509). For SME businesses to survive over the long term in an environment like Covid-19, technology adoption, digital marketing, presence on digital platforms, and innovations in digital skills are the only options. Additionally, digital technologies are crucial for increasing internal effectiveness and productivity and creating new business opportunities (Cirillo *et al.*, 2019: 313). Additionally, cloud-based technology helps businesses navigate crises, deliver better market services, and boost SMEs' responsiveness (Ato Sarsah *et al.*, 2020:3).

While SME players have their most potent weapon, digital marketing, to boost their promotion and visibility, Covid-19 should not impede increasing sales, profitability, and survival (Papadopoulos *et al.*, 2020:3).

Although many SMEs lack the liquidity necessary to keep up with the rapid changes due to the crisis, they still need to retrain their staff (Ivanov, 2020). SMEs' transition to technology may depend highly on their business's nature and the appetite to upskill their employees. Few studies suggest that SMEs need to apply 'organisational ambidexterity', which refers to an organisation's capacity for using technology to overcome challenges like the Covid-19 pandemic consequences (Kimbrough, 2011:312).

2.9.2 Disruption in the Supply Chain

Though the full extent of the impact is still unknown, the Covid19 outbreak's escalation had significant implications for supply and demand manufacturing logistics (Cai & Luo, 2020:411). According to Evans (2020:4), this catastrophe is one of the worst in the past ten years because it has hampered and destroyed international supply chains. Many manufacturing industries now have a global supply chain, with businesses that are inextricably linked. China, the United States, and Germany have established regional industrial powerhouses for North Asia, North America, and Western Europe (Cai & Luo, 2020:411). Meanwhile, due to industry or geographic advantages, South Korea, Japan, and Singapore have been critical members of the global value chain (Cai & Luo, 2020:411).

Furthermore, Cai and Luo (2020:412) state that these countries have collectively contributed to more than 40% of global raw material exports. Covid-19 causes significant interruptions to the efficient operation of all nations and the closure of a few renowned manufacturing companies. From February to April 2020, restrictions on the transportation of goods were imposed (Ivanov, 2020). International shipping was disrupted because of mandated export-import conditions, stricter commodities inspection, air-flight management, and import time doubles. Airfreight price-increased supply shortages due to frequent cancellations, distribution disruption, and lengthened lead times threatened global logistics (Cai & Luo, 2020:413). Furthermore, demand for shipping fell significantly during the first phase of COVID-19 due to numerous contracts being cancelled and no new agreements being signed.

In addition, strict inspections and off-board restrictions put in place by port staff discouraged ship owners from docking at ports. As a result, a sizable portion of the market's demand for quick-moving consumer goods and electronics products was unmet (Sharma *et al.*, 2020:188). According to media reporting, the World Trade Organization projected that the Covid-19 shock would reduce global merchandise trade by 13 to 32% (World Trade Organization, 2019). As of May 2020, the import delay had started to return to its average duration, and the movement restrictions and quarantine policy had become simple; however, recovery from the rare exogenous shock remains challenging (Kuckertz, 2020).

SMEs frequently experience disrupted supply chains after disasters, which causes production to be drastically reduced. Wedawatta and Ingirige (2012:477) found that many SMEs had not considered how certain disasters like floods might affect their supply chain. Micro-enterprises were less able to absorb interruptions in supply chains and were less likely to receive disaster aid, according to Prasad *et al.* (2014:447). Tokui *et al.* (2017:62) compared the Covid-19 pandemic influence with the supply chain forward linkage effects that caused significant damage to enterprises following the 2011 Great East-Japan Earthquake.

Interruptions in the supply chains may hinder a company's recovery after a disaster. Alluded to a study on short-term business recovery following the 1994 Northridge earthquake, Dahlhamer and Tierney (1998:138) found that disaster-induced business recovery issues were related to challenges in obtaining the supplies and materials needed to run the business. Disaster's indirect effects on SMEs also impact recovery processes and result in longer-term problems like prolonged business interruptions and difficulties supplying or receiving goods/raw materials (Tierney, 2007:280).

2.9.3 Cash flow problems

SMEs are deemed one of the most significant economic drivers because of their considerable contribution to developing new markets, employment opportunities, and the growth of the country's economy (Tsilika *et al.*, 2020:17).

Despite their importance, SMEs are the most vulnerable to economic crises (Cowling *et al.*, 2020). Most SME owners are concerned about a lack of working capital, forcing them to close their businesses due to extended lockdown times and customer demand (Lu *et al.*, 2020:324).

Excessive reliance on funding sources, increased dependence on government and local agencies, and a lack of readiness are just a few reasons for such a vulnerable position (Lu *et al.*, 2020:326). A sudden liquidity crisis among SME owners was brought on by order and movement control limitations imposed by an unexpected pandemic and sales disruptions (Winarsih *et al.*, 2021a). Consequently, many struggled to pay recurring expenses such as rent, salaries, and loan interest, could not serve their clients, and could not abide by suppliers' agreements and frameworks.

A study by Cowling *et al.* (2020) offers a steady, long-term perspective on how businesses manage cash flow and adopt a conservative strategy to hold cash reserves to protect against the possibility that future income streams will be lower than anticipated due to unforeseen circumstances. According to Cowling *et al.* (2020), one in every twelve SMEs was at high risk because they lacked and still lacked internal cash and only had limited revenue cash. Brown *et al.* (2019:633) back up the findings that credit cards can be used as an improvised method of financial "bootstrapping" to ease short-term liquidity issues; however, the long-term solution should be explored.

Lee *et al.* (2015:373) allude that many SMEs regularly lack working capital. As a result, most SMEs have little to no cash to cover ongoing costs like rent, salaries, or loan interest when forced to close for a month or more due to government-imposed Covid-19 restrictions (Psillaki & Eleftheriou, 2015). Nevertheless, revenue streams must be retained to ensure business continuity for enterprises during disruptions (Castillo, 2005:9). Consequently, SMEs could use their savings to avoid revenue interruptions and to cover daily expenditures during a shutdown period when there is little income. For example, Biggs *et al.* (2012:648) discovered that available reserves were one of the most important survival factors reported by formal enterprises in a reef tourism case study in Phuket, Thailand.

According to Khan and Sayem (2013:332), more considerable savings could mean that SMEs face fewer risks when disasters strike. Government assistance is crucial during a crisis to ensure SME survival and recovery for businesses with no cash flow and no reserves (Biggs *et al.*, 2012:649). Gotham (2013:301) suggests that governments can implement spatially targeted tax inducements in addition to lending to support post-disaster recovery and encourage business reinvestment to lessen the burden on SME capital chains.

According to a recent NBER paper by Bartik *et al.* (2020:2) that presents the findings of a survey of more than 5 800 small businesses in the United States, the scope of SME concerns is confirmed. The survey indicated that 43 per cent of the responding businesses are already temporarily closed, and companies cut back on staff by 40 per cent on average. According to an International Trade Centre survey conducted in 132 countries, two-thirds of micro and small businesses said the crisis has significantly impacted their operations. One-fifth mentioned they risk closing permanently in the next three months (ITC, 2020).

Evidence from business surveys worldwide on the COVID-19 crisis's impact on SMEs indicates severe disruptions, threats, and concerns among small businesses. Table 2-2 summarises the findings of SME surveys conducted worldwide on the effects of COVID-19 on SMEs (OECD 2020). The table shows a study done by OECD between February 2020 and Jun 2020. According to the table, more than half of SMEs are experiencing significant revenue losses. One-third of SMEs fear going out of business without additional assistance within one month, and up to half fear going out of business within three months.

The survey tracked the active influence SMEs were experiencing due to the pandemic (OECD, 2020). Only 13 countries were selected from the survey adapted from the OECD 2020 study. One-third of SMEs in developed countries like China, the UK and Canada were expected to be out of business in one month, with more than 25% of SMEs experiencing cash flow problems in the first month due to reduced sales and increasing costs (OECD, 2020). SMEs in countries like Korea, Germany and USA indicated they lacked the reserve to survive more than two months and expected to be out of business

if the Covid-19 containment measure lasted longer than two months (OECD, 2020). The data in the table below indicates the influence on SMEs within developed countries with advanced resources for survival. The survey in the earlier period did not focus on emerging economies like South Africa.

Table 2-2 Surveys on COVID-19's Influence on SMEs in OECD countries

Date	Country	Influence on business	Expectations
10 Feb.	China	80 percent of SMEs have not yet started up again	One-third of the businesses fail within a month, and another third fail within two months.
10-Mar	Poland	A third of SMEs report declining sales and rising costs.	7% already experience cash flow issues.
12-Mar	UK	69% have significant cash flow issues.	33% worry about going out of business in one month.
16-Mar	Canada	sales decline by 50%	25% believe they won't last more than a month.
17-20 March	Korea	61% are affected	42% of businesses fear going out of business in 3 months, and 70% in 6 months
18-Mar	Belgium	75% report turnover declines	0% worry about not being able to cover costs in the short term
19-Mar	USA	96% of people are impacted	51% say they would not be able to last three months
20-Mar	Netherlands	50% of start-ups experienced significant revenue losses	50 per cent anticipate going out of business in three months
24-Mar	Canada	60% realise a noticeable impact	33% anticipate going out of business within a month
03-Apr	Belgium	40% of businesses experience a revenue decline of 75% or more	10 percent of companies are likely to go bankrupt
07-Apr	Canada and the US	90 percent of affected small businesses	1/3 are incapable of sustaining themselves for more than a few weeks

08-Apr	UK	37% anticipate laying off 75–100% of their workforce in the upcoming week	Six per cent are cash-strapped, and 57% have three months' worth of reserves or less.
6-10 April	Portugal	37% see a reduction in output of more than 50%.	50% of people lack funds to proceed for more than two months
15-22 April	United States	A decline in revenues is experienced by 62% of small businesses	32% are only able to operate for three months or less
24-Apr	Germany	On average, 58% of SMEs see their turnover decline, and 50% of them	Only two months' worth of liquidity reserves are held by half of SMEs
04-May	Canada	81% of small businesses claim that this harms their operations	32% are concerned about their company's long-term viability
13-May	United Kingdom	37% of businesses are either planning to make cuts or have already done so	41% of enterprises have temporarily shut down, and 35% are concerned they won't open again
15-May	Thailand	90% of businesses anticipate severe revenue loss	If containment measures are kept in place longer, 52% of small businesses anticipate closing.
20-Jun	New Zealand	COVID-19 has reduced the revenue of 71% of SMEs	39% of SMEs worry about having to shut down

Source: Adapted from OECD (2020), <https://read.oecd-ilibrary.org>

2.10 SME RESILIENT STRATEGIES

Being resilient is especially important for SMEs because they face more challenges, such as financing access and size constraints (Branzei & Abdelnour, 2010:806; Tognazzo *et al.*, 2016). The definitions applied by the following authors (Ates & Bititci, 2011; Biggs *et al.*, 2015:66) have incorporated the majority of the common characteristics such as adaptability, maintaining positive performance (growth), responsiveness, competitiveness, and a firm's ability to minimise vulnerabilities as well as its rapid recovery from a disruptive state.

Lengnick-Hall *et al.* (2011) made the case that seizing business opportunities in business organisations go beyond restoration by describing the development of new capabilities to

deal with disruptions and shifting business situations. According to Manfield and Newey's (2017:1124) viewpoint, identifying, recognising, and capitalising on business opportunities in a challenging business environment is beneficial in defining SME resilience.

According to Muhammedamin *et al.* (2021:13), SMEs' resilient strategies include growth (positive performance), the capacity to seize business opportunities, and the capacity to adapt to disruptions in a demanding business environment. The anticipated core capabilities (adaptability, development, and opportunity seizing) include operational and dynamic aspects and reflect the firm's preparedness for future challenges and disturbances. To be resilient in today's evolving and complex business environments, SMEs must develop these capabilities to a higher level.

2.11 CONCLUSION

The Covid-19 outbreak and lockdown regulations have dealt a fatal blow to South Africa's small and microbusiness sector, which was already struggling before the pandemic. These calls for a quick, medium-term, and long-term response from South Africa (CDE, 2021). The government's efforts to offer assistance funds to small businesses and informal traders in the short term have largely fallen short. Future relief efforts must improve availability to the most vulnerable (Schirmer & Visse, 2021:16).

The priority to increase investment rates and put South Africa on a more vigorous growth trajectory than before the pandemic in the medium term should be implemented as highly urgent. This necessitates a straightforward strategy for business growth. The study by the Centre for development and enterprise (CDE, 2021) contends that in the long term, South Africa needs an inclusive growth strategy that is well thought out and grounded in reality. As argued throughout, this strategy must harness the true potential of small businesses, both formal and informal, in conducts that are doable, inexpensive, and intended to make the most of economic inclusion.

Schirmer and Visser's (2021:15) findings and conclusion suggested that Instead of simply viewing any advocacy of entrepreneurship and small business progression as

unquestionably "good things," this strategy must be based on an acknowledgement of the challenges faced by SME business owners. The plan must analyse various intervention types, actual results and opportunity costs.

CHAPTER 3: RESULTS AND DISCUSSION

3.1 INTRODUCTION

Transcendental phenomenology was used in this study, exploring how the Covid-19 epidemic has affected SMEs in the Gauteng provinces. The researcher questioned ten business owners in the Gauteng province using semi-structured interviews to gather data for the study. This chapter will present the results from the data that was collected to provide an answer to the research questions.

The chapter starts by presenting the participants' backgrounds and profiles, the study's goals, four themes, eight subthemes, and the results of the interviews.

3.2 DATA COLLECTION

Two different types of data were gathered for this investigation. First, a literature survey was conducted to compile background data on the impact of the pandemic on SMEs. When conducting in-depth interviews with participants to learn more about them or to clarify things, the researcher used the material from the literature study as a guide. Second, semi-structured interviews were conducted with 10 SME entrepreneurs in Gauteng, South Africa. The open-ended nature of the questions allowed the researcher to delve deeper. Appendix C contains a sample interview schedule. There were nine questions in total on the interview schedule. A letter of informed consent was sent to each interviewee before the interview.

The consent letter is included in Appendix B. Ten interviews were conducted using MS and Zoom teams, and the duration of the interviews was between 30 and 45 minutes. The interviews were recorded utilising the zoom recording feature and MS Teams. An application called Otter was used to transcribe the recording. The use of transcript interviews is critical in qualitative research. The transcript is time-consuming, but it is necessary for data analysis. The researchers carefully examined the transcript to develop new ideas or notions that appeared to impact the study (Braun & Clarke 2006:77).

In this investigation, open coding was used. Open coding is necessary to determine the participant's opinion by reading the transcript line by line. Inferential coding was used after open coding to determine how the concepts were linked. The researcher uses this data to calculate the frequency and number of times various codes appear in the data. After the first coding, the codes were organised into four themes and eight sub-themes, as shown in Table 3-4.

3.3 FINDING'S PRESENTATION

3.3.1 Data interpretation

This section includes the profiles of the research participants (SME owners and managers), including their highest academic qualification, marital status, age, and children, as shown in Table 3-1 below.

Table 3-1 The research participants' profiles

Participant	Highest level of academic education	Business Location	Source of capital	Number of permanent employees	Number of years in business
P1	BA Degree	Johannesburg, Gauteng	Own savings	11	7
P2	B-tech ops	Randburg, Gauteng	Not disclosed	6	15
P3	MBA	Johannesburg, Gauteng	Own savings	5	15
P4	MBA	Johannesburg, Gauteng	Own savings	6	5
P5	Diploma	Midrand, Gauteng	Own savings	5	10
P6	Degree	Johannesburg, Gauteng	shareholders contribution	5	13
P7	Honours degree	Johannesburg, Gauteng	Inheritance/Own funds	68	13
P8	Diploma	Johannesburg, Gauteng	Provident fund /Own funds	80	12
P9	M-tech	Vereeniging, Gauteng	Own funds	5	6

P10	Degree	Randburg, Gauteng	Provident fund /Own funds	18	6
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Source: Compiled by the researcher

The profiles of the participants, as shown in table 3-1, demonstrate that most of the participants have a post-secondary qualification and that they formed the firm more than five years ago, with the most extended years of business operations ranging from 12 to 15 years. The profile also suggests that most participants used their own money to start the business, which employs between five and 80 people.

The participant's prior work experience and type of business are summarised in Table 3-2 below.

Table 3-2 Industry of business operations and prior work experience

Participant	SME owner / Manager	Work experience prior entrepreneur	Industry of business operations
P1	Owner	Marketing role in the banking industry	HVAC and building works maintenance
P2	Manager	Operations role in supply chain	HVACR Industry
P3	Owner	Accountant role in the Financial service industry	Management consulting
P4	Owner	Executive leadership at the municipality	Business Consultant
P5	Owner	Engineer at SOE	Automotive Industry
P6	Manager	Banking	Administration and consulting
P7	Owner	Brand Manager at an FMCG	Service provider in manufacturing space
P8	Owner	IT specialist	HVAC and building works maintenance
P9	Owner	Chemistry Lab Analyst	Testing laboratory
P10	Owner	Facilities operations manager	Facilities and building maintenance

Source: Compiled by the researcher

Table 3-2 shows that participants are engaged in service provision businesses; eight interviewees were SME owners, and two were business managers. The chart also shows

that participants had a variety of professional paths and employment experiences before starting a small business. Previous professional experience spanned from engineering (P5, P9) to information technology (IT), operations (P2, P10), banking, marketing (P1, P7), accounting, and leadership. The participant's SME provides business and management consulting to corporations and the community with P3, P4, and P6 consulting services. P1, P2, P8, and P10 give the corporations HVAC and building maintenance services. The remaining participants (P5, P7, and P9) work in manufacturing, automation, and laboratory testing.

3.4 OVERVIEW OF THEMES

The empirical findings will be discussed further in Chapter 3 through the experiences of the SME Owners and Managers who participated in this research. This discussion on practical outcomes is addressed concurrently with the literature integration to answer the study's eight research questions. The following are the eight research questions that this dissertation seeks to answer:

1. Firstly, can you tell me about your business and its founding?
2. What challenges did your business face before the Covid-19 pandemic?
3. Did Covid-19 exacerbate the existing challenges, or did Covid-19 pose a unique challenge to your SME?
4. As an SME owner, Do you feel equipped to remain resilient during a crisis or disruption?
5. In your opinion, are SME entrepreneurs utilising all possible growth channels?
6. Is there an understanding of what an SME requires to succeed?
7. Do SMEs know which doors to knock on when they require assistance?
8. What advice would you give to other businesses affected by a disrupted event such as the pandemic?
9. Is there something else you want to add that we might have left out?

Table 3-3 The relationship between the themes, subthemes and the research questions

Theme 1: Challenges SMEs are faced with
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Subtheme 1.1: Challenges prior to COVID-19 pandemic		Subtheme 1.2: Challenges during and post COVID-19 pandemic	
<ul style="list-style-type: none"> • Being accepted into big companies • Tenders to be awarded and not relying on subcontracts • Lack of resources within the business • Companies did not see the value and benefits of services being provided • Struggling to build a customer base and profile 		<ul style="list-style-type: none"> • Projects came to a standstill leading to no income • Relying on support programmes to survive • Forced to become innovative • No opportunities for expansion and growth 	
Theme 2: Requirements for fostering a successful SME amidst pandemic			
Subtheme 2.1: Remaining resilient during a crisis or disruption	Subtheme 2.2: Utilising all possible growth channels to become successful	Subtheme 2.3: Becoming successful and measuring success	
<ul style="list-style-type: none"> • Being a game changer and not afraid to start over and take risks • Reinvest in your company • Being prepared and proactive • Constantly seeking business opportunities 	<ul style="list-style-type: none"> • Entering into long-term relationships with your clients and big companies • The provision of business mentorship and support channels will contribute to the growth • Continuous engagement in research • Creates awareness and provision of entrepreneur's programmes to educate and train SMEs 	<ul style="list-style-type: none"> • Awareness of available development programmes • Investment in proper education and training • Success depends on financial stability • Expertise leads to success (employee retention and adequate experience staff) • Good customer base 	
Theme 3: Support needed for SMEs			
Subtheme 3.1: Factors impeding the utilisation of assistance for SMEs		Subtheme 3.2: Fostering a reliance mindset to prosper and expand SMEs	
<ul style="list-style-type: none"> • Lack of communication • Channels are not easily accessible • Not being advertised or exposed enough • No support in terms of growth 		<ul style="list-style-type: none"> • Guidance for accessing information, such as funding • Being resilient • Customers are the key to growth • Focus on teamwork and building trust relationships 	
Theme 4: Advice from SMEs in times of a crisis			

Subtheme 4.1: Lessons learned from the COVID-19 pandemic

- Importance of collaboration and self-reliance
- Looking for opportunities
- Be mindful of E-commerce
- Building strong networks
- Developing and improving the community

Source: Compiled by the researcher

Table 3-4 shows the grouping of research questions into different themes and sub-themes to outline the relationship between the study questions and the themes.

Table 3-4 The grouping of themes, subthemes and research questions

Research questions	Themes	Literature	Sub-Themes
1. Firstly, can you tell me about your business and its founding?	Table 3.1		Table 3.2
2. What challenges did your business face before the Covid-19 pandemic?	Theme 1	Mamabolo <i>et al.</i> (2017:5), (Morrish & Jones, 2019:2).	Sub-Theme 1.1
3. Did Covid-19 exacerbate the existing challenges, or did Covid-19 pose a unique challenge to your SME?	Theme 1	Leitch <i>et al.</i> (2009:247), (Le <i>et al.</i> , 2020:92). Cowling <i>et al.</i> (2020:321), Dahles & Susilowati, 2015:35, (Cai & Luo, 2020:413), (Sharma <i>et al.</i> 2020:188), Bartik <i>et al.</i> (2020:35),	Sub-Theme 1.2
4. As an SME owner, do you feel equipped to remain resilient during a crisis or disruption?	Theme 2	Botha <i>et al.</i> (2015:57	Sub-Theme 2.1
5. In your opinion, are SME entrepreneurs utilising all possible growth channels?	Theme 2	Lekhanya (2016:4)	Sub-Theme 2.2
6. Is there an understanding of what an SME requires to succeed?	Theme 2	(Hossain, 2015:1). Herbane, 2013:84, (Ivanov, 2020)	Sub-Theme 2.3
7. Do SMEs know which doors to knock on when they require assistance?	Theme 3	(Lee <i>et al.</i> , 2015:375). Gourinchas <i>et al.</i> (2020:15), (Bhorat <i>et al.</i> , 2018:61).	Sub-Theme 3.1 3.2
8. What advice/recommendations would you give to other businesses affected by a disrupted event such as the pandemic?	Theme 4	(Hussen-Saad <i>et al.</i> , 2021:8), (Morrish & Jones, 2019:2), Dahles & Susilowati, 2015:35, (Juergensen <i>et al.</i> , 2020:507)	Sub-Theme 4.1

9. Is there something else you want to add that we might have left out?	Theme 4	(Bhorat <i>et al.</i> , 2018:46), Cowling <i>et al.</i> (2020), Lu <i>et al.</i> , 2020:326	Sub-Theme 4.1
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Source: Compiled by the researcher

3.5 INTERVIEW FINDINGS

The themes that resulted from the findings will now be addressed in depth and include sub themes that expand on the central theme. The letter P was used to refer to the individuals, followed by the interviewer calling each participant (P1-P10). This provided reference conceals the participant's identity. Data analysis for Exploring the influence of the Covid-19 pandemic on SMEs in Gauteng yielded four themes with respective sub-themes, as illustrated in Table 3-3. The themes and sub-themes will be discussed, strengthened by participants' quotes and supported by evidence from the literature.

3.5.1 Theme 1: Challenges SMEs are faced with

Various challenges affect SMEs in Gauteng and South Africa, and there is an indication that COVID-19 exacerbated these challenges. According to Alauddin and Chowdhury (2015:6), SMEs face common challenges such as difficulties obtaining raw materials, low technological capacities, costly administrative regulations, and a lack of access to relevant business information, advice, policies, and legislation that promote market share.

3.5.1.1 Sub-theme 1.1: Challenges before the COVID-19 pandemic

Participants reported on various challenges they experienced before the COVID-19 pandemic. These challenges include being accepted into big companies, being awarded tenders and not relying on subcontracts.

The following participant quotes can strengthen this:

P1: "The challenge for me was entering and getting into other big companies. Being able to get awarded a tender on your own, you know, I have always had to subcontract from bigger companies or subcontract from other SMEs".

P2: "So, the challenges came from getting awarded businesses".

P4: "the biggest challenge is to be able to earn trust".

P7: "The market access has been a challenge for us".

Participants further reported that a lack of resources within the business was also a challenge. Another challenge is that companies did not see the services' value and benefits. It is evident in the following quotes:

P2: "You know, not a lot of work was coming in due to the lack of technical resources within the business".

P3: "So it was not easy to sell the services that I was offering to companies because they didn't see value in it and how it can be beneficial for them to embark on enterprise development".

P6: "did not recognise the value or the admin required to be performed by the company".

Most participants indicated that they struggled to build a customer base and a profile for their businesses before the pandemic, as shown with below quotes:

P3: "getting clients was a big challenge".

P4: "to establish trust between yourself and the clients and build a profile".

P5: "we experienced some decline in customer base".

P6: "We did not get enough clients".

P8: "Market penetration and gaining clients".

3.5.1.2 Sub-theme 1.2: Challenges during and post-COVID-19 pandemic

As the effects of the novel pandemic spread, businesses strived to adjust to new ways of life and understand what this meant for their operations. Because of COVID-19 and related regulatory measures, there were delays, lost efficiency, and cost consequences, and there was little to no precedence to help companies predict potential future impacts when it ends (Liu *et al.*, 2021:811). Almost all participants interviewed for the study indicated that they faced the biggest hurdle in their business due to projects having to come to a standstill during the pandemic's peak. Supply chain disruption resulted in delayed shipment and storage costs at customs, leading to no income due to global lockdown measures.

P1: "Things were basically on a standstill because projects always stopped and you were not able to get any work for six to seven months".

P2: "They were also shutting down, like, for example, your corporate spaces, which are the bulk of our clients, were not operating. And so that income wasn't coming in".

P3: "Small businesses battling and trying to find new strategies to keep going and sustain themselves".

P4: "During the pandemic, everything was halted. Even some of those already in progress transactions were affected".

P7: "I think our biggest blow was when we lost one of our biggest contracts".

P8: "some of them had to cancel contracts or put them on hold".

P9: "We didn't get the equipment we had ordered from China just before the COVID lockdown; the equipment arrived months later and got stuck at customs; we incurred storage costs with no income at all because, you know, everything stopped".

SMEs were faced with the challenges of having to rely on small business support programmes from big corporations to survive the pandemic, as indicated by P1 and P3 below.

P1: “Anglo American had advertised a program to support SMEs. I don't know if you've heard of it before, the enterprise development program of Anglo American and Zimele, so I did then take advantage of that. And I did register; I was on the shortlist, the interview was done, and we had to send a voice recording of selling your company”.

P3: “I had corporates that were trying hard to assist small businesses”.

Innovation is a critical driver of efficiency and long-term success. Supporting innovation in existing SMEs can promote equitable growth by narrowing productivity and salary disparities between SMEs and large corporations. Innovation is a fundamental engine of productivity and long-term growth, and it has the potential to assist solve social problems at the lowest possible cost (OECD, 2015a). Participants with access to technology indicated they had to become innovative during and after the pandemic. The quote by P1, P2 and P3 support the opportunities to adapt and become creative. P6 faced a different challenge of a lack of access to the internet and computers from the client's side.

P1: “I then sit and browse through and look at other opportunities over and above sitting and waiting for subcontract work”.

P2: “Yes, and being more innovative”.

P3: “Yeah, restructured. Yeah. Originally strategised and refocused”.

P6: “access to things like the internet and computers proved challenging”.

The coronavirus pandemic has strained small business enterprises that have managed to survive. They face challenges with client restrictions, customers, cost optimisation measures, shifting consumer wants, and a drastically altered market for many goods and services. Other SMEs have been compelled to shut their doors permanently. P1 and P2

indicated that the pandemic resulted in lost opportunities for expansion and growth, while P10 emphasised limited opportunities for small businesses.

P1: “We had a line-up of potential projects that were going to take place, and those opportunities have been, you know, basically swept away. So, because of COVID-19, that dream to expand and diversify died in the short term”.

P2: “we miss out on a lot of opportunities that could bring us additional revenue and growth”.

P10: “so the opportunities are limited to accommodate small businesses”.

In theme 1, it is evident that specific challenges influence SMEs. The evidence is based on the participant's responses regarding challenges they faced before the pandemic, during and post the pandemic. Andalib and Ridzuan Darun (2018:8) accentuate that financing constraints, regulatory licencing, taxes, and inability to costs are challenges SMEs face. The authors further indicate that low managerial skills, insufficient client base, lack of growth opportunities, and lack of innovation and originality in the business sphere are all critical challenges for SMEs in developing nations.

3.5.2 Theme 2: Requirements for becoming a successful SME

SMEs want to become successful in the creation of jobs and the welfare of society, so their success is crucial (Krammer *et al.*, 2018:230). As unemployment continues to be a defining aspect of this country's issues, the community has started to realise the value of entrepreneurial firms and their growth. Without growth, these businesses cannot advance from the existence-survival stage to the success-maturity stage. Requirements for becoming a successful SME revealed remaining resilient during a crisis or disruption, utilising all possible growth channels and succeeding and measuring success, as discussed below.

3.5.2.1 Sub-theme 2.1: Remaining resilient during a crisis or disruption

Participants revealed that they need to remain resilient by being game changers and not being afraid to start over or take risks. It is evident in the following quotes.

P1: "As SMEs, we see ourselves as game changers and often don't limit ourselves. I'm not afraid to start from scratch, I'm not afraid to lose it all and rebuild, and the COVID-19 opened one's mind".

P4: "I mean, it was a wake-up call to say we need to review how we do business".

P6: "I was able, or I pushed for betterment, even if I did not achieve it".

In addition, participants emphasised the importance of diversifying, which includes reinvesting in your company and considering multiple streams of revenue. SME businesses are much more likely to perform well financially if they have diversified in at least two ways (by the client, product or service, industry, location of markets, or place of activities). The fastest revenue and profit growth is seen in the most diversified companies. This is apparent in the following quotes from participants:

P1: "you need to re-invest while you're in a good space; you need to invest and reinvest in your company and diversify into other things".

P2: "we would diversify and expand our portfolio in the different industries out there. We profit from reinvesting into different avenues of the business we provide".

P7: "So we started thinking forward to see the kinds of service; in fact, we are trying to move away from services to products now; we are trying to get into mainstream manufacturing now. So that's another way of becoming resilient because we are trying to get into mainstream manufacturing. Reinvest in the business".

P9: "It's not easy to be an entrepreneur. If you don't have other revenue streams or other means and depend solely on business".

P10: "SMEs must diversify their business, have multiple revenue streams and leverage on opportunities with the available resources".

Participants also mentioned that being prepared and proactively contributes to success. Being proactive gives SMEs a sense of control over whatever circumstance they may be in and enables them to establish their position. In essence, SME proactiveness will help them be better prepared. Proactive SMEs and entrepreneurs can plan and take action before their conditions alter. Another requirement includes that they need to seek business opportunities constantly. This is evident in the following quotes from participants:

P2: "So we've had to sort of shift the business model, in a sense, we are preparing for the worst that could happen, that could potentially happen again, should it be another pandemic that would fall upon us? And how would we respond to it? It is just always having to look for more business opportunities constantly. Look, where we most actually are thriving in "

P3: "there's an opportunity to grow, but we must have put our minds in the right place and focus on the right things".

P5: "understand yourself, understand your capabilities and your weaknesses and work on them".

P6: "it was finding a better way of using social media".

P8: "We are beyond that; we were able to keep afloat. We did not lose anything, we were able to pay all our expenses, and we did not retrench any employees; though it was tough, we are still operating and growing. We feel that we are now more equipped than ever in planning, finances, diversifying etc. We are very strategic thinkers, you know? So, we strategize, look at where the business is, and try to steer it in a direction that would benefit the business".

P10: "to avoid dependence on funding, SMEs must avail themselves of opportunities they will be able to deliver".

3.5.2.2 Sub-theme 2.2: Utilising all possible growth channels to become successful

Participants reveal that entering into long-term relationships with your clients and big companies are some of the possible growth channels SMEs can utilise to achieve growth and success. The study by Kornelius *et al.* (2020:789) highlights the need to develop efficient solutions to aid SMEs during the pandemic, focus on other factors, and avoid negative impacts. A firm's long-term success depends on developing a working connection with its clients. A solid relationship based on communication and trust makes customers feel more at ease and connected to a business, and it can also increase customer retention and business growth. This is evident from the below quotes:

P1: "for you to see enough growth, you have to be in a long-term relationship with your client".

P3: "I mean, when you're a beneficiary, it's like a big brother relationship with the company that supports you".

P5: "it's also the relationships you build, and nobody can take that away from you".

The goal of mentoring is to assist mentees in gaining access to the knowledge of those with more experience than themselves, so they can learn more quickly than they otherwise would. They can expand their network and establish connections with leaders rather than just their peers. Participants revealed that the provision of business mentorship and support programmes would contribute to growth as stated below:

P1: "we can get uplifted to something better. The same channels that can provide the mentorship and the support we need".

P5: "The kind of support SMEs are unaware of. One is the angel investors".

P6: "Small Business assistance programmes, right, that is available to serve SMEs, where they could get to assist them in their businesses. People struggle with having the

right resources in their businesses because they do not have access to growth channels”.

P10: “They can accelerate that enterprise development with SME and create opportunities that will make SME grow and be successful in continuing contributing to the economy”.

Businesses can better understand their target customers' interests, buying habits, pain points, and demographics by continuously engaging in research. Businesses may fully comprehend their target audiences, trends, and market demand owing to business research. Participant reveals that continuous research in business engagement would lead SMEs to become successful, as indicated by P2 and P6 below.

P2: “So you always have to continuously research and make sure that you stay on top of the market because it's forever changing, you know, so you have to mix space for that, for you to flourish in the business industry”.

P6: “So we are not diversifying nor are we researching how to leverage the resources that the government offers or that are available to us”.

Nearly every major corporation takes its enterprise development programme seriously and has allocated considerable expenditures. There is no "normal" manner to learn about programmes because there are so many programmes in South Africa. P4, P5 and P6 indicate a need to create awareness around the provision of entrepreneur's development programmes to educate and train SMEs. P8 reveals that government programmes are not achieving the intended purpose if corporations keep looking to their maximum benefit and not utilising the developed suppliers.

P4: “Because there is not a specific programme by the government that addresses all the aspects of an entrepreneur's business. You require continuous training”.

P5: “So the government needs to be engaged in finding those support programmes. Government has access to all these institutions, universities, research institutions, and

benchmarking institutions, which are costly, and entrepreneurs would not be able to do that by themselves”.

P6: “People are unaware that you can get an intern to assist you and that intern would get a stipend from a government programme. That is just one example to show SMEs are not using the available channels or there is a lack of awareness or information”.

P8: “Many of these corporates have enterprise development programmes. But what stood out is that most of those enterprise programmes compliance, are box-ticking exercise and all that good stuff, but they don't use your services in those organisations”.

3.5.2.3 Sub-theme 2.3: Becoming successful and measuring success

Large corporations with a long-term perspective have successfully included entrepreneur development into their value chain and positioned these programmes as significant strategic drivers in their operations. These enterprises are continually looking for more efficient ways to implement ESD programmes and improve their interventions for SMEs to succeed, depending on the many skills and resources they offer. Participants indicate that enterprise development programmes will assist SMEs in becoming successful if more awareness of available developmental programmes is embarked on by both the public and private sectors.

P1: “if we have programmes that come with benefits, the kind of Enterprise Programme they have to develop us”.

P6: “So there is not a lack of awareness because some people are not entrepreneurs; they just do not want to be employees. And they are looking for what is just in front of their eyes; they do not have a vision of how far their business can grow”.

P7: “There are certain partnerships we have with corporates now, like the body enterprise development, but we've got a couple of Enterprise Development contracts with suppliers. We've got a couple of supplier development programmes. So many of

those things are happening, but I do not think many entrepreneurs are exposed to those”.

Continuing business education and training help SMEs update, upgrade, and retain skills, knowledge, and behaviours throughout their careers, ensuring that their businesses grow and remain relevant. According to McKenzie (2021:278), SMEs that make a minimal investment in education and training endanger their prospects of success because high levels of investment allow any small commercial venture to remain in the market. Participants reveal that investing in education and training will enable SMEs to enhance their capital investment and success rate, as indicated in the quotes below.

P1: “And they made sure that paperwork is in place, they are lectured inside the classroom, and do the practical work to ensure everything is covered so that when they go out and start doing the replacement of water pipeline”.

P5: “that is done because nobody teaches them how to run their businesses”.

P6: “So the first thing is that the community stops developing themselves at a point in time; they do not invest in their education”.

P7: “I realised I need to do something like that, studying and enhancing my knowledge”.

Concerning the measure of success for SMEs, participants indicated that they measure success with how financially stable the business is, the ability to grow the business, revenue growth, different revenue streams, the ability to pay staff on time and the opportunity to diversify. Participants also revealed that another measure of success is retaining experienced staff and expertise and building and retaining a good customer base.

P1: “how I measure success is the ability to grow as a company, and be able to increase your capacity and add on to assets of the company that will be able even to make you more money, not just consider your business as successful”.

P2: "Experienced people with the expertise to drive the business".

P3: "to make sure you manage your revenue streams".

P3: "So for me, for my business, for instance, success is a good balance of clients, between private and public sector".

P4: "The bottom line is being able to do a transaction and link that transaction to a particular revenue stream that success".

P4: "you can continue a level of expertise".

P4: "increasing your customer base".

P5: "Being able to play in the mainstream. Success to me, another one is revenue growth".

P5: "You need customers".

P6: "One would be the business growth in financial revenue because, as we all know, we are here to make money. So, you look at their financial growth and see the business revenue increase; then you look at the profit. Has the profit also increased? Has there been a positive change?"

P6: "Then you look at the staffing? Has there been employment creation? Have the number of employees increased?"

P7: "he will tell you revenue is his matrix, his business. Let's make money".

P8: "Our ability to pay stuff on time. It's about making money and continue making money and diversify".

P8: “Employee retention, that’s how we measure, and growth in numbers, growth being in terms of the services we offer within the organisation”.

P8: “So also an ability to be able to retain clients, you know, yes. So, the client retention”.

3.5.3 Theme 3: Support needed for SMEs

SME support services are related to any financial or non-financial assistance to SMEs offered by the environment, other persons, businesses, organisations, and the government. According to SEDA (2018), government policy can operate as a stimulus in raising SME profitability. Interventions aimed at assisting small and medium-sized firms are popular among policymakers, owing to SMEs' critical role in job creation worldwide. Ahmad *et al.* (2020:760) allude that overall business support interventions help firms perform better and create jobs; however, little is known about which initiatives are most effective for SMEs.

3.5.3.1 Subtheme 3.1: Factors impeding the utilisation of assistance

Participants indicated that factors obstructing the utilisation of the aid provided are lack of communication regarding the available channels and inaccessibility of those channels. Participants further revealed a lack of exposure or advertisement of the SME growth channels, leading to those channels not supporting SME growth. It is apparent from the below quote that the participants alluded to :

P1: “So, often you just take it as you are not being told if you need this, you go to this department, they should be able to assist you, you know if you have this particular certification, you able to build a house and, you have NHBRC certificates, so not everything is communicated”.

P1: “you know, with time, you learn that there are channels, but they are not easily accessible to someone who may decide to venture into an SME space”.

P1: "channels are not easily advertised, and there isn't enough exposure".

P2: "it's the access and the guidelines as to how to approach you to know, these resources and, you know, having that understanding of the certain things that you might need to be aware of, and whom to approach and when to approach".

P3: "I've got a network of other professionals, where I source information, legal experts. Specialists support that I find from my networks".

P3: "I think the starting point is knowing they exist".

P4: "To prepare SMEs from one level to the other, you know, in terms of support and knowledge. So, the government needs to be engaged in finding those support programs".

P5: "There's a lot of support for SMEs in this country. It is so much that even the beneficiaries are unaware there's support".

P5: "you need to know them as investor networks to access them. So, some of them are not easily accessible".

P5: "So this country is sitting with a lot of people that are sitting with a whole lot of cash, that wants to help SMEs, but they don't advertise themselves".

P5: "I want somebody who's got potential in next level kind of thinker, that it can help to grow".

P6: "they are limited in how they are accessing the information or what they can do to utilise the available opportunities".

P6: "There is no advertising; maybe it's because people have gone to social media and the internet".

P7: "We utilise the opportunities; we know the doors to knock on; we know the support we could access. Although when you encounter those channels, they're not as glamorous as they look from the outside, and not as accessible as they present themselves to be".

P7: "I think corporations and government can do more to support SMEs".

3.5.3.2 Subtheme 3.2: Fostering a reliance mindset to prosper and expand SMEs

Schirmer and Visser (2021:12) suggest that more than half of SMEs derive most of their revenue from local or provincial markets. These SMEs have greater competition, are more likely to endure plateaued or declining growth, and are likely to make only marginal growth gains because they rely on the broader economy. Participants disclosed that for their SMEs to be successful, they need to rely on different sectors to prosper and expand, be it relying on information and guidance on opportunity or funding. P1 and P3 support that SMEs do need to rely on one factor or the other for information on funding opportunities. On the other hand, P3 contends that SMEs should not rely on anyone for funding; they generate revenue to expand their businesses. Participants further mentioned that SMEs must be resilient, customer-focused, and build trusting relationships and networks.

P1: "You want to be big, you want to expand, yes, we work under hard conditions in our country where you don't easily access information, including funding, and you are forever in SME".

P3: "I never seek funding from anyone. I generate my revenue".

P9: "the information sessions where they would be talking about funding, how to get funding and what documentation you need to have so that you can access it".

P1: "It's all about positioning and being resilient and fighting the system professionally".

P2: "the motivation of standing on your own two feet, starting something".

P4: "Our business must be resilient across circumstances. So, we also had to do the same to refocus. By that, we mean we had to get ourselves into the mainstream of the businesses and refocus ourselves".

P7: "I think the desire is there to be self-reliant, to be able to, you know, grow your business into something that can sustain itself".

P3: "But for me, prioritise customers more than funding".

P6: "So to give gratitude for what we have could positively impact how the people view your business and how the people view you. It might help your network, and you will contribute to the economy".

P5: "Let's work together. Let's build a level of trust amongst ourselves".

P6: "We work with a lot of trusts, and the trust is looking at doing community projects within the community".

P7: "No one wants to invest in something they don't trust, right? But how do you build trust without the support, you know, sometimes you need them to trust in you, then you can build a reputation".

3.5.4 Theme 4: Advice from SMEs in times of a crisis

Advice from SMEs to other entrepreneurs emphasises the importance of collaboration and self-reliance. O'Dwyer and Gilmore (2018:58) alluded that firms can successfully handle uncertainty in the business climate, proactively reinvent themselves in these competitive marketplaces, and save operating costs by forming alliances and collaborations. Five participants highlighted the need for SMEs to diversify their business and look for opportunities to grow amidst the crisis. SME owners revealed that they were opportunities that the pandemic presented that others have leverage on for their

businesses. Four participants advised other entrepreneurs to be mindful of E-commerce, build strong networks and give back to their communities.

Table 3-5 below summarises the advice of SME owners and managers to other entrepreneurs on lessons learned from the Covid-19 pandemic.

Table 3-5 Advice from SMEs in times of a crisis

Subtheme	Lessons learned from the COVID-19 pandemic
<ul style="list-style-type: none"> ● Importance of collaboration and self-reliance ● Looking for opportunities ● Be mindful of E-commerce ● Building strong networks ● Developing and improving the community 	<p>P3: “People must look back and learn the lessons, you know, the pandemic was terrible, disruptive and everything. It taught us the importance of collaboration and the importance of self-reliance, and it opened up opportunities. We are now so mindful of E-commerce”.</p> <p>P4: “Refocus times. You know, I mean, that's simple. Re-engineer certain works”.</p> <p>P5: “Diversify as quickly as we can. So that when that happens, at least, you're not looking at one revenue stream; there's another revenue stream. You can do collaborations. Built networks, proper networks, strong networks”.</p> <p>P6: “you must also be looking at developing or improving the community you live in. Because on a social aspect, giving back is always crucial”.</p> <p>P7: “So it's a matter of reviewing your business offering, your business strategy and how you can shield yourself from those things in the future”.</p> <p>P8: “to impact in the communities, because there are contributions in different areas, we try and give back, so that's very close to our heart. And we will always try and do as much as we can, within a means, you know, continue doing what you feel you should be doing, nature those relationships because, in good time, things will go back to normal”.</p> <p>P9: “Look for other opportunities, especially those presented by the pandemic or crisis. Look for different revenue streams”.</p>

Source: Compiled by the researcher

3.5.4.1 Importance of collaboration and self-reliance

Franco and Haase (2015:168) suggest that Small and medium-sized businesses must work together to overcome unique problems and increase productivity and resource access. Participants advised other SME entrepreneurs on the importance of partnerships and self-reliance to survive crises.

P3: "People must look back and learn the lessons, you know, the pandemic was terrible, disruptive and everything. **It taught us the importance of collaboration and self-reliance** and opened up opportunities. We are now so mindful of E-commerce".

P5: "Diversify as quickly as we can. So that when that happens, at least, you're not looking at one revenue stream; there's another revenue stream. **You can do collaborations. Built networks, proper networks, strong networks**".

3.5.4.2 Look for opportunities and diversify

Andres *et al.* (2014:74) found that the wealth benefit of SMEs' diversification strategy depends on the firm's resources and future growth opportunities. Five participants advised other entrepreneurs to continuously look for opportunities to diversify into different buckets of business types to strive during a crisis.

P3: "People must look back and learn the lessons, you know, the pandemic was terrible, disruptive and everything. It taught us the importance of collaboration and self-reliance and **opened up opportunities**. We are now so mindful of E-commerce".

P4: "**Refocus** times. You know, I mean, that's simple. **Re-engineer** certain works".

P5: "**Diversify as quickly as we can. So that when that happens, at least, you're not looking at one revenue stream; there's another revenue stream.** You can do collaborations. Built networks, proper networks, strong networks".

P7: "So it's a matter of **reviewing your business offering, your business strategy** and how you know, how you can shield yourself from that kind of thing in the future".

P9: "Look for other opportunities, especially those the pandemic presented. Look for different revenue streams".

3.5.4.3 Be mindful of E-commerce

*P3: "People must look back and learn the lessons, you know, the pandemic was terrible, disruptive and everything. It taught us the importance of collaboration and self-reliance and opened up opportunities. **We are now so mindful of E-commerce**".*

3.5.4.4 Building strong networks

According to Paula *et al.* (2017:330), networking is a critical source of market information and knowledge, typically obtained over long periods when SMEs have to build trust.

*P5: "Diversify as quickly as we can. So that when that happens, at least, you're not looking at one revenue stream; there's another revenue stream. You can do collaborations. **Built networks, proper networks, strong networks**".*

3.5.4.5 Developing and improving the community

Bruwer (2020:148) states that South African SMEs are critical to the economy because they contribute to socioeconomic goals and can be significant drivers of economic growth, technology, and employment opportunities. Participants advised other SME entrepreneurs to consider developing and improving their communities for sustainability and contributing to socio economic goals. It is apparent from the below participants' quotes.

P6: "you must also be looking at developing or improving the community you live in. Because on a social aspect, giving back is always crucial".

P8: "to impact in the communities, because there are contributions in different areas, we try and give back, so that's very close to our heart. And we will always try and do as much as we can, within a means, you know, continue doing what you feel you should be doing to add value, nurture those relationships, because, in good time, things will go back to normal".

3.6 SUMMARY

The findings from the empirical study, which addressed the research questions, were covered in Chapter 3. The interview questions posed to the participants yielded four themes: Challenges SMEs face (before, during and post the pandemic), requirements for fostering a successful SME amidst the pandemic, support needed for SMEs and advice from SMEs in times of crisis. The eight sub themes include remaining resilient during a disruption, Utilising all possible growth channels to become successful, becoming successful and measuring success, factors impeding the utilisation of assistance for SMEs, fostering a reliance mindset to prosper and expand SMEs and lessons learned from the pandemic.

The study focused on SME business owners and managers in various industries in the province of Gauteng, as reflected below. Johannesburg, Midrand, Randburg, and Vereeniging were the regions covered in this study. Most of the participants who were part of the study were SME owners, and only two were managers of the SMEs. Moreover, the majority of the participants were female, with only three male participants. The results revealed that all participants have a post-matric higher education qualification and half have a postgraduate qualification, with the highest being a master's degree.

The findings indicate that SME owners had professional careers and worked for different companies before engaging in entrepreneurship. The participants' roles vary from Accountant, executive, engineer, IT specialist, Brand manager, Lab Analyst and Facilities Manager. The results indicate that most SME owners resigned from their employment and embarked on entrepreneurship, utilising their savings to fund the SMEs.

It is evident from the results that the study's SMEs operate in various service industries, including HVAC and building work, consulting, automotive, laboratory testing, facilities and building maintenance, and service provision in the manufacturing industry. The results further indicate that six SMEs that participated in the study have been in business operation for over ten years, with the longest being 15 years. Furthermore, four SMEs have been in business for less than ten years, with only one SME having been in operation for five years.

The results show the total number of permanent jobs that remained after the Covid-19 lockdown period, from the ten participants' SMEs to 171 jobs. The minimum number of employees per SME is five, with the maximum number per SME sitting at 80 employees. It is concluded from the results that the nature and type of SME business drive employment creation, indicative of survival abilities during a crisis, how many people can be employed and the business growth rate. The results revealed that HVAC, building maintenance, and service provision in manufacturing created and preserved the most jobs at 139 employees from four SMEs post-Covid-19 lockdown.

CHAPTER 4: CONCLUSION AND RECOMMENDATIONS

4.1 INTRODUCTION

The COVID-19 outbreak serves as a cautionary tale that pandemics, like other incredibly uncommon tragedies, have occurred in the past and will continue to do so, as disasters can take any form (Doern *et al.*, 2019:404). Even if pandemics or crises cannot be stopped, entrepreneurs should be ready to mitigate the consequences on SMEs. Small businesses are the foundation of any economy, and since COVID-19 has impacted economies worldwide, preserving them is more crucial than ever (Eggers, 2020:199). Since cases of the pandemic emerged in South Africa, the government has implemented several extensive economic steps to lessen its effects (South African Government, 2021).

The study explored the influence of the Covid-19 pandemic on SMEs in Gauteng. To better understand the phenomenon, the most affected SMEs' business functions, the implications of the Covid-19 pandemic on SMEs' growth, encouraging critical dialogue between policymakers and SMEs, recommendation of a practical method for SMEs to manage crisis amidst the pandemic and resilient strategies after a disruption are considered by the researcher.

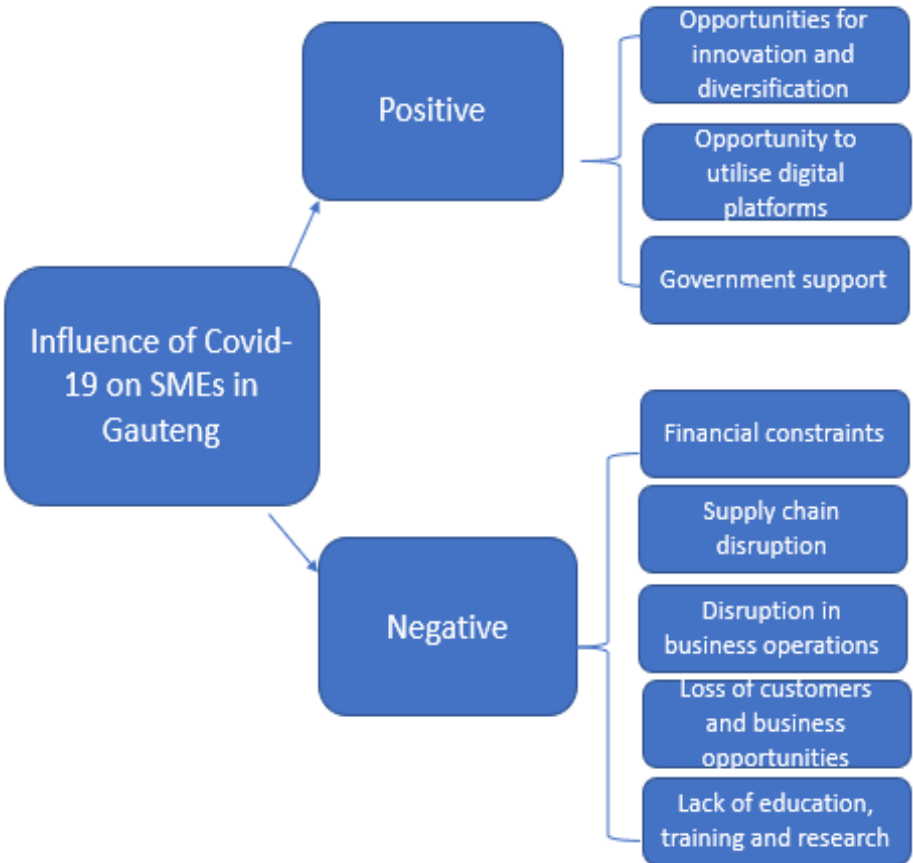
The goal of this chapter is to summarise the findings of the empirical investigation and correlate the previous studies described in the literature review. The conclusions summarise the themes mentioned throughout the results and discussion chapters and compare the study's findings to previous research in the literature review.

The chapter concludes with recommendations on a plan of action to manage the crisis and how SMEs can better prepare and remain resilient when facing unforeseen hurdles. Furthermore, the chapter revisits the primary and secondary objectives, critically evaluating their success. Finally, the chapter finishes with suggestions for future research.

4.2 KEY FINDINGS SUMMARY

The key findings are summarised based on sub-themes derived from the main themes. The results are separated into positive and negative influences of Covid-19 on SMEs in Gauteng in correlation with the preceding chapter, as illustrated in Figure 4-1.

Figure 4-1 Key findings based influence of Covid-19 on SMEs in Gauteng



Source: Compiled by the researcher

4.2.1 Positive influences

Concerning the challenges influencing SMEs during a crisis, it was reasoned that although there will always be new challenges, most SMEs have a zest to grow their businesses and continue to contribute to the economy of South Africa in various ways. Amongst plenty of challenges that SMEs experienced because of the Covid-19 crisis, positive elements exist resulting from the situation.

4.2.1.1 Opportunities for innovation and diversification

The empirical study indicates that participant (P5) used the time to re-strategize and plan to diversify his business during the lockdown period. At the same time, P7 revealed that the pandemic taught them the valuable lesson of constantly reviewing their business offering and business strategy to shield their SMEs from a similar kind of disruption in the future. Thorgren and Williams (2020:6) argue that numerous factors influence SMEs during the pandemic, such as the kind of the firm, its geographic location, the country's economic state, environmental characteristics of the enterprise, entrepreneurship innovation, crisis-time adaptation, and so on. As much as the pandemic was regarded as terrible and disruptive to SMEs' business operations, it provided innovation lessons and the importance of collaboration, as revealed by the participants in the study.

P9 indicated that Covid-19 was a wake-up call that forced them to look for opportunities to diversify their business offering. Hossain, (2015:1) concurs with the finding; he suggested that the first step to surviving the Covid-19 pandemic period is to develop a sound strategy for pursuing innovation and long-term viability. Though the empirical findings revealed diversification as a major lesson from the Covid-19 crisis, not enough literature focused on SMEs' opportunity to diversify during a disaster.

On the contrary, previous literature mentioned that SMEs and businesses focus mainly on survival mechanisms rather than diversification in times of crisis. Biggs *et al.* (2012:649) coincide with the earlier literature by stating that SMEs concentrate on survival and recovery during a pandemic where they lack reserves. An earlier quantitative study by OECD (2020) reveals a finding that contradicts the opportunity for diversification and innovation as a positive influence resulting from Covid-19.

The study discovered that Small and medium-sized enterprises (SMEs) in developed nations like Korea, Germany, and the United States reported that they lacked the reserve to survive longer than two months and anticipated going out of business if the containment measure continued for more than two months.

4.2.1.2 Opportunity to utilise digital platforms

The findings revealed that participants P3 and P6 in the consulting business indicate that the pandemic forced them to innovate and adopt digital methods (social media, MS teams and zoom for virtual meetings) to execute their daily operations. A study by Clauss *et al.* (2019:2) support the empirical findings that digital capabilities can innovate and redefine company strategies. In agreement, others indicated that the pandemic forced them to be mindful of E-commerce. Digital technology adoption can assist SMEs in operating more effectively and productively as they manage the COVID-19 pandemic's consequences while preserving business continuity. Cirillo *et al.* (2019:313) concur that digital technologies boost internal efficiency, diversity, and new company opportunities.

4.2.1.3 Government support

The empirical study reveals that SME entrepreneurs cannot fully utilise the support and assistance provided during the Covid-19 period due to a lack of information, unclear communication, easy access to support channels, and too many red tapes. Participants (P1) indicate that government support available to assist SMEs in growing their businesses amidst the Covid-19 pandemic is not easily accessible. The OECD (2021:48) supports the findings concerning the availability of government support essential for SMEs and business owners coping with liquidity issues. Contrary to the perception of SMEs' reliance on stakeholders for financial aid, the participant (P8) revealed that they do not rely on funding but on securing a customer base that will bring in the funds.

In contrast, some participants reveal that they require guidance and support to access information regarding funding, bids etc., for their SMEs to expand post-Covid-19 restriction period. The findings further indicate that some SMEs had to rely on support programmes to survive the pandemic. SME South Africa (2021) supports the empirical study. It suggests that relief initiatives like the COVID-19 Temporary Employer/ Employee Relief Scheme (TERS) were created to help SMEs avoid layoffs, relieve the financial strain on businesses, and assist employees who lost income and revenue during the lockdown. In agreement with the findings and previous studies, SME South Africa (2021) divulges that the South African government implemented different kinds of support, including a stimulus package for SMEs to survive the pandemic. Juergensen *et al.*(2020:507) also coincide with previous literature and empirical findings stating that

direct financial assistance, direct lending, grants, and subsidies were also included in the government policy mix for SMEs to survive the first stage of the Covid-19 crisis.

Over and above government and other sectors supporting SMEs, the findings revealed that participants desire to contribute to the country's economic and social standing through social investment. P6 and P8 mentioned that one of the socially impactful lessons from the pandemic was for SMEs to give back to their respective communities by developing and improving their communities in different ways. The researcher concludes that SMEs must stay motivated, be resilient, and overcome the challenging conditions and systematic red tape impeding their growth.

4.2.2 Negative effects

As previously stated in the literature review chapter, SMEs in the sectors most negatively impacted by Covid-19 lockdown measures (such as travel, hospitality, and other services) have been unfairly harmed, with higher rates of business closures and a higher proportion of companies reporting sales declines (OECD, 2020:113). The negative influences of Covid-19 on SMEs in Gauteng are concluded below.

4.2.2.1 Financial constraints

The empirical findings revealed that SMEs were engaged in different projects, which had to come to a standstill resulting in a loss of revenue. In agreement with the study's findings, Dahles and Susilowati (2015:35) suggest that the greatest challenge to SMEs' survival during the pandemic was financial constraints. The Covid-19 pandemic caused disruption and further exacerbated the difficulties faced by SMEs daily, with economic and cash flow constraint being their primary challenge. Lu *et al.* (2020:326) concur that being in such a precarious position is due to various factors, including an overreliance on financial sources, increased reliance on government funding, and a lack of preparedness

The findings revealed that P8 faced a challenge when one of its big contracts got cancelled, resulting in job losses. Cowling *et al.* (2020) found that one in every twelve SMEs was at high risk because they lacked internal liquidity and sufficient revenue cash. Participants whose SMEs offer HVAC and building maintenance services could not render the service during and even after the lockdown period when building occupation

capacity was reduced. Employees were working from home and returned to the office in a phasing approach to limit infection risks.

The consequences resulted in income loss whereby the SMEs cannot bill for services not rendered or reduced services during the Covid-19 lockdown period. Consistent with Lee *et al.* (2015:373) findings, many SMEs frequently have a working capital shortage. Moritz *et al.* (2017:5) align with the empirical findings comparing the pandemic effect on SMEs and traditional companies. Moritz *et al.* (2017:5) suggest that large companies can access funding easily compared to small and medium enterprises; SMEs rely solely on internal funds to continue operating and cannot expand quickly.

4.2.2.2 Supply chain disruptions

The participant (P9) revealed that the business had ordered laboratory testing equipment from China. Due to lockdown measures, the shipment was delayed; by the time it arrived, South Africa was on a hard lockdown, resulting in customs storage costs until revenue services cleared the equipment. Cai & Luo (2020:413) study is in agreement with the findings; the authors state that air freight price increases threaten global logistics whereby frequent cancellations, distribution issues, and extended lead times brought on supply shortages. Disruption in the worldwide supply chain came out top regarding hurdles faced during the pandemic's peak in the empirical study. In support of the findings, Wedawatta and Ingirige (2012:477) found that many SMEs had not considered how certain disasters, like floods, might affect their supply chain.

The empirical findings indicate that the participant(P9) was dealt a double blow, the loss of income from delayed equipment and unplanned expenditure to pay for storage costs, all of which were not included in the SMEs budget. Evans (2020:4) agrees that the Covid-19 catastrophe is one of the worst in the past ten years because it has disadvantaged and delayed international supply chains. The epidemic impacted both supply and demand in the economy (OECD, 2020:3). It is concluded that SMEs typically experience a lack of suppliers due to the pandemic, resulting in a scarcity of parts and intermediary products that negatively influence their businesses.

4.2.2.3 Disruption in business operations

The findings reveal participants P5 and P10 indicated that their business operations were halted due to Covid-19 since they require partial or total physical contact. A literature review by Bartik *et al.* (2020:2) revealed most SMEs and businesses at large suffered in their daily operations due to lockdown measures. The hurdles resulted from the inability to perform their income-generating functions, and new difficulties were presented to SMEs by the Covid-19 pandemic.

Participants (P3) and (P6) revealed that they opted for other means of resources to operate their business during the Covid-19 pandemic. Papadopoulos *et al.* (2020:2) concur with the findings in asserting that to survive future challenges, SME enterprises must embrace digital transformation. Almost everywhere in the world, consumers' shopping and consumption habits have altered due to disrupted business operations. Winarsih *et al.* (2021a) agree with the findings and previous research that consumers opted to use internet services to fulfil their daily demands because of the prolonged pandemic lockdown period, movement control regime, social isolation, and physical isolation. It is concluded that SMEs must adapt their perspective on doing business to deal with the apparent dilemma like the pandemic and future crises.

4.2.2.4 Loss of customers and opportunities

Participants revealed that for their SMEs to succeed and grow, customers are the key to growth, and guidance for accessing vital information related to available opportunities is crucial. Participant (P7) revealed that they lost a major contract because of Covid-19. The literature in agreement with the findings revealed that as a result of Covid-19, many SMEs struggled to cover recurring costs like rent and salaries, which prevented them from seizing opportunities and retaining customers (Lu *et al.*, 2020:332). The results indicated that most participants experienced being considered a supplier by big companies as a challenge; being trusted enough to handle a tender or a bid without having to be made a subcontractor proved another hurdle facing SMEs and impeding their growth. The SMEs that provide consulting services indicated that, most often, their challenge is those big companies do not see the value and benefits of their services. Ratten (2020a) supports the notion that small businesses have limitations regarding available opportunities and expect those limitations to continue due to the Covid-19 pandemic.

Most participants indicated that the lack of resources within their businesses and the struggle to build a customer base posed a challenge to SMEs to grow even before the pandemic. It is concluded that SMEs' external factors, including market penetration and fair business opportunities, will continue to be challenging as those factors depend not on SMEs but on customers' perceptions even post the pandemic period. On the other hand, internal factors such as building a customer base, value add and lack of resources all depend on the SMEs' effectiveness.

4.2.2.5 Lack of education, training and research

SMEs can utilise the growth channels by entering into long-term client relationships, business mentorship, and taking advantage of support channels during a crisis. SMEs can continuously engage in research, training, and education to stay informed of the entrepreneurship development programmes to enhance and grow as SMEs. On the other hand, SMEs may view these operations as time-consuming, ineffective, and unprofitable. P2 revealed that SMEs should research to stay on top of the market and gain a competitive advantage. At the same time, P7 emphasised the importance of education and training to enhance their knowledge and preparedness during crises. The literature accords with the findings on critical competencies. Hussen-Saad *et al.* (2021:8) suggested that SMEs must develop critical competencies to a higher level to remain resilient in today's changing and complex business settings clouded with global pandemics like Covid-19.

The proposed core competencies (growth, adaptation, and opportunity seizing) encompass operational and dynamic features that indicate the firm's readiness for future difficulties and disruptions. In agreement with the findings and previous literature, McKenzie (2021:278) alluded that SMEs that invest little in education and training jeopardise their likelihood of success because high levels of investment allow any small commercial endeavour to stay in the market. It is concluded that the success and survival of small and medium-sized businesses depend on developing sustainable competitive advantages through the right skills for the company and implementing effective risk management during disrupted periods.

4.3 CONCLUSION

The Covid-19 pandemic presented a significant challenge that impeded SMEs from growth and expansion focus to survival. Greener & Martelli (2018:53) state that the primary goal of the exploratory study is to uncover new information about the research problem. The study aimed to explore the influence of Covid-19 on SMEs with the objectives of getting insight into the most affected business functions and how SME entrepreneurs can maintain growth in the face of crisis. It is concluded that the Covid-19 pandemic posed unique and new challenges to SMEs, including digital transformation and supply chain, as indicated in the findings.

In support of previous studies, the findings indicate that enabling successful SMEs during a pandemic requires entrepreneurs to be resilient. SMEs' resilience can be achieved through preparedness, constantly seeking new business opportunities, taking advantage of supplier development programmes from public and private sectors and reinvesting in their businesses. It is concluded that a good customer base, financial stability and the ability to retain expertise are suitable measures of success for SMEs to grow during a crisis. It is evident that for SMEs to thrive during any catastrophe, they need to have the ability to build and maintain a good working relationship with their existing and potential customers; they need to be innovative and embrace digital technology. Furthermore, SMEs should prioritise engaging in training, education and research to enhance the quality of their products and services.

The covid-19 pandemic disruption taught SME entrepreneurs important lessons to stay prepared for future waves of the pandemic or crises that may impact SMEs. SMEs are encouraged to be proactive, have sufficient business insurance cover for unforeseen situations, keep stashed reserves, embrace digital platforms, and continuously review their business strategies in line with global development and technology.

4.4 UNDERLYING THEORIES

Bartik *et al.* (2020) corroborated the study's findings by stating that the epidemic has aggravated existing problems and introduced new ones. The first literature explored

underlying the crisis period is a disaster theory, which focuses on the financial and physical resource constraints that impede small businesses from being more robust during crises. The empirical findings reveal that all ten SME participants survived the Covid-19 pandemic amidst challenges faced. However, the findings indicated that four participants could not operate due to the lockdown measures and the nature of their business operations, resulting in no income.

Torres *et al.* (2019:168) examine small business owners' responses to natural disasters and catastrophes through the lens of resources and social capital, distinguishing between resilient small enterprises that survive and grow after a disaster and those that fail. Resilience theory is based on how people respond to crises and exogenous shocks, and most studies categorise post-disaster business resilience as either open or closed (Marshall & Schrank, 2014:597). The SME business resilience theory aligns with the empirical findings indicating that one participant (P8) experienced substantial growth after the lockdown period, whereby they ventured into manufacturing the equipment required in their business operation.

Zahra (2020) alluded that amidst the post-COVID world, innovative and resilient new enterprises can capitalise on their entrepreneurial orientation and discover possibilities in the global turmoil produced by the epidemic. The study findings agree with the theory. It revealed that participants (P9) and (P10) found other opportunities presented by Covid-19. P9 utilised existing resources and expertise to make sanitisers. This product was in high demand due to the infectious nature of the disease, while P10 identified an opportunity to provide workspace value to their clients.

Considering the participant is in the workplace facilities management industry, P10 supplied desks and chairs to their client's employees to make working from home easy. Research has been done on mitigating the harmful consequences of crises and disasters by increasing knowledge and absorptive capacity. Climate change and COVID-19 have made managing uncertainty the new norm for many businesses worldwide.

Flammer and Ioannou (2020) emphasise the significance of developing competitive advantage and enhancing dynamic capabilities, which are crucial for small businesses

and appear to be the remedy to uncertainty during the COVID-19 pandemic. Regarding the findings, P8 indicated that the pandemic forced them to diversify their offering and re-invest in the business. They are expanding their capabilities in providing services to manufacturing products to gain a competitive advantage amongst competitors. The final underlying theory focuses on digitalisation and its effects on SMEs adopting new business models, dealing with uncertainty, and becoming more resilient.

Digital capabilities can innovate business models and change existing ones (Clauss *et al.*, 2019:2). The study's findings agree with Clauss *et al.* (2019:2) as P3 and P6 revealed they were able to utilise digital platforms for meetings, consultation and training. Other participants indicated that virtual meetings to liaise with clients became the norm after the lockdown period, which assisted in optimising travel and office rentals costs. During and after the COVID-19 crisis, the importance of digital capabilities is anticipated to increase in entrepreneurship and SMEs.

4.5 PRACTICAL RECOMMENDATIONS

This section gives practical advice for enhancing the resilience of SMEs during and after a disruption. Recommendations are offered to mitigate the detrimental effects of Covid-19 and future disturbances on SMEs. The recommendation will focus on the negative influences emerging from themes and subthemes.

4.5.1 Financial constraints

The COVID-19 outbreak caught many South African SMEs off guard financially since the majority lacked cash flow management skills and adequate cash reserves (Cowling *et al.*, 2020). In a reef tourism case study conducted in Thailand (Phuket), Biggs *et al.* (2012:648) found that the availability of reserves was one of SMEs' most crucial survival variables. P8 supports the findings as revealed in the results that they could meet all their operating expenses and paid their employees timeously due to available cash reserves. The researcher recommends that SMEs invest time in cash flow management, budgeting, and the measures available to prevent the company from financial failures during a crisis.

SMEs can achieve this by keeping track of cash inflows and outflows, a daily record of transactions and dedicating time to perform weekly cash projection forecasts while re-investing a portion of funds. It is recommended that SMEs get their business adequately insured for disrupted events like Covid-19 and natural disasters to safeguard against future crises and interruptions. This ensures that SMEs do not rely on the reserve alone but have an insurance buffer to focus on growth instead of survival during a disruption. The insurance should cover the SMEs' monthly income to provide for the period the business cannot generate income, operating expenses and business assets.

4.5.2 Supply chain disruption

The COVID-19 pandemic and lockdown regulations have severely hampered SMEs dependent on their supply chains. In addition, supply chain operations are disrupted, which causes scarcity of components and intermediate goods, consumer job losses, epidemic spread anxiety, increased instability, and a decline in investment and spending (Henriksen & Selwyn, 2020). The ability of businesses to adjust to the new circumstances brought by the COVID-19 epidemic is now crucial to their existence.

It is recommended that SME entrepreneurs' source locally produced to mitigate future supply chain disruptions, loss of income and unnecessary shipping costs, as revealed in the findings by participant P9. Furthermore, it is recommended that to mitigate future Covid-19 waves, SMEs should keep sufficient inventory in stock to safeguard against delays in shipping. SMEs can club together to rent a warehouse to store critical stock required for business operations.

Given the problems faced by SME businesses and the unique characteristics of various SMEs, more aggressive targeted strategies coordinating activities for connecting local capabilities are required to strive through a crisis period. Liu (2021) suggests collaboration and partnerships as mutually beneficial alliances between SMEs with shared objectives and missions during a crisis. Climate change, floods and protests caused by political instability easily disrupt logistics and supply chains. The researcher recommends that SME entrepreneurs collaborate to leverage each other's strengths to manage Covid-19 restrictions and logistic limitations. SMEs can reach out to each other regarding various products and services they offer that other firms may require.

4.5.3 Disruption in business operations

Due to specific elements, including high rental prices, high-interest payments, supply chain interruptions, and worker wages during the Covid-19 epidemic, SMEs have suffered significantly (Le *et al.*, 2020:92). In order to optimise and strategically plan how a business operates, it is crucial to understand the primary categories and types of operations. SMEs are advised to revisit their company strategies to ensure guaranteed business continuity. SME entrepreneurs can achieve this by regularly reviewing their business mission and vision and providing it to their employees. It is crucial to formalise planning methods to implement each strategic plan and enhance business performance during a crisis.

Diversification has appeared as a critical business strategy for small to medium-sized firms to navigate the Covid-19 period or any future pandemic and discover ways to survive, develop, and even thrive. SMEs who already conduct business online should increase their operations and create new items and procedures to maximise profits. Owners of businesses should consider whether they have resources that may be used in new ways. For instance, one participant who ran a laboratory decided to make sanitisers during the pandemic, utilising resources the company already possessed.

The researcher recommends SMEs take a relatively minor vertical or horizontal step to enter a new market or expand their existing scope. The practicality is supported by a participant (P10) who owns a workplace facilities management company and could not operate during the pandemic due to the closure. However, the SME diversified their business by offering the client the service of supplying and delivering their employees with equipment to work from home.

4.5.4 Loss of customers and business opportunities

To survive future crises, SMEs must collaborate successfully with other businesses in more or less closely-knit networks of shared production and interest. SMEs must continually innovate, especially during an uncertain period. Innovation allows SMEs to improve their current offering and create new products, services, and processes that better meet the demands of their customers. These will assist SMEs in delivering high-quality offerings to their customers. By being innovative, SMEs can identify opportunities brought about by the Covid-19 pandemic within their current customer base and expand

their offering at competitive pricing. They can consider manufacturing or collaborating with other SMEs. For example, one of the participants (P9) indicated that in their business operations, there is a piece of equipment called duct tape that they use the most when they service air conditioners; they have now ventured into manufacturing duct tape.

Expanding the business from maintenance and repairs of HVAC to manufacturing the parts required in their daily business activities will result in more job creation, business growth and contribution to the country's economy. Moreover, it is recommended that SMEs identify opportunities to diversify by location, products, market and services to ensure multiple revenue streams and business growth during the pandemic.

Large companies prefer having a database of suppliers for different service and product lines for them to focus on their core business. Large companies concentrate on suppliers with the highest BEE score, as this will affect their procurement recognition level. The highest BEE score achievable for suppliers guarantees a higher score for the evaluated business. It is recommended that SMEs take advantage of BBBEE legislation by complying with all supplier listing requirements (tax clearance, BBBEE, safety, public liability, among others) eligible for listing on large companies.

It is further recommended that SMEs identify their target market and invest in research on how they can add value and secure clients. To grow during the crisis, SMEs can sell their offering to the large company sourcing/procurement department. SMEs should remain persistent when they pursue opportunities within large corporations. During the COVID-19 pandemic, SMEs should build more visible market penetration techniques to enable their business to access the niche and small markets available during and after COVID-19

4.5.5 Lack of education, training and research

People are the heart of every organisation, especially SMEs; consequently, SMEs must retrain and reconstruct employees to better adapt to SME changes caused by the COVID-19 pandemic. According to McKenzie (2021:278), SMEs that invest little in education and training jeopardise their chances of success because high levels of investment allow any small commercial endeavour to stay in the market. SMEs need to invest in skills that

consider the future of work. SMEs can benefit from investing in capacity building by having a mindset that understands their sustainability, market access, and growth. Additionally, SMEs must train and develop their staff members to acquire the knowledge and skills required to implement the plans their owners and management have provided. Even if COVID-19 has a detrimental impact on SMEs, they must utilise the available resources to increase the performance of their businesses.

SMEs can achieve these by taking advantage of all the SME development programmes that large private companies provide, which include business operations activities from funding, mentorship, coaching, leadership, networking etc. The researcher recommends that SMEs dedicate time to upskilling, education and training to gain entrepreneurs skills for analysing, planning and decision-making during a crisis. It is further recommended that SMEs engage in research to keep abreast of available support during and after a Covid-19 situation and take advantage of the assistance provided to gain a competitive advantage.

4.5.6 Policymakers and government support

Rules and regulations may restrict the flow of finance to SMEs in various situations. Government and financial institutions need to strike the right balance between administrative and regulatory burdens so that the flexibility given to SMEs does not lead to weak investor protection, compromised market participant integrity, weak corporate governance, or insufficient transparency. Since the government is viewed as an enabler, it can implement friendlier policies towards enhancing SMEs' recovery amid a Covid-19 crisis. Government can achieve this by reviewing legislation prohibiting the banking institution from requesting stringent criteria from SMEs.

Banks may want to reconsider traditional lending techniques that may no longer be well suited to the nature of SME firms. Commercial banks might create new lending products with segment-specific propositions centred on personalisation, boosting customer experience, and profitably serving small and medium-sized businesses to promote SMEs' resilience during and post Covid-19. This might include flexible lending solutions or creative collection strategies that are more closely aligned with the nature of the companies seeking credit.

It is further recommended that SMEs form an association body that will act as an intermediary between them, the government, and the private sector during and after the Covid-19 period; this will ensure that any support provided is not lost in transit. The government should promote awareness of SME development and available support programmes. It is also recommended that government and policymakers have an SME representative office within the local municipality level to ensure SMEs can easily access support provided by the government. Due to the high unemployment rate in the country, the researcher recommends that the government host workshops to revive SMEs struggling to recover from the Covid-19 negative implications and drive their growth.

4.5.7 Digital platforms

In light of these disruptive changes brought on by the COVID-19 pandemic, adopting digital technology is seen as a suitable reaction. Digital technologies include any electronic tools, systems, devices, and resources that generate, store, and process data that can be used for commercial or other purposes. Computers, mobile phones, software, multimedia and social media platforms are examples of digital technology. Digital technologies can enable SMEs to perform better and increase productivity when managing a crisis or another wave of the pandemic's effects to maintain business continuity.

SMEs can achieve the adoption of digital technologies by investing in practical resources for their businesses and learning how to use them to maximise business efficiency. The researcher recommends that SMEs use digital and new technologies to perform income-generating functions and sales tasks to increase profit and ensure the SMEs survival during and after the Covid-19 pandemic and future crises. While adapting to technology platforms comes with its risks, It is recommended that SMEs safeguard against cybercrimes by:

- Maintain software updates, and run security applications once a week.
- Enable data encryption to safeguard personal and client information.
- Make daily data backups.

- Create a recovery strategy to act quickly if the business becomes a cybercrime victim.

4.5.8 The recommended proactive strategies for SMEs to manage future crisis

- SMEs can draw lessons from the most severe and frequent disasters affecting the SME industry. SMEs can work backwards to determine what adjustments they need to make to avert or mitigate a similar catastrophe.
- SMEs might widen their data collection beyond competitor behaviour, and they can scan the media for warning indications. Political developments in supplier countries, regulatory action, activist movements, financial fraud and corruption increases, and climatic data could all be red signs for a disruptive event. Be aware of social media activity in their industry and develop early warning systems for critical sections of their operation.
- SMEs must be aware of vulnerabilities at all levels of their operations, and they must consider real threats, not just financial threats. Table 4-2 below shows an example of a crisis assessment matrix that SMEs can use to assess their exposures and plan accordingly based on the different crisis effects.

Table 4-1 SMEs crisis assessment matrix

CRISIS LEVEL	EXPOSURE	LOW PRIORITY	MEDIUM PRIORITY	HIGH PRIORITY	EXTREME PRIORITY
		1	2	3	4
		IMPACT → (SEVERITY / DURATION / HARM / FINANCIAL COST)			
	LIKELIHOOD ↓	MINIMAL	MODERATE	HIGH	EXTREME
HIGHLY UNLIKELY Activism protest		1	2	3	4
			X		
VERY UNLIKELY		2	4	6	8

Anti-Corruption protest		X		
POSSIBLE LIKELY	3	6	9	12
Service delivery protest		X		
LIKELY	4	8	12	16
Political unrest			X	
VERY LIKELY	5	10	15	20
Floods			X	
HIGHLY LIKELY	6	12	18	24
Load shedding / Covid-19 new wave				X

Source: Compiled by the researcher

4.6 ACHIEVEMENT OF THE STUDY OBJECTIVES

The study's objectives were established in Chapter One, Section 1.5. The objectives were divided into two parts: primary objectives and secondary objectives to achieve the primary goal.

The study's primary objective was to explore how the Covid-19 pandemic influenced SMEs in Gauteng, South Africa and to offer recommendations in light of the results.

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

- To explore the adverse effects of the pandemic on SMEs' development, recommend solutions after gaining knowledge of the most affected business functions.

- To analyse how specific SMEs can maintain and even accelerate growth in the face of a worldwide crisis.
- To encourage critical dialogue between SME owners and policymakers.
- To develop practical methods for increasing the resilience of SMEs during and after a disruption.

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

To explore the adverse effects of the pandemic on SMEs' development, recommend solutions after gaining knowledge of the most affected business functions.

The study achieved this objective through a literature review in chapter two and empirical research by conducting semi-structured interviews with ten SME entrepreneurs in the Gauteng province through Zoom and MS teams online applications. Recommendations were made in section 4.5.

To analyse how specific SMEs can maintain and even accelerate growth in the face of a worldwide crisis.

The descriptions of study participants accomplished this objective after conducting qualitative interviews that resulted in key findings presented in section 4.2 and the practical recommendations in section 4.5.

To encourage critical dialogue between SME owners and policymakers

This objective was achieved through the literature review in chapter two and the empirical findings discussed in chapter three and summarised in chapter four.

To develop practical methods for increasing the resilience of SMEs during and after a disruption

This objective was achieved through the empirical findings discussed in chapter three and recommendations in chapter four.

To explore how the Covid-19 pandemic affected SMEs in Gauteng, South Africa and to offer recommendations in light of the results

The primary objective of the research was to "explore the influence of the Covid-19 pandemic on SMEs in Gauteng, South Africa," which was accomplished through the literature review chapter. It was reinforced by the qualitative interviews described by research participants in chapter three and the findings mentioned in chapter four.

4.7 CONTRIBUTION OF THE STUDY

4.7.1 Contribution to the policymakers

SMEs are especially susceptible to the (COVID-19) pandemic's adverse effects. Ensuring their longevity is vital for minimising the structural economic impact, maintaining jobs and providing the conditions for future development during the pandemic. According to an (IPSOS 2021) poll, more than half of Small and Medium Enterprises (SMEs) owners have voiced anxiety about the survival of their companies in the last few months due to the Covid-19 pandemic. The study's contribution is to continue to catalyse vital discussions between SME owners and policymakers about taking realistic measures to reinforce and boost SME development during any crisis.

4.7.2 Contribution to the SME entrepreneurs

Many of Africa's SMEs could transform into tomorrow's big enterprises, which the continent requires to develop. However, numerous studies show that the progress of SMEs in South Africa is hampered by a lack of financial support, innovation, and strategy to cater for future growth opportunities, inadequate management, training and expertise, technology, and insufficient income.

Since SMEs account for most of the private sector jobs and add value to developed and developing economies (OECD, 2019; World Bank, 2020), targeted assistance is essential for those businesses to recover after a crisis. The research contributes to developing

actions or solutions to improve the stability of South African SMEs during and after the pandemic.

4.7.3 Contribution to Industrial/Organisational literature

Previous studies of SMEs in rapid expansion included data collection during and after the Global Financial Crisis. Previous literature examined how the crisis affected different factors that impacted SME growth and profitability. Although the cause and essence of the problem are not the same as the coronavirus pandemic, the Global Financial Crisis had a similarly destructive effect on the world economy.

Based on these events, the researcher believed that analysing the influence of the pandemic crisis on growth would provide valuable lessons for SMEs looking to produce and maintain a boost during the COVID-19 crisis. The study contributes to the debate in academic and policy circles by evaluating the degree to which the global pandemic has influenced the development of small and medium-sized enterprises (SMEs) and examining targeted assistance provided by both the public and private sectors to boost SME performance.

4.8 LIMITATIONS OF THE STUDY

Although this study adds to the existing literature on the influence of the Covid-19 pandemic on SMEs, it has limitations. These constraints present future research opportunities. The study's research methodology was limited because only a qualitative approach was used. Because of time and resource constraints, ten SME entrepreneurs in the form of owners and managers in Gauteng province participated in the study. As a result, the findings of this study may not represent the views of all SMEs in South Africa.

The study was limited to SMEs in Gauteng and not all the provinces in South Africa. Geographically, this was a limitation as future researchers can collect more data from other areas and African countries. Due to a lack of resources, SMEs who lacked access to online apps like Zoom or Teams were not interviewed.

4.9 SUGGESTIONS FOR FUTURE RESEARCH

Future researchers could conduct a comparative study exploring the influence of the declared state of disaster (i.e. July 2021 unrest and April 2022 KZN floods) on SMEs with Covid-19 in South Africa. Future researchers should explore undertaking a similar study, but this time, collecting data from all nine South African provinces.

Alternatively, conducting quantitative investigations could be another future study area on similar research. Furthermore, to allow for better generalisation of the current study's findings, future research could be widened by conducting a nationwide study to increase understanding of the impact of COVID-19 on SMEs.

4.10 SUMMARY

The chapter finishes the investigation on the influence of the Covid-19 pandemic on SMEs by summarising the empirical research findings. The study concludes by offering empirical study outcomes and making practical recommendations and suggestions for future research. Through a literature review and exploratory empirical study, the research achieves all of the objectives mentioned in Chapter One. The primary objective of this chapter was to "explore how the Covid-19 pandemic influenced SMEs in Gauteng, South Africa". The objectives included learning about the most affected business functions, how specific SMEs can maintain and even accelerate growth in the face of a global crisis, encouraging critical dialogue between SME owners and policymakers, and developing practical methods for increasing resiliency.

The empirical study resulted in the formation of advice to SME entrepreneurs and ideas for future research, highlighting the need for a complete study on the same subject with a bigger sample size.

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APPENDIX

APPENDIX A

AMENDMENT SCHEDULE OF SMALL ENTERPRISE DEFINITION

Appendix A includes an amendment Schedule of the Small Enterprise Definition as contained in the National Small Enterprise Act, 1996 (Act No. 102 of 1996), read with the National Enterprise Amendment Act, 2003 (Act No. 26 of 2003) and the National Small Enterprises Act, 2004 (Act No. 29 of 2004).

SECTOR	SIZE	MAXIMUM TURNOVER
Agriculture	Medium	R35 million
	Small	R17 million
	Micro	R7 million
Mining and quarrying	Medium	R210 million
	Small	R50 million
	Micro	R15 million
Manufacturing	Medium	R170 million
	Small	R50 million
	Micro	R10 million
Electricity, gas, water	Medium	R180 million
	Small	R60 million
	Micro	R10 million
Construction	Medium	R170 million
	Small	R75 million
	Micro	R10 million
Retail, motor trade, repair	Medium	R80 million
	Small	R25 million
	Micro	R7.5 million
Wholesale	Medium	R220 million
	Small	R80 million
	Micro	R20 million
Catering, accommodation, other	Medium	R40 million
	Small	R15 million
	Micro	R5 million
Transport, storage, communication	Medium	R140 million
	Small	R45 million
	Micro	R7.5 million
Finance and business services	Medium	R85 million
	Small	R35 million
	Micro	R7.5 million
Community, social, personal service	Medium	R70 million
	Small	R22 million
	Micro	R5 million

APPENDIX B

INFORMED CONSENT

To whom it may concern

Date: _____ SME Name _____

Participant code: _____ Signature _____

Dear Participant,

My name is Chenge Rabonda, and I am a final-year MBA candidate at the North-West University (NWU) Business School. This study explores the influence of the Covid-19 pandemic on SMEs in Gauteng, South Africa.

The outcome of this study will be a mini-dissertation submitted to the university as a partial requirement to obtain a degree of Masters in Business Administration. The NWU is a reputable and internationally accredited institution with high ethical standards and expectations throughout conducting a research study.

The researcher will adhere to the POPI Act regulations in accessing and managing participants' personal information. Please note that your participation is voluntary and can discontinue if you wish. Participants are also allowed not to answer questions they are not comfortable answering. There will be no compensation paid for participation.

The interview duration will be approximately 1 hour. The interview will be voice-recorded. However, your name will not be recorded, and the recording will be available to you upon request.

The interviewer will take notes for data analysis. The interviewer will transcribe the recording, which will be kept confidential on a password-protected computer. The transcripts and recordings will be destroyed after three years.

Furthermore, all individual identification will be removed from the hard copy of the transcript, and participant identity and confidentiality will be concealed using coding procedures. Please note that excerpts from the interview may be included in the final dissertation report or later publications. However, under no circumstances will your name or identifying characteristics appear in these writings. Also, the interviewer may ask for limited demographic information for profiling interview participants, and no further statistical analysis will be performed.

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 [NWU-00628-22-A4]. 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:

Tel: 018 299 1414; Email: stephan.vandermerwe@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 contribution to this study is highly valued.

Kind regards

Chenge Rabonda

MBA Candidate (North-West University)

APPENDIX C

INTERVIEW GUIDE

Exploring the influence of the Covid-19 pandemic on SMEs in Gauteng, South Africa

My name is Chenge Rabonda, and I am an MBA (Masters in Business Administration) student at the North-West University Business School. **This interview we are about to conduct seeks to explore the influence of the Covid-19 pandemic on SMEs in Gauteng, South Africa.**

Before we start with the interview, **I would like to get your demographic information, as this will assist me in creating a profile of the participants.**

Please state the following:

- Your highest level of academic education
- The kind of work experience before engaging in entrepreneurship
- In which industry does your business (s) operate?
- Where is your business located?
- Where did you get the capital to start your business?
- How many permanent employees do you have?
- How many years is the business in operation? How old is the business?

Thank you, we will now start with the interview.

- 1. Firstly, can you tell me about your business and its founding?**
- 2. What challenges did your business face before the Covid-19 pandemic? Please explain.**
- 3. Did Covid-19 exacerbate the existing challenges, or did Covid-19 pose a unique challenge to your SME? Elaborate.**

4. **As an SME owner, do you feel equipped to remain resilient during a crisis or disruption? Please explain.**
5. **Next, we will discuss business growth and success. In your opinion, are SME entrepreneurs utilising all possible growth channels? In your business?**
6. **Is there an understanding of what an SME requires to succeed?**

Probe: In the SME sector?

Probe: How do you measure success in your business?

Probe: Do you consider your business as successful? Please explain.

7. **Do SMEs know which doors to knock on when they require assistance? Elaborate.**

Probe: Are the offered channels easily accessible for SMEs?

Probe: Do SME owners have a reliance mindset to prosper and expand their businesses?

8. **Finally, what advice would you give to other businesses affected by a disrupted event such as the pandemic?**
9. **Thank you so much. Is there something else that we might have left out or that you might want to add?**

Thank you for your time.

APPENDIX D

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: rkosin@h1.machine@nwu.ac.za

24 May 2022

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the Economic and Management Sciences Research Ethics Committee (EMS-REC) on 22/04/2022, Round Robin, 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-RERC) 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: Exploring the influence of the Covid-19 pandemic on SMEs in Gauteng																															
Study Leader/Supervisor (Principal Investigator)/Researcher: Prof S van der Merwe - MBA																															
Student: Rabonda, N (25848569)																															
Ethics number:	<table border="1"><tr><td>N</td><td>W</td><td>U</td><td>.</td><td>0</td><td>0</td><td>6</td><td>2</td><td>8</td><td>.</td><td>2</td><td>2</td><td>.</td><td>A</td><td>4</td></tr><tr><td colspan="3">Institution</td><td colspan="5">Study Number</td><td colspan="2">Year</td><td colspan="5">Status</td></tr></table>	N	W	U	.	0	0	6	2	8	.	2	2	.	A	4	Institution			Study Number					Year		Status				
N	W	U	.	0	0	6	2	8	.	2	2	.	A	4																	
Institution			Study Number					Year		Status																					
Application Type:		Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation																													
Commencement date: 24/05/2022	Risk:	Low																													
Expiry date: 24/05/2023	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:

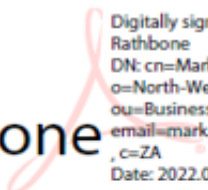
- *request access to any information or data at any time during the course or after completion of the study;*
- *to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process;*

- *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: 2022.05.25 10:43:02 +02'00'

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