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Assessing the effect of Covid 19 on selective SMEs in South Africa

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Research project submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration in the field of Business.

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DECLARATION

I, Jacques Vassard, hereby declare that this research project for the (MBA) in

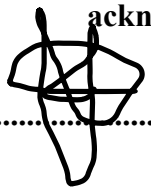
Critical Enquiry Skills

submitted to the Faculty of Commerce, Law and Management at the University of Witwatersrand has

not been submitted previously for any degree at this or another university. It is original in

design and in execution, and all reference material contained therein has been duly.

acknowledged.



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Abstract

The COVID-19 pandemic has brought forth a myriad of challenges for small and medium-sized enterprises (SMEs), particularly in South Africa. These challenges include financial instability, fluctuations in market demand, supply chain disruptions, government policy changes, and consumer behaviour modifications. This study aims to delve into these unique circumstances and challenges faced by SMEs in South Africa during this unprecedented global health crisis.

For my study, I will be analysing the factors that affect the performance of Small and Medium Enterprises (SMEs) in South Africa during the COVID-19 pandemic. I will use a qualitative research approach to examine the impact of COVID-19 on the performance of fifteen SMEs in South Africa. Qualitative research can provide valuable insights into the challenges faced by these enterprises. This research method focuses on understanding SMEs' experiences, beliefs, and personal interpretations, allowing for a thorough investigation of the subject.

Based on the data collected, 60% of these businesses experienced a negative impact on their revenue generation ability. The lockdown restrictions compelled SMEs to cease operations, resulting in significant losses. Among the SMEs, 47% reported declining demand for their products or services during the pandemic. Additionally, 47% of the SMEs experienced supply chain problems. Furthermore, 53% of SMEs reported that the policies put in place had caused harm to their businesses. The latest factor studied was the purchasing behaviour of small and medium-sized enterprises (SMEs) and how the COVID-19 pandemic affected their customers' habits. 40% of these SMEs reported decreased client purchases during this period.

The study underscores the resilience and adaptability of small and medium-sized enterprises (SMEs) in South Africa amid the multitude of challenges posed by the COVID-19 pandemic. The insights derived from this qualitative research highlight the critical need for targeted support and interventions to strengthen the sustainability and growth of SMEs in the face of such unprecedented disruptions.

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1. Introduction

Small and medium-sized enterprises (SMEs) are a vital part of South Africa's economy, responsible for 98% of businesses and 60% of employment, as stated by Kalidas et al. (2020). Their contributions to economic growth and job creation cannot be overstated. SMEs drive innovation, competition, and productivity, promoting entrepreneurship and creating business opportunities. They are essential for economic diversification and the establishment of a robust and dynamic economy in South Africa. Small and medium-sized enterprises (SMEs) play a vital role in providing employment opportunities in South Africa. They can create a significant number of jobs, particularly at the local level. As SMEs expand, they generate even more employment opportunities, which helps to reduce unemployment rates and improve the lives of individuals. This is especially crucial in South Africa, where unemployment remains a major challenge. (Fatoki, 2014)

Small and Medium Enterprises (SMEs) help reduce poverty by creating jobs and promoting entrepreneurship. They also empower individuals and communities to rely less on social welfare programs. SMEs significantly impact poverty reduction and economic development, especially in impoverished areas. SMEs have the potential to foster inclusive economic growth. They are often more flexible and adaptable compared to large corporations, making it easier for marginalized groups, such as women, youth, and previously disadvantaged individuals, to participate in economic activities. Supporting SMEs ensures that a broader segment of the population can benefit from economic opportunities and contribute to the country's overall development. (Fatoki, 2014)

Small and medium-sized enterprises (SMEs) are renowned for their ability to drive innovation and experimentation. Their agility in responding to market changes and customer demands positions them as trailblazers in technological advancements, constantly developing novel products, services, and business models (Pedraza, 2021) It is crucial that South Africa fosters a culture of innovation and entrepreneurship to sustain its global competitiveness and remain adaptable to the ever-evolving economic landscape.

Small and medium-sized businesses (SMEs) can help rural and underdeveloped areas grow by supporting entrepreneurship and providing financial and resource assistance. This approach can lead to fairer regional development, reduce migration to cities, and ultimately benefit society and the economy. (Pedraza, 2021)

This research project aims to thoroughly evaluate how the COVID-19 pandemic has affected different aspects that impact Small and Medium Enterprises (SMEs) in South Africa. The COVID-19 outbreak has presented significant challenges and disruptions to the global economy, with small and medium-sized enterprises bearing a considerable portion of its effects. This study aims to investigate the consequences

that SMEs in South Africa have faced, analyzing how the pandemic has affected essential factors that shape their functionality, long-term viability, and expansion.

1.1 Background of the study

The COVID-19 pandemic has considerably influenced on the performance of small and medium-sized enterprises (SMEs), resulting in financial Instability, market demand variations, supply chain disruption, government policy changes, and consumer behaviour modifications.

To develop effective strategies and policies that can aid in the recovery and resilience of small and medium-sized enterprises (SMEs) in South Africa, it is crucial to understand how COVID-19 has impacted various factors. The research project aims to thoroughly evaluate the extent of the pandemic's influence on the key factors that shape SME operations and growth in the country. By doing so, we hope to provide valuable insights that can inform decision-making processes and support the long-term success of SMEs in South Africa.

The research examines the challenges and circumstances unique to SMEs in South Africa during this unprecedented global health crisis. The study investigates how economic conditions, government policies, market dynamics, access to resources, and other factors impact the resilience and performance of SMEs facing the COVID-19 pandemic. By understanding these contextual factors, the research provides recommendations to support SMEs' sustainable growth and success in the challenging business environment created by the pandemic.

1.2 Literature Matrix

Author (Year)	Research Problem	Conceptual Frame Used	Population & Sample
Olarewaju, O., & Msomi, T. (2021	Factors Affecting Small and Medium Enterprises Financial Sustainability in South Africa	Pecking Order Theory	310 respondents
Anakpo, G., & Mishi, S. (2021, May 31)	Business response to COVID-19 impact: Effectiveness analysis in South Africa	Cross-sectional survey	
Fubah, C. N., & Moos, M. (2022, February 9)	Exploring COVID-19 Challenges and Coping Mechanisms for SMEs in the South African Entrepreneurial Ecosystem		
Muthu, K., & Wesson, N. (2023, January 30)	The impact of COVID-19 on company performance per industry sector: Evidence from South Africa		
Ede, C. I., Masuku, M. M., & Jili, N. N. (2021, March 18).	Implications of COVID-19 Lockdown on South African Business Sector. International Journal of Financial Research	Survey	
Skinner, Caroline, Jane Barrett, Laura Alfers and Michael Rogan(2021, February 15).	Informal Work in South Africa and COVID-19: Gendered Impacts and Priority Interventions		
Ojong-Ejoh, M. U., Angioha, P. U., Agba, R. U., Aniah, E. A., Salimon, M. G., & Akintola, A. (2021, February 19).	Operating SMEs in the Face of the Covid-19 Pandemic in Calabar.	cross-sectional survey	30
Fatoki, O. (2021, December 13)	COVID-19 and South Africa's small, medium, and micro enterprises: challenges and recommendations	Desk research methodology	
Zhou, S., Chimucheka, T., Ayandibu, A. O., & Masuku, M. (2022, December 7).	Government Interventions to Ameliorate COVID-19 Recession: The Case of Small, Micro, and Medium Firm's	Survey	641
Van Staden, L. J. (2022)	The influence of certain factors on South African Small and medium-sized enterprises towards export propensity	Questionnaire	300 SMEs
Mbatha & Ngibe, 2017	Factors affecting financial stability of small and medium enterprises: A case study of emerging markets. Risk Governance and Control: Financial Markets and Institutions	Questionnaire	120 SMEs
Joshi, S., & Sharma, M. (2022)	Impact of sustainable supply chain management on the performance of SMEs amidst COVID-19 pandemic: an Indian perspective	Survey	152 respondents
Gonda, G., Gorgenyi-Hegyes, E., Nathan, R. J., & Fekete-Farkas, M. (2020)	Competitive Factors of Fashion Retail Sector with Special Focus on SMEs. Economies	Questionnaire	110
Atmojo, M. E., & Fridayani, H. D. (2021)	An Assessment of Covid-19 Pandemic Impact on Indonesian Tourism Sector	Secondary data	
Liao, H., Deng, Q., & Shen, N. (2019)	Optimal remanufacture-up-to strategy with uncertainties in acquisition quality, quantity, and market demand	Lagrange multiplier method	
Tajani, F., Liddo, F. D., Guarini, M. R., Ranieri, R., & Anelli, D. (2021)	An Assessment Methodology for the Evaluation of the Impacts of the COVID-19 Pandemic on the Italian Housing Market Demand	Sampling	

1.3 . Research problem.

Problem Statement:

Numerous studies have delved into the multitude of factors that shape the performance of small and medium-sized enterprises (SMEs). Nonetheless, there remains a knowledge gap in comprehending the impact of environmental factors, like the COVID-19 pandemic, on SMEs in South Africa. While previous literature has highlighted pivotal performance factors for SMEs, such as financial instability, changes in market demand, disturbances in the supply chain, shifts in governmental policies, and alterations in customer behaviour, there has been limited examination of how these factors intertwine with the unparalleled challenges brought about by the pandemic.

Theoretical Problem:

The problem involves combining the existing theoretical frameworks for SME performance factors with the unprecedented environmental challenges presented by the COVID-19 pandemic. While traditional performance factors such as financial stability, market demand, supply chain management, government policies, and customer behaviour have been extensively studied, there is a lack of theoretical understanding of how these factors interact and evolve during a global crisis like the COVID-19 pandemic.

Empirical Problem:

Empirically, there is a lack of comprehensive research examining the specific impacts of the COVID-19 pandemic on SMEs in South Africa across multiple performance factors. While individual studies have highlighted aspects such as financial stress, market demand shifts, supply chain disruptions, government interventions, and changing consumer behaviour, there is a need for an integrated empirical investigation that considers the interplay of these factors and their combined influence on SME performance during the pandemic.

Conceptual Framework:

Building on existing literature, the conceptual framework for this study will involve a holistic examination of how the COVID-19 pandemic intersects with key performance factors for SMEs in South Africa. This framework will integrate theoretical perspectives on financial instability, market demand, supply chain management, government policies, and customer behaviour with empirical data gathered through qualitative and quantitative research methods. The study aims to identify challenges and

opportunities for SMEs navigating the current economic landscape by establishing a comprehensive understanding of these dynamics.

1.4 . Research Objectives

The primary research objective of this research is to assess the impact of COVID-19 on the performance factors influencing SMEs in South Africa. After identifying the primary objective, the secondary objectives that impact SMEs in South Africa will be outlined. These objectives include:

- Analyse the impact of COVID-19 on the supply chains of small and medium-sized enterprises (SMEs) in South Africa, considering challenges such as sourcing raw materials, manufacturing operations, and disruptions to logistics and distribution channels.
- Focus on the effects of the COVID-19 pandemic on customer behaviour towards small and medium-sized enterprises (SMEs) in South Africa. Investigating alterations in purchasing patterns, inclinations towards online shopping, and the prevalence of contactless transactions.
- Evaluate the effects of the COVID-19 pandemic on market demand and how it has affected specific small and medium-sized enterprises (SMEs) in South Africa.
- Analyse the success of government policies and assistance programs for SMEs in South Africa during the COVID-19 outbreak, considering accessibility, relevance, and overall impact on stability and revival of these enterprises.

This research aims to provide valuable suggestions for improving resilience, facilitating recovery, and preparing for potential crises or disruptions. Ultimately, this will benefit policymakers, industry associations, and small and medium-sized enterprise owners and managers in South Africa.

1.5 . Research Questions

The primary question for this study is, what is the impact of the COVID-19 pandemic on the factors influencing small and medium-sized enterprises (SMEs) in South Africa?

The secondary questions for the study are the following:

- What obstacles are Small and Medium Enterprises (SMEs) encountering in South Africa when it comes to adapting to the evolving market demand due to the COVID-19 outbreak?
- What changes have South African SMEs noticed in customer behaviour amid the COVID-19 pandemic?
- What are the primary obstacles that small and medium-sized enterprises in South Africa are encountering because of COVID-19-related disruptions in the supply chain?
- How has the COVID-19 pandemic impacted the availability and accessibility of financial support, grants, or loans for small and medium-sized enterprises (SMEs) in South Africa from government or financial institutions?

1.6 Justification/Rationale of the Study

The COVID-19 pandemic has had an unparalleled impact on global economies, particularly on small and medium-sized enterprises (SMEs), which have been disproportionately affected due to their limited resources and financial capabilities. Therefore, to devise effective recovery strategies and ensure long-term sustainability, it is essential to understand the specific implications of COVID-19 on SMEs in South Africa.

Small and Medium-sized Enterprises (SMEs) are crucial to South Africa's economy, as they contribute to job creation, innovation, and overall economic growth. Despite their importance, SMEs face various challenges, which the COVID-19 pandemic has further intensified. Therefore, it is essential to evaluate the impact of the pandemic on SMEs to pinpoint where support and policy interventions are needed to ensure their resilience and continued progress.

The primary goal of this study is to evaluate the factors that affect small and medium-sized enterprises (SMEs) in South Africa. Examining the impact of COVID-19 on these factors can help us better understand the unique challenges SMEs face during the pandemic. Factors like access to financing, supply chain disruptions, shifts in consumer behaviours, government support initiatives, and digitalization are all potentially affected by the pandemic. By comprehending the effect of COVID-19 on these factors, policymakers, business owners, and support organizations can create more effective strategies. This information will be precious to all parties involved.

The study's results will aid policymakers and SME owners in making informed decisions. Policymakers can use the findings to create customized interventions, support programs, and policies that address the unique challenges SMEs face in South Africa. Business owners can utilize the insights to adjust their strategies, recognize innovative opportunities and build resilience to future crises.

This research aims to add to the current knowledge of how COVID-19 has affected SMEs, specifically in South Africa. The study will present factual evidence that could either support or disprove existing theories, models, and frameworks. Moreover, the discoveries may serve as a basis for future research, allowing scholars to investigate topics of interest or analyze the long-term consequences of the pandemic on SMEs.

1.7 Delimitations of the Study

Geographic Scope: To achieve a more comprehensive analysis of selected areas, limiting the study to Small and Medium Enterprises (SMEs) located in South Africa is advisable instead of incorporating a global approach. This will help narrow down the research scope and enhance the focus.

The study will use English-language sources and responses to avoid data collection and analysis challenges that may arise from conducting research in multiple languages.
Factors of Influence: Performance factors, such as financial resources, supply chain disruptions, government support measures, and digital transformation efforts, will be considered in assessing the impact on SMEs.
Research Methods: The research method will be qualitative, using data collected from interviews and Secondary research.
In Scope

The study will evaluate the effects of COVID-19 on small and medium enterprises (SMEs) in South Africa. The assessment covers various factors such as revenue, employment, supply chains, market demand, government support, and financial resilience directly and indirectly impacted by the pandemic.

Out-of-Scope:

The study focuses on the factors affecting SMEs in the South African economy due to the COVID-19 pandemic rather than its overall economic impact. Therefore, it may not extensively cover the health-related aspects of the pandemic or medical research.

While the study may delve into individual SMEs sparingly, its objective is to offer a comprehensive view of the general trends and patterns.

The analysis may need to be more comprehensive to fully assess the long-term effects and prospects of SMEs in South Africa after the pandemic.

1.8 Definition of terms

- The coronavirus disease 2019, commonly called COVID-19, is a contagious respiratory illness caused by the novel coronavirus (SARS-CoV-2). It was initially detected in Wuhan, China, in December 2019 and has rapidly spread worldwide, becoming a pandemic.
- A supply chain refers to the activities that occur in producing, distributing, and delivering goods or services from suppliers to end customers. It encompasses all the entities, processes, and resources involved in converting raw materials into finished products and bringing them to market.
- Small and Medium-sized Enterprises (SMEs) refer to businesses with a restricted number of employees and revenue. The definition of SMEs may vary depending on the country. However, they typically consist of micro-enterprises (with less than ten employees), small enterprises (with 10-50 employees), and medium-sized enterprises (with 50-250 employees).

- Customer behaviours encompass individuals' or organizations’ choices, preferences, and actions when buying and utilizing goods or services. This includes various aspects such as purchasing trends, brand faithfulness, buying platforms, and consumption practices.
- South Africa is situated at the southern tip of the African continent.
- Collecting Data: Data collection is the process of gathering information and relevant data to support research objectives. It involves identifying appropriate sources, selecting data collection methods such as surveys, interviews, and observation, and collecting data systematically and structured.
- As part of research projects, data analysis is essential for identifying patterns, trends, and insights. This process involves examining, interpreting, and synthesizing collected data using statistical, qualitative, and thematic analysis techniques.

2.0 Systematic Review of Literature

2.1 Entrepreneurship

This research project centres on small and medium-sized enterprises (SMEs) founded and run by entrepreneurs. The term "entrepreneurship" describes the procedure of recognizing, establishing, and pursuing opportunities to start and operate a business or venture. It entails taking risks, coordinating resources, and offering creative solutions to fulfil the market's needs and demands. An entrepreneur is someone who starts and oversees this process, usually with the intention of generating profit or making a social impact.

Entrepreneurs are proactive in identifying opportunities in the market by analysing trends, gaps, and problems. This helps them to uncover potential business ideas. Entrepreneurs are known for their innovative and creative ideas that address market needs (Gartner, 1990). They devise unique products, services, or business models to gain a competitive edge. Alongside, entrepreneurship requires calculated risks. Entrepreneurs invest time, effort, and financial resources into their ventures, aware that success is not guaranteed (Gartner, 1990).

To transform their ideas into viable businesses, entrepreneurs manage resources such as capital, human resources, technology, and partnerships. They develop business plans that outline their ventures' vision, objectives, strategies, and financial projections, which serve as roadmaps for executing their ideas. Entrepreneurs act and implement their business plans, oversee day-to-day operations, make strategic decisions, adapt to changes, and navigate challenges to drive their ventures forward (Ratten, 2023). They build networks of contacts, including mentors, industry experts, investors, and potential customers. Collaboration and partnerships often play a crucial role in entrepreneurial success. Entrepreneurship requires adapting to changing circumstances and persevering in the face of obstacles and setbacks. Entrepreneurs must be resilient and learn from failures (Ratten, 2023).

Entrepreneurship can occur in various contexts, ranging from small startups to large-scale enterprises. It plays a vital role in economic growth, job creation, and societal innovation. Successful entrepreneurship relies on a combination of skills, knowledge, passion, perseverance, and a strong entrepreneurial mindset (Ferreira,2022).

2.2 Types of Entrepreneurship.

Did you know that entrepreneurial businesses can be grouped into three categories based on their size? These include large, medium, and small businesses. Let me give you a brief overview of each type.

Large entrepreneurial businesses are known for their extensive operations, significant market presence, and substantial resources (Ratten, 2023). Due to their size, these companies often have a hierarchical

organizational structure with multiple layers of management. They may operate across multiple locations and cater to diverse customer segments. These businesses may have a global or national reach with a wide range of products or services. Some examples of large entrepreneurial businesses include multinational corporations such as Google, Microsoft, and Walmart (Ferreira,2022).

Medium-sized entrepreneurial businesses are identified by their moderate scale and size of operations. They have already established themselves in their respective industries and have a defined market presence (Ratten, 2023). These businesses may operate on a regional or national level and typically have a more streamlined organizational structure than larger businesses. Medium-sized entrepreneurial businesses often concentrate on specific market niches and might offer a narrower range of products or services. Examples of medium-sized entrepreneurial businesses include regional retail chains, specialized manufacturing firms, or professional service providers (Ferreira,2022)

Small entrepreneurial businesses are typically run by their owners or family members, and they operate within a limited geographical area. Due to their small scale, these businesses tend to have a hands-on management approach and a flat organizational structure with few employees. They often offer specialized products or services that cater to the local community's needs (Ratten, 2023). Examples of such businesses include local restaurants, boutique shops, and small consulting firms (Ferreira,2022).

2.3 Factors Influencing SMEs in South Africa

Small and medium-sized enterprises (SMEs) play a crucial role in the economic growth and development of South Africa. However, the COVID-19 pandemic has had a severe impact on their operations, resulting in a multitude of challenges. This literature review aims to assess the effects of COVID-19 on various factors that influence SMEs in South Africa and identify the key issues these businesses face.

2.3.1 Financial Instability

When reviewing the study by Mbatha & Ngibe (2017), Small and medium-sized enterprises (SMEs) face significant hurdles when obtaining financing, particularly during financial uncertainty. Lending criteria from banks and financial institutions become stricter, which makes it challenging for SMEs to obtain loans or credit lines. This shortage of financial resources impedes their ability to grow, purchase new equipment, hire talented personnel, and meet their working capital demands.

Financial instability, such as economic downturns or currency fluctuations, can lead to Cash Flow Constraints. When customers delay payments or default on outstanding invoices, it creates a ripple effect on SMEs' finances. This can make managing day-to-day operations, paying suppliers and employees, and investing in growth initiatives challenging for SMEs.

Financial instability can result in Increased Operating Costs for SMEs due to inflation, currency devaluation, and rising raw material prices. These factors can squeeze profit margins and reduce competitiveness, leading to cutbacks in investments, workforce reductions, or even business closures.

Financial instability often leads to market volatility, negatively impacting consumer confidence and spending habits. Small and medium-sized enterprises (SMEs) are particularly vulnerable to fluctuations in demand for their products and services, as it creates an uncertain business environment. SMEs need to plan for future uncertainties, adapt their marketing strategies, and work hard to retain customers during these challenging times.

Financial instability can have an impact on the Regulatory Environment, leading to alterations in tax policies, import/export regulations, and labour laws. Small and medium-sized enterprises (SMEs), which often have limited resources and capabilities to deal with complex regulations, may face difficulties adhering to new requirements, resulting in additional financial burdens and the possibility of penalties.

Financial instability negatively impacts business confidence and investment, which in turn affects SMEs' ability to attract funding. Uncertain economic conditions can dissuade potential investors from offering capital or partnerships, thereby limiting SMEs' growth prospects.

According to a recent study by Olarewaju & Msomi (2021), Small and Medium-sized Enterprises (SMEs) in South Africa face various challenges that hinder their financial stability. These challenges include limited access to financing, inadequate infrastructure and market reach, and a need for more skilled labour and competent management. To promote SMEs' growth and financial sustainability, the government must offer substantial support, incorporate modern technology and innovation, foster collaboration, and enforce inclusive policies. More research is needed on how COVID-19 affects the financial stability of small and medium-sized enterprises (SMEs). This research gap is something I plan to investigate.

Identify pre-pandemic financial indicators for SMEs, including revenue, profitability, and liquidity. To assess the effect of COVID-19 on the financial stability of SMEs, it is necessary to compare the pre-pandemic indicators with the post-pandemic data. During the pandemic, it is crucial to consider factors such as decreased cash flow, heightened debt obligations, and difficulty obtaining financing. Analyze the economic effects, both short-term and long-term, of the pandemic on small and medium-sized enterprises (SMEs).

2.3.2 Variations in Market Demand:

Small and medium-sized enterprises (SMEs) in South Africa are susceptible to the impact of market demand fluctuations. The outcomes can be advantageous or disadvantageous and depend on SMEs' adaptability and responsiveness to changing market conditions. Economic conditions are pivotal, and factors such as recessions, inflation, and currency fluctuations directly affect consumer spending patterns and overall market demand. During economic downturns, SMEs may experience a reduction in demand as consumers cut back on discretionary spending.

It is crucial for SMEs to keep up with the changing consumer preferences and trends as they significantly impact market demand. Consumer behaviour, such as evolving tastes, preferences for sustainable products, and the growing demand for online shopping, should be carefully monitored. Failure to adapt to these changes may result in decreased demand for SMEs. Additionally, local and international competition can also affect market demand. If competitors introduce innovative products or offer better value propositions, it can lead to declining demand for SMEs. Therefore, it is essential for SMEs to keep an eye on their competitors and respond to competitive pressures to retain and attract customers.

Businesses in certain industries, including tourism, agriculture, and retail, often face fluctuations in demand due to seasonal variations. Small and medium-sized enterprises (SMEs) operating in these sectors must effectively manage these changes throughout the year. Furthermore, keeping up with market trends is essential for SMEs to identify new opportunities and adjust their offerings accordingly. It is important to note that government policies and regulations can significantly impact market demand. Changes in taxation, trade policies, or industry-specific regulations can influence consumer purchasing power and market dynamics. Therefore, SMEs must stay informed and adapt to these policy changes to minimize potential negative impacts on their businesses (Shen et al., 2019).

It is imperative to consider the effects of the COVID-19 pandemic on market demand and how this has impacted small and medium enterprises (SMEs). Tajani et al. (2021) indicate the impact on the Italian market demand but not South Africa. This study aims to provide comprehensive insights into the ramifications of COVID-19 on SMEs and their products. By analysing the following:

Analyse how the pandemic has affected the market demand for products or services SMEs offer. Analyse the various factors that affect changes in consumer preferences, spending habits, and buying behaviours. Assessment of the impact of COVID-19 on the market share, customer base, and sales volume of SMEs. It is essential to consider the potential opportunities and challenges that may arise from shifts in market demand.

2.3.3 Disruption of supply chains

COVID-19 has significantly impacted SMEs in South Africa, particularly concerning the disruption of supply chains. A study by Fatoki (2021) revealed that SMEs could not conduct Business effectively due to the country's closure. However, the research should have delved into the specific challenges SME supply chains face, such as increased costs of goods and shipping, depreciation of the rand, and supplier closures. Additionally, the study did not emphasise the implications of COVID-19 on supply chains that provide essential goods for SMEs' operations. To fully understand the severity of supply chain issues on different types of SMEs, further exploration of studies such as by Ojong-Ejoh (2021) is necessary. By analysing the following:

Analysis of the primary suppliers utilised by small and medium-sized enterprises (SMEs) and assess the interdependencies within their respective supply chains. Evaluate how COVID-19 has affected the accessibility, dependability, and expense of inputs and raw materials. Assessing the impacts of limitations on global trade, transportation, and logistics Analyse the ability of small and medium-sized enterprises (SMEs) to adapt and handle supply chain disruptions resiliently.

2.3.4 Changes in Government Policies

A study by Zhou (2022) analyzed the South African government's efforts to strengthen the country's economy, focusing on Small and Medium Enterprises (SMEs) in KwaZulu-Natal. The findings revealed that government interventions were primarily concentrated in that region rather than implemented nationwide. Therefore, examining the timing, location, and effectiveness of government initiatives across South Africa, both before, during, and after the pandemic, is essential. Furthermore, it is crucial to investigate whether these interventions provided adequate support to SMEs or inadvertently caused harm, as Zhou's (2022) research did not address this aspect. In the research conducted by van Staden (2022), we gain insight into the government policies that affect SMEs. However, the study needs to delve into the impact of COVID-19 on these policies by examining the following:

Evaluation of the COVID-19 response measures and regulations implemented by the governing authority. Assess the impact of these policies on small and medium-sized enterprises (SMEs) in terms of their operations, compliance costs, and market access. Evaluate the efficacy and level of support provided by government stimulus measures and relief programs for small and medium-sized enterprises (SMEs).

It is important to consider how policy changes can affect the long-term sustainability and competitiveness of small and medium-sized enterprises (SMEs).

2.3.5 Modifications in Consumer Behavior

As we examine the existing research on SMEs in South Africa and the factors that impact them, the study conducted by (Kalidas et al. (2020) provides insights into how SMEs can withstand the effects of COVID-19 and continue to grow. First, however, the research must delve into how customer behaviour has shifted, such as changes in purchasing patterns, inclinations towards online shopping, and the increasing popularity of contactless transactions. And analysing the following:

Analyse changes in consumer behaviour and preferences during and after the pandemic. Assessment of the impact of COVID-19 on consumer expenditure, the uptake of e-commerce, and customer loyalty towards brands. Take a closer look at how small and medium-sized businesses adjust their marketing and sales tactics to match the ever-changing consumer behaviour patterns. Analyse the potential advantages and obstacles that may arise due to shifts in consumer habits for small and medium-sized enterprises (SMEs).

2.4 Conceptual Framework



The framework illustrates the interconnection of various factors, with the central circle demonstrating their influence by Covid-19. The presentation highlights the relationship between these factors.

3.0 Research Methodology

3.1 Introduction

This research paper aims to analyse the impact of COVID-19 on five key performance indicators of Small and Medium-sized Enterprises (SMEs) in South Africa. The study will employ a qualitative approach, utilizing a semi-structured questionnaire during interviews with willing SMEs. The research will be conducted across various industries to gather diverse perspectives.

3.2 Research Approach

There are three main approaches to conducting research: Qualitative, quantitative, and mixed methods. The approach you choose should be based on the specifics of your study and the research question you are trying to answer. Below are some commonly used research approaches and references to explore each one further.

1. Qualitative research is a method of exploring and comprehending complex phenomena in detail. It involves gathering non-numerical data like interviews, observations, or textual analysis to understand subjective experiences and meanings better. (Creswell,2017)
2. Quantitative research gathers and evaluates numerical data to identify patterns, correlations, and statistical significance. This type of research typically employs statistical techniques and tools to derive conclusions. (Creswell,2017)
3. Mixed methods involve a combination of qualitative and quantitative approaches to understand a problem thoroughly. This type of research involves gathering and analysing data both in numerical and non-numerical forms. (Creswell,2017)

For the study, I will analyse the Factors Affecting the Performance of Small and Medium Enterprises (SMEs) in South Africa amidst the COVID-19 Pandemic. I will implement a qualitative research approach to examine the impact of COVID-19 on the performance factors of SMEs in South Africa. A qualitative research method can offer significant perspectives on the obstacles encountered by these enterprises. Qualitative research concentrates on comprehending SMEs' experiences, beliefs, and personal interpretations, enabling a profound investigation of the subject.

3.3 Research Paradigm

3.3.1 The positivist

The study conducted by Park et al. (2020) on the positivist research paradigm, also known as positivism, indicates this approach focuses on gaining knowledge through empirical observations and

utilizing the scientific method. Positivists prioritize objectivity and strive to eliminate any personal biases or subjective interpretations from their research. They rely on measurable data and empirical evidence to draw conclusions and generalize, often utilizing quantitative methods and statistical analysis. Positivism follows a deductive reasoning process, starting with general theories or hypotheses and testing them through empirical observations. Its aim is to identify cause-and-effect relationships between variables and reveal universal laws or regularities. In positivist research, replicability is crucial as it allows researchers to verify the reliability and validity of their findings. Positively, also emphasizes the importance of value neutrality, seeking to separate personal values and beliefs from the research process and outcomes. (Park et al., 2020)

3.3.2 The interpretive

According to a study by Pervin and Mokhtar (2022), the interpretive or qualitative paradigm, or interpretive research paradigm, is a philosophical framework commonly used in social sciences and humanities disciplines like anthropology, sociology, psychology, and communication studies. Its focus is on comprehending and interpreting individuals' and groups' subjective meanings and social constructs.

Interpretivists believe that social reality is subjective and socially constructed, shaped by the interpretations and interactions of individuals within their social context. They emphasise the importance of understanding the meanings individuals assign to their experiences. Researchers within this paradigm seek to examine phenomena within their specific social, cultural, and historical contexts, recognizing the influence of these factors on individual and group experiences and meanings. (Pervin & Mokhtar, 2022)

3.3.3 Critical

According to Asghar (2013), critical theory is a versatile, interdisciplinary framework that analyzes power dynamics and societal structures. It aims to promote social change and justice by recognizing the impact of ideology and inequalities. Researchers must be mindful of their biases and privileges and use critical discourse analysis and qualitative research techniques. The approach prioritizes social transformation and can be tailored to specific research interests and viewpoints.

3.3.4 The constructivist

According to V and A (2016), the constructivist research paradigm focuses on how individuals create knowledge and meaning within social and cultural contexts. It acknowledges that reality is shaped by personal interpretations, social interactions, and cultural influences rather than being an objective and

fixed entity. Key aspects of this paradigm include recognizing the impact of social and cultural factors, acknowledging multiple realities and perspectives, using qualitative methods to explore subjective experiences, employing an inductive approach to allow theories to emerge from data, emphasizing the importance of contextual understanding, and promoting researcher reflexivity and interpretation. Constructivist researchers actively participate in the research process and collaborate with participants to gain a comprehensive understanding of how they make sense of their world. (V & A, 2016)

To conduct my study, I will utilize the constructivist paradigm and qualitative methods to delve into the experiences of small and medium-sized enterprises (SMEs) and how the COVID-19 pandemic affected their performance factors. My aim is to capture a comprehensive and in-depth understanding of their experiences.

3.4 Research Design

According to Hassan (2023), a well-designed research plan guides the entire process when conducting a research study. This plan includes various elements and decisions that allow researchers to effectively address their research questions or objectives. A good research design is key to collecting valid, reliable data that can answer the research objectives.

To create a solid research design, researchers must begin by defining clear research questions or objectives that are specific and measurable. They must also determine the research approach that will be used, which can be quantitative, qualitative, or mixed methods, depending on the nature of the research questions and the type of data required. (Hassan, 2023)

Another important consideration is the sampling strategy and sample size. Researchers must decide how they will select participants or cases for their study, whether through random, stratified, or purposive sampling. The sample size should also be determined based on statistical power calculations and the research objectives. (Hassan, 2023)

Choosing appropriate data collection methods is crucial in research design. Researchers must consider methods such as surveys, interviews, observations, experiments, or existing data sources and determine which best aligns with the research questions. It's important to carefully weigh the strengths and limitations of each method before making a final decision. (Emeritus,2023)

In this study, we will utilize a process called descriptive analysis. This involves summarizing and presenting data clearly and concisely. The main objective is to provide a comprehensive and accurate overview of the dataset's key features, characteristics, and distributions. To accomplish this goal, descriptive analysis utilizes a range of statistical measures and techniques to effectively organize, describe, and summarize the data.

3.5 Data Collection

3.5.1 Population and Sample

When conducting a research project, performing descriptive analysis to summarize and present data effectively is important. This involves examining both a population and a sample. Let's define these terms:

1. Population: The population refers to the entire group of individuals, objects, or events that are being studied. It is the complete set of elements that share common characteristics and about which conclusions are drawn. (Hunter & Howes, 2020)

2. Sample: A sample is a smaller representative group selected from the population. Collecting data from the entire population is not always feasible, so researchers select a smaller sample that accurately represents the larger group. The goal is to obtain a sample that accurately reflects the characteristics and diversity of the population. (Hunter & Howes, 2020)

Determining the appropriate sample size depends on various factors, including research objectives, available resources, and statistical considerations. Although a larger sample generally produces more precise and reliable results, it may require more time and resources for data collection and analysis. (Hunter & Howes, 2020)

To assess how COVID-19 has affected the performance of SMEs in South Africa, it is important first to establish the population and sample being studied.:

The population would encompass all small and medium-sized enterprises (SMEs) operating in South Africa and spanning diverse industries and sectors.

For the study, I will gather data from 15 small and medium-sized enterprises based in South Africa. (Hunter & Howes, 2020)

3.5.2 Sampling Design

SMEs will be assessed through convenience sampling (Stratton, 2021) to gain a comprehensive perspective from all industries. Interviews will be conducted with SMEs in different fields without getting just one perspective. The aim is to understand SMEs' experiences and perspectives on the impact of COVID-19, irrespective of whether it is positive or negative.

3.5.3 Research Instruments & Data Collection Procedures

According to Adams (2015), a semi-structured interview research design can be valuable for gathering qualitative data from a specific group. This method involves preparing open-ended questions and prompts in advance while allowing for some flexibility during the interview to explore additional topics

or follow up on interesting responses. By using this approach, I can balance structure and flexibility to effectively address research objectives while gaining deeper insights into participants' unique perspectives and experiences. A semi-structured interview design can provide valuable data and enhance understanding of a particular research topic.

After careful consideration, it has been determined that utilizing a qualitative method and conducting semi-structured interviews would be the most suitable approach for this research project.

3.6 Data Analysis

The data analysis process will involve multiple steps to extract valuable insights from the data collected through semi-structured interviews in this research project.

1. Create a written record of the interviews by transcribing the spoken words exactly as they were said.
2. Familiarization: Become familiar with the data to comprehensively understand the interviews and identify any recurring themes or patterns.
3. Coding: Create a coding system to categorize data by themes, topics, or concepts. Use qualitative analysis or manually highlight/tag relevant sections of the text.
4. Initial coding: Analyse and categorise the interview transcripts using codes matching the identified themes.
5. Data reduction: Review the initial codes and identify any relationships or patterns between them. Then, similar codes can be grouped together to reduce redundancy and develop broader categories or themes.
6. Theme development: Analyse the grouped codes and identify the main themes that emerge from the data. These themes should represent the primary ideas or concepts expressed by the interviewees.
7. Sub-themes: Identify sub-themes or subcategories within each main theme that provide more specific information.
8. Data exploration: Examines how themes, sub-themes, and individual codes relate to each other. Identify patterns, connections, or contradictions that may need additional investigation or clarification.
9. Interpretation: Consider the research objectives and existing literature. The findings should be interpreted in this context and used to develop theories or explanations. Additionally, any implications for the research should be identified.

10. Reporting: Incorporate quotes or excerpts from the interviews to substantiate the conclusions and make recommendations

3.7 Interview Questions

1. How has the COVID-19 pandemic affected the financial stability of your SME? Have you experienced any significant changes in revenue, cash flow, or profitability? If so, can you explain the extent of these changes?
2. Can you please share how the COVID-19 pandemic has affected the demand for your products or services in the market? Have you observed any changes in customer preferences or behaviour? If yes, could you provide more details on the specific variations you have noticed?
3. Has your SME been affected by the COVID-19 pandemic's supply chain disruption? Have you encountered difficulties in acquiring raw materials, components, or finished products? And if so, how have these obstacles impacted your ability to meet customer demands and fulfil orders?
4. Have you experienced any government policy or regulation changes that have directly affected your SME during the COVID-19 pandemic? If yes, how have these changes impacted your business operations and profitability?
5. Have you observed any changes in how your customers interact with your business in terms of their purchasing behaviour? Are there any variations in their buying patterns, like more online shopping or alterations in the frequency of their purchases?
6. Have you learned any valuable lessons or gained insights from dealing with the challenges posed by the COVID-19 pandemic? Do you have any effective strategies or practices that have helped your SME endure the impact of these factors?
7. In the future, how do you think the COVID-19 pandemic will affect your SME in the long run? Are there any lasting alterations in market demand, supply chains, government policies, or consumer behaviour that you predict will continue to impact your business?
8. Based on your personal experiences and observations, what advice or recommendations would you offer to other small and medium-sized business owners who are encountering comparable challenges due to the impact of COVID-19??

This study will utilize an Inductive Framework to analyse the data collected from the interviews.

3.8 Quality Assurance: Validity and Trustworthiness

3.8.1 Validity and Trustworthiness

Research Design and Method: Qualitative research was used during this study.

Data Collection: The data was collected from SMEs through interviews and questionnaires they had to answer.

Sampling Techniques: For this research, a sample of 15 SMEs from different industries was taken, providing a diverse data set.

3.8 2 Dependability

Consistency was prioritized throughout the research process to enhance the study's dependability, emphasizing data interpretation and analysis. Employing a consistent approach enabled a reliable comparison across responses from all subject matter experts (SMEs). By utilizing uniform questions for each SME, a clear link was established between the data points, facilitating a cohesive analysis that upheld the integrity and reliability of the findings. The meticulous adherence to a standardized methodology ensured the outcomes were robust and dependable, offering a solid foundation for drawing meaningful conclusions and insights.

3.8.3 Confirmability

To enhance the confirmability of the study, I documented the research process by retaining detailed transcripts and rigorously analyzing the data. A systematic coding and thematic process was employed to clean the data, ensuring its accuracy and objectivity. Maintaining a clear audit trail of the data cleaning and interpretation processes fortified the credibility of the research outcomes, fostering confidence in the study's validity.

3.8.4 Credibility

I used a qualitative research method with the questions in the interview form. Fifteen different SMEs were interviewed on how COVID-19 had impacted their business. All the SMEs have been operating since the pandemic started. They were all asked the same questions.

3.9 Ethical Considerations

The present research study addresses ethical issues brought to attention through the assurance of confidentiality, anonymity, and voluntary participation of the respondents. The information cover letter furnished detailed information regarding the study's purpose and the research instrument. The consent form aimed at explaining the nature of the research and how the participation in the study would impact

or benefit the participants. I ensured that the research instruments did not require personal information, thereby warranting the anonymity of the participants and the confidentiality of their responses.

3.9.1 Permission to Conduct the Study

The university granted permission to conduct the study. The ethics were completed, and ethics approval was granted.

3.9.2 Informed Consent

A written consent form was given to participants to participate in the study before it was conducted.

3.9.3 Voluntary Participation

The consent form informed all participants that the study was voluntary and that they did not have to feel pressured to participate.

3.9.4 Confidentiality and anonymity

To ensure the utmost protection of participants' personal information, I had to provide them with a clear understanding of the study's data protection policy. To this end, I provided every participant with a consent form to be signed, including the policy terms and conditions. All personal information will be stored in a secure electronic file, which only the researcher's supervisor can access for authentication. It is important to note that no information will be divulged to any other parties.

3.9.5 Data Management

I will ensure that this study's data collection process is done ethically. The data collected will be stored in a secure place to which only the researcher has access.

4.0 Data analysis and interpretation

Qualitative research data analysis refers to systematically examining and interpreting non-numerical data to identify patterns, themes, and insights (Creswell, 2019). This helps researchers to understand better the research questions or objectives (Creswell, 2019)

I will analyse the data for this research using the inductive method. This methodology scrutinises data to pinpoint recurring themes and patterns that form the basis for crafting more comprehensive theories or explanations (Brink, 2006).

4.1 Demographic profile

The table below provides an overview of SMEs interviewed, including size, location, and operational status before COVID-19

SME	Industry	SME Size	Geographic	Operating Before COVID 19
1	Ventilation Manufacturing	Micro 1-10 Employees	Mpumalanga	Yes
2	Insurance broker	Micro 1-10 Employees	Gauteng	Yes
3	Plastic industry	Micro 1-10 Employees	Gauteng	Yes
4	Bulk bags Manufacturing	Small with 11-50 employees	Gauteng	Yes
5	Accounting	Micro 1-10 Employees	Gauteng	Yes
6	Signage industry	Micro 1-10 Employees	Mpumalanga	Yes
7	Furniture manufacturing	Micro 1-10 Employees	Mpumalanga	Yes
8	Bookstore	Micro 1-10 Employees	Gauteng	Yes
9	Tool and die Machining	Micro 1-10 Employees	Gauteng	Yes
10	Mining	Small with 11-50 employees	Mpumalanga	Yes
11	Water purifying	Micro 1-10 Employees	Mpumalanga	Yes
12	Marketing	Small with 11-50 employees	Gauteng	Yes
13	Health and Safety	Micro 1-10 Employees	Mpumalanga	Yes

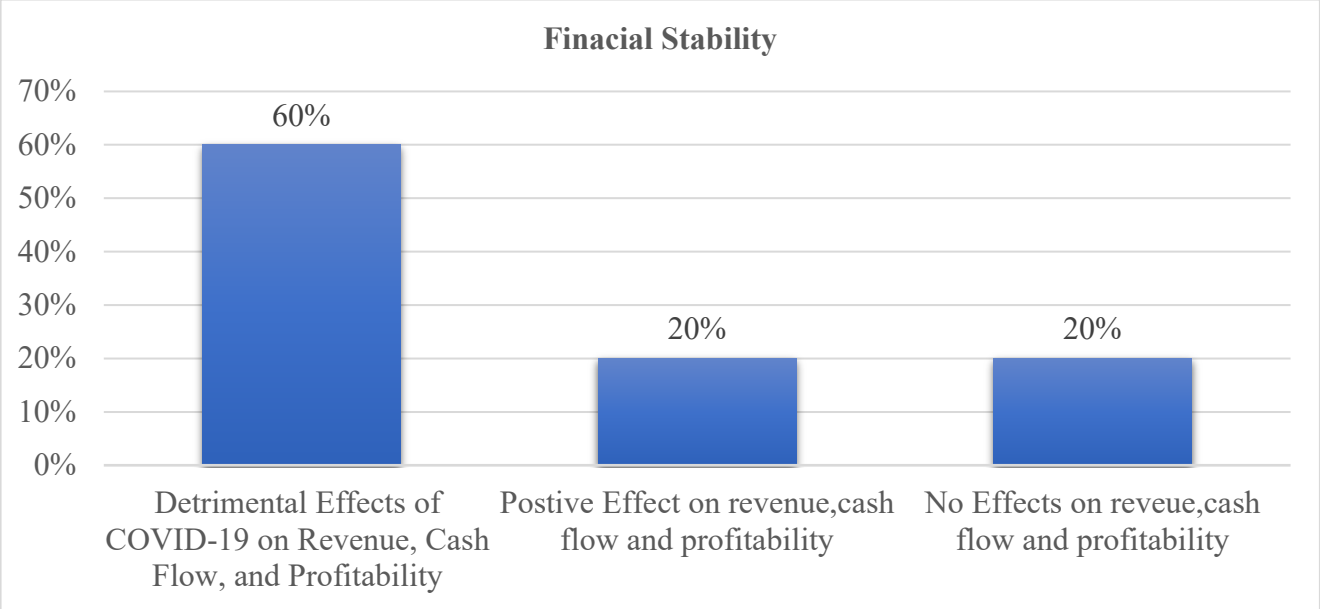
14	PVC manufacture	Small with 11-50 employees	Gauteng	Yes
15	Steel industry	Small with 11-50 employees	Mpumalanga	Yes

- **Industry**: The SMEs presented in the list represent a diverse range of industries, including manufacturing (ventilation, plastic, bulk bags, furniture, signage, bookstore, PVC, and steel), services (insurance brokerage, accounting, marketing, health, and safety), and specialized fields (tool and die machining, water purification, and mining).
- **Size Classification**: SMEs are categorized by size; micro-enterprises typically employ 1-10 individuals, while small enterprises employ 11-50 employees. This classification indicates the scale of operations within each enterprise.
- **Geographic Spread**: The SMEs are in two regions, Mpumalanga and Gauteng, highlighting the distribution of entrepreneurship in South Africa.
- **Pre-COVID Operations**: All SMEs listed were operational from pre-COVID-19 until the time of the interviews.

4.2 Data Interpretation

4.2.1 Financial stability

Three themes regarding the question of financial stability were identified during the interview process. Firstly, the negative impact that Covid-19 has had on small and medium-sized enterprises (SMEs). Secondly, the positive effect that COVID-19 has had on them and thirdly, where there was no impact on them.



Theme 1: Detrimental Effects of COVID-19 on Revenue, Cash Flow, and Profitability

Five of the Fifteen (60%) SMEs indicated that the COVID-19 pandemic hurt their revenue, cash flow and profitability. The following are responses to showcase how COVID-19 has impacted them.

"We have experienced a significant decline in revenue due to the pandemic. This is due to factors such as lockdowns, supply chain disruptions, and changes in consumer spending habits. We rely on cash flow to meet day-to-day expenses. The pandemic has caused a decrease in cash flow, as we have had to make unexpected expenses. We have accumulated additional debt to weather the pandemic. It has increased the debt burden and made us more vulnerable to financial distress. The pandemic has also had a significant impact on profitability."

"COVID had a very big impact. The clients' monthly premiums came back unpaid due to insufficient funds. Many of our clients just completely cancelled their policies because they had no income for months. We lost a lot of business which had a major impact on cash flow and profit. Like any other business, our business also has employees who need to be paid. We had to continue to pay our day-to-day expenses while the growth of the business shrank significantly".

"Following The announcement 26 March 2020 our cash flow dropped from 18% to 6%. We were part of essential services but had to reduce our operations to minimize the number of workforce exposure to the most necessary operations".

The data analysis of the impact of the COVID-19 pandemic on small and medium-sized enterprises (SMEs) reveals that 60% of these businesses have been negatively affected in terms of revenue, cash flow, and profitability. The lockdown measures, which were put in place to control the spread of the virus, have prevented these SMEs from operating their businesses as usual. As a result, they could not acquire stock or raw materials, which led to a shortage of funds and affected their cash flow.

Furthermore, clients could not pay their suppliers, which has created additional challenges for these SMEs. The inability to receive client payments has resulted in a cash flow crisis, making it difficult for the affected SMEs to meet their financial obligations, such as paying their staff and suppliers. This has also led to a decline in these businesses' profitability, making it challenging to sustain their operations.

The COVID-19 pandemic has significantly impacted SMEs, particularly in revenue, cash flow, and profitability. The lockdown measures have prevented these businesses from operating as usual, leading to a shortage of funds, and affecting their cash flow. Clients' inability to pay suppliers has also created additional challenges, making it difficult for SMEs to meet their financial obligations and sustain their operations.

Theme 2: Positive Effect on revenue, cash flow and profitability

Three of the fifteen (20%) SMEs had indicated that COVID-19 positively affected their revenue, cash flow and profitability. The following are responses from these SMEs.

"Because we are an essential service, we didn't have any losses. In fact, we had a slight increase, about 10% increase in sales, during the Covid pandemic, so Covid was actually good for business."

"We're your second-hand bookshop. And the nature of the business is quite different to, I guess, a lot of other businesses like other retail stores. So, in our case, the business was much improved by the COVID pandemic."

The data reported that 20% of the SMEs had increased their revenue. This increase was due to these SMEs seizing the opportunity to expand their market share when other companies closed. This revenue increase can also be attributed to the SMEs providing services in high demand during this period.

Theme 3: No Effects on revenue, cash flow and profitability

Three of the fifteen (20%) SMEs indicated that the COVID-19 pandemic had no negative or positive effect on their business regarding revenue, cash flow, and profitability. The following are responses from these SMEs.

"We have not seen any effects on the profitability of the company. Because we supply to mines, we were deemed an essential service and were not affected during the pandemic."

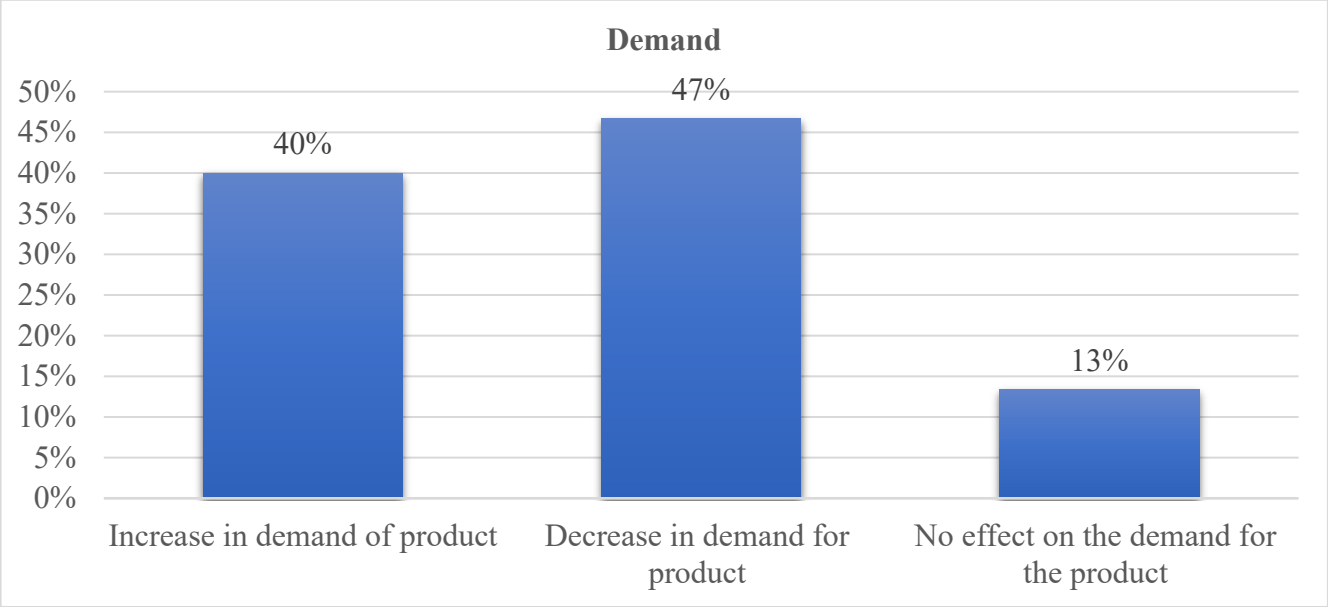
"I am an essential service; I supply part for the gas for the medical bottles, and we sell the seals for that, so we were out of business for 72 hours. There was no financial impact, we carry more or less stock of all our materials, and for us, I saw no difference at all with the Covid pandemic."

The data suggests that despite the economic challenges presented by the COVID-19 pandemic, 20% of small and medium-sized enterprises (SMEs) were able to maintain their financial stability. This can be attributed to two key factors. Firstly, these SMEs were deemed essential services and were allowed to continue trading as usual without facing significant disruptions to their operations. Secondly, some of these SMEs had effective stock management systems, allowing them to operate without facing any shortages during the lockdown period.

4.2.2 Market Demand

After analysing the collected data from 15 SMEs, I have identified three themes to understand how the COVID-19 pandemic has affected the demand for products among SMEs. The first theme I am

exploring is whether there has been an increase in demand. The second theme is whether there has been a decrease in demand. Finally, I am examining whether Covid-19 has not affected their demand.



Theme 1: Increase in demand for the product.

Six of the fifteen (40%) SMEs indicated that they had increased demand for their products. To provide more insight, the following are the responses from these SMEs, detailing their experiences during this period.

"We did see an increase in demand due to our competitors not being open during that time, we also saw an increase I purchases because of panic buying"

"Our demand increased, this was due to diversifying our services and capitalizing on the reduced market as similar operations to ours closed"

"There was a lot of panic buying during the Covid period, so I think the Covid scare, increased our sales. There is a lot of people who bought more in bulk than what they usually did, so I would say that was the changes in business"

Based on the available data, 40% of the small and medium-sized enterprises (SMEs) experienced a noticeable surge in sales during the period under consideration. Upon further investigation, it was revealed that some customers were panic-buying products or services out of fear that they might run out of stock or be unable to access them. Additionally, the SMEs reported that their competitors could not provide satisfactory service or products to their customers, which may have contributed to their sales.

Theme 2: Decrease in demand for the product.

Seven of the fifteen (47%) SMEs indicated a decrease in demand during the Covid-19 pandemic. The following are responses from these SMEs.

“Insurance and medical aid are one of the biggest "must haves" in our country, but unfortunately, they are also the first places where people cut first. In the time of COVID, clients canceled their medical aids and insurance policies to save money. This had a direct effect on our business. As a broker, your clients are your bread and butter - i.e. the more clients cancel, the smaller your income.”

“The COVID-19 pandemic has significantly impacted the demand for goods and services. People have been forced to stay home and avoid social interactions, so they have changed their spending habits and preferences for certain products and services. Decreased demand for goods and services in the mining and construction service; this normalized very slowly after the lockdowns were lifted.”

“It affected the economy, it affected the demand, customers can only order what they need, and there has been a decline since COVID, and it’s not really turned around yet.”

Based on the data collected from small and medium-sized enterprises (SMEs), 47% of these businesses experienced a decrease in demand for their products. This decline was attributed to several factors, including company closures during the lockdown period caused by COVID-19. These SMEs could not operate because their operations were affected, or their clients were closed. Also, these SMEs could not provide customer services during the pandemic.

Due to financial constraints, customers have been forced to cut costs and, therefore, have had to prioritise essential products and services, which has negatively impacted businesses. Across various industries

Theme 3: No effect on the demand for the product

Two of the fifteen (13%) SMEs indicated that COVID-19 did not affect their product or service demand. Nothing has changed for them about demand. The following are responses from these SMEs.

“There was no change in anything I did”

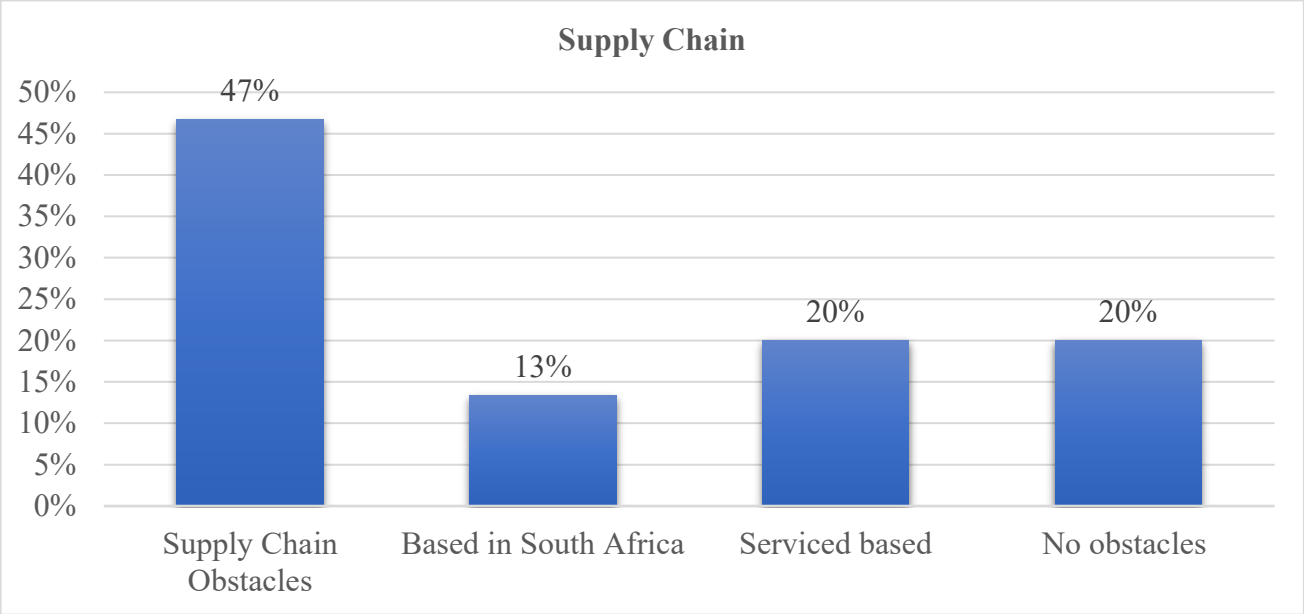
The data gathered from Small and Medium-sized Enterprises (SMEs) suggests that out of all the businesses interviewed, only 13% had no significant impact on the demand for their products or services. This means that for most SMEs, their customer demand either positively or negatively affects

their business. However, their customer demand remained the same for the 13% of the companies that were unaffected.

4.2.3 Supply Chain Disruption

After analysing the collected data from 15 SMEs during the COVID-19 pandemic, the supply chain of small and medium-sized enterprises (SMEs) was affected in four ways.

These can be grouped into four themes: The first theme pertains to SMEs who face obstacles within the supply chain. The second theme pertains to SMEs who relied on suppliers in South Africa. The third theme pertains to SMEs who only provide a service to their customers. The fourth theme pertains to SMEs who faced no obstacles during the pandemic. Overall, the four themes were identified to understand better how the pandemic impacted the ability of SMEs to sell products, acquire materials and components, and meet the demands of their customers.



Theme 1: Supply Chain Obstacles

Seven of the fifteen (47%) SMEs indicated facing supply chain obstacles during the COVID-19 pandemic. The following are responses from these SMEs.

“Most of our raw materials are imported and mixed in South Africa, to get the end product. And even still up to today, we are having problems getting certain materials as there are still shortages in the world.”

“Significantly affected, as most companies closed due to the pandemic. Most of the companies that took up the gap in supporting the supply chain distribution faded off, they elongating the lead times to supply. Thus, increased delays in acquiring materials to fulfil orders and meet the customers’ demands”

“The COVID-19 pandemic has significantly impacted global supply chains, and we have not been immune to these disruptions. We faced challenges in acquiring raw materials, components, and finished products, impacting our ability to meet customer demands and fulfill orders”

According to the data, 47% of small and medium-sized enterprises (SMEs) experienced various challenges during the Covid-19 pandemic. Common problems encountered by these businesses included difficulties in receiving raw materials from suppliers, transportation of finished goods, increased shipping costs, and inability to meet the sudden surge in demand

Theme 2: Based in South Africa

Two of the fifteen (13%) SMEs indicated no challenges regarding raw material availability. The following are responses from these SMEs.

“No, we were not affected as our raw material and products are made in South Africa.”

“Sasol managed to keep the supplier going, because that's our main raw material. And so, we weren't really affected by supplier chain distribution. We were lucky, you know, in the in that regard, we got our polymer. We had enough polymer. We kind of planned excessively and to make sure we didn't run out of stock and had to turn machines off if there was an issue with polymer or whatever”

Based on the data analysis, 13% of the Small and Medium Enterprises (SMEs) did not encounter any challenges in their supply chain management during the current period. The main reason was that these SMEs had suppliers in South Africa. Since the suppliers operated without any restrictions, the SMEs faced no transportation-related issues, allowing for uninterrupted operations.

Theme 3: Serviced based.

Three out of fifteen (20%) SMEs reported that they are service-based and that the supply chain disruptions had no significant impact on their business operations. The following are responses from these SMEs.

“The section does not apply to us - we did not feel any effect here simply for the fact that we do not depend on any materials. We provide more of a service than we provide a physical product.”

“No due to the fact that we offer bookkeeping services”

The data reveals that 20% of the interviewed small and medium-sized enterprises (SMEs) provide services instead of selling physical products. Despite the challenges posed by the current situation, these businesses could continue providing their services using digital technology. By working online and communicating with their clients through digital means, they could maintain their operations and ensure the continuity of their services.

Theme 4: No obstacles

Three of the fifteen (20%) SMEs did not consider supply chain obstacles as a hindrance to their sales growth or expansion. The following are responses from these SMEs.

"No, not really. Right after the pandemic my suppliers was struggling to get some of their stuff in, that we use, but that cleared up quickly, so it wasn't really affecting us much"

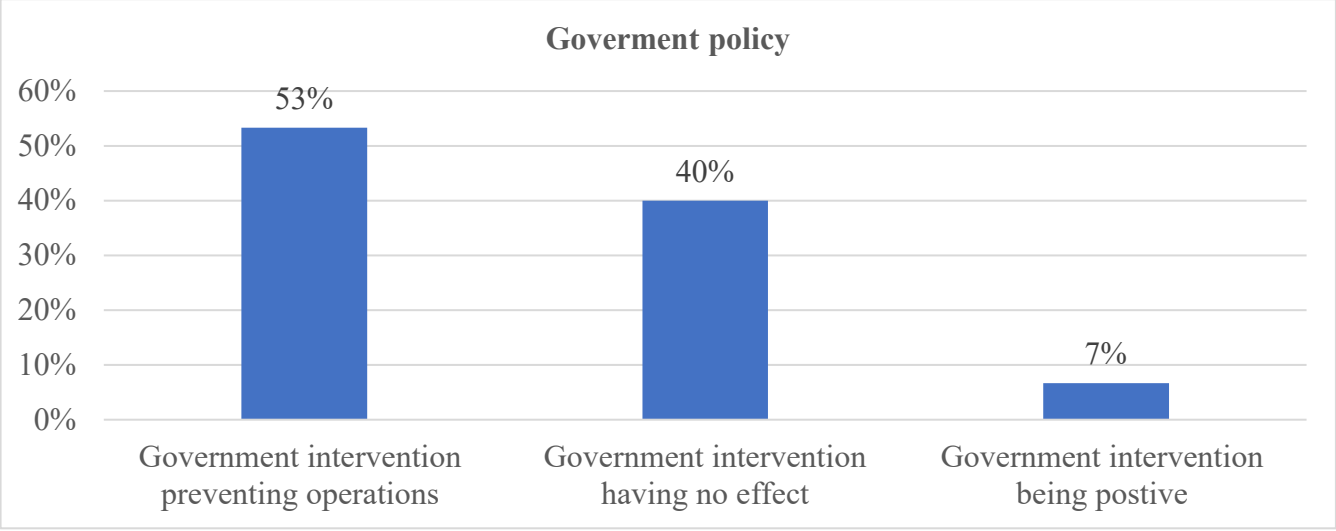
"No, and in fact our supply chain was enhanced as a result of people donating books"

"I buy for a year and a half, so my contingency plan is not to have money in the bank, but stock on the floor. The only criteria are we need electricity, if we have electricity, it's 100%. I've seen no changes, no changes at all, but I think it comes down to management and having contingency plans. My contingency plan is if I don't receive any material for next year, okay that doesn't matter. But in that year would be terrible."

According to the data, 20% of small and medium-sized enterprises (SMEs) do not regard supply chain hurdles as barriers to their sales growth or expansion. These SMEs have reported that they had not encountered any difficulties in selling their products or increasing their sales in the market despite supply chain challenges. This finding suggests that certain factors unique to these SMEs may have enabled them to overcome or circumvent supply chain obstacles.

4.2.4 Government policy

After analysing the collected data from 15 SMEs, I have identified three themes that help us understand the impact of the COVID-19 pandemic on governmental policies. The first theme is related to the number of small and medium-sized enterprises (SMEs) that were prevented from operating due to the pandemic. The second theme deals with the implemented interventions that did not affect the situation. Finally, the third theme concerns the interventions that positively impact the situation.



Theme 1: Government Intervention Preventing Operations

Eight of the Fifteen (53%) SMEs stated they were prevented from operating due to government interventions that were put in place. The following are responses from these SMEs.

"Yes, I have, I definitely have. The government jumped on the band wagon, and the problem started just after Covid, they would stop your containers at the ports. They would do bogus checks, of which they never did, because the come out is nothing, they open bogus checks and then keep it there for a week, and then they charge you a week's storage. And codes that you use to bring the same things in, now they got uneducated or misinformed, or they are basically steeling."

"We were directly affected to close down, most companies closed permanently, as they could not sustain themselves for such long times"

"Yes, due to the fact that SARS officials were also working from home due to the regulations of government our SME were negatively affected due to the fact that work are not getting done. No work no pay. Our staff also did not adopt positively from working from home and their productivity has deceased by almost 60%. The new regulation that profited travel also had a very large negative impact on our business as our extend of work requires a lot of travel to clients"

Based on the data, 53% of SMEs indicated they were negatively affected by certain government policies. These policies caused difficulties for SMEs in operating their businesses and generating revenue.

Due to the restrictions imposed by the government, some SMEs were forced to shut down completely, while others were allowed to operate only on specific days and times. This had a significant impact on their ability to function, and many reported experiencing disruptions to their operations.

The data also revealed that these policies severely impacted SMEs that were reliant on imports. When borders were closed, these businesses could not import the necessary goods and materials, leading to further disruptions and revenue losses. Overall, government policies significantly impacted the SMEs and their ability to operate and generate revenue.

Theme 2: Government intervention having no effect.

Six of the fifteen (40%) SMEs stated that the government policies that were put in place had not affected their business. The following are responses from these SMEs.

"No, we were not affected by any policy"

“Besides the lock down that obviously affected everybody, I can’t significantly say there has been policies that have been negative through all this”

“No, we didn’t, didn’t have any changes”

Based on the data analysis, 40% of small and medium-sized enterprises (SMEs) were not affected by the government policies implemented during the specified period. These SMEs could operate under normal business conditions without significant working hours or day changes. Furthermore, they could conveniently move within South Africa's borders without any restrictions. They could provide their services and sell their products without any hindrance. This indicates that these SMEs could maintain regular operations and generate revenue.

Theme 3: Government intervention Being positive.

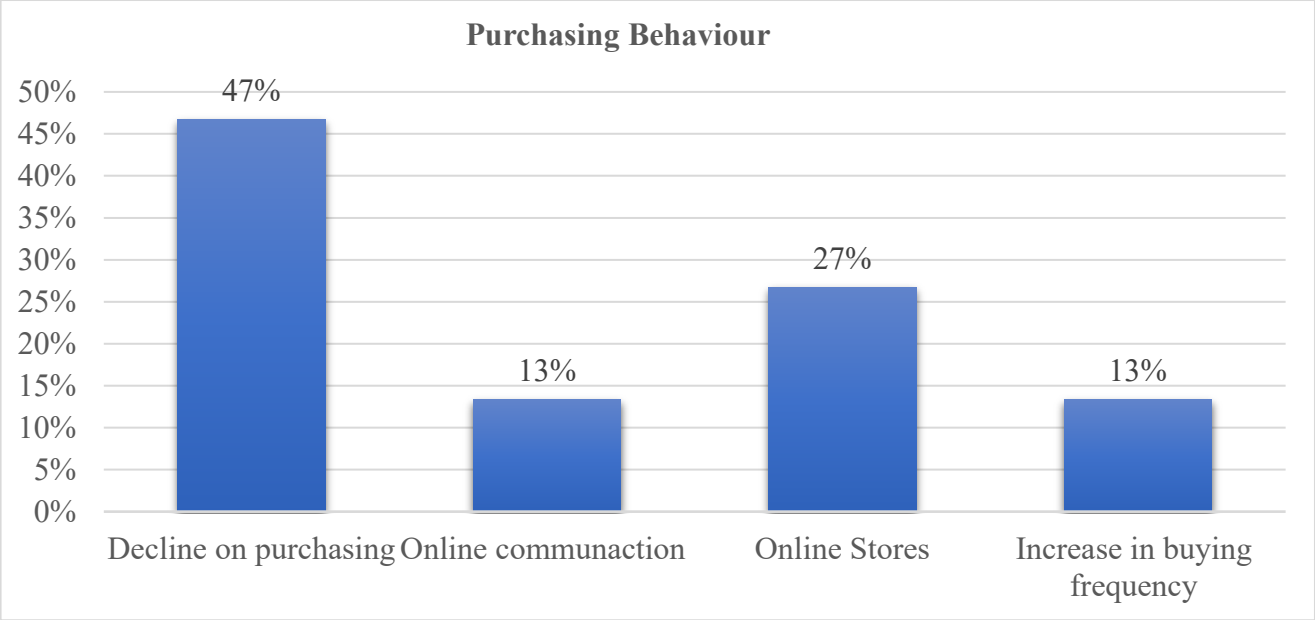
One of the Fifteen (7%) SMEs expressed satisfaction with the government's policies to support their businesses. The following are responses from these SMEs.

“I think the two is I'm section where they sort of delayed or so the PAYE and that that you could pay it that they gave you more time to get your cash flow in all order and with any changes that did take. So that was actually a positive, were the two things that they introduced. And we paid everything when we should have, you know, we kept it in. What are the legality limits of what it should be? But it just gave us a little bit of a buffer because we thought it was pandemic's going to be a month, maybe two. And then it's like extended too forever. And so, it just gave us a little bit of a buffer financially, was on the two side.”

The data showed that only 7% had a positive view of the government interventions implemented during the pandemic to support businesses. These interventions were created to prevent SMEs from incurring further financial losses due to the economic downturn caused by the pandemic. However, they clarified that these policies did not help them increase their revenue. Instead, the policies were designed to mitigate the negative impact of the pandemic on their businesses.

4.2.5 Purchasing Behavior

After analysing the data collected from 15 SMEs, I have identified four themes that can help us understand the impact of the COVID-19 pandemic on customer purchasing behaviour. The first theme is the decline in purchasing, the second theme is the shift of SMEs and customers towards online communication, the third theme is the absence of online stores for SMEs, and the fourth theme is the increase in buying frequency during this time.



Theme 1: Decline on purchasing.

Seven of the fifteen (47%) SMEs indicated that customers' purchasing behaviour had declined during the Covid-19 pandemic. The following are responses from these SMEs.

“Yes, the clients who did not cancel tried to get the insurance as cheap as possible. Clients therefore went looking for quotes elsewhere. Clients were also so focused on premiums/rates that they did not look at the additional payments, products and technical aspects in the wording. This doubled our work because we first had to make our clients aware of the small print such as increased excess payments, limited coverage etc. So that they do not step into a hole and can still make an informed financial decision. Clients have also had various items removed from their policies leading to shrinkage of business.”

“Looking in in those terms, as I say, people's budgets were cut and the 1st place that and it the first industry that feels budget cuts is advertising cause people you know the things that are so called luxurious they take away and not completely of course because they have to stay relevant otherwise, they disappear. But so, we definitely found. And budgets plummeted”

“Yes, I have observed changes in how my customers interact with my business regarding purchasing behavior. Customers are becoming more price-sensitive and more likely to shop for the best deals. It is due to several factors, such as increased financial pressure and more pricing transparency due to e-commerce. I have had to make changes to my pricing and product offerings to meet the needs of my customers, and I did not rely on online orders but on existing commitments and contracts that were signed before the pandemic struck. Some customers did not survive the pandemic, and this caused a

substantial financial loss. I believe that changes in customer purchasing behavior will likely continue in the post-pandemic world. Businesses that can adapt to these changes will be well-positioned for success."

During the interviews with small and medium-sized enterprises (SMEs), it was found that during the COVID-19 pandemic, 40% of these businesses experienced a decrease in purchases. The pandemic hurt their sales, with customers not buying as much as they used to. This was due to customers trying to reduce their costs as their companies were shut down.

It is worth noting that the decrease in purchases varied among the different SMEs, with some reporting a more significant drop than others. During the interviews, it was revealed that the SMEs that were able to adapt quickly to the pandemic by implementing online sales channels mitigated the adverse effects on their sales, while those who were unable to do so suffered more significant losses.

Theme 2: Online communication

Two of the fifteen (13%) SMEs have transitioned towards digital collaboration tools for communication. The following are responses from these SMEs.

"We don't do online selling, but we saw an increase on how customers will communicated with us, we have found that most of them have moved over to teams when having meetings with us."

"Yeah, still way we did marketing was one on one personal marketing. We go see our customers and yeah, when it happened, we just a lot of our customers work from home. We worked from home, so it's a lot more telephonic interaction. So, it is a lot more. We use social media. So, a lot more WhatsApp's and emails"

Based on the findings,13% of small and medium-sized enterprises (SMEs) have shifted their operations to online platforms or adopted digital communication channels. This transition enabled these businesses to keep in touch with their clients, suppliers, and employees using digital collaboration tools like Microsoft Teams. By doing so, SMEs have effectively overcome the challenges brought about by the pandemic and continued their operations without interruption. Through this approach, SMEs have ensured the safety of their employees and clients while maintaining business continuity.

Theme 3: Online Stores

Four of the fifteen (27%) SMEs indicated they do not use online stores. The following are responses from these SMEs.The respondents have shared their experiences.

“You got well, we don't do online shopping. Our shop is very small. It’s too complicated for us to worry about online shopping, so all our interactions are generally face to face, one on one and if anything, their interactions become more frequent and the purchases have become more rather the customers who are purchasing have become.”.

“Well, as you know, we don't have it online option and please do not check our website that needs updated but not really no they were no. There weren't any issues really. “

“Online doesn’t affect us, there’s definite significant change. Even this month, (November) customer place order and cancel 90% the following week. So, it’s a huge problem”

The data collected from a survey of Small and Medium Enterprises (SMEs) reveals that 33% do not utilize an online store to sell their products. These SMEs have cited the size of their business as the primary reason for not venturing into online sales. They believe their small-scale operation would not make investing in an online store profitable.

Theme 4: Increase in buying frequency.

Two of the fifteen (13%) SMES indicated that they experienced an increase in buy frequency. The following are responses from these SMEs.

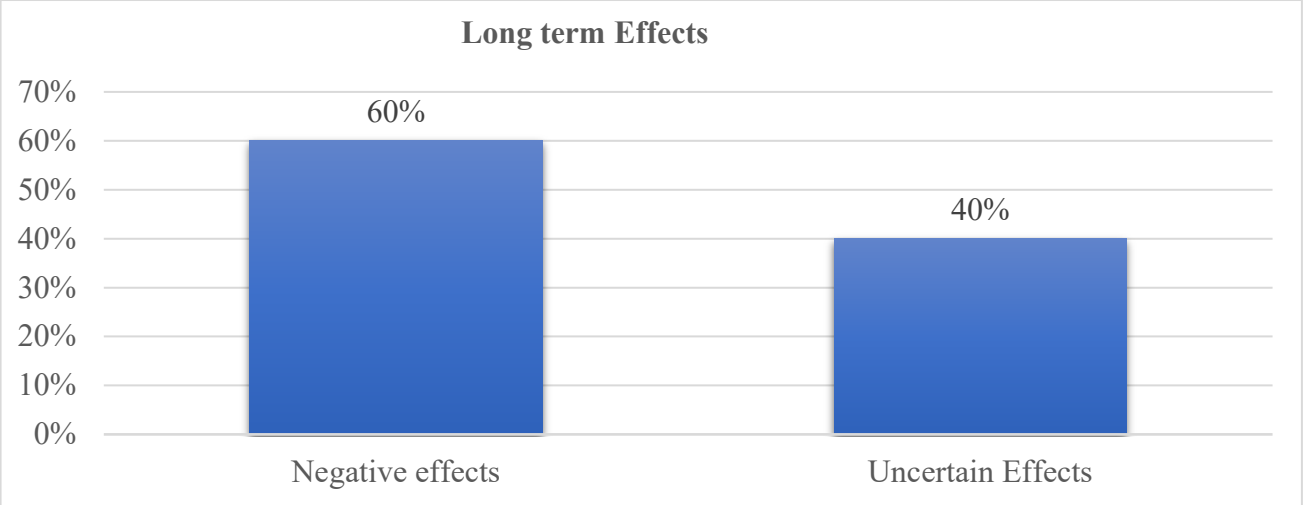
“We have found that because our services expanded in the gap in the market, our reputation together with added value has change how our customer sees us in that they request other products from us”

“No, because this is a small town, there is not a lot of online shopping, but like I said, the guys just bulked up and some bought extra water, just in case of emergency.”

According to the interviews conducted by our research team, 13% of small and medium-sized enterprises (SMEs) reported a rise in customer purchases. Upon further investigation, this increase was primarily attributed to customers' tendency to make purchases out of fear that the products they need might run out of stock.

4.2.6 Long-term effects

After analysing the collected data from 15 SMEs in question six, I have identified two themes to understand how the SMEs think the COVID-19 pandemic will impact their business regarding the five factors of the study. The first theme is whether the COVID-19 pandemic will have a negative impact, and the second is whether they are uncertain about how COVID-19 will affect their SMEs.



Theme 1 Negative Effects

Nine of the Fifteen (60%) SMEs indicated that the Covid 19 pandemic will negatively affect their business. The question was related to the five factors of this study. The following are responses from these SMEs.

"Most of our clients were left unemployed or had their salaries cut by more than half. Many clients have so far not fully recovered financially. It has a direct influence on us. So, the growth in the business is not what it should be"

"The COVID-19 pandemic and its effects will likely be felt for years. We may increasingly look to source materials and components from local suppliers to reduce reliance on global supply chains. Consumers are likely to remain price-sensitive in the wake of the pandemic. We will need to find ways to offer competitive prices without sacrificing quality. Consumers will likely continue to demand convenience, such as online shopping and delivery options. We may need to adapt to these preferences. If we can adapt to the changing market landscape and consumer preferences, we will be well-positioned for success in the future."

"Quite simple, Covid is a problem we must all abide by the policies created by government, does effect everybody. It does affect business, it does affect long term business, and that nobody can see the future and say if it's all going to change for the better or worse"

According to the interviews, 60% of small and medium-sized enterprises (SMEs) have expressed that they anticipate the COVID-19 pandemic negatively impacting their business operations. This is due to the decrease in clients, which has caused a subsequent decrease in revenue that can be generated. The SMEs are bracing themselves for a prolonged period of reduced sales and profitability as the pandemic

continues to disrupt the global economy. This has forced businesses to explore alternative measures and strategies to mitigate the financial impact of the pandemic.

Theme 2 Uncertain Effects

Six of the fifteen (40%) SMEs indicated that they are uncertain how the COVID-19 pandemic will affect their SMEs in the long run. The following are responses from these SMEs.

“Don’t think we will be impacted in the long run”

“Competition should have learnt from the past and be better prepared. This would mean that we would need to more innovative, have a better cash-reserves to carry us through.”

During the interviews, 40% of the SMEs indicated that they are uncertain how the COVID-19 pandemic will affect their SMEs in the long run.

4.2.7 Lessons learned

During the interview, the SMEs were asked if they had learned any valuable lessons or gained insights from dealing with the challenges posed by the COVID-19 pandemic. Since these SMEs were from different industries, they all gave different answers. Here are some of the respondents' answers to these questions.

“Valuable lessons is to always try and have a small back up fund, somewhere. If you don’t have a backup, there’s nobody’s going to support you. Save as much money as possible for unforeseen problems like the Covid pandemic”

“Because we manufacture our product the strategy, we have followed is making sure that our suppliers are from South Africa. This helped us over our competitors who were reliant on imports, and with the borders being closed and the cost of containers raising we were able to increase our sales.”

“The decisions you take in life affect your circumstances. The more positive you are the more positive your situation, the more negative you are the more negative your situation. You can look at the pandemic and say, "now we will close our business" or you can look at the pandemic and say: "how can we make business from this situation"”

“I can't say that I really learned anything from the COVID-19. It's just incredibly difficult and I hope from the bottom of my heart that something like this will never happen again. Covid has a ripple effect and we still feel the impact of COVID-19 to this day. We lost many good clients because they just couldn't afford it or rates were cut to the bone.”

4.3 1 Recommendations for SMEs

After analysing the data collected from small and medium-sized enterprises (SMEs) and identifying the challenges they faced during the COVID-19 pandemic, we received feedback from them in response to a question about what advice they would offer to other SMEs who also faced challenges during this period. Based on this feedback, I have made the following recommendations to help SMEs in the future if we find ourselves in a similar situation.

1. To prepare for any unforeseen circumstances, especially a pandemic, it is highly recommended that small and medium-sized enterprises (SMEs) have a contingency fund in place. This fund can be set aside for emergencies and used as a backup when SMEs cannot operate. A contingency fund can help SMEs stay afloat during these challenging times, preventing them from going bankrupt.

   During a pandemic or any other situation that may result in business disruption, it is common for the government to impose strict regulations that prevent SMEs from operating. In such cases, the contingency fund can cover expenses such as rent, utilities, salaries, and other essential costs. This will ensure that the SMEs can continue to operate even during the most challenging times.

   In addition, SMEs can use the contingency fund to purchase raw materials or stock up on inventory to keep their business running. This will help SMEs maintain their operations and give them a competitive advantage by allowing them to take advantage of market opportunities that may arise during a crisis.

   Therefore, a contingency fund is essential for SMEs to survive and thrive during challenging times. It is important for SMEs to plan and set aside funds for emergencies, ensuring they can continue operating and serving their customers even during the most challenging times.

2. Small and medium-sized enterprises (SMEs) that manufacture products often rely on a single supplier to source their raw materials. However, this approach can pose a significant challenge when supply chain disruptions arise, such as closed borders or logistical issues. To mitigate this risk, it would be beneficial for SMEs to explore collaborating with multiple suppliers, particularly those based in South Africa.

   By diversifying their supplier base, SMEs can ensure uninterrupted access to raw materials, thus ensuring smooth business operations, even in the face of unforeseen disruptions. This would, in turn, minimize the risk of production delays or shutdowns, which could have a profound impact on the company's bottom line. Therefore, it would be prudent for SMEs to consider diversifying their supplier network and collaborating with multiple suppliers to ensure business continuity.

3. To ensure a company's sustainability, it is critical to diversify the range of products or services offered. This means producing or selling more than one product or providing more than one service. By doing

so, the company can have multiple streams of income that it can rely on, even during unforeseen circumstances such as a pandemic or economic crisis.

Diversification can buffer against market volatility and reduce the company's overall risk. When a company offers a range of products or services, it can appeal to a broader customer base, increasing demand and revenue. Additionally, producing several products or services can spread the company's fixed costs, making it more cost-efficient overall.

4. Adapting to change is crucial for small and medium-sized enterprises (SMEs) to survive and thrive in today's ever-changing world. Effective leadership is essential for successful adaptation. Contingency planning is a key adaptation aspect involving preparing for potential disruptions and unexpected events. A culture of innovation and a willingness to embrace change can be fostered through ongoing training and development programs. By prioritizing adaptation and investing in strong leadership, SMEs can thrive in the face of the ongoing pandemic and other challenging circumstances.
5. During the pandemic, businesses had to cut costs to stay afloat. This was especially true for small and medium-sized enterprises (SMEs). One mistake SMEs made was relying too heavily on intermediaries to connect them with customers. However, this approach had a significant drawback. Because intermediaries often took a percentage of the profits, it increased the overall cost of the product or service. As a result, SMEs were at a disadvantage regarding pricing.

   To overcome this issue, SMEs should consider dealing with their customers directly. SMEs can offer their products or services at a lower price, which makes them more competitive. Additionally, dealing with customers directly allows SMEs to build relationships, leading to repeat business and a loyal customer base.

4.3.2 Recommendations for Policymakers

1. Supporting contingency funds is essential for small and medium-sized enterprises (SMEs). With contingency funds, SMEs can effectively navigate unexpected crises such as economic downturns, natural disasters, or pandemics. These funds serve as a vital safety net, ensuring that SMEs can sustain their operations during challenging times, thereby safeguarding jobs and contributing to overall economic stability. Having contingency funds empowers SMEs to manage cash flow disruptions without resorting to high-interest loans or emergency measures, thus promoting long-term financial resilience.
2. Policymakers can help small and medium-sized enterprises (SMEs) expand their supplier networks by offering information, resources, and incentives to connect with multiple suppliers. Having a variety of suppliers reduces reliance on a single source, which helps minimize the effects of the supply chain.

3. Policymakers should establish and endorse programs that make it easier for small and medium-sized enterprises (SMEs) to access markets directly, reducing their dependence on intermediaries. Direct market access reduces costs associated with intermediaries, leading to higher profit margins for SMEs. It also enables SMEs to reach a wider customer base, expanding their market opportunities and providing consumers with access to a greater variety of products at potentially lower prices.

   Implementing these recommendations will allow policymakers to significantly bolster the resilience and growth potential of small and medium-sized enterprises (SMEs), thereby contributing to fostering a more resilient and dynamic economy.

4.3.3 Recommendations for Academia

1. Academics should undertake research to examine the impact of contingency funds on enhancing SME resilience. By offering empirical data and best practices, such research can provide valuable guidance to SMEs in establishing effective financial buffers, enabling them to navigate economic fluctuations better. Furthermore, these research findings can offer insights to policymakers in crafting targeted measures to strengthen SME resilience.
2. Conduct research on the effects of diversifying the supply chain on the performance of small and medium-sized enterprises (SMEs) during crises. By identifying successful strategies and common pitfalls, SMEs can improve their supplier networks, ensuring stability and efficiency even in adverse conditions. Additionally, insights from such studies can be used to develop comprehensive training materials and guidelines for SMEs, enhancing their preparedness and response capabilities.
3. Supporting SME leaders with leadership and adaptation training is a crucial area where academia can make a meaningful contribution. Creating specialized training programs that focus on these skills can significantly improve SME leaders' ability to navigate crises effectively. Working with industry partners to design these programs ensures their relevance and applicability, equipping leaders with practical, actionable knowledge.

5 Conclusion

This study aimed to evaluate the effect COVID-19 has had on SMEs. When measuring these effects, I used five factors. These five factors were used to formulate questions for SMEs to understand how COVID-19 had impacted their business.

Amidst the COVID-19 pandemic, small and medium-sized enterprises (SMEs) faced the daunting challenge of maintaining financial stability. According to the data collected, 60% of these businesses experienced a negative impact on their revenue generation ability. The lockdown restrictions compelled SMEs to cease operations, resulting in significant losses. Additionally, the suppliers of raw materials were also affected, creating a domino effect of problems.

To exacerbate the situation, border closures led to a surge in transportation costs, further diminishing SMEs' margins. The pandemic also led to the closure of some clients, decreasing the market and resulting in revenue losses.

This revenue decline, in turn, created a severe cash flow problem for these businesses. With fewer funds, it became challenging for them to cover their expenses and pay their employees, leading to a decline in their financial health. These challenges significantly impacted SMEs, and many had to resort to cost-cutting measures or seek financial aid to stay afloat during these trying times.

During the interviews, it was indicated that 20% of the small and medium-sized enterprises (SMEs) had experienced a positive impact on their business due to COVID-19. The SMEs that experienced a positive impact on their business were those whose competitors were closed and other companies that were not operating during the lockdown period. This increased demand for their products and services, leading to an increase in their revenue.

One SME that benefited from the lockdown was a bookstore. As people stayed at home more, the number of people reading increased, leading to increased demand for books. This, in turn, led to increased sales for the bookstore.

Additionally, one interviewer mentioned that their clients used their services more frequently due to the lockdown and uncertainty caused by the pandemic. This may have been due to clients seeking more information and guidance during these trying times.

While COVID-19 harmed many SMEs, it also provided opportunities for some businesses to thrive.

The COVID-19 pandemic significantly impacted small and medium-sized enterprises (SMEs). One of the factors that contributed to this was a decrease in demand for their products and services. According

to the data collected among the SMEs, 47% reported declining demand for their products or services during the pandemic.

The main reason for this was that many SMEs were forced to close or could not operate during the pandemic, which decreased the availability of their products or services. Additionally, clients cut back on services due to the pandemic. For example, one SME that provides insurance reported that clients were not receiving salaries and considered insurance an expense they could cut to save funds.

The available data indicated that 40% of small and medium-sized enterprises (SMEs) witnessed a significant surge in demand for their products or services during the lockdown period. This increased demand can be attributed to the fact that many other companies could not operate during the lockdown, which resulted in these SMEs gaining a larger market share.

Additionally, SMEs also reported experiencing panic buying from customers. For instance, one SME that supplies water to mines and a small town saw a substantial increase in demand as customers were worried about the availability of clean water during the pandemic. This trend of panic buying was not limited to water suppliers only, as many other businesses also reported similar experiences.

The data analysis reveals that 13% of all the small and medium-sized enterprises (SMEs) reported that the COVID-19 pandemic did not affect the demand for their products. These SMEs were categorized as essential businesses and were allowed to continue their operations during the pandemic. This exemption allowed them to provide their products to their customers without any disruption in demand.

According to the data, during the COVID-19 pandemic to assess the supply chain issues faced by small and medium-sized enterprises (SMEs). The data found that 47% of the SMEs experienced supply chain problems. These problems were due to the lockdown and closed borders, which made it difficult for SMEs that relied on imported raw materials to get their supplies into South Africa. As a result, they experienced production delays and could not meet their customers' demands. Furthermore, the SMEs indicated that the lockdowns increased shipping costs for those importing goods from outside South Africa. This affected their profit margins and made it difficult for them to remain competitive. In conclusion, the COVID-19 pandemic significantly impacted the supply chain of SMEs in South Africa, highlighting the need for more resilient supply chain systems.

The data reveals that 13% of these SMEs had their raw material or stock suppliers based in South Africa, which meant they faced no obstacles in procuring these goods. On the other hand, 20% of the SMEs indicated they did not encounter any issues as they were service-based companies. One example of such a company was an insurance company that only provided services to its clients and did not rely on physical goods.

The COVID-19 pandemic has significantly impacted small and medium-sized enterprises (SMEs) globally. One significant factor that influenced these SMEs was the government's policy. According to the data collected, 53% of SMEs reported that the policies put in place had caused harm to their businesses.

The implemented policies included closing businesses during lockdowns, restrictions on operations, and border closures. As a result of these policies, SMEs struggled to obtain raw materials, pay increased transportation costs, and lost clients.

The closure of businesses during lockdowns resulted in SMEs losing their source of income, severely impacting their cash flow. Moreover, restrictions on operations made it difficult for SMEs to operate effectively, causing them to face challenges in maintaining their workforce and meeting their financial obligations.

Additionally, border closures resulted in SMEs struggling to obtain raw materials from suppliers, which, in turn, impacted their ability to produce goods and services. The increased transportation costs further compounded the problems, leading to a decline in profitability and financial instability.

7% of the SMEs indicated that the government policies positively affected these SMEs. With the one, SMEs indicated that due to the lockdown, they had more customers purchasing their products to use at home.

According to the data, 40% of small and medium-sized enterprises (SMEs) indicated that the policies implemented did not affect their business operations. These SMEs could operate as usual and did not face any issues related to stock management, sales, transportation, or other relevant business aspects. This suggests that these SMEs could easily adapt to the new policies and regulations while maintaining regular operations without significant changes.

The latest factor studied was the purchasing behaviour of small and medium-sized enterprises (SMEs) and how the COVID-19 pandemic affected their customers' habits. 40% of these SMEs reported decreased client purchases during this period. The reasons for this decline were that customers were not operating normally, which made it difficult for them to buy products. Additionally, customers were cutting costs by reducing their spending and services that were not essential at the time.

According to the study findings, 60% of small and medium-sized enterprises (SMEs) are apprehensive about the long-term negative effects of the COVID-19 pandemic on their business. This study data provides valuable insights into the pandemic's negative impacts on SMEs and highlights the negative impact on the five factors while assessing their performance.

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