

Exploring The Influence of The Covid-19 Pandemic on SMEs in Gauteng, South Africa

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Abstract

The South African government acknowledges SMEs as a catalyst for economic growth and job creation. However, SMEs in Gauteng cannot sustain 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 aims 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 provided the necessary context for conducting the empirical investigation on the influence of Covid-19 on SMEs. The study employs a qualitative research methodology with an exploratory research approach. Data from 10 participants were gathered through semi-structured interviews. Thematic analysis was employed to analyse the data. 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 and the implications of the COVID-19 pandemic on SMEs in Gauteng. The study also suggested future studies that can build on this one.

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1. Introduction

1.1 Background

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

1.2 Problem statement

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 were disrupted, which caused 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 governments implement due to globalisation would significantly impact economies and, consequently, small and medium-sized businesses inside those economies. SMEs felt the most effects of the Covid-19 pandemic globally as business owners in developing countries were 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 crisis and pandemic breakout on small businesses, the lack of resilience and recommend various coping techniques. As a result, the study's problem statement is as follows:

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

1.3 Research purpose and objectives

1.3.1 Primary objective

The study's main goal was to investigate how the Covid-19 pandemic affected SMEs in Gauteng and to offer recommendations in light of the results.

1.3.1.2 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 sustain growth in 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 remainder of this paper is organised as follows: Section 2 is a literature review. Section 3 describes the research methodology, whereas Section 4 gives the empirical investigation's outcomes and findings. Section 5 examines the findings, Section 6 discusses the managerial implications, and Section 7 offers conclusions, limits, and future study directions.

2 Literature Review

2.1 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 excluding 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. A significant gap exists 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).

2.2 Defining entrepreneurship in the context of SMEs

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 spill over effects that boost employment levels of growth. Promoting the expansion of current SMEs may encourage innovation and job creation in these companies.

2.3 Understanding the pandemic crises in the context of SMEs

Covid-19 has caused an unexpected and drastic shift in global business and socio-economic 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 Africa and South Africa, particularly in the Gauteng region. 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). According to Morrish and Jones (2019:3), entrepreneurs and SME owners face varying problems depending on their nature and business context. 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 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).

2.4 The impact of the Covid-19 crisis on SMEs in the short-term

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 fell by 6%. Smaller companies frequently have insufficient cash reserves. Aside from tourism, the economic sectors most directly impacted by lockdown measures were transportation, manufacturing,

construction, wholesale and retail trade, air transportation, lodging and food services, real estate, professional services, and other personal services (OECD, 2020:3). 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, SMEs' position improved only marginally.

Thorgren and Williams (2020:6) contend that various factors impacted 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. Most SME owners were 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 was 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 experienced an immediate liquidity crisis due to movement control restrictions imposed by a sudden pandemic and sales disruptions (Winarsih *et al.*, 2021a).

2.5 The impact of the Covid-19 crisis on SMEs in the long-term

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 much help to develop into enterprises that create jobs. On the other hand, formal SMEs may have the internal resources to compete. Still, they may face competition from other companies because of barriers in their larger economic environment (Bhorat *et al.*, 2018:46). Notable job losses occurred during the more than six-month lockdown, particularly among micro-enterprises. The catalyst for growth (2020) states that 20 million jobs were 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).

SMEs are essential drivers of innovation, long-term productivity and economic growth. 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, indicating a positive long-term impact resulting from the pandemic. 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). Nonetheless, preliminary investigation indicates that the gravity of the COVID-19 crisis is such that

it had devastating long-term economic and societal consequences (Baker *et al.*, 2020:5).

2.6 Government support for SMEs during the pandemic

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 unfavourable 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).

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 supported SMEs by postponing payments or costs and setting up new finance lines. In South Africa, relief schemes were created to lessen the COVID-19 pandemic's effects on businesses.

2.7 Growing threats and opportunities for SMEs

2.7.1 Transformation to Digital

COVID-19 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. They prefer using online services to meet their daily needs because of the extended lockdown periods, movement control protocol, social isolation, and physical isolation (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. Furthermore, cloud-based technology helps businesses navigate crises, deliver better market services, and boost SMEs' responsiveness (Ato Sarsah *et al.*, 2020:3). 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).

2.7.2 Disruption in the Supply Chain

Though the full extent of the impact is still unknown, the COVID-19 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 inextricably linked businesses. 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). Airfreight prices increased supply shortages due to frequent cancellations, distribution disruption, and lengthened lead times threatened global logistics (Cai & Luo, 2020:413). 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). 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).

2.7.3 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). 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. 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.

3 Research Methodology

The research approach was divided into a literature review and an empirical study. According to Saunders *et al.* (2019:129), the research design determined the research structure 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, which depicts research methods, techniques and approaches the researcher followed as a guiding principle for research methodology.

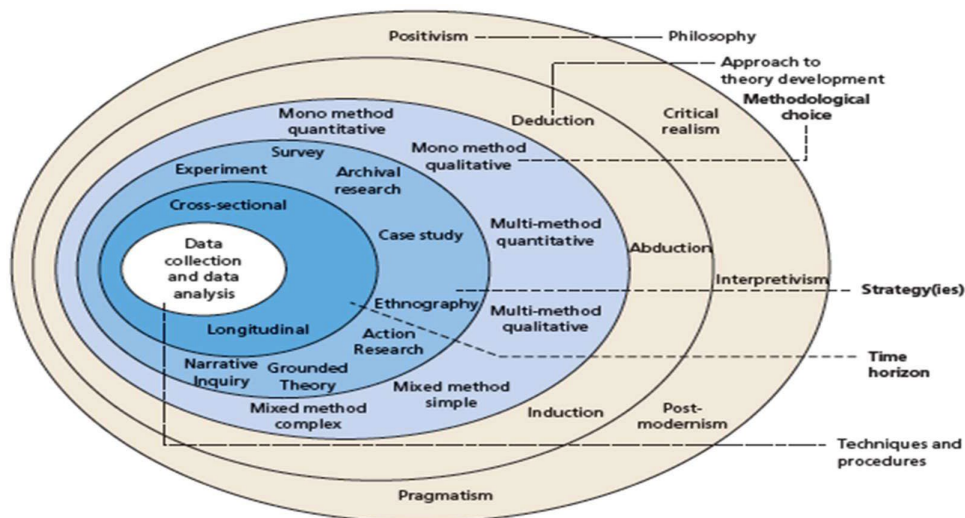


Figure 1: Research Onion
Source: Saunders *et al.* (2016:164)

3.1 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).

3.2 Research methods

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). Because the researcher was interested in learning how specific SMEs' owners and managers operate, the qualitative research approach was appropriate as they described their own experiences regarding the influence of the pandemic on their SMEs and various challenges impacting their sustainability.

3.3 Study population and sampling

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 SME 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 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). The sample frame consisted of participants' access to the researcher (through direct and indirect contact) from a list of registered SMEs in Gauteng. 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 selected research sample comprised approximately 10 (until saturation) SME owners and managers in operation across Gauteng, mainly in the service sector, before the pandemic. 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). Furthermore, the researcher adhered to the new POPI Act regulations in accessing and managing participants'

personal information. 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). Interviews were conducted until data saturation or when new data no longer enabled the revelation of new insights or properties.

3.4 Data collection instrument

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.

3.5 Research procedure and ethical considerations

Before data collection, the North-West University's ethics committee (EMS-REC) provided ethical clearance (NWU 00628-22-A4). The essential ethical concepts of respect, scientific merit and integrity, distributive justice, and beneficence were upheld throughout the research methods. These included participant enrolment and selection, informed consent, and continued respect for participants throughout the study. Before contemplating their involvement, the participant was educated about the study's purpose and participation expectations during the enrolling and selection procedure. As the NWU Business School's General Management Scientific Committee approved, the informed consent form was distributed to those who accepted to participate. Before the interviews began, all participants signed an informed consent form. The participants were reminded at the start of each interview of the ethical principles that participation is voluntary and that they may withdraw from the study at any moment.

3.6 Data collection

According to Creswell (2013:15), data gathering involves coordinated operations and collecting information to respond to research questions. Interviews were used to collect the data for this study, and Quinlan (2011: 289) distinguishes five different types of interviews, which include group, one-on-one contact, virtual, teleconference and 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). To obtain data, the researcher conducted one-on-one virtual interviews with chosen SME owners/managers. 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 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. 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).

3.7 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 speaking or expressive behaviour method. 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. 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 Table 1.

Table 1: Phases 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 conducted the interviews and 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 worktable tools to assist the researcher in coding and to help with thematic data analysis.

3.8 Trustworthiness

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: The researcher 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 (Bryman *et al.*, 2014:45).

Confirmability was demonstrated when the researcher established trustworthiness, applicability, and dependability. Confirmability was attained by consulting the supervisor and a qualitative research expert.

4 Results and Findings

4.1 Demographic profile of participants

This section includes the profiles of the research participants (SME owners and managers). The profiles of the participants, as shown in table 2, demonstrate that most of the participants have a post-secondary qualification and that they established the business more than five years ago, with the most extended years of business operations ranging from 12 to 15 years. The profile suggests that most participants used their funds to start the business, employing between five and 80 people. 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, as shown in the Table below.

Table 2: The research participants’ profiles

Participant	Highest level of academic education	Business Location	Source of capital	Industry of business operations	Number of permanent employees	Number of years in business
P1	BA Degree	JHB, Gauteng	Own savings	HVAC and building works maintenance	11	7
P2	B-tech ops	Randburg, Gauteng	Not disclosed	HVACR Industry	6	15
P3	MBA	JHB, Gauteng	Own savings	Management consulting	5	15
P4	MBA	JHB, Gauteng	Own savings	Business Consultant	6	5
P5	Diploma	Midrand, Gauteng	Own savings	Automotive Industry	5	10
P6	Degree	JHB, Gauteng	Shareholders contribution	Administration and consulting	5	13
P7	Honours degree	JHB, Gauteng	Inheritance/ Own funds	Service provider in manufacturing space	68	13
P8	Diploma	JHB, Gauteng	Own funds	HVAC and building works maintenance	80	12
P9	M-tech	Vaal, Gauteng	Own funds	Testing laboratory	5	6
P10	Degree	Randburg, Gauteng	Own funds	Facilities and building maintenance	18	6

Source: Compiled by the researcher

4.2 Overview of the themes

The empirical findings will be discussed further 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.

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

Theme 1: Challenges SMEs are faced with	
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 1: Remaining resilient during crisis or disruption.	Subtheme 2.2: Utilising 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 crisis		
Subtheme 4.1: 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 		

Source: Compiled by the researcher

Table 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 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	(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	(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	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). (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-Teme 4.1

Source: Compiled by the researcher

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 4-2. The themes and sub-themes will be discussed, strengthened by participants' quotes and supported by evidence from the literature.

4.2.1 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 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 promoting market share.

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

Participants reported on various challenges they experienced before the COVID-19 pandemic. 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. 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:

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

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

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

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

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".

4.2.1.2 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. Innovation is a fundamental engine of productivity and long-term growth, and it has the potential to assist in solving 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 supports the opportunities to adapt and become creative. 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 others emphasised limited opportunities for small businesses.

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

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".

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".

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

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".

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 cut 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.

4.2.2 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 the below sub-themes.

4.2.2.1 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. In addition, participants emphasised the importance of diversifying, which includes reinvesting in your company and considering multiple streams of revenue. The fastest revenue and profit growth are seen in the most diversified companies. Participants also mentioned that being prepared and proactive contributes to success. Proactive SMEs and entrepreneurs can plan and take action before their conditions alter. Another requirement includes that they need to seek business opportunities constantly. It is evident in the following quote.

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".

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

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

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

Participants reveal that entering into long-term relationships with 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. Businesses can better understand their target customers' interests, buying habits, pain points, and demographics by continuously engaging in research. 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 indicate a need to create awareness around the provision of entrepreneur's development programmes to educate and train SMEs.

Participant reveals that continuous research in business engagement would lead SMEs to become successful, as indicated by P2 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”.

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”.

4.2.2.3 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 both the public and private sectors embark on more awareness of available developmental programmes.

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. 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 stuff 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”.

4.2.3 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. 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.

4.2.3.1 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".

P2: "it's the access and the guidelines as to how to approach 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".

4.2.3.2 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".

4.2.4 Theme 4: Advice from SMEs in times of 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 there 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.

4.3 Advice from SMEs in times of crisis

4.3.1 Importance of collaboration, networking and diversification

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. Andres *et al.* (2014:74) found that the 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**".*

*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**".*

4.3.2 Developing and improving the community

Bruwer (2020:148) states that South African SMEs are critical to the economy because they contribute to socio-economic 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".

5 Findings discussion

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 2.

5.1 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.

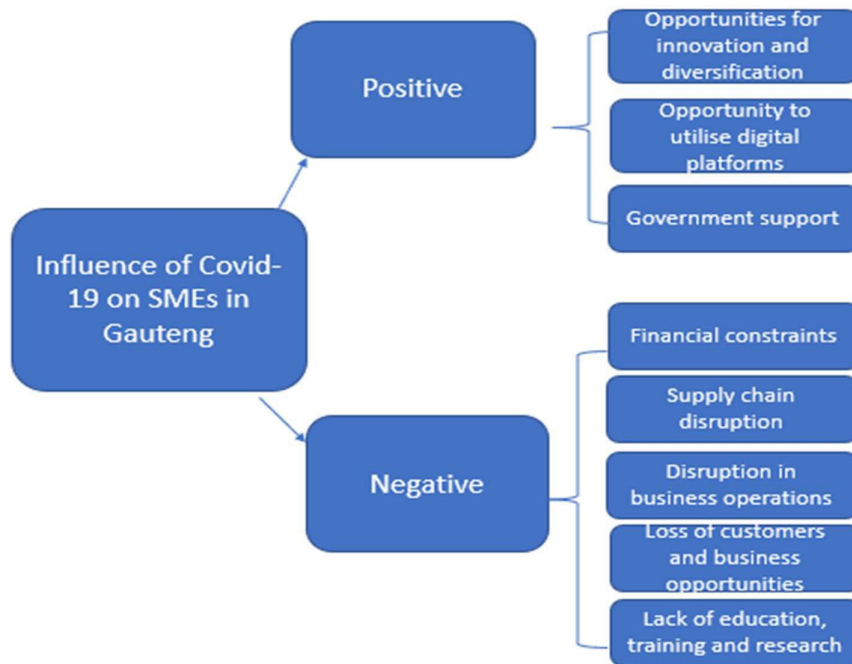


Figure 2: Key findings-based influence of Covid-19 on SMEs in Gauteng
 Source: Compiled by the researcher

5.1.1 Opportunities for innovation and diversification

The empirical study indicates that participant (P5) used the time to re-strategise 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.

5.1.2 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) supports

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.

5.1.3 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 much red tape. Participants (P1) indicate that government support available to assist SMEs in growing their businesses amidst the Covid-19 pandemic is not easily accessible. 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 and bids 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.

SME South Africa (2021) reports that the South African government provided various support to SMEs during the Covid-19 pandemic, including a stimulus package, direct financial assistance, lending, grants, and subsidies. Participants aimed to contribute to the country's economic and social standing through social investment. The pandemic taught SMEs to give back to their communities and remain motivated, resilient, and able to overcome challenges and red tape.

5.2 Negative effects

As previously stated in the literature review section, SMEs in the sectors most negatively impacted by Covid-19 lockdown measures 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.

5.2.1 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 challenging times 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 building maintenance services could not render the service during and even after the lockdown period when building occupation capacity was reduced, the consequences resulted in income loss. Moritz *et al.* (2017:5) suggest that large companies can access funding easily compared to small and medium enterprises, as SMEs rely solely on internal funds to continue operating.

5.2.2 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 and 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 bring on supply shortages. In support of the findings, Wedawatta and Ingirige (2012:477) found that many SMEs had not considered how certain disasters, like floods and wars, 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 SME budget.

5.2.3 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 asserting that SMEs must embrace digital transformation to survive future challenges.

5.2.4 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). 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.

5.2.5 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. 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.

6. Managerial Implications

6.1 Financial constraints

The COVID-19 outbreak caught many South African SMEs off guard financially since most 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. 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. The insurance should cover the SMEs' monthly income to provide for the period the business cannot generate income, operating expenses and business assets.

6.2 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). It is suggested 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 similar crisis, 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. 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 logistic limitations.

6.3 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. 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. 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. Furthermore, SMEs should engage in research to keep abreast of available support during and after a Covid-19 period and take advantage of the assistance provided to gain a competitive advantage.

6.4 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. Examples of digital technology are computers, mobile phones, software, multimedia and social media platforms. 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.

6.5 Proactive strategies for SMEs to manage future crisis

- SMEs can learn from industry disasters and make adjustments by analysing competitor behaviour, monitoring political developments, regulatory actions, activist movements, financial fraud, corruption, and climate data. They should be aware of social media activity and develop early warning systems for critical sectors.
- SMEs must be aware of vulnerabilities and consider real threats, using a crisis assessment matrix to plan accordingly and mitigate potential crises.

7. Conclusions, Limitations and Future Research

7.1 Conclusions

The Covid-19 pandemic presented a significant challenge that impeded SMEs from growth and expansion focus to survival. Greener and 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 to get insight into the most affected business functions and how SME entrepreneurs can maintain growth in the face of crisis. It 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. 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.

7.2 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 applications like Zoom or Teams were not interviewed.

7.3 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.

Future research should add the Resilience Theory to the study.

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