



A Thematic Analysis of The Challenges Faced by SME's during Uncertain Times in KwaZulu-Natal: A case of DACT Beneficiaries

Khoza Zanele Maureen¹, Adeniyi Adeshina Olushola², Ayansola Olatunji Ayandibu³

Abstract: The small businesses in South Africa exist to help with solutions that respond to the overall economic and social development challenges such as the high levels of unemployment, poverty and inequality. The government's role has always been to make the business environment conducive for all businesses to thrive. Despite the efforts by government, SMEs still experienced several challenges that impede their opportunity to grow and be sustainable in order to fulfil government and society expectations. This study aimed at investigating the challenges faced by SMEs during uncertain times of Covid-19 and Civil unrests within KZN. The study also explored the recommendations to take in order to rebuild again and also to better prepare for future uncertain events. A case study research design was used. The study used a qualitative research approach to gather an in-depth understanding of the challenges faced and actions taken by DACT incubate in KZN. The sample size of 10 SMEs owners was selected from the targeted population of 80 SMEs. The data generated through online zoom interviews was analysed using NVivo 12 software to create themes and sub-themes based on the research questions. The findings indicated that there is a lot of challenges experienced by SMEs that were exacerbated by the outbreak of Covid-19 pandemic and the Civil unrests. These challenges included downsizing employees, losing customers, reducing production due to unavailability of raw materials, losing production time, and drastic drop in sales. Most of SMEs also could not even access purchase order or short-term funding, and available relief support schemes. In conclusion, the study identifies some key recommendations on what DACT incubate, private sector and government can do to respond to SMEs challenges to help them rebuild and contribute to solving economical and societal challenges.

Keywords: SMEs; Covid-19; civil unrest; business challenges; small business

1. Introduction

The Small and Medium Enterprises (SMEs) are described as essential to many economies globally, particularly in the emerging economies. Bayraktar and Algan (2019, p. 57) stated that SMEs are very important in driving and improving an all-encompassing opportunity to participate on an international scale while contributing to the growth of the economy. Globally, about 600 million people is expected to be employed during the next 15 years, primarily in Asia and Sub-Saharan Africa, and 80% of this employment is likely to be provided by SMEs (Ndiaye, Razak, Nagayev & Ng 2018, p. 269). In a study conducted by World Bank Group, as compiled by Ndiaye, et al. (2018, p. 269), legally registered SMEs, excluding informally trading SMEs represent about 60% of all employment and about 40% of

¹ Management College of Southern Africa (MANCOSA), South Africa, E-mail: 132414@students.mancosa.co.za.

² Department of Entrepreneurial Academy, University of Mohammed VI Polytechnic (UM6P), Morocco, Corresponding author: adeshina_adeniyi05@yahoo.com.

³ Department of Business Management, University of Zululand, South Africa, E-mail: AyandibuA@unizulu.ac.za.

Gross Domestic Product (GDP) in developing economies. Cusmano, Koreen and Pissareva (2018, p. 6) stated that SMEs provide over 33% of GDP in growing markets and about 34% to 52% of proper recognized employment. According to Cusmano et al. (2018), SMEs permanently employed about 159 million people between the year 2003 and 2016 within 132 countries. This achievement has been attributed to the growth of Micro, Small and Medium Enterprises (MSME's), which is estimated at 400 million with the majority being informal in the developing economies (Ndiaye et al., 2018: 269). It is in the light of this, that SMEs are regarded as economic tool to combating the challenges of unemployment and poverty in Africa (Fatoki, 2018).

In South Africa, the government provided a good policy framework to develop and help SME's achieve great potential. For example, the National Business Amendment Act 102 of 2019 (South Africa government, 2019), the Small Business Amendment Act of 2018 (South Africa government, 2018), Small Medium Enterprise Development Agency (SEDA), and more importantly, the Downstream Aluminium Centre for Technology (DACT) incubate, an incubator located in Richards Bay, Kwa-Zulu Natal were established to support the establishment of SME's and create employment (DACT, 2021).

Voeten, and Marais (2016) argued that SMEs contribute 52% to 57% to South Africa's GDP, and 61% to employment creation. It is in this sense that Chimucheka (2013) affirmed that SME's is the backbone of South Africa's economy in terms of GDP contribution and employment generation. Despite the significant contribution of SMEs in South Africa, previous studies have indicated that the failure rate is alarming (Fatoki, 2018; Zilwa, 2019). Fatoki (2018) argued that about 75% of SMEs in South Africa fail within the first five years of establishment. Consequently, youth unemployment rate, with aged 15-24 increased from 53.77% in 2018 to 57.47% in 2019, while unemployment rate increased from 26.91% in 2018 to 28.47% in 2019 (StatsSA, 2019). In addition, the global Covid-19 pandemic, and the recent deadly riots that occurred in July 2021 in Gauteng and KwaZulu-Natal, claimed many lives and thousands of businesses were destroyed. As a result, some SME's completely shut down their operations while some will take forever to recover from the negative impact of these crisis (Haper, 2021). It is in the light of this that this study investigates the challenges faced by SME's during uncertain times. Specifically, this study aims to explore the challenges faced by DACT beneficiaries during the global Covid-19 pandemic and the civil unrest that occurred in July 2021 in KwaZulu-Natal. This investigation will assist in identifying necessary recommendations required for SMEs to overcome the challenges of uncertain times.

Discourse on the challenges facing SMEs in South Africa is well documented. Fatoki and Garwe (2010) explored obstacles to the growth of SMEs in South Africa. Vilakazi and Paelo (2017) examined SMEs in the logistics sector. Nieuwenhuizen, (2019) assess the challenges facing registered SMEs in the South African formal sector. However, research study on the challenges facing DACT beneficiaries within the context of global Covid-19 pandemic and the civil unrest in July 2021 remains elusive. Therefore, the following objectives were stated:

- To explore the challenges faced by DACT beneficiaries during the Covid-19 pandemic and the civil unrest in July 2021 in KwaZulu-Natal.
- To identify necessary recommendations that can assist SMEs to overcome challenges of uncertain times.

2. Problem Statement

South Africa is the largest economy in Africa after Nigeria. This achievement may be attributed to 51% – 57% contribution of SMEs to the country's GDP (Fatoki, 2018). To date, this contribution has declined based on the statistics obtained in the SMEs' 3rd Quarterly Update of 2020 which highlighted that the number of SMMEs in South Africa decreased by 10.9% compared to 3rd quarter of 2019 (SEDA, 2021, p. 16). According to SEDA (2021) the total number of SMEs in South Africa was 2, 363 513 which declined by 10.9% compared to the same period in the previous year where the total SME's number was 2, 653 424. Out of the 2, 363 513 SMEs, 414 071 is based in KwaZulu-Natal (SEDA, 2021). The total number of SMEs in KZN is further broken down into 21.8% formal business (90 267), 74.4% informal businesses (308 069), as well as 3.8% other businesses (15 735) not owned by South Africans. Part of the 21.8% formal business is the Downstream Aluminium Centre for Technology (DACT), which is an incubator located in Richards Bay in Kwa-Zulu Natal. DACT has 80 small businesses supported with a variety of business development services including technical know-how skills such as welding, fabrication, and casting (DACT, 2021b:24). The small businesses are in the aluminium and metals sector and were in some ways affected by both the Covid-19 pandemic as well as the civil unrest situation that took place during the month of July 2021 in Gauteng and KZN. Out of the total 80, one business lost everything (equipment, stock, raw materials, and customers.), 69 lost income due to order cancellations, and all 80 lost income as well as employees due to hard lockdown (DACT, 2021b:24). The small businesses had to stop operations as they were not providing essential products and services. (DACT, 2021b:2-61). It is worthy to note that the decline in the total number of SMEs in South Africa has been as a result of managerial skills shortage, failure to obtain new technologies, low levels of literacy, lack of management and leadership ability, insufficient financial management skills, limited business and management training, financial records keeping failure, lack of funding access (Moos and Sambo, 2018), and the hard-knock Covid-19 challenges (SEDA, 2021).

Nonetheless, the South African government, through the SMEs aims at reducing the unemployment rate of 34.4% that the country has recently recorded in the second quarter of 2021 that has now further increased to 34.9% (Writer and Bloomberg, 2021). It is in this sense that this study investigates the challenges faced by SME's that are DACT beneficiaries in KZN during the Covid-19 global pandemic and the civil unrest that occurred in July 2021. This investigation will help to provide necessary recommendations for the SMEs to overcome the challenges of uncertain times, thereby creating employment opportunities and reduce poverty.

Conceptualisation of Small, Micro and Medium Enterprises (SMEs)

A model of SME is different when comparing different countries. SMEs differ based on how a specific country is developed and how much resources are there to be accessed by the SMEs. (Masroor & Asim, 2019, p. 635). European Union (EU) classifies company's sizes according to the number of employees, turnover generated annually and the total of assets they own. The companies in EU are grouped as large, medium, small and micro companies as indicated in the table below (Masroor & Asim, 2019, p. 635).

Table 1. European Union (EU) Definition of MSMEs

Category of the Enterprise	Number of Employees	Turnover	Balance Sheet
Medium	< 250	€ 50 million	€ 43 million
Small	< 50	€ 10 million	€ 10 million
Micro	< 10	€ 2 million	€ 2 million

Source: (Masroor & Asim, 2019, p. 635)

A bulk of emerging economies from the Organisation for Economic Co-operation and Development (OECD) use employment to define company types. The company size is measured according to the number of people it employs. The bigger the company, the higher number of employees. The higher numbers of employment are seen in the developed countries' SMEs because there are adequate assets available. The developing countries are usually in the opposite of this. SMEs in the developing countries do not have enough assets and that limits the ability to employ more people. Looking at the countries' definition in the table below, it clearly supports the fact that the developed countries have high employee numbers as compared to the developing countries (Masroor & Asim, 2019, p. 636).

Table 2. Definition of SMEs in Developing & OECD Economies

Developing and OECD Economies	Definition of an SME
USA, Denmark, France, Finland	<500 employees
Korea, Japan	<300 employees
Vietnam, Sweden	<200 employees
Thailand, Singapore, China, Indonesia	<100 employees
Malaysia	<75 employees
Malawi, Mauritius, Tanzania	<50 employees
India	<Rs 30 M investment in plant & machinery

Source: (Masroor & Asim, 2019, p. 636).

Table 2 above shows a comparison between the SMEs from the developed and developing countries. Developing countries have strong SMEs that employ up to 500 people as compared to the developing countries' SMEs that employ as low as 50 people (Masroor & Asim, 2019, p. 636).

According to South Africa (2019, p. 110), SMEs are described as an independent and distinctive business unity that is controlled and owned by a single person or more people operating within the South African economic industry or subindustry that is also categorised as a micro, a small or a medium enterprise. The figure below indicates the small enterprise thresholds that specify a small enterprise size classes by sector (South Africa, 2019, p. 110).

Table 3. The new National Small Enterprise Act Thresholds or Defining Enterprise Size Classes By Sector Using Two Proxies

Column 1	Column 2	Column 3	Column 4
Sectors or sub-sectors in accordance with the Standard Industrial Classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	51 - 250	≤ 35,0 million
	Small	11- 50	≤ 17,0 million
	Micro	0 - 10	≤ 7,0 million
Mining and Quarrying	Medium	51 - 250	≤ 210,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 - 10	≤ 15,0 million
Manufacturing	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 - 10	≤ 10,0 million
Electricity, Gas and Water	Medium	51 - 250	≤ 180,0 million
	Small	11- 50	≤ 60,0 million
	Micro	0-10	≤ 10,0 million
Construction	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 75,0 million
	Micro	0-10	≤ 10,0 million
Retail, motor trade and repair services	Medium	51 - 250	≤ 80,0 million
	Small	11- 50	≤ 25,0 million
	Micro	0 - 10	≤ 7,5 million
Wholesale	Medium	51 - 250	≤ 220,0 million
	Small	11- 50	≤ 80,0 million
	Micro	0 - 10	≤ 20,0 million
Catering, Accommodation and other Trade	Medium	51 - 250	≤ 40,0 million
	Small	11- 50	≤ 15,0 million
	Micro	0 - 10	≤ 5,0 million
Transport, Storage and Communications	Medium	51 - 250	≤ 140,0 million
	Small	11- 50	≤ 45,0 million
	Micro	0 - 10	≤ 7,5 million
Finance and Business Services	Medium	51 - 250	≤ 85,0 million
	Small	11- 50	≤ 35,0 million
	Micro	0- 10	≤ 7,5 million
Community, Social and Personal Services	Medium	51 - 250	≤ 70,0 million
	Small	11- 50	≤ 22,0 million
	Micro	0 - 10	≤ 5,0 million

Source: (South Africa, 2019, p. 111)

The small enterprises are registered formally, and some are operating informally. The SMEs are a vehicle used by different people over the world to improve their lives and of their employees. Small business owners generate income that profits are derived from after all expenditure has been incurred during daily running of business operations. Small business owners employ people to help run businesses and get salaries in return. Therefore, that results into the betterment of the business owners' and employees' lives.

The role of SMEs in developed countries

SMEs contribute significantly to the growth and development of many developed economies. For example, in Germany, SMEs are known to be the strength of the German economy due to their immense contribution to the economy. In 2015 SMEs represented 99.6% of all German firms (Herr & Nettekoven, 2018, pp. 6-9). The 99.6% created 58.5% of all jobs and generated 35.3% of total sales of all firms, and provided 54.9% of net value added in Germany (Herr & Nettekoven, 2018, 6-9). In 2017, SMEs had over 60% contribution to China's gross domestic product (GDP), and about 80% contribution to China's employment generation (Su, Khan, Kyu Lew, Park and Shafi Choksy, 2020:141-158). In December 2020, 1.2 million small enterprises managed to provide job opportunities

to 7.7 million individuals, while the medium-sized enterprises created 2.3 million job opportunities in Canada's private working class (Government of Canada, 2021:7). Small businesses represented a total of 31.7 million of all US total businesses in year 2020 equating to 99.9% (United States Small Business Profile, 2020: 1). The 31.7 million small businesses employed a total of 60.6 million people equating to 47.1% of the total private working class in the same year of 2020 (United Small Business Profile, 2020).

The role of SMEs in developing countries

In the developing countries, SMEs also play a very vital role for growing the economy and social development. For instance, in Indonesia, SMEs represent about 97% of domestic employment and 56% of total business investment (OECD, 2018). In the same vein, in India, SMEs are totalling to 63.4 million and provide about 30% of India's GDP and 460 million people are employed in this sector (Wankhede and Vinodh, 2021). Furthermore, in Africa, SMEs are the main support of the continent's economy and social development. SMEs equate to more than 90% of all businesses and help provide job opportunities of about 60% to all the working class (OECD, 2018). In Nigeria, SMEs represent 96% of all existing businesses in the country with about 50% contribution to the national GDP (Kowo et al., 2019:215-217). Out of the number of SMEs, sole traders are equivalent to 73%, and the private limited businesses are 14% (Akpata and Oyedele, 2020:7). The SME sector of Zimbabwe provides over 60% towards the country's GDP and provides job opportunities of around 5.8 million to the working class (Bure and Tengeh, 2020:202-203).

The role of SMEs in South Africa

In South Africa, small businesses are also one of the important contributors to the overall country's economy as well as social development. In 2020, the total number of SMEs was 2.3 million and their contribution resulted into 47% of the country's workforce being formally employed, with more than 20% contribution towards the country's GDP (Liedtke, 2019). Out of this number, 414 071 are based in Kwa-Zulu Natal (KZN) (SEDA, 2021:21). Vuba (2019) points out that the National Development Plan (NDP) indicates that the government is intending to generate 11 million employment opportunities and also improve the economic growth by 5%. For this to happen, Vuba (2019) argues that small business owners need to have sufficient know-how business management skills, be innovative, and be eager to learn new ways of doing things in the ever-changing business environment. The business landscapes that small businesses operate within are not very kind and necessitates small business owners to be able to deal with any operational and administrative challenges.

Challenges generally faced by SMEs

As highlighted above that SMEs do play a vital role in economic and social development through their contribution towards GDP and creation of jobs. There is still a lot of evidence indicating the need to support SMEs due to a lot of challenges being experienced in this sector. Moos and Sambo (2018: 467-494) cited different authors who indicated the following as challenges faced by SMEs:

- Managerial skills shortage;
- Failure to obtain new technologies;
- Majority of small business owners are uneducated;
- Management or leadership ability a big concern due to faults made;

- Insufficient financial management skills;
- Limited business training in management obtained by small business owners;
- Business skills are non-existent;
- Business financial records keeping failure in the business;
- Funding access a challenge;
- Land, space, and basic infrastructure unavailability;
- Failure due to lack of experience and competence by 90% of small business owners;
- Entrepreneurial skills shortage;
- A very hostile regulatory environment (red tape); and
- Unable to obtain necessary business support systems (Moos & Sambo, 2018, pp. 467-494).

The above highlighted challenges are the reasons to some small businesses' failure. In addition, inability to access necessary business development support also leads to business closure (Moos & Sambo, 2018: 467-494).

3. Literature Review

The Covid-19 pandemic initially started in Wuhan China during the month of December 2019, which makes China the first country to record the spread of the virus with more than 80,000 infected people (Congressional Research Service, 2020). The virus spread increasingly to all parts of the world, including United States, Italy, Germany, France to mention a few (Segal & Gerstel, 2020). Covid-19 pandemic has affected the livelihood of people and a number of businesses globally. The major impact of the pandemic is evident in cash flow challenges, closure of operations, lay-off of employees, and retrenchment (Smith-Bingham & Hariharan, 2020).

According to Abdullah, Myers, Basu, Tintinger, Ueckermann, Mathebula, Ramlall, Spoor, de Villiers, Van der Walt, Cloete, Soma-Pillay, Rheeder, Paruk, Engelbrecht, Laloo, Myburg, Kistan, van Hougenuck-Tulleken, Boswell, Gray, Welch, Blumberg, and Jassat (2022, p. 39), there has been over 274 million of people stated to have tested positive for Covid-19 worldwide currently. Of this number, 5.3 million deaths have been recorded (World Health Organisation, 2021). South Africa has been the leading country in Africa that has a bigger number of people reported to have tested positive, and to date, has recorded over 3 million cases and 90 000 number of people who have died as a result of Covid-19 pandemic (Abdullah et al., 2022:38) citing the (National Department of Health, 2021).

In 2020, Finfind, and partners such as the Department of Small Business Development; SEDA; Services SETA; Business Leadership SA; the Banking Association South Africa; the JSE; SAICA Enterprise Development; SAVCA; SAIPA; IBASA and E Squared Investments conducted a study on all the sectors of the economy in South Africa during the Covid-19 pandemic. The study was conducted with a focus on a sample of 15,000 SMEs. Out of the sample, only 1 489 small businesses participated (Finfind, 2020:3). The study revealed that out of 1 489 small businesses, just over 40% (about 636) closed down, and only 57.3% (about 853) small businesses remained opened as a result of the hard lockdown imposed (Finfind, 2020:3). For KZN alone, a total of 1 009 full-time jobs were lost (Finfind, 2020:4). The study further revealed that before the Covid-19 pandemic, only 35.2% (about

524 small businesses) had some form of cash reserves to guard against the uncertainties that may occur and negatively affect them. The results of the study indicated the harsh reality of the small businesses in South Africa, because it means all 961 out of the 1 489 surveyed small businesses already stood no or little chance of surviving during the Covid-19 hard lockdown, hence 66% (636 of 961 small businesses) eventually closed down during the hard lockdown (Finfind, 2020:3-4). The study confirmed that the struggles faced by SMEs in South Africa became worse due to Covid-19 pandemic.

Another related study conducted by GEN 22 Sloane (2020:8-17) further affirmed that more than 55 000 SMEs were not going to make it post pandemic, while about 42 350 jobs offered by the same SMEs will be lost. National Youth Development Agency (NYDA) (2020:13) also conducted a Small Business Impact Survey during the month of August 2020, where 54 out of 1000 youth-owned small businesses across South Africa were appraised. The survey focus was to look at the impact of Covid-19 pandemic on youth-owned small businesses in South Africa. The survey revealed that an overall of 88% of the surveyed businesses were hugely affected by the pandemic, and 40% of the surveyed businesses failed to make income, and 22% struggled with cashflow due to Covid-19 pandemic (NYDA, 2020: 13). More than 32% of businesses revealed that they had to let go of their employees, and those that didn't downsized decided to put their employees on rotation basis while offering them reduced salaries (NYDA, 2020:13). The 20% of these small businesses were faced with a challenge to close-down operations for good within the first three months of the hard lockdown imposed by the government (NYDA, 2020:13).

3.1. Civil Unrests Exacerbate the SME Challenges in South Africa

The Covid-19 pandemic outbreak has not been the only issue contributing to the SMEs demise in South Africa. The civil unrests that erupted during the month of July 2021 also contributed to demise of SMEs. These unrests badly affected SMEs operating from the provinces of Gauteng and KZN (Arnold, 2021). Businesses were not the only the ones who suffered, but also some people lost their jobs and some lost lives during this unfortunate period. The businesses who suffered the most losses were SMEs who did not have any form of insurance in place or even some money saved up for any unforeseeable circumstances (Insurance Journal, 2021). As a result, some completely shut down their operations and some will take forever to recover from the negative impact of this crisis (Harper, 2021). The statistics also indicated by Harper (2021), Insurance Journal (2021), and Writer (2021) clearly highlights the challenges faced by SMEs due to the crisis faced by the business sector in South Africa. According to Arnold (2021), out of all the businesses negatively affected by the civil unrests, 89% are SMEs operating in both Gauteng and KZN. Due to this, an estimated revenue figure of R3.4 billion per month was lost and that resulted into financial bail-out needed by these SMEs of about R16 billion so that they can rebuild again (Arnold, 2021).

3. Theoretical Framework

3.2. Resource Dependency Theory

The resource dependency theory posits that organizations need to engage with other organizations because they do not possess all the required resources to function, and therefore depend on the exchange relationships of other organizations to survive (Pfeffer & Salancik, 2003; Drees & Heugens,

2013). The assumption of resource dependency theory refers to the need to obtain business resources by organizations due to lack of these resources (Schiele, Ellis, Eßig, Henke and Kull, 2015). This ideology is built on the need to form a collaborative partnership for business sustainability (Klein and Pereira, 2016). To garner economic resources, business firms must rely on their relationships with the entrepreneurial ecosystem or other corporate partners, including competitors, contractors, creditors, clients, and governments (Pfeffer & Salancik, 1978; Barringer & Harrison, 2000).

A considerable number of study (Villanueva, Van de Ven, and Sapienza, 2012) have demonstrated that newly created businesses are susceptible to resource dependency and their behaviours can be understood through resource dependency theory (Roundy & Bayer, 2019). This assumption is based on the fact that small and medium enterprises are characterised by lack of essential resources and capabilities (Narula, 2004). Therefore, SMEs owners in South Africa, especially during uncertain times must engage with the entrepreneurship ecosystem in order to harness its resources, to initiate and sustain new business start-ups. Besides, it has been argued that resource dependency between two parties is associated with uncertainty (Klein & Pereira, 2016). Survival of SMEs during uncertain times is embedded in a web of interdependence forces that promotes business development. Therefore, resource dependency theory is a key strategy for entrepreneurial ecosystem to provide valuable support for small and medium enterprise during economic disruption (Roundy & Bayer, 2019).

4. Methodology

Research philosophy, design, and population

The research philosophical is framed from the interpretivism worldview to comprehend the perceptions and views of the SMEs owners that are incubates of DACT initiatives through in-depth interviews. The interpretivism philosophical assumption allow for the development and measurement of themes gathered from the in-depth interviews (Stainton, 2021). The interpretivism ideology assisted in gaining an in-depth understanding of how the DACT supported SMEs were affected by the effects of Covid-19 and the civil unrests. The interview questions were categorised into four variables, which includes, employment condition, cost of raw materials, customers, and access to funds for evaluation among SMEs owners that are beneficiaries of the DACT initiatives.

The case study research design was applied in achieving the research objectives through the selected SMEs that are supported by DACT initiatives. Purposive sampling technique was helpful in determining the sampling size of 10 DACT supported SMEs from a total population of 80. The 10 business owners were selected across different industry namely, engineering, aluminium, steel, skills development, and manufacturing. The method was purposefully done to select the right respondents that are knowledgeable with years of experience, and can provide adequate information on the phenomenon being investigated.

Instruments and procedure

Open-ended questions were designed and the interview questions were derived from extensive literature review related to the themes of the study. Due to the recent Covid-19 restrictions of “social distancing”, in-depth interviews were conducted via internet on the Zoom platform, where all the respondents were allowed to schedule a convenient time for the interview. The data collection approach strictly follows the non-pharmaceutical prevention of the COVID-19 pandemic and each of the entire interview lasted for a period of 30 minutes. The interview session began with a brief

introduction of the aim of the study, and participating respondents were allowed to participate voluntarily without coercion.

Data analysis and ethics

The gathered information via the in-depth interviews were transcribed into Microsoft word format. The transcribed data was coded with the NVivo 12 software used for qualitative analysis. The NVivo 12 software was used to generate themes and sub-theme in line with the research problems to clearly identify patterns that provide answers to the research questions. On ethics, the respondents were all briefed about the aim of the study, and a consent note was sent during the data collection process. This gesture was to ensure the voluntary and involuntary participation of respondents in the study. In addition, the respondents' vital information was all excluded from the range of questions enquired, and their names were represented using pseudonyms. This study was approved by the MANCOSA University Ethical Clearance Committee with reference number 1324/202112.

Results

Objective 1: The interview responses that were gathered from the respondents were coded into themes to reflect the status and challenges experienced by the selected SMME's during Covid-19 and the Civil unrest. During the data coding, eight patterns emerged despite the composition of the research questions into four variables. Below show the themes that emerged from NVivo 12 software.

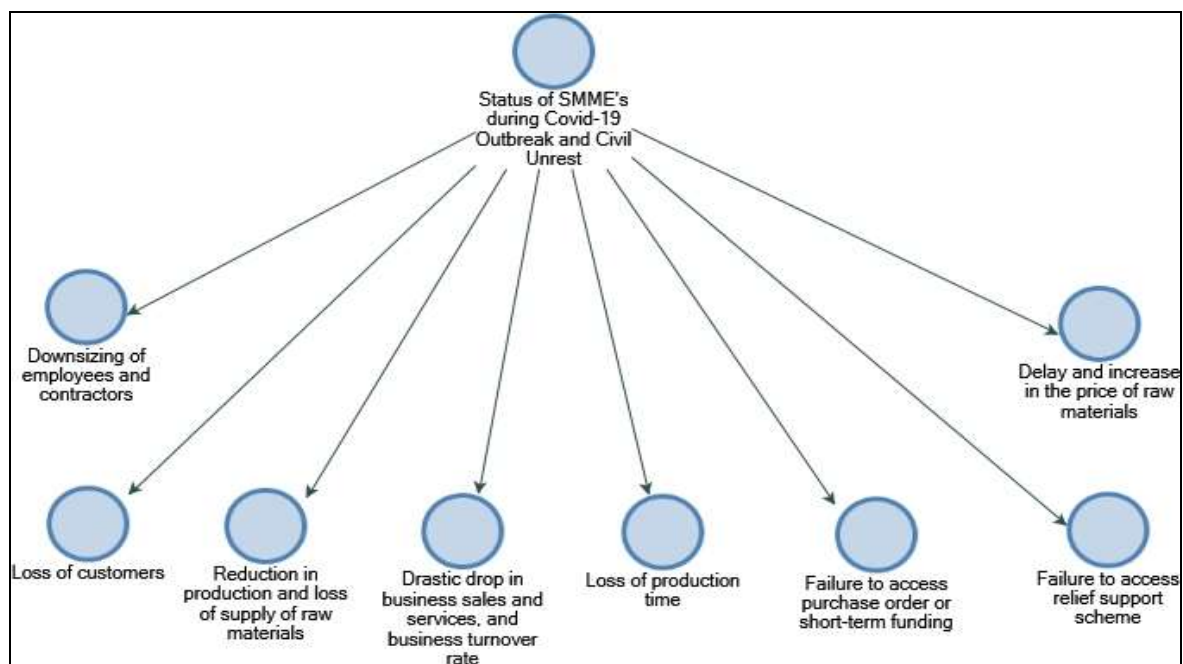


Figure 1. Challenges of SMMEs during Covid-19 Outbreak and Civil Unrest

Eight themes emerged from the qualitative information gathered via in-depth interviews.

Theme 1. Downsizing of employees and contractors

One of the major challenges faced by DACT support beneficiaries during the global pandemic is downsizing of employees and contractors. Some of the comments from the respondents were indicated below:

“Engineering work actually slowed down and eventually stopped due to the pandemic. The business had some of the projects put on hold by their customers due to the difficulty in getting access into the workplaces. Other customers ended up downsizing their contractors and that resulted into the business also being put on the standby, meaning no work from those customers. During this Covid-19, the business downsized by letting go of some of the best Boilermakers that the business ever had. The business was only left with 2 employees (the owner and her husband). This has recently changed, and now the business’ employees are sitting at 8”. **Engineering company Partner.**

“Employees were reduced to 25 employees during this Covid-19 with only 17 permanent and 8 being contract workers. This is due to the fact that there was no work for them, and the business couldn’t afford the salaries of the 10 employees that were laid off. Covid-19 also brought discomfort to employees and that resulted to the company struggling to answer to some of the questions around it including the vaccines”. **Trading company Owner.**

“Unfortunately, the employees get paid for hours works, so, with no work that meant there was no pay for them. That led the business to cut staff number from about 20 to 9 due to Covid-19 pandemic. Civil unrests were a bad situation for small business. The business was not looted but had to stop operations due to the riots that took place. There was a big drawback in business.”. **Piping company Director.**

“It affected the business badly due to experiencing a decline in sales caused by most people losing their employment. That led to people not having income that they can use to buy the car pedal locks. The business really experienced a high drop in demand for the product sold. The business, unfortunately, had to lay off people because there was not much work to do due to reduced product orders from customers. Also finding new customers has really been a challenge for the business since Covid-19 started. All necessary marketing campaigns are done but it is still not yielding the desired results”. **Aluminum company Owner.**

The above comments from the respondents suggest that Covid-19 pandemic affected businesses more than the Civil unrest. Most of the businesses downsized employees, while some shifted them from permanent to hourly payment. This situation has also resulted into increase in unemployment rate for many individuals in KwaZulu-Natal. This finding confirmed the report of GEN 22 On Sloane (2020:8-17), in which, about 42 350 jobs offered by the same SMMEs were lost due to the impact of Covid-19. This research outcome also supports the findings of NYDA (2020) where 32% of businesses downsized their employees as a result of the global pandemic, whereas, during the Civil unrests, SMMEs didn’t downsize but decided to put their employees on rotation basis while offering them reduced salaries (NYDA, 2020:13).

Theme 2. Loss of customers

Research findings from the respondents also indicated that most of the SMME’s lost customers due to the global pandemic and the civil riots.

“The business customers also had to close during the civil unrest period, and so they understood the delays the business experienced to completing their work on time. One of the business’ clients living in Durban was affected directly by looters who broke in and stole some of their machinery”. **Pedal Locker Partner.**

“Unfortunately, due to Covid-19, the business lost all walk-ins and a total of 8 customers out of the 10 big customers. Only 2 customers were left, but still no orders were coming from these 2 until August 2020. Manufacturing company Owner.

“The business lost all customers during the hard lockdown, and it is only now that things are slowly picking up doing odd jobs there and there for domestic customers. Engineering company Partner.

“There were a lot of customers were lost as a result of looting due to them being directly affected resulting the business not able to supply them with products and services”. Trading Director.

From the foregoing discussion, it should be noted that the global pandemic and the civil unrest had direct and indirect impact on the customers. The hard lockdown halted all business activities, which led to the loss of customers with very SMME’s still able to keep their customers during the uncertain times. The findings confirmed the report by Finfind (2020:5), that one of the main challenges was that SMMEs struggled to get customers and failed to deliver customers’ orders resulting to orders getting cancelled and losing customers in the process.

Theme 3. Reduction in production and loss of supply of raw materials

As regards production and supply of raw materials, all the respondents were in agreement that the impact of Covid-19 and the Civil unrest on businesses resulted to reduced production and loss of supply of raw materials.

“The business was negatively affected during Covid-19 and the civil unrest because, especially with the steel it was very difficult to get it. If you ordered something it would take about three or four days to confirm it, then you will wait up until a week or 1 and 1/2 weeks to get it delivered. What was worse was that what gets delivered to you is not the full portion of what you actually ordered from the supplier because they will tell you that there's a shortage of steel and they are still waiting for stock also. The steel prices also skyrocketed high resulting to spending more and charging customers more. At times, the business had to spend about R6,000 only on transport once-off just to get the steel from Johannesburg to Richards Bay”. Engineering company Owner.

“The production activity also reduced in the same proportion as sales (% of purchase orders fulfilled). Local suppliers of raw materials managed to purchase in bulk from their suppliers abroad, but unfortunately local suppliers refused to sell to small businesses. They only stocked to supply local businesses. This really affected the business so that they had to now import direct from abroad while they didn't have enough financial muscle to do so and struggled with compliance and shipment related issues. The high costs of raw materials forced the business to increase its finished products prices and that led to reduced sales also because customers couldn't afford to buy them”. Trading Director.

“The business was negatively affected during Covid-19 because the raw material prices increased at a very high rate. This really affected the business because it meant product and service prices charged to the customers had to also go up, and that led to some customers stopping to buy from the business. Some jobs and customers were lost during this period”. Steel manufacturing company.

“During Covid-19, everything changed, raw materials were not easily accessible, especially steel. There was a time where lead times in getting steel were bad, also the price of it was too high, and really impacted the business sales. There were a lot of customers were lost as a result of looting due to them being directly affected resulting the business not able to supply them with products and services”. Aluminum company Owner.

All the information above represents the perception of all the respondents selected for the interview. From the foregoing, it is safe to say that Covid-19 affected the transportation or importation of raw materials, which led to shortage in the supply of raw materials, which also led to increase in the price of products. Besides, customers had no money to purchase products due to the effects of Covid-19. This finding affirms the report of DACT (2021:4-61), in which, out of the total 80 SMMEs supported, 69 lost income due to order cancellations as a result of not being able to access or afford raw materials due to Covid-19's hard lockdown. This finding also justifies the finding of Deb, Furceri, Ostry and Tawk (2021), in which, 10% of industrial production was lost within 30 days following the implementation of hard lockdown.

Theme 4. Drastic drop in business sales and services, and business turnover rate

Drastic drop in business sales and services is another challenge experienced during the outbreak. The resultant effect is evident in the low business turnover rate. Some of the respondents shared their experiences below:

“The business could not produce the ordered pallets for a standing customer and couldn't also deliver them due to the civil unrests. The business was very lucky to not to lose this important customer because the other director is also part of this customer”. **Trading company Owner.**

“Civil unrests were a bad situation for small business. The business was not looted but had to stop operations due to the riots that took place. There was a big drawback in business”. **Piping company Director.**

“Now, since Covid-19 started, the average turnover per month dropped to between R6,000 and R8,000 per month. The business lost production time where everything was on hold and the employees could not access the workplace because of the civil unrests that took place”. **Pedal Locker Partner.**

“When Covid-19 started, the business sales dropped to R0.00 per month. That was really a difficult time during hard lockdown period. One of the things that happened, a client had given the business a job to do palisades and had paid a deposit for the job, and the raw materials was already bought with her deposit then Covid-19 came and that resulted to the customer cancelling the order and requesting a refund from the business. This was a really unfortunate situation that the business had to face, the business had to pay the customer back and that was an unplanned cost incurred”. **Engineering company Partner.**

These findings reinforced the outcome of the study conducted by Omar, Ishak and Juson (2020) on the impact of Covid-19 on SMEs in Malaysia. The respondents lamented on the problem of operational disruption, cash flow problem and supply chain disruptions, which affected sales and services as well as business turnover.

Theme 5: Loss of production time

Some of the respondents argued that the civil unrest and the lockdown brought about loss of production time because business operations were put on hold.

“The business lost production time where everything was on hold and the employees could not access the workplace because of the civil unrests that took place”. **Aluminum manufacturing company Owner.**

“Production was affected, and the business couldn't produce anything. The business had to be liable of the rental money irrespective that there was no income coming into the business. The landlord

*understood that there will be delays in rental payment but that didn't really help the business much because they are still paying that outstanding amount not paid during the hard lockdown. **Manufacturer.***

*"The business lost 10 days man hours where everything was on standstill and the employees could not access the workplace because of the simmering situation where the business is located. There was nothing much to do other than trying to push and close the production lost time and deliver to the customers". **Skills training and development representative.***

Theme 6: Failure to access purchase order or short-term funding

In addition, some of the SMME's also identified the challenge of accessing short-term purchase order in order to fund their business. Accessing fund to support business was a challenge to most of the businesses as mentioned below:

*"Small businesses who have subcontracted work were able to get money from their respective banks pre-Covid-19. It was easy to raise short-term loan for working capital, but post-Covid-19 is now very difficult to get short-term funding. During Covid-19 period, banks changed their rules citing that they no longer fund subcontractors but only funding main contractors because they said this was if the main contractor didn't pay the subcontractors wouldn't be able to pay the money back". **Skills training and development representative.***

*"The introduction of purchase order financing is an absolute killer to SMMEs because it cost them 35% of all their profits. There is also another purchase order finance facility that was introduced by Kwa-Zulu Natal government sitting at ABSA that was announced post-Covid-19, but nobody knows about it at ABSA. This really limits the chances by SMMEs to access better facility options and nobody can really explain why is that the case". **Aluminum company Owner.***

From the above assertions, it is indicated that accessing funding for business support is another major challenge for SMME's in DACT. The access to funding challenges indicated from the study was collaborated by findings from the literature reviewed that was stated by Finfind (2020:5) that a total of 47.9% SMMEs did seek funding from different funding institutions including government and 60% never even received feedback on those funding applications. Failure to obtain funding resulted into additional challenges whereby SMMEs struggled to pay employee salaries; to afford increased data costs; to service their loans; to service their rentals, to pay their creditors (suppliers); and struggled to buy stock as well as raw materials for producing products to sell (Finfind, 2020:5).

Theme 7: Failure to access relief support scheme

Findings from the qualitative interview also revealed that DACT beneficiaries find it difficult to access relief support provided by government for business support. Some of the respondents stated their ordeals below:

*"Limited information is shared with relevant beneficiaries to these relief schemes. Organisations that are tasked with processing these relief schemes are not on top of things, as an example, the SMME will submit the application today via email, but the email will only be read in the next 12 months. This might also be due to capacity issues experienced by these organisations". **Pedal Locker Partner.***

"The relief scheme's criteria that were made available required that one must have a case number from the police, but due to the fact that the business was not directly affected, it was difficult to even to

apply for such schemes. Therefore, the need is that DACT can still assist the business with relevant relief schemes that do not have such red tapes for small business to access. **Trading Director.**

“The way things were bad post-civil unrests, the business couldn't even afford to pay salaries, but the owner decided to keep the employees with the hope that the relief scheme applications were going to be approved so that they continue with the work, but unfortunately it took so long for them to be approved. All relief support scheme applications were only approved in November 2021, and for 4 months the owner had to pay employees and machinery rental expenses from her own pocket, just to push and still deliver customer orders while working from the garage at her home”. **Manufacturer.**

It is worthy of note that few of the SMME's were fortunate to get the relief benefits after a long period of time. However, most of the SMME's were not fortunate enough to access the relief scheme, and this has been attributed to “red tape” and application difficulties. DACT (2021:4) confirmed that only one SMMEs from the pool of 80 DACT supported SMMEs was approved some of the relief funds applied for, while others were purely not meeting the criteria irrespective of all the challenges faced. In similar vein, lack of access to stimulus package by SMEs has been identified as a major challenge for businesses during the pandemic (Omar, Ishak & Juson, 2020).

Theme 8. Delay and increase in the price of raw materials

The last sub-theme from the challenges faced by DACT beneficiaries (SMME's) is the delay and increase in the price of raw materials as a result of Covid-19 and the Civil unrest. Some of the respondents lamented that getting raw materials became a serious problem because local suppliers were not able to supply, this leads to shortage of raw materials, and consequently becomes expensive to purchase.

“We struggled to source and get raw materials in time, leading to failure to meet deadlines. Some raw materials ended up not being available locally in South Africa through the known local suppliers, and that leading to having to import it directly from other countries. Having to now directly import, posed further compliance challenges with SARS Customs requirements as well as additional costs”. **Trading director**

“We had to now pay more for raw materials that one happens to find. The business also needed to raise funds to be able to buy raw materials in bulk abroad in order to at least have a lot of stock in the business and limit the stress of dealing with SARS Customs”. **Skills training and development representative.**

“Cancelations that happened during the transportation of raw material from abroad to South Africa causing more delays in receiving raw materials. It sometimes took about 3 weeks to be informed that the shipment was cancelled”. **Engineering director.**

These findings are consistent with the study conducted by Nieuwenhuizen (2019, pp. 666-677), in which the author found that lack of funds is a major challenge of SMME's in South Africa. In addition, the study conducted by Fatoki (2018:2527) revealed that lack of technical skills contributed to SMME's failure in South Africa. According to Moos and Sambo (2018: 467-494) managerial skills shortage, failure to obtain new technologies, low levels of literacy, lack of management and leadership ability, insufficient financial management skills, limited business and management training, financial records keeping failure, lack of funding access, unavailability of basic infrastructure to operate from, and a very hostile regulatory environment operating within are some of the challenges that lead to the demise of SMMEs in South Africa.

Objective 2: Recommendations on how DACT supported beneficiaries can overcome challenges during uncertain times. Seven themes emerged as regards recommendations on how DACT supported SMMEs can overcome challenges during uncertain times as shown below:

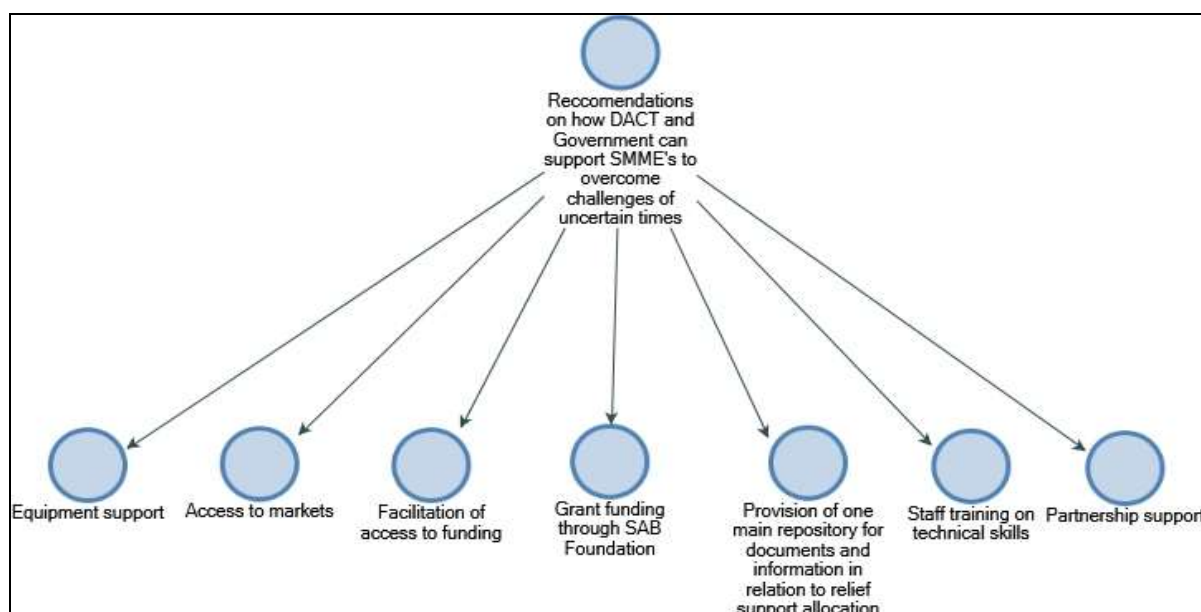


Figure 2. Recommendations to Overcome Challenges of Uncertain Times

The outcome of the NVivo analysis shows that seven sub-themes emerged from the in-depth interviews.

Theme 1: Equipment support

Equipment support seems to be the most repeated recommendations from the selected respondents. The respondents identified insufficient or lack of equipment as the major consequence of the civil riots. These arguments were stated below.

“The business is still in need of additional equipment in the business in order to limit employees having to share one or two equipment. This is due to that fact that the business has very limited equipment for an engineering company where employees are currently sharing physically a lot of equipment. Examples given are the protective head gears that workers have to share amongst each other, and given the pandemic, that is very risky for employees to do that. It will result in the ease in transmitting the disease”. **Engineering company Partner.**

“The company needs assistance with relevant equipment support to help the business to be able to handle bigger jobs that are usually offered by big private sector companies”. **Piping Director.**

“Another support that the organizations can welcome from DACT and others is to be supported with additional machinery and tools. Currently the business is using second-hand machinery that sometimes doesn't do other products. The business is not in a position to buy new machinery at this stage.” **Pedal Locker Partner.**

One of the respondents, who is the company manager recounted his terrible experience during the civil unrest and the impact on the business.

“When the owner thought that Covid-19 was bad, unfortunately the civil unrests were 10 times worse than Covid-19. When Covid-19 came, the business still had tools, machinery, and everything except

customers. With the civil unrests, there were customers but no servicing of them because everything was stolen and burnt down. The business was left with one box that could fit in the boot of the car only. There was also half of customer tools that were stolen. The business had to replace these tools at a later stage, and this was a cost never planned for. Civil unrests were so bad to a point that the owner had to build new tooling for customers at no cost to them. The business had to also start from scratch and was being operated from home at the garage again due to the negative impact of civil unrests. The business lost a lot of tools and equipment, and that is what is still needed over and above the current support already received. The main focus also is on getting additional customers in order to grow the business further”. **Trading Manager.**

Most of the respondents recommended that their businesses are in serious need of equipment support from DACT or government to rebuild again.

Theme 2: Access to Markets

One of the respondents recommended that one the ways to rebuild again is to have access to large markets.

“The business is still in need of access to markets, such as being assisted with being able to be part of the procurement databases of the big multinationals private companies within Richards Bay and other nearby areas. The business is also concerned how opportunities are first given small companies from other areas leaving the local SMMEs who are equally and more than capable”. **Piping Director.**

Theme 3: Facilitation of access to funding

“Further support that the business still need is to be further supported with facilitation of access to funding for working capital, buying additional tools and machinery to manufacture gutters, to buy a delivery vehicle”. **Manufacturing Manager.**

“Funding support is also still needed because the business must try and rotate the funds every time there is a job to do. The owner highlighted that their bank is reluctant to actually give them funding at the moment, and that is evident based on their approach of always wanting a whole lot of documents, yet you still get declined”. **Engineering company Partner.**

“Funders should also be fair when supporting small manufacturers. They should not treat small manufacturers the same as big manufacturers. Small businesses usually don’t have collateral as compared to big business, but the screening criteria by funders is one size fits all, of which that is highly unfair. Further support is still needed for the business when it comes to facilitation of access to right finance”. **Skills development representative.**

From the findings above, it is instructive to note that some of the SMME’s were having difficulty in accessing funds provided by DACT, particularly the small-scale businesses. This finding the submission of Moos and Sambo (2018:467-494), that access to funds is one of the major challenges facing SMEs in South Africa.

Theme 4: Grant funding through SAB Foundation

In addition to funding issue, one of the respondents specifically identified SAB Foundation, in which SMME’s can benefit from in terms of entrepreneurship developmental programmes, as well as funding.

“There are programs for SMMEs offered by SAB Foundation such as the Enterprise Development Program that the business managed to join in February 2020. SAB Foundation is continuously looking for SMMEs, and our organisation believes the likes of DACT should tap into these programs where DACT can access these initiatives for the benefit of incubatees. Incubatees can be introduced to SAB Foundation so that they can benefit. SAB Foundation has also what is called the Social Entrepreneurship Program; the Innovation Program; and actually, the business benefited from SAB Foundation through receiving a grant funding to the value of R200,000. With that funding, the business managed to purchase some machinery, a computer, and also secured some raw materials like steel and pipes”. Skills development representative.

Theme 5. Provision of one main repository for documents and information in relation to relief support allocation

One of the major challenges in accessing funds was identified by one of the respondents. It was mentioned that the repository for documentation should be collapsed into one for easy access and allocation of relief support.

“There should be one repository for all these relief schemes for the proper management of information received and related outcomes. There isn't one place where you can go to search for information, and also the repository will help reduce or eliminate the process of repeated requests for the same information when one applies for different relief schemes. This one repository will help with a platform where one can upload all their documents, certified proof of address, and any other relevant documents required when you apply. Skills development representative.

Theme 6. Staff training on technical skills

The training of staff within the DACT beneficiaries was another recommendation made by the respondents. The respondents commented on some specific skills required to acquaint the staff with the production standards of the regulatory bodies for the purpose of quality product and business development.

“Further support needed in the business is to get the staff technically trained on skills such as welding and tooling skills. Also, ISO9001:2015 training is still very much needed in the business in order to ensure that quality is improved. Additionally, on training it will be bookkeeping training, financial training on the aspects of the business and then ISO 9001. COIDA compliance is one of the needs that is still needed in order to ensure that the business is fully compliant”. Manufacturing Manager.

“Further support that the business still need is to be supported with continuous trainings even for staff, and facilitation of access to funding”. Engineering Director.

Theme 7. Partnership support

Partnership support is the last sub-theme that emerged from the interview sessions. One of the respondents argued that there is need to foster partnership support with other businesses in the industry in order to grow the business.

“DACT can also continue to support the business with relevant needed compliance support so that they can be in a position to equally compete with similar businesses within the industry. Also support with other business linkages in order to form partnerships aimed at growing the business”.

The major recommendations from the abovementioned were funding and equipment support. This is not surprising as many scholars have identified funding as the major challenge of SME's, particularly

in South Africa (Fatoki, 2018:2527; Moos & Sambo, 2018:467-494). This outcome further emphasises the need to espouse the resource dependency theory by making SMEs to engage with the entrepreneurial ecosystem, which include, clients, competitors, contractors, NGOs and government for collaborative relationships towards business sustainability (Roundy & Bayer, 2019).

Conclusion

To the best of the researchers' knowledge, this is the first study to investigate the impact of Covid-19 and the July 2021 civil unrest on DACT supported SMEs in South Africa. This study has been able to establish that SMEs contribute significantly to employment creation and GDP of any economy. The research findings above from the respondents revealed various challenges that impeded the operations and even brought to a halt some businesses as a result of the global pandemic and civil unrest in KwaZulu-Natal. This further influenced the increasing unemployment rate and low GDP of South Africa. The study proffers some recommendations believed that will play a huge role in terms of assisting to deal with challenges faced by DACT supported SMEs, and rebuild the businesses to sustainable levels due to the impact of Covid-19 and the Civil unrests. The implementation of the recommended interventions will assist SMEs to be in a position to come up with new and improve business solutions through production and supply goods and services. There is sufficient evidence to suggest that the SME sector provides exactly that platform for SMEs to come up with innovative ways in the development of new products and services aimed at growing the country's revenue. This may be possible if tailor-made support is provided to SMEs as listed in the above research findings. SMEs sector gives an opportunity for people through income generation and job creation. If the right resources and support is provided to SMEs, it will in turn assist the South African government achieve the set development goals as stated in the Sustainable Development Goals 2030 Agenda.

References

- *** (2020). *United States Small Business Profile*. Available online: <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144224/2020-Small-Business-Economic-Profile-US.pdf>.
- *** (2021). *Insurance Journal*. Uninsured South African businesses, wrecked by civil unrest, struggle to recover [online]. Available from: <https://www.insurancejournal.com/news/international/2021/07/15/622803.htm> [Accessed 10 October 2021].
- Abdullah, F.; Myers, J.; Basu, D.; Tintinger, G.; Ueckermann, V.; Mathebula, M.; Ramlall, R.; Spoor, S.; deVilliers, T.; Van der Walt, Z.; Cloete, J.; Soma-Pillay, P.; Rheeder, P.; Paruk, F.; Engelbrecht, A.; Lalloo, V.; Myburg, M.; Kistan, J.; van Hougenhouck-Tulleken, W.; Boswell, M.; Gray, G.; Welch, R.; Blumberg, L. & Jassat, W. (2022). Decreased Severity of Disease During the First Global Omicron Variant Covid-19 Outbreak In a Large Hospital In Tshwane, South Africa. *International Journal of Infectious Diseases*. 116, 39.
- Akpata, U.; Oyedele, T. & Agbeyi, E. (2020). *PwC's MSME Survey 2020: building to last*. Nigeria: PwC.
- Arnold, C. (2019). The foundation for economies worldwide is Small Business [online]. *International Federation of Accountants*. Available from: <https://www.ifac.org/knowledge-gateway/contributing-global-conomy/discussion/foundation-economies-worldwide-small-business-0> [Accessed on 9 October 2021].
- Bayraktar, M. & Algan, N. (2019). *The importance of SMEs on world economies*. Çukurova University, Turkey, pp. 57-59.
- Bure, M. & Tengeh, R. (2020). *Implementation of internal controls and the sustainability of SMEs in Harare in Zimbabwe*. Cape Peninsula University of Technology.
- Congressional Research Service (2020). *Global economic effects of Covid-19*. Retrieved from <https://fas.org/sgp/crs>.

- Cusmano, L.; Koreen, M. & Pissareva, L., (2018). *2018 OECD ministerial conference on SMEs: Key Issues Paper*, Centre for Entrepreneurship, SMEs, Local Development and Tourism, Mexico City, p. 6
- DACT (2021b). *2020/2021 Annual Report*. Richards Bay: DACT
- Deb, P.; Furceri, D.; Ostry, J. D. & Tawk, N. (2021). The economic effects of Covid-19 containment measures. *Open Economies Review*, pp. 1-32.
- Drees, J. M. & Heugens, P.P. (2013). Synthesizing and extending resource dependence theory: A meta-analysis. *Journal of Management*, 39(6), pp. 1666-1698.
- Fatoki O. & Garwe D. (2010). Obstacles to the growth of new SMEs in South Africa: A principal Component analysis approach. *African Journal of Business Management*, 4(5), pp. 729-738.
- Fatoki, O. (2018). The impact of entrepreneurial resilience on the success of Small and Medium Enterprises in South Africa. *Economic and Business Aspects of Sustainability*, 10(7), p. 2527.
- Finfind (2020). *The SA SMME Covid-19 Impact Report*. November, pp. 3-5.
- GEN 22 On Sloane (2020). *Covid-19 Impact on South Africa's SMMEs*. April, pp. 8-10.
- Government of Canada. (2021). *Key Small Business Statistics*. Available at: https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03147.html
- Harper, P. (2021). *Riots, looting cost the KwaZulu-Natal economy R20 billion – Mail & Guardian*. Available from: <https://mg.co.za/news/2021-07-20-riots-looting-cost-the-kwazulu-natal-economy-r20-billion/> [Accessed 10 October 2021].
- Herr, H. & Nettekoven, Z.M. (2018). The role of Small and Medium-Sized Enterprises in development: What can be learned from the German experience? *Global Labour University Working Paper*. 53, pp. 6-9.
- ISED (2021). *Key Small Business Statistics 2021*, 1718-3456, pp. 7-8.
- Klein, L. L. & Pereira, B. A. D. (2016). The survival of interorganizational networks: a proposal based on resource dependence theory. *RAM. Revista de Administração Mackenzie*, 17, pp. 153-175.
- Kowo, S.; Adenuga, O. & Sabitu, O. (2019). The role of SMEs development on poverty alleviation in Nigeria, Insights into Regional Development. *Entrepreneurship and Sustainability Center*. 1(3), pp. 215-217.
- Liedtke, S. (2019). *SME Sector critical' to growing South Africa's economy – Pityana*. Available from: <https://www.engineeringnews.co.za/print-version/sme-sector-critical-to-growing-south-africas-economy-pityana-2019-04-11> [Accessed 9 October 2021].
- Masroor, N. & Asim, M. (2019). *SMEs in the contemporary era of global competition*. University of Karachi, Karachi
- Moos, M. & Sambo, W. (2018). An exploratory study of challenges faced by small automotive businesses in townships: The case of Garankuwa, South Africa. *Journal of Contemporary Management*. 15(1), pp. 467-494.
- Narula, R. (2004). R&D collaboration by SMEs: new opportunities and limitations in the face of globalisation. *Technovation*, 25(2), pp. 153-161.
- National Youth Development Agency (2020). *Impact of Covid-19 on Small Medium and Micro Enterprises since lockdown: Survey Report*. September, 13-14.
- Ndiaye, N.; Abdul Razak, L.; Nagayev, R. & Ng, A. (2018). Demystifying Small and Medium Enterprises' (SMEs) Performance in emerging and developing economies. *Borsa Istanbul Review*. 18(4), pp. 269–280.
- Nieuwenhuizen, C. (2019). The effect of regulations and legislation on small, micro and medium enterprises in South Africa. *Development Southern Africa*. 36(5), pp. 666-677.
- OECD (2018). *OECD Studies on SMEs and Entrepreneurship SME and Entrepreneurship Policy in Indonesia 2018*. Available from: https://books.google.co.za/books?id=Aj1yDwAAQBAJ&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false [Accessed 9 October 2021].
- Omar, A. R. C.; Ishak, S. & Jusoh, M. A. (2020). The impact of Covid-19 Movement Control Order on SMEs' businesses and survival strategies. *Geografia*, 16(2).

- Pfeffer, J. & Salancik, G. R. (1978). *The external control of organizations: A resource dependence perspective* New York: Harper and Row.
- Pfeffer, J. & Salancik, G. R. (2003). *The external control of organizations: A resource dependence perspective* Stanford: Stanford University Press.
- Roundy, P.T. & Bayer, M. A. (2019). To bridge or buffer? A resource dependence theory of nascent entrepreneurial ecosystems. *Journal of Entrepreneurship in Emerging Economies*, 11(4), pp. 550-575. <https://doi.org/10.1108/JEEE-06-2018-0064>.
- Schiele, H.; Ellis, S. C.; Eßig, M.; Henke Jr.; J. W. & Kull, T. J. (2015). Managing supplier satisfaction: social capital and resource dependence frameworks. *Australasian Marketing Journal*, 23(2), pp. 132-138.
- SEDA (2021). *SMME Quarterly Update 3rd Quarter 2020 March*, pp. 16-21.
- Segal, S. & Gerstel, D. (2020). *The Global Economic Impacts of COVID-19, Critical Questions. Center for Strategic and International Studies (CSIS)*. Retrieved from <https://www.csis.org/analysis>.
- Smith-Bingham, R. & Hariharan, K. (2020). This is the impact of the Coronavirus on business. *World Economic Forum*. Retrieved from <https://www.weforum.org/agenda>
- South Africa (2019). National Small Enterprise Act. Schedule 1 Amendment. Notice No.399. *Government Gazette*. 42304:15 March.
- South Africa (2019). Revised Schedule 1 of the National Definition of Small Enterprise in South Africa. Notice No.399. *Government Gazette*. 42304, pp. 110-111 March.
- Stainton, H. (2021). *Positivism and Interpretivism: A Simple Explanation*. Available from: <https://tourismteacher.com/positivism-and-interpretivism-simple-explanation/> [Accessed 13 January 2022].
- StatsSA (2019b). 'Quarterly Labour Force Survey 2019: Quarter 1'. Pretoria: Statistics South Africa. https://www.datafirst.uct.ac.za/dataportal/index.php/catalog/764/get_microdata
- Su, F.; Khan, Z.; Kyu Lew, Y.; Il Park, B. & Shafi Choksy, U. (2020). Internationalization of Chinese SMEs: The role of networks and global value chains. *BRQ Business Research Quarterly*. 23(2), pp. 140-158.
- Vilakazi, T. & Paelo, A. (2017). Towards the integration of markets: Competition in road transportation of perishable goods between Malawi, South Africa, Zambia, and Zimbabwe. *WIDER Working Paper 2017/46*. Helsinki: UNUWIDER.
- Villanueva, J.; Van de Ven, A. H. & Sapienza, H. J. (2012). Resource mobilization in entrepreneurial firms. *Journal of Business Venturing*, 27(1), pp. 19-30.
- Voeten, J. & Marais, B. (2016). *South Africa: Qualitative Study on Innovation in Manufacturing Small and Medium Sized Enterprises (SMEs): Exploration of Policy and Research Issues*. Tilburg University.
- Vuba, S. (2019). *The missed opportunity: SMMEs in the South African economy*. Available from: <https://mg.co.za/article/2019-04-12-00-the-missed-opportunity-smmes-in-the-south-african-economy/> [Accessed 24 March 2022].
- Wankhede, V.A. & Vinodh, S. (2021). "Analysis of barriers of cyber-physical system adoption in small and medium enterprises using interpretive ranking process. *International Journal of Quality & Reliability Management*, Vol. ahead-of-print No. ahead-of-print. <https://doi.org/10.1108/IJQRM-06-2021-0174>.
- World Health Organisation. (2021). Weekly epidemiological update on COVID-19 - 21 December 2021. Accessed Online (28 March, 2022). <https://www.who.int/publications/m/item/weekly-epidemiological-update-on-covid-19-21-december-2021>.
- Writer, S. (2021). *South Africa Unemployment Rate Hits New Record High* [online]. Available from: <https://businesstech.co.za/news/government/515388/south-african-unemployment-rate-hits-new-record-high/> [Accessed 9 February 2022].
- Zilwa, P. (2019). *Business development services (BDS) and SMME development in South Africa*. (M. Com Dissertation), University of Cape Town, Faculty of Commerce.