

# Analysing the Impact of Disruptive Events on the Performance of the Automotive Industry Sales in Gauteng, South Africa

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## Keywords

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## Abstract

The South African Automotive Sector contributes significantly to the country's economy and is linked to other financial and insurance sectors. This study aimed to examine the impact of disruptive events on the automotive sector's sales performance. A qualitative research approach was applied to achieve the aim and objectives of this study. A critical literature review contributed to analyse and evaluate existing information concerning disruptive events. The empirical study was exploratory and descriptive and consisted of interviews with selected participants. The literature showed that, due to globalisation, disruptive events affect several global countries, regardless of whether the disruptive event is a pandemic caused by an infectious disease or an economic crisis. The automotive sector comprises various national and international industries co-dependency on manufacturing, assembling, supply chain, and sales. However, the literature shows that developing countries are more severely affected by disruptive events, compared to developed countries. The empirical study shows that salespeople are aware of the impact of disruptive events on the automotive sector and vehicle sales performance. Participants were highly experienced, with more than ten years of experience. The results show a need for flexibility. Salespeople view the impact of disruptive events on a broader scale to be cognisant of how the whole sector are affected.

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# 1. Introduction

Disruptions affecting the global economy have resulted in transformations in the automotive sector. According to Traub-Merz (2017), most passenger vehicles were produced in countries referred to as the Triad before 2000: USA/Canada, the EU15, and Japan/Korea. However, things have changed. Demand has moved to other regions, and developing economies are also experiencing some growth. This paper also stated that manufacturing in developing countries has since experienced notable growth until 2008/2009, indicating that the growth in the production of passenger vehicles is primarily due to the increase in the manufacturing capacity, as opposed to the countries depending mainly on traditional industrialized countries.

Statista (2022a) reports that the global automotive manufacturing market was estimated to grow from 2.7 trillion (2021) to 2.8 trillion U.S. dollars in 2022. Further, there will be considerable changes in the automotive sector concerning technological advances, with an estimated 26% of new electric vehicle sales and 58 million self-driving vehicles, globally. Moreover, this grants new opportunities and possible increased segmentation in the supplier business, due to the technological advances it presents. However, there have been reports of a shortage of semiconductors that have negatively affected manufacturing and vehicle production globally; this is an essential part used in vehicle manufacturing. Coface (2022) reports that this will be a challenge until 2023 and may also harm the estimated growth of the manufacturing industry.

Martin (2022) reports that, in Africa, the challenge of manufacturing capacity has always existed. However, these challenges are currently addressed throughout the continent. The approach to compensation for limited manufacturing and production capabilities across Africa used imports. These imports cover over 50% of the continent's manufacturing product's needs, including automotive parts, industrial machinery, and transport equipment. The manufacturing industry's contribution to the Gross Domestic Product (GDP) is estimated to be only 10% of the GDP in Africa. The major suppliers are Europe at 35%, China at 16%, and the rest of Asia at 14% (including India).

In South Africa, the National Association of Automobile Manufacturers of South Africa (NAAMSA, 2022a) reports that the automotive sector contributes an estimated 6.4% to the GDP, 4% to manufacturing and 2.4% to the sales industry. The manufacturing industry contributes 27.6% of South Africa's manufacturing output. The manufacturing industry accounts for 15.5 % of exports out of the 104 sectors; it is the 5<sup>th</sup> largest exporter. Moreover, NAAMSA (2022a) highlights that the success of the South African Automotive Sector is due to the combination of good industrial policy and foreign investment, which is the foundation for the industrialization drive in South Africa and is the key driver of the notable economic growth. They further emphasise that "no other industry in South Africa has such an expansive reach across the country, delivering economic benefits and creating jobs in many different sectors" (NAAMSA, 2022a).

Disruptive events cause drastic changes in the economy, the market, industries, organisations, and social settings; they happen at a regional, national, or global level (Pells, 2009). However, the automotive sector is vulnerable to disruptive economic events. This study will investigate the impact of disruptive events on the Automotive Sector in Gauteng, South Africa, focusing on analysing the vehicle sales industry.

Digital disruption has changed the face of competition in the advertising industry, for example, clients are investing in-house studios, consulting firms are acquiring creative agencies and agencies are starting to in-source production services (Toefy, 2018). In keeping with the in-sourcing trend by marketers, Sheiner and Earon (2019) observe that “marketers now start the planning phase of their strategy based on their own Big Data analysis.” Unless traditional agencies develop new competencies, new propositions and hire digitally savvy talent, they are doomed to fail in today’s economy (Anon. 2, 2017). Chesbrough (2010), Schlegelmilch *et al.* (2003) and Osterwalder and Pigneur (cited by Pedersen *et al.*, 2018:269) warn that “failing to be innovative implies that competitors may enter the scene with new offerings that make prevailing business models redundant.” The current reality, according to Patel (2017), is that advertising agencies have failed to adapt their business models to meet the needs of today’s “hyper-connected consumer.”

Marketers are challenging advertising agencies to display digital skills. In Anon. 2 (2017), a survey by eMarketer revealed that 74% of senior marketers list marketing data and analytics capabilities as some of the key criteria in selecting an advertising agency. Kannenberg (2018) and Toefy (2018) advise that technology has become a competitive edge to agencies and cautions that unless agencies are willing to partner with ad tech companies to enhance their use and understanding of technology, they will not succeed in the digital age. Hull (2017) agrees that in the digital age, organisations need “technologists, consultants, storytellers, copywriters, creative people, entrepreneurs and data scientists to make sense of it all.”

According to Lee (2017), advertising executives like Jason Gonsalves, Mel Exon and Jon Sharpe concur that the advertising industry’s business model needs to be transformed. Toefy (2018) argues that a new ‘agency’ which breaks traditional boundaries is an answer to the need for better creative solutions. This new model considers more closely its various stakeholders such as publishers, brands, audiences, and consumers as well as assess what their needs really are in an always-on environment for multi-national, regional and local clients and for millennial-driven digital brands.”

## **1.1 Background**

The automotive sector contributes significantly to the country's economy. Business organisations across the value chain, from spare parts producers to leather seat manufacturers, contribute to the success of the vehicle sector. Automobiles are linked to other economic sectors, including banking, finance,

insurance, and infrastructure. However, the unpredictability of the annual automobile sales is of concern, South Africa experiences fluctuations in fiscal revenues.

Occasionally, disruptive events occur globally, and their impact is felt by all developed and developing countries. Due to globalisation and the co-dependency of countries, South Africa is also influenced by what happens in the rest of the world, especially in the United States and Asia, which impacts South African trade and industry.

South Africa exports many locally produced vehicles and parts, such as BMWs and Mercedes parts, to other countries worldwide. This was disrupted by different disruptive events in the past few decades. The latest of these events is the Covid-19 pandemic, first identified in China and then spread to the rest of the world. This led to a drastic drop in vehicle demand and a severe drop in vehicle sales. South Africa's automotive sector experienced a 38.53% drop in sales; NAAMSA (2021a) reported that the total production year in July 2020 was 219 610 versus July 2019 at 357 276.

The result of a reduction in demand leads to inflation, and that leads to increased vehicle prices. There were income cuts and retrenchments. Some car dealerships were forced to close their doors. When a disruptive event is a pandemic like Covid-19, customers may also be affected because selling a car requires seeing the vehicle, which may not be possible because of the lockdown restrictions of limited face-to-face encounters.

Thus, based on the preceding description of the automotive sector, the problem is synthesised into a current auto sales decline. Disruptive events such as the 2008 Recession, Technological influence, the Covid-19 pandemic, and the July 2021 South African unrest are some elements affecting the automobile sector's sales performance.

## **1.2 Problem Statement**

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### **1.3 Research objectives**

#### **1.3.1 Primary research objective**

This research project's primary objective was to examine disruptive events' impact on the automotive sector's sales performance in South Africa, Gauteng Province.

#### **1.3.2 Secondary research objectives**

- To determine the main factors that affect the automotive sector's sales performance in South Africa during disruptive events.
- To assess insights into vehicle sales performance during disruptive events in South Africa, Gauteng Province.
- To make recommendations based on the study's findings and conclude the research.

## **2. Literature Review**

The focus is on an overview of the automotive sector globally, followed by an overview of the African and South African automotive sectors. This is followed by an analysis of past disruptive events and, recently, the Covid-19 pandemic has affected the automotive sector. The section ends with a conclusion that shares the researcher's views as informed by the information available in the literature.

### **2.1 Overview of the global automotive sector**

The automotive sector consists of various industries that are interconnected and co-dependent: the manufacturing, maintenance, transportation, and sales industries (Broding & Fartasch, 2020). Papatheodouru and Harris (2007) give a summary of the history of the automotive sector. The sector's

origin is in Germany and France. It then developed and expanded in North America during the mass production era and developed even further in Japan and the Republic of Korea. The authors state that China has recently become a leader in the sector, particularly in producing electric vehicles (EVs). The automotive sector is referred to as the industry of industries because it evolved simultaneously with twentieth-century industrial development and is associated with mass production and consumption.

Advancements in technology have affected the daily operations of businesses, affecting how manufacturers' productivity and human capital in the automotive industry are viewed (PwC, 2022). Manufacturers in both developed and developing countries are under even more pressure to improve productivity while reducing the cost of production and maintaining product quality. Ikome *et al.* (2022) state that, added to the above, manufacturers must strategically decide how and where to improve to remain competitive globally. Companies need to strike a balance between productivity and responsible production for them to be competitive in the global arena. The vehicle manufacturing industry is also responsible for ensuring that the environment is unharmed and other resources are unexploited due to their daily operations. This means that, despite the need to stay competitive, sustainability measures should be taken as part of Environmental, Social, and Governance (ESG) practice. Consideration of ESG practices are important in the vehicle manufacturing industry because of the raw material used and the heavy machinery used to turn those raw materials into car parts. Strike *et al.* (2006:851) refer to the vehicle manufacturing industry as a “pollution-intensive industry”, which is a global concern that impacts each firm’s competitiveness in the market.

The manufacturing industry does manufacture not only vehicle parts for new vehicles but also maintenance and replacement parts. Hence, it receives more pressure for fast production (KPMG, 2021). The maintenance industry is concerned with the after-sale maintenance of vehicles and parts replacements. This industry deals mostly with building relationships and trusts with clients and offering them maintenance plans for example. Professionalism and service quality are important in the vehicle maintenance industry because each brand competes to attract customers and keep them loyal (Hong *et al.*, 2020).

The 22nd Global Automotive Executive Survey was conducted by KPMG concerning the sales industry and perceptions of industry leaders about its future, especially focused on the effects of the Covid-19 pandemic. One of the negative impacts of the pandemic was network delays and declining car purchases, resulting in billion-dollar deficits (SAAM, 2021). When KPMG (2021) interviewed 1 000 executives in the global automotive sector in 2021, 53% indicated that they were extremely confident that the industry will experience profitable growth in the coming five years. However, there were differences in different regions: Europeans were less confident than executives in the United States (U.S.). They quoted Laurent des Places, a Partner at KPMG in France, who highlighted the reality that there is political pressure due to ESG practices in Europe and also lower carbon emissions. Factors that have strained business models and are reported to result in slower vehicle manufacturing and sales. About

66% of American executives were confident in the potential growth, while the estimate for Germany was 49% and 55% for China. Concerning the transformation to digital consumers, 78% of the executives said that most customers will purchase new cars online by 2030. In addition, 47% indicated that they are of the notion that 60% of customers will purchase cars directly from automaker-led online sales by 2030.

Overall, digital, and technological transformations facilitated by disruptive events lead the automotive sector; the Covid-19 pandemic is an example. According to Brown *et al.* (2021), the automotive sector is expected to experience significant transformations in the next ten years. These transformations will mostly result from digitalisation and new technologies that require amendments to business models. The authors highlight that these changes are beneficial because they lower the entry barriers to the market while facilitating collaborations between industries and stakeholders. This includes research facilities because there is a constant need for Research and Development on new technologies and business models affecting various automotive sector industries.

## **2.2 Overview of the Automotive Sector in Africa**

The automotive sector in Africa faces similar challenges of lack of infrastructure and capital limitations. However, Black *et al.* (2017) state that African countries' conditions are conducive to manufacturing. Yet, according to international standards, Africa has a low manufacturing capability. Black *et al.* (2017) explain that the African automotive sector became vulnerable because of the implementation of liberalization policies. These policies led to deindustrialization, lower profits and privatization. This has led to low export growth and the failure to generate enough employment, especially in the manufacturing industry. Black *et al.* (2017:13) concluded in their study that “the low level of industrialization in Africa represents an important potential obstacle to sustained development and is an indicator of the economic fragility of the region”.

Davies and Schillers (2018) report that the African sales industry is dominated by second-hand imported vehicles mostly because of limited income in African countries. In the three countries the report was based on (Ethiopia, Kenya, and Nigeria), the authors estimated that 80% of vehicles were imported as used vehicles. These imports are from the U.S., Europe and Japan. Although South Africa, Egypt, Morocco, and Algeria have enough established automotive assembly and manufacturing sectors, vehicles produced in Africa in 2015 only accounted for 0.9% of the global production. Regardless of these challenges, Davies and Schillers (2018) state that the policymakers in the African continent seek to boost manufacturing employment in the automotive sector; while diversifying export revenue sources and concurrently industrializing the economies of African countries.

The African Association of Automotive Manufacturers (AAAM) reported hope for the African continent's large-scale automobile production; however, they emphasise that it is only possible if the governments and the automotive sector collaborate (Awuah, 2019). Yet the AAAM acknowledges that

this can only be achieved when the government provides frameworks and financing solutions that allow for an environment conducive to efficient manufacturing and industrialization in Africa. In disagreement with Davies and Schillers (2018) above, the AAAM reports that African roads are dominated by modern and environmentally viable vehicles. This reality has positive outcomes concerning job security and sustainable industrialization. The AAAM highlight that Africa, continent rich in raw materials needed for the manufacturing of vehicles, has a high potential for using this to its advantage; this includes copper, platinum, cobalt, bauxite, and lithium. They mentioned one of the initiatives to ensure that the procurement process is sustainable, the Drive Sustainability and the Global Battery Alliance.

The automotive sector in Africa faces challenges that make it impossible for it to be competitive globally. The Industry Global Union (IGU, 2021) countries in sub-Saharan Africa (Ghana, Ethiopia, Kenya, Namibia, Nigeria, Rwanda, and South Africa) have shown commitment to growing the automotive sector; through the implementation of targeted policies and establishing partnerships with the big players globally. The IGU (2021) also reports that these countries in the SSA have also implemented positive integration strategies that potentially attract investors. In so doing, there will be an economic boost by the automotive industry in each country that leads to job creation and improvements in industrialization. One can, however, postulate that Africa generally needs more time to unlearn old ways of doing business and adjust to new ways that will render the automotive sector globally competitive.

### **2.3 The importance of the automotive sector**

The automotive sector is an important player in the economic development and growth of South Africa (NAAMSA, 2021b). The sector dominates in Gauteng, the nation's economic centre; the Eastern Cape, which is recognized for having the country's biggest industrial development region; and KwaZulu-Natal, which is home to Africa's leading harbour. The NAAMSA (2021b) report further states that the multinational automotive firms contribute significantly to the growth of the country's leading socio-economic crisis (such as unemployment), and to the social uplifting of communities located in regional clusters where the sector is centred.

Throughout 2020, the wider automobile industry contributed 4.9% to GDP of which 2.8% was production and 2.1% was retail, decreasing from 6.4% in 2019, owing to the severe effects of Covid-19 on vehicle production and sales as a result of the national lockdown restrictions (NAAMSA, 2021b). NAAMSA (2021a) highlights that the industry employed more than 29,99 people in March 2020, compared to 30,67 at the end of December 2019, representing a decrease of 670 jobs.

### **2.4 The structure of the South African Automotive Sector**

The National Association of Automobile Manufacturers of South Africa (NAAMSA, 2021a) reports that the Automotive Sector in South Africa consists of 22 companies that produce vehicles and heavy



trucks. That there are also seven major manufacturers of Light Commercial Vehicles (LCVs) and countless producers of Medium and Heavyweight Commercial Vehicles (MCVs and HCVs). Additionally, South Africa is home to 21 businesses that import and distribute new automobiles and trucks. Moreover, there are approximately 500 automobile equipment suppliers, including 180 first-tier suppliers (NAAMSA, 2021b).

The seven OEMs that dominate the value chain are BMW, Ford, Isuzu, Mercedes-Benz, Nissan, Toyota, and Volkswagen (NAAMSA, 2021b). These businesses have a significant economic influence on Gauteng, the Eastern Cape, and KwaZulu-Natal. These OEMs and their associated partners are at the heart of the three major regions mentioned above. In Gauteng, which has the second-highest density of car production in South Africa, there are three OEMs: BMW, Ford, and Nissan, and about 40% of the South African Automotive equipment industry (NAAMSA).

According to the National Association of Automotive Component and Allied Manufacturers (NAACAM, 2021), the South African Automotive Sector organisational structure, the National Association of Automotive Manufacturers (NAAMSA), the Automotive Business Council, the National Association of Automotive Component and Allied Manufacturers, and the Retail Motor Industry Organisation (RMI) are among the organisations that make up the domestic automotive industry's manufacturing and retail sectors. Along with NAACAM, the main OEMs in South Africa are also members of the independent AAAM. At the same time, the Motor Industry Ombudsman of South Africa (MIOSA) serves as the sector's recognized adjudicatory forum (SAAM, 2021). The National Automobile Dealers' Association (NADA), an integral alliance of the RMI, is one of eight organisations under the RMI branding that concentrate on franchised new car dealerships and qualified used vehicle retailers (SAAM, 2021).

The AAAM was founded in November 2015 to establish a thriving automobile ecosystem that would result in a robust business that generates considerable employment while supporting Africa's automotive sector in industrialization. The AAAM's mission is thus to consult with governments, industry associations, and leaders from the African automotive sector on possibilities to standardize, improve, and expand all facets of important domestic automotive sectors (SAAM, 2021).

Additionally, SAAM (2021) mentioned the MIOSA, founded in 2000 as a non-profit organisation. The MIOSA agency serves as the exclusive recognized resolving disputes platform, regulating and mediating interactions of individuals pursuing businesses in the automotive, customers, and associated sectors in South Africa.

## **2.5 The South African new vehicle market**

Consumers are now driven by factors such as environmental concerns and technological advancements. This means that their preferences when it comes to new vehicles have changed, and that has affected the new vehicle market in varying ways.

In a report by BusinessTech (2022a), they quoted the chairperson of the NADA, Mark Dommissiee, who reported that 41,382 units were sold in January 2022, representing an estimated 19.5% increase compared to January 2021. BusinessTech (2022a) reported that their projected sales increase for 2022 is between 10 and 15%. They cited Cyril Zhungu (the Head of Automotive Retail Finance at Standard Bank), who projected sales growth of between 8 and 10% in 2022. Zhungu stated that the market would experience sales of about 500,000 new vehicle units. However, the Head of Standard Bank (and Chairperson of NADA) expressed concerns regarding the increase in consumer debt levels and the expected 1.5% increase in interest rates.

The National Association of Automobile Manufacturers of South Africa (NAAMSA, 2022b) reported a 24.5% increase in sales of passenger vehicles, a 6.8% increase in sales of Light Commercial Bakkies & Mini-Buses, a 0.2% increase in sales of Medium Trucks & Buses, and a 16.7% increase in sales of Heavy Trucks & Buses. This was for February 2022 compared to February 2021, and they reported an overall industry increase of 18.5%. The total new vehicle sales top five reported by NAAMSA (2022b) were Toyota (13 458), Volkswagen Group SA (6 153), Suzuki Auto (3 240), and Hyundai Automotive Group South Africa (3 017), and Nissan (2 126). The projections by BusinessTech (between 10 and 15%) and the Head of Standard Bank's Automotive Finance (between 8 and 10%) are a bit lower than the actual estimate.

The increase in national new vehicle sales is occurring concurrently with an increase in export (12.3%), and that is a further positive contribution to the economic growth of South Africa (Stoddard, 2022). This means that, although there are no official reports, the automotive sector has employed more people and positively impacted the socio-economic status of those people and their families.

## **2.6 Trends in passenger vehicle sales**

The drop in passenger vehicle sales comes as no surprise because of the Covid-19 pandemic and its negative impact on the global economy. Statista (2022b) reports that passenger vehicle sales were 74.9 million in 2019, dropped to 63.8 million in 2020, and then rose to 66.7 million in 2021. They report that South America and Europe sales dropped by 25% and were the hardest-hit regions. China, recognized as the largest market in sales, experienced a drop in February 2020. Still, it recovered by February 2021 from the negative impacts of the pandemic (rising to four times the sales of February 2020). Kopestinsky (2022) reported that, in the U.S., people between the ages of 18 to 25 bought more vehicles in 2020 due to the fear of contracting the virus while using public transportation, regardless of vehicle sales dropping in the same year.

According to data from the National Association of Automobile Manufacturers of South Africa (NAAMSA, 2021a), the new vehicles market contracted in December 2021, concluding a year of obstacles that included more Covid-19 phases and varieties, as well as several indigenous socio-economic concerns.

National new vehicle sales are significantly associated with overall economic strength, and the new vehicle market has performed in line with the country's expected GDP of around 5% in 2021. Additionally, NAAMSA (2021a) notes that, although new vehicle sales decreased by 29.2% from 536,612 units in 2019 to 380,206 units in 2020, the new vehicle market made a tremendous remarkable recovery, expanding by 22.1%, year-on-year to 464,122 units in 2021. Table 1.1 below depicts the trend of new vehicle sales in South Africa from 2016 to 2021.

**Table 1.1 Annual aggregate industry sales by sector since 2016**

Sector	2016	2017	2018	2019	2020	2021	2021 / 2020 % Change
Cars	361,265	368,114	365,247	355,379	246,541	303,961	+23.3%
Light Commercials	159,316	163,317	159,525	153,221	110,912	133,079	+20.0%
Medium Commercials	8,436	7,890	7,913	8,690	6,735	7,518	+11.6%
Heavy Trucks, Buses	18,535	18,383	19,579	19,322	16,018	19,564	+22.1%
<b>Total Vehicles</b>	<b>547,552</b>	<b>557,704</b>	<b>552,227</b>	<b>536,612</b>	<b>380,206</b>	<b>464,122</b>	<b>+22.1%</b>

**Source: NAAMSA (2021a)**

The export sales are shared in Table 1.2 below, and they show the automotive sector's export performance from 2017 to 2021.

**Table 1.2 Industry's export sales performance since 2017**

	2017	2018	2019	2020	2021	2021 / 2020 % Change
Cars	230,957	221,681	260,843	178,788	170,788	-4.5%
Light Commercials	106,148	128,322	125,422	91,942	123,896	+34.8%
Trucks & Buses	990	1,136	827	558	584	+4.7%
<b>Total Exports</b>	<b>338,095</b>	<b>351,139</b>	<b>387,092</b>	<b>271,288</b>	<b>295,268</b>	<b>+8.8%</b>

**Source: NAAMSA (2021a)**

At the beginning of 2021, vehicle exports were recorded, with the vehicle export performance captured in 2019 before the CovidOVID-19 pandemic. As of 2021, automobile shipments were 295,268 units, representing a rise of 23,980 cars (8,8%). This contrasts with the 271,288 vehicles shipped in 2020 (NAAMSA, 2021a). Regrettably, political turmoil in Gauteng and KwaZulu-Natal, including the unforeseen circumstances declared by Transnet following the computer hackers in July 2021, has left a significant dent in the nation's economic recovery (NAAMSA, 2021a).

## **2.7 Effects of disruptive events on the automotive sector**

Disruptive events create a permanent change in people's lives by destroying or shifting things and replacing them with new things, forcing people to adjust and adapt accordingly. Although it is the

negative things that people usually focus on, some positive outcomes always result in new and better ways of doing things or living in general. Disruptive events can be caused by natural disasters or intended (such as nuclear war) or unintended man-made events such as corruption or climate change (Leo *et al.*, 2013). Andres and Marcucci (2020) state that one of the benefits of disruptive events is that they facilitate the process of businesses becoming more flexible and, therefore, more adaptable to change. Markets have become highly unpredictable and competitive as a result of globalisation. Disruptive events that occurred globally and some in South Africa are discussed in detail in the following sub-sections.

## **2.8 2008 Recession**

The financial crisis is reported to have started in the United States (U.S.) in 2007, involving most institutions in the financial sector in the Organisation for Economic Cooperation and Development (OECD) countries. The OECD is a group of 37 member countries established in December 1960 to develop policies that enable prosperity, equality, and well-being for all (OECD, 2022); this is achieved through adhering to international standards and adopting suitable solutions for social, economic, and environmental challenges. Dullien *et al.* (2010) state that developing countries and emerging markets were only drastically affected when it became a global economic recession.

Chanda *et al.* (2018) listed the following main reasons as what led to the Great Recession that began in the U.S.:

- Before the crisis, the macro environment was favourable, with strong and stable economic growth in most countries, which led to investors and banks increasing their lending and taking high risks.
- Regulation and policies for lending were not tight enough, which meant that individuals and organisations were given loans they could hardly afford.

The Great Recession led to a drop in house prices and borrowers failing to make payments, the stress in the financial system that started in mid-2007, and then a spill to other countries (Chanda *et al.*, 2018). Concerning vehicle sales, Kopestinsky (2022) reports that U.S. vehicle sales dropped to 10.4 million in 2019 and are at their all-time lowest.

South Africa was officially declared to be in recession on the 26<sup>th</sup> of May 2009 by the National Treasury. Like the U.S. and most countries, South Africa had been experiencing economic growth and macroeconomic stability before the recession (OSISA, 2017). The automotive sector was reportedly one of the sectors that contributed a lot to the drop in the GDP because it was affected by inflation and a decline in the export of vehicle parts by the manufacturing industry. In the report, the manufacturing, engineering, and related services SETA (merSETA, 2010) analysed the recession's impact on employment and skills in the manufacturing, engineering, and related industries, highlighting that the automotive sector is the most critical under this umbrella. According to merSETA (2010), the

production volumes of the motor vehicle, parts and accessories, and other transport equipment industry showed a dropped of 35.3% in year-on-year production volumes, as well as an estimated decline of 49.2% compared to the previous production-volume high. Employment declined from 35 458 in July 2008 to 30 325 in September 2009 in the vehicle assembly industry and then stabilised in July 2009. The manufacturing industry was reportedly the most hit when it came to employment. The merSETA (2010) indicated 18 000 job losses by the end of 2009 due to several firms' closures. Concerning the sales industry, merSETA (2010) reported a loss of 9 000 jobs and 300 dealership closures.

The Great Recession affected all countries globally, and it was even more devastating for developing countries because most already had debt challenges before the recession. Beyond that, it had an impact on the socio-economic factor of South Africa, leading to a wider gap between the rich and the poor, as well as showing that inequality is a serious problem in the country (Sitlu *et al.*, 2014). The generally less skilled citizens lost jobs mostly, and those dominated in South Africa.

## **2.9 The Covid-19 pandemic**

South Africa's 2020 lockdown restrictions were imposed to protect the population against the spread of Covid-19 and, thereby, reduce the impact of the pandemic. However, before the lockdown, the automotive sector was reported to have experienced low disruption caused by rapid changes. Davies and Vincent (2020:5) stated that this was because of factors such as the congestion of cities with inadequate infrastructure and making a vehicle purchasing undesirable to some consumers. The technological shifts toward embracing new battery electric vehicle (BEV) power meant that employees needed skills development at a rate that the sector could not keep up with; the emergence and the increase of new competitors moving into the market.

Another challenge impacted the automotive sector during the Covid-19 pandemic. Smaller, second-tier automotive component manufacturers suffered the most losses (Barnes, 2020:1).

This was mainly because of their lower operating margins and limited access to lines of credit. Redda and Surujlal (2021) also reported that all industries in the automotive sector showed a contraction in May 2020, and the estimated drop in vehicle sales was 81% on a year-on-year basis. In general, job losses in the manufacturing industry were reported to be 15 000 in June 2021 (BusinessTech, 2021). There is currently no report on the estimated number of job losses in the manufacturing or automotive sectors after the Covid-19 pandemic. What is interesting is the sudden shift in the mindset of South Africans concerning the move from not being receptive to the Fourth Industrial Revolution (4IR) to embracing it due to the events that demonstrated its importance because of the Covid-19 pandemic. The United Nations Industrial Development Organisation (UNIDO, 2021) reports that South Africans and other African countries were against the 4IR because robots replace manual labour. They reported that South Africans took a step further by calling for the government to create new jobs while protecting existing jobs in labour-intensive industries (UNIDO, 2021). One of those labour-intensive industries is

the automotive sector's manufacturing industry, which is affected by technological advancements at different levels.

### **2.10 Technological influences**

Advancements in technology refer not only to the benefits experienced by consumers and automated machines involved in vehicle assembly. That is why South Africans were not receptive to the 4IR as discussed in the above section. Mashiane (2021) highlighted that autonomous technology boosts the user's engagement while lowering the need for direct control while driving. Innovations and technological advances have affected how cars are built, how they are operated, and how they are maintained. Davies (2021) states that South Africa can only adjust by continuing to shift to more automated and technology-driven manufacturing. This encourages the country's automotive sector to deindustrialize. Such actions would require plans and strategic implementation of new skill sets in the manufacturing sector. South Africa remains challenged with low skill levels (Barnes & Lorentzen, 2003). This is just one factor that will slow the adoption and efficient use of new technologies in the automotive sector.

### **2.11 July 2021 unrest in South Africa**

In July 2021, South Africa experienced violent socio-political unrest that resulted in the looting of shops and businesses, burning buildings, and causing disruption. It happened mainly in the Gauteng Province and the Kwa-Zulu Province (Vhumburu, 2021). The unrest started as small protests in the Kwa-Zulu Natal Province (KZN). It quickly escalated into violent unrest after the Constitutional Court of South Africa sentenced former president Jacob Zuma to 15 months' imprisonment because he had defied a court order. He was required to comply with a summons to appear before the Judicial Commission of Inquiry into Allegations of State Capture, Corruption, and Fraud in the Public Sector, including Organs of State. He had also undermined the authority of the Court through his casual and scandalous attacks.

According to the National Treasury (2021), Gauteng and KZN collectively account for approximately 50% of South Africa's GDP. They reported that there was damage to manufacturing plants that led to logistics issues; however, there were no reports of the impact on the automotive sector's manufacturing industry directly. This limited information indicates that the current proposed study has the potential to add to this knowledge through the qualitative and constructivist research it aims to take.

### **3. Research Methodology**

In the widest sense, a qualitative study design is unstructured research that analytically focuses on eliciting fresh insights and offering direction for future research (Stebbins, 2001). According to Kumar (2018:12) and de Vos *et al.* (2011:65), qualitative investigations study, observe and describe the nature of a certain event, subject, or phenomenon. Additionally, Patton and Cochran (2002) state that qualitative research is designed to observe social interaction and elicit participants' experiences, perceptions, and perspectives on a certain subject (Quinlan *et al.*, 2015:124). According to de Vos *et al.* (2011:65) and Ritchie *et al.* (2013:72), qualitative studies use a small sample size to provide a more detailed image. Measuring student investment potential: a mixed methods approach 37 elucidates the phenomenon in detail. Additionally, qualitative research often collects data through interviews and focus groups (Denzin & Lincoln, 2011:286). Conversely, qualitative surveys such as those conducted by Moller *et al.* (2009:369) and case studies such as those undertaken by Malhotra and Dash (2010:104) might be used to gather data.

This research used a qualitative study approach to gather text data through semi-structured interview to understand better why particular disruptive events highlighted in the literature review may be significant determinants of sales success in the South African automotive sector. Qualitative data and analysis can clarify and explain statistical results by diving deeper into participants' viewpoints.

#### **3.1 Study population**

Alvi (2016) refers to the population as all the members who meet a certain specified criterion for a research investigation. A target population refers to individuals or groups to whom the study applies (Kitchenham & Pfleeger, 2002:17). These individuals or groups share general characteristics. They have information that the researcher requires (Quinlan *et al.*, 2011:312).

The empirical study was conducted only in the Johannesburg area, in the Gauteng Province. The target population was car dealerships in the Gauteng Province, and managers were interviewed as representatives. Primary data was collected through semi-structured interviews with retail dealership managers in Gauteng, South Africa. The procedure was carried out in stages, as outlined by Saunders *et al.* (2019:130).

#### **3.2 Sampling frame**

According to StatsSA (2019), Gauteng is South Africa's smallest province; however, it is heavily urbanized, with an estimated population of over 15 million people. Non-probability sampling approach was used. South African-registered dealerships were selected, and purposive sampling was used because they are accessible to the researcher. The sample size was dependent on a saturation plus one basis. The selected dealerships fell under the following leading dealerships: Audi, BMW, Ford/Mazda, General Motors, Honda, Mercedes-Benz, Nissan, Toyota, and Volkswagen.

### **3.3 Sampling method**

Non-probability sampling refers to sampling procedures in which an individual's likelihood of being picked for inclusion in the sample is uncertain (Quinlan *et al.*, 2011; Tansey, 2007:322). Judgment sampling refers to a sample that was selected solely based on the researcher's opinion of which aspects best reflect the features and characteristics of the population (Grinnell Jr & Unrau, 2005; Luborsky & Rubinstein, 1995:153). Purposive sampling is another term for judgment sampling (Barreiro & Albandoz, 2001; Strydom, 2011b:232). According to Cant *et al.* (2005:166), marketing researchers commonly employ quota sampling to discover various subgroups that closely reflect the characteristics of a population. In snowball sampling, initial participants are requested to find other persons who have comparable traits and are willing to engage in the study (Strydom, 2011b:233). Finally, convenience sampling refers to data collected from persons to whom the researcher has easy access (Kitchenham & Pfleeger, 2002:19).

Non-probability sampling approaches were implemented in this qualitative investigation. Purposive sampling was used to identify dealership managers from various dealerships in Gauteng, South Africa. Purposive sampling enables the researcher to guarantee that individuals exhibit certain features (Saunders *et al.*, 2012). Kumar (2018) notes that purposive sampling permits the researcher to determine who can supply the most knowledge to accomplish the study's aims. As a result, the researcher welcomed participants of both genders, racial groups, and tenures. The researcher expected to reach saturation of around nine individuals. The process was repeated until the saturation point was reached, plus one. The primary inclusion criteria were established per the criteria provided; hence, the researcher sought to recruit diverse people but was not restricted.

### **3.4 Sampling size**

The sample size is the number of people chosen from the target population to participate in research to make compelling conclusions (Berndt & Petzer, 2011; Chuan & Penyelidikan, 2006:182). Qualitative samples generally comprise a limited number of individuals to gain considerable detail about the investigated phenomena (Creswell & Poth, 2016:662). According to Marshall (1996:523), a qualitative sample is acceptable when it sufficiently addresses the study's research topic. Consequently, quantitative samples are generally significantly bigger than qualitative samples.

Qualitative studies often have a considerably smaller sample size than quantitative research (Mason, 2010). Creswell and Poth (2016) believe that a sample size of between five and twenty-five people is acceptable. This modest sample size aided in the development of a more detailed description of the phenomena under investigation. Similarly, Moser and Korstjens (2018:11) state that in qualitative research, a fundamental concept is to sample till data saturation is reached. The saturation of data was applied in this study, and it refers to the accumulation of qualitative data to the extent that a notion of



closure is achieved due to newer data producing repetitive knowledge. This research used a qualitative sample until it reached saturation, which was based on data saturation.

### **3.5 Designing the measuring instrument**

Kumar (2018) highlights that the strength of semi-structured interviews is the relatively close flexibility of the subject and the format they allow. To guarantee dependability and consistency and to ensure adequate preparation, interviews were scheduled using interview questions, rules, and guidelines for the execution and management of the interviews (Boyce & Neale, 2006; Qu & Dumay, 2011). This ensured that the interviews were thorough and methodical since they would be outlined beforehand the subjects to be presented and the questions to be addressed by interviewees (Jacob & Furgerson, 2012:2). The research schedule was developed per the literature and the study goals.

A set of pertinent questions were compiled to ensure that each interview adhered to the fundamental lines of questioning while being adaptable (Jacob & Furgerson, 2012:2). The interview session included themes or fields of study, and the interviewer was granted an opportunity to ask questions that clarified and explained the planned topic or issue. A consent letter was distributed to participants informing them of the protocols and their rights (Jacob & Furgerson, 2012:20). Qualitative data was collected utilising semi-structured interviews. The data was collected until data saturation was reached.

### **3.6 Collection of data**

The study's primary objective was to investigate disruptive events that affect sales performance in South African automotive companies, particularly vehicle dealerships in Gauteng. The researcher's objective was to elicit comprehensive replies and perspectives from respondents rather than simple yes or no opinions. This necessitated the use of semi-structured interviews. Moser and Korstjens (2018:13) outline that observation, interviewing, and focus group discussions are the most often utilised data collecting techniques. Observation is a technique for collecting data that involves taking part in and observing a group of people over a prolonged period. Interviews are a technique of data collecting in which an interviewer interviews participants in person, over the phone, or online (Moser & Korstjens, 2018:13).

The interviews were based on open-ended questions, and the researcher sought a range of clarifications on the participant's views and any new topics that may arise throughout the interview. The interviews lasted between 45 and 60 minutes. Microsoft Teams and Zoom were used to conduct the online interviews in a secure environment. In advance of the interview, participants were reassured that any information they provide will be kept private and secure (Carson *et al.*, 2001).

Furthermore, before the commencement of the interview, each respondent was asked for their approval to have their voice recorded. The semi-structured interviews were guided by an interview schedule, and data was collected until data saturation was reached. All dialogue was recorded throughout the semi-

structured interviews to analyse the data properly. Documents, including informed consent forms and notes from the unstructured interview, were retained in lockable data storage cabinets. All electronic information, comprising transcribed data and electronic tape recorders, was saved on encryption key computers, with access restricted to the research team working with the data. Data was downloaded, saved, and backed up as quickly as possible on password-protected computers and removed from the recorder. After five years, hard copies and digital data will be securely incinerated, erased, and discarded.

### 3.7 Data analysis

Following data collection, the data was analysed to acquire a precise depiction of the respondent's perspectives (Ehlers, 2017:12). Braun and Clarke (2006) state that when dealing with verbal data, such as interviews, the material must be transcribed into written form before conducting a thematic analysis. Thematic analysis is a technique for detecting, analysing, and reflecting on patterns contained within data. It organises and explains your data collection in detail in the simplest way possible (Braun & Clarke, 2006). Furthermore, Bryman and Bell (2014:350) state that theme analysis is a convenient process that is not predicated on a particular spiritual perspective.

The transcripts of the participant's responses were analysed thematically according to six phases underlined by (Braun & Clarke, 2006:87). These steps are stipulated in Figure 1.1: familiarising yourself with your data, generating initial codes, searching for themes, reviewing themes, defining, and naming themes, and producing the report.

It is critical to realise that qualitative analysis principles are suggestions, not laws, and they should be implemented appropriately to match the study objectives and data (Braun & Clarke, 2006:86). These authors further state that an analysis is not a sequential process in which one step is followed by the next. Rather than that, it is a more continuous procedure, with movement backwards and forwards between stages as required.

Phase	Description of the process
1. Familiarizing yourself with your data:	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2. Generating initial codes:	Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3. Searching for themes:	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes:	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis.
5. Defining and naming themes:	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
6. Producing the report:	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

**Figure 1.1 Phases of thematic analysis** (Source: Braun & Clarke, 2006:87)

A computer program called Atlas.ti 8® (www.atlasti.com) was used to aid in the thematic analysis of the data. The program streamlines the process of obtaining categories and themes, as well as the process of sorting data (Beaulaurier *et al.*, 2008:237). Davidson and Skinner (2010:456) advocate for the use of this software analysis due to its high efficiency of working more smartly without the usual tangled mess of numerous papers, being user-friendly, providing structure, and facilitating the characterization of effective quotes related to the respondents.

### **3.8 Trustworthiness**

Moser and Korstjens (2017:121) note that qualitative researchers refer to trustworthiness, which asks, “Can the results be trusted?” There are several concepts and characteristics of trustworthiness. The best-known theory is Lincoln and Guba's credibility, transferability, dependability, and confirmability.

According to Lincoln and Guba (1985), trustworthiness is used interchangeably with validity and dependability in qualitative research. Trustworthiness is defined by four philosophical principles that will serve as criteria for increasing the value of research findings in this study, in line with the methodologies and standards used to ensure rigour (Cope & Kalantzis, 2014). The following necessary actions were undertaken to guarantee that the research complies with an appropriate level of rigour:

- **Credibility:** The study proposal was submitted for peer assessment and was reviewed by a competent study supervisor. Member-checking techniques will be utilised to ensure that the study findings are trustworthy or credible (Creswell & Creswell, 2018). According to Moser and Korstjens (2017:121), member checking is a process of returning data, analytic classifications, insights, and findings to individuals in the group from which the data were gathered. It reinforces the data even more so, since the researcher and responders see it differently.
- **Dependability:** Data analysis and consensus discussions with the research leader will be undertaken to establish agreement on the topics of the study. The study assessed consistency and determined whether the results could be replicated (Creswell & Creswell, 2018:314).
- **Transferability:** The study's capability to be translated to another setting and compared to other studies. A complete description of the research and the methodology employed are provided (Creswell & Creswell, 2018:314).

**Conformability:** The researcher's transcripts and coding were compared to the supervisor's to ensure they were consistent. This was done through meetings with the supervisor, transcriptions of the recordings, and independent coding. Audits will be used to access the field notes (Creswell & Creswell, 2018:314).

### **3.9 Ethics**

Whether the study participants are informed or indifferent to ethics, the researcher has a moral and professional duty to be ethical (Neuman, 2011:145). The researcher sought ethical approval from North-West University (NWU) for approval for this work. All the individuals who were chosen for the study received letters through emails from the researcher requesting their consent to participate. Before the interviewing procedure, participants were sent consent documents to sign. Participation in the study was voluntary, and participants had the option of the freedom to disengage throughout the study procedure. The researcher provided certainty that participants would not be exposed to any danger or damage and that their anonymity would be maintained. Throughout the research, no participants' identities were used; pseudonyms were employed in place of their real names. All digital information was saved on an encrypted computer and will be used only for the research.

Given (2008:10) believes that the data collection procedure should incorporate voluntarily informed permission and preserve the confidentiality of all study participants. This study's objectives were communicated to participants. By completing the informed consent form, participants indicated their willingness to participate in the study of their own volition. The informed consent form had the NWU letterhead attached to it. The names and contact information of the scholar and the lead supervisor were not provided on the informed consent form.

Ethical clearance has been granted by EMSREC (Economics and Management Sciences) North West University with **N W U - 0 0 6 9 2 - 2 2 - A 4** as the allocated number.

## **4. Results and Findings**

This section is a presentation of the results of the analysis of the empirical study and their interpretation. Based on the findings, this study achieved the primary objective: “to examine the impact of disruptive events on the automotive sector’s sales performance in South Africa, Gauteng Province”.

Results (interview guide questions, thematic analysis and emerged themes) will be presented in the following section.

### **4.1 Question, thematic analysis, and emerged themes**

Thematic analysis process will only be presented for question 1. Thereafter only the reduction of data into emerged themes will be reflected.

**Question 1: Could you briefly profile your work activities and what it entails?**

**Table 1.3: Participants' background**

Participants	Participant response	Identified themes
PAR001	Okay, so basically, it is the management of the new car sales department, which entails the marketing aspects, the admin aspects and also the sales side of it. So, managing the sales team with regards to their sales funnels, their sales activities and so on, and also streamlining or facilitating the marketing from the dealership side and then liaising between our head office as well as with our manufacturer, Nissan South Africa, in terms of reaching our sales goals and sales targets.	Marketing Management Vehicle Sales
PAR002	Okay, so basically, I am a used car sales manager. I manage the pre-owned vehicles, the demo vehicles and all your training that comes through from your new car department and the used cars. I currently have five sales executives under me. I have an admin lady that is also under me and a recon that is under me. That entails my department. So the daily operation of our department is obviously selling pre-owned vehicles. Ideally, I must be very competitive with the pricing of the vehicles that we sell. And your brand. We have different platforms that we advertise on. We have to make sure that our vehicles are always up to date and advertised on Internet platforms to generate Internet leads.	Marketing Management Vehicle sales
PAR003	I obviously must manage staff and manage stock, manage sales and make sure all three work together properly.	Management Inventory management
PAR004	Okay. So, what my job is? I obviously run a sales team on the used car side. We have budgets and targets where we sell used car vehicles. The used car vehicles come from trade-in vehicles on the new car side. If somebody is buying a new vehicle and they want to trade their old vehicle in, I look at those vehicles, I price them, I recon them, and if they are fit for retail, we recon them, and we advertise and sell them. I purchase vehicles daily from various sources to bring into vehicle stock that we can retail. The vehicles that are traded in that are not fit for retail, we send to an auction, and those vehicles also get managed by me. And then obviously my job is to make sure that we turn a profit in my department, manage my sales staff, manage any discrepancies or any fights or anything that may come up as a problem during the month. Yes, that is basically the long and short of it.	Management Vehicle sales Inventory management
PAR005	I am the parts manager. I look after the parts department. In other words, every single part that comes into my stock that is going to be supplied to customers, whether it be external customers or internal customers, I manage all of that. I order the stock for parts for vehicles that come in. So, I oversee the whole parts department.	Management Inventory Management
PAR006	Okay, I am a sales manager. I am at the new vehicle department for Nissan in Menlyn Pretoria, managing the	Management

	department, driving sales, and making sure that my people are happy, and that is the main job that I have.	Vehicle sales
PAR007	So my job is to keep the customers happy, to keep our shareholders happy, to keep our managing directors happy, and to give them a return on their investment. And also, to keep me happy and motivated.	Management
PAR008	I am the used car manager at Nissan in Centurion. My primary activities are to manage the used car department and to achieve the budgeted numbers monthly, budgeted numbers in terms of Rand value and the units in terms of sales. For me to achieve that, there are certain criteria and tools I need. The first is to have a good team, to have enough staff members to achieve those goals, and the second important thing is to have the right stock. Sourcing of stock is a key issue in my line of work and getting the right stock is important on the used car floor. A used car manager is judged on the type of stock you can get, and obviously, getting the right stock equals good sales in terms of return. So, briefly, that is my role here.	Management Vehicle sales Inventory management
PAR009	Okay, so I am currently the dealer principal at Motus Nissan in East Rand Mall. Basically, I have five managers under me, which is a used car manager, a new car manager, a service manager, a parts manager and then a financial manager. They report directly to me. They then obviously have staff members that report directly to them. But the basic doing of the work is very operational. Obviously, when you have got a financial manager, she obviously handles the financial side of it. My side is more operational. I get very involved in the activities of what happens in the business, in the customer relationships, customer satisfaction, and exactly what is happening in the day-to-day business. Although I have the managers reporting to me, I also get very involved with the actual down-on-the-ground staff, as well as have my management meetings, make sure we are profitable, make sure we are following the correct processes as per company policies, sum up the checks and make money.	Management

#### 4.1.1 Extracted themes

The full dataset was reduced into manageable themes identified through thematic analysis by reviewing participants' responses. There were four initially identified themes, and they are shared in Table 1.4. The table also shares the emerged themes from the initially identified themes.

**Table 1.4: Initially identified emerged themes**

Initial Themes	Mentions	Emerged Themes
Management	9	Management
Inventory management	4	
Marketing	2	Vehicle sales performance
Vehicle sales	5	

The number of times participants mentioned the emerging themes is shared in Table 1.5. Management was mentioned 13 times, while vehicle sales performance was mentioned seven times.

**Table 1.5: Emerged themes mentions**

Emergед Themes	Mentions
Management	13
Vehicle sales performance	7

Although five themes were identified, two themes emerged strongly (management and vehicle sales performance), which are discussed in the following sub-sections.

#### 4.1.2 Emerged themes discussed

- **Theme 1: Management**

The definition of management evolved over centuries as the perspective of the responsibilities and management styles changed, and the current definitions also encapsulate the leadership role of managers. Kinicki and Williams (2018:5) define management as “the pursuit of organisational goals efficiently and effectively by integrating people's work through planning, organising, leading, and controlling the organisation’s resources”. In agreement, Kaehler and Grundeі (2019:22) broadened the definition of management. They stated that it consists of elements that address people and non-people-related issues and steer the organisation’s production or resource operations while influencing the market. The above is achieved through strategic and operational management to achieve the divisional objectives within the organisation and also the organisation’s objectives.

Some of the participants’ statements were the following:

**PAR001** *“the sales team with regards to their sales funnels, their sales activities and so on, and also streamlining or facilitating the marketing from the dealership side and then liaising between our head office as well as with our manufacturer, Nissan South Africa, in terms of reaching our sales goals and sales targets”.*

**PAR004** *“The used car vehicles come from trade-in vehicles on the new car side. If somebody is buying a new vehicle and wants to trade their old vehicle in, I look at those vehicles, I price them, I recon them, and if they are fit for retail, we recon them, and we advertise and sell them. I purchase vehicles daily from various sources to bring into vehicle stock that we can retail..... And then obviously, my job is to make sure that we turn a profit in my department, manage my sales staff, manage any discrepancies or any fights or anything that may come up as a problem during the month”.*

The participants generally mentioned the responsibilities of being a manager, which include planning, organising, controlling, and leading, as mentioned in the definition of management by Kinicki and Williams (2018:5). This demonstrates the importance of effectiveness and efficiency in management, as highlighted by Kaehler and Grundeі (2019:22). According to Lotich (2021), all organisations need to plan and be ready when a disaster strikes. However, there was no mention of risk management or the steps taken to ensure that an organisation is prepared for disasters or disruption events in the context of this study. The author states that an organisation’s managers need to understand what risk is and the

different potential risks. One must have a disaster organisational recovery plan and a recovery kit that contains the organisation's vital documentation (such as insurance policies). This must be stored safely at a different location. In addition, a detailed communication plan should explain the "who, where, what, when, and how" of disaster communication. This level of readiness will benefit organisations during disruptive events.

- **Theme 2: Vehicle sales performance**

Vehicle sales are the process of selling vehicles by car dealerships. It requires that the sales manager be knowledgeable on factors such as what makes a customer interested in buying or switching between the different brands (Chalder *et al.*, 1999:119). This goes beyond the act of economic exchange because there are actions taken that lead to the final realisation of the actual sale.

The statements of some participants were as follows:

**PAR002** *"So the daily operation of our department is obviously selling pre-owned vehicles".*

**PAR003** *"I obviously run a sales team on the used car side. We have budgets and targets where we sell used car vehicles".*

Under normal circumstances, a salesperson approaches walk-in customers. The participants did not make mention of the pre-sale preparation involved and other approaches that can be used when the dealership is not operating as per the norm due to unforeseen situations such as a disruptive event. Such may change in situations we have experienced with the Covid-19 pandemic, where people needed to stay home to avoid the spread of the Coronavirus.

The amount and quality of marketing also influence vehicle sales performance by the sales team, which leads to a potential increase in achieving the set targets. Only PAR001 and PAR002 indicated that they were involved in marketing, and their statements were as follows:

**PAR001** *"...which entails the marketing aspects, the admin aspects and also the sales side of it".*

**PAR002** *"We have different platforms that we advertise on. We have to make sure that our vehicles are always up to date and advertised on Internet platforms to generate Internet leads".*

Cronje *et al.* (2007:283) define marketing as a process "consisting of management tasks and decisions directed at successfully meeting opportunities and threats in a dynamic environment, by effectively developing and transferring a need-satisfying market offering to consumers, in such a way that the business, consumer and society objectives will be achieved". The different ways of marketing may need to be changed during disruptive events, such as a shift from traditional marketing to digitalised ways and social media platforms.

#### **4.1.3 Question 2: Elaborate on the effect of Covid-19 on automotive sales performance?**

There were four strong emerging themes concerning the impact of the Covid-19 pandemic on automotive sales in South Africa.



- **Theme 1: Customer changed behaviour**

Participants had the following to say concerning how customers' behaviour changed when they experienced the impacts of the pandemic.

**PAR004** *"It is also consumer behaviour because people were so scared that they might not have an opportunity further down the line to go and buy that vehicle or at their pricing or whatever the case is".*

**PAR008** *"Well, you know, once again, uncertainty comes into play. It affected a lot of our sales. Lockdown started in March, in that same month, uncertainty became visible because there was a two-week notice before the lockdown happened. People are uncertain. People are at home. Everybody was unsure of what is the next step. It just created uncertainty".*

A survey conducted from the 18<sup>th</sup> to the 29<sup>th</sup> of September 2020 showed that an estimated 79% of South African consumers had tried a new shopping behaviour they intend to apply even after the Covid-19 pandemic (Frederick *et al.*, 2020). The participants of the above survey indicated that they planned to use online shopping mostly for various categories. Schelin's (2020:32) study showed that consumers were more concerned about buying essentials, and products were considered needs, as per Maslow's hierarchy of needs theory. The authors emphasised that consumers were more concerned about their lower-level needs, which do not include buying a vehicle in the current study context.

- **Theme 2: Unemployment**

The Covid-19 pandemic affected the unemployment rate in South Africa because there were businesses that closed their doors and employees who were retrenched. Statistics South Africa (StatsSA, 2020:10-13) reports that about 42% of businesses closed down due to the pandemic in the Gauteng Province. While some (8.1 %) of those who were employed lost their jobs or had to close their businesses during the lockdown, out of which 1.4 % became unemployed, and 0.5 % were out of the labour force. Some employees who indicated that they did not lose their jobs had a salary cut (21 %) in South Africa.

Agreeably, participants of this study indicated that a lot of people, colleagues and clients lost their jobs:

**PAR008** *"Some customers would opt to sell their vehicles because they are not working".*

Some customers replaced their cars with lower-value ones because they either lost their jobs or faced salary cuts.

- **Theme 3: Employee contribution and enhanced digital strategy**

Participants indicated that there were changes they implemented as a way of adjusting to the new way of doing business and closing sales. The pandemic frustratingly affected the workplace, and the salespersons and management found ways to work under such circumstances.

**PAR003** *"So, it did change the salesman's and the sales manager's jobs. We had to work a lot harder, but we did. That is why I say it did not hurt us the way a furniture shop or a non-critical company would have been affected".*

**PAR005** *“But then I was back at work, and we were used to working until 13:00. But it would only be myself and one salesman here. So, the productivity that you got was not good”.*

The changes included the adaptation and more use of digital ways of communication:

**PAR003** *“That initial contact people want to be done via social media or digital content. We just had to sharpen ourselves up to do the leg work a little bit harder”.*

The pandemic meant that employees and managers practised remote working while they used digital platforms for communicating, such as virtual meetings and more use of social media for marketing and ensuring online presence (Boland *et al.*, 2020). One participant indicated that employees needed to work hard during the lockdown restrictions. This means the pandemic could have served as a stepping stone for some South African Automotive salespersons because it created a way to be conscious of customer needs and to develop needed skills for the future. Automation and robotisation in the automotive sector forced employees to learn new and refine existing skills (International Labour Organisation (ILO, 2021:33)).

- **Theme 4: Vehicle sales performance and Limited customers at the dealership**

Although there was a drop in vehicle sales it picked, there was an increase in parts sales:

**PAR005** *“Yes, well, on the car sales side, they battled for a while, but they are back up where they were, or they are getting back to where they were. On my part's side, it has taken a while. I am not there yet where we need to be as before, but we are also getting a slow increase in sales”.*

**PAR008** *“that obviously affected our sales in terms of reaching numbers, in terms of reaching our normal targets. So, it was a big disruption in sales”.*

**PAR009** *“We were not allowed to go and see customers, and only two customers were allowed in the dealership at a time”.*

The low number of customers visiting vehicle dealerships was because of the lockdown restrictions to reduce the spread of the Coronavirus. The South African Government (2020) listed the following restrictions for the first phase of the lockdown for car dealerships: dealerships and used car outlets could operate at up to 30% of employment, provided there is one employee or customer per every nine square meters of floor space; small businesses were only allowed to operate with a minimum of five employees; to practice mainly remote working for making vehicles sales by using the Internet or e-commerce or telephone; face-to-face contact was expected to be kept to a minimum and only on appointment; test drives were conducted only on appointment. The above are only examples of what was expected, the regulations that affected vehicle sales and limited the number of customers at the dealerships.

#### **4.1.4 Question 3: Have you observed any difference in car sales results since the Covid-19 pandemic restrictions have been lifted?**

Out of nine identified themes, two were secondary, while seven were merged into two focused themes that are discussed below.

- **Theme 1: Digital sales channels**

There had to be a change to more use of digital ways of making sales, as one participant explains:

**PAR001** *“Well, yes. Not that Covid initiated this whole thing, but there has always been a push for the last call it 5 to 10 years, there has been a heavy push to what they call a digitized, a digitalisation in terms of vehicle sales where you can have the same kind of experience from a digital perspective in terms of your buying process versus your physical dealership process. So, there has been a big drive to digitize a lot of the systems so that you have the option: I can come to the dealership and buy a vehicle, but I do not have to. I can always sit at home and make my entire purchase online. So that is a big push that has kind of been accelerated by Covid because we needed to start doing business a little differently. So there is a lot of drive in terms of being able to have a virtual showroom where people can log onto the website and move through your vehicles and see what your dealership looks like without actually having to come in”.*

The sales industry had to digitalise their operations and customer service because of the pandemic, which required that they strengthen their digital transformation platforms while aiming to achieve the same level of efficiency (Malinga, 2020). Customer preference for searching and comparing car models online increased due to the pandemic in South Africa. This is because it provides convenience, and it saves them time (News24, 2020). This is why vehicle dealerships needed to adjust and adopt the approach of making digital sales a norm.

- **Theme 2: Vehicle sales performance**

Participants indicated that they experienced challenges with the sales of new vehicles, but used vehicles showed an increase, and they explained:

**PAR002** *“It picked up when we started getting back into the groove of selling”.*

**PAR004** *“... but then as the restrictions got lifted and we went into different levels of Covid, the market did overcorrect itself and a lot of dealers, the ones that managed to survive the initial impact, had record months in terms of sales... So, there was a shift in the market with that. Yes, we did very well later after the restrictions got lifted”.*

Recently, the Automotive Business Council (Naamsa) of South Africa reported an increase in new vehicle sales of 18.2% in November 2022 compared to the same month in 2021 (Dludla, 2022). However, they reported that Toyota is still struggling to fully recover after the four months of floods, which added to the negative impact of the pandemic (Dludla, 2022). In comparison, the sales of used vehicles have been reported to have increased by 43% by WeBuyGuys, an online used cars seller and buyer platform (BusinessTech, 2022b). The above reports agree with the responses of the study participants.

#### **4.1.5 Question 4: During the July 2021 looting turmoil (KZN and Gauteng) in South Africa, have you observed any difference in the sales performance at your dealership?**

Concerning the July 2021 looting turmoil and how it affected the sales industry, one theme emerged and is discussed below.

- **Theme 1: Business operations**

The July 2021 looting in the Gauteng and the KZN provinces happened after lockdown levels four and five, which were strict and affected business operations heavily. Omarjee (2021) reported that “recent unrest in KwaZulu-Natal and Gauteng, as well as a cyberattack on Transnet, had negatively impacted vehicle imports and exports. The associated losses to the industry are estimated at over R3 billion”. This means that the automotive sales industry was affected by various economic pressures within a short period from 2020 through to 2021 and the present. Participants of this study said:

**PAR002** *“had one branch that was looted where vehicles were actually damaged, and parts were stolen from the vehicles. The whole dealership was vandalised”.*

**PAR004** *“So, we closed earlier for I think two days. Each day we closed a little bit earlier after they said that the guys were going to go protest and stuff at whatever times just as a precautionary measure. But in terms of operations and monetary wise, I do not think we felt such a big impact in our region on the looting than the people down in KZN, they were smashed down in KZN”.*

Damages caused to assets and property led to lost sales orders, decreasing potential generated profits (Madzema, 2021). Dealership brands such as Nissan and Isuzu also reported disturbances in business operations because they were forced to close doors for about three days to ensure the safety of their employees and assets (Furlonger, 2021). In a survey performed to determine the impact of the unrest on businesses in South Africa, about 11% of participants reported that they experienced disruptions in business operations due to disruptions in the supply chain. The estimate was 10% in the Gauteng Province, the focus area of this study (PPGI, 2021:14-15). Although the survey did not focus on vehicle sales, the industry was equally affected and suffered like other industries.

## **5. Managerial Implications**

Following are two focussed managerial recommendations.

- Use more ways of digital communication between salespersons and clients using various platforms. This should include marketing, constant research on what the customer wants, and observations of customer behaviour.
- Salespersons and sales managers must be trained on the global realities concerning sales and how each relevant individual contributes to vehicle sales. This will help each salesperson or sales manager view disruptions and their impact on a global level instead of an individual or dealership level.

## 5.1 Overall recommendation

There is a need for knowledge systems to be improved in the sales industry of the Automotive Sector in South Africa, where an environment is created for employees to continuously learn as the market is constantly changing and disruptive events result in transitions and transformations. This has been shown by how we have observed customers changed behaviours and the approach needed to maintain sales and make new sales during disruptive events and beyond.

## 6. Conclusions, Limitations and Future Research

### 6.1 Suggestions for further research

- This research needs to be performed on a wider scale in South Africa.
- A survey needs to be conducted to gather information on consumers' perceptions concerning how they change behaviour amid a disruptive event.

### 6.2 Limitations

Locating a dealership with various vehicle brands resulted in the sample size being geographically focused. This may mean that this study's findings may not represent the population extensively.

### 6.3 Conclusion

This paper aimed to examine the impact of disruptive events on the Automotive Sector in South Africa, focusing on the vehicle sales industry in the Gauteng Province. The critical literature review and the empirical study findings led to the study meeting the primary and secondary research objectives. This paper assessed whether each secondary research objective was met, and it ended with the study's recommendations guided by the findings.

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