



The impact of coronavirus pandemic to small, medium and micro enterprises : A case of Umgungundlovu District Municipality

By

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DECLARATION

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DEDICATION

This dissertation is dedicated to my late sister, Noni Madikizela-Vuso who left us on the 5th December 2023. You left us so sudden and it is so difficult to accept it. Thank you for being my inspiration and for all your support and encouragement in this study, I miss you every day. Lala ngoxolo maNgutyana, maMsuthu you will forever be loved.

ABSTRACT

The aim of the study was to examine the impact of Covid-19 pandemic on small, medium and micro enterprises (SMME's), using Umgungundlovu District as a case study. In South Africa, SMMEs employ more than 80% of the workforce and have been integral towards the development of South Africa, employment creation and poverty alleviation. The Covid-19 pandemic, however, presented some opportunities and challenges to these SMMEs. Hence this study sought to examine the impact, challenges and opportunities faced by these SMMEs, as well as proffer recommendations on how SMMEs can be supported to deal with future unforeseen challenges such as Covid-19 pandemic. A qualitative approach was taken where data was gathered using semi-structured interviews and analysed using thematic analysis.

A sample of 12 participants was selected from the target population that included SMME owners/managers in uMgungundlovu district of KwaZulu-Natal. The findings of the study highlight the impact of COVID-19 on SMMEs, revealing widespread closures and economic setbacks. The decline in SMMEs, particularly during Q3 2020, is a global trend. The study also highlights the interconnectedness of SMMEs with broader economic trends, with financial constraints and supply chain disruptions being major challenges. Opportunities for SMMEs during COVID-19 include the adoption of digital tools, social media marketing, and strategic alliances. However, challenges like the digital gap and the need for enhanced skills highlight areas for improvement. The findings emphasise the need for holistic support mechanisms and policy interventions to bolster SMMEs' resilience in post-pandemic recovery efforts. The study recommended providing targeted financial support, enhancing digital readiness, strengthening collaboration and networking, as well as developing crisis management strategies. Future studies were recommended to focus on the long-term effects of the pandemic on SMMEs, socio-economic impact of SMMEs, as well as resilience-building strategies for SMMEs.

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LIST OF ACRONYMS

DFIs- Development finance institutions
GDP- Gross Domestic Product
IDC- Industrial Development Corporation
KZN- KwaZulu-Natal
NDP- National Development Plan
NURCHA- National Urban Reconstruction and Housing Agency
OECD -Organization for Economic Cooperation and Development
SARS- South African Revenue Services
SARS-CoV-2- Severe acute respiratory syndrome coronavirus
SEDA- Small Enterprise Development Agency
SEFA- Small Enterprise Finance Agency
SMMEs- Small Medium and Micro Enterprises
TIKZN- Trade and Investment KwaZulu-Natal
TREP- Township and Rural Entrepreneurship Programme
EU- European Union
UIF- Unemployment Insurance Fund
WHO- World Health Organization

CHAPTER ONE: INTRODUCTION

1.1 Background

The coronavirus pandemic (COVID-19) has had a significant impact on businesses and societies worldwide, including in South Africa. However, it is crucial to understand the specific challenges faced by small, medium, and micro enterprises (SMMEs) in the uMgungundlovu District Municipality of KwaZulu-Natal during the pandemic. This region experienced unique circumstances and dynamics that influenced the effects of the pandemic on local SMMEs.

Umgungundlovu District Municipality is located in the KwaZulu-Natal province of South Africa. It covers an area of approximately 6,097 square kilometres and is home to a diverse population. The district is characterised by a mix of urban and rural areas, with Pietermaritzburg serving as the administrative and economic hub. The municipality is known for its rich cultural heritage, natural beauty, and agricultural productivity.

In terms of this study on the impact of the COVID-19 pandemic on small, medium, and micro enterprises (SMMEs), Umgungundlovu District Municipality plays a crucial role. The district is home to a significant number of SMMEs, which form the backbone of the local economy. These enterprises operate across various sectors, including retail, services, manufacturing, and agriculture. The study aims to examine how the pandemic has affected these SMMEs in terms of business performance, employment, and movement of goods within the municipality.

Given the diverse nature of the district, it is expected that the impact of the pandemic on SMMEs varied across different areas and industries within Umgungundlovu. The study examined the specific challenges faced by SMMEs in the district, such as disruptions in supply chains, reduced consumer demand, and limited access to financial resources. Additionally, the research investigated the strategies adopted by SMMEs to adapt and survive during these challenging times, including the role of management innovation and organizational resilience. By understanding the unique profile of Umgungundlovu District Municipality and its SMME sector, this study provided valuable insights into the broader implications of the COVID-19 pandemic on local economies and the potential resilience of SMMEs in the face of such crises.

The uMgungundlovu District Municipality, faced its own set of challenges during the COVID-19 pandemic. In addition to the health and economic impact of the virus, the area also experienced unrest in 2021, which further exacerbated the difficulties faced by SMMEs. It is important to note that the challenges faced by SMMEs in uMgungundlovu District may not

necessarily align with those experienced in other areas, underscoring the need for specific focus on this region.

The pandemic and subsequent lockdown measures had wide-ranging effects on the growth of businesses, particularly SMMEs, in uMgungundlovu District. According to Fubah and Moos (2022), research has shown that SMMEs relying on physical spaces and shops, such as restaurants, supermarkets, traditional food markets, car dealers, bars, gyms, and movie theatres, were negatively impacted. These businesses faced closures, reduced customer demand, and financial strain.

However, it is important to highlight that certain SMMEs operating in other sectors, such as local neighbourhood markets (convenience stores), online markets, and service-based industries, were able to adapt successfully and maintain their competitive advantage during the pandemic (Tembo, 2020). These businesses utilised strategies such as working from home, establishing virtual offices, and leveraging technological advancements for communication and business performance (Fubah and Moos, 2022).

In the South African context, SMMEs are defined as business units employing a small number of people, typically below a certain limit (SEDA, 2021). The limit for an organisation to be considered an SME in South Africa is 250 employees (Kibuuka and Tustin, 2019). SMMEs play a vital role in the country's economy, employing more than 80% of the workforce and contributing approximately 34% to South Africa's Gross Domestic Product (GDP) (Statistics South Africa, 2020). These figures highlight the significance of SMMEs in driving sustainable economic development, creating employment opportunities, reducing poverty, and stimulating overall economic growth.

However, the COVID-19 pandemic has had a detrimental impact on the number of SMMEs in South Africa, including in uMgungundlovu District. According to the Small Enterprise Development Agency (SEDA), the number of SMMEs in the country decreased by 11% (or 290,000) year-on-year, from 2.65 million in 2015 to 2.36 million in 2020, largely due to COVID-19-related challenges (SEDA, as cited in the background).

Therefore, considering the importance of SMMEs to economic development and the specific challenges faced by these enterprises in the uMgungundlovu District of KwaZulu-Natal, this study aims to investigate the impact of the COVID-19 pandemic on SMMEs in the region. By focusing on this specific area, the study provided valuable insights into the unique challenges

and opportunities faced by SMMEs in uMgungundlovu District during the pandemic and the subsequent unrest in 2021.

1.2 Research Problem

The COVID-19 pandemic and the subsequent measures and methods to curtail the virus such as national lockdown impacted on some SMMEs that relied on physical space. To combat the virus's spread in South Africa, lockdown and safety measures were implemented, resulting in the closure of most small and medium-sized businesses because they were not recognised as providing essential services, while formal large businesses located in shopping malls were allowed to continue operating because they were considered to provide essential services (Odeku, 2021). Tembo (2020) argues that more than 60% of small and medium businesses suffered huge losses and were not able to sustain themselves during the peak of the pandemic. However, some SMMEs managed to develop amidst the pandemic (Pu, Qamruzzaman and Mehta, 2021). This is because the pandemic brought with it new and potential avenues for development such as utilising social media for advertising and conducting business online (Vusi, 2020). In KwaZulu-Natal particularly, some SMMEs operating in services recorded profits as they finally dealt away with huge sums of rentals as they adopted virtual working offices which are cheaper and easy and sustainable (Tembo, 2020). Technological advancements were also utilised and applied so as to ensure the development of organisations (Vusi, 2020). It is imperative to note however that these strategies still need to be developed for the pandemic has affected different sectors of the economy thus SMMEs in KZN need to constantly upgrade on their strategies to remain effective.

Thus, the COVID-19 outbreak has presented opportunities as well as challenges for SMMEs (Fubah and Moos, 2022). With an unemployment rate of over 32% and around 18.2 million people living in extreme poverty in South Africa (Statistics South Africa, 2023), SMMEs are faced with the challenge of improving the lives of South Africans. However, there is lack of empirical evidence on the extent of the impact that the COVID-19 pandemic has had on SMMEs in KZN, uMgungundlovu District. Therefore, as COVID-19 shifts from a global health pandemic to an economic crisis, it would be of great interest for business owners, managers, and policy makers to know the consequences and impacts of the global pandemic on small and medium business and where the efforts should be shifted to sustain businesses and support the economy.

1.3 Aim of the study

The aim of the study was to examine the impact of Covid-19 pandemic on small, medium and micro enterprises (SMME's), using Umgungundlovu District as a case study.

1.4. Research Objectives

The study seeks to address the following objectives:

1. To explore the impact of the COVID-19 pandemic on the general operations of SMMEs in the uMgungundlovu district of KwaZulu-Natal.
2. To explore the financial impact of the COVID-19 pandemic on the general operations of SMMEs in the uMgungundlovu district of KwaZulu-Natal.
3. To identify challenges faced by SMMEs in Umgungundlovu district that resulted from the Covid-19 pandemic
4. To identify opportunities presented by Covid-19 pandemic to SMMEs in Umgungundlovu district
5. Pivoting SMME support in dealing with unforeseen challenges such as Covid-19
6. pandemic.

1.5 Research Questions

The study seeks to answer the following questions:

1. What is the impact of the COVID-19 pandemic on the general operations of SMMEs in the uMgungundlovu district of KwaZulu-Natal?
2. What is the financial impact of the COVID-19 pandemic on the general operations of SMMEs in the uMgungundlovu district of KwaZulu-Natal?
3. What are the challenges faced by SMMEs in Umgungundlovu district that resulted from the Covid-19 pandemic?
4. What are the opportunities to uMgungundlovu district of KwaZulu-Natal SMMEs that came as a result of COVID-19 outbreak?
5. What can SMME support be pivoted in dealing with unforeseen challenges such as Covid-19?
6. pandemic?

1.6 Literature Review

The research conducted in this study draws upon a range of literature to inform its theoretical framework and concepts. The literature review covers various themes related to the impact of the COVID-19 pandemic on small, medium, and micro enterprises (SMMEs), with a specific focus on the Umgungundlovu District of KwaZulu-Natal.

The study incorporates literature on the general operations and financial aspects of SMMEs, exploring topics such as business resilience, financial management, and access to capital. It also examines the specific challenges faced by SMMEs during crises, including supply chain disruptions, changes in consumer behaviour, and manpower shortages. The literature review further highlights the vulnerability of informal SMMEs and the importance of digitalisation for their survival and growth.

The research integrates theoretical perspectives and concepts from the fields of entrepreneurship, small business management, and crisis management. It draws on theories of entrepreneurship to understand how SMMEs respond to crises, adapt their business models, and identify new opportunities. The study also incorporates concepts related to crisis management, exploring strategies for mitigating risks, building resilience, and ensuring business continuity.

Overall, the literature used in this research provides a foundation for understanding the context and key factors influencing the impact of the COVID-19 pandemic on SMMEs in the Umgungundlovu District. It guides the study's theoretical framework, shaping the research questions, and informing the analysis of findings. By synthesising relevant theories and concepts, the research aims to contribute to the existing literature on crisis management in the context of SMMEs and provide practical insights for policymakers and practitioners.

1.7 Research methodology

The study adopted an interpretivist philosophy, which aimed to understand the complexity of social phenomena and develop hypotheses about the problem's nature and potential solutions. The research design employed in this study is exploratory, as there is limited information available about the research phenomenon. This design sought to gain insights and generate ideas.

The research approach used was qualitative, which involves understanding participants' perceptions of a certain element. This approach helped build research theory, capture human

perception and attitudes, and gather in-depth data. The study targeted owners and managers of SMMEs in the uMgungundlovu district, which had a total of 414,071 SMMEs in 2021Q4. The study employed judgmental sampling to select a sample of 12 SMME owners/managers, focusing on businesses that started operations before 2020 and new SMMEs that started operations in 2022.

Primary data was collected using semi-structured interviews. The interviews were conducted with participants' consent, at their convenience, and recorded. Each interview lasted approximately 30 to 45 minutes. Thematic analysis was employed in analysing the data, documenting data patterns according to the subjects reflected in the data. Six phases of thematic analysis were followed, with participant information classified into categories linked to emerging subjects.

The study ensured the trustworthiness of its findings by demonstrating credibility, dependability, transferability, and confirmability. Credibility was achieved through member checking, dependability through transparent research procedures and an audit trail, and confirmability through reliable results unaffected by researcher bias. Transferability was facilitated by providing a clear explanation of the study context, participant selection, data collection, and analysis.

Ethical considerations made included obtaining formal consent, protecting participants from harm, ensuring confidentiality and anonymity, and obtaining permission from relevant SMMEs.

1.8 Significance of the Study

This study contributes to academia, the business fraternity and to government and policy makers. From an academic point of view, this study contributes to the body of knowledge on small and medium businesses in emerging economies. This study acknowledges the presence of studies that have focused on challenges and opportunities faced by SMMEs in South Africa. However, there is limited evidence on the opportunities and challenges for SMMEs during times of crisis such as the COVID-19 pandemic, there is lack of empirical evidence on the extent of the impact that the COVID-19 pandemic has had on SMMEs in South Africa, particularly in KZN, uMgungundlovu District. Therefore, as COVID-19 shifts from a global health pandemic to an economic crisis, it would be of great interest for business owners, managers, government and policy makers to know the consequences and impacts of the global pandemic on small and medium business and where the efforts should be shifted to sustain

businesses and support the economy. This study aims to fill this research gap and contribute to the body of knowledge and policy making within the small and medium business fraternity.

1.9 Chapter Breakdown

The study consists of the following chapters:

Chapter One: Introduction

The first chapter is the introduction of the study consisting of the background of the research, research problem, aims and objectives of the study. The first chapter serves to introduce the topic under study and lays foundation for the research.

Chapter Two: Literature Review

The second chapter is the literature review focusing on literature underpinning the study. The literature review specifically focuses on the definition of key terms underpinning the study, detail on the negative impact of COVID-19 on SMMEs, challenges faced by SMMEs amidst the COVID-19 pandemic and interventions on mechanisms that can be utilised by SMMEs amidst the COVID-19 pandemic.

Chapter Three: Methodology

Chapter three focuses on the methodology that was utilised in the research study. This chapter therefore focuses on aspects such as the research design and approach, sampling and data collection techniques, data analysis and limitations of the study as well as ethical considerations.

Chapter Four: Data Presentation, Interpretation and Discussion

This chapter presented the research findings, interpret them and discuss them.

Chapter Five: Conclusions and Recommendations

This chapter made conclusion and proffer recommendations of the study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focuses on reviewing literature relating to the impact of COVID-19 on SMMEs. The chapter defines the key terms of the study then, then goes on to focus on the theoretical framework, discussion on SMMEs and how COVID-19 has affected SMMEs businesses operations.

2.2 Coronavirus

The impact of the COVID-19 pandemic on small, medium, and micro enterprises (SMMEs) in the Umgungundlovu District is a crucial aspect to consider in this dissertation. It is important to examine how the pandemic has affected businesses, employment, and the movement of goods, specifically for SMMEs.

The COVID-19 pandemic, also known as the coronavirus pandemic, is an ongoing global health crisis caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). It was first identified in Wuhan Province, China in December 2019 (Ung, 2020). According to RAND Corporation (2020), SARS-CoV-2 is the latest member of the coronavirus family to affect humans. Coronaviruses are a common type of virus found in humans and other mammals.

As an acute respiratory syndrome, COVID-19 typically leads to mild to moderate respiratory illness in most infected individuals, with many recovering without special treatment (Yang and Wang, 2020). However, individuals with pre-existing conditions such as cancer, diabetes, cardiovascular disease, chronic respiratory diseases, and other related illnesses are at higher risk of developing severe symptoms (Yang and Wang, 2020). It is therefore crucial for individuals to be aware of proper respiratory etiquette to prevent the spread of the virus through saliva droplets or nasal fluids when coughing or sneezing (Du Toit, 2020).

In South Africa, health and compliance measures were implemented to mitigate the spread of the disease. On March 27, the South African President and Minister of Health imposed one of the strictest lockdown measures outside of China (Campbell, 2020; Arndt, Davies, and Gabriel, 2020). These measures included restrictions on activities such as jogging, walking pets, alcohol sales, and leaving one's place of residence except for emergencies. The aim was to curb the transmission of the virus through social gatherings and crowded events (Ung, 2020). These

measures were implemented when the number of COVID-19 cases surpassed 1,000 and the first related death was reported (Arndt et al., 2020).

The South African COVID-19 lockdown was divided into five levels, each with varying degrees of restrictions. The President summarised these levels as follows:

- Level 5: Strict measures and a total shutdown were necessary to contain the spread of the virus and save lives.
- Level 4: Certain activities could be allowed to resume with extreme precautions in place to limit community spread and outbreaks.
- Level 3: Some restrictions, including those on work and social activities, were relaxed to address high-risk transmission issues.
- Level 2: Further relaxation of restrictions, while maintaining physical distancing and limiting certain leisure and social activities, to prevent a resurgence of the virus.
- Level 1: The most normal activities could be resumed while adhering to preventive measures and health guidelines.

This information is crucial for understanding how the COVID-19 pandemic has impacted SMMEs in the Umgungundlovu District, particularly in terms of business operations, employment, and the movement of goods.

2.3 Small Medium and Micro Enterprises (SMMEs)

Petrakis and Kostis (2012) highlight that the definition of SMMEs is based on a number of dimensions which include class size, size of the labour force and asset valuation among others. SMMEs have the ability to employ a number of people in various sectors of their dominance. The OECD (2015) defines SMMEs as non-subsiary, independent companies that have the ability to employ a certain number of employees stipulated within confined limits. The numbers of employees that can be employed within SMMEs vary according to countries and the common upper limit designating an SME is that of 250 employees according to the European Union (Kibuuka and Tustin, 2019).

In South Africa, the National Small Business Act of 1996 defines a small business as: “a separate distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one or more owners, and which can be classified as a micro, very small, small, or medium enterprise by satisfying the Act's criteria” (Kavese, 2021: 6). Ideally, in South Africa, small companies are those with less than 50 employees, micro-enterprises have

at most 10 employees or in some cases, 5 employees (Brown, 2018). SMMEs therefore can be understood as emerging small companies with limited employees and limited financial output. The OECD (2015) further postulate that SMMEs are defined by the number of employees and or revenues they are able to generate annually. The following table summarises the classification of SMMEs in South Africa.

Table 2.1: Classification of SMMEs in South Africa

1	Businesses with less than 200 workers, an annual turnover of less than R40 million, and a gross asset worth of less than R18 million
2	Businesses with less than 50 workers, a total annual turnover of less than R25 million, and a gross asset worth of less than R4 million
3	Those classified as "very small" have less than ten workers, an annual turnover of less than R4 million, and a gross asset worth of less than R1.8 million
4	Businesses with less than 5 workers, an annual turnover of less than R0.15 million, and an asset worth of less than R 0.10 million
5	Businesses with no paid employees, with less than the minimum income standard, asset value, or poverty line belong to the survivalist

Kibuuka and Tustin (2019: 34), Small Enterprises Development Agency (SEDA) (2016)

Prior to the COVID-19 outbreak, the number of SMMEs in South Africa was increasing (Maduku and Kaseeram, 2021). COVID-19 has resulted in the widespread closure of certain SMMEs as they battled to stay in business owing to COVID-19-induced lockdowns that have affected practically all businesses worldwide (Adelowotan, 2021). According to the SEDA (2021: 12) report, the number of SMMEs in South Africa declined by 11% (290 000) year on year in the third quarter of 2020, from 2.65 million to 2.36 million. 232 000 SMMEs will close

their business in the second quarter of 2020 (SEDA, 2021). According to the survey, despite a general economic rebound in the third quarter of 2020, 58 000 SMMEs closed their operations.

The OECD (2022) notes that South Africa has an estimated 2.6 million SMMEs. The OECD (2020) notes that about 37% of South Africa's estimated 2.6 million SMMEs are formal. Further, 54% of the total are micro-enterprises, with 15% based in rural areas. People who have recognised a business opportunity, and those who are undertaking some kind of business out of necessity and have no other sources of income, are among the owners. Two out of every three SMME owners run their own businesses with no employees, while 32% employ between one and ten people. While the number of SMEs increased at a slower rate than economic growth over the last ten years, their contribution to South Africa's GDP increased from 18% in 2010 to 40% in 2020 (OECD, 2022).

SMMEs are vital sources of employment generation, economic development, and innovation in South Africa (Bhorat et al, 2018). The Government of the South Africa recognised the importance of SMMEs by establishing the Ministry of New Business Development in 2014. The ministry's mandate is to assist in the promotion and growth of small businesses in South Africa (Adelowotan, 2021). South Africa's National Development Plan (NDP, 2030) classified SMMEs as a crucial sector in the economy owing to their potential to create jobs and promote economic growth (Bhorat et al., 2018).

Harrington and Kew (2020) observe that SMMEs account for 40% of South Africa's GDP. Despite the enormous contribution of SMMEs to development and employment, South Africa has one of the lowest rates of successful SMMEs creation: 70% to 80% of small companies fail within the first year, with only around half of survivors surviving over the next five years (Harrington and Kew, 2020). According to Harrington and Kew (2020), among the causes for failure include a lack of suitable entrepreneurial skills, restricted funding possibilities, and a poor business climate.

Further, the OECD (2021) notes that 58% of businesses are informal enterprises. The majority of the businesses surveyed, both formal and informal, are in the service as well as trade sectors. According to Simbarashe, Forbes and Godfrey (2022), formalising business brings benefits that business owners may not know or understand and this lack of understanding of the benefits of formalisation has resulted in the high prevalence of informality. Informality contributes to a lack of access to funding. Further, Informality also plays a role in financial exclusion from

formal financial services; approximately 28% of businesses are served informally, while 15% are financially excluded (Simbarashe et al., 2022).

In South Africa, the lack of access to funding for SMMEs continues to be a challenge, impeding their development and sustainability (OECD, 2022). A lack of suitable formal financial products available to SMMEs, a lack of readily available credit information, the perceived riskiness of small business finance, and an evident absence of appropriate assets available to SMMEs for the purposes of collateral are all factors contributing to low access to finance (OECD, 2022). These issues reduce credit availability and raise credit costs for small businesses.

The SARB data reveals that the total SMME credit exposure to banks at the end of 2021 was ZAR 631 billion, or 25% of overall business loans (StatsSA, 2021). The low level of SMME financing may be due to supply and demand issues. Pertaining to demand side issues, most SMMEs do not borrow from banking institutions. On the supply side, high financing costs and high collateral requirements may contribute to low loan demand (OECD, 2022). Government funding for SMEs comes in the form of grants and loans from development finance institutions (DFIs). The Industrial Development Corporation (IDC), the Small Enterprise Finance Agency (SEFA), and the National Urban Reconstruction and Housing Agency (NURCHA) are among these DFIs.

According to Rodrigues, Franco and Sousa (2021), during a crisis like COVID-19, SMMEs' reliance on bank funding and inability to find other sources of capital quickly can transform a liquidity deficit into a solvency issue. This is a major problem for policymakers worldwide. If a wave of SME failures occurs, the measures to minimise the economic implications of the pandemic may fail, and the workers who are now on temporary layoff or furlough would become unemployed (Gourinchas, Kalemli-Özcan and Penciakova, 2020). Thus, public support for these SMEs was critical to ensuring the economy's smooth recovery.

2.4 Theoretical Framework

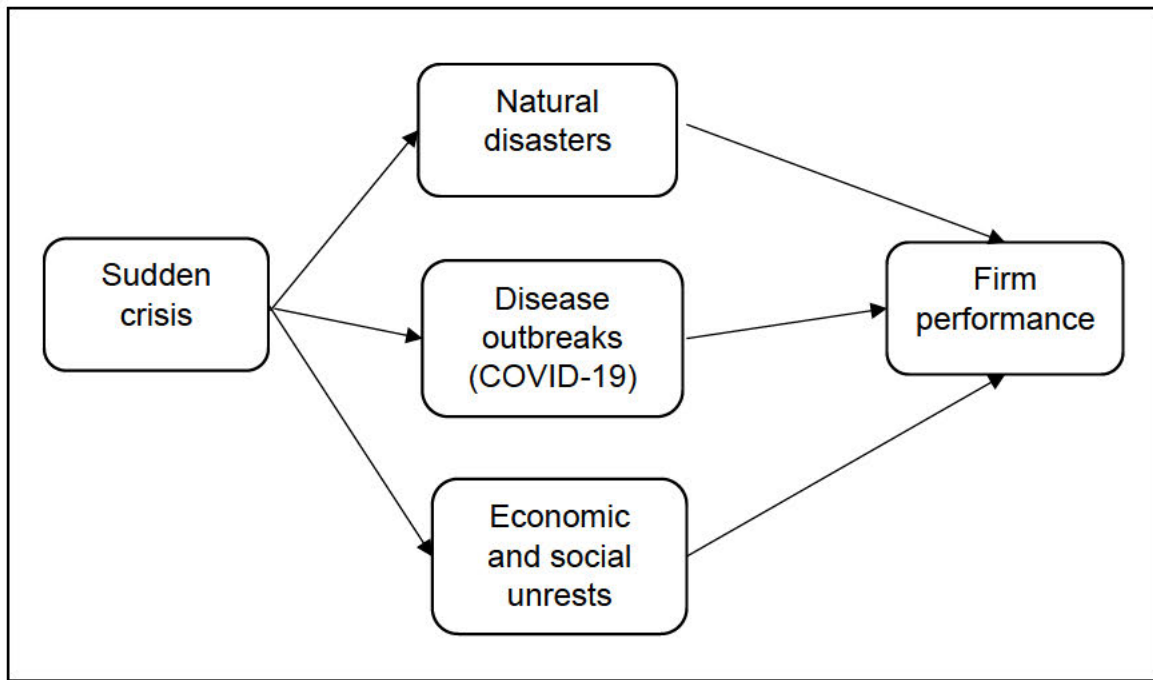
The COVID-19 outbreak has resulted in a global crisis and economic meltdown, with a considerable negative impact on business production, operations, and sales, leading in a drop in firm performance (Li, Chen, Wei and Wei, 2022). Against this backdrop, many businesses throughout the world are mired in the COVID-19 crisis and difficulty, with SMMEs bearing the brunt of the burden. This study uses the Sudden Crisis theory of firm's performance.

2.4.1 The Sudden Crisis theory of firm performance

The sudden crisis theory was developed from the theory of organisational performance whereby crisis is included as another factor which affects firm operations. Various studies included sudden crisis in their firm performance models, for example, Tambunan (2019) applied the theory in analysis of the impact of economic crisis on the performance of Indonesian SMMEs. The theory was further advanced by Li et al. (2022) who applied it in analysing the impact of COVID-19 on firm performance. The findings of their research shed light on the impact of the COVID-19 pandemic on SMEs. It was evident that the pandemic not only leads to a decline in SMEs' performance but also provides an opportunity for management innovation within these businesses. Interestingly, the study revealed that while management innovation does not directly prevent the decline in SMEs' performance caused by the pandemic, it indirectly mitigates the impact by fostering organisational resilience. In essence, the COVID-19 pandemic indirectly promotes organisational resilience among SMEs through the implementation of innovative management practices, effectively curbing the decline in their performance.

This theory is relevant in the current study because the COVID-19 outbreak represents a sudden crisis which affects the operations of firms. Thus, the theory identifies “sudden crisis” as a key factor which influences the performance and operations of the firm. This is illustrated in the figure below:

Figure 2.1: Sudden crisis theory of firm performance



Source: Developed by the researcher, 2023

Figure 2.1 above shows that firm performance is influenced by a sudden crisis, which can be natural disasters, economic and social unrests as well as outbreak of diseases such COVID-19. The focus of this study is on COVID-19.

Firms nowadays confront complex crisis events encompassing large-scale natural disasters, major political and social transformations, and significant economic disruptions in today's volatile business environment (Hong, Huang and Li, 2018). The sudden outbreak of financial crises, natural disasters, or other crises often affects or even disrupts businesses' normal production and operation activities (Noth and Rehbein, 2019). A case in point are the 2021 riots where businesses had to implement strategies to manage the crisis.

Gourinchas, Kalemli-Özcan and Penciakova (2020) highlight that the COVID-19 crisis represents a complex and unusual economic shock that involves supply, demand, as well as productivity shocks. Gourinchas et al. (2020) note that labour inputs are being reduced in several areas as a result of guidelines that require workers to stay at home. COVID-19 may affect final as well as intermediate demand for firm production on the demand side. Restaurants, events, and retail stores, for example, may see reduced demand. Aggregate demand may fall as households raise their precautionary reserves and firms postpone investment initiatives (OECD, 2021). Furthermore, if firms are compelled to space people

further apart or as workers move to off-site employment, labour productivity may fall, at least in the short run (Mann, 2020).

The COVID-19 and other unexpected crises will change the external environment on which businesses rely, affecting business operations. According to Tambunan (2019), the crisis will have a detrimental influence on corporate performance. Furthermore, Ryu and Johansen (2019), find that natural disasters have a detrimental impact on organisational performance, which might be alleviated through collaborative networks formed in response to natural disasters. According to Li et al. (2022), the COVID-19 has a negative impact on manufacturing company performance by distorting business supply chains.

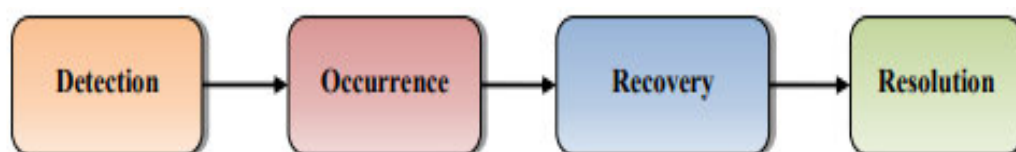
Li et al. (2022) note that businesses employ crisis response measures in reaction to a crisis. Short-term emergency solutions are widely employed by businesses to retain business liquidity, build short-term business, increase income, and reduce spending (Noth and Rehbein, 2019). SMMEs may adjust labour utilisation by reducing working hours, arranging alternate employment and layoffs, and other emergent steps to combat the crisis, such as pursuing new customers and markets, lowering costs, and increasing output.

2.4.2 Generic crisis management model

According to Hong et al. (2018), firms must respond quickly and effectively to these disruptive occurrences in order to survive and grow. This is known as crisis management. In general, a crisis is an unexpected and unpleasant event that has the potential to have far-reaching negative consequences (Wodak, 2020). Thus, crisis management is described as a systematic process backed by both external and internal stakeholders that identify crisis signals, prevents and prepares for possible damage, and recovers and learns from crisis (Lai and Wong, 2020).

Hong et al. (2018), state that any crisis takes time to reveal its actual essence. Naturally, crisis management is a process-driven endeavour (Hutchins and Wang, 2019). The figure below depicts a generic crisis management model with four separate stages: detection, occurrence, recovery, and resolution.

Figure 2.2: Generic crisis management model



Source: Hong, Huang and Li (2018: 540)

Early warning signals are given during the detection stage. Hutchins and Wang (2019) submit that in organisational situations, early detection of possible crisis indications arises. Firms may assign key individuals, distribute essential resources, and plan response activities when these signals are communicated in a timely manner (Hong et al., 2018). In the occurrence stage, a crisis occurs and causes tangible damage. Firms aim to take appropriate actions to mitigate negative consequences and limit the breadth and intensity of the crisis. Firms in the recovery stage must implement processes to restart normal business operations and restore significant functional capabilities. Finally, firms examine important crisis management efforts and look beyond crisis occurrences during the resolution stage (Holla, Ristvej and Titko, 2018).

The COVID-19 affected the external business environment, resulting in a mismatch between the organisational structure and the new environment (Li et al., 2022). Li et al. (2022) submits that a mismatch between organisational structure and contingency factors results in a decrease in performance but matching the two elements results in an increase in performance. Firms adopt new organisational structures to accommodate the increased contingency variables, which contributes to resilience of firm performance. Firms are confronted with a difficult economic situation as a result of the COVID-19's drastic change in the firm's external environment (Rodrigues et al., 2021).

As a result of a series of management innovation strategies, managers will see innovation as the proper strategy and adapt their management model to a crisis (Song and Zhou, 2020). Management innovation is the development and use of a novel management approach, process, structure, or technology to advance organisational goals (Rodrigues et al., 2021). The practise of management innovation in times of crisis is the process by which organisations fix the mismatch between organisational structure and external circumstances to rematch. Management innovation, as a new technique helpful to sustainability as well as performance improvement, provides a way for organisations breaking out of the COVID-19 crisis and gaining resilience (Li et al., 2022).

The hopes of firms following COVID-19 outbreak and other severe crises is to resume normal operations. The existing business environment is marked by intense competition, unpredictability, and ambiguity (OECD, 2022). Natural disasters and crises occur frequently. These external environment changes emphasise the necessity of resilience to the business. The capacity of an organisation to overcome obstacles, create opportunities, and establish a

successful future by integrating resources from all sides is referred to as organisational resilience (Song and Zhou, 2020). In the event of a supply chain disruption, resilience allows businesses to recover more quickly. The more the resilience, the better the performance in terms of delivery, cost savings, and recovery position (Hong et al., 2018).

Most have focused on the SMME sector, owing to the implications of mitigation strategies on their businesses and potential responses to the COVID-19 crisis (Zainal, Bani-Mustafa, Alameen and Toglaw, 2022). Recent research found that when business leaders have a high predisposition toward personal resilience, it has a strong relationship with firm performance (Rodrigues, Franco, and Sousa, 2021). Furthermore, in times of crisis, entrepreneurial efforts with available resources in SMEs are critical. According to Liu et al. (2020), resilience and entrepreneurship are intertwined in the reaction to the current environment of uncertainty and the pandemic, leading to capitalising on the possibilities the crisis may provide.

Kraus et al. (2020) conducted an early empirical investigation on the effects of the pandemic on businesses. The researchers found that SMEs demonstrated a decisive and swift response capability to the rapid changes occurring over the course of this pandemic, particularly by taking preventive measures to limit contagion and preserve their economic activities as much as possible going forward. These businesses implemented management strategies to retain their liquidity, procedures, and operations. Krus et al. (2020) argue that SMEs' form of communication and support of the adaptability to the pandemic and innovation process might promote a shift in organisational culture and business models.

Runyan (2020) investigated how SMEs respond to management crises induced by crises/natural disasters and determined that they have a significantly unfavourable impact due to their susceptibility, reliance on public assistance, and the psychological and financial consequences on their owners. This indicates that business owners must be resilient in the face of crisis effects, since this organisational ability will allow firms to stay viable in turbulent environments (Dheer and Salamzadeh, 2022).

Apart from organisational resilience and firm capabilities to deal with crisis, some authors emphasised the role of government in helping business mitigate the effects of a crisis (Rodrigues et al., 2021). Firms rely heavily on routine transactions as well as a limited number of customers, and their resources are constrained. In this COVID-19 crisis, many SMEs will be unable to respond to the current crisis due to a lack of resources, and most of them may not survive in business. Zhang, Zhang and Yu (2021) support this argument by maintaining that

the sudden external shock environment has drained businesses' financial resources, resulting in increased bankruptcy, reduced liquidity, and an increasing reliance on government assistance. As a result, governments bear a significant amount of responsibility for putting policies in place to assist their citizens and businesses.

2.5 COVID-19 and the business environment

Following the outbreak of COVID-19, government across the world implemented measures like public health pandemic prevention, employee isolation, and travel restrictions to prevent and control cross-infection and spread, causing a significant decline in people mobility and a direct blockade in terms of people, logistics, and commodity flow (OECD, 202). Because of the resulting lockdown, most individuals were isolated at home, and out-of-house consumption activities plummeted drastically, reducing consumption and demand for goods and services, causing inventory backlog of companies, increased inventory costs, and decreased firm profitability (Aburumman, 2020).

As a result, the firm's operational performance suffered. Further, self-segregation and travel limitations reduced the need for personnel in the economy sectors, resulting in a severe decline in job opportunities (OECD, 2021). As a result, it raised the number of unemployed individuals, which immediately affected consumer income, reduced consumer purchasing power, and caused poor demand for the firm's goods and services. COVID-19 also had an impact on the stagnating global stock markets, sending a signal to consumers that the predicted business climate was unfavourable, and the uncertainty of consumers' expected income would rise (Gourinchas et al., 2020). As a result of this situation, customers' confidence, expectations, and behaviours were disrupted, resulting in insufficient consumer demand, which in turn caused a fall in business profitability.

Manpower shortages, capital shortages, and supply chain interruptions induced by the COVID-19 are all key factors for firms' operational challenges. During the COVID-19, the majority of employees were isolated at home, and the businesses have been unable to restart work and production (Kala'lembang, 2021). Even if those firms that could continue operations faced the challenge of insufficient manpower. And internal business processes fail to be carried out regularly, causing enterprises to be unable to fulfil customer demand for products, resulting in firm performance decline (Aburumman, 2020).

Due to the worldwide lockdown, the daily lives of people, family businesses, start-ups, and other firm typologies such as SMEs have faced significant and exponential economic consequences (Sedibe, 2020). People's everyday life have been changed, including unfavourable shifts in the job market and spending. As a result, SMMEs had to confront a number of obstacles, such as meeting the needs of preventive sanitary measures, changing output to demand, and resolving other issues (Sedibe, 2020). Furthermore, the nationwide shutdown has slowed the delivery of upstream manufacturing businesses. SMMEs have a shorter lifespan than large firms, lack readiness when coping with unanticipated situations, lack sufficient financial flow, are more subject to workforce shortages, and are negatively impacted by the COVID-19 (Juergensen, Guimón and Narula, 2020).

Gourinchas, Kalemli-Özcan, and Penciakova (2020) estimated the impact of the COVID-19 crisis on business failures among SMEs in seventeen countries using a large representative firm level database, the authors. The study employed a simple model of firm cost minimisation to estimate each firm's liquidity deficiency during and after COVID-19. The approach enabled a diverse set of sectoral as well as aggregate supply, productivity, and demand shocks. In the absence of government support, the results showed a significant rise in the failure rate of SMEs during COVID-19. The most affected industries included accommodation and food services, arts, entertainment and recreation, education, and other services. The jobs threatened by COVID-19-related SME firm failures accounted for 3.1 percent of private-sector employment

2.6 COVID-19 and SMMEs in South Africa

South Africa's economy entered a recession in the fourth quarter of 2019 and the economy has already been struggling when the COVID-19 lockdown began in March 2020. The COVID-19 pandemic prompted the South African government to declare a state of national disaster, prompting the implementation of regulations aimed at limiting the virus's spread. This was followed by a strict 21-day nationwide lockdown beginning on March 27, 2020. Several businesses, including SMMEs and informal businesses, were prohibited from operating during the lockdown, and only a few essential businesses remained open, albeit under strict safety and health protocols.

The COVID-19 lockdown reduced household consumption of goods and services and forced businesses across the country to lay off workers, reduce salaries, restructure debt, downsize or shut down operations. When the initial hard lockdown was lifted, most businesses, notably

those in the tourism, hospitality, beverages, and entertainment sectors, stayed in a state of partial or full lockdown.

The COVID-19 outbreak had a disproportionately significant impact on SMMEs. According to more than 40 company surveys done throughout the world in 2020, during the peak of the crisis, over 50% of SMMEs reported a significant loss in revenue and were at risk of being forced out of business in less than three months (OECD, 2022). Micro and small businesses were especially heavily impacted, with over two-thirds of these businesses reporting substantial effects from the crisis, compared to around 40% of major businesses (International Trade Centre, 2020). Because of the restricted size of government support or the allocation of resources to large companies, SMMEs in developing nations were even more disadvantaged (World Bank, 2021). Informal SMMEs have also been severely impacted (ILO, 2020).

The coronavirus pandemic prompted the implementation of SMME-supportive measures. The Department of Small Business Development (DSBD) implemented three intervention strategies to assist SMMEs affected by the COVID-19 outbreak. The intervention measures include the Business Growth and Resilience Facility, the SMME Relief Finance Scheme, and the Sefa-Debt Restructuring Facility (OECD, 2022).

The Business Growth and Resilience Facility was established for SMMEs who produce or provide in-demand hygiene and medical products in order to control and manage the spread of the COVID-19 virus. These include items such as hand sanitisers, detergents, as well as tissue paper. Working capital, stock, bridging financing, order finance, and equipment finance were available through this facility. The funding amount was determined by the actual business's finance need.

The DSBD also introduced a debt relief fund for SMMEs who have been directly or indirectly impacted by the COVID-19 outbreak. The debt relief financing provided preferential financing (at prime plus 5% interest rates) for salaries, rent, and municipal accounts. SMMEs can use the resources after registering on the national SMME database, and they must also be registered with the CIPC by the end of February 2020 to be eligible (OECD, 2022). Companies must be 100% South African-owned and registered with SARS and the UIF.

The Sefa-Debt Restructuring Facility was designed for Sefa-funded SMMEs that had been affected by the pandemic. In order to lessen the instalment burden of loan obligations on the impacted SMMEs, a payment moratorium/holiday was granted to eligible SMMEs for a

maximum of 6 months. These SMMEs were needed to show a direct relationship between their business problems and the pandemic.

The DSBD also introduced the Township and Rural Entrepreneurship Programme (TREP), which provided ZAR 740 million in loans and grants to informal and formal micro-enterprises operating in townships and villages in the following sectors: bakeries and confectionaries, clothing and textiles, automotive after-parts support, fruit and vegetable traders, and spaza shops (OECD, 2022).

2.7 Opportunities for SMMEs during COVID-19

There exists literature on the negative impact of COVID-19 on SMMEs in both developing and developed countries (Fubah and Moos, 2022). However, some studies, albeit scarce, have also tabulated on the positive impact of COVID-19 on SMMEs (Pu et al., 2021). The following are details of some of the opportunities.

2.7.1 Increased use of digital tools

The COVID-19 pandemic is a global crisis that has put SMMEs under enormous strain to survive, necessitating strong crisis response (Zutshi, Mendy and Sharma, 2021). However, the global crisis brought with it new opportunities. According to Carvalho, Bonzo and Zenaide, (2020), the COVID-19 crisis influenced customer behaviour, market balance, and supply chains, and digital technology enabled businesses to capitalise on this window of opportunity. To deal with the crisis, SMEs have embraced a variety of digital technologies. Baig et al. (2020) claim that even if it is most likely due to need, it is no accident that the crisis has expedited the adoption of digital technology by nearly 5 years in 8 weeks. According to Butt (2020), this pandemic has emphasised digital transformation in such a way that firms are now feeling the implications of not having embraced it earlier.

The challenges related to the COVID-19 outbreak sparked a scramble for rapid digitisation and innovative collaborations to adapt to the altered supply-demand relationship (Klein and Todesco, 2021). As a result of the crisis, it is conceivable to witness SMEs seeking rapid digital adaptation and collaboration among themselves in order to meet new needs.

Klein and Todesco (2021) highlight that with the support of digital technology, businesses may better grab opportunities in a crisis scenario. Digitalisation has offered several new

opportunities in the COVID-19 outbreak, with areas like online working and unmanned delivery showing great potential (Nambisan, Wright and Feldman, 2019). Furthermore, the decentralised structure of digital technology removes time and location barriers and encourages connections between focal enterprises and their value co-creators, expanding their prospects in open networks (Zeng and Glaister 2018). Furthermore, high-volume big data technologies as well as high-speed cloud analysis technologies have substantially increased business analysis accuracy, allowing organisations to uncover prospective opportunities in challenging environments (Zeng and Glaister 2018). Furthermore, digital technologies have altered how new opportunities are used in unique ways rather than established ones (Nambisan et al., 2019).

Firms can reorganise their resources to adapt to crises as a result of digitalisation. Digitalisation increases the scope, size, and flexibility of organisations' available resources. IT systems, for example, minimise the cost of coordinating operations within organisations and encourage the flexible resource allocation (Truant, Broccardo and Dana, 2021). Furthermore, digitalisation has fundamentally transformed business processes, goods, and services and inter-firm relationships, reducing the complexity and costs of resource transfer (Nambisan et al. 2019). For example, blockchain, cloud computing, as well as IoT technologies have reduced the time necessary to introduce new products and alter businesses, allowing businesses to instantly adjust their operations while incurring low costs (Nousopoulou, Kamariotou and Kitsios, 2022). During the COVID-19 pandemic, organisations with a high level of digitisation, were able to swiftly reconfigure their operations to mitigate or even profit from the crisis.

Small businesses reacted strongly to the intensification of e-commerce. According to Sandberg, Stanford and Buttle (2020), 51% of small businesses in the United States reported rising online engagement with their customers; 36% of personal businesses which utilise online tools reported conducting all of their sales online; and 35% of businesses that have shifted operations have expanded their use of digital payments. Brazilian SMEs have also taken minor steps toward digitising portions of their business operations. For each of their core operations, they employed a combination of simple entry technologies. Social media platforms were frequently utilised to advertise sales, while bank applications were used to collect payments (Klein and Todesco, 2021). Sales were marketed directly through social networks like Instagram, Facebook, and WhatsApp, payments were handled using applications provided by business banks, and some SMEs paid for online marketing for the first time.

The COVID-19 epidemic has had a good influence on SMMEs through the increased use of social media as a marketing tool (Hu and Olivieri, 2021). Social media marketing encourages consumer social engagement, which leads to the generation of information in customer communication, influencing brand image and buying intentions (Hajli, 2015). SMMEs employ numerous social media channels such as WhatsApp, Facebook, Twitter, and Instagram to engage with consumers and ensure customer satisfaction in the time of the COVID-19 outbreak. The existence of the company on social media and its involvement on such sites allows companies to communicate with their customers more effectively. Social media sites, according to He, Zha, and Li (2013), have become an essential aspect of a company's marketing strategy because they improve current organisation and customer-to-organisation ties and develop communication to improve brand impact modes. In summary, as social media platforms grow more prominent in the COVID-19 age, they have fundamentally impacted the ease, variety, timeliness, and character of the brand-to-customer and customer-to-brand connection.

Klein and Todesco (2021) found that small digital activities, in many forms, have been a major reaction by SMEs. Along with government assistance, SMEs' entrepreneurship and digital competencies were used to adapt increasingly substantial elements of their process, while creativity was encouraged. Virtual fashion showrooms, for example, connected supply and demand in the fashion sector; small businesses and schools began to migrate their material online; and several countries established hackathon competitions to encourage creativity and entrepreneur solutions to the crisis (OECD, 2020).

However, the digital gap was also a problem, for example, government initiatives were in place to assist students in purchasing internet access in order to engage in online classes, which can enhance digital inclusion in emerging countries and benefit local economies (Klein and Todesco, 2021). Nonetheless, a significant concern is a shortage of digital skills for SMEs. According to Brussevich, Dabla-Norris and Khalid (2020), teleworking (remote work) is more difficult to implement in SMEs since, even in advanced economies, they are typically far behind large corporations in terms of digital infrastructure and digital capabilities.

Juergensen et al. (2020), many SMEs lack knowledge about how to maximise the potential of digital transformation technology. Such businesses frequently lack understanding of viable alternatives and their potential benefits. Small business owners may be less aware of how and where to apply digital solutions to organisational processes, while SMEs employees may lack

the capabilities to integrate these digital solutions, as well as the skills to address large-scale transformational projects and articulate more rigorous technical implementation roadmaps (ILO, 2020). Furthermore, due to financial constraints, SMEs have limited access to external consultants, exacerbating the shortage of highly skilled IT workers capable of extracting greater value from increasingly complicated digital transformation technologies like machine learning and big data (Brussevich et al., 2020).

SMEs have lagged behind in digital transformation and, as a result, in acquiring knowledge on the issue, even with the earliest and simplest steps of digitisation. For example, in developing markets in 2019, just 10% of SMEs transacted through ecommerce, compared to 40% of large corporations (Klein and Todesco, 2021).

2.7.2 Use of cheap and convenient business practices

He et al. (2013) opines that the modern nature of conducting business has required the use of e-commerce and other methods that are available to achieve high returns and optimum costs. This prediction has proven true in the age of the COVID-19 pandemic as SMMEs have utilised cheap and convenient business practices to achieve and maintain competitive advantage (Priyono, Moin and Putri, 2020). One of the convenient business practices that have become essential are the use of virtual offices. Brown (2018) argues that most start-ups fail due to the high rentals that are required especially in central business districts. The pandemic through lockdowns and social distancing have ensured that business adopt virtual offices so as to optimise operations (Privino et al., 2020). SMMEs that do not rely on physical presence such as those in services have seen the rewards and benefits of such business initiative as the rentals, transport allowance and other inconveniences that come with coming to work every day have been mitigated (Tembo, 2020). Furthermore, some SMMEs have even resorted to practices such as the use of internet platforms such as Zoom and teleconferencing to conduct their businesses. This has ensured the promotion and development of organisations amidst the pandemic. In this perspective, the positive impact of COVID-19 on SMMEs has been the use of cheap, convenient and reliable business practices.

According to Pelletier and Cloutier (2019), SMEs now have more access to turnkey digital tools that support their company operations such as marketing (for example, e-commerce and social media networks); finance and accounting (for example, mobile secure payment systems); and human resources (for example, video conferencing and instant messaging). These technologies are marketed as a method to minimise the complexity of management procedures

and to improve relationships with consumers and suppliers (Pelletier and Cloutier, 2019). Indeed, digital services may help SMEs enter new digital global value chains.

2.7.3 Financial Management

Characteristic with lack of development of SMMEs before the pandemic was lack of financial management. This is because in most cases, the founder of the start-up is the financial manager and handles all monetary operations (Blackwell, 2020). Furthermore, SMMEs tend to employ relatives or people in close contact with the owner which has wide and diverse financial effect on the organisation. Post COVID-19 SME environment however saw the genesis of a new wave of financial management within SMMEs (Tembo, 2020). This is because there was the need to manage scarce resources for business survival.

In a survey of the challenges faced by SMMEs in South Africa amidst the COVID-19 pandemic, Vusi (2020) noticed that 60% of SMMEs faced financial challenges that threatened on their survival but those that survived, they developed strong financial management practices characterised by accountability, transparency, monitoring and evaluation, appraisals to mention just hut a few financial management tools. The government of South Africa and other various stakeholders have also contributed to the development of SMMEs through coming up within financial programmes to ensure the sustainability of these entities. In this perspective, financial management is a result of COVID-19 on SMMEs.

2.7.4 Resilience and flexibility

SMEs may be more adaptable, resilient, and flexible (Eggers, 2020). According to Kuckertz et al. (2020), SMMEs may have a fair chance of excelling in reaction to the COVID19 pandemic since they have previously demonstrated exceptional resilience, adaptability, and flexibility in the face of large economic downturns. However, not all SMEs fits the same mould. According to Fairlie and Fossen (2018), some of the SMEs are more likely to be innovative since they were established from market opportunities, whereas others were established from necessity (necessity driven entrepreneurship): for instance, those who were unemployed prior to launching the firm.

As a result, SMEs with a greater strategic focus have a better chance of survival than those founded out of necessity (Eggers, 2020). Nonetheless, SMEs often employ more flexible as well as generalist workers rather than a strict and highly specialised workforce. When resources

are limited, a company's adaptable and change oriented personnel might be critical. As a result, SMEs with adaptable personnel might discover motivation and support for new business ideas, as well as the relationship between their dynamic skills and creative strategies (Eggers, 2020). Furthermore, SMEs have expertise with short term strategy, which, for example, may assist them in responding rapidly to new possibilities and short-term government lines of credit (Kuckertz et al., 2020).

2.7.5 Opportunity for strategic alliances

During the COVID-19 pandemic, SMEs may engage other partners and competitors who are also under difficult circumstances and are thus more eager to form a partnership. Strategic alliances can assist SMMEs in dealing with resource constraints and increasing their innovative performance by broadening the limits of information sharing between SMEs and their specialised professionals and sharing their available resources with others (Zutshi, Mendy, Sharma and Thomas, 2021). Furthermore, strategic knowledge may be generated through strategic alliances: after interacting in a strategic partnership, competitors with complementary skills and resources may learn from one another and supplement their own organisational knowledge (Juergensen et al., 2020).

This is a crucial insight since organisations' ability to gather knowledge is a vital capability for gaining a competitive advantage (Juergensen et al., 2020). A key benefit of open innovation, according to Kumar and Ayedee (2021), is that firms may incorporate external sources of information across organisational boundaries, rather of depending solely on internal knowledge generation, such as closed RandD departments. Open innovation may enable SMEs access external resources and competencies to efficiently develop and commercialise their innovations, adopt new technologies, and penetrate new markets by collaborating with other enterprises (Pelletier and Cloutier, 2019). Indeed, inter-organisational innovation is common in SMEs, which might make it simpler for SMEs to adapt and work with one another. However, due to competition between various suppliers or clients, data exchange of information between suppliers and salespeople is not a consensus (Zutshi et al., 2021).

2.8 Challenges faced by SMMEs amidst the COVID-19 pandemic

The literature on the impact of COVID-19 on SMMEs has adequately detailed on the challenges facing SMMEs amidst the pandemic (Chundakkadan, Raj and Sasidharan, 2020; Fubah and Moos, 2022). The importance of understanding these challenges is that they help

identify interventions that can be utilised for positive impact of the pandemic on SMMEs and helps in the appreciation of SMMEs that have developed amidst this socio-economic and political crisis. Following is a presentation on the relevant challenges faced by SMMEs in the era of COVID-19.

2.8.1 Temporary closures and loss of business

One of the conditions underpinning COVID-19 induced lockdowns was temporary closure of businesses especially those not offering non-essential services (Bhorat et al., 2020). This meant that people generally lost employment and this impacted on businesses. Burger and Calitz (2020) notes that there was a general decline in GDP of South Africa due to the pandemic and this means that SMMEs were also affected. Since people could not access work, spending on food, leisure and social aspects (areas specialised by SMMEs) meant that the capital inflow of organisations was impacted.

After the first measures to curtail the spread of the coronavirus in March 2020 in South Africa, most people lost their sustainable livelihoods and were plunged into poverty (Vusi, 2020). Since large organisations were affected due to lack of investment and funding, the effects were also felt by SMMEs which were not able to meet their required goals and objectives due to temporary loss of business. Statistics South Africa (2020) records that 55.5% of SMMEs lost their potential customers and this led to closure through lack of business. The period that some SMMEs were closed impacted negatively on their development.

2.8.2 Financial challenges

A drop-in revenue is also another challenge faced by SMMEs due to COVID-19. This was recorded especially in SMMEs that rely on physical space such as bars, restaurants, supermarkets and leisure centres as there was a decrease in the number of customers due to lockdown restrictions (Kiernan and DeVita, 2020). In a survey conducted on the impact of the virus on SMMEs, it was discovered that 62% recorded loss of revenue (Murray, 2020). SMMEs rely on revenue generation for their development and loss of revenue had a major impact on their development. Lack of revenue meant loss of employment to the general population in the developing world and this resulted in widespread poverty.

For several causes, the constraint of financial resources among SMEs was exacerbated during the pandemic. There were impediments to receiving government assistance, changes in consumer behaviour, a decline in cash flow, and a decrease in the provision of resources

(OECD, 2022; Sandberg et al., 2020). Nonetheless, the impact was greater in certain areas of the economy. Globally, 76% of SMEs in the housing and food service industries, for example, reported being adversely impacted by partial and total lockdown (International Trade Center, 2020). In comparison, the IT industry recorded only a 30% effect (Klein and Todesco, 2021).

Access to private funding was also said to a challenge. Aside from a lack of resources, SMEs confront a unique challenge: banks view them as a higher risk during crisis periods and typically offer stricter lending terms (Eggers, 2020). These conditions stem mostly from their smallness liability. Smaller enterprises have less capacity to affect external developments, making them highly vulnerable to internal as well as external events such as key workers leaving to join larger companies, fewer financing options, new rivals joining the market, and significant crises like COVID19 (Eggers, 2020). Newness liability affects fledgling organisations since they seldom have well established business concepts, procedures, and legitimacy (Eggers, 2020).

2.8.3 Supply chain disruptions

Trade interruptions along the value chain have a significant impact on SMEs. The most significant interruptions came in the second quarter of 2020, with tight lockdown measures in several economies, while frictions lasted throughout 2020 and into 2021 (OECD, 2022). Exports in China declined by around 21% in February 2020 when compared to 2019, before starting to rebound (OECD, 2022). In the fourth quarter of 2020, 69% of European SMEs experienced challenges importing materials, commodities, and services, with 46% particularly reporting interruptions in supply chains that resulted in product shortages.

Due to these disruptions, SMEs also suffered additional financial costs, with some reporting increased prices and others encountering late payments (Ali, Suleiman and Khalid, 2021). SMEs in some industries would face problems in 2022 as a result of heightened volatility and price rises in commodities markets. SMEs that rely on foreign inputs are expected to struggle significantly (OECD, 2022).

The supply chain struggles facing SMMEs have been enhanced by the novel COVID-19. Measures to curtail the spread of the virus in South Africa have seen the close of most modes of transport such as airports, rail stations and even limitations on road travel. In as much as freight services have been allowed to move, there are anticipated challenges such as long border queues and long queues at check-points limiting the smooth and effective movement of goods

and services (Nhamo et al., 2020). Most SMMEs in South Africa rely on raw materials from overseas and these are transported by sea. However, 70% of shipments were delayed by the pandemic and these saw organisations operating without substantial raw materials or waiting for these materials. Tembo (2020) noted that 30% of raw materials required for construction were delayed in the era of the pandemic affecting on the operations of emerging contractors. In this perspective, supply chain difficulties are amongst the challenges faced by SMMEs due to COVID-19.

2.9 Macro Factors

This literature review section will encompass global factors, national factors, technological/digital factors, geopolitical risks, environmental, social, and governance factors, regulatory/legislative aspects, and SMME support institutions.

2.9.1 Global Factors

The global impact of the coronavirus pandemic on SMMEs cannot be understated. The outbreak led to disruptions in global supply chains, reduced consumer demand, and restrictions on international trade (Adelowotan, 2021). SMMEs heavily reliant on global markets faced significant challenges due to reduced export opportunities and disruptions in sourcing raw materials. Studies have shown that global economic downturns have a disproportionate impact on SMMEs, as they often lack the financial resources and resilience to withstand such shocks (Brussevich et al., 2020).

2.9.2 National Factors

Nationally, the coronavirus pandemic has had profound implications for SMMEs within the Umgungundlovu District Municipality. Government-imposed lockdowns and restrictions on economic activities have resulted in decreased customer footfall and revenue losses (Butt, 2020). SMMEs have struggled to adapt to new operating models, such as remote work and e-commerce, due to limited resources and digital infrastructure. Additionally, high unemployment rates and reduced consumer spending have further exacerbated the challenges faced by SMMEs (Carvalho et al., 2020).

2.9.3 Technological/Digital Factors

The pandemic has accelerated the need for digital transformation among SMMEs (Arndt et al., 2020). Businesses that were able to swiftly adopt digital technologies and e-commerce

platforms have fared better during the crisis. Technological advancements, such as cloud computing, online marketplaces, and contactless payment systems, have provided opportunities for SMMEs to reach customers and maintain business operations. However, the digital divide, limited access to technology, and digital literacy gaps have hindered the ability of some SMMEs to leverage digital solutions effectively (Adelowotan, 2021).

2.9.4 Geopolitical Risks

Geopolitical risks, including trade tensions, political instability, and shifting global alliances, have further complicated the challenges faced by SMMEs during the pandemic (Blackwell, 2020). Disruptions in international trade agreements and supply chains have impacted the availability and cost of inputs for SMMEs. Uncertainty surrounding regulations, tariffs, and trade policies have made it difficult for SMMEs to plan and make informed business decisions (Brussevich et al., 2020).

2.9.5 Environmental, Social, and Governance (ESG) Factors

The pandemic has underscored the importance of ESG considerations for SMMEs (Butt, 2020). Environmental concerns, such as sustainability and climate change, have gained prominence in the wake of the crisis. Social factors, including the health and safety of employees and customers, have become critical considerations for SMMEs (Arndt et al., 2020). Moreover, governance practices, such as transparency and accountability, have come under scrutiny. Adhering to ESG principles can enhance the resilience and long-term viability of SMMEs (Carvalho et al., 2020).

2.9.6 Regulatory/Legislative Factors

Regulatory and legislative measures implemented in response to the pandemic have had both positive and negative implications for SMMEs (Blackwell, 2020). Government support programs, such as financial assistance, tax relief, and loan guarantees, have provided much-needed relief to struggling SMMEs. However, navigating complex and evolving regulations has been challenging for many businesses. Compliance costs and administrative burdens have added to the strain faced by SMMEs (Brussevich et al., 2020).

2.9.7 SMME Support Institutionally

Institutional support plays a crucial role in mitigating the impact of the pandemic on SMMEs (Arndt et al., 2020). Governments, industry associations, and financial institutions have

implemented various initiatives to provide assistance and resources to struggling SMMEs. Support measures include access to finance, capacity building programs, mentorship, and business advisory services. However, the effectiveness of these support systems depends on factors such as accessibility, responsiveness, and alignment with the specific needs of SMMEs (Adelowotan, 2021).

The literature reviewed demonstrates that the coronavirus pandemic has significantly affected SMMEs from a macro perspective. Global factors, national conditions, technological/digital considerations, geopolitical risks, ESG factors, regulatory/legislative frameworks, and institutional support play pivotal roles in shaping the impact of the pandemic on SMMEs. Understanding these factors is essential for formulating effective policies and support mechanisms to ensure the survival and recovery of SMMEs in the Umgungundlovu District Municipality and similar contexts.

2.10 Chapter Summary

In conclusion, this literature review has provided a comprehensive overview of the key aspects related to the impact of the COVID-19 pandemic on small, medium, and micro enterprises (SMMEs). The review has highlighted the negative consequences of the pandemic on SMMEs, the challenges faced by these businesses, and the interventions that can be utilised to mitigate the impact of the crisis. While previous studies have examined the challenges and opportunities for SMMEs in South Africa, there is limited empirical evidence specifically addressing the opportunities and challenges during times of crisis such as the COVID-19 pandemic, particularly in the uMgungundlovu District of KwaZulu-Natal.

Moreover, the literature review revealed a predominance of quantitative research approaches in investigating the impact of the pandemic on SMMEs. However, these quantitative studies have limitations in providing an in-depth understanding of the research problem, as they rely on predetermined responses. To address this gap, this study employed a qualitative research approach, allowing for an exploration of the lived experiences and perceptions of SMME owners. This qualitative approach provided a more extensive investigation of the research problem, capturing nuanced insights and offering a deeper understanding of the challenges and opportunities faced by SMMEs in the uMgungundlovu District during the COVID-19 pandemic.

The prevailing theory that this study rested upon was the Sudden Crisis theory of firm performance. This theory posits that sudden crises, such as the COVID-19 pandemic, have a significant impact on the performance of firms. By locating this study within the Sudden Crisis theory, it enables a comprehensive examination of how the pandemic has affected SMMEs and their ability to sustain their businesses and contribute to the local economy. Understanding the consequences and impacts of the global pandemic on SMMEs is of great interest to business owners, managers, and policymakers as they seek to navigate the economic crisis and formulate effective strategies for sustaining businesses and supporting the overall economy.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the research methodologies and other aspects of the study's design. Appropriate studies of various approaches are required so that researchers may make the best and most informed judgments possible on the study techniques, data gathering and analysis procedures. Therefore, the focus of this chapter is on research techniques features such as research philosophy, research design, research approach, data collection and analysis, trustworthiness of the study, and research ethics.

3.2 Research paradigm

A research paradigm is a framework that governs the conduct of research based on assumptions about reality and the nature of knowledge (Kumar, 2018). Positivism and phenomenology are the two major research philosophies. These philosophies reflect two fundamentally different approaches to understanding the world around us. In positivism, reality exists independently of researchers, allowing researchers to view reality objectively. Reality is viewed as very subjective in phenomenology since it is moulded by individual perspectives (Morgan, 2017).

This study is based on the phenomenology philosophy. Phenomenology arose following positivism's apparent inability to suit the interests of social scientists (Saunders et al., 2015). Phenomenology is focused with delving into the complexity of social phenomena by gaining an empathetic grasp of how research participants perceive the world based on data from a small number of participants (Saunders et al., 2015).

The phenomenology research paradigm is consistent with how researchers learn about the context of the problem, study and comprehend behaviour, and analyse culture to develop understanding for the users. The goal is to evaluate findings in order to develop hypotheses regarding the nature of the problem and potential solutions. Therefore, phenomenology paradigm is employed in this study because it is in line with the aim of the study which is to examine the impact of COVID-19 on SMMEs in the uMgungundlovu District Municipality and how this has affected their operations. Thus, an in-depth analysis is conducted following phenomenology framework. Qualitative research methods are applied in this case.

3.3 Research Design

Creswell (2014) submits that research design describes the entire process of research. Research design is the blueprint of research, which is based on logical sequence, essential for linking empirical data with the initial research questions and final conclusions of the research (Flick, 2016). Therefore, research design is a mechanism in research that helps to understand research plans from data collection to data analysis. Kumar (2014) identified four common research designs, which are exploratory; descriptive; explanatory and related research.

For the purpose of this specific research, an exploratory research design was employed in this study. Blessings et al. (2006) note that exploratory research design is carried out at a place and time where little is known about the research phenomenon under study, and research must be conducted to collect more information and gain an in-depth understanding of the research problem. In other words, exploratory research design is used when there is little or no early research for reference to obtain information about the research problem. The main focus of exploratory design is to gain ideas and insights (Babbie, 2010).

3.4 Research Approach

There are three types of research approaches which are quantitative approach (numbers and statistics), mixed methods approach (integration of qualitative and quantitative approaches), and qualitative research approach. A qualitative research approach, according to Creswell (2014), is one that necessitates knowledge of how participants see a certain element. Qualitative research is utilised in studies that seek to comprehend the significance of research issues at a deeper level. Qualitative research methods are approaches for understanding the emotions and perspectives of the target population in the respect of research questions (Leedy and Ormrod, 2015). Therefore, this study used qualitative research approach.

Qualitative research is employed in this study for several reasons. Firstly, it allows for the building of the research theory, ensuring a thorough understanding of the research problem. This type of research focuses on the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things, rather than just quantitative measurements (Flick, 2014). By utilising qualitative research, the study aims to effectively understand the impact of COVID-19 on SMMEs in KwaZulu-Natal.

Secondly, qualitative research is valuable because it captures human perceptions and attitudes towards the phenomenon under study. It provides insights into how individuals perceive and react to the challenges posed by the pandemic. Understanding human attitudes and perceptions adds value to the research, enabling the findings to be more relatable to the real-world situation on the ground (Flick, 2018).

Lastly, qualitative research offers the advantage of gathering in-depth data. Its purpose is to gain insight into human behaviour and the underlying reasons that govern such behaviour. This approach allows for a deeper understanding of the research question at hand and provides meaningful insights into the experiences and perspectives of SMME owners in relation to the impact of the COVID-19 pandemic.

3.5 Target Population and Sampling

This section focuses on target population and sampling underpinning the research

3.5.1 Target Population

The target population is an element or set of units, people or group of individuals that the study seeks to make generalisations on (Creswell, 2014). The target population of this study are SMMEs owners/managers in uMgungundlovu district of KwaZulu-Natal. According to Stats SA (2021), KZN province had a total of 414 071 SMMEs in 2021Q4. Further, uMgungundlovu district, KZN had a total of 39 642 SMMEs in 2021 Q4. Therefore, the target population for this study are owners or managers of this cohort.

3.5.2 Sampling

Given the large number of SMMEs operating in uMgungundlovu District in KwaZulu-Natal, it is difficult to study the entire target population. This means that there is a need for sampling so as to study a feasible number to ensure that the goals and objectives of the study are met. Sampling is a statistical technique that may be used to pick some responders from a large group of people (Leedy and Ormrod, 2015). Because examining the entire population is difficult and time-consuming, sampling is necessary.

Sampling may be divided into two categories. Quantitative research employs probability sampling techniques by default. According to Creswell (2014), statistical features of the sampled population are used by researchers to fulfil study aims and objectives. This sample approach is frequently used in survey, descriptive, and experimental research.

This study, however, utilises non-probability sampling. Creswell (2014) defines non-probability sampling as the sampling technique where the researcher is involved in the selection of the sample and the sample frame chosen is widely subjective. This sampling method is utilised in studies where there are difficult to reach populations or where the researcher is conducting exploratory research (Flick, 2018). There are various non-probability sampling techniques such as convenience sampling, judgemental sampling, quota sampling or snowball sampling. The study utilises judgemental sampling because the unit of analysis are SMMEs owners/managers that are operating in uMgungundlovu and have direct information on the impact of COVID-19 on their business operations.

3.5.3 Sample Size

A sample size is a number of participants that are selected to be part of the study. Creswell (2014) argues that a sample size has to have all the characteristics and traits of the target population. Sim, Saunders and Waterfield (2018) argue that population size in qualitative research is of less significance in determining the sample size since the sample size can be determined *a priori*. Further, Boddy (2016) submits that theoretical saturation in qualitative research is reached with a sample size of 12 participants. Saturation is defined in data collection and analysis as the point at which additional incoming data offers little or no new information to address the research question (Guest, Namey and Chen, 2020). Consistent with Boddy (2016), Guest et al. (2020) conducted a stepwise inductive thematic analysis of 60 in-depth interviews in West Africa and observed that 70% of the 114 identified themes emerged in the first six interviews, and 92% were identified within the first 12 interviews. Similar findings were found in prior research by Saunders, Sim, Kingstone, and Baker (2018) and Fusch and Ness (2015).

Therefore, guided by these prior studies, the sample size of this study were 12 SMMEs owners/managers. Judgemental sampling was used to determine who to include and exclude in the study. The study included businesses that started their operations before 2020, which is before the outbreak of the COVID-19 pandemic. Further, new SMMEs that had started operations in 2022 were excluded in this study since they did not have experience of the COVID-19 lockdown restrictions that were put in place in March 2020. The selected SMMEs should be operating in uMgungundlovu District in KwaZulu-Natal and owners/managers with the needed information were selected.

3.6 Data Collection

The process of gathering relevant data during the research process is known as data collection. There are two ways to acquire data: primary data gathering and secondary data gathering. According to Morgan (2017), primary data is collected directly from participants in its raw form. Methods of primary data collection include questionnaires, surveys, focus group discussions and interviews. The study utilised semi-structured interviews as the primary data collection method.

3.6.1 Semi-structured Interviews

Semi-structured interviews are a combination of elements from structured and unstructured interviews where the researcher probes participants pertaining to questions relating to the research (Neuman, 2014). Semi-structured interviews have a structure and follow a prescribed text but the researcher can often follow up on certain aspects to have a clear understanding of the matter being researched. The study therefore utilises semi-structured interviews as they allow the researcher to probe and ask further questions so as to have an in-depth understanding of the research problem.

The interviews were held at the convenience of the participant, that is, the researcher first inquired from the participant if they are available and willing to participate. Face to face interviews or telephone interviews were held depending on what the participant is comfortable with. The interviews were recorded with permission from the participant. The recorded interviews were then be transcribed into text for analysis. Each interview took approximately 30 to 45 minutes.

3.7 Data Analysis

Data analysis is the next logical stage in the research after data collection. The act of making the acquired data relevant to represent the study challenge is known as data analysis. Data analysis in qualitative research, according to Babbie (2010), is a non-digital inspection and interpretation of acquired data, as well as a process of uncovering possible meanings and patterns of linkages. In research, data analysis is transforming the information gathered from the interviewee into meanings and details that are pertinent to the larger study.

In qualitative research, several data analysis approaches are available, however, the thematic analysis is employed in this study. The practice of documenting data patterns according to the subjects reflected in the data is known as thematic analysis. Thematic analysis was used for

data analysis in this study. The six phases defined by Tesch and mentioned by Creswell (2014) were followed in the research's thematic analysis. The information gathered from the participants was classified into numerous categories linked to emerging subjects as part of the study. The table below explains the steps that were taken in conducting the thematic analysis

Table 3.1: Steps in thematic analysis

Phase	Examples of procedure for each step
1. Familiarising oneself with the data	Transcribing data; reading and re-reading; noting down initial codes
2. Generating initial codes	Coding interesting features of the data in a systematic fashion across the data-set, collating data relevant to each code
3. Searching for the themes	Collating codes into potential themes, gathering all data relevant to each potential theme
4. Involved reviewing the themes	Checking if the themes work in relation to the coded extracts and the entire data-set; generate a thematic map
5. Defining and naming themes	On-going to refine the specifics of each theme; generation of clear names for each theme
6. Producing the report	Final opportunity for analysis selecting appropriate extracts; discussion of the analysis; relate back to research question or literature; produce report

Source: Flick (2016)

3.8 Trustworthiness of the study

In qualitative research, it is important to ensure that the findings are trustworthy. Trustworthiness implies that the study should produce findings that are unbiased and representative to the views of the participants (Morgan, 2017). To ensure trustworthiness, it is important to ensure that the findings are credible, dependable, transferrable and confirmable.

3.8.1 Credibility

Credibility may be defined as the connection or fit between the viewpoints of research participants and how they are expressed or represented by researchers in their findings or results sections (Kumar, 2018). Member checking ensured credibility in this study. This refers to the process of confirming and analysing data with the original participants. Verifying interview transcripts with participants ensures that the data gathered is correctly transcribed.

3.8.2 Dependability

Dependability implies that if another researcher attempts to replicate a study using the same methodology and circumstances, the results should be roughly the same. Qualitative researchers strive for transparency in their research procedures in order to demonstrate that these approaches are dependable. External audit assured dependability in this study, in which other researchers examine the dependability of the methods involved in the research.

3.8.3 Confirmability

Confirmable refers to the extent to which the results are reliable and are not influenced by the researcher's bias (Morgan, 2017). To ensure confirmability in this study, an audit trail was produced, showing the procedure for data collection, analysis and interpretation.

3.8.4 Transferability

Transferability measures the extent to which findings of a study can be applied to other contexts (Kumar, 2018). Thus, transferability is concerned with the ability of findings to be generalised to different contexts. This study provided a clear and distinct explanation of the context, participant selection and characteristics, data collection, and analysis procedure to facilitate transferability. A robust presentation of the findings, accompanied by relevant quotations, helped improve transferability.

3.9 Ethical considerations

The most crucial aspect of the research interview procedure is to perform the study in a respectful manner and to treat the interviewee with respect. Nevertheless, the research process is governed by several rules, laws, and guidelines (Walliman, 2011). The ethical considerations that were followed are as follows:

3.9.1 Ensuring that participants have given formal consent

The research participants should be informed about the nature of the study and all the processes to be followed (Hennink, Hutter and Bailey, 2020). In this case, the participants were told everything about the study and that they were free to withdraw their participation at any time. In turn the participants gave their written consent which shows they are agreeing to participate in the study voluntarily.

3.9.2 Ensuring that no harm comes to the participants

Saunders et al. (2014) posit that it is the duty of the researcher to protect the research participants from any form of harm. In this case, the researcher used non-offensive language and the proper social distancing regulations were followed in order to avoid placing the participants at the risk of contacting the COVID-19 virus.

3.9.3 Ensuring confidentiality and anonymity

Walliman (2011) describes confidentiality as ensuring that research data does not get into the hands of unauthorised personnel while anonymity is described as ensuring that the identities of the participants remain unknown throughout the study. In order to ensure confidentiality, research data was only be accessed by the researcher and university authorities. Anonymity was ensured by using pseudo names and avoiding the collection of personal identification details.

3.9.4 Ensuring that permission is obtained

The study ensured that permission to conduct the study from respective SMMEs was obtained. Ethical clearance was sought from the University before proceeding with data collection.

3.10 Limitation of the study

Hennik et al. (2020) highlight that limitations of the study involves aspects of the research design and methodology as well as other factors that may affect the interpretation of research findings. According to Neuman (2014), limitations are constraints on generalisability, applications to practice and utility of findings that are the result of the ways in which the researcher initially chose the design of the study, or the method used to establish internal and external validity or the anticipated challenges that emerged during the study.

The first limitation of the study is the sample which is small, given that the population is large. Therefore, this may limit the generalisations on the impact of COVID-19 on SMMEs in KwaZulu-Natal. Boddy (2016) notes that the limitation with qualitative studies is that they utilise small sample size, making generalisations to wider populations difficult. Another limitation was due to social distancing and travel restriction posed to monitor COVID-19 spread.

Another limitation of the study is the dearth in literature towards the research study. There are no condensed studies on the positive impact of the COVID-19 on SMMEs thus the research was conducted on the strictest of sources.

Further research could be conducted to address the above limitations. For example, further study on the same topic could be conducted utilising mixed methods approach which involves quantitative and qualitative research. By so doing, a large sample size can be utilised, thus improving the generalisation of results. In addition, the dearth of literature on the positive impact of COVID-19 on SMMEs is addressed in this study by conducting an exploratory study, utilising interviews to collect in-depth information on the positive side of the pandemic.

3.11 Chapter Summary

The chapter discussed the research methodology that was adopted in conducting the study. A qualitative approach was taken where data was gathered using semi-structured interviews and analysed using thematic analysis. A sample of 12 participants was selected from the target population that included SMME owners/managers in uMgungundlovu district of KwaZulu-Natal. The next chapter presents, discusses and interprets the research findings.

CHAPTER FOUR

DATA PRESENTATION, DISCUSSION AND INTERPRETATION

4.1 Introduction

This chapter presents the findings of a study to examine the impact of COVID-19 pandemic on SMMEs in uMgungundlovu District. The objectives of the study were to explore the overall impact of the COVID-19 pandemic on SMMEs in the uMgungundlovu district of KwaZulu-Natal, specifically focusing on the financial implications, identifying challenges faced by SMMEs, and identifying opportunities that arose as a result of the pandemic. Additionally, the study aimed to provide recommendations on how SMMEs can be supported to mitigate unforeseen challenges such as the COVID-19 pandemic. The target population consisted of SMME owners/managers in the uMgungundlovu district, which has a total of 39,642 SMMEs identified in the area. The sample size for the study was 12 SMME owners/managers, selected through judgmental sampling. Data collection was conducted through interviews, and thematic analysis was employed for data analysis. This chapter presents the collected data, engages in a thorough discussion of the findings, and provides analysis to offer valuable insights into the impact of the COVID-19 pandemic on SMMEs in the uMgungundlovu district.

4.2 Demographic details

This section presents and discusses the demographic details of the participants. The demographic details obtained from the interviews provide valuable insights into the characteristics of SMMEs in the uMgungundlovu district.

Table 4.1: Demographic Details

Participant	Sector	Year in operation	Number of employees
A	Manufacturing	Less than 1 year	0-5 employees
B	Service	1-5 years	0-5 employees
C	Service	6-10 years	6-10 employees
D	Manufacturing	1-5 years	0-5 employees
E	Retail	1-5 years	0-5 employees
F	Hospitality	Less than 1 year	6-10 employees

G	Manufacturing	6-10 years	More than 20 employees
H	Retail	1-5 years	0-5 employees
I	Service	1-5 years	11-20 employees
J	Service	6-10 years	0-5 employees
K	Manufacturing	Over 10 years	6-10 employees
L	Service	1-5 years	0-5 employees

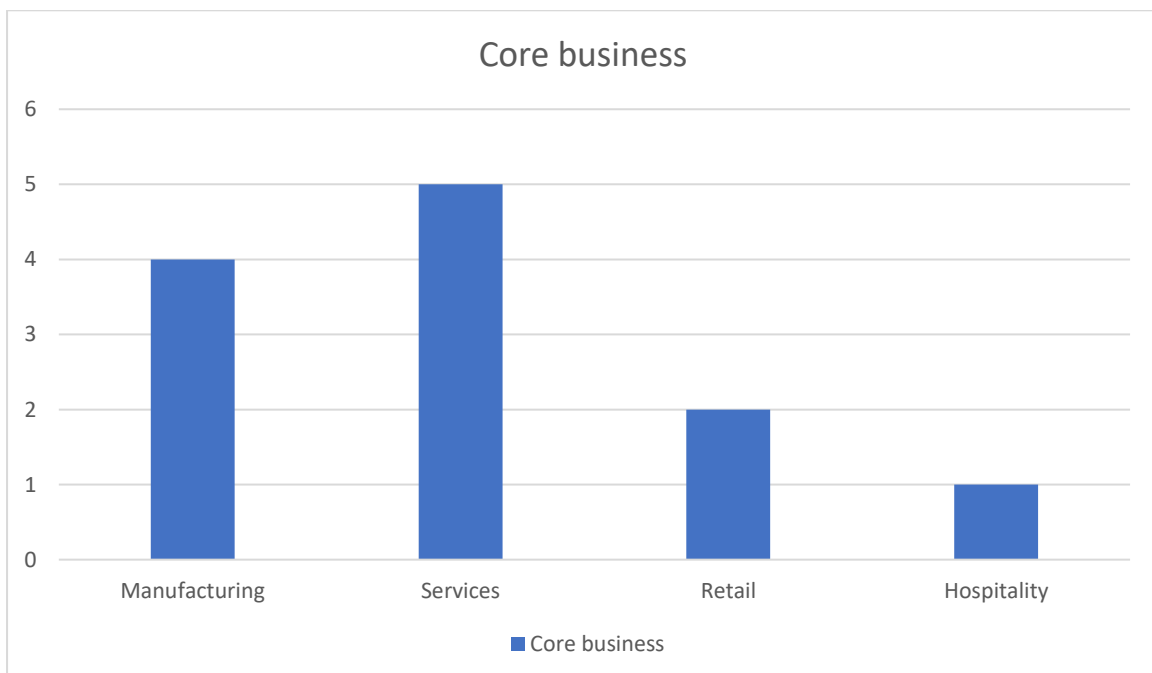
Source: Developed by the researcher, 2023

The data reveals the distribution of businesses across different core sectors, including manufacturing, services, retail, and hospitality. Additionally, it sheds light on the duration of operations, indicating a mix of both new start-ups and more established businesses. Furthermore, the data highlights the varying scale of SMMEs in terms of the number of full-time employees, ranging from micro-enterprises with a small workforce to businesses employing a larger number of individuals. These demographic details lay the foundation for a comprehensive understanding of the SMME landscape in relation to the impact of the COVID-19 pandemic and provide a basis for further analysis and interpretation.

4.2.1. Core Business

The core businesses of the participants were distributed as follows

Figure 4.1: Core businesses of participants



Source: Developed by the researcher, 2023

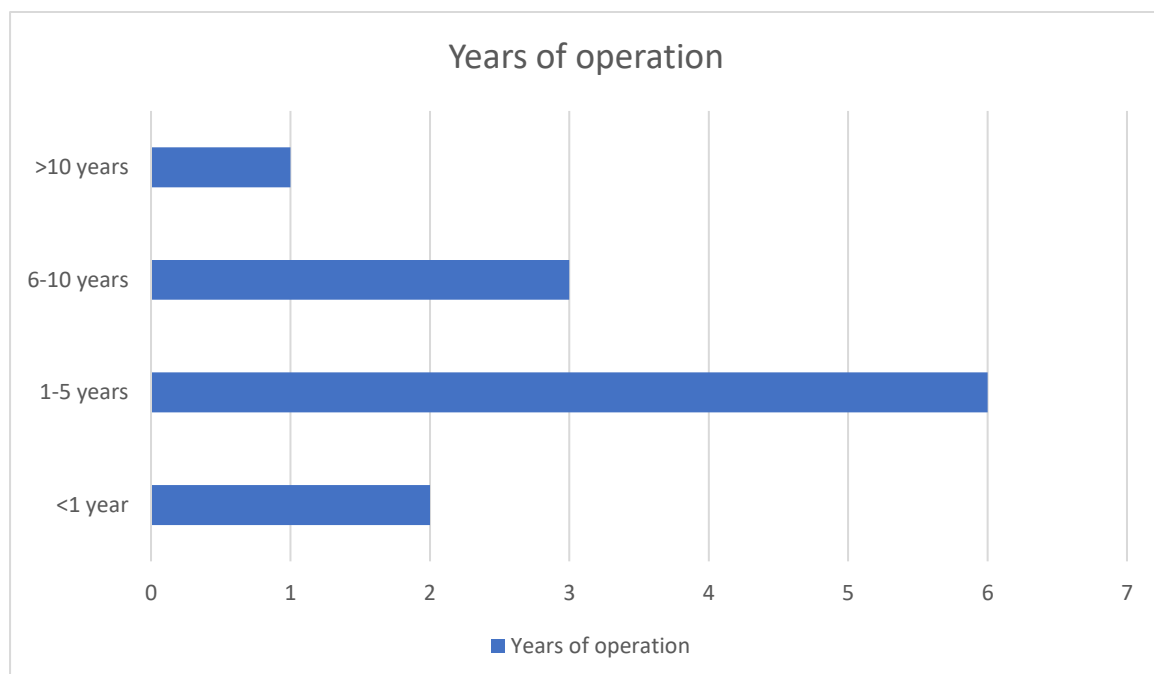
The data reveals that the majority of the surveyed SMMEs in the uMgungundlovu district are engaged in the services sector, accounting for 5 out of the 12 participants. Manufacturing businesses come in second place, with 4 participants. The retail sector is represented by 2 participants, while one participant operates in the hospitality industry. This distribution highlights the diversity of industries within the SMME sector in the district, with a significant presence of service-based businesses.

The distribution of SMMEs across different core sectors, such as manufacturing, services, retail, and hospitality, has significant implications for the study. Firstly, it allows for a sector-specific analysis of the impact of the COVID-19 pandemic, as each industry may have faced unique challenges and opportunities. Through understanding the specific sectoral dynamics, policymakers and stakeholders can tailor interventions and support measures accordingly, addressing the specific needs and circumstances of each sector.

4.2.2. Years of Operation

The participants' years of operation in their businesses is distributed as follows

Figure 4.2: Participants' years of operation



Source: Developed by the researcher, 2023

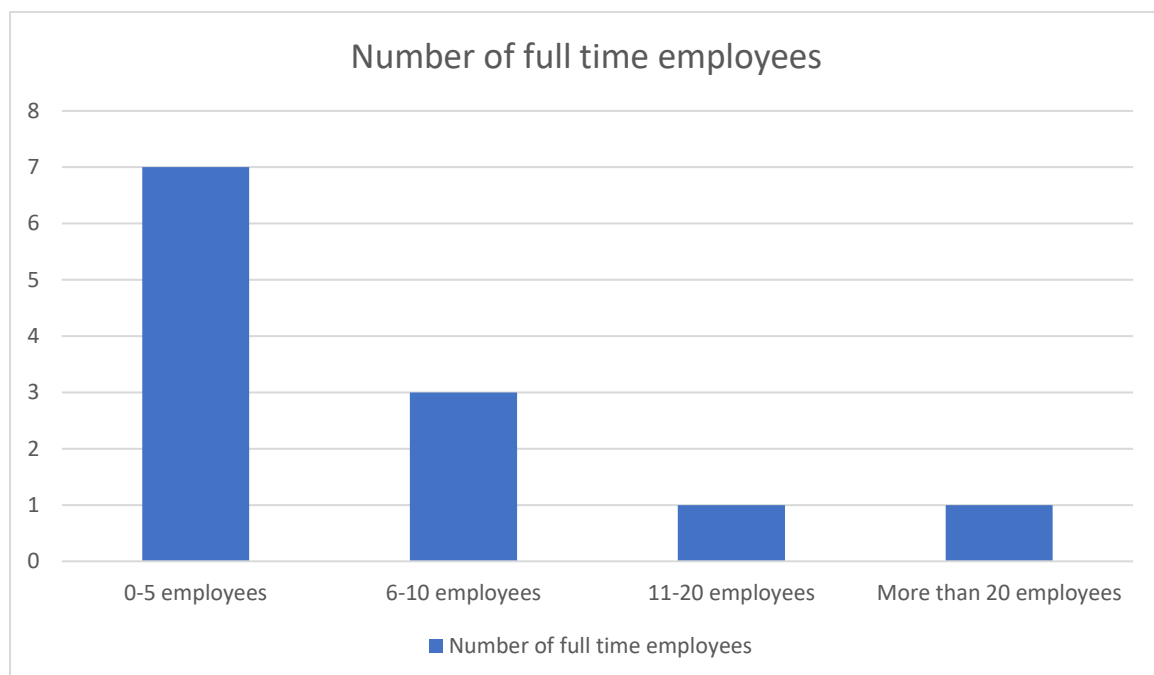
The data shows that the majority of the surveyed SMMEs have been operating for 1-5 years, as indicated by 6 participants. This suggests a relatively young business landscape in the uMgungundlovu district, with a significant number of start-ups and recently established enterprises. However, there are also a considerable number of businesses that have been operating for a longer period, with 3 participants reporting 6-10 years of operation and 1 participant indicating more than 10 years. This mix of both new and established businesses provides a diverse perspective on the impact of the COVID-19 pandemic across different stages of business development.

The duration of operations among the surveyed SMMEs provides insights into their resilience and adaptability. The presence of both new start-ups and more established businesses suggests that the impact of the pandemic may have varied based on the stage of business development. Newer businesses might have faced additional challenges due to limited resources and experience, while more established enterprises might have had existing networks and strategies in place to navigate the crisis. Understanding these differences can help in formulating targeted strategies to support both new and established SMMEs during and beyond the pandemic.

4.2.3. Number of Full-Time Employees

The number of full-time employees in the participants' organisations were distributed as follows

Figure 4.3: Number of Full-Time Employees



Source: Developed by the researcher, 2023

The data shows that the majority of the surveyed SMMEs in the uMgungundlovu district have a relatively small workforce, with 7 participants indicating 0-5 full-time employees. This suggests that micro-enterprises play a significant role in the local economy. However, there are also a few businesses that employ a larger number of individuals, with 3 participants reporting 6-10 employees and 2 participants indicating more than 10 employees. This variation in the size of the workforce among the surveyed SMMEs highlights the potential differences in resource allocation, financial capacity, and the ability to navigate the challenges brought about by the COVID-19 pandemic.

The scale of SMMEs, as indicated by the number of full-time employees, has important implications for employment and economic stability. The prevalence of micro-enterprises with a small workforce suggests that the livelihoods of a significant number of individuals may be dependent on these businesses. The impact of the pandemic on employment, income, and job security can vary based on the size of the workforce. Recognising this, policymakers and stakeholders can design interventions that specifically address the employment challenges faced by different types of SMMEs, ensuring the sustainability and resilience of the local economy.

4.3 Summary of themes and subthemes that emerged from the study

Table 4.1 Summary of themes and subthemes that emerged from the study

Section	Theme	Subtheme
Section B	Theme 1: General Operations Before February 2020	Efficiency and Growth
	Theme 2: General Operations After March 2020	Disruption and Adaptation
	Theme 3: Overall Impact on Business Operations	Financial Strain and Restructuring
Section C	Theme 4: Financial Performance Before COVID-19	Stability and Positive Trends

	Theme 5: Financial Impact of COVID-19	Revenue Decline and Cash Flow Issues
	Theme 6: Impact of Financial Challenges on Operations	Operational Constraints and Resource Allocation
Section D	Theme 7: Organisational Response to COVID-19	Adaptive Strategies and Remote Work
	Theme 8: Challenges in Dealing with COVID-19	Supply Chain Disruptions and Uncertainty
Section E	Theme 9: Benefits from COVID-19 Outbreak	Digital Transformation Opportunities
	Theme 10: Lessons Learned from COVID-19	Resilience and Diversification
Section F	Theme 11: Support Received After National Lockdown	Financial Aid and Advisory Services
	Theme 12: Importance of Support to the Organisation	Critical Role and Survival
	Theme 13: Future Support for Dealing with Challenges	Policy Advocacy and Collaboration

4.4 Impact of COVID-19 on General Operations of SMMEs

The study sought to explore the impact of the COVID-19 pandemic on the general operations of SMMEs in the uMgungundlovu district of KwaZulu-Natal. The following themes and subthemes emerged from the study.

4.4.1 General Operations before February 2020

4.4.1.1 Efficiency and Growth

The findings show that before the onset of the pandemic in 2020, SMMEs in the uMgungundlovu District were characterised by operational excellence, marked by streamlined processes and a concerted effort towards maximising efficiency. Businesses were thriving,

experiencing a notable period of growth in terms of productivity and revenue. Participants emphasised a commitment to optimising their operations, with a keen focus on minimising waste and maximising output. This period was defined by a proactive approach to business management, exploring new opportunities, and leveraging a robust foundation of efficient processes to support sustainable growth.

In support, Participant B said that: *"Efficiency was ingrained in our daily operations. We were not just meeting but exceeding targets. This efficiency paved the way for growth as we could capitalise on every opportunity."* Participant D also said: *"Before February 2020, our operations were like a well-oiled machine. We had implemented processes that not only ensured efficiency but also laid the groundwork for the growth we were experiencing."*

The pre-pandemic phase was therefore a time of strategic operational management for SMMEs, where a commitment to efficiency and the successful implementation of streamlined processes created a foundation for sustained growth. Businesses were agile, responsive, and poised to capitalise on emerging opportunities, reflecting a proactive and forward-thinking approach to operational excellence.

4.4.2 General Operations after March 2020

4.4.2.1 Disruption and Adaptation

The findings show that following the announcement of the national lockdown in March 2020, SMMEs in the Umgungundlovu District experienced a profound shift in their operational landscape. The onset of the pandemic led to unprecedented disruptions in regular business operations, challenging the conventional ways of working. Businesses faced a sudden and impactful interruption, necessitating swift and adaptive responses to navigate the uncertainties introduced by the lockdown measures.

On this note, Participant A said that: *"The lockdown hit us like a tidal wave. Our usual way of doing business was no longer viable. We had to adapt quickly to survive."*

Participant C also said: *"Adaptation became a survival imperative. We were faced with disruptions in supply chains and customer behaviour, and we had to swiftly adjust our operations to stay afloat."*

The post-lockdown period was characterised by a fundamental reshaping of how SMMEs operated. The disruptive impact of the pandemic forced businesses to reassess and redefine

their strategies, emphasising adaptability as a key survival tool. This theme highlights not only the challenges posed by the disruptions but also the resilience and agility demonstrated by businesses in rapidly adapting to the new operational realities imposed by the pandemic.

4.4.3 Overall Impact on Business Operations

4.4.3.1 Financial Strain and Restructuring

The findings show that the overarching impact of the COVID-19 pandemic on SMMEs in the Umgungundlovu District transcended specific operational aspects, permeating the financial landscape and necessitating significant restructuring efforts. On this not, Participant E said that: "*Financially, it was a tough period. We were confronted with a strain on cash flow, prompting us to initiate restructuring efforts to ensure the sustainability of our business.*" Participant H also had the following to say: "*The pandemic cornered us financially. To adapt to the new economic realities, we had to undergo a thorough restructuring process to realign our operations.*"

The aftermath of the COVID-19 outbreak therefore left an indelible mark on the financial health of SMMEs, necessitating strategic responses to mitigate the impact. The subtheme highlights the financial challenges, such as reduced revenue and increased costs, leading to a critical need for restructuring to ensure businesses could weather the economic storm. This underscores the resilience of businesses in the face of financial adversity, highlighting their ability to adapt and reconfigure to secure long-term viability.

The findings from this section of the study align with the broader literature on the impact of COVID-19 on the business environment. The global measures implemented to curb the spread of the virus, including lockdowns and travel restrictions, had profound consequences on people's mobility, leading to a direct blockade in terms of people, logistics, and commodity flow (OECD, 2020). The resulting decline in out-of-house consumption activities significantly reduced the demand for goods and services, causing inventory backlogs, increased costs, and decreased profitability for companies (Aburumman, 2020). This resonates with the literature highlighting the adverse effects of the pandemic on consumer demand and firm profitability (Gourinchas et al., 2020).

The operational challenges faced by firms, as highlighted above, align with the literature's emphasis on manpower shortages, capital shortages, and supply chain disruptions induced by COVID-19 (Kala'lembang, 2021). The inability of businesses to restart work and production,

coupled with challenges in maintaining regular business processes, contributed to a decline in overall firm performance (Aburumman, 2020). This echoes the broader literature's acknowledgment of the multifaceted challenges businesses faced during the pandemic, impacting their ability to fulfil customer demands and leading to a decline in performance (Sedibe, 2020).

The specific context of South Africa's economic challenges, even before the COVID-19 lockdown, is consistent with the literature on the country's economic struggles. The recession in late 2019, followed by the strict lockdown measures in 2020, further exacerbated the difficulties faced by businesses, particularly SMMEs (OECD, 2022). The disproportionate impact on SMMEs, highlighted in the literature, is evident in the study's findings, where over 50% of SMMEs reported significant revenue loss and were at risk of closure (OECD, 2022).

The interventions and support measures introduced by the South African government, such as the Business Growth and Resilience Facility and the debt relief fund, resonate with the broader literature on government responses to support businesses during the pandemic. The literature emphasises the need for supportive measures due to the significant challenges faced by SMMEs, especially those in developing nations (World Bank, 2021). The alignment between the study's findings and the literature underscores the global nature of the challenges posed by COVID-19 and the importance of tailored interventions to support businesses in navigating these challenges effectively.

The findings presented in this section align with the Sudden Crisis theory and the broader literature on the impact of the COVID-19 pandemic on the business environment. The measures implemented globally to curb the spread of the virus, such as lockdowns and travel restrictions, had profound consequences on people's mobility and disrupted the flow of goods, logistics, and commodities. The decline in consumer demand and profitability for businesses due to reduced out-of-house consumption activities resonates with the literature emphasising the adverse effects of the pandemic on consumer demand and firm profitability.

4.5 Financial Impact of COVID-19

The study sought to explore the financial impact of the COVID-19 pandemic on the general operations of SMMEs in the uMgungundlovu district of KwaZulu-Natal. The following themes emerged from the study

4.5.1 Financial Performance before COVID-19

4.5.1.1: Stability and Positive Trends

The findings show that before the advent of the COVID-19 pandemic, SMMEs in the uMgungundlovu District experienced a period marked by financial stability and positive performance trends.

On this note, Participant F said that: "*Our financial performance pre-COVID-19 was stable. We were consistently meeting our financial targets, and the business was on a positive trajectory.*" Participant J also said the following: "*Before the pandemic, our financial indicators were quite promising. We were experiencing growth, and there was a sense of stability in our financial operations.*"

The pre-pandemic era was characterised by a financially robust environment for SMMEs, where stability and positive performance trends were the norm. Businesses were thriving, and their financial health was resilient, setting the stage for an optimistic outlook. The subtheme underscores the importance of understanding the baseline financial conditions that existed before the disruptive impact of the pandemic.

4.5.2 Financial Impact of COVID-19

4.5.2.1 Revenue Decline and Cash Flow Issues

The findings show that financial impact of the COVID-19 pandemic ushered in a challenging period for SMMEs in the Umgungundlovu District. The subtheme of "Revenue Decline and Cash Flow Issues" encapsulates the substantial challenges businesses faced as their revenue streams dwindled, and cash flow became a critical concern. Participants reflected on the stark contrast from the pre-pandemic financial stability, highlighting the severity of the impact on revenue generation and the consequential strain on cash flow.

On this note Participant I said that: "*The pandemic hit our revenue hard. We experienced a significant decline in sales, which had a direct impact on our cash flow.*" Participant J also said the following: "Cash flow became a major concern as our revenue plummeted. The challenges in maintaining a positive cash flow position were unprecedented."

The onset of the pandemic therefore triggered a harsh economic reality for SMMEs, marked by a substantial decline in revenue and pronounced cash flow challenges. This subtheme underscores the financial turbulence brought about by external shocks, emphasising the need

for businesses to grapple with the complexities of managing a diminished revenue stream and the resultant impacts on their financial liquidity.

4.5.3 Impact of Financial Challenges on Operations

4.5.3.1 Operational Constraints and Resource Allocation

The findings show that triple effects of financial challenges triggered by the COVID-19 pandemic extended beyond the balance sheets, significantly impacting the day-to-day operations of SMMEs in the Umgungundlovu District. Participant K said the following: *"Financial challenges posed operational constraints. We had to cut back on certain activities and navigate with a reduced operational capacity."* On this note, Participant L also said: *"Resource allocation became a critical consideration. With limited financial resources, we had to strategically allocate resources to prioritise essential operational areas."*

The subtheme sheds light on the practical implications of financial challenges on the daily operations of SMMEs. Businesses encountered constraints that necessitated strategic decision-making in resource allocation, emphasising the need for adaptability and resilience in the face of financial adversity. This theme underscores the interconnectedness of financial health and operational efficiency, highlighting the intricate balance businesses sought to maintain during challenging times.

The above findings, focusing on the financial impact of COVID-19 on South African SMMEs, resonate with the broader literature on the vulnerability of these enterprises during the pandemic. Prior to the outbreak, South Africa witnessed a growing number of SMMEs (Maduku and Kaseeram, 2021), contributing significantly to the country's GDP (Harrington and Kew, 2020). However, the pandemic-induced lockdowns led to widespread closures, with an 11% decline in the number of SMMEs in the third quarter of 2020 (SEDA, 2021). This aligns with the literature highlighting the severe impact of lockdowns on businesses globally (Adelowotan, 2021).

The literature emphasises the crucial role of SMMEs in South Africa's economic development, employment generation, and innovation (Bhorat et al., 2018). Despite their significant contributions, SMMEs in South Africa face challenges such as a high failure rate, limited entrepreneurial skills, restricted funding possibilities, and a challenging business climate (Harrington and Kew, 2020). Section C's findings complement this by illustrating how the

pandemic exacerbated these challenges, resulting in closures and financial strain for many SMMEs.

The prevalence of informal businesses, constituting 58% of enterprises (OECD, 2021), aligns with Simbarashe et al.'s (2022) observation that businesses, both formal and informal, often lack an understanding of the benefits of formalisation. The literature highlights the drawbacks of informality, including limited access to funding and financial exclusion from formal services (Simbarashe et al., 2022). Section C's findings corroborate these issues, emphasising the challenges of financial exclusion and limited access to funding for SMMEs in South Africa, particularly during the pandemic (OECD, 2022).

The discussion on the lack of access to funding for SMMEs in South Africa aligns with the broader literature on the financing challenges faced by these enterprises (OECD, 2022). Factors such as a lack of suitable financial products, insufficient credit information, perceived riskiness, and a lack of appropriate assets for collateral contribute to low access to finance (OECD, 2022). The low level of SMME financing, constituting only 25% of overall business loans, reflects the ongoing supply and demand challenges in the sector (StatsSA, 2021). Rodrigues, Franco, and Sousa (2021) emphasise the importance of public support during crises, echoing the necessity of measures to minimise economic implications and prevent a wave of SME failures.

The findings presented above align with the Sudden Crisis theory, which emphasises the vulnerability of SMMEs during times of crisis. The COVID-19 pandemic had a severe impact on South African SMMEs, leading to widespread closures and financial strain. The decline in the number of SMMEs and the challenges they faced during the pandemic resonate with the broader literature on the impact of lockdowns on businesses globally. The findings also highlight the existing challenges faced by SMMEs in South Africa, such as limited access to funding, a high failure rate, and a challenging business climate. The prevalence of informal businesses further exacerbates these challenges, as they often lack access to formal financial services. These findings underscore the urgent need for targeted support and interventions to ensure the resilience and survival of SMMEs in South Africa, in line with the Sudden Crisis theory and the broader literature on the financing challenges and vulnerability of these enterprises.

4.6 Challenges Faced by SMMEs in Dealing with COVID-19

The study also sought to identify challenges faced by SMMEs in Umgungundlovu district that resulted from the Covid-19 pandemic. The following themes emerged from the findings.

4.6.1 Organisational Response to COVID-19

4.6.1.1 Adaptive Strategies and Remote Work

The findings reveal that as SMMEs in the Umgungundlovu District grappled with the challenges posed by the COVID-19 pandemic, their responses became pivotal in determining their resilience and ability to navigate unprecedented circumstances. In this regard, Participant C said that: *"We swiftly implemented adaptive strategies to stay afloat. This involved a paradigm shift in how we approached our operations."* Participant E also said: *"Remote work became a central component of our adaptive strategy. It was a necessity for ensuring business continuity in times of uncertainty."*

The subtheme underscores the agility and innovation displayed by SMMEs in response to the challenges posed by the pandemic. Organisations strategically embraced adaptive measures, exploring new ways of working, with remote work emerging as a crucial element. This theme highlights the resilience of businesses in the face of adversity, showcasing their capacity to proactively adjust strategies to maintain operations and adapt to the evolving business landscape.

4.6.2 Challenges in Dealing with COVID-19

4.6.2.1 Supply Chain Disruptions and Uncertainty

The findings show that the challenges posed by the COVID-19 pandemic extended beyond the operational dynamics of individual businesses, encompassing broader issues related to supply chain management and navigating pervasive uncertainty.

Participant F had the following to say: *"Our supply chain faced disruptions at every turn. Sourcing materials became a significant challenge, impacting our production timelines."* Furthermore, Participant K also had the following to say: *"Uncertainty loomed large. It was challenging to make strategic decisions when the future was so uncertain. This permeated every aspect of our business planning."*

The subtheme underscores the interconnected nature of businesses within a larger ecosystem, emphasising the vulnerability of supply chains and the pervasive uncertainty that characterised decision-making during the pandemic. Businesses grappled with adapting to supply chain disruptions while simultaneously navigating the challenges posed by an uncertain business environment. This theme illuminates the multifaceted nature of the hurdles faced by SMMEs

and their intricate efforts to mitigate the impacts on supply chains and navigate uncertain terrain.

The challenges faced by SMMEs during the COVID-19 pandemic, as highlighted in Section D, resonate with the broader literature on the severe and multifaceted impact of the pandemic on small businesses. Temporary closures and the subsequent loss of business were inherent consequences of COVID-19-induced lockdowns, affecting businesses offering non-essential services (Bhorat et al., 2020). The decline in GDP of South Africa due to the pandemic had a cascading effect on SMMEs, particularly those specialising in food, leisure, and social aspects, leading to a significant reduction in capital inflow and potential customer loss (Burger and Calitz, 2020). These findings align with the broader literature emphasising the economic repercussions of lockdowns on businesses and individuals (Vusi, 2020).

Financial challenges emerged as a critical concern for SMMEs during the pandemic, with a notable drop in revenue, particularly for businesses reliant on physical spaces like bars, restaurants, and supermarkets (Kiernan and DeVita, 2020). The loss of revenue, as indicated by a survey reporting a 62% decrease, had profound implications for the development and sustainability of SMMEs, potentially leading to widespread poverty due to unemployment (Murray, 2020). The literature underlines how financial resources for SMEs were constrained during the pandemic, with challenges in accessing government assistance, changes in consumer behaviour, and declines in cash flow (OECD, 2022; Sandberg et al., 2020).

Supply chain disruptions emerged as a critical challenge for SMMEs during the pandemic, with interruptions along the value chain impacting businesses globally (OECD, 2022). These disruptions led to additional financial costs, increased prices, and late payments for some SMEs, particularly in industries facing heightened volatility and price rises in commodities markets (Ali, Suleiman and Khalid, 2021; OECD, 2022). Section D's findings align with the literature, illustrating how the closure of transport modes, limitations on road travel, and delays in shipments due to the pandemic significantly hindered the smooth movement of goods and services, particularly for SMMEs relying on raw materials from overseas (Nhamo et al., 2020; Tembo, 2020).

The findings in Section D of the study align with the Sudden Crisis theory, which recognises the severe and multifaceted impact of crises on small businesses. The challenges faced by SMMEs during the COVID-19 pandemic, such as temporary closures and the subsequent loss of business, reflect the inherent consequences of lockdowns and restrictions imposed to control

the spread of the virus. The decline in GDP and the cascading effect on SMMEs, particularly those in non-essential sectors, resulted in a significant reduction in capital inflow and potential customer loss. These challenges resonate with the broader literature emphasising the economic repercussions of lockdowns on businesses and individuals.

4.7 Opportunities for SMMEs in the Wake of COVID-19

The study also sought to identify opportunities presented by Covid-19 pandemic to SMMEs in Umgungundlovu district. The following themes emerged from the study.

4.7.1 Benefits from COVID-19 Outbreak

4.7.1.1 Digital Transformation Opportunities

The findings reveal that amidst the challenges posed by the COVID-19 outbreak, SMMEs in the Umgungundlovu District identified opportunities for positive transformation. On this note, Participant A said: *"The outbreak forced us to accelerate our digital initiatives. We seized the opportunity to invest in technologies that enhanced our online presence and customer interactions."*

In support, Participant G also said: *"Digital transformation became a silver lining. We recognised the need to modernise, embracing e-commerce and digital communication channels that have now become integral to our business."*

The subtheme highlights how the challenges presented by the pandemic catalysed a shift in perspective, prompting businesses to view the situation as an opportunity for digital advancement. Rather than merely adapting to remote work, businesses seized the chance to transform digitally, embracing technologies that not only addressed immediate concerns but positioned them for long-term growth and resilience. This theme underscores the adaptive capacity of SMMEs, highlighting their ability to find opportunities for positive change in the midst of adversity.

4.7.2 Lessons Learned from COVID-19

4.7.2.1 Resilience and Diversification

The findings show that the aftermath of the COVID-19 impact prompted reflections on the part of SMMEs in the Umgungundlovu District, leading to the identification of valuable lessons. On this note, Participant H said: *"The pandemic taught us the value of resilience. We learned to adapt to unforeseen circumstances and build a business model that could withstand shocks."*

Participant J also said: "*Diversification became a key lesson. Relying on a single revenue stream was no longer tenable. We realised the need to diversify our offerings to mitigate risks.*"

The subtheme illuminates the transformative lessons derived from the challenges of the pandemic. Businesses recognised the imperative of fostering resilience, enabling them to navigate uncertainties with agility. Moreover, the importance of diversification emerged as a strategic response, acknowledging the need to broaden revenue streams and fortify against future disruptions. This theme underscores the adaptive learning capacity of SMMEs, illustrating how they leveraged challenges to instigate strategic shifts towards more resilient and diversified business models.

Section E delves into the opportunities that emerged for SMMEs during the COVID-19 pandemic, providing insights that resonate with existing literature on the positive impact of the crisis on small businesses. The increased use of digital tools emerged as a prominent opportunity for SMMEs (Zutshi, Mendy and Sharma, 2021). The pandemic, while imposing significant challenges, prompted a rapid adoption of digital technology by SMMEs, accelerating the transformation process by nearly five years in just eight weeks (Baig et al., 2020; Butt, 2020). This aligns with the broader literature emphasising the role of digitalisation in enabling businesses to seize new opportunities during times of crisis (Klein and Todesco, 2021).

Digitalisation not only facilitates new opportunities but also enhances the resilience and flexibility of SMMEs. The adoption of digital technologies allows businesses to reorganise resources and adapt to crises by minimising coordination costs and encouraging flexible resource allocation (Truant, Broccardo and Dana, 2021). The decentralisation of digital technology breaks down time and location barriers, expanding prospects for SMMEs in open networks (Zeng and Glaister, 2018). The use of social media platforms as marketing tools during the pandemic also highlights the positive impact of increased social media engagement, contributing to enhanced brand image and customer communication (Hu and Olivieri, 2021).

Cheap and convenient business practices emerged as another opportunity for SMMEs, particularly through the use of virtual offices and internet platforms like Zoom and teleconferencing (Tembo, 2020). This shift allowed SMMEs to optimise operations, reduce costs associated with physical presence, and maintain a competitive advantage (Pelletier and Cloutier, 2019). The literature supports the notion that the modern nature of conducting

business increasingly relies on e-commerce and other digital methods to achieve high returns and optimum costs (He et al., 2013; Priyono, Moin and Putri, 2020).

Financial management witnessed a positive transformation within SMMEs post-COVID-19, with a greater emphasis on accountability, transparency, and evaluation to ensure survival (Vusi, 2020). This aligns with the literature highlighting the significance of effective financial management in the success and sustainability of small businesses (Blackwell, 2020). The resilience and flexibility inherent in many SMEs proved advantageous during the pandemic, allowing them to excel in the face of economic downturns (Kuckertz et al., 2020). While not all SMEs share the same characteristics, those with a strategic focus and adaptable personnel demonstrated a better chance of survival (Eggers, 2020).

Finally, the pandemic provided an opportunity for strategic alliances among SMMEs, as difficult circumstances prompted businesses to engage in partnerships (Zutshi, Mendy, Sharma and Thomas, 2021). Strategic alliances can help address resource constraints, enhance innovative performance, and broaden the scope of information sharing between SMEs and their specialised professionals (Juergensen et al., 2020).

The findings in Section E of the study are in line with the Sudden Crisis theory, which highlights the opportunities that can arise for SMMEs during times of crisis. The increased use of digital tools emerged as a prominent opportunity for SMMEs during the COVID-19 pandemic. The rapid adoption of digital technology by SMMEs, prompted by the crisis, accelerated the transformation process and enabled businesses to seize new opportunities. This aligns with the broader literature emphasising the role of digitalisation in enabling businesses to adapt and thrive during crises.

4.8 How SMMEs can be supported in Dealing with Unforeseen Challenges

The study sought to make recommendations on how SMMEs can be supported to deal with unforeseen challenges such as Covid-19 pandemic. The following themes emerged from the findings.

4.8.1 Support Received After National Lockdown

4.8.1.1 Financial Aid and Advisory Services

The findings show that as SMMEs navigated the challenges post the national lockdown, the support they received played a pivotal role in determining their ability to weather the storm.

In this regard, Participant I said: "*financial aid became a lifeline. It helped us bridge the gaps in cash flow and maintain essential operations during a critical period.*" Participant L also said: "*Advisory services were instrumental. The guidance we received helped us make informed financial decisions and navigate the complexities of the post-lockdown business environment.*"

The subtheme highlights the tangible forms of support that proved essential for SMMEs in their post-lockdown recovery. Financial aid emerged as a crucial intervention, providing businesses with the necessary resources to overcome immediate challenges. Simultaneously, advisory services equipped businesses with the knowledge and insights needed to make informed decisions, contributing to their overall resilience and sustainability. This theme underscores the significance of tailored support mechanisms in fostering the recovery and growth of SMMEs facing unforeseen challenges.

4.8.2 Importance of Support to the Organisation

4.8.2.1 Critical Role and Survival

Reflecting on the significance of the support received, SMMEs in the Umgungundlovu District acknowledged the pivotal role such assistance played in their organisational dynamics. On this issue, Participant B said: "*The support we received played a critical role. It was not just about recovery; it was about survival. It allowed us to stay afloat during a period of immense uncertainty.*" Participant C also said: "*Survival was at stake, and the support we got was like a safety net. It became clear that without that assistance, navigating the challenges would have been significantly more difficult.*"

The subtheme underscores the profound impact of support mechanisms on the survival and continued operation of SMMEs. Beyond addressing immediate challenges, the support played a critical role in ensuring the sustained existence of businesses during a period marked by uncertainty and upheaval. This theme emphasises the holistic nature of support, recognising its role not only in recovery but in bolstering the resilience and viability of organisations facing unforeseen challenges.

Section F explores the role of government interventions and support mechanisms for SMMEs during the COVID-19 pandemic. The literature on this topic emphasises the crucial role that government plays in supporting small businesses, especially during times of crisis (Rodrigues, Franco and Sousa, 2021). The findings of Section F reveal that various government initiatives and programs were implemented to alleviate the challenges faced by SMMEs, ranging from

grants and loans to development finance institutions (DFIs) such as the Industrial Development Corporation (IDC), the Small Enterprise Finance Agency (SEFA), and the National Urban Reconstruction and Housing Agency (NURCHA).

Government funding for SMEs, in the form of grants and loans, has been a significant avenue for support (Rodrigues, Franco and Sousa, 2021). The provision of financial assistance is a well-documented strategy employed by governments globally to mitigate the economic impact of crises on small businesses (Gourinchas, Kalemli-Özcan and Penciakova, 2020). The section also highlights that the South African Reserve Bank (SARB) data reveals a total SMME credit exposure to banks at the end of 2021, indicating financial support from the banking sector (StatsSA, 2021). This aligns with the broader literature that recognises the importance of access to finance for SMMEs and the role of both government and financial institutions in providing such support (OECD, 2022).

Additionally, the findings discuss the challenges faced by SMMEs in accessing funding, including the lack of suitable formal financial products, limited credit information, and perceived riskiness of small business finance (OECD, 2022). This resonates with existing literature highlighting the persistent challenge of limited access to funding for SMMEs in South Africa (Harrington and Kew, 2020). The literature suggests that addressing these challenges requires a multi-faceted approach, involving improvements in financial products, credit information availability, and creating an enabling environment for small business finance.

The findings in Section F also touches upon the importance of public support for SMMEs to ensure economic recovery (Rodrigues, Franco and Sousa, 2021). This aligns with the broader literature that emphasises the significance of government interventions and policies in fostering the growth and sustainability of small businesses, particularly during times of crisis (Bhorat et al., 2018; Harrington and Kew, 2020).

The findings in Section F of the study align with the Sudden Crisis theory of firm performance, which emphasises the role of government interventions during times of crisis. The literature highlights the crucial role that government plays in supporting small businesses, particularly during times of crisis. The findings reveal that various government initiatives and programs, such as grants, loans, and support from development finance institutions, were implemented to alleviate the challenges faced by SMMEs during the COVID-19 pandemic.

This aligns with the broader literature that recognises the importance of government support in mitigating the economic impact of crises on small businesses. The provision of financial

assistance through grants and loans is a well-documented strategy employed by governments globally to support small businesses during times of crisis. Additionally, the findings highlight the importance of public support and interventions for SMMEs to ensure economic recovery, which resonates with the broader literature emphasising the significance of government interventions in fostering the growth and sustainability of small businesses.

Therefore, the findings of Section F provide empirical evidence that supports the Sudden Crisis theory by illustrating the critical role of government support in mitigating the challenges faced by SMMEs during the COVID-19 pandemic. The study contributes to the understanding of how government interventions can help SMMEs navigate sudden crises and foster their resilience and growth.

4.9 Chapter Summary

In conclusion, the findings presented in this chapter provide a comprehensive understanding of the impact of the COVID-19 pandemic on SMMEs in South Africa. The analysis of demographics, sectoral diversity, and the decline in the number of SMMEs highlights the vital role these enterprises play in the country's economy and their vulnerability to external shocks. The multifaceted challenges faced by SMMEs, including temporary closures, financial struggles, and supply chain disruptions, further underscore the severity of the crisis. However, amidst these challenges, opportunities emerged, such as the increased use of digital tools, innovative business practices, and improved financial management. The critical role of government interventions and support mechanisms in alleviating challenges and fostering the recovery of SMMEs is also emphasised. Overall, this chapter provides a nuanced understanding of the complex dynamics and responses of SMMEs to the unprecedented challenges posed by the pandemic. The next chapter draws conclusions, and offer recommendations based on the insights gained from this study.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Chapter 5 of this study synthesises the extensive research conducted on the impact of the COVID-19 pandemic on SMMEs in South Africa, presenting a summary of findings, drawing conclusions, offering practical recommendations, and identifying avenues for future research. The collective insights from the previous chapter provide a comprehensive understanding of the multidimensional challenges faced by SMMEs, as well as the opportunities and government interventions that played a pivotal role in their resilience. This chapter aims to condense key patterns, implications, and lessons learned from the empirical data, contributing to a holistic comprehension of the dynamics at play. By synthesising these findings, the study seeks to provide valuable guidance for policymakers, practitioners, and researchers interested in enhancing the support mechanisms for SMMEs in the aftermath of the pandemic and in preparing for future economic disruptions. Additionally, this chapter outlines actionable recommendations grounded in the study's insights and highlights areas where further research is warranted to deepen our understanding of SMME dynamics in the post-COVID-19 era.

5.2 Conclusions

This study aimed to investigate the impact of the COVID-19 pandemic on small, medium, and micro enterprises (SMMEs) in the Umgungundlovu District of South Africa. SMMEs play a crucial role in the country's economy, contributing to employment creation, poverty alleviation, and overall development. The study sought to explore the challenges and opportunities faced by SMMEs as a result of the pandemic and provide recommendations for supporting them in navigating future unforeseen challenges. To achieve these objectives, a qualitative approach was adopted, utilising semi-structured interviews for data collection, and thematic analysis for data analysis. A sample of 12 participants, consisting of SMME owners/managers in the Umgungundlovu district of KwaZulu-Natal, was selected from the target population.

The study employed a comprehensive review of the literature on SMMEs, the impact of the COVID-19 pandemic, and related theories. This literature review provided a solid foundation for understanding the context in which the study was conducted and informed the research questions and methodology. The Sudden Crisis theory, in particular, guided the study in exploring the vulnerability of SMMEs during times of crisis and the need for targeted support

and interventions. By drawing on the existing literature, the study advanced our understanding of the specific challenges faced by SMMEs during the pandemic and the necessary strategies for their recovery and resilience.

Based on the findings, discussion, and analysis conducted in this study, several key insights have emerged regarding the impact of the COVID-19 pandemic on SMMEs in the Umgungundlovu District of South Africa.

Firstly, the study found that the pandemic had a significant negative impact on the operations and financial stability of SMMEs in the district. Many SMMEs experienced temporary closures, reduced customer demand, and disrupted supply chains, leading to revenue loss and financial struggles. These challenges were particularly pronounced in sectors such as tourism, hospitality, and retail.

Secondly, the study identified various challenges faced by SMMEs during the pandemic. These challenges included manpower shortages, capital constraints, and difficulties in adapting to changing customer behaviours and preferences. Additionally, the study highlighted the vulnerability of informal SMMEs, which often lacked access to formal financial services, making them more susceptible to the economic shocks caused by the pandemic.

Despite these challenges, the study also revealed some opportunities that emerged during the crisis. SMMEs demonstrated resilience and adaptability by utilising digital tools, implementing innovative business practices, and improving financial management. These strategies enabled some SMMEs to mitigate the impact of the pandemic and even identify new avenues for growth.

This study therefore provided valuable insights into the impact, challenges, and opportunities faced by SMMEs in the Umgungundlovu District of South Africa during the COVID-19 pandemic. The findings underscore the severe disruptions experienced by SMMEs, emphasising the need for targeted support and interventions to enhance their resilience. The study also highlights the importance of digitalisation, innovation, and financial management in enabling SMMEs to navigate crises effectively. The implications of these findings extend to policymakers, stakeholders, and practitioners, who can utilise the study's recommendations to develop strategies and support mechanisms that promote the recovery and long-term sustainability of SMMEs in similar contexts.

Based on the aim of the study, which was to examine the impact of the COVID-19 pandemic on small, medium, and micro enterprises (SMMEs) in the Umgungundlovu District, the key takeaways are as follows:

5.2.1 Vulnerability of SMMEs

The study highlights the vulnerability of SMMEs to external shocks such as the COVID-19 pandemic. SMMEs in the Umgungundlovu District faced significant challenges, including temporary closures, reduced customer demand, disrupted supply chains, and financial struggles. This vulnerability underscores the need for targeted support and interventions to enhance the resilience of SMMEs to future crises.

5.2.2 Importance of Financial Support

The financial impact of the pandemic on SMMEs was substantial. Many SMMEs experienced revenue loss and faced difficulties in accessing capital. The study emphasises the importance of financial support mechanisms, including access to credit, grants, and financial management training, to help SMMEs overcome financial challenges and sustain their operations.

5.2.3 Adaptation and Innovation

Despite the challenges, the study identifies opportunities that emerged for SMMEs during the pandemic. SMMEs in the Umgungundlovu District demonstrated resilience by adapting to the changing circumstances and embracing digital tools, innovative business practices, and improved financial management. These strategies enabled some SMMEs to mitigate the impact of the pandemic and identify new avenues for growth.

5.2.4 Policy Implications

The findings of the study have implications for policymakers and stakeholders involved in supporting SMMEs. The study highlights the importance of targeted policies and interventions, including financial support, access to markets, and capacity-building programs. Policymakers can utilise these insights to develop strategies that enhance the resilience, growth, and long-term sustainability of SMMEs in the Umgungundlovu District and similar contexts.

In summary, the key takeaways from the study emphasise the vulnerability of SMMEs to the COVID-19 pandemic, the importance of financial support, the adaptability and innovation

exhibited by SMMEs, and the policy implications for supporting their recovery and long-term sustainability. .

5.3 Recommendations

Based on the findings of the study, the following recommendations can be made:

5.3.1 Provide targeted financial support

Given the significant financial impact of the COVID-19 pandemic on SMMEs in the Umgungundlovu District, it is crucial to establish targeted financial support mechanisms. This could include providing access to low-interest loans, grants, and financial management training programs specifically tailored for SMMEs. These initiatives can help SMMEs overcome financial challenges and build resilience to future crises.

5.3.2 Enhance digital readiness

The study highlighted the importance of digital tools and practices for SMMEs during the pandemic. It is recommended to support SMMEs in the Umgungundlovu District in enhancing their digital readiness. This could involve providing training and resources to help SMMEs adopt and effectively utilise digital platforms, e-commerce capabilities, and online marketing strategies. By embracing digitalisation, SMMEs can expand their customer reach, improve operational efficiency, and adapt to changing market conditions.

5.3.3 Strengthen collaboration and networking

The study revealed the resilience and adaptability exhibited by SMMEs through innovative business practices. To further support these efforts, it is recommended to foster collaboration and networking among SMMEs in the Umgungundlovu District. Creating platforms for knowledge sharing, mentorship programs, and business partnerships can facilitate the exchange of ideas, resources, and best practices. This collaborative approach can enhance the collective resilience and competitiveness of SMMEs.

5.3.4 Develop crisis management strategies

Based on the challenges faced by SMMEs during the pandemic, it is crucial to develop comprehensive crisis management strategies. This could involve establishing early warning systems, contingency plans, and business continuity measures. Additionally, providing training and support to SMME owners and managers on crisis management and risk assessment can better prepare them to navigate future unforeseen challenges.

5.4 Areas for future research

In terms of future research, the following areas could be explored:

5.4.1 Long-term effects of the pandemic on SMMEs

Conducting longitudinal studies to examine the long-term effects of the COVID-19 pandemic on SMMEs in the Umgungundlovu District. This research could provide insights into the recovery trajectory, changes in business models, and strategies adopted by SMMEs to rebuild and sustain their operations post-pandemic.

5.4.2 Socio-economic impact of SMMEs

Investigating the broader socio-economic impact of SMMEs in the Umgungundlovu District. This research could explore the role of SMMEs in job creation, poverty alleviation, and community development. Understanding the social and economic contributions of SMMEs can inform policies and initiatives aimed at fostering their growth and sustainability.

5.4.3 Resilience-building strategies for SMMEs

Exploring effective strategies for building resilience among SMMEs in the face of future crises. This research could examine the role of government policies, support networks, and capacity-building programs in enhancing the resilience of SMMEs. Identifying best practices and success factors can guide policymakers and stakeholders in developing targeted interventions to bolster the resilience of SMMEs in the Umgungundlovu District.

5.5 Chapter Summary

Chapter 5 presents a comprehensive overview of the study's results, conclusions, recommendations, and identifies prospective areas for further research on the impact of COVID-19 on small, medium, and micro businesses (SMMEs) in South Africa. The chapter begins with a succinct summary of the essential demographic characteristics of the SMME environment prior to the emergence of the COVID-19 epidemic. Exploring Sections B to F, the chapter examines the challenges and opportunities encountered by SMMEs throughout the epidemic. These factors include variations in population characteristics, economic obstacles, as well as the adoption of digital technology, resilient methods, and strategic partnerships. This research juxtaposes empirical data with existing literature to provide a comprehensive analysis of the SMME sector's response to the substantial disruptions caused by the outbreak. The concluding remarks underscore the importance of government support, the resilience and

adaptability of small, medium, and micro companies (SMMEs) in facing and adapting to difficulties, and the pivotal role of digitalisation in crisis management. The chapter finishes by offering pragmatic recommendations to policymakers and stakeholders, asking them to persist in their endeavours to enhance the resilience of small, medium, and micro businesses (SMMEs). Furthermore, it suggests possible research topics to further our comprehension of small, medium, and micro enterprises (SMMEs) dynamics in the post-COVID-19 era.

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APPENDICES

Appendix A: Permission Letter

REQUEST FOR PERMISSION TO CONDUCT RESEARCH AT YOUR ORGANISATION

THE IMPACT OF COVID-19 AND OTHER BUSINESS DISRUPTIONS TO SMALL AND MEDIUM ENTERPRISES (SMMEs) IN SOUTH AFRICA: CASE STUDY OF SMMEs IN KWAZULU-NATAL

21 June 2022

The Manager

I, Iviwe Magaga, am doing research with UKZN.

I am currently engaging in a research project aimed at Investigation into the negative impact of COVID-19 to Small and Medium Enterprises (SMMEs) IN South Africa: Case study of SMMES in KwaZulu-Natal. The study will entail the collection of information from participants through the use of semi-structured interviews.

The benefits of this study are many such as contribution to scholarly research, break-through in understanding both the negative impact of COVID-19 to Small and Medium Enterprises (SMMEs) IN South Africa: Case study of SMMES in KwaZulu-Natal.

Potential risks are almost none unless in case of unanticipated events outside the control of the researcher. In the same vein, feedback procedure will entail research reports and journal articles.

The involvement of the data collection at your company will entail the administration of qualitative interviews and all participation will be on a voluntary basis, with the participant's prior consent and right to exit the process at any time without any recourse,

All information gathered will remain as the property of the researcher and KZN University and will only be used for this research project. The researcher will ensure confidentiality and anonymity of the respondents and your organisation

Please note that I would require permission towards my application for Ethical Clearance prior to conducting the research. I would forward you a copy of the certificate when obtained.

You are also free to engage with me or my supervisor at the following details:

With appreciation

Yours sincerely

Iviwe Magaga

Appendix B: Consent Letter

21 June 2022

Dear Participant

My name is Iviwe Magaga a UKZN student conducting a research on the negative and positive impact of COVID-19 and other business disruptions to Small and Medium Enterprises (SMMEs) IN South Africa: Case study of SMMES in KwaZulu-Natal.

Participation of this project is completely voluntary. All information provided through your participation in this study will be kept confidential. You will not be identified in the thesis or any report of this research. The data collected on this study will be kept for a period of a year in a secure location.

Thank you in advance for your co-operation in my research.

Yours Sincerely,

Iviwe Magaga

Appendix C: Interview Guide

SECTION A: DEMOGRAPHIC INFORMATION

1. Please state your core business.

Core business	Tick
Manufacturing	
Services	
Retail	
Other (specify)	

2. How many years have you been operating your business?
3. How many full-time employees does your organisation employ?

SECTION B: Impact of COVID-19 on general operations of SMMEs

4. How would you describe the general operations of your business before February 2020?
5. How would you describe the operations of your business after the announcement of the national lockdown in March 2020?
6. Overall, how has your business operations been affected by the outbreak of COVID-19?

SECTION C: Financial impact of COVID-19

7. Financially, how has been your business performing before the COVID-19 outbreak?
8. How has the outbreak of COVID-19 affected your financial performance?

9. How has the resulting financial challenges affected your general operations?

SECTION D: Challenges faced by SMMEs in KwaZulu-Natal in dealing with the COVID-19

10. As an organisation, how did you respond to the COVID-19 outbreak?

11. What challenges did you experience in trying to deal with the COVID-19 pandemic?

SECTION E: Opportunities to uMgungundlovu district of KwaZulu-Natal SMMEs that came as a result of COVID-19 outbreak

12. Do you think the COVID-19 outbreak benefited your business in any way? If yes, please explain how

13. What lessons have you learn from the outbreak of COVID-19 in line with your organisational operations?

SECTION F: How SMMEs can be supported to deal with unforeseen challenges such as Covid-19 pandemic

14. What form of support did you receive after the announcement of the national lockdown?

15. How important was this support to your organisation?

16. In future, what do you think can be done to support SMMEs in dealing with these challenges that are a result of unforeseen circumstances like COVID-19?

17. Anything you would like to add?

Thank you for your time!

Appendix D: Gate Keepers Letter – Trade and Investment KwaZulu-Natal



REQUEST FOR PERMISSION TO CONDUCT RESEARCH ON TRADE AND INVESTMENTS KWAZULU-NATAL CLIENTS

NEGATIVE IMPACT OF COVID-19 TO SMALL AND MEDIUM ENTERPRISES (SMEs) IN KWAZULU-NATAL: CASE STUDY OF SMEs IN MGUNGUNDLOVU DISTRICT.

10 June 2022

TIKZN CHIEF EXECUTIVE OFFICER

I, Iviwe Magaga am doing research with University of KwaZulu-Natal.

I am currently engaging in a research project aimed at Investigation into the negative impact of COVID-19 pandemic to Small and Medium Enterprises (SMEs) IN KwaZulu-Natal: Case study of SMES in Mgungundlovu District. The study will entail the collection of information from participants through the use of semi-structured interviews.

The benefits of this study are many such as contribution to scholarly research, break-through in understanding the negative impact of COVID-19 to Small and Medium Enterprises (SMEs) IN KwaZulu-Natal: Case study of SMES in Mgungundlovu District.

Potential risks are almost none unless in case of unanticipated events outside the control of the researcher. In the same vein, feedback procedure will entail research reports and journal articles.

The involvement of the data collection at SMMe's in Mgungundlovu will entail the administration of qualitative interviews and all participation will be on a voluntary basis,

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with the participant's prior consent and right to exit the process at any time without any recourse,

All information gathered will remain as the property of the researcher and University of KwaZulu-Natal and will only be used for this research project. The researcher will ensure confidentiality and anonymity of the respondents and your organisation

Please note that I would require permission towards my application for Ethical Clearance prior to conducting the research. I would forward you a copy of the certificate when obtained.

You are also free to engage with me or my supervisor at the following details:

Student - Iviwe Magaga (221095337@stu.ukzn.ac.za)

Supervisor – Dr Vuyokazi Mtembu (Mtembu@ukzn.ac.za)

With appreciation

Yours sincerely



W. MPA (S) E
DATE: 10/06/2022

Appendix E: Ethical Clearance



03 November 2023

Iviwe Magaga (221095337)
Grad School of Bus & Leadership
Westville Campus

Dear I Magaga,

Protocol reference number: HSSREC/00005613/2023

Project title: The impact of coronavirus pandemic to small, medium and micro enterprises - A case of Umgungundlovu District.

Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 15 May 2023 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 03 November 2024.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)

/dd

Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 Email: hssrec@ukzn.ac.za Website: <http://research.ukzn.ac.za/Research-Ethics>

Founding Campuses: ■ Edgewood ■ Howard College ■ Medical School ■ Pietermaritzburg ■ Westville

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