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The efficacy of the South African COVID-19 pandemic government relief programs for South African SMMEs

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The efficacy of the South African COVID-19 pandemic government relief programs for South African SMMEs

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A research report submitted to the facility of Commerce, Law and Management , University of Witswatersrand, in partial fulfilment of the requirements for the degree of Master in Business Administration

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DECLARATION

I, Hammaren Govender, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master in Business Administration in the Graduate School of Business Administration, University of Witwatersrand , Johannesburg. It has not been submitted before for any degree or examination in this or any other university.



Hammaren Govender

Signed at ……Denmark……. on the ….13th ……DAY of ……January ….2023.

DEDICATION

I dedicate this thesis to my family (wife and son) for the endless support during my time of studying, late hours, silence whilst studying. I am truly blessed, my wife for her I have no words to describe , you never seem to amaze me and I am the best I can be with you always by my side.

Special dedication to my mum who has worked tremendously hard to get me through my schooling years as a single parent and not allowing me to go down the wrong path. At the end of my Grade 12 year, she whispered “I did what I could to get you through school with the little she had.” I hope this achievement is what she hoped I will persevere towards; the journey has been a long bumpy one, but we finally got here.

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I am sincerely grateful to my family wife (Lucentha)and my son (Ayrton). When I embarked on this journey, I had not realized the time and effort involved. Lucentha has been super supportive throughout this journey. I also missed some valuable time with Ayrton as he was just a year old when I decided to start. I would have not got to this stage without their understanding and support.

Also, a very special thank you to Mr James Gerson – who was my executive at General Electric. At the time of employment, I had no formal qualification and his famous words to me “Time waits for no man” he literally told me leave the office and go find something to study then return. I started with and Bachelors in Business Administration via Management College of South Africa thereafter my Postgrad Industrial Engineering via University of Witswatersrand and finally here completing a module as a requirement for degree in Master of Business Administration. If it was not through his influence and drive to get me started I probably would have not.

SUPPLEMENTARY INFORMATION

Supervisor: Mr Neale Penman

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Supplementary files : APPENDIX A: QUESTIONNAIRE

† Including Executive Summary, References, etc.

ABSTRACT

The study examined the The efficacy of the South African COVID-19 pandemic government relief programs for South African SMMEs. The research objectives of this study are as *follows to determine the impact of Covid-19 on SMMEs in South Africa and to identify and investigate the efficacy of the Covid-19 intervention programs for SMMEs that have been introduced by the government and financial institutions in South Africa*.

The sample of the study was 423 core individuals representing the SMMEs which operate within South Africa. Probability random sampling was used as the sampling technique which was used to invite individuals who are business owners regarded as the SMMEs owners to participate in the study. Survey Monkey was used to sample SMMEs on LinkedIn, Facebook and Twitter. The collected data was evaluated using IBM SPSS version 26 to compute descriptive statistics.

The study found out that SMMEs within South Africa were severely impacted by the Covid-19 pandemic. However, some were affected more than others. Moreover, the intervention programs that were identified in this study are: i) financial incentives from government and/or financial institutions, ii) credit extension from government and/or financial institutions, iii) special credit for SMMEs with lower rate from government and/or financial institutions such as the Small Enterprise Finance Agency (SEFA) funded loans, iv) SARS Tax relief measures and v) support from the government and/or financial institutions through business growth/resilience , Spaza support structure, Covid-19 farming disaster provision fund, tourism relief fund or loan guarantee scheme. Nonetheless, the majority of SMMEs in this study indicated that they did not benefit from this intervention at all.

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CHAPTER 1: INTRODUCTION & BACKGROUND

1.0 Introduction

The study investigates the impact of Covid-19 on SMMEs in South Africa and the efficacy of the intervention programmes that were enacted to help them during the pandemic. This chapter gives an outline and background to this study in which the research problem and objectives will be outlined.

1.1 Background to the study

Brand South Africa (2018) states that South Africa has strategic plans in place to promote radical economic transformation and social cohesion for enhancing access employment opportunities and power reduction through enterprise development. SMMEs are part and parcel of the enterprise development mandate and organs of the government have a responsibility to create policies and a conducive environment for businesses including SMMEs. As part of facilitating enterprise development, the South African government has various legislative tools at its disposal. These include Industrial Development Corporation Act of 1940, National Small Enterprise Act of 1996, Business Act of 1991, Preferential Procurement Policy Framework Act ((PPPFA) of 2000, and Broad-Based Black Economic Empowerment(BBBEE) Act of 2008 amongst others. According to Department of Small Business Development (2018), the government has the responsibility and mandate to provide access to finance to ensure that state organs act in such as a way to facilitate and promote skills development, free-lancing and growth of SMMEs.

In this regard, the government is an enabler of SMME growth and with targeted support it can spearhead the SMME in several ways. Firstly, the government can boost the SMME seek by creating an environment that enhances the entrepreneurial culture through the creation of programmes or policies that prioritises SMMEs and facilitates their growth (Rajagopaul, Magwentshu and Kalidas, 2020). Secondly, the government can also help entrepreneurs to develop the skills and capabilities they need to rapidly recover from the pandemic (Rajagopaul et al., 2020). Thirdly, the government also needs to identify SMMEs high growth potential so that they may fund and support them even if their businesses have not become profitable (Rajagopaul et al., 2020). Fourthly, the government can also take note of the impediments that the SMME sector is facing and use that information to create specific and focused intervention to unlock growth (Rajagopaul et al., 2020).

However, it is apparent that the covid virus pandemic has triggered a massive disturbance to the way businesses operate. According to the Tralac (2020:online), "*the pandemic will affect the South African economy in very deep and significant ways*". Prior to the pandemic and lockdown restrictions, South Africa's economy was struggling (World Bank, 2018) and most SMMEs were barely surviving. It remains to be seen whether the additional push from the pandemic will send the country down the cliff. Furthermore, it is postulated that most SMMEs are more likely not to survive or see the end of the Covid-19 pandemic (Rajagopaul et al., 2020), this can be attributed to the heavy commercial and economic pressures that the SMMEs will face during the lockdown restrictions (Rajagopaul et al., 2020). Additionally, the impact of this pandemic is likely to vary across industries and may also be dependent on the agility of individual organisations. Nevertheless, it has been highlighted that the economy of South Africa is largely dependent on the contribution of SMMEs. Moreover, small businesses are more likely to suffer from current Covid-19 pandemic relative to bigger and more established organizations. Studying the impacts of the pandemic on their organisation operations and the impact of Covid-19 relief intervention programs from government and financial institutions is integral. This is because in South Africa, SMMEs play a major role in South African economy by embodying more than 98 percent of organisations, furthermore is responsible for the employment between 50-60 percent of South Africa's workforce across all the various sectors and accountable for quarter of the job growth in the private sector. (Rajagopaul et al., 2020:3).

Furthermore, post the industrialisation, SMMEs have contributed significantly to the economic growth and innovation of both industrialised and emerging countries (Sippitt, 2014). Consistent with this, South Africa relies on SMMEs to create jobs and reduce the high unemployment which has plagued the country (Dladla and Mutambara, 2018).

In light of this, the sustainability of the SMME sector is important and integral to the overall growth and recovery of the South African economy.

1.2 Problem statement

About 90% of businesses around the world are SMMEs and they provide approximately 50% of the employment (International Labour Organisation, 2018). In South Africa, SMMEs contribute about 50% towards the country's (GDP) gross domestic product and provide approximately 64% of the jobs in the country (Department of Small Business Development, 2018). In this regard, the importance and significant of SMMEs in South Africa cannot be underestimated. When the Covid-19 pandemic hit the world including South Africa, many

businesses were affected, and operations could not continue as usual. This has undoubtably affected both large and small enterprises; perhaps disproportionately more on SMMEs. According to Dladla (2021), South Africa being a service-based economy its future is at risk and as reported by Rajagopaul et al. (2020), the service industry was the most affected by the pandemic due to lockdown restrictions.

Rajagopaul et al. (2020) states SMMEs are less resilient to extreme business environments because they typically have inadequate cash reserves, reduced clientele base and limited capacity to with commercial burdens. This makes them vulnerable and therefore necessitates the need to study the impact of the pandemic on them.

Many studies were conducted around the world to evaluate impact of Covid-19 on SMMEs. Some of the studies were related to finding the cure for Covid-19 and other where on the effects of the Covid-19 on businesses and society (Dladla, 2021). Nonetheless, studies conducted in South Africa have largely focused on the challenges that the pandemic has brought on SMMEs. But there is little or no evident of studies that have addressed the efficacy of intervention programs for SMMEs from the government and financial institutions. Furthermore, before Covid-19 the unemployment rate was at 29.1% in the fourth quarter of 2019 (STATSSA, 2019) but in the first quarter of 2021 it has risen to 32.6% (STATSSA, 2021). Recently the unemployment rate has been updated to 34.4% (Omarjee, 2021). Clearly, this calls for further investigation as SMMEs contribute a great deal to the level of employment in South Africa.

Moreover, with the view that the government and financial institutions have created Covid-19 relief intervention programs for businesses including SMMES. The study of the efficacy of these intervention programmes on the sustainability of SMMEs is the research gap that this study seeks to cover as there are no other similar studies in literature.

1.3 Research objectives

The research objectives of this study are as follows:

- To identify the COVID-19 relief program offered for South Africans
- To investigate the efficacy of the Covid-19 intervention programs for SMMEs that have been introduced by the government and financial institutions in South Africa.
- To determine the impact of Covid-19 on SMMEs in South Africa,

1.4 Research questions

The research questions of this study are as follows:

- What intervention programs were introduced by the government and financial institutions?
- How effective have the Covid -19 interventions programs supported SMME's in South Africa
- What strategies are the South African SMMEs employing to remain sustainable during the Covid-19 pandemic?
- What challenges did SMMEs are face during the Covid-19 pandemic?

1.5 Significance of the study

The potential outcomes of this study may produce strategies that may be helpful in making SMMEs more resilient when facing adverse business conditions. This is beneficial to the SMMEs as they may benefit from the strategies and recommendations from the study to enhance their business operations and strategies. Yet still, the government of South Africa may also benefit from this study. Recommendations on policy improvement may stir the government in the direction that may help to facilitate the growth and development of SMMEs. Additionally, academics, researchers and other interested stakeholders may also benefit from findings from this research study. The next section is the literature review of the study.

1.6 Chapter organisation

The chapter organisation of the study was as follows:

Chapter one gives an introduction and background to the study in which the problem statement and objectives of the study were laid out.

Chapter two discussed the literature and relevant theories to this study.

Chapter three discussed the research methodology of the study was outlined.

Chapter four outlines the data analysis and interpretation of the findings.

Chapter five gives the conclusions and recommendations to the study.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

In this part of the study, author will be investigating proven authority on the impact of Covid-19 on SMME's, together with discussing what these authorities has researched on this topic. Author will also investigate authority relating to strategies that SMME's can implement to recuperate from the impact of COVID 19 as well as the assistance that government and other institutions provide to SMME's.

2.1 Resource dependency theory

The resources dependency theory advocates that organisations endeavour to secure and/or control strategic and key resources that are integral to their functioning (Pfeffer and Leong, 1977). In this regard, organisations depend on social relationships and networks to access resources which may be controlled by external entities (Pfeffer and Salancik, 1978). The nature of the power dynamics in these relationship networks is influenced by the number of critical resources controlled by each organisation. This implies that organisations that control critical resources that other organisations need will exhibit more power within the framework of relationship network. In light of this, resource dependency theory states that organisations seek autonomy which is achieved through reducing dependency on other organisations (Oliver, 1991). Moreover, the theory acknowledges that organisations rely on the external environment which is composed on other organisations that may seek to utilise their control on critical resources to exercise power on other organisations (Wry, Cobb and Aldrich, 2013).

Furthermore, the level of resource dependency that an organisation has and the level of effort that is required to access those resources will determine the strategies that an organisation will use to gain to resources (Katila, Rosenberger and Eisenhardt, 2008). Typically, large organisations have greater access and control over resources relative to small businesses. This means large organisations as they are more established and with strong financial backbones will have power over small organisations in their relationship network (Daily, McDougall, Covin and Dalton, 2002). In some cases, national governments create policies and intervention programs to support the growth and development of small organisations. This more often than not, levels the business environment allowing small businesses to compete in the market. Moreover, the characteristics of the environment which depends on the concentration of organisations, munificence and interconnectedness between the organisations influences the extent of interdependence between organisations (Malatesta and Smith, 2014).

2.2 Impact of Covid-19 pandemic on SMMEs

SMMEs do not operate in a vacuum but their businesses are subject to macro- and micro-economic factors. According to Catalyst for Growth (2020), macro-economic factors external and outside the control of the organization; whilst, micro-economic factors are within the grasp and control of the organization. In this regard, the macro- and micro-economic factors that affect SMMEs are discussed in the following subsections.

It has been reported that the expansion of SMMEs in Africa is hindered through poor management, absence of financial backing, scarcity of skills and expertise ,corruption, weak infrastructure and inadequate profits (Zeidy, 2020). The coming of the Covid-19 pandemic has provided supplementary burden to the SMMEs and without relief intervention programs from government and financial institutions they are unlikely to sustain their businesses. As a result of lockdown restrictions, many SMMEs will not be able to resume their businesses (Dladla, 2021) and approximately 60% of SMMEs may go out of business for good before even the pandemic is over (Rajagopaul et al., 2020). Therefore, it becomes imperative for the administration of South Africa to protect and provide provisions to SMMEs during the pandemic whilst ensuring that jobs and the livelihood of people is maintained (Dladla, 2021). The Covid-19 pandemic has created problems from SMMEs from both supply and demand side. Some businesses have suffered from the reduction of their labour force as some of the employees may have contracted the corona virus or may need to help their family member who need assistance (Zeidy, 2020).

Furthermore, the quarantine and/or lockdown restrictions has resulted in the lack of capacity utilisation. Additionally, the Covid-19 pandemic has negatively disrupted business logistics management leading to deficiency of goods and basic materials (Zeidy, 2020). On the contrary, the demand side of business is also negatively affected due to the sudden reduction in demand and revenue which severely affects the cashflow and liquidity of SMMEs. Also, this is further exacerbated by the reduction in consumer spending due to loss of jobs and pay cuts (Zeidy, 2020). Most SMMEs have intensive business operations which make them more vulnerable to lockdown restrictions and have also lower liquidity reserves which further exposes them.

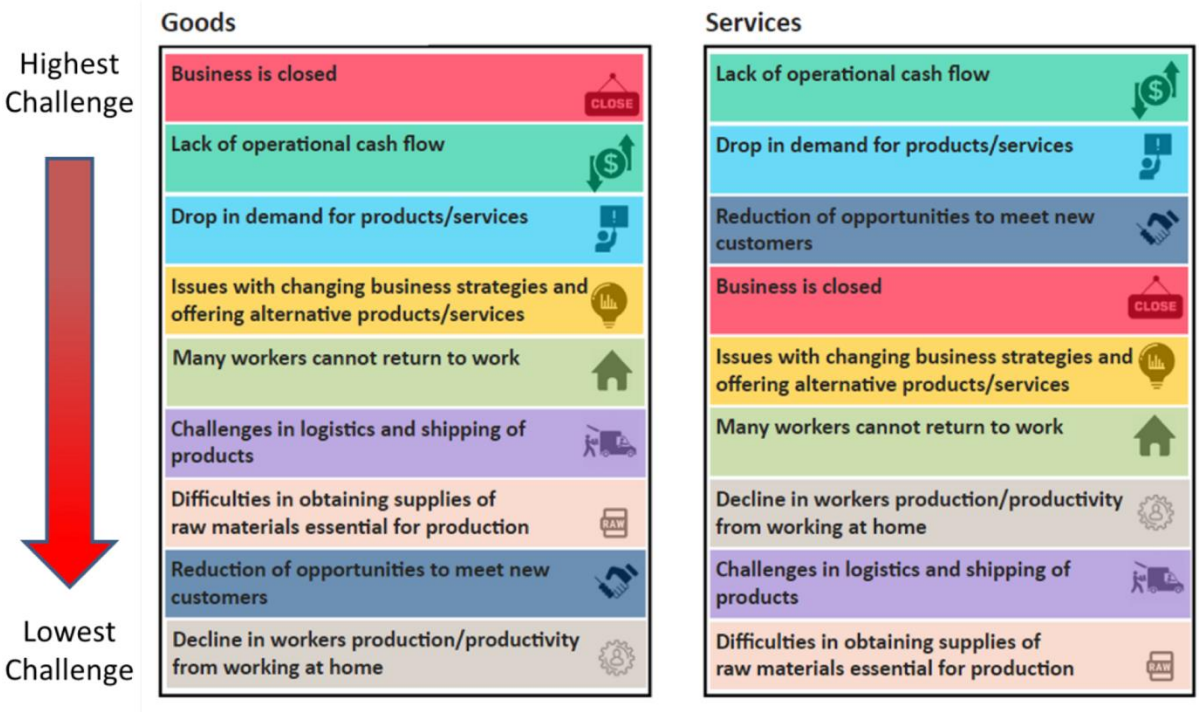


Figure 1: Top challenges faced (from highest to lowest) by companies by main business sector

Source: UNECA (2020:3)

According to UNECA (2020), businesses in the goods and services industries are being affecting the Covid-19 pandemic differently as illustrated in Figure 1. For the goods industry the top three challenges were business closure, lack of operational cash flow and reduction in demand whilst in the services it was lack of operational cash flow, reduction in demand and reduced opportunities to meet prospective customers.

According to Wegerif (2020), fresh produce sellers who had stock before the lockdown announcement in March 2020 suffered huge losses and may not come back from this setback. Furthermore, most the SMMEs lost to big corporates the right to participate in the economy as essential services as many of them were regarded as unsafe and unhygienic in relation to the strict Covid-19 health protocol requirements (Wegerif, 2020). Nonetheless, Kassen, Felix and Brandt (2020) argued that the South African government could have assisted SMMEs to meet the Covid-19 health protocol thereby saving jobs and reduces congestion in chain stores and supermarkets. This could have "killed two birds with one stone" as the rate of infection could have been reduced whilst minimising the economic suffering of SMMEs and preserving jobs.

The effects, impact and trends of Covid-19 lead to major disruptions within the SMME's industry. Hayes (2022) states a market disruption occurs when markets refuse to function

normally, which can also be attributed to a global pandemic, and is generally noticeable by drastic market decline. Physical pressures to the stock exchange or unbalanced trade might cause market disturbances and even economic collapse. In either situation, the interruption causes extensive scare and resulting in a chaotic market. Ernst & Young (2017) shares her view pertaining to disruption and states that organisations cannot afford to fall back on traditional solutions when dealing with disruption and megatrends. Businesses will be able to question the current paradigm and build new business models by embracing creativity, entrepreneurial spirit, diversity, and inclusivity. They can satisfy the changing demands of customers by developing robust and responsive ecosystems and promoting collaboration in previously unforeseen places. These kinds of innovative activities will be crucial in showcasing the benefits of disruption.

Bullough and Renko (2013) is of the view that while organisations overall, and entrepreneurs have revealed strong levels of commercial flexibility, whilst Pedauga, Sáez and Delgado-Márquez (2022) states that the economic shocks resulting from the lockdowns have disproportionately impacted SMMEs. Sun, Zeng, Zhao, Simkins and Cui (2022) found that the majority of SMMEs faced financial losses as they had to postponed work restart, encountered diminishing market demand and along with logistics and crowd flow constraints. Zutshi, Mendy, Sharma, Thomas and Sarker (2021) is of the view that the Covid-19 pandemic is wreaking havoc on all aspects of business, but its impact on SMMEs is particularly devastating. Large corporations would employ all available ways to reclaim their volumes and margins in the post-Covid-19 era. Large corporation's zealous efforts may well drive tiny enterprises out of the market. SMMEs must get their act together if they want to recapture their area and regain a major market share. Author will now discuss the impacts (disruption) of Covid-19 on the SMME.

2.2.1 Impact of Covid-19 on the SMME raw materials supply

2.2.1.1 Uncertain supply

Alonso, Gregory, Field and Kirchain (2007) states that the value of raw materials is clear to those who work upstream, extracting, refining, and processing raw materials into finished goods. In this regard, the effect of uncertain supply of raw material, throughout the Covid-19 pandemic, within the small business led to high production cost, increased lead time, reduced product reliability as well as a wastage of time and materials.

Juergensen, Guimón and Narula (2020) is of the opinion that although it is hard to predicts the full economic impact of the pandemic, its external impact on small business is already unprecedented. SMMEs have already encountered major logistical challenges due to a

disruption of labour and transportation services. Zutshi et al. (2021) iterates that the 5R principles (refuse, reduce, reuse, repurpose and recycle) can be applied to all dimensions of organisation and sectors in the present Covid-19 situation, with finite resources and a constantly shifting terrain.

2.2.1.2 Unstable price

During the Covid-19 pandemic most SMMEs experienced the impacts of unstable prices and a rise in material cost. According to Clarke (2011) raw material costs have a substantial influence on the success of small organisation within Europe as well as other countries. The price of raw materials was cited by 91% of respondents as a major factor affecting current business performance, followed by economic forecasts (63%) and competitive pressure (42%). According to De Boer and Van Bergen (2012), companies who are incapable to protect themselves from the pressures of scarcity will foresee major difficulties in terms of financial performance, growth, and long-term competitive advantage. Locking long-term supply in a cost-effective and sustainable manner is becoming a corporate requirement. It is clear from the sources citied that the increase in raw material prices and unstable prices which was experienced by SMME's had a substantial effect on how they conducted business and how it impacted their bottom line.

2.2.1.3 Inconsistent quality

Another impact that Covid-19 had on the SMME is that quality became inconsistent due to the proof quality of raw materials, suppliers closing and logistical constraints. Morgan (2019) is of the view that inconsistent quality could have had a wide range of effects on a small business, from production and viability to client happiness and public impression. Furthermore, inconsistent quality had an impact on a small business overall operating cost. Some other consequences of poor quality due to the Covid-19 pandemic includes increased insurance payments, inflated legal fees, reduced reputation, loss of goodwill, amplified product obligation claims, increased product recalls and Increased warranty costs. Author will not discuss in effects on inconsistent quality can have on SMME's.

Slack (2021) states that the cost of poor-quality equals money due to loss of productivity level. Systems fail if a business utilises inferior quality parts, irrespective of whether superior-quality parts are also used. Inferior value parts can lead to mechanical failures, work slowdowns, and even stoppages. Segrest (2011) states that in terms of productivity issues, poor quality costs a business money. Systems fail if a business utilises inferior quality parts, irrespective of whether it also uses superior-quality parts. Inferior quality parts can cause mechanical

malfunctions, work slowdowns, and even stoppages. Segrest (2011) is of the view that in a business, quality has a direct impact on expenses. While adopting cheaper components and equipment may save money momentarily, in the distant future expenditures may be far higher. Neu, Gehlhaus and Shatz (2020) stated that SMMEs are struggling to handle fixed operational costs such utilities , rent and insurance and mortgage payments, due to a lack of resources during the pandemic.

2.2.1.4 Low stock in factory

From the authority above it was established that there was inconsistent supply of raw material and questionable quality linked to supply chain challenged due to the Covid-19 pandemic, it gave rise to low stock level in factory warehouses. Chan (2016) is of the opinion that poor inventory management puts small business in a logistical and financial bind. Greater rates of inefficiency, lower productivity, higher operating costs, bolstered working capital, considerable decreases in reaching customer service targets, and thus an ailing bottom line describe this situation.

2.2.1.5 Long lead or delivery times

Aidoo, Agyapong, Acquaah and Akomea (2021) states that as the number of coronavirus infections rises rapidly, governments worldwide took steps to stop the infectious virus and protect mankind. Lockdowns, shutdowns, border closures, and event prohibitions are examples of such tactics. These steps have aided in slowing the spread of the Covid-19 virus and alleviating the strain on all countrywide healthcare organisations. However, these actions, as a result, endanger the global survival of businesses. Borad (2022) is of the view that long lead times due to Covid-19 can have the following impact on small businesses:

- Increased financial cost due to higher working capital – Due to increase lead times, small businesses must hold larger inventories to ensure order fulfilment which increases the capital required.
- Reduced productivity – You may operationally prepare for little or zero downtime when lead times are correctly anticipated and understood by both parties, allowing you to produce at a higher rate and meet demand to a higher level.
- Reduced edge over rivals – A shorter lead time is nearly always more appealing to clients. If company A has a 3-day lead time and company B has next-day delivery, company B is more likely to win the sale.
- Reduced customer satisfaction – Leaving aside the competitive advantage of shorter lead times, customers and clients will be more delighted with your services if they are

delivered faster. The increased value of shorter lead times will increase customer loyalty and increase future income.

- Decreased profitability and increased spoiled goods which have lower lead time – Downtime and waste all cost money, whether it's in the form of storage fees or the cost of ruined, unsellable commodities. Reduced lead times equals increased profitability and can only reduce lead times after determining current lead times.

2.2.2 Impact of Covid-19 on the SMME workforce

2.2.2.1 Refusal to work due to health concern and absenteeism

Cushard (2017) is of the view that individuals, teams, and the business as a whole are affected by absenteeism, which puts a strain on production and profitability. This is also the situation during the Covid-19 pandemic. By identifying and addressing the core causes of absenteeism (including due to the Covid-19 pandemic) and taking steps to solve those issues, business may have a direct impact on organisational performance and employee morale. According to the Australian Bureau of Statistics (2022), over one-fifth of employing organisations had employees who were unable to work owing to Covid-19-related concerns. Self-isolation or quarantine requirements (82%) and Covid-19 symptoms or illness (73%) were the most common explanations. Kocakülâh, Bryan and Lynch (2017) found some of the effects of high absenteeism on the small business include low employee morale, low productivity, increased costs. Lu, Wu, Peng and Lu (2020) further stated that the scarcity of human capital and the growth rate of labour cost caused by low employee attendance put burden on SMMEs' manufacturing operations. It can be difficult to maintain productivity when there are a rash of spontaneous absences, even with individuals covering for employees who call in. When employees call, the rest of the team is unprepared to complete the responsibilities that the missing employee is responsible for. Absenteeism has an impact on special initiatives, deadlines, and vital jobs. When the employees are unable to complete their tasks due to absenteeism, productivity suffers, and the businesses bottom line suffers.

Lu et al. (2020) states that another effect of unscheduled absenteeism in the workforce due to COVID and in general, is that you may have to pay other employee’s overtime to cover the task. The employer is thus stuck paying the employee who called in, the usual wage for the person who showed up for work that day, and the overtime that employee was compelled to work to compensate for the absent employee. Kocakulah, Kelley, Mitchell and Ruggieri (2016) states found that absenteeism accounts for 15% to 20% of total indirect and direct payroll costs in Canada. When multiplied by the total employed populace, it adds up to 9 workdays missed for every full-time employee, resulting in wage losses of over $16 billion. Beraha and

Đuričin (2020) stated that business closures due to COVID 19, that are only temporary can result in lasting job losses, and reduced job vacancies can give enterprises with heterogeneity. In such circumstances, SMMESMMEs may, during the COVID 19 pandemic, face extraordinary obstacles such as shifting business models, reduced ability to repay loans.

2.2.2.2 Human resources costs

Cushard (2017) found that when an employee is absent due to any reasons, including the Covid-19 pandemic, the human resources department must either find a temporary substitute for the day or work with departmental managers to reassign existing staff to compensate for the lost output. Bassey and Tapang (2012) provided information that was found in their study of Human Resources cost which revealed that human resource expenses (remuneration, protection, and dismissal/compensation) are fundamental elements of workforce resource expenses and have a considerable impact on business productivity

2.2.2.3 Lower labour productivity

Sun et al. (2022) found that firms' production and operation processors have been severely harmed as a result of numerous burdens from inactivity, decreasing order book, unstable plans, and employment challenges created by the pandemic, particularly for SMMEs with limited scalability and lower risk management procedures. As work morale in business lowers and absenteeism increases due to Covid-19, the productivity of the labour force reduces. Seth, Ganaie and Zafar (2020) stated that in Pakistan, the consequences of Covid-19 pandemic on Small and Medium Enterprises (SMMEs) have been assessed and it was found that it caused a reduction in manufacturing, a disturbance in the supply chain, and economic calamity for the majority of the country's SMMEs. Saviom (2021) indicates that low labour productivity specifies that human capital is not utilising their expertise and capabilities to achieve the standard they are capable of which adversely affects the company resource budgets. Some of the implications of low labour productivity in general, but also due to Covid-19, includes reduced profitability, lower team morale and employee engagement, low utilisation of workforce together with lack of motivation, delays in project completion and high staff turnover. Saviom (2021) further refers that employee performance suffers as a result of lower work rate (or productivity), which has an impact on the value of output. When customers are dissatisfied with a product, profitability suffers. Furthermore, spending time and money on resources that aren't operating well reduces profit margins. This is because manufacturing expenses are higher than or nearly equal to billing costs. As a result, productivity is a primary determining element in the organisation's profit margins.

Saviom (2021) states that when productivity declines, it has an impact on team confidence and engagement. Managers will begin to notice a decrease in their employees' initiative. Employees, on the other hand, will be uninterested in resolving project challenges. Employee disengagement leads to a loss of team spirit. When work isn't moving forward as planned, or team members don't feel appreciated, their performance suffers. This may eventually result in their departure from the business.

Saviom (2021) is further of the view that employees may be fully used, but it does not mean they are productive. There's a potential they're wasting time on non-billable operations or administrative responsibilities. This will lower their output even more. There is always a danger that other staff will be overworked to compensate on high priority assignments .Another key cause of reduced work-rate is over-utilisation. As a result, one employee's low productivity has a ripple impact on the whole team, resulting in poor overall performance. He is further of the view that in the corporate world, innovation is the pivotal in gaining a competitive edge. Employee's inspiration will be at a low if they are not operating at their best owing to low output. They will even be unable to give solutions to the current challenges.

Saviom (2021) view is that inefficiency spreads throughout the company as a result of low productivity. Starting with low team morale and progressing to a group of unmotivated personnel, it finally leads to missed deadlines. Productivity is defined as the ability to accomplish more in a smaller amount time. When it is declining, project targets will be missed, causing client dissatisfaction. When the business fails to complete a job on schedule, clients will hunt for different opportunities. Competitors will take advantage of the situation, resulting in the loss of a current customer. He is further of the view that when employees are unproductive, an outside influence is required. However, if their managers are also behaving negatively, the work environment will become poisonous. Roughly twenty percent of the workforce have left their jobs in the past 5 years. The cause was a poisonous work environment, clearly demonstrating the correlation between toxicity and workforce turnover. Current staff will depart from the company. Furthermore, by spreading the news about the poisonous workplace culture, the business is frightening away potential employees.

2.2.2.4 Poor work attitude

Additional challenge faced by SMME's through the COVID 19 pandemic was an surge in poor employee attitude. Suleiman (2013) is of the view that poor attitude has been and continues to be a source of concern for owners, regulators, consumers, and certain co-workers because of its relevance in organisational development. McQuerrey (2019) provides some effects of a poor attitude on the small business which include poor performance by the employee, reduced

quality of work and goods produced and poor customer engagement which can all lead to profits plummeting. Deans (2018) found that when personnel have a undesirable attitude are more probable to be disconnected and conduct their jobs with minimal determination and little to no regard for the quality of their work. A combination of a bad attitude and lack of interest can come with a cost to a small organisation and should be confronted, because the same employee with a change in attitude can quickly reverse their productivity levels and quality of work. Deans (2018) further states that when it comes to client happiness, attitude is key, and it has a direct impact on the business. Customers may become disengaged and build a level of annoyance if confronted by an employee with negative attitude, being a hassle, does not have their interest at hand and reflects an unconcerned behaviour. They're unlikely to handle challenges, make consumer proposals, keep the place clean, or keep the merchandise stocked. Deans (2018) shares that there are less people to even out the bad, small businesses with negative personnel have more to lose than larger businesses. Small businesses require dedicated employees who are prepared to go above and beyond to accomplish their job responsibilities, assist other departments and co-workers, additionally come up with new ideas to improve the company.

2.2.2.5 Poor workmanship

Poor workmanship is an unexpected result of Covid-19 that can have a major impact on SMME's. According to Mahmood, M. Ahmed, Panthi and Ishaque Kureshi (2014), the cost of supplying poor quality products or services owing to failing to meet customer quality criteria is referred to as COPQ (Cost of Poor Quality) due to poor craftsmanship. COPQ is defined by Harrington (1987) as all expenses spent by the company and the customer as a result of the output failing to fulfil standards and/or customer expectations. Internal and external failure costs can be separated into this expense. Mahmood et al. (2014) explains what internal and external failure cost are. Some connected cost with product failure prior to distribution to an external client are known as internal failure costs. They can include the net charge of scrap, spoilage, rework, material waste, labour wastage, production overheads, failure analysis, supplier rework, scrap, re-inspection, re-test, quality related downtime, implicit cost, or other product downgrades. External failure costs emerge after the project is delivered to the customer and during the warranty or "*defects liability period*." Deterioration of completed work, complaints about non-functional equipment, complaints about repair, and replacement of non-compliant faulty parts are all examples. External failure costs include warranty expenses, client complaint adjustments, refunded items, goods recalls, allowances, and product accountability costs.

2.2.3 Impact of Covid-19 on the SMME supply chain

2.2.3.1 Lack of supporting industries and services, together with long delivery times

Allain-Dupré, Chatry, Michalun and Moisio (2020) states that to manage or minimise the pandemic spread, governments globally have imposed various limitations (e.g., social segregation, travel limits, border closures, communal amenities and services, etc.) that have halted worldwide economic activity and precipitated a new global recession. As borders, inclusive of port closed due to Covid-19, it lead to delivery time of raw and other materials increasing significantly. Alvarado (2019) is of the opinion that It's critical for any business including SMME's, especially during the pandemic to ensure that businesses supply chain allows you to achieve your delivery commitments if the business wants to differentiate itself from those that can't keep up. According to Sensible Micro (2019), the effect of long delivery times during the COVID 19 pandemic, includes production halts, reduced revenue and possible contract violations.

Sensible Micro (2019) states that due to the lack of raw materials and long lead times during COVID, it placed a stop to production as engineers don't have the components, they need to conclude the project. Stopping the manufacturing line causes OEMs (original equipment manufacturer) and EMS (electronic manufacturing suppliers) suppliers to fall behind on customer requirements, resulting in a supply shortage. Sensible Micro (2019) further stated the bigger the effect on a business's bottom line, the more production deadlines must be extended. They might even end up paying a premium for parts from unaudited independent distributor so that production projects can be finished, and customer orders can be distributed, bringing in much-needed revenue.

2.2.3.2 Non-compliant

Hodge (2021) is of the view that The Covid-19 pandemic's long lockdowns demonstrated how dangerous such oversight may be in practice. Due to travel restrictions and health and safety concerns, trusted and approved suppliers have gone out of business, while an incapability to source products and raw materials quickly has forced some organisations to change contractors without conducting the customary points of due diligence or conducting site visits. Renner (2016) indicates that non-compliance can harm the firm's brand and reputation, cause delays in the launch of new products and services, supply chain interruptions, regulatory penalties, or environmental health and safety issues, regardless of whether the issue is within the company or with one of the suppliers.

2.2.4 Impact of Covid-19 on financial management

2.2.4.1 No cashflow

Kokemuller (2021) is of the view that cashflow problems or even no available funds attributed to the Covid-19 pandemic had a detrimental effect on any small enterprise. Lobel (2016) found that 54% of all small business in the United Kingdom experienced cash flow problems during the pandemic. Kokemuller (2021) further found that cash flow problems can lead to late payment of creditors, stymied growth and promotional deficiency. Omar, Ishak and Jusoh (2020) was of the view that all SMMEs should be able to operate, cover operating and indirect costs, and continue for a period up to half a year without cashflow or with minimum cash inflow throughout that period as a result of movement control order as part of their contingency planning. Juergensen et al. (2020) states that financial problems and liquidity issues due to the pandemic will affect SMMEs of all sizes. Stand-alone SMMEs, in particular, have seen a sharp drop in demand as well as some supply chain challenges, leaving them predominantly reliant on outside financial assistance.

Kokemuller (2021) is of the view that to pay the company's fees and bills, it will need cash. It may be forced to take out extra loans or make late payments if it doesn't have enough cash on hand. This may result in late penalties for utilities or bills. Furthermore, late payments harm the businesses credit rating and limit its capacity to obtain credit account privileges and loans in the future. Kokemuller (2021) states that even if the business pays its payments on time, a lack of cash flow prevents it from investing in the firm. The business can miss out on opportunities to get good deals on new buildings and assets, hire new workers or consultants with expertise and talent, get bulk discounts on supplies, and pay for services of the company uses. Growth that is stifled can result in low staff morale, which is terrible for business owners and shareholders. Kokemuller (2021) further states that cash flow problems can cause a downward spiral, especially when it comes to marketing. When money is tight, one of the first things that firms reduce is marketing. This means it won't be able to spend as much money on marketing to attract customers. Furthermore, if the business begins offering sales discounts in order to create cash and better its financial status, it might effectively lower client perceptions of the businesses brand's worth. This might have a considerable negative effect on the pricing and revenue potential in the long run. The business cannot pay out dividends to shareholders if it doesn't have enough cash flow. In the case of a small business, this essentially means that those who invested money will not see a return on their investment. It is common to accept no dividends in exchange for development and investment. However, the lack of dividends due to the company's financial difficulties and cash shortage is cause for concern.

The following table illustrates the main causes for decreased financial performance due to Covid-19.

Table 1: Main Reasons for decreased financial performance due to Covid-19

Main causes	Number of firms	Percentage of firms
Declining market demand	220	50.93%
Postponed work resumption	146	33.80%
Restrictions on logistics and crowd flow	25	5.79%
Increased donation	28	6.48%
Postponed accounts receivable	14	3.24%
No clear explanation	46	10.65%

Source: Sun et al. (2022)

Sun et al. (2022) further found that the percentage of companies that saw a drop in operating revenue of more than 20% was 45.92%, 49.16% in net profit, 29.26% in cash flow from operational work, and 52.64% in profits per share. The percentage of companies that profited during the pandemic (i.e., their financial data moved from negative to positive outcomes over time) was 4.44%t for net profit, 12.23% for net cash flow from operational operations, and 4.44% for earnings per share. Meanwhile, operational revenue, profit, and cash flow from operations increased by more than 50% in 5.52%, 11.75%, 13.19% and 10.67% of companies respectively.

2.2.4.2 Unable to service loans

Olsen (2021) states that the failure to make payments on a company loan is not a new occurrence, and many hardworking business owners found themselves in situations where they could not meet their financial responsibilities long before the pandemic. Some of the effects of not being able to service loans include additional cost incurred, loss of assets and a negative credit rating. According to the Financial Service Board United Kingdom (2017), if the business misses a loan payment, it may be charged additional fees and fines, which vary by loan provider. If the business misses a payment deadline, for example, the business may be charged a late payment penalty based on a percentage of its monthly instalments. It may also be responsible for its provider's administrative fees associated with having to notify the business. Non-payment can also have a substantial effect on the business funding in the future, ranging from the loss of assets to cover the cost of defaulting to a bad credit rating that limits its future financial possibilities. Defaulting on or skipping loan instalments might negatively impact the businesses credit score. This could make obtaining financial solutions, such as other business loans, more challenging in the future. It may also jeopardize future business operations, as many companies do credit checks on potential partners.

2.2.4.3 Unable to pay workers

Pedauga et al. (2022) states that SMMEs' reduced earnings during the pandemic have resulted in serious liquidity constraints and solvency issues. Real Business Rescue (2022) point of view is that the failure to pay its employee's salary on time could mean doom for the business. Without a crew, operations could grind to a halt, prohibiting it from taking on new business and making it difficult to complete present orders. Having workers, you can count on to complete the tasks required is critical to the company's long-term success. To be able to rely on them, they must be able to rely on you to be a decent employer, which includes meeting the businesses obligation to pay their salary in whole and on time. Workman-Davies (2020) stated that the South African judicial system in the matter of *Matshazi v Mezepoli Melrose Arch* case found that an due to organisation unable to pay employees salary, this constituted as legal debt and allowed the organisation to apply for business rescue.

2.2.4.4 Unable to pay utilities and creditors

From the authority above, it is apparent that the Covid-19 pandemic lead to serious financial constraints for SMME's that could lead to them being unable to service their loans and pay utilities. Franklin (2021) provides some implications of not paying the businesses creditors including local municipalities. When a business or a customer fails to pay a bill, it has an influence on the company's revenues and earnings. Unpaid debt might make it difficult to fund operating costs. These revenue losses may cause a company to tighten lending practices, raise interest rates, and, in some situations, raise pricing. Franklin (2021) states that when a company or individual fails to return a debt, they are said to be in default. If the debtor refuses to accept and follow a repayment plan, the lender or creditor may resort to more drastic actions. In-house collections, outside collection agencies, and legal action are all possibilities. Franklin (2021) further found that bad debt is one that is claimed to be unrecoverable. If a receivable has been sent to an outside collections firm or a corporate lawyer for collection, a company may write it off as a bad debt in specific situations. Most businesses keep a bad-debt allowance or allowance for questionable accounts as a reserve for bad debt. The allowance for bad debt is represented in financial statements such as the income statement and balance sheet.

Franklin (2021) states that a company's credit rating may become tighter or harsher if enough debt is written off as bad debt. A more thorough credit inquiry and a personal assurance issued by the owner or officer of the business requesting for credit privileges are two examples. It's possible that a recent tax return or collateral will be required. Thompson (2020) is of the view that credit is regarded as a luxury. It is based on the borrowers' or debtors' reputation and their promise to repay any loan owed. When the debtors fail to keep their word, the creditor is left

to bear the cost of the loan. In circumstances of severe bad debt, the creditor may be forced to take harsh measures. It may need to raise interest rates to offset the expense of lending. A finance charge may be implemented by some businesses. The maximum rate that can be charged is set by federal legislation. A corporation may need to raise prices in exceptional circumstances. This means that all borrowers and consumers are responsible for the debt that has not been paid.

2.2.5 Impact of Covid-19 on SMME market demand

2.2.5.1 Cancellation of export order

Juergensen et al. (2020) states that on the demand side during the pandemic, SMMEs have suffered a significant drop in demand because of lockdown measures, a loss of consumer confidence, and the closure of logistics in affected industries. With customers facing employment reservations and financial restraints, many of these SMMEs have experienced a sudden drop in demand. Juergensen et al. (2020) further states that because many were bound by exclusive agreements, orders from significant clients who had paused production were likely to be halted as well. Lee, Padmanabhan and Whang (1997) states that cancellation of orders can lead to tremendous inefficiencies: missed production schedules , loss in revenues, uniformed capacity plans, excessive inventory investment , futile transportation, and poor customer service

2.2.5.2 Delay in shipment requested by customer and slow domestic market

McQuerrey (2019) states that during a slow domestic market many small enterprises encounter numerous difficulties. Consumers develop apprehensive about their job security and, as a result, are more probable to be frugal with their spending, resulting in lower income for small businesses. A small business's ability to repay creditors can be hampered by a poor profit stream, which can jeopardize its longstanding viability. A company in financial distress is unlikely to succeed for application for financing for investment expenses and operations, limiting its expansion potential. During a downturn in the economy, many small firms are obliged to reduce their employment. This reduces their capability to serve customers and decreases the employment rate, slowing the economy further.

2.2.5.3 Repeat orders from existing customers slow

Lu et al. (2020) states that consumer confidence has already dropped considerably in several nations due to the pandemic, resulting in a major loss in private consumption expenditure, mostly in the tourism and hospitality businesses. Nethercott (2021) is of the view that slowing repeat orders from existing clients can reduce profits, lower turnover and increase costs.

Nethercott (2021) is further of the opinion that repeat clients normally spend more at the business as they are familiar with the service or product. As repeat order decline so will profit. It is normally easier to sell products or services to existing customers. As the order book declines, so will turnover and revenue. Nethercott (2021)states that if there is already a relationship with existing customers, extra cost will have to be incurred to source new customers.

2.2.5.4 Poor payment collection

Miller and Wongsaroj (2017) conducted research into the effects of poor payments in small businesses and found that smaller businesses suffer substantial consequences as a result of late payments, as their cashflow prevents them from conducting day to day operations without a regular flow of funds. He discovered that 11.0% of all invoices issued by SMMEs are paid late across the survey sample, amounting to $1 trillion per year. He also found that 7.5% of statements are recorded as uncollectable bills, having an even greater impact on operations. Miller and Wongsaroj (2017) further found that roughly 40% of study respondents highlighted some clear direct effects of late payments on their business. These covered both firm-wide (lower investment and a delay in paying their own suppliers) and individual-level effects (reduced pay reviews, and reduced bonuses). This last concern was mentioned in every country save the United States: late payments have a significant influence on the payment of yearly bonuses, which in turn has a negative impact on employee self-esteem and productivity.

Hawker (2019) in her article named “The Impact of Late Payments on SMMEs” quoted Paul Williams from Duff & Phelps who stated “Late payments are a financial challenge for many SMMEs. Delays in payments can lead to cashflow problems for small businesses, and consequently difficulties in paying their own creditors on time.” Hawker further indicated that Late payments also have an influence on a company's potential to grow because it becomes "preoccupied with resolving short-term cash concerns," allocating resources and time away from long term growth opportunities. SMME’s that are struggling with cash flow will most probably not focus on investing on resources or personnel, restricting their growth potential.

2.2.6 Impact of Covid-19 on SMME logistics

2.2.6.1 Lack of transportation services and closure of port services

Martin (2021) states that port closures during Covid-19 led to supply disruptions. Erero and Makananisa (2021) found that South Africa’s economy is unyieldingly impacted by the transmissibility of the coronavirus (Covid-19). This has encouraged the current administration

to promptly introduce a few actions, together with the shutting down of the railways, land and air borders, the closing down of educational institutions, firms and, the prohibition on crowds of exceeding 50 individuals in March 2020. The fast spread of the pandemic, governments around the world have imposed a variety of measures (e.g., travel limitations , social isolation, border closures, community amenities and services, etc.) that have halted worldwide economic activity and precipitated a new global recession. Supply chain disruptions not only has impacted on high end items such as cars but also on shortages with excessive lead times. The basic needs of a normal day to day were also impacted significantly such as generic medicines or energy with impacted the daily living cost negatively. Supply Chain Quarterly (2022) states that port closures can lead to excessive inventory levels, inefficiency and revenue loss.

2.2.6.2 Excessive demurrage cost for shipment delays

Isidro (2009) states that an increasing demurrage cost, especially during the pandemic, can have the following consequences on a small business:

- higher shipping and handling expenses, which can cut into profits and cause cash flow problems,
- high delivery expenses result in large shipment rates compensated by clients, and some clients may choose to ship for less,
- limits the entrepreneur's manoeuvrability in the event of shipping errors.

2.2.6.3 Lack of forwarding and shipping vessels

Zutshi et al. (2021) states that the shutting of state (or international) boundaries has pushed the issue of overdependence on a few providers to the forefront. Safeducate (2019) provides another view on lack of shipping vessels, especially during the pandemic. Logistics inclusive of shipping vessels already support critical operations and services of any business. Without shipping vessels there would be no or very low inventory, cost of raw materials and end products would rise, turnover and profits would decline as customers either cannot afford the items sold or would look for alternatives necessitating the use of several routes of conveyance.

2.2.6.4 High freight insurance cost

Neu et al. (2020) shares the view that SMMEs are struggling to handle fixed operational costs such as lease and bond payments, insurance and utilities due to a lack of resources. According to Thompson (2020), businesses and their customers are engaged in a tug of war. If a company is to survive it needs to operate profitably; whilst customers on the other hand, are typically looking for the most cost-effective products and services. Businesses can never

be certain how customers will react to a price increase, thus pricing for maximum sales volume may require an educated guesswork as well as strategic planning.

2.3 SMMEs' strategies for surviving the pandemic

The coming of the Covid-19 pandemic lockdown restrictions has disrupted many businesses. However, some businesses including SMMEs managed to cope and adjust their business models. According to Business Tech (2020), some SMMEs took opportunities brought by the pandemic and refocused their businesses to offer delivery services for medical and grocery items, manufacturing of face masks, selling of cleaning material, sanitation & decontamination services and online entertainment services.

Yet still, with the aid of technology SMMEs can use this to influence new clienteles whilst delivery a new benefit statement to their clients. This may enhance their efficiency resulting in operational cost reductions which has a positive impact on the bottom line (Rajagopaul et al., 2020). Also, developing stronger market penetration strategies that enables SMMEs to use their value proposition to gain competitive edge in the market is paramount (Rajagopaul et al., 2020). SMMEs have traditionally focused on increasing revenue and managing their finances but focusing on improving efficiency may enhances the competitive edge to support an increase in sales.(Rajagopaul et al., 2020). Besides, SMMEs must develop team skills & capabilities and empower leadership which helps SMMEs to upscale their operation (Rajagopaul et al., 2020).

According to National Youth Development Agency (2020), some SMMEs mitigated the impact of the Covid-19 pandemic by retrenching their staff and/or with salary cuts. This was because the lockdown restrictions created business challenges that are associated with lack of access to resources, loss of perishable goods, unavailability of transportation services, revenue reduction, travel restrictions, cashflow & liquidity issues, reduced production capacity and low sales (National Youth Development Agency, 2020).

Aidoo et al. (2021) found that because of the complex nature of today's business world, it's critical for companies to build a workforce with the necessary skill and talent to manage or mitigate the risks and consequences of crippling economy and catastrophic disaster like the Covid-19 pandemic. Resilience, defined as the ability to administer, retaliate, and persevere in the face of adversity and catastrophe, is a critical strategic stance that should be established to reduce the impact of catastrophic occurrences (Liguori and Pittz, 2020). Lafuente, Szerb and Rideg (2020) is of the view that although significant study on SMMEs' strategic tools for

responding to a competitive markets, no such study has yet been conducted to determine the degree to which certain aspects have an influence on the survival of SMMEs strategies in the event of a pandemic. Rahman, Abdel-Fattah, Bag and Gani (2022) states that given the existing circumstances, (Covid-19), the pandemic's impact on business profitability should be comprehended, as well as the framework for their survival to help SMMEs get through the crisis, strategies should be developed.

It can be seen from the authority listed under Section 2.2 above, that Covid-19 had a huge disruptive impact on SMME's including impacts on raw materials, implications on the workforce, supply chain and logistics, finance and markets demand which all impacted the revenue and bottom line of all SMME's. Author will now be discussing strategies that SMME's could implement to improve their resilience, growth and sustainability and protect their bottom line during the Covid-19 area.

2.3.1 Reduced training and personnel development budget

Markovic (2022) has the view that cost and time are the major drivers in training and development of employee. The small business can implement the following initiatives to reduce the cost and time it takes to train and develop employees:

- Opt for online training as it cost less to train employees online,
- Choose the correct training platform as some platforms are more expensive than others,
- Employ microlearning as it is easier to provide short learning sessions than long training programmes,
- Make training and onboarding of new employees scalable and repeatable.

2.3.2 Reduced or eliminated internal and external social spending

Wicks (2022) Managing business expenses including entertainment cost, especially for small business, can be tricky. Poor spending management, on the other hand, might cause your small business to miss out on attractive opportunities and pay unneeded costs. Effective business budgets allow the small business to achieve its goals while also increasing profits. Some of the steps to reduce entertainment expenses, like any expense include:

- Examine the small businesses expense records to determine fixed and variable costs. Make a list of unnecessary expenses based on what your organization actually requires. Identify places where you could save money and keep track of your results in an expense analysis book.
- To come up with cost-cutting methods, brainstorm and investigate with staff.

- Managers, accountants, and employees should all be aware of budget plans and held accountable. Review your budget on a weekly and monthly basis.
- Set recurring budget targets for employees and encourage them to meet them. Introduce budget compliance reward mechanisms. For reached milestones, offer bonuses, excursions, and parties; for missed targets, offer decreased rewards.

PwC (2016) provides five steps to ensure that the business reduces its cost, inclusive of entertainment expenses which include, developing a cost reduction strategy, alignment of cost to the business strategy, selecting a high aim, to set direction and provide leadership and creating a culture of cost saving.

2.3.3 Strategic alliances

Išoraitė (2009) defines strategic alliances as an agreement amongst two or more organisations to collaborate on a certain commercial activity so that one can profit from the other's strengths and obtain a competitive edge. Išoraitė (2009) is of the view that are important to SMME's for the following reasons:

- Organic growth is insufficient to fulfil the desired pace of growth for most enterprises.
- Speed to market is critical, and collaborations help tremendously.
- As the world becomes more complex, no single firm can have the whole expertise required to provide the greatest possible service to customers.
- Partnerships can help alleviate the escalating expenses of research and development.
- Alliances make it easier to enter international marketplaces.

Denison (2022) has the view that small businesses can use strategic alliances to retain or improve their competitive edge in a variety of ways. Companies can pool their limited resources, such as cash, staff, and IT infrastructure and production methods. They can get better deals on purchases and supplies. PSMJ Resources (2020) provides advantages of strategic alliances to small businesses includes gaining new client base and add competitive skills, entering new business territories, creating different sources of additional income and reduced risk. Zutshi et al. (2021) further found that the first phase of collaboration entails forming partnerships with all parties and focusing on win–win scenarios. During this phase, it is important to remember the support system (friends, neighbours, and family) and recognise their skills and knowledge in order to encourage partnerships and contributions positively to business survival. Zutshi et al. (2021) further expresses that over and above the key strategic deciders like organisation owners and entrepreneurs, the writers recommend that upcoming academics and consultants collect information from SMMEs covering a variety of segments

and participants. The thoughts and sentiments of end client/service and goods handlers might be gathered in order to determine which components could potentially add value and build resilience relevant in the post-Covid-19 business climate for organisations ranging from small to large. Soares (2007) includes ease of market penetration, common risks, shared information and expertise and synergy, together with a competitive advantage as some of the advantages of strategic alliances.

2.3.4 Enhancing operational efficiency

Subrahmanya, Mathirajan and Krishnaswamy (2010) is of the view that innovation skill is critical for SMMEs' survival since it allows them to gain a competitive advantage. As a result, innovation can hold a constant consequence on the micro-level development of SMMEs, as well as the macro-level growth of sectors and economies.

Seth et al. (2020) states that companies must understand how to manufacture and dispense goods and provide services at the local level through optimizing supply to the most isolated parts of informal markets, explicitly by building consciousness crusades and encouraging high - priority clients to buy products or services. Viter (2021) states that in small business winners and losers are determined by more than just personnel or revenue. Intelligent resource allocation, greater billable utilization rates, a culture of psychological safety, and a variety of other characteristics are the true indications of improved operational efficiency. Honeywell (2019) provides some steps to achieve operational efficiency.

- Understand your business. Managers frequently underestimate the importance of constantly pacing the floor to assess labour intensive areas or locations where traffic may be crowded.
- Train, train, and then train some more. Regular training (including cross-training) on systems and processes is essential for associates and management to conduct efficient operations.
- Prioritize people. Never forget that it's still a people-centric organization where relationships matter when it comes to training, growing, and retaining personnel. Establish five essential KPIs as a common ground to keep workers focused on productivity.
- Maintain a strong focus on order fulfilment. Give your organization the tools it needs to tackle the challenge of growing order volumes and SKU kinds.
- Improve the consumer experience. It's a service industry, so even the tiniest things may make a significant difference. Internal backlog reduction and vendor compliance are two simple examples of how to do this.

- Remove any obstacles to your success. Conduct a process analysis to track issues and find areas for improvement.
- Raise the standard. It's critical not to accept a new status quo once you've made improvements. Instead, always seek to improve performance and increase the productivity of low-performing employees.
- Processes of evaluation These can be examined and modified for continuous process improvement, or completely rebuilt to integrate new workflows or automation once they're in place.

Engaging with clients to determine what benefits or features in our products/services would add more value to them and to create or improve loyalty benefits for customers Fallon (2020) states numerous SMME's are naturally concerned about managing in the pandemic and economic hardship. Negotiating with their commercial creditors, of options to open their current credit facility, negotiate on favourable credit loan repayments, or open a new credit facility, could be one way to free up some cash. Ginsberg Gingras (2022) provides some advantages of renegotiation with suppliers and creditors:

- Discussions can be fast-tracked if there are limited creditors.
- Allows for postponement of the repayment period.
- Considers your capacity for repayment .
- No impact on your credit rating.
- Tailor suited solution based on financial situation.
- Builds mechanism to prevent bankruptcy .
- Ideal for temporary debts such as credit card balances.
- Renegotiate payment terms with both suppliers and/or credit givers

Channel resources to IT systems, products and services that would potentially enhance the business whilst simultaneously reducing or eliminating resources channelled towards less demanded IT systems, products and services Ranford (2018) is of the view that used effectively, technology has the capability to significantly boost a company's success. In numerous circumstances, incorporating technology into your existing processes is a natural development. Others, on the other hand, may require changes in order to maximize the benefits of business technology. She further provides some pointers and advantages for small business when channelling resources to IT to enhance the business:

- Manage Plans More Effortlessly, Effectively, and Efficiently
- Make use of technology's productivity applications and resources that can boost business production at a lower cost.

- Benefit from Web-Based Payments
- Traditional advertising tactics rarely produce greater outcomes than digital marketing. They have the ability to run marketing campaigns that target a specific audience, resulting in a higher conversion rate.

Copy strategies and tactics of competitors that may enhance the profitability of the business Simpson (2017) states that any small business should take a look around their field. And keep an eye on the current situation. They should examine their competitors in the same market as them to see what is working for them. He is of the view that if their strategy and tactics work for them it can work for the business. This is a method in and of itself that can significantly boost the effectiveness of the business's sales materials. Here are three compelling reasons to imitate your rivals.

- The business will learn from the mistakes of others,
- The business will learn more about the markets it functions in,
- Formulas and ideas that are proven will work.

2.3.5 Increase spending on advertising

Lovelock (2001) is of the view that in crisis situations, positive marketing strategies empower businesses to use their dynamic skill to recruit and retain clienteles, resulting in a higher bottom line. Borders and Lester (2020) is further of the opinion that businesses should perform well, especially during global emergencies like the Covid-19 pandemic. Prohorovs (2020)advises that the Covid-19 epidemic is a significant wake-up call for SMMEs, showcasing how technology, such as smart mobiles, the internet, Zoom meetings and e-commerce, can be used to run marketing operations. SMMEs should thus according to He and Harris (2020), should detect and respond to market demands by speeding up the implementation of e-commerce in their sales processes. Manufacturing Operating Expenses (MOE) has a substantial impact on enterprises' survival strategies in crisis conditions such as the Covid-19 pandemic.

Hessinger (2018) is of the view that if necessary, advertising can help to improve outdated or bad impressions about the company. Advertising can also help the business gain recognition in your field, which can assist the business in acquiring business partners. Some of the advantages of increased spending on advertising include:

- Increased foot traffic
- Increased leads generation
- Introduction of new products and services to potential clients

- Highlights product and service improvements

2.3.6 Target new market segments

Belu and Caragin (2008) is of the view that market entry into the foreign lands can be achieved in numerous ways, however each of the ways poses a unique stress to different parts of the organisation resources. Majority of the time penetrating a global market is necessary to have the competitive edge in both new and established markets. Greene is of the opinion that as the company grows and its market share grows, it will almost certainly reach the growth limits of its original target market. Preparation and executing a expansion strategy to build new markets and expand the firm before existing market flattens may not only help the company survive, but it may also provide the business with a significant competitive advantage. She also provides some steps on how to target new markets including:

- Outline your new target market(s),
- Conduct your market research,
- Choose to enter a market or to look for alternative,
- Penetrate the target market.

2.3.7 Reduce employee working hours and wages/salaries

Foster (2021) is of the view that there are numerous methods for lowering the company's labour expenditures. It is up to you as a business owner to figure out how to keep a healthy profit margin while also meeting the demands and expectations of your employees. It is critical to consider all of the alternatives before making any decisions that will affect the employment or salary of employees. Some of the methods to assist in reducing employee compensation include:

- Review compensation structures,
- Reduce turnover,
- Ensure high levels of hiring,
- Cross train staff,
- Reduce optional benefits,
- Optimise employee schedules.

2.3.8 Reduce production

Barry (2021) is of the view that reduced production can lead to reduced production cost, which can assist the business in recovering. She further provides some methods on how to reduce production cost which include:

- The cost recovery method,

- Overtime reduction,
- Downtime reduction,
- Making a move to automation,
- Improved strategic alignment.

2.4 Government and financial institutions intervention programs

Alves, Lok, Luo and Hao (2020) states that the COVID pandemic's impact is shown in two primary business sectors, namely supply chain disruptions and financial management. SMME's had to and still rely on government to assist them in resuming operations following the lockdown. Author will no discus some of the measures taken and assistance available to SMME's during this period.

2.4.1 Small Enterprise Funding Agency (SEFA)

Small Enterprise Finance Agency (2022) provides the Small Enterprise Manufacturing Support Programme (SEMSP) aims to revitalize and strengthen the economies of townships, rural towns, and villages by providing financial and non-financial assistance to small-scale manufacturers in the area. The program provides industrial companies with a mix of financing options. Its main goal is to help early-stage enterprises in the localization sector.

The spaza-shop support programme is aimed at any township and/or rural entrepreneurs who privately owns a spaza shops, general dealers or grocery market. The objectives of this scheme are:

- The development/growth of informal businesses to micro- enterprises,
- Supporting enterprises to the banking world,
- To formulate a reliable database that will assist with the future policy and provision,
- Contribution in support of self-employment, job creation and preservation within entry levels, to support the expansion of money in informal areas,
- Be appraised of the benefits of spaza shop to assist in locally produced goods/services,
- Empower spaza shops so as to be the local store of convenience for daily goods.
- Facilitate inhouse mentor programmes to support spaza shops to become profitable,
- Creating opportunities for spaza shops to lead in the formal economy.

2.4.2 South African Revenue Service Covid 19 Tax Relief:

South African Revenue Services (SARS) (2021) states that the abdication of penalties will be dealt with on independent situations: if a small business generates a gross income of under

R100 million per annum or less and can provide validation that they are unable of making tax payment due to Covid -19 disaster, they have the ability to apply directly to SARS to postpone tax fees without consequences.

2.4.3 Business growth/resilience facility and SMME Support

Department of Small Business Development (2022) through the business growth/resilience facility provides funding to small businesses to provide services during the pandemic. The SMME Support Plan is a specialized mechanism targeting townships and rural areas to modify and integrate into industrious business endeavours. The emphasis is to build platforms that provide the infrastructure and governing environment that enables entrepreneurs to flourish. It is an all-encompassing plan that entails programmes and interventions that are structured towards direct support of SMMEs and Cooperatives, targeting youth, people with disabilities, and woman.

2.4.4 Covid-19 Agricultural Disaster Support Fund

PAMUN (2020) refers to the Agricultural Disaster Support Fund by the Department of Agriculture, Land Reform and Rural Development and that the core directive of this funding is to conclude the existing planned manufacture cycle to guarantee sufficient food manufacture and supplies. The targeted recipients are SMME's and communal producers with a earnings between R20 000 and R1 million per annum. The targeted groups will be female, youth and people with disability with a split of 50%, 40% and 6% respectfully. The grant is limited to R50 000 per farming operation and applies to partnerships with distributors and manufactures.

2.4.5 Tourism Relief Grant by the Department of Tourism

Department of Tourism (2020) has made available through the Tourism Relief Fund an amount of R200 million. Tourism market has taken a major disruption globally and as such this intervention is to mitigate the impact of the COVID-19 on tourism sector. This mechanism will be in the form of a once off fixed subsidy to support SMME's sustainability and survival during the impacts incurred through the Covid- 19 pandemic.

2.4.6 Business Bounce Back Scheme by National Treasury

National Treasury (2022) states that the Bounce-Back Scheme comprises two mechanisms. The first being guaranteed loans by government to qualifying businesses as a recovery mechanism to mitigate the restriction from receiving cash inflow due to the Covid-19 lockdowns, civil unrest in 2021 and natural disasters i.e. flooding that impacted KwaZulu Natal(KZN). The Bounce-Back Scheme will also facilitate developments to the fiscal and job creation. Capitals borrowed from this Bounce-Back Scheme, through various intitiutes such

as active banks, Development Finance Institutions (DFIs) and non-bank Small Medium Enterprise (SMME) finance providers.

2.5 Hypotheses

The hypotheses generated in this study are as follows:

- Hypothesis 1: Covid-19 pandemic had a negative impact on the survival prospects of SMMEs,
- Hypothesis 2: Most SMMEs were already struggling pre-Covid-19 pandemic and the coming of the pandemic made worse an already bad business environment,
- Hypothesis 3: Business closure, lack of operational cash flow and reduction in demand were three major challenges for SMMEs in the goods industry during the Covid-19 pandemic,
- Hypothesis 4: Lack of operational cash flow, reduction in demand and reduces opportunities to meet new customers were three major challenges for SMMEs the services industry during the Covid-19 pandemic.

2.6 Conceptual framework

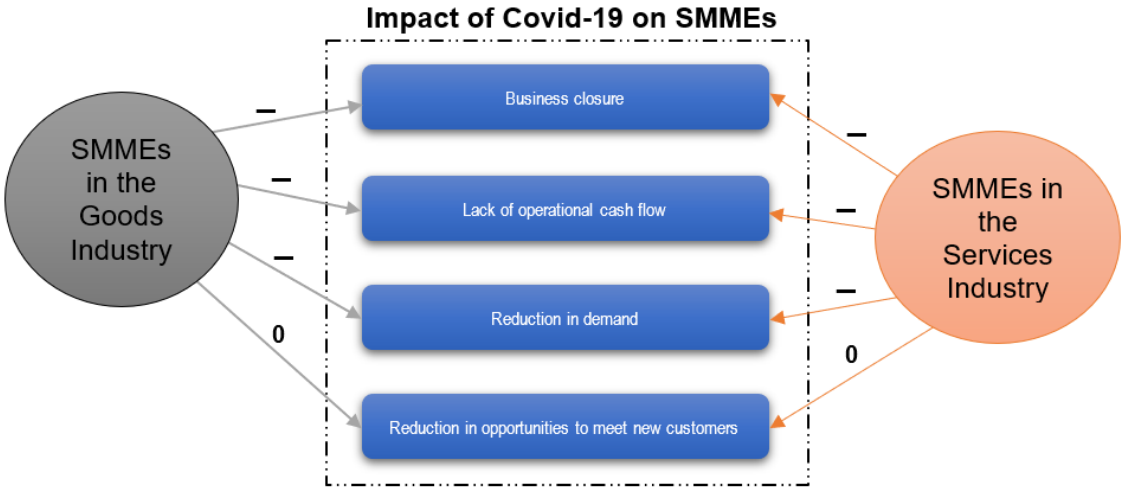


Figure 2: Conceptual framework the study

2.7 Conclusion

It can be seen from the authority discussed above, that Covid-19 had a huge impact on SMMEs. To some of the SMMEs the impact was severe, which meant that they had to close, which lead to massive job losses, reduced investment and additional strain on the government. Other SMMEs adapted to ensure survival, whilst other flourished due to their ability to adapt by adapting strategies, as discussed above. Some SMMEs qualified for assistance from governmental and private institutes, whilst others did not, which also had a major effect on small business. The Covid-19 pandemic, once again, stressed to all forms of business, the necessity to be able to prepare for disruptions, as there will be more disruptions in the future. In the next part of the study, author will discuss the research methodology for this study.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction

This chapter is the research methodology of the study, and it is divided into eight sections which are research design, research strategy, research instrument, target population, sampling strategy, data analysis, research validity and ethical considerations. These are deliberated further in detail in the sections to follow.

3.1 Research design

Qualitative, quantitative and mixed methods are the three main research design methods (Creswell and Creswell, 2017). Qualitative research designs seek to gain deeper understanding of socially constructed truths through the systematic collection and organisation of data from textual material or from observation. However, quantitative research designs utilise mathematical and statistical analysis to identify forms in information that are able to generalise to the population. Quantitative research designs typically require larger sample sizes relative to qualitative research designs. Nonetheless, mixed methods research designs are a combinations of both qualitative and quantitative research designs to formulate a unique design. This study in mention used a quantitative research design.

3.2 Research strategy

Saunders, Lewis and Thornhill (2019) asserts that the research strategy should be associated to the research questions and objectives of the study as well as the existing body of knowledge and resources available. There are generally five common research studies and these are experimental, case study, survey method, grounded theory and ethnography (Saunders et al., 2019). This study used the survey method and the next subsection is the research instrument.

3.3 Research instrument

The study used an online questionnaire survey as the research instrument. This was divided into four sections which are described below:

- Section A – covered questions on the demographics of the participants and had five questions which sort to extract information about the gender, age, education, years in business and industry which the participants operated their business,
- Section B – covered questions on the impact of Covid-19 on the SMMEs and it consisted of thirteen questions,
- Section C – covered questions on the strategies used by SMMEs to combat the effects of Covid-19 pandemic on the businesses,

- Section D – covered questions on government & financial institutions intervention programs that were used to assistance SMMEs during the Covid-19 pandemic,
- Section E – covered questions related to challenges experienced by SMMEs during Covid-19 pandemic.

3.4 Target population

The population of the study is the totality of objects under consideration (Krieger, 2012). Therefore, the target population of the study were core individuals SMMEs in South Africa.

3.5 Sampling strategy

Probability and non-probability sampling are the two research sampling strategies (Showkat and Parveen, 2017). Probability sampling consists of simple random sampling, stratified random sampling, cluster sampling, systematic random sampling and multi-stage sampling; whilst, non-probability sampling consist of quota sampling, convenience sampling, purposive sampling and snowball sampling (Showkat and Parveen, 2017). Accordingly, this study used non-probability, simple random sampling as the sampling strategy. SMMEs in South Africa were invited to participate in the study using invitation links to the online survey questionnaire on LinkedIn, Facebook and Twitter platforms generated from Survey Monkey. Consequently, the sample for this study had 423 SMMEs who were willing to participate in this study.

3.6 Data analysis

The data collected was analysed using IBM SPSS version 26 statistical software. Descriptive statistics were used to extract information from the data. The data analysis was divided into five discussion which covered descriptive statistics from

3.7 Research validity and reliability

A pilot study was conducted in order to test the research instrument and process of data collection. In this regard, the purpose of the pilot study was to test if there were any flaws with the research instrument and/or the process of data collection that could lead to generating inaccurate results. The pilot study was conducted using ten participants from the population and several issues were identified. It was identified that the questionnaire too long, contain some terminology that some of the participants did not understand and some additional questions were also suggested by the participants which were incorporated in the study. This endeavour assisted in evaluating the validity and reliability of the questionnaire in relation to collecting data related to the impact of Covid-19 pandemic on SMMEs in South Africa.

3.8 Ethical considerations

The study used the recommended university ethical requirements for conducting research studies. In light of this, the researcher ensured that the research process was transparent and fair. Moreover, the anonymity of the respondents was preserved, and no personal information of respondents was collected. Additionally, all respondents of the study were briefed about the objectives of the study before being allowed to take part in the study. Also, the respondents were required to sign an informed consent form in order to indicate that they are participating in the study out of their own volition.

3.9 Chapter summary

The research methodology used a positivism research philosophy using a quantitative research design. Online questionnaires were used as the research instrument which was distributed to SMMEs in South Africa with social media presence on LinkedIn, Facebook and Twitter. Moreover, probability simple random sampling technique was used as the preferred technique in this study. Information collated was interpreted using IBM SPSS version 26 to compute descriptive statistics and these will be discussed in the next chapter.

CHAPTER 4: DATA ANALYSIS & DISCUSSION

4.0 Introduction

This chapter discusses the data analysis and discussion of the study.

4.1 Demographics of the study

This section covered the demographics of the study and it shall be divided into five subsections which are gender, age, education, number of years in business and industry. These shall be discussed in detail in the following subsections.

4.1.1 Gender

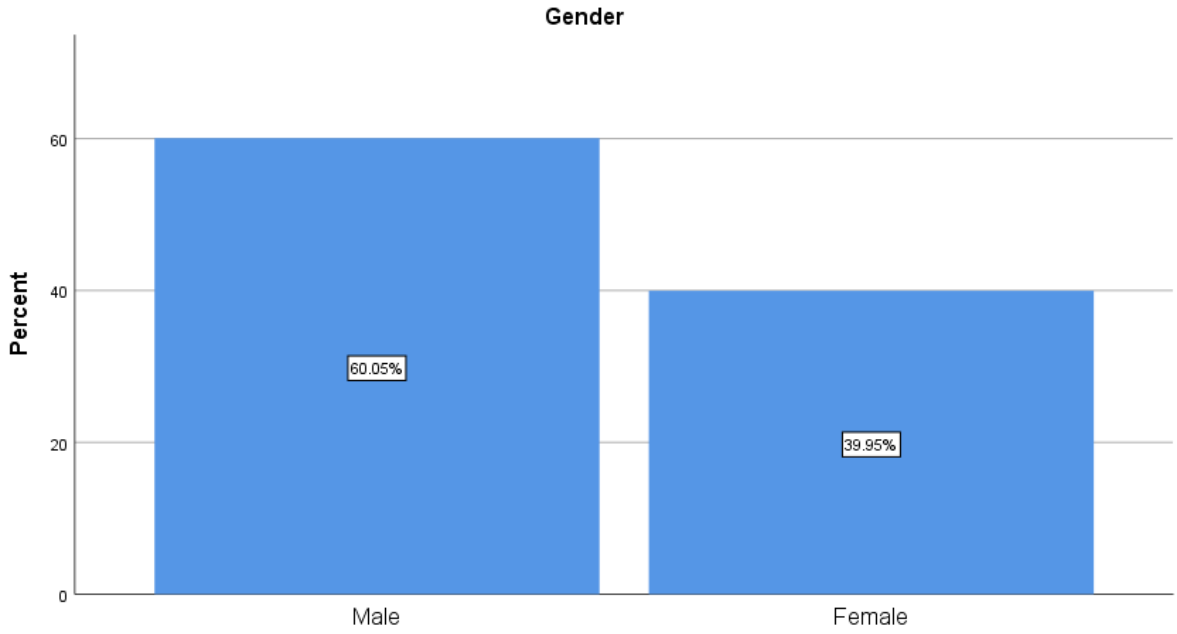


Figure 3: Gender of the participants

The participants were predominately male and these accounted for 60.05% of the participants. However, the female participated accounted for 39.95% of the participants as shown in Figure 3.

4.1.2 Age

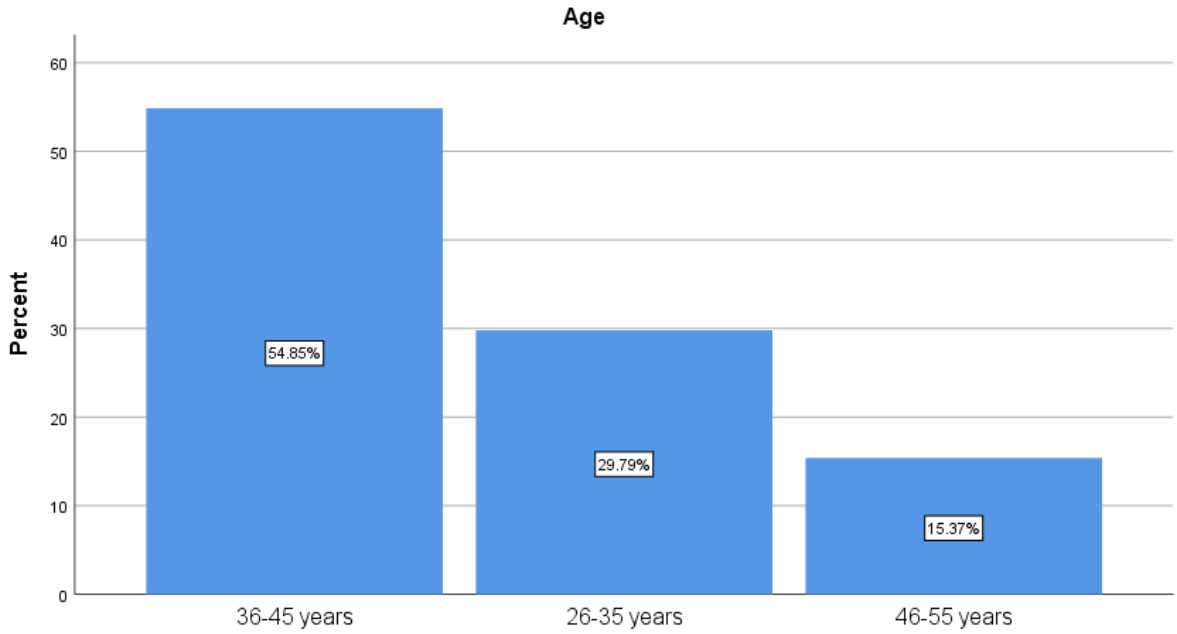


Figure 4: Age of participants

Most of the participants were aged 36 – 45 years and this accounted for 54.85% of the participants as shown in Figure 4 above. Nevertheless, the rest of the participants were aged 26 – 35 years and 46 – 55 years and these represented 29.79% and 15.37% of the participants respectively.

4.1.3 Education

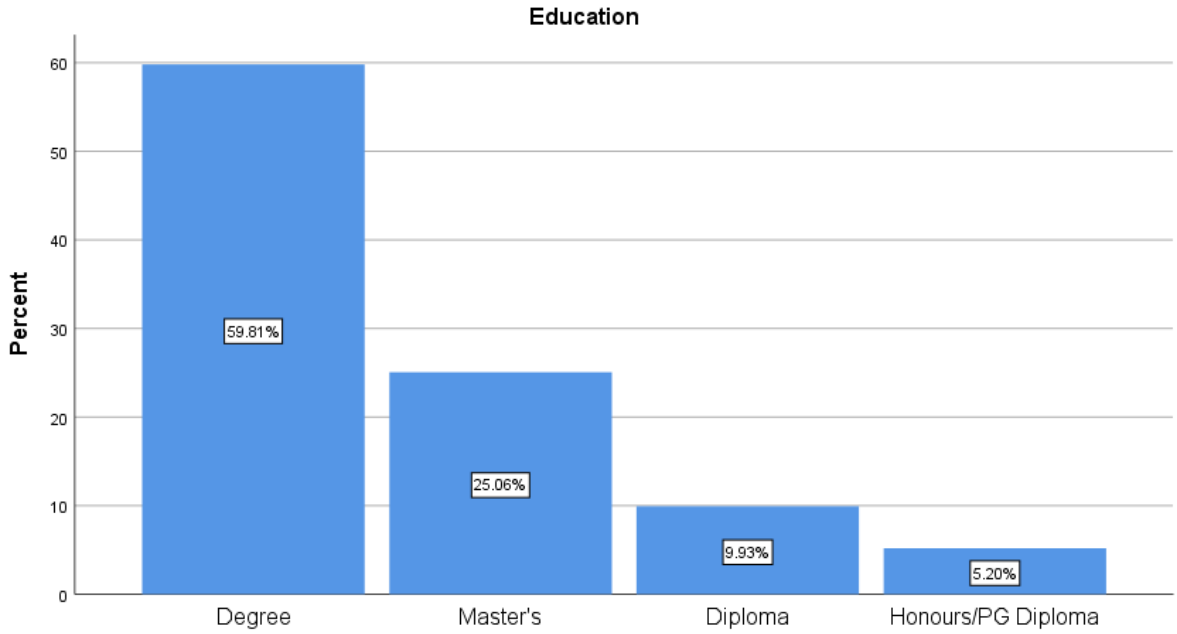


Figure 5: Education of the participants

Most of the participants had a bachelor's degree as their highest level of schooling and this represented 59.81% of the participants. The rest of the participants had a master's, diploma and honours/PG diploma and these represented 25.06%, 9.93% and 5.20% of the participants respectively as shown in Figure 5 above. This indicates that the participants of the study were all educated and this suggests that they had the capacity to give a meaningful contribution to the study.

4.1.4 Number of years in business

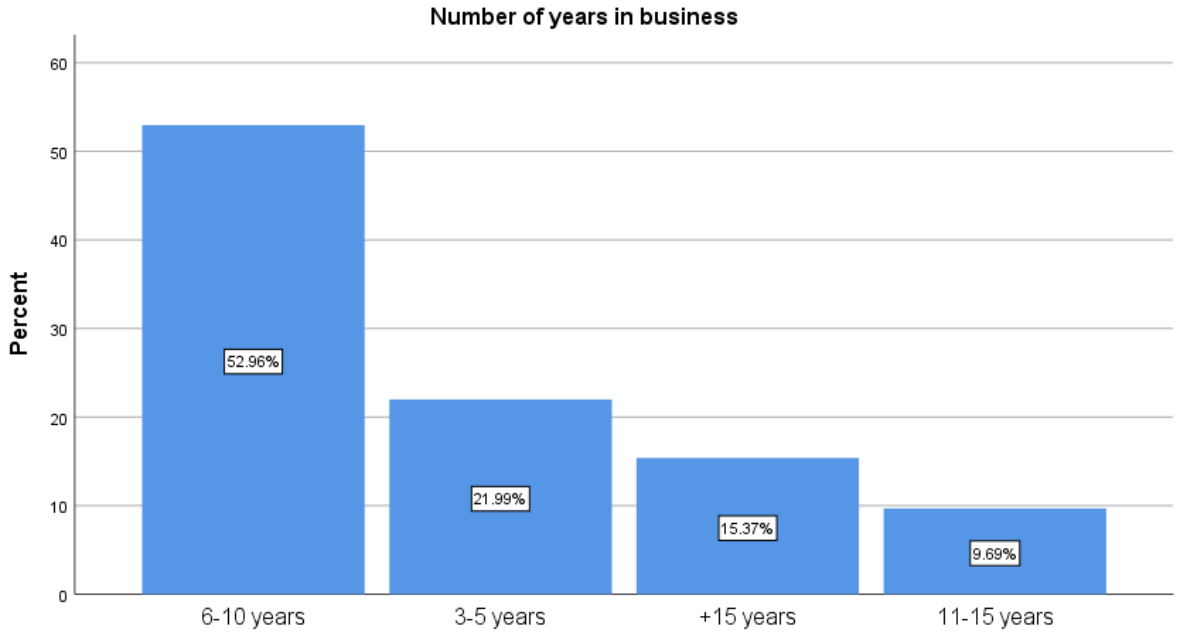


Figure 6: Years in business of the participants

The majority of the participants were in business for 6 – 10 years and this accounted for 52.96% of the participants as shown in Figure 6 above. However, the rest of the participants were in business for 3 – 5 years, 11 – 15 years and for more than 15 years which represented 21.99%, 9.69% and 15.37% of the participants respectively. Furthermore, the data suggests that all the participants had started their businesses before the Covid-19 pandemic and lockdown restrictions which commence in South Africa around March 2020 (DIRCO, 2020). This implies that the participants they were in business long enough to be able to compare their business performance before and during the pandemic.

4.1.5 Industry

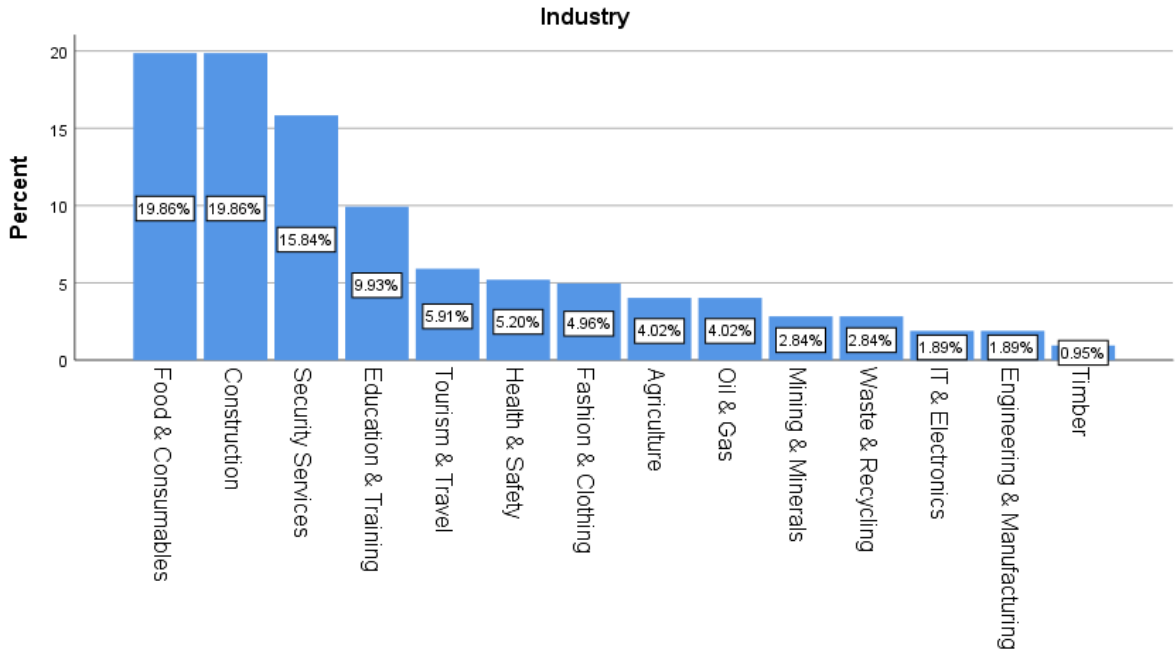


Figure 7: Industry in which the businesses of participants operated in

The top four industries which the participants were operating their businesses in were from the food & consumables, construction, security services and education & training industries. These represented 19.86%, 19.86%, 15.84% and 9.93% respectively as shown in Figure 7 above. The rest of the participants were operating their businesses in tourism & travel (5.91%), health & safety (5.20%), fashion & clothing (4.96%), agriculture (4.02%), oil & gas (4.02%), mining & minerals (2.84%), waste & recycling (2.84%), IT & electronics (1.89%), engineering & manufacturing (1.89%) and timber industries (0.95%). Although not all industries were represented in this study, the researcher postulates that the sample was fairly distributed across fourteen industries which helped to understand how SMMEs in general were impacted by the Covid-19 pandemic without overly replying on data from one industry.

4.2 Impact of Covid-19 pandemic on SMMEs in South Africa

This section discusses the impact of Covid-19 pandemic on SMMEs in South Africa. It shall be separated into thirteen sections which are government lockdown restrictions, turnover, supply chain, raw materials supply, workforce, production, market demand, financial management, , logistics, employees working under the business owner, employee turnover, revenue drop and drop. The following subsection discusses impact of government lockdown restrictions on SMMEs in South Africa during the Covid-19 pandemic.

4.2.1 Government lockdown restrictions

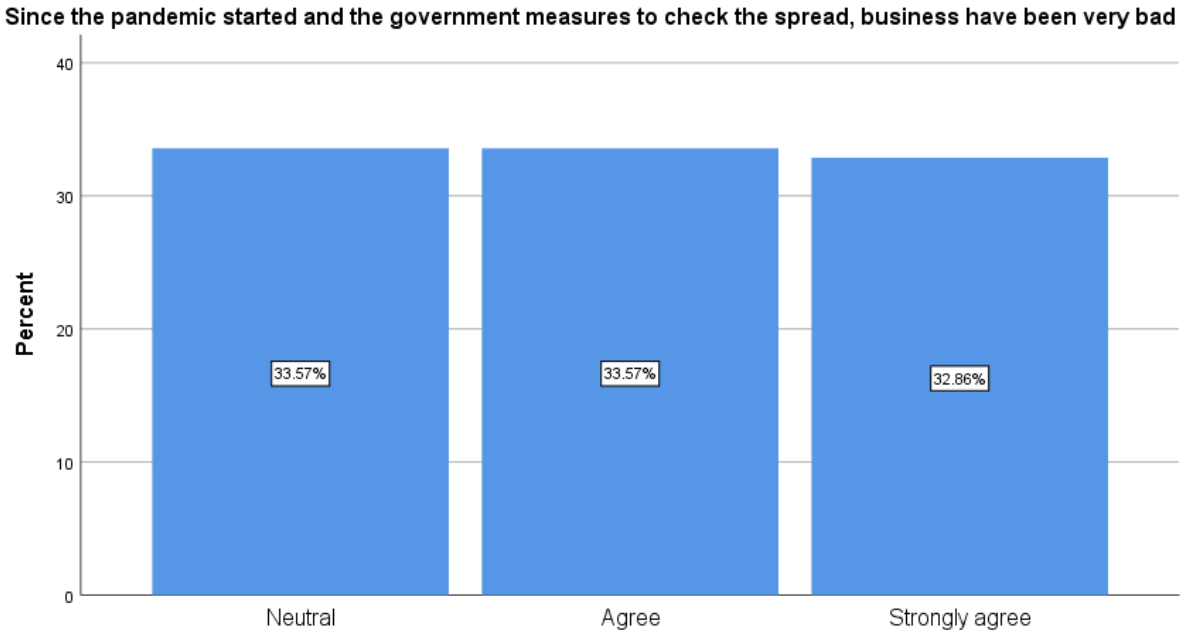


Figure 8: Government lockdown restrictions

The majority of the participants indicated that since Covid-19 government lockdown restrictions were enacted their businesses performed very bad. This was represented by the total agreeableness score of 66.43% as shown in Figure 8 above. However, 33.57% of the participants took a neutral stance on this matter. This suggests that the majority of the participants were severely affected by government lockdown restrictions. According to Dladla (2021), many SMMEs may not be able to resume their business operations post the lockdown restrictions. Furthermore, Rajagopaul et al. (2020) postulates that about 60% of SMMEs will be even survive the length of the pandemic. This suggests that Covid-19 pandemic and its associated lockdown rules had a severe undesirable effect particularly on the SMMEs.

4.2.2 Purchasing of goods

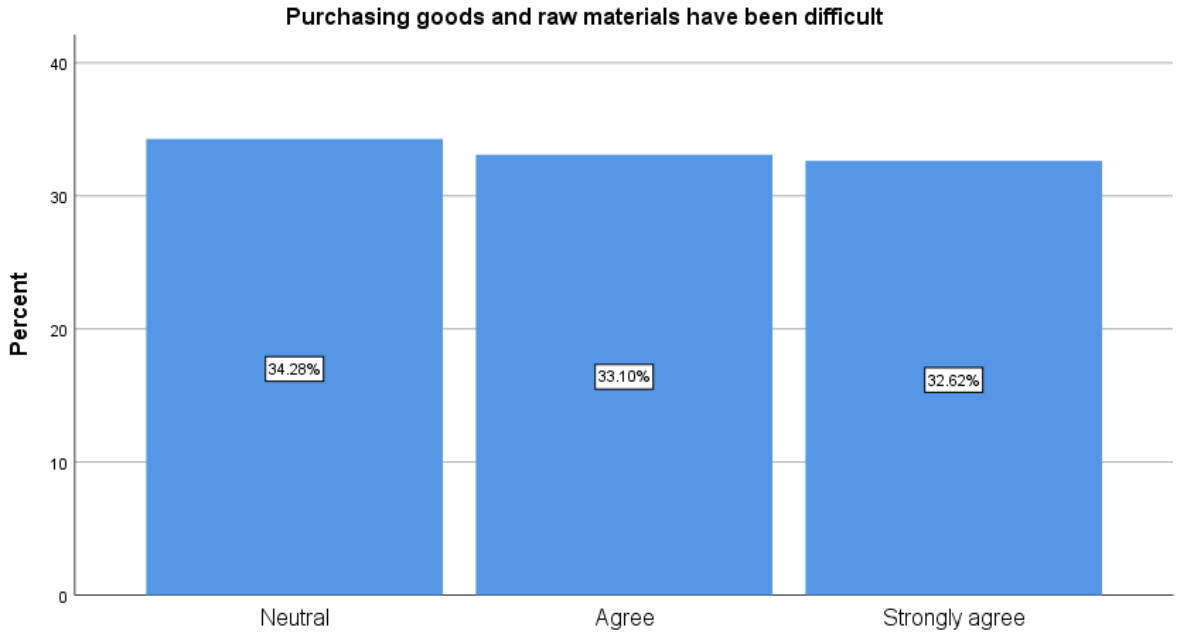


Figure 9: Purchasing of goods

The majority of the participants indicated that procuring products and basic materials have been difficult during the Covid-19 pandemic and supported by a total agreeableness score of 65.72% as shown in Figure 9 above. However, the rest of the participants were neutral on this matter and this accounted for 34.28% of the participants in this study. Uncertain supply of raw materials for SMMEs during Covid-19 pandemic led to high production cost, increased lead time, reduced product reliability as well as a wastage of time and materials in situations where other resources were needed to complete a product. In view of this, Juergensen et al. (2020) accentuates that the economic impact of the Covid-19 pandemic was more severe on the SMMEs and as a result doing business was difficult for them.

4.2.3 Turnover



Figure 10: Turnover

All the participants indicated that the income rate has been extremely affected through the Covid-19 pandemic which shows a over-all agreeableness score of 100% as shown in Figure 10 above. This suggests the turnovers of all SMMEs irrespective of industry were impacted by the Covid-19 pandemic. Low turnovers lead to low revenue which ultimately affects the business operations due to failure to meet obligations.

4.2.4 Raw materials supply

Table 2: Impact of Covid-19 on raw materials supply

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Uncertain supply	423	4	5	4.49	.501
Unstable price	423	4	5	4.53	.500
Inconsistent quality	423	2	4	3.04	.803
Low stock in factory/warehouse	423	4	5	4.51	.500
Long lead or delivery times	423	4	5	4.50	.501
Valid N (listwise)	423				

Source : IBM SPSS version 26

Table 2 above shows the results of the responses from the participants on the impact of Covid-19 pandemic on raw materials supply. The participants agreed that Covid-19 pandemic affected raw materials supply in their industry which resulted in undefined supply, volatile price, low inventory in factory/warehouse and lengthy lead or distribution times. These had a score of 4.49, 4.53. 4.51 and 4.50 respectively with each a standard deviation of about 0.5. However, it seems there were mixed feelings on whether Covid-19 pandemic led to inconsistent quality of raw materials supply as indicated by a mean score of 3.04 and standard deviation of 0.8. According to Martin (2021), port closures can accelerate supply disruptions which can in turn give rise to uncertain supply, unstable prices, low stock and longer lead/delivery times.

Based on the results from Table 2 this consistency suggests that many of the SMMEs were adversely affected by raw materials supply disruptions.

4.2.5 Workforce

Table 3: Impact of Covid-19 on workforce

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Refusal to work due to health concern	423	2	4	3.05	.804
Absenteeism	423	4	5	4.47	.500
Lower labour productivity	423	4	5	4.53	.500
Poor work attitude	423	1	3	1.98	.814
Poor workmanship	423	1	3	1.98	.783
Valid N (listwise)	423				

Source : IBM SPSS version 26

The results in Table 3 results from the participants on the impact of Covid-19 on the workforce. It highlighted that Covid-19 did not lead to poor work attitude and poor workmanship as revealed by a disagreeableness average score of 1.98 for both. This suggests that Covid-19 did not negatively affect the work attitude and workmanship of SMMEs in South Africa. Nonetheless, absenteeism and lower labour productivity were reported by the participants and this was supported by an average agreeableness score of 4.47 and 4.53. According to Cushard (2017) absenteeism can hurt the business and team dynamics leading to lower productivity which may in turn lead to a reduction of profitability of a business. Moreover, it was reported that Covid-19 virus infected many employees which led to their hospitalization or self-isolation. This also contributed to a huge portion of absenteeism during the pandemic. Additionally, the results seem to show that the participants had mixed feelings as to whether Covid-19 pandemic caused some employees to refuse to work due to health concern. This is indicated by a mean score of 3.05 and standard deviation of 0.804 as it suggests that some participants believed that some employees refused to work during the pandemic due to fear of being infected yet others did not think so. However, this could have been influenced by the exposure level of employees to clients during the pandemic. For instance, employees in retail stores could have been under greater risk of exposure to customers infected by the Covid-19 virus as compared to employees from the IT & electronics industry who could have been able to work remotely.

4.2.6 Production

Table 4: Impact of Covid-19 on production

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Underutilised production capacity	423	2	4	3.04	.804
Low level of WIP	423	2	4	2.97	.824
Sub-standard workmanship	423	1	5	2.83	1.386
Deteriorating workflow	423	3	5	3.99	.836
Deteriorating work environment	423	2	4	2.99	.812
Valid N (listwise)	423				

Source : IBM SPSS version 26

The results in Table 4 seem to suggest that the Covid-19 pandemic did not lead to underutilization of production capacity, low level of WIP and deterioration of the work environment. The results indicated that some SMMEs businesses experienced underutilization of their production capacity whilst other did not which led to neutral perspective in this regard. On the other hand, some of the participants indicated that they had low level of WIP which could suggest that they had it because they had fewer orders during the Covid-19 pandemic or because they could not have higher levels of WIP due to limited raw materials as supply chain had been disrupted. Moreover, data from Australian Bureau of Statistics (2022) indicated most employees were unable to work owing to Covid-19 related concerns such as self-isolation and illness. As a result, some of the labour workforce was reduced which also contributed to the lower productivity levels. Furthermore, Lu et al. (2020) also states that absenteeism puts pressure on SMMEs production operations which may have negative consequences on the bottom line.

4.2.7 Supply chain

Table 5: Impact of Covid-19 on supply chain

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Lack of supporting industries	423	4	5	4.53	.500
Lack of supporting services	423	4	5	4.51	.500
Long delivery times	423	4	5	4.46	.499
Non-compliant	423	1	5	3.02	1.384
No supply	423	1	5	3.03	1.413
Valid N (listwise)	423				

Source : IBM SPSS version 26

Table 5 results highlights that Covid-19 led to the lack of supporting businesses, deficiency of supporting services and extended distribution times due to disrupted supply chains. This was supported by mean scores of 4.53, 4.51 and 4.46 respectively. This suggests that SMMEs in all industries were severely affected as a result of the Covid-19 pandemic as they could not gain access to supporting industries and supporting services. Moreover, this could also have led to them experiencing long delivery times due to upstream supply chain being disrupted. However, the results seem to suggest that non-compliancy and no supplies were experienced by some of the participants but not all. This could have led to a mean score of 3 for both which suggest that the pandemic did not really affect these two from the combined perspective of all SMMEs which participated in this study. According to Aidoo et al. (2021), lockdown restrictions disrupted supply chains due to prohibition of cross border trading which ultimately affected SMMEs because they could not do business with and/or did not have access to supporting industries and services which also may could have contributed to long delivery times.

4.2.8 Financial management

Table 6: Impact of Covid-19 on financial management

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
No cashflow	423	1	5	2.99	1.353
Unable to service loans	423	4	5	4.50	.501
Unable to pay workers	423	4	5	4.54	.499
Unable to pay utilities	423	4	5	4.49	.500
Unable to pay creditors	423	4	5	4.49	.501
Valid N (listwise)	423				

Source : IBM SPSS version 26

The results in Table 6 indicate that the SMMEs in South Africa were unable to repay loans, remunerate workforces, pay utilities and pay creditors. The mean scores were 4.50, 4.54, 4.49, and 4.49 respectively and this suggest that the revenue was not sufficient to cover all business operational expenses. Surprisingly, the results seem to suggest that not all of the SMMEs suffered from cashflow as indicated by the results that ranged from strongly disagree to strongly agree with an average score of 2.99 and standard deviation. In light of this, the results indicate that some of the SMMEs had no cashflow whilst other had cashflow which suggests that cashflow issues were not industry specific. According to Lobel (2016), SMMEs in the United Kingdom suffered from cash flow issues during the Covid-19 pandemic. This is consistent with Juergensen et al. (2020) who states SMMEs of all sizes are likely to be affected by financial and liquidity issues during the Covid-19 pandemic. Furthermore, cash flow issues may also lead to inability to honour debt repayments, lack of funds to pay workers and inability of pay utilities (Franklin, 2021; Olsen, 2021; Pedauga et al., 2022). However, with respect to failure honour debts from loans and utilities, Financial Service Board United Kingdom (2017) highlights that late payment may results in the SMMEs incurring additional fees and fines/penalties which is obviously detrimental to the sustainability of doing business.

4.2.9 Market demand

Table 7: Impact of Covid-19 on market demand

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Cancellation of export order	423	4	5	4.50	.501
Delay in shipment requested by customer	423	4	5	4.51	.501
Slow domestic market	423	4	5	4.52	.500
Repeat orders from existing customers slow	423	4	5	4.47	.500
Poor payment collection	423	4	5	4.51	.501
Valid N (listwise)	423				

Source : IBM SPSS version 26

The results in Table 7 above indicate that Covid-19 pandemic negatively affected the market demand for SMMEs business in South Africa. The participants indicated that the Covid-19 pandemic resulted in cancellation of export orders, led to delays in consignment demanded by customers, slowed the local market, slowed down the number of recurrence orders from existing clienteles and led to poor payment collection. This was supported by a mean score of about 4.5 and a standard deviation of about 0.5 from each of them respectively as shown on Table 7 above. According to McQuerrey (2019) many businesses during the Covid-19 experienced a lot of difficulties that hindered their operations. Furthermore, because many of the salaries of employees were cut and some lost their jobs; it resulted a lower market demand as many households did not have excess cash to spent. In view of this, Nethercott (2021) asserts that slow domestic market can hamper the sustainability of doing business due to reduced profitability.

4.2.10 Logistics

Table 8: Impact of Covid-19 on logistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Lack of transportation services	423	4	5	4.46	.499
Closure of port services	423	4	5	4.53	.500
Excessive demurrage cost for shipment delays	423	4	5	4.50	.501
Lack of forwarding and shipping vessels	423	4	5	4.48	.500
High freight insurance cost	423	4	5	4.49	.500
Valid N (listwise)	423				

Source : IBM SPSS version 26

The results in Table 8 above suggest that Covid-19 severely impacted the logistics of SMMEs. In light of this, the participants indicated that the lack of transportation services, closure of port facilities, unwarranted demurrage cost for shipment interruptions, lack of forwarding and shipping vessels and high freight insurance cost. These had a mean score and standard deviation of about 4.5 and 0.5 respectively as shown in Table 8 above. According to Supply Chain Quarterly (2022), the closure of ports can lead to excessive inventory levels and revenue loss. This can lead SMMEs to struggle to handle fixed operational costs due to limited resources (Neu et al., 2020).

4.2.11 Employees working under the business owner

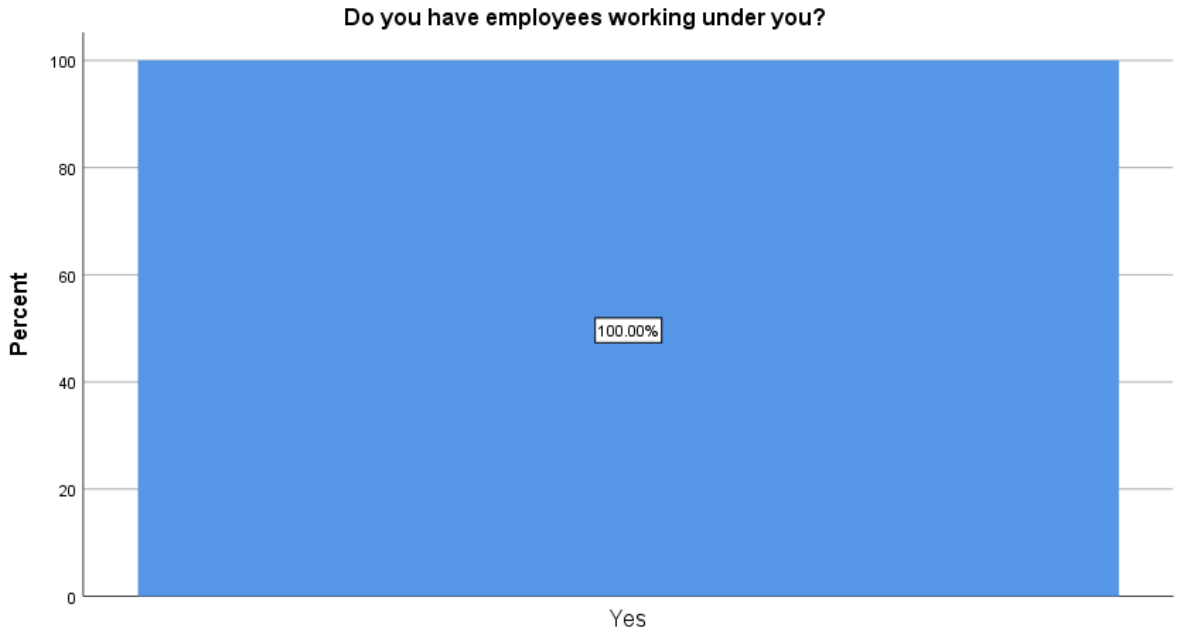


Figure 11: Present of employee subordinates

The participants in this study indicated that all of them had employees working under them and this is supported by the results in Figure 11 above which shows that 100% of the participants affirmed so. This suggests that the SMMEs that participants in this study are no solely run by the owners but have at least one employee within the framework of the organisations.

4.2.12 Employee turnover

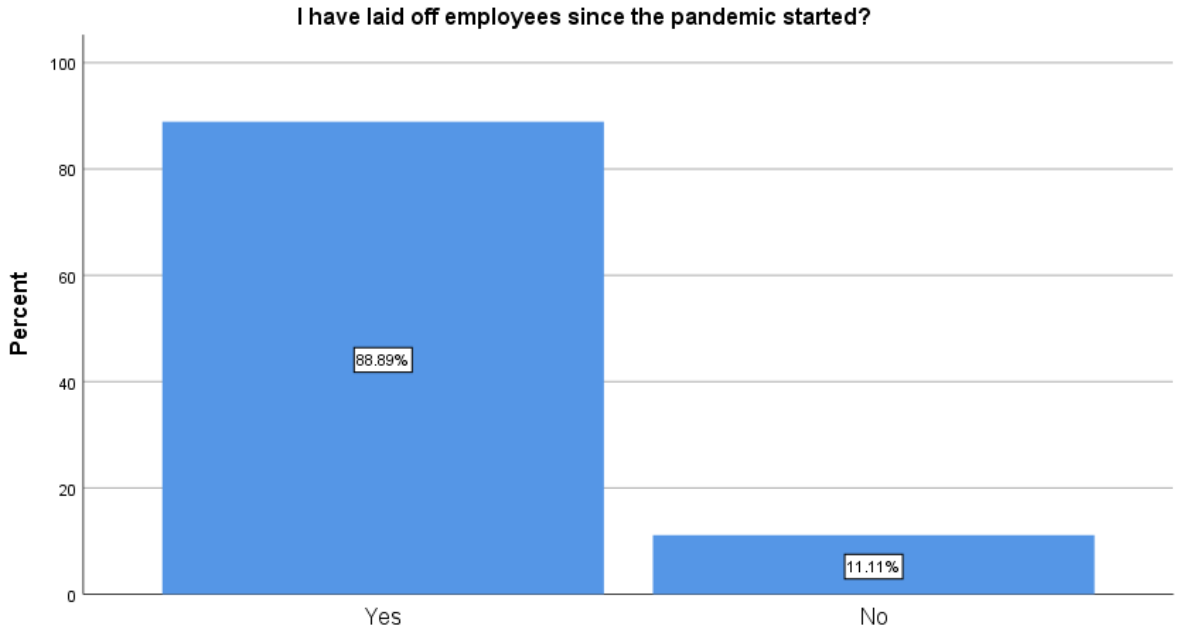


Figure 12: Employees laid off in SMMEs due to Covid-19 pandemic

The majority of participants of the study indicated that they had laid off employees since the pandemic started and this was affirmed by 88.89% of participants as shown in Figure 12 above. However, only 11.11% of the participants indicated that they did not lay off any of their employees which suggests that these SMMEs were financial stable and their operations were no severely affected as at least to the level of laying off some of the employees. These results are in consistent with Sun et al. (2022) and Saviom (2021) who indicated that productivity of SMMEs was affected during the Covid-19 which led to a reduction revenue which meant that there were unable to meet all their financial obligations. This eventually led some of the SMMEs to cut down on their labour workforce in an effort to reduce overhead costs.

4.2.13 Revenue drop

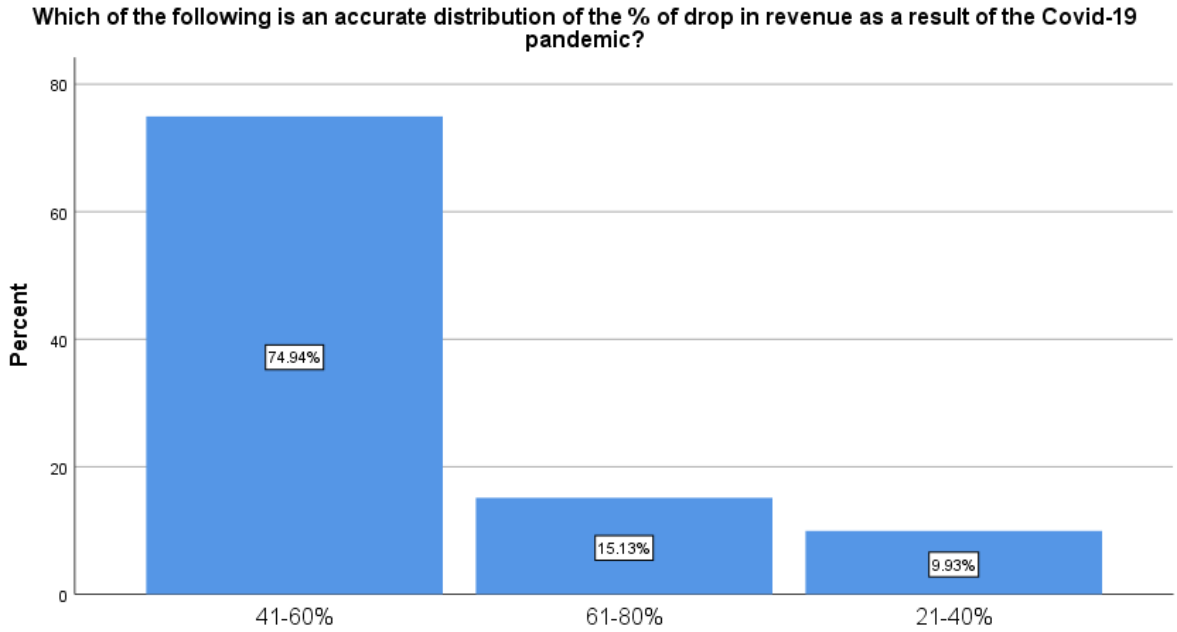


Figure 13: % of drop in revenue

The results of the study in Figure 13 above show that all the SMMEs in this study experience a reduction in revenue in varying as a result of the Covid-19 pandemic. Nevertheless, the majority of the SMMEs in this study experienced a 41-60% drop in revenue as a result of the Covid-19 pandemic. However, the rest of the SMMEs experienced 61-80% and 21-40% drop in revenue which accounted for 15.13% and 9.93% of the participants respectively. This result was expected as lockdown and government restrictions affected the business activities of SMMEs and as a result business could not continue as normal but instead opportunities to increase revenue were drastically reduced during the Covid-19 pandemic.

4.2.14 Sales drop

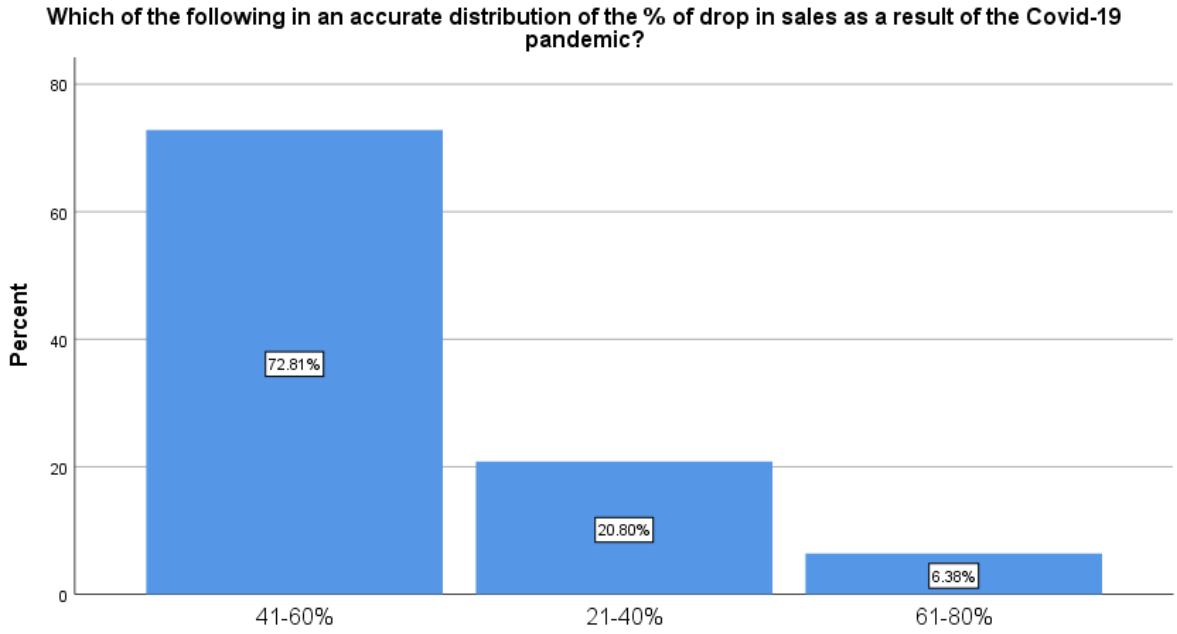


Figure 14: % of drop in sales

The results in Figure 14 shows that all the SMMEs that participated in this study experienced sales drop as a result of the Covid-19 pandemic. However, the impact of the sales drop was not the same for all the SMMEs. In light of this, the majority of the SMMEs in this study experienced 41-60% sales drop which accounted for 72.81% of the participants. However, the rest of SMMEs experienced 21-40% and 61-80% reduction in sales as shown in Figure 14 above. These results are quite worrying as sales the lifeline of organisations as it is a means which the SMMEs make an income to cover its expenses and hopefully make a profit. When sales drop the sustainability of the organisation is challenged and in the case of SMMEs may be severe due to limited resources and reserve funds to sustain the business in turbulent times.

4.3 Strategies to combat the effects of Covid-19 pandemic

Table 9: Strategies to combat the effects of Covid-19 pandemic

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Cancelled or deferred expansion and/or investment projects	423	3	5	3.99	.812
Reduced employee and management level	423	3	5	4.05	.791
Reduced training and personnel development budget	423	4	5	4.55	.498
Reduced or eliminated internal and external social spending	423	4	5	4.51	.500
Strategic alliances	423	4	5	4.51	.501
Enhancing operational efficiency	423	4	5	4.50	.501
Engaging with clients to determine what benefits or features in our products/services would add more value to them	423	1	5	3.03	1.346
Renegotiate payment terms with suppliers and/or credit givers	423	4	5	4.51	.501
Create or improve loyalty benefits for customers	423	1	5	3.03	1.400
Increase the benefits and rewards for employee who come up with innovative ideas to reduce operational costs or to boost sales	423	1	5	3.05	1.412
Channel resources to IT systems, products and services that would potentially enhance the business whilst simultaneously reducing or eliminating resources channelled towards less demanded IT systems, products and services	423	2	5	3.50	1.073
Copy strategies and tactics of competitors that may enhance the profitability of the business	423	3	5	3.98	.823
Increase spending on advertising	423	1	5	3.08	1.381
Target new market segments	423	1	5	3.00	1.426
Reduce employee working hours and wages/salaries	423	4	5	4.49	.501
Reduce production	423	4	5	4.49	.501
Valid N (listwise)	423				

Source : IBM SPSS version 26

The results in Table 9 above seems to suggest that all the SMMEs were using i) reduced training and personnel development budget, ii) reduced or eliminated internal and external social spending, iii) strategic alliances, iv) enhancing operational efficiency, v) renegotiate payment terms with suppliers and/or credit givers, vi) reduce employee working hours and wages/salaries and vii) reduce production were the widely used strategies by SMMEs in this

study to combat the effects of Covid-19 pandemic on their business environment. This is supported by the data in Table 9 which shows that these strategies received minimum score of 4 (agree) and maximum score of 5 (strongly agree) with a mean score of about 4.51 and standard deviation of 0.5 for each. Furthermore, most of the SMMEs also indicated that they i) cancelled or deferred expansion and/or investment projects, ii) reduced employee and management level and iii) copied strategies and tactics of competitors that may enhance the profitability of the business as strategies to survive the Covid-19 pandemic. This was supported by the data in Table 9 which had minimum score of 3 (neutral) and maximum score of 5 (strongly agree) with a mean score of about 4.0 and standard deviation of 0.8 for each. This suggests that most the SMMEs were using these three strategies whilst some of the SMMEs seems to be unsure about it or they just chose not to disclose about it. Nevertheless, it seems the SMMEs did not widely adopt the following as part of their strategies to combat the Covid-19 pandemic: i) engaging with clients to determine what benefits or features in their products/services would add more value to them ii) creating or improving loyalty benefits for customers, iii) increasing the benefits and rewards for employee who come up with innovative ideas to reduce operational costs or to boost sales and iv) channelling resources to IT systems, products and services that would potentially enhance the business whilst simultaneously reducing or eliminating resources channelled towards less demanded IT systems, products and services. These strategies received mixed feeling as some indicated that they were using them whilst others disagreed as result the mean score for these strategies were between 3.0 – 3.5.

4.4 Intervention programs

Table 10: Intervention programs

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
My company received financial incentives during the Covid-19 pandemic from government and/or financial institutions	423	1	2	1.53	.500
My company received credit extension from government and/or financial institutions	423	2	5	3.49	1.079
My company received special credit for SMMEs with lower rate from government and/or financial institutions such as the Small Enterprise Finance Agency (SEFA) funded loans	423	1	2	1.51	.501
My company received SARS Tax relief measures	423	1	5	3.09	1.438
My company received support from the government and/or financial institutions through any of the following: business growth/resilience facility, spaza support scheme, Covid-19 agricultural disaster support fund, tourism relief fund or loan guarantee scheme	423	1	2	1.55	.498
Valid N (listwise)	423				

Source : IBM SPSS version 26

Table 10 above indicate that most of the SMMEs in this study did not benefit much from the intervention programs that were presented by the government and financial organisations in South Africa. The SMMEs in this study indicated that they either disagreed or strongly disagreed that their organisations received financial incentives, special credit for SMMEs with lower rate from government and/or financial institutions and received support from the government and/or financial institutions through either business growth/resilience facility, spaza support scheme, Covid-19 agricultural disaster support fund, tourism relief fund or loan guarantee scheme. However, it seems some of the SMMEs did receive credit extension from government and/or financial institutions and SARS tax relief measures but some of SMMEs indicated that they did not. In this regard, it only seems that credit extension and tax relief were the only intervention programs that were realised by some of the SMMEs in this study. Nonetheless, the results in this study suggests that intervention programs only help a minute percentage of the SMMEs which meant that they had to fend for themselves which obviously was not an easy endeavour.

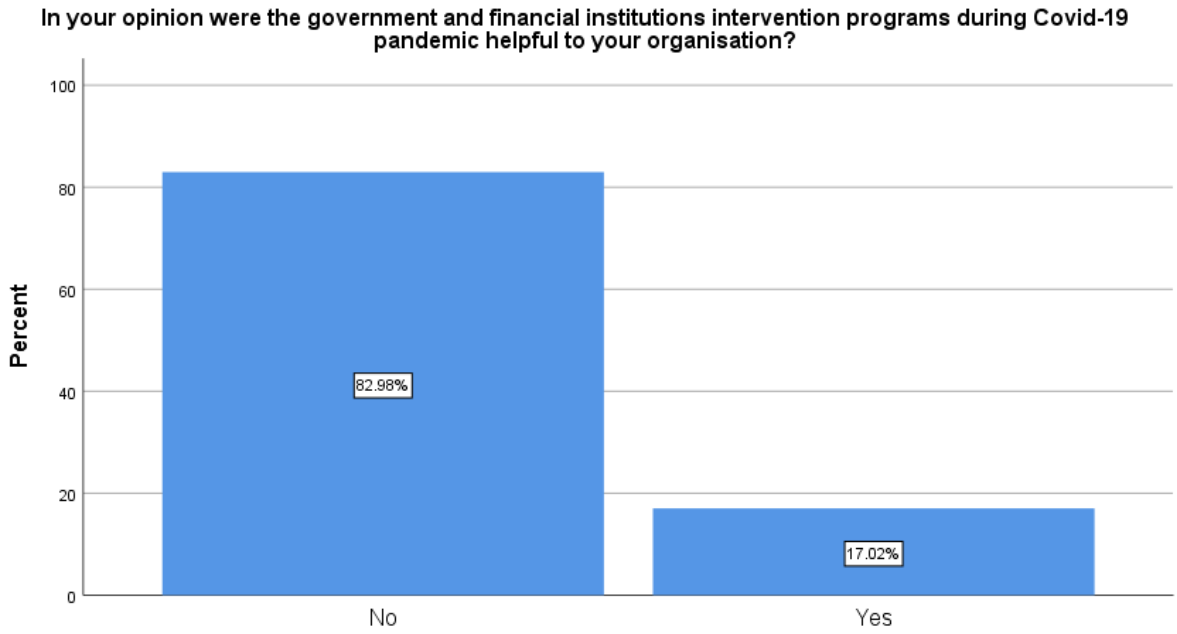


Figure 15: Impact of intervention programs on SMMEs

The results in Figure 15 above highlights that the majority of the SMMEs in this study were of the opinion that government and financial institutions intervention programs during the Covid-19 pandemic were not helpful to their organisations. This was supported by 82.98% of the participants. Nonetheless, 17.02% indicated that the intervention programs were helpful to them. This finding is consistent with the results in the previous section which indicated the intervention programs were generally not helpful for the better part of the SMME's who supported in the participation of this study.

4.5 Hypothesis testing

The hypotheses that were generated in the literature are as follows:

- Hypothesis 1: Covid-19 pandemic had a negative impact on the survival prospects of SMMEs.
- Hypothesis 2: Most SMMEs were already struggling pre-Covid-19 pandemic and the coming of the pandemic made worse an already bad business environment.
- Hypothesis 3: Business closure, lack of operational cash flow and reduction in demand were three major challenges for SMMEs in the goods industry during the Covid-19 pandemic.
- Hypothesis 4: Lack of operational cash flow, reduction in demand and reduction in opportunities to meet new customers were three major challenges for SMMEs the services industry during the Covid-19 pandemic.

These hypotheses were tested in the following subsections below in order to generate conclusions on them.

4.5.1 Hypothesis 1

The impact of Covid-19 on SMMEs was examined using three dimensions which are % of companies that laid off their employees, % of drop in revenue of at least 21% and % drop in sales of at least 21%. In this regard, the results are shown in Table11 below:

Table 11: Impact of Covid-19 on SMMEs

Description	% composition of sample
% of companies that laid off their employees	89%
% drop in revenue of at least 21%	100%
% drop in sales of at least 21%	100%

In view of this, it was concluded that Covid-19 had a negative impact on the survival prospects of SMMEs.

4.5.2 Hypothesis 2

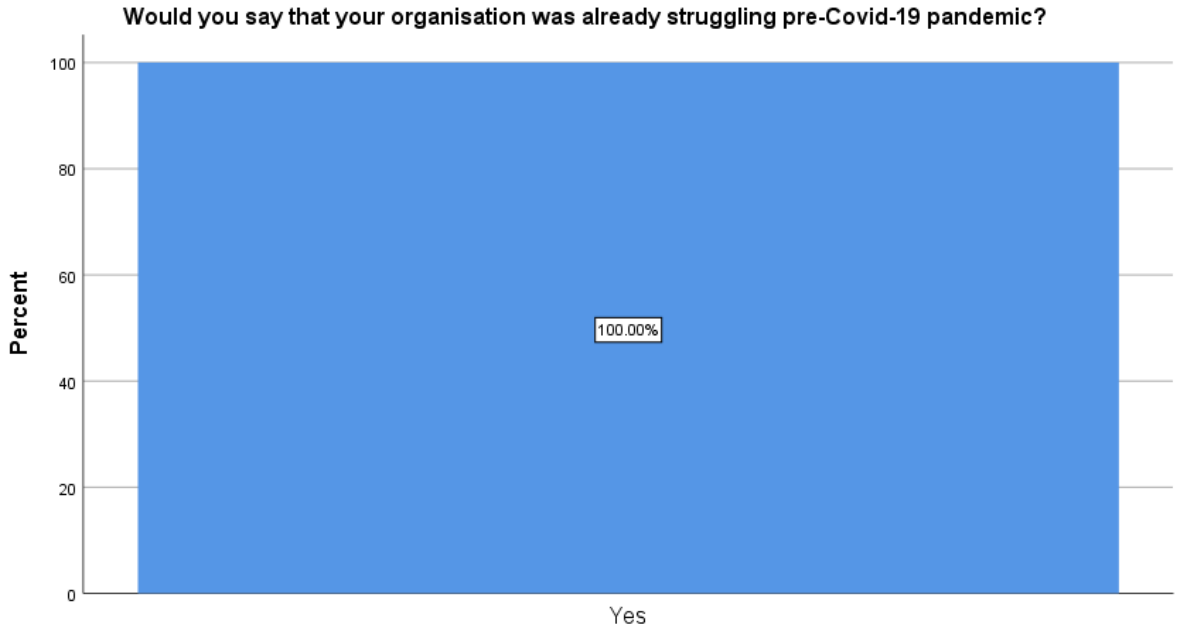


Figure 16: SMMEs were already struggling pre-Covid-19 pandemic

Figure 16 above shows a 100% affirmation from the SMMEs that participated in this study that their organizations were already struggling pre-Covid-19 pandemic. This is consistent with The World Bank (2022:online) which asserted the following: "*The South African economy was already in a weak position when it entered the pandemic after a decade of low growth. In 2019, the economy grew by 0.1% partially caused by the resurgence of load shedding associated with operational and financial difficulties at the energy utility Eskom*". This goes to shows the economic environment was already bad before the Covid-19 and it seems SMMEs were already facing some difficulties in conducting their business.

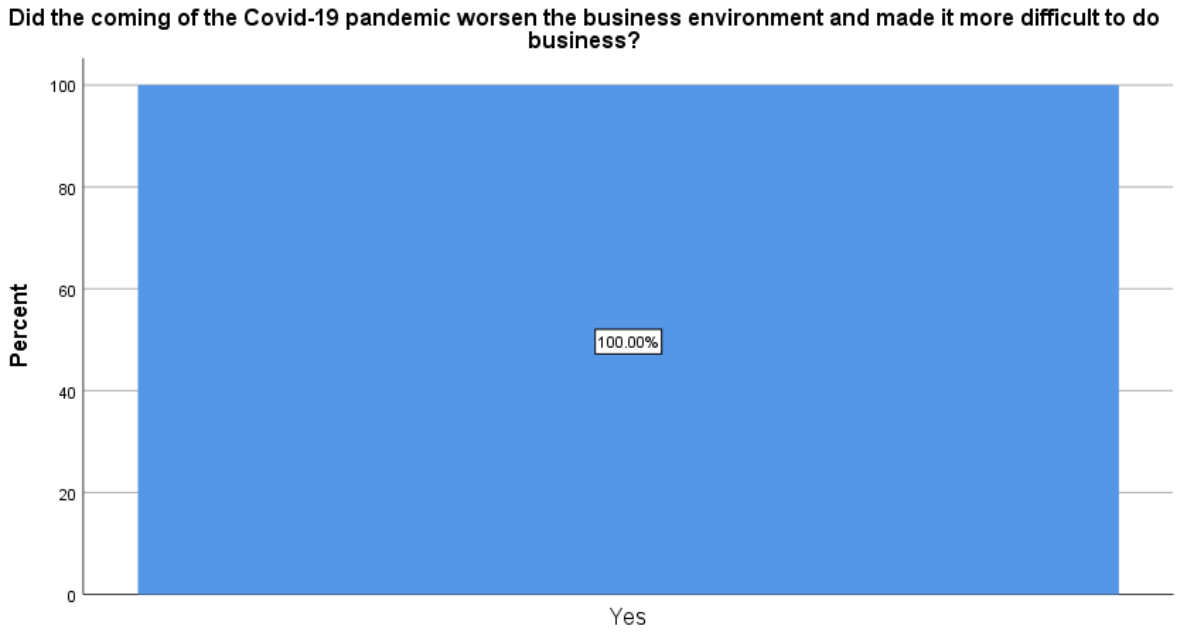


Figure 17: Covid-19 pandemic worsen the business environment and made it more difficult for SMMEs to do business

The SMMEs in this study also affirmed that the coming off the Covid-19 pandemic worsened the business environment and made it more difficult to do business. This was affirmed by 100% of the SMMEs as shown in Figure 17 above. The coming of the Covid-19 pandemic hit hard on the global economy which disrupted the supply chains and trading, reduced the labour force and productivity and also resulted in a revenue and sale drop due lockdown and restrictions (Aidoo et al., 2021; Juergensen et al., 2020; Morgan, 2019; Neu et al., 2020; Slack, 2021; Zutshi et al., 2021). Furthermore, many employees lost their jobs or their salaries were reduced which led to a reduction in buying power (Foster, 2021). This consequently also led to lower sales in many SMMEs as their customers had less money to spent.

In light of the results above, it was concluded that most SMMEs were already struggling pre-Covid-19 pandemic and the coming of the pandemic made worse an already bad business environment.

4.5.3 Hypothesis 3

The sample of SMMEs that participated in this study were 423 and out these 155 were in the goods industry. In this regard, the select cases function in SPSS was used to select only the SMMEs who were in the goods industry for analysis. The results on this analysis are shown below.

The SMMEs in the good industry which participated in this study indicated that they were affected by business closure, lack of operational cash flow and reduction in demand during the Covid-19 pandemic. This is supported by a total agreeableness score of 100% as shown in Figure 18, Figure 19 and Figure 20 below. This finding suggests that SMMEs in the goods industry were negatively affected by business closure, lack of operational cash flow and reduction in demand during the Covid-19 pandemic.

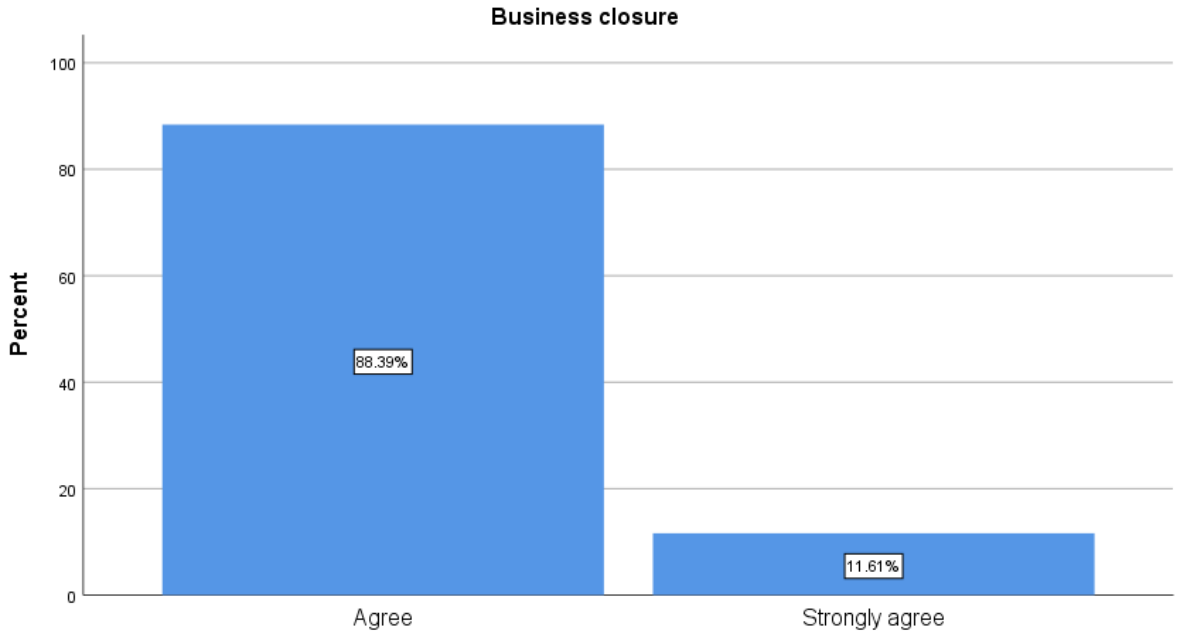


Figure 18: Business closure experienced by SMMEs in the goods industry

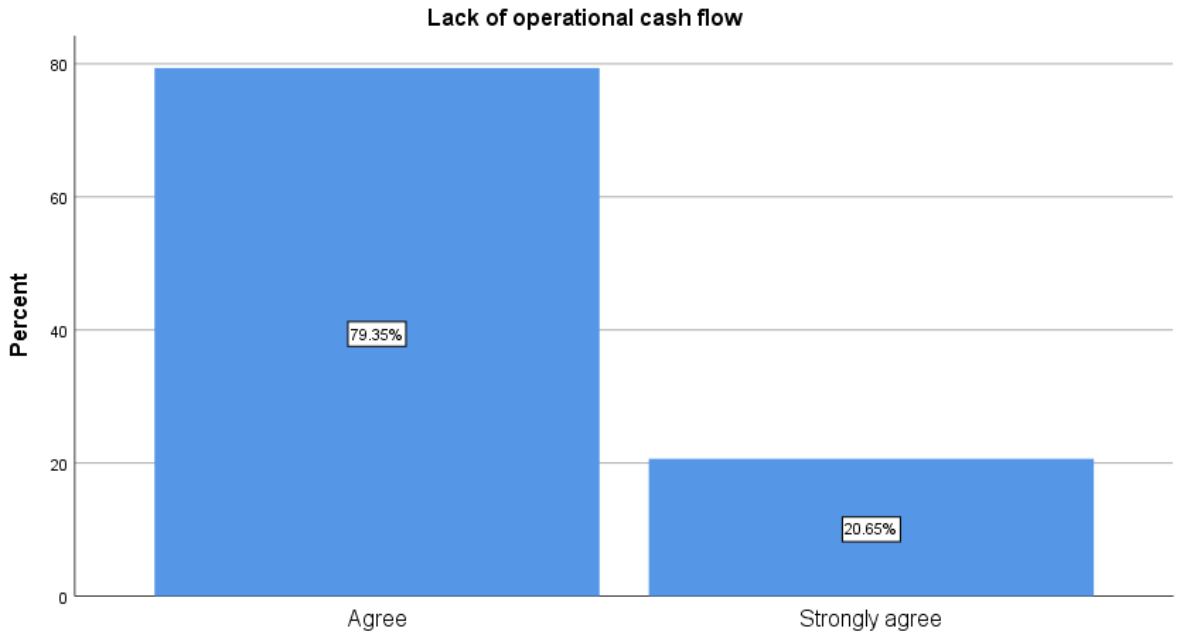


Figure 19: Lack of operational cash flow experienced by SMMEs in the good industry

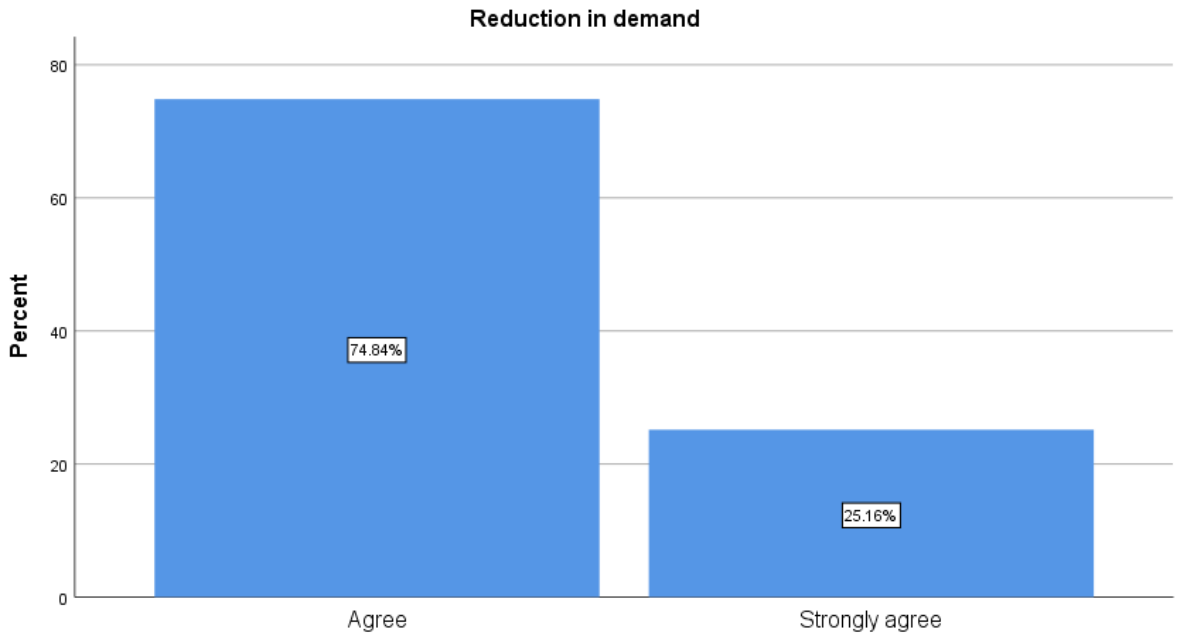


Figure 20: Reduction in demand experienced by SMMEs in the good industry

However, results in Figure 21 below indicates that most of the SMMEs in the goods industry experienced a reduction in opportunities to meet new customers and this was supported by a total agreeableness score of 40.00%. On the other hand, some of the SMMEs in the goods industry did not experience a reduction in opportunities to meet new customers and this was

supported by a total disagreeableness score of 38.06%. However, 21.94% of SMMEs in the goods industry were neutral on this matter. This finding suggests that not all SMMEs in the goods industry experienced reduction in opportunities to see new clienteles.

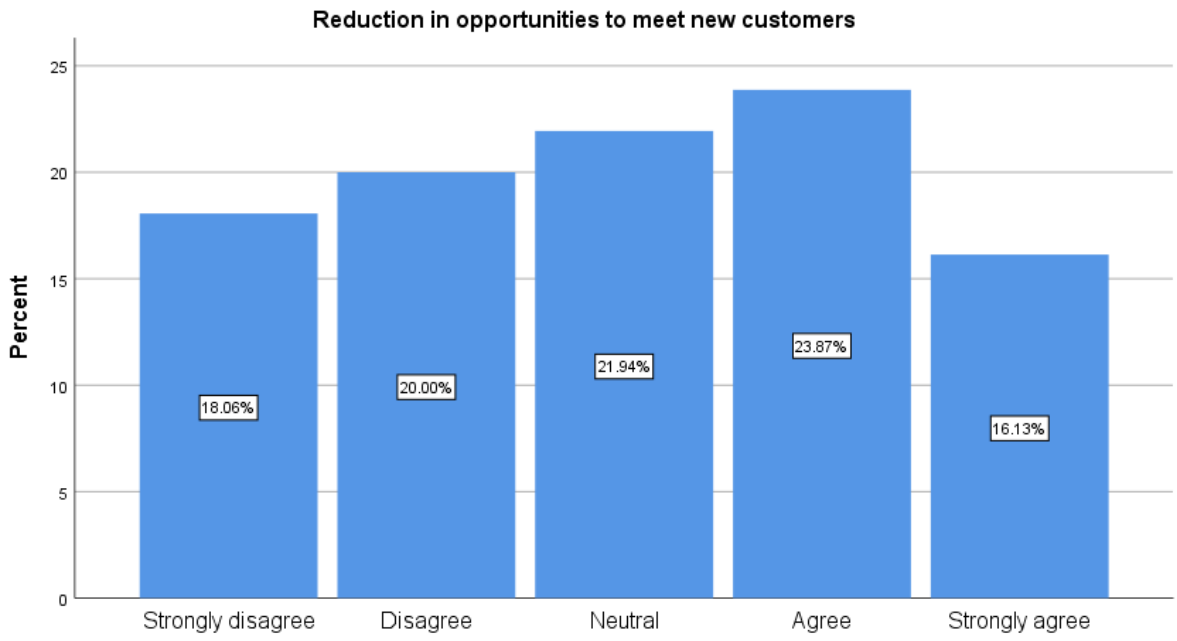


Figure 21: Reduction in opportunities to meet new customers experienced by SMMEs in the good industry

In view of the results above, it was concluded that business closure, lack of operational cash flow and reduction in demand were three major challenges for SMMEs in the goods industry during the Covid-19 pandemic.

2.5.4 Hypothesis 4

The sample of SMMEs that participated in this study were 423 and out these 268 were in the services industry. In this regard, the select cases function in SPSS was used to select only the SMMEs who were in the services industry for analysis. However, the results on this analysis are shown below.

The results in Figure 22 below indicates that most of the SMMEs in the services industry experienced business closure and this was supported by a total agreeableness score of 41.79%. On the other hand, some of the SMMEs in the services industry did not experience business closure and this was supported by a total disagreeableness score of 38.80%. However, 19.40% of SMMEs in the services industry were neutral on this matter. This finding suggests that not all SMMEs in the services experienced business closure.

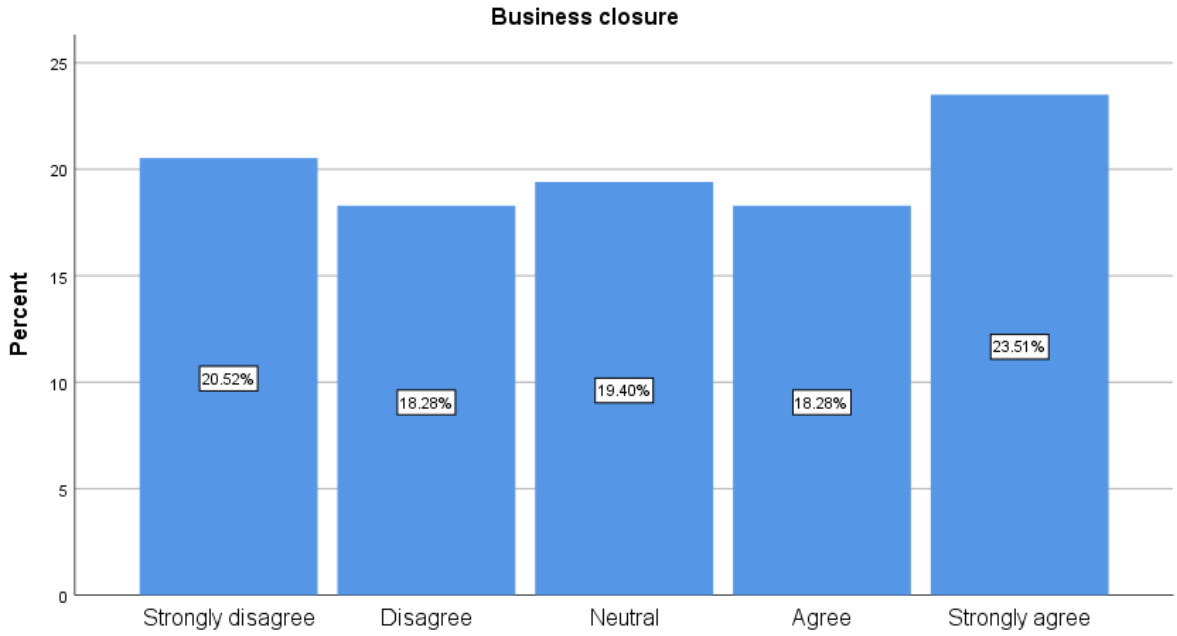


Figure 22: Business closure experienced by SMMEs in the service industry

The SMMEs in the services industry which participated in this study indicated that they were affected by lack of operational cash flow, experienced reduction in both demand and in opportunities to meet new customers during the Covid-19 pandemic. This is supported by a total agreeableness score of 100% as shown in Figure 23, Figure 24 and Figure 25 below. This finding suggests that SMMEs in the services industry were severely negatively affected by lack of operational cash flow, experienced reduction in demand and also experienced reduction in opportunities to meet new customers during Covid-19 pandemic.

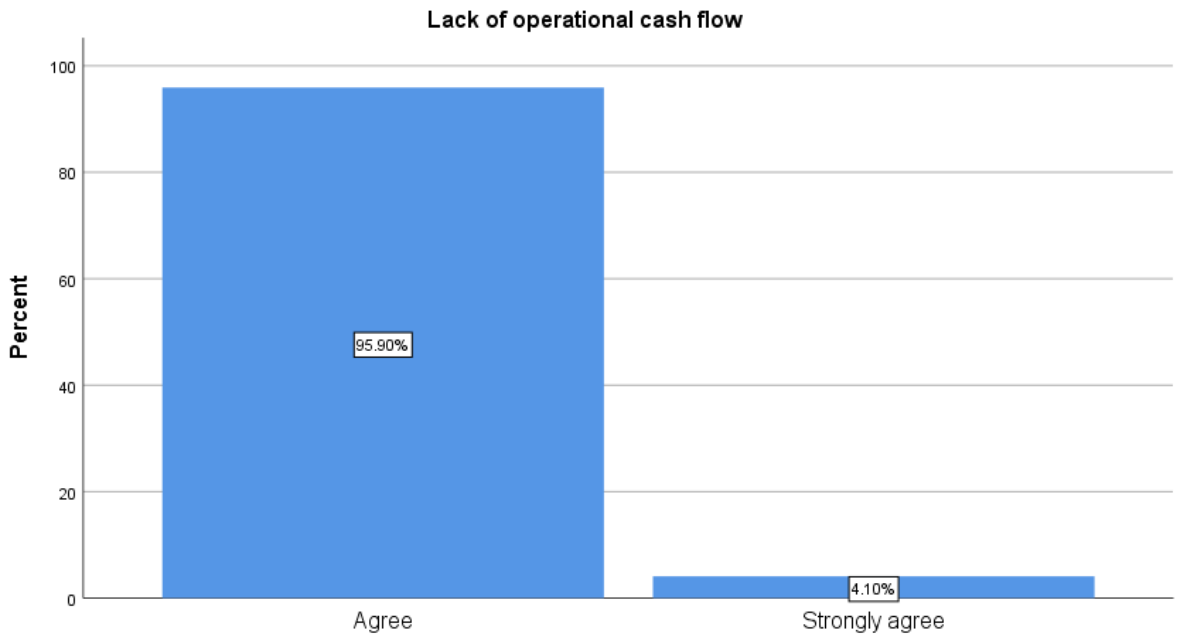


Figure 23: Lack of operational cash flow experienced by SMMEs in the service industry

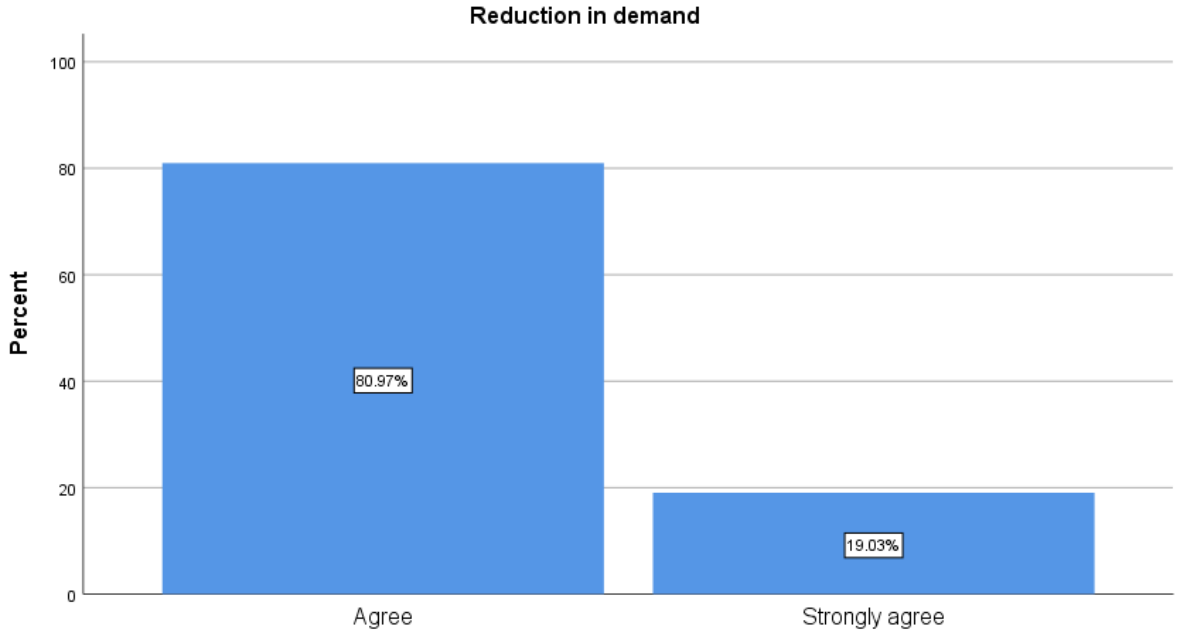


Figure 24: Reduction in demand experienced by SMMEs in the service industry

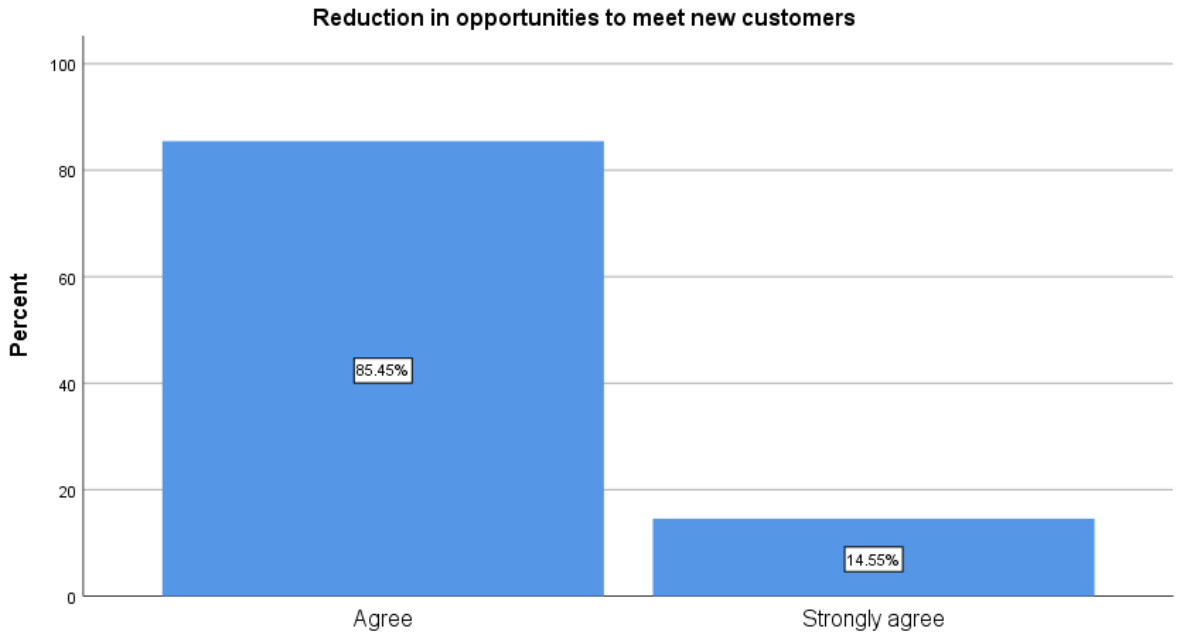


Figure 25: Reduction in opportunities to meet new customers experienced by SMMEs in the service industry

Consequently, it was concluded that lack of operational cash flow, reduction in demand and reduction in opportunities to meet new customers were three major challenges for SMMEs the services industry during the Covid-19 pandemic.

4.6 Chapter summary

The impact of Covid-19 on SMMEs in South Africa, strategies to combat the effects of the Covid-19 pandemic, impact of intervention programs as relief measures on SMMEs were analysed in this chapter. It found that SMMEs in South Africa were severely affected by Covid-19 pandemic which led to laying off of some their employees, revenue reduction and sale reduction. Moreover, intervention programs from the government and financial institutions were of little help to SMMEs and as a result they had to fend for themselves in order to sustain their businesses. The next chapter will discuss the conclusions and recommendations of the study.

CHAPTER 5: CONCLUSIONS & RECOMMENDATIONS

5.0 Introduction

This chapter discussions the conclusions and recommendations of the study. It shall consolidate the findings from this study to come up with conclusions and recommendations that may be useful to SMMEs and other relevant stakeholders.

5.1 Conclusions

This section shall be divided into two subsections which are conclusions on the objectives and conclusions on the hypotheses.

5.1.1 Conclusions on the objectives

The objectives of the study were as follows:

- To determine the impact of Covid-19 on SMMEs in South Africa,
- To identify and investigate the efficacy of the Covid-19 intervention programs for SMMEs that have been introduced by the government and financial institutions in South Africa,

To determine the impact of Covid-19 on SMMEs in South Africa,

The impact of the Covid-19 on SMMEs in South Africa was severe as it was indicated that even before the pandemic the fiscal of South African was struggling and the coming of the pandemic further worsened an already bad business environment for SMMEs. The SMMEs in this study indicated purchasing of good was difficult for them during the Covid-19 pandemic. Furthermore, they experienced low turnover which affected their revenue and cashflow. Moreover, the workforce was also impacted by the Covid-19 which led to increased absenteeism and lower labour productivity. Additionally, raw material supply was also impacted due to uncertain supply, unstable prices, low stock in factory/warehouse and long lead times. On the other hand, the supply chain was affected by absence of both supporting businesses, supporting services and lengthy delivery times which ultimately slowed the production throughput of the SMMEs. Also, it was indicated that the market demand was negatively impacted which led to termination of export orders, delays in consignment requested by customers, slower local market, slow down the number of recurrence requests from current clienteles slow and pay payment collection. In addition, the logistics which the SMMEs utilised were also negatively impacted leading to lack of transportation services, closure of port services, unwarranted demurrage cost for shipment postponements, lack of

forwarding and shipping vessels and high freight insurance cost. Consequently, the financial management of SMMEs

To identify and investigate the efficacy of the Covid-19 intervention programs for SMMEs that have been introduced by the government and financial institutions in South Africa

The intervention programs that were identified in this study are: i) financial incentives from government and/or financial institutions, ii) credit extension from government and/or financial institutions, iii) special credit for SMMEs with lower rate from government and/or financial institutions such as the Small Enterprise Finance Agency (SEFA) funded loans, iv) SARS Tax relief measures and v) support from the government and/or financial institutions through business growth/resilience facility, spaza support scheme, Covid-19 agricultural disaster support fund, tourism relief fund or loan guarantee scheme. However, the majority of SMMEs in this study indicated that they did not benefit from this intervention at all. This could have been due to corruption related to Covid-19 relief funds that had been allocated by the government to help businesses during the pandemic (BBC, 2020; McCain, 2022; Parliament of the Republic of South Africa, 2020).

5.1.2 Conclusions on the hypotheses

The hypotheses generated in this study were as follows:

- Hypothesis 1: Covid-19 pandemic had a negative impact on the survival prospects of SMMEs.
- Hypothesis 2: Most SMMEs were already struggling pre-Covid-19 pandemic and the coming of the pandemic made worse an already bad business environment.
- Hypothesis 3: Business closure, lack of operational cash flow and reduction in demand were three major challenges for SMMEs in the goods industry during the Covid-19 pandemic.
- Hypothesis 4: Lack of operational cash flow, reduction in demand and reduction in opportunities to meet new customers were three major challenges for SMMEs the services industry during the Covid-19 pandemic.

Hypothesis 1: Covid-19 pandemic had a negative impact on the survival prospects of SMMEs.

The study found out that due to the Covid-19 pandemic some of the SMMEs were forced to let their employees go to sustain their business operations. Furthermore, all the SMMEs in this study faced revenue and sales drop although it was experienced in varying degrees. In view of this, it was concluded that Covid-19 had a negative impact on the survival prospects of SMMEs.

Hypothesis 2: Most SMMEs were already struggling pre-Covid-19 pandemic and the coming of the pandemic made worse an already bad business environment.

The study found out that all the SMMEs in this study affirmed that they were facing challenges in their business operations due to the bad economic environment pre-Covid-19. Furthermore, it was confirmed by all the SMMEs the coming of the Covid-19 pandemic worsened any already bad business environment. In light of this, it was concluded that most SMMEs were already struggling pre-Covid-19 pandemic and the coming of the pandemic made worse an already bad business environment.

Hypothesis 3: Business closure, lack of operational cash flow and reduction in demand were three major challenges for SMMEs in the goods industry during the Covid-19 pandemic.

The study found that all the SMMEs in the goods industry indicated that business closure, lack of operational cash flow and reduction in demand were the challenges they facing as result of Covid-19 pandemic but reduction in opportunities to meet new customers was not experienced by all the SMMEs in the goods industry. In view of this, it was concluded that business closure, lack of operational cash flow and reduction in demand were three major challenges for SMMEs in the goods industry during the Covid-19 pandemic.

Hypothesis 4: Lack of operational cash flow, reduction in demand and reduction in opportunities to meet new customers were three major challenges for SMMEs the services industry during the Covid-19 pandemic.

The study found that all the SMMEs in the services industry indicated that lack of operational cash flow, reduction in demand and reduction in opportunities to meet new customers were the challenges they facing as result of Covid-19 pandemic but business closure was not experienced by all the SMMEs in the services industry. Consequently, it was concluded that lack of operational cash flow, reduction in demand and reduction in opportunities to meet new customers were three major challenges for SMMEs the services industry during the Covid-19 pandemic.

5.2 Recommendations

The findings indicated that most of the SMMEs that participate in the study did not benefit from Covid-19 relief fund. It seems these programs did not employ effective planning strategies possibly due to the fact that most things were done in a rush which could not have allowed more thought to be put to how much intervention programs were implemented. This in turn allowed corruption and other misdemeanors to occur which in the end unfairly deprivileged other SMMEs from accessing relief funds. It is recommended that the administration of South Africa should leverage data from this recent Covid-19 pandemic to appreciate better the challenges that were faced when dispensing Covid-19 relief funds so that they can learn from their mistakes and become more efficient in reaching out to more people as well as rooting out corruption. The government should focus on what they can still do to support the SMMEs or regulate how the large corporation operate, i.e., percentage of volumes should be acquired from SMMEs in the industry. AIDC automotive industry development corporation in partnership with Ford Motor company built an incubation hub to support SMMEs through its supply chain, manufacturing and procurement services. If the contribution of SMMEs in South Africa contribute to almost 50% of the GDP; then it is recommended that the government should do more handholding to these SMMEs and see them grow to add a positive impact to the economy. Furthermore, it is recommended that the government of South Africa should maintain a register of all SMMEs in each province and from time to time it should engage with them to find out what their challenges are and how they can be assisted financially, educationally and in connecting with other players. This will build a positive relationship with the administration and SMME's rather than leaving all intervention to be made only when there is a crisis such as the Covid-19 pandemic. In view of this, maintaining this rapport helps to know which SMMEs are within each province and it will be easier to track them and to found out whether they have received assistance particularly during crisis periods such as during the Covid-19 pandemic.

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APPENDIX A: QUESTIONNAIRE

SECTION A: DEMOGRAPHICS

1. What is your gender?

☐Female ☐Male

2. What is your age?

☐18-25 years ☐26-35 years ☐36-45 years

☐46-55 years ☐+55 years

3. What is your highest level of education?

☐Matric ☐Diploma ☐Degree

☐Honours/PG Diploma ☐Masters ☐PhD

4. How many years have you been operating your current business?

☐0-2 years ☐3-5 years ☐6-10 years

☐11-15 years ☐+15 years

5. Which industry does your organisation conducts its business?

☐Food & Consumables ☐Agriculture ☐IT & Electronics

☐Fashion & Clothing ☐Banking & Financial Services ☐Oil & Gas

☐Engineering & Manufacturing ☐Tourism & Travel ☐Timber

☐Mining & Minerals ☐Pharmaceutical ☐ Security Services

☐Education & Training ☐Health & Safety ☐Construction

☐Waste & Recycling ☐Other

SECTION B: IMPACT OF COVID-19 ON SMMEs

	Answer the following questions by ticking (√) the appropriate box. [Strong Disagree (SD), Disagree (D), Neutral (N), Agree (A), Strongly Agree (SA)]	**SD**	**D**	**N**	**A**	**SA**
1	**Since the pandemic started and the government measures to check the spread, business have been very bad**	SD	D	N	A	SA
2	**Purchasing goods and raw materials have been difficult**	SD	D	N	A	SA
3	**The turnover rate has been seriously affected**	SD	D	N	A	SA

4	**IMPACT ON RAW MATERIALS SUPPLY**	**SD**	**D**	**N**	**A**	**SA**
a	Uncertain supply	SD	D	N	A	SA
b	Unstable price	SD	D	N	A	SA
c	Inconsistent quality	SD	D	N	A	SA
d	Low stock in factory	SD	D	N	A	SA
e	Long lead or delivery times	SD	D	N	A	SA

5	**IMPACT ON WORKFORCE**	**SD**	**D**	**N**	**A**	**SA**
a	Refusal to work due to health concern	SD	D	N	A	SA
b	Absenteeism	SD	D	N	A	SA
c	Lower labour productivity	SD	D	N	A	SA
d	Poor work attitude	SD	D	N	A	SA
e	Poor workmanship	SD	D	N	A	SA

6	**IMPACT ON PRODUCTION**	**SD**	**D**	**N**	**A**	**SA**
a	Underutilised production capacity	SD	D	N	A	SA
b	Low level of WIP	SD	D	N	A	SA
c	Sub-standard workmanship	SD	D	N	A	SA
d	Deteriorating workflow	SD	D	N	A	SA
e	Deteriorating work environment	SD	D	N	A	SA

7	IMPACT ON SUPPLY CHAIN	SD	D	N	A	SA
a	Lack of supporting industries	SD	D	N	A	SA
b	Lack of supporting services	SD	D	N	A	SA
c	Long delivery times	SD	D	N	A	SA
d	Non-compliant	SD	D	N	A	SA
e	No supply	SD	D	N	A	SA

8	IMPACT ON FINANCIAL MANAGEMENT	SD	D	N	A	SA
a	No cashflow	SD	D	N	A	SA
b	Unable to service loans	SD	D	N	A	SA
c	Unable to pay workers	SD	D	N	A	SA
d	Unable to pay utilities	SD	D	N	A	SA
e	Unable to pay creditors	SD	D	N	A	SA

9	IMPACT ON MARKET DEMAND	SD	D	N	A	SA
a	Cancellation of export order	SD	D	N	A	SA
b	Delay in shipment requested by customer	SD	D	N	A	SA
c	Slow domestic market	SD	D	N	A	SA
d	Repeat orders from existing customers slow	SD	D	N	A	SA
e	Poor payment collection	SD	D	N	A	SA

10	IMPACT ON LOGISTICS	SD	D	N	A	SA
a	Lack of transportation services	SD	D	N	A	SA
b	Closure of port services	SD	D	N	A	SA
c	Excessive demurrage cost for shipment delays	SD	D	N	A	SA
d	Lack of forwarding and shipping vessels	SD	D	N	A	SA
e	High freight insurance cost	SD	D	N	A	SA

11. Do have employees working under you?

☐Yes ☐No

12. I have laid off employees since the pandemic started?

☐Yes ☐No

13. Which of the following is an accurate distribution of the % of drop in revenue as a result of the Covid-19 pandemic?

☐0-20% ☐21-40% ☐41-60% ☐61-80% ☐81-100%

14. Which of the following in an accurate distribution of the % of drop in sales as a result of the Covid-19 pandemic?

☐0-20% ☐21-40% ☐41-60% ☐61-80% ☐81-100%

SECTION C: STRATEGIES TO COMBAT THE EFFECTS OF COVID-19 PANDEMIC

	Answer the following questions by ticking (√) the appropriate box. [Strong Disagree (SD), Disagree (D), Neutral (N), Agree (A), Strongly Agree (SA)]	**SD**	**D**	**N**	**A**	**SA**
1	**Cancelled or deferred expansion and/or investment projects**	SD	D	N	A	SA
2	**Reduced employee and management level**	SD	D	N	A	SA
3	**Reduced training and personnel development budget**	SD	D	N	A	SA
4	**Reduced or eliminated internal and external social spending**	SD	D	N	A	SA
5	**Strategic alliances**	SD	D	N	A	SA
6	**Enhancing operational efficiency**	SD	D	N	A	SA
7	**Engaging with clients to determine what benefits or features in our products/services would add more value to them**	SD	D	N	A	SA
8	**Renegotiate payment terms with suppliers and/or credit givers**	SD	D	N	A	SA
9	**Create or improve loyalty benefits for customers**	SD	D	N	A	SA
10	**Increase the benefits and rewards for employee who come up with innovative ideas to reduce operational costs or to boost sales**	SD	D	N	A	SA
11	**Channel resources to IT systems, products and services that would potentially enhance the business whilst simultaneously reducing or eliminating resources channelled towards less demanded IT systems, products and services**	SD	D	N	A	SA
12	**Copy strategies and tactics of competitors that may enhance the profitability of the business**	SD	D	N	A	SA
13	**Increase spending on advertising**	SD	D	N	A	SA
14	**Target new market segments**	SD	D	N	A	SA
15	**Reduce employee working hours and wages/salaries**	SD	D	N	A	SA
16	**Reduce production**	SD	D	N	A	SA

SECTION D: GOVERNMENT & FINANCIAL INSTITUTIONS INTERVENTION PROGRAMS

	Answer the following questions by ticking (√) the appropriate box. [Strong Disagree (SD), Disagree (D), Neutral (N), Agree (A), Strongly Agree (SA)]	**SD**	**D**	**N**	**A**	**SA**
1	**My company received financial incentives during the Covid-19 pandemic from government and/or financial institutions**	SD	D	N	A	SA
2	**My company received credit extension from government and/or financial institutions**	SD	D	N	A	SA
3	**My company received special credit for SMMEs with lower rate from government and/or financial institutions such as the Small Enterprise Finance Agency (SEFA) funded loans**	SD	D	N	A	SA
4	**My company received SARS Tax relief measures**	SD	D	N	A	SA
5	**My company received support from the government and/or financial institutions through any of the following: business growth/resilience facility, spaza support scheme, Covid-19 agricultural disaster support fund, tourism relief fund or loan guarantee scheme**	SD	D	N	A	SA

6. In your opinion were the government and financial institutions intervention programs during Covid-19 pandemic helpful to your organisation?

☐Yes ☐No

SECTION E: CHALLENGES EXPERIENCED BY SMMEs DURING COVID-19 PANDEMIC

1. Would you say that your organisation was already struggling pre-Covid-19 pandemic?

☐Yes ☐No

2. Did the coming of the Covid-19 pandemic worsen the business environment and made it more difficult to do business?

☐Yes ☐No

	Indicate whether following were major challenges to your business during the Covid-19 pandemic by answering the following questions by ticking (√) the appropriate box. [Strong Disagree (SD), Disagree (D), Neutral (N), Agree (A), Strongly Agree (SA)]	**SD**	**D**	**N**	**A**	**SA**
3	Business closure	SD	D	N	A	SA
4	Lack of operational cash flow	SD	D	N	A	SA
5	Reduction in demand	SD	D	N	A	SA
6	Reduction in opportunities to meet new customers	SD	D	N	A	SA