
The impact of COVID-19 on small and micro-enterprises in South Africa

Mmboswobeni Watson Ladzani

Department of Business Management,
College of Economic and Management Sciences,
University of South Africa,
P.O. Box 392, Unisa, 0003, South Africa
Email: wladzani@unisa.ac.za
Email: watson.ladzani@gmail.com

Abstract: Small and micro-enterprises cannot be wished away. This became more clear in the fight for survival during the COVID-19 pandemic. The impact of this pandemic on small and micro-enterprises has challenged both government and the private sector to rethink their approaches to support these enterprises. The study was aimed at examining the impact of COVID-19 on small and micro-enterprises in South Africa. A desk research design was used to collect the data. The discussion included the government's response to address the pandemic's impact on small and micro-enterprises. The plight of small business practitioners, as a consequence of the lockdown, are also reported on in the findings of the study. Recommendations of the study are to revisit the regulatory environment that should enable small businesses to thrive, strengthen skills development, and speed up the transfer of knowledge of the digital economy to small and micro-enterprise practitioners.

Keywords: COVID-19 pandemic; lockdown; small and micro-enterprises; South Africa.

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Biographical notes: Mmboswobeni Watson Ladzani was a Professor of Entrepreneurship and Small Business Management in the Department of Business Management, College of Economic and Management Sciences at University of South Africa. He holds a DPhil from the University of Johannesburg, MBA from University of Pretoria and BCom Honours from UNISA. With over 30 years of university and academic experience, he has published research articles in scientific journals and contributed chapters in academic books on small business and entrepreneurship. His industry involvement includes serving at the Global Business School of Entrepreneurship, TOTALCARE PEOPLE, Small Enterprise Development Agency and National Planning Commission.

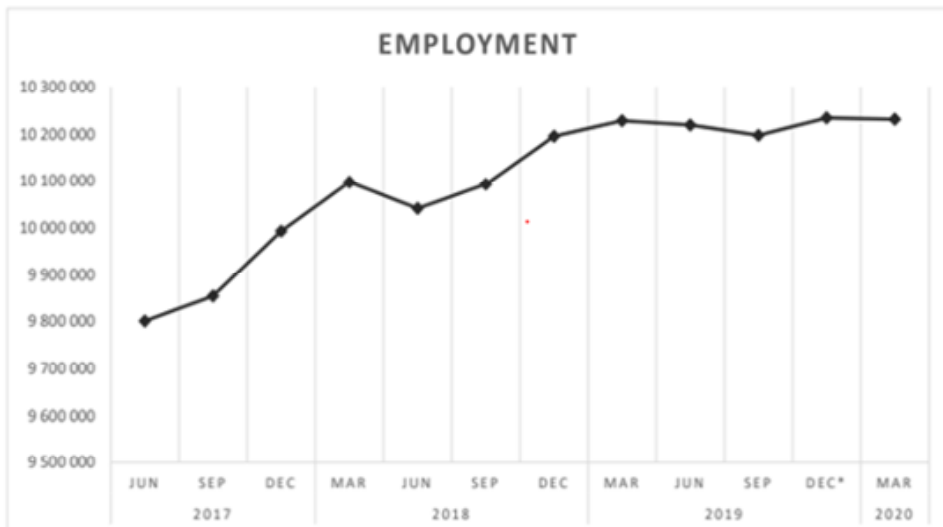
1 Introduction

The unprecedented socio-economic impact of the COVID-19 pandemic continues to be felt by young and old, rich and poor, large and small businesses alike, across both

developed and developing economies. This pandemic, which was first reported in Wuhan (China) in December 2019 and spread to many parts of Europe, the Americas and other continents (Pak et al., 2020; Pawar, 2020; Robinson and Kengatharan, 2020; Secon et al., 2020; WHO, 2020), has shaken all four corners of the world. Ever since the pandemic broke out, world news, to date, has been dominated by updates on how the different economies are handling its impact. COVID-19 was reported in Africa in February 2020 and on 5 March 2020, South Africa's National Institute for Communicable Diseases confirmed that a person had tested positive for COVID-19 in the country (Mkhize, 2020). This started a difficult and challenging journey that has caused huge socio-economic harm. The 'new normal' way of living, running a business and governing the country has been the order of the day, since the outbreak of this disease.

COVID-19 has, thus far, taken many lives and caused untold harm, with countless people losing their jobs and businesses closing down (ILO, 2020). Each passing wave leaves more small businesses either closed down or struggling to survive. SMEs in South Africa are equally severely impacted by the pandemic (Posel et al., 2021). This is exacerbated by a high unemployment rate, especially among the youth, and poverty levels that South Africa faced even before the pandemic struck. In 2017, for example, the country's unemployment rate and poverty levels were among the world's highest. While the unemployment rate was 27.6% and youth unemployment stood at over 65%, more than 50% of the South African population were living below the national poverty line of R992 per month and most of the nation's wealth remained in the hands of a small elite [Herrington et al., (2017), p.6; World Bank, (2018), p.42]. In the first quarter of 2020, the unemployment rate in South Africa increased to 30.1% (refer to Figure 1).

Figure 1 South Africa's job losses before lockdown



Notes: South Africa's formal non-agricultural sector *lost 3,000 jobs* in the first quarter of 2020, bringing the total of persons employed in the formal non-agricultural sector 10.2 million.

Employment in the non-agricultural formal sector, June 2017–March 2020.

Source: Adapted from Stats SA Quarterly Employment Statistics, March 2020 and BusinessTech (2020)

The key findings of the Quarterly Labour Force Survey, conducted from April to June 2020, reported a decrease to 23.3% in unemployment (StatsSA, 2020b). The consequences of the national lockdown resulted in the substantial drop in unemployment between the first and second quarters. The normally used face-to-face mode of data collection, used in the first quarter, changed to computer-assisted telephone interviewing in the second quarter. This resulted in the response rate being markedly lower in the second quarter than in the first quarter. People were further hindered from looking for work due to the national lockdown. The expanded definition of unemployment increased by 2.3 percentage points to 42% in the second quarter of 2020, compared to the first quarter of 2020. A total of 2.2 million jobs were lost due to the COVID-19 lockdown (Simkins, 2020; SA News Agency, 2020).

The rising unemployment rates, job losses and mostly SMEs closing down, while others are struggling to survive, are continuing to disrupt the economy and affect the livelihoods of many South Africans.

This study was aimed at examining the impact of COVID-19 on SMEs in South Africa. The objectives were to highlight the impact of the COVID-19 pandemic on SMEs, to discuss interventions by the state and key SME stakeholders to address the challenges that this sector is facing during the COVID-19 pandemic, and to recommend strategies to revive and sustain SMEs beyond the COVID-19 pandemic.

2 The state of small businesses pre-COVID-19

Small businesses have been dubbed as the backbone and lifeblood of our economy over many decades. Their contribution to local and national economic growth and development makes them a formidable force in many economies. This sector, however, needs support in more ways than one.

This section covers the state of small businesses before COVID-19. Contributions and challenges of SMEs (including the informal sector) are discussed below, paving the way to discuss the impact of the COVID-19 pandemic on small businesses in the following section.

2.1 Contributions of small and micro-enterprises

Several studies show the contributions that small businesses continue to make at global, national and local levels through economic development, employment and job creation, promotion of entrepreneurship and social stability [Ligthelm and Cant, (2003), p.41; Visser et al., (2005), p.60; Maes et al., (2005), p.17; Ladzani and Netswera, (2009), p.225; Ribeiro-Soriano, (2017), p.1; Nieuwenhuizen, (2019), p.666; Erdin and Ozkaya (2020), p.3]. Small businesses account for over 95% of firms and 60% to 70% of employment, and generate a large share of new jobs in Organisation for Economic Co-operation and Development (OECD, 2000) economies. Prater and Ghosh (2005, p.155) reiterate similar contributions in developing countries, where they account for more than 90% of all jobs, sales and added value; while in developed countries, they account for over 50% of these measures. In South Africa, The Banking Association of South Africa (2019) reported that up to 91% of formalised businesses provide about 60% of employment in South Africa. This sector accounts for roughly 34% of the GDP.

The contributions of small businesses cannot be discussed without including the informal sector. The majority of businesses in most developing countries are informal, that is, they are not registered with relevant government agencies (Woodruff, 2013). The World Development Report (2019, p.94) indicates that most emerging economies are characterised by the informal economy. This report showed that 70% of informal employment is in sub-Saharan Africa, while 60% is in South Asia and more than 50% in Latin America. Informal employment in Kenya makes up 77.9% of the total employment. This is one of the highest unemployment rates in Africa.

In South Africa, about 2.5 million workers and business owners' jobs, incomes and livelihoods depend on the informal sector (Philips, 2020). The 2017 Survey of Employers and the Self-Employed reported that non-value-added tax registered businesses, largely owner-managed and with no additional employees, absorbed a total of 1.8 million people [StatsSA, (2017), p.11].

Rakabe (2020) echoes these sentiments. He stated that 36% of non-agricultural employment was in the informal sector. The community and social services, and the wholesale and trade sectors account for just under 3 million people in the informal employment sector.

Many South Africans, whose livelihoods depend on earnings from SMEs, have been the hardest hit since the outbreak of this pandemic. Job losses, hunger and many social ills are becoming the order of the day in South Africa. The State President, Cyril Ramaphosa, confirmed the deepening of poverty and food securities in a matter of few weeks since the pandemic started (Ramaphosa, 2020).

2.2 Small business challenges

In spite of the contributions by both small businesses and the informal sector to global, national and local economic development, these businesses have, over many decades, continued to be challenged by a number of obstacles that negatively impact their survival and hinder them from growing beyond subsistence levels. These challenges range from, but are not limited to, lack of financial and non-financial support, poor management and high failure rates of these businesses. Access to marketing and procurement, an enabling environment, technology, amongst others, also contributed to these challenges [Scarborough and Zimmerer, (2003), pp.24–26; Bridge et al., 2003; Warren-Smith and Jackson, (2004), p.378; Ladzani and Netswera, (2009), p.226; Chimucheka and Mandipaka, (2015), p.310; Nieuwenhuizen, (2019), p.667].

2.3 Small business failure rates

Small business failure rates have been, over many decades, alarming across the globe. The average failure rate of start-ups is 50%. Studies conducted in both developed and developing countries record failure rates rising up to 80% in some regions. In the USA, for example, Anderson and Dunkelberg (1990, p.5) estimated the failure rates of start-ups to be about 50% in their first year and 75 to 80% between the first three to five years. A staggering 79% of small businesses in 1986, failed in less than ten years. The United States Small Business Administration suggested, in the same decade, that 63% of new businesses would have failed within six years [Scarborough and Zimmerer, (1996), p.37].

More than two decades later, these staggering statistics have not changed in the USA. The US Bureau of Labor Statistics reported that 21.6% of small businesses that were started in 2017, were closed within one year; of those that were started in 2016, were closed in less than two years' time. Those that closed in less than five years were 49.3% and those that closed within ten years were 66.3% (Dautovic, 2020).

South Africa's small business failure rates cannot be much different from that reported in the USA. The Small Business Development Corporation [SBDC, (1996), p.22] reported that almost 50% of small businesses started, had failed. Macleod (1995, p.15) contends that 80% of businesses founded in the Durban area, failed. Bushe (2019, p.1) reports that almost 40% of new businesses started to fail in their first year, 60% fail in their second year and 90% fail within ten years from the time they had started.

Such high failure rates among small businesses cannot be left to struggle on its own without any intervention from the state, large businesses and relevant stakeholders. Many governments, across the globe, see small businesses as central to achieving 'growth' and 'employment' targets [Erdin and Ozkaya, (2020), p.1]. Stakeholders, therefore, continue to seek remedies to the causes of such failure rates.

2.4 Reasons behind small business failure rates

Poor management of internal environmental factors and lack of support in the external environment contribute to small business failure rates. The manner in which these environments are managed determine the success or failure of a business.

- **Poor management:** Internal factors (that include management and finance) contribute negatively to growth, compared to external factors. Amongst the internal factors that Pillay (2006) listed are cash flow, lack of financial understanding, securing finance, lack of managerial skills/business expertise and recruiting and retaining staff, as causes that prevent business growth. Badenhorst et al. (2006, p.120; 2019, p.197) state that poor management contributes to business failure, especially a small business. A total of 90% of these failure rates is due to poor management, 40% management incompetence, lack of leadership and management experience accounting to 30% and 20%, respectively. Lack of industry experience accounted for only 10%.
- **Poor support in the external environment:** The external environment has factors which are beyond management control. These factors include, socio-demographic, economic, technological, political, physical, and international factors. Pillay (2006, p.38) states that improving the regulatory environment could greatly improve the growth and sustainability of small businesses. Nieuwenhuizen (2019, p.667) reiterates similar sentiments regarding the contribution that the regulatory environment and restrictive legislation have on the sustainability of small businesses.

The stated small business challenges have existed since before the COVID-19 pandemic. However, COVID-19 has exposed many gaps within our internal and external environments. An assessment of the present impact of COVID-19 on small businesses, in South Africa, would pave the way to recommended strategies for reviving and strengthening this sector, to survive and withstand possible pandemics post-COVID-19.

3 The impact of COVID-19 on small and micro-enterprises

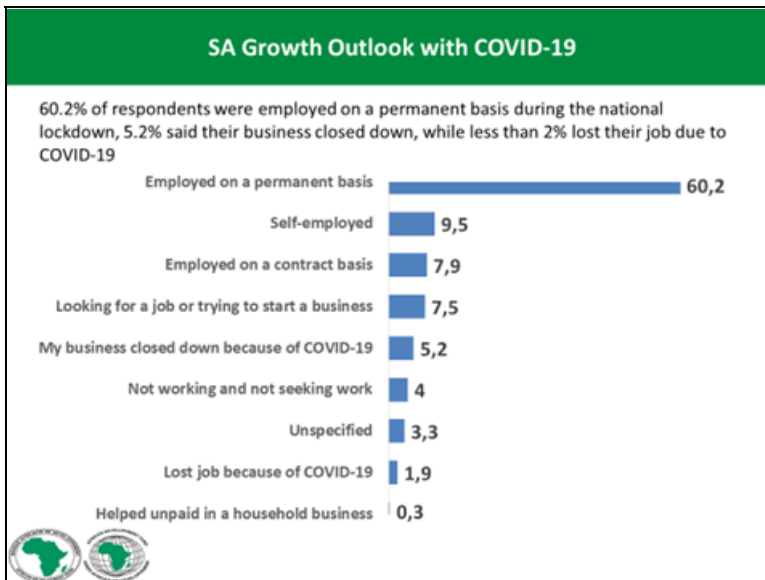
The impact of COVID-19 on SMEs in South Africa has prompted responses from a number of stakeholders. This is due to the many people who are dependent on SMEs for their livelihood.

In this section, an overview of the South African Government’s response to the COVID-19 pandemic is provided. The government’s response has an impact on the survival of small businesses. Furthermore, the responses of some small business practitioners, directly impacted by this pandemic and consequently the government’s lockdown regulations, are reported on in this section. Research findings on COVID-19 and its impact on small businesses are also reported on in this section. The section ends with a discussion of some interventions by key stakeholders in response to the impact of the pandemic, especially on small businesses.

Small businesses, in general, face many constraints that make them struggle to survive, even under normal circumstances. COVID-19 added an additional strain to an already struggling sector of the economy; hence, all small business stakeholders are continuing to have their hands on deck to salvage this sector.

Statistics South Africa (StatsSA, 2020a) conducted a survey from 29 April to 6 May 2020 to gauge the impact of the COVID-19 pandemic on employment, income and hunger. A total of 2688 responses were received. The diagram below, by the African Development Bank’s lead economist, Kararach (2020) shows the growth outlook of this impact as extracted from the survey.

Figure 2 South African growth outlook with COVID-19 (see online version for colours)



Source: Kararach (2020)

Research findings by 22 ON SLOANE, a company that offers support to SMEs with both financial and non-financial services, reported on the impact of COVID-19 on small businesses. Up to 92% of small businesses were impacted: 71% could not have enough

cash to keep their businesses afloat and 16% of businesses were due to retrench more than ten people. The travel bans and inability of people to meet, greatly impacted small business survival (22 ON SLOANE, 2020).

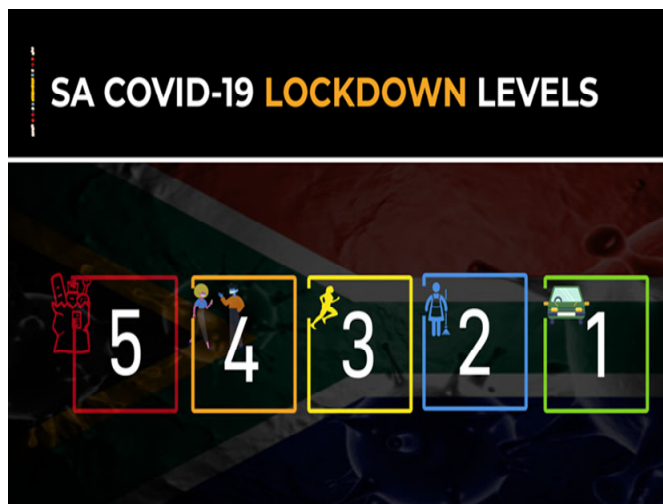
3.1 *South Africa's policy response to the COVID-19 pandemic*

The Trade Law Centre (tralac, 2020), in their article dated 3 July 2020, reported President Cyril Ramaphosa's first address to the nation, where he declared a national state of disaster in order to drastically and urgently manage the COVID-19 pandemic. These measures were to protect and minimise the impact of the virus on the people and the economy.

The President's second address, on 23 March 2020, announced a 21-day national lockdown. He outlined more stringent measures in order to minimise the transmission of the virus and to mitigate its economic and social impact.

The implementation of these stringent interventions had a negative impact on small businesses. The different lockdown alert levels that were introduced posed one challenge after another, specifically for small business practitioners and their employees.

Figure 3 South Africa's COVID-19 lockdown levels (see online version for colours)



Source: Sibanyoni (2020)

3.2 *Different lockdown alert levels*

- *Lockdown Level 5.* South Africa went into lockdown (Alert Level 5) for 35 days on 26 March 2020. This is the most restrictive of all the alert levels, with only essential services permitted under sectors. The Department of Small Business Development published directions aimed at assisting micro and small businesses. The Spaza Shops and General Dealers Support Scheme was introduced.

- *Lockdown Level 4.* Some of the activities were allowed to resume at this level. There were extreme precautions laid down to limit transmission of the virus. Only certain industries re-opened and some workers were allowed to go back to work during Alert Level 4. South Africa moved into this level on 1 May 2020.
- *Lockdown Level 3.* This alert level was in place since 1 June 2020. More regulations were relaxed during this level. Most people were allowed to return to work.
- *Lockdown Level 2.* South Africa moved to Alert Level 2 of the national lockdown on 17 August 2020. This is where more sectors were allowed to operate.
- *Lockdown Level 1.* South Africa moved to this alert level on 21 September 2020. This is the lowest of the five alert levels.

The government's economic response to the COVID-19 pandemic, as outlined by the State President, is a three-phase approach. The first phase includes a broad range of measures to mitigate the worst effects of the pandemic on businesses, communities and individuals, of which support to small businesses is one. The second phase of economic response intends to stabilise the economy, address the extreme decline in supply and demand, and protect jobs. A massive social relief and economic support package of R500 billion was announced by the President. This package is about 10% of the gross domestic product. The third phase, which was aimed at driving the recovery of the economy, was the economic strategy. Further assistance in the form of grants, loans and debt restructuring were also promised to support spaza shop owners and the informal sector (Ramaphosa, 2020).

Business News (2020) reported that "business, unions and opposition parties have welcomed President Ramaphosa's historic R500 billion socio-economic support package." The President acknowledged the need to support small businesses and the informal sector when he announced the government's COVID-19 R500 billion stimulus package. He stated how millions of South Africans in the informal economy and those without employment were struggling to survive.

To this effect, he announced a loan guarantee scheme of R200 billion to assist companies, with turnovers of less than R300 million, to pay salaries and other costs. He further announced an additional R2 billion to assist small businesses and spaza shop owners.

In the next subsection, findings on research conducted during the lockdown, in South Africa, are provided. The responses by some SME practitioners are also reported.

3.3 Small businesses' challenges during lockdown

The lockdown interventions introduced became a 'double-edged sword' for some. The good intentions with which the government introduced this intervention, notwithstanding the impact on the economy (especially for SMEs), rapidly became negative. In its study, the CDE (2020a) reports that there are over five million micro and small businesses in South Africa that are located in the informal sector. Its findings include problems that these businesses faced in the townships during the lockdown period. The majority of entrepreneurs did not have enough reserve funds to see them through the month, if the lockdown continued.

3.4 Responses on how COVID-19 impacted small businesses

Research was conducted by both academics and business interest groups to gauge the impact of COVID-19 on small businesses. The *Daily Maverick* and The Conversation are among those that conducted research. Their findings are discussed below:

- *Daily Maverick*: This is an online South African daily newspaper that is run by an independent private company. In one of their articles on the impact of COVID-19 on small business, dated 1 April 2020, Merten (2020) gives an account of four small business owners¹ under lockdown. The article reported the immediate impact that COVID-19 had on small businesses. The pain of those who qualify and those who do not qualify for the COVID-19 SMME Debt Relief Finance Scheme cuts deep as they narrate their predicament. Their frustrations include an inability to pay rent and the salaries of their employees, and red tape to access funding – the list is endless. Completing the paperwork for the small business debt relief scheme was also a burden. It is not business as usual for both the service provider and the potential recipients of such services.

The following are summaries and extracts from the interviews, with interviewees narrating the pain that the lockdown has caused them and their small businesses:

1 Nadine, beauty therapist (1)

Nadine does not qualify for any COVID-19-related relief benefits. The debt relief funding (SMME) that the Minister of Small Business Development, Khumbudzo Ntshavheni, had launched clearly stated that hawkers and the self-employed would not be covered.

“I checked. I don’t qualify”, says Nadine. “Almost two weeks before the lockdown, work ground to a halt. I had just managed to pay, but then there was no income.”

Nadine cried that she could neither pay the landlord (for the working space) nor her overheads.

She acknowledged that, had she not had support from her dad and sister, she would have been devastated.

“It could be worse.”

2 Co-managers, bistro (2)

The SMME debt relief scheme’s requirements were clear that 100% South African owned companies would qualify for this support. Since these two managers are not South African citizens, they do not qualify for the support.

“We have been checking to apply”, the two say in a series of WhatsApp messages that indicate the business was properly registered. “The main concern for us seems to be that the business needs to be owned by South African citizens. We are still checking with a lawyer friend to confirm this. If it is true, then there is nothing to do.”

Their big concern was that they did not make any arrangements with their landlord to assist them.

3 Paula Zapata, owner of Café Columbia (3)

Paula's business has four employees – two of them qualify for the Unemployment Insurance Fund. Her challenge is how she would pay her staff. She had also applied for the SMME Debt Relief Scheme support. However, she was adamant that only small businesses with more staff members would receive preference.

“What kills me, I have people who depend on this (job). I do other freelance work. If I have to close the coffee shop, so be it for me. But what about my staff? That is the crazy thing!”

4 Faizal Parker, Parker's corner shop (4)

Faizal is grateful to his local customers and community who were supporting his corner shop in spite of the lockdown. The challenges he encountered related to law enforcement agencies on the roads, when he travelled back and forth from the suppliers.

“Going to fetch stock is a challenge. There are always roadblocks. I have my paperwork on me. I've had no problems.”

- *The Conversation*: Academics and researchers write and publish news stories in this network of not-for-profit media outlet, *The Conversation*. In one of their articles, Bowman and Nair (2020) wrote about the challenges and impact of COVID-19 on SMEs in the food sector, and proposed what could be done to assist these businesses. Their study involved qualitative telephone interviews with small businesses in the maize milling and dairy firms, during lockdown. Their findings were, among others:
 - 1 The impact of the lockdown in this sector was, among others, panic-buying that resulted in sales diverted towards larger retailers with higher stock levels. A number of SMEs did not have enough resources to sustain their businesses. This caused many logistical and operational setbacks, and increased financial strains that resulted in many defaulting in their payments to suppliers.
 - 2 Other lockdown challenges to this sector were school feeding schemes that stopped operating, hospitality and catering businesses closing down. The sales reductions that resulted from the lockdown went up to 666% with some businesses closing down.
 - 3 Maize price unpredictability, adverse rand-dollar exchange rate movement, difficulties in securing machinery parts, repairs and maintenance services, and securing of personal protective equipment and sanitisers added to the challenges brought about by the lockdown.

Most SMEs that were interviewed, introduced many stringent measures in trying to sustain their businesses. These measures included reducing working hours, paying their employees less and laying off some of their employees.

3.5 *Stakeholders' interventions on the impact of COVID-19 on small business*

The challenges brought about by the pandemic are not only the government's problem, and neither can it be resolved by one sector of the economy. Apart from the response by government and the interventions introduced, a number of SME stakeholders responded and intervened in various ways, since the lockdown was introduced. These

stakeholders include corporate South Africa (private sector), science councils and higher education institutions, non-governmental organisations, faith-based organisations and community-based organisations. The list of stakeholders that responded in one way or another, and are continuing to do so, is endless.

Some intervention strategies targeted at responding to the impact of COVID-19 on small businesses, were in the form of organising virtual conferences and/or small business colloquiums, conducting research, raising relief funds, etc. Two of these interventions, a small business colloquium organised by the National Planning Commission (NPC), and public and private support schemes, are discussed below:

- The NPC initiative to support small businesses

The NPC is an advisory body of the South African Government. It consists of people of diverse expertise in key areas that are drawn mostly from outside government. This team of experts help in bringing about innovative ideas and insights into the long-term plan aimed at improving the growth and development of the economy.

The commissioners advise government and recommend what could be implemented in order to develop the country. They represent what South Africans aspire to see happening, in order to improve their livelihoods.

The NPC hosted a virtual small business colloquium on 23 and 24 June 2020. Key stakeholders that were invited to participate in the colloquium included the Expanded, Inclusive and Fairer Economy Task Team on Township and Rural Economies; Office of the Deputy President and Officials in Charge of the Township and Rural Economies Initiative; African Farmers' Association of South Africa; National African Federated Chamber of Commerce; National African Farmers' Union; South African Chamber of Commerce and Industry; Small Business Institute (formerly Afrikaanse Handelsinstituut); Competition Commission; Department of Small Business Development; Department of Corporate Governance; National Treasury; Department of Trade, Industry and Competition; Department of Communications and Digital Technologies; Department of Social Development; Department of Agriculture, Land Reform and Rural Development; National Empowerment Fund; Small Enterprise Finance Agency; and Small Enterprise Development Agency. The focus of the colloquium was to discuss the impact of COVID-19 on small businesses. The colloquium concluded by recommending to the government what should be done in the short-term, medium-term and long-term, to address the aftermath of the pandemic (Mazwai, 2020).

- Public and private support schemes

In his article, Hes (2020) reiterates that small business owners and informal traders are among the South Africans who are most heavily impacted by the lockdown. He highlights a number of interventions that the government has put in place to assist them. These interventions include the SMME Debt Relief Fund, the Solidarity Response Fund and support for spaza shops and informal traders.

In one of their new series of publications, the Centre for Development and Enterprise (CDE, 2020b) released a short report that talks about the survival struggles of small businesses. This report asked whether we are asking the right questions to address these challenges for survival. The Oppenheimer and the Rupert families donated

funds into the South African Future Trust and the Sukuma Relief Programme, respectively.

Kalidas et al. (2020) report on the initiatives that the banks and financial institutions did to date, nationally and globally, in managing large sums of money to support SMEs. These initiatives include, to provide resources and communication tools to clients, waivers of interest and fees, relief loans, and pre-approved or expedited loan approvals. There are examples of banks that are already providing instant short-term deferrals on credit products.

These contributions by the government and the private sector help to relieve the struggles that SMEs continue to face, especially under COVID-19. The question is, are these funds enough to tackle these struggles?

4 Research methodology

A desk research design was used to collect the data. Desk research is another name for secondary research. Zhou and Nunes (2016, p.308) describe desk research as “generally accepted as it equates to literature review and is very concisely defined by Jackson (1994, p.21) as ‘the process of accessing published secondary data.’” Secondary data includes data that already exists in books, journals and articles, indexed in many databases and business and research reports. Reliable existing sources of information on SME development around the globe, in Africa and in South Africa were used to collect the data. Journal articles, published reputable sources, internet sources and news reports were also used to access the latest information on COVID-19 reporting.

5 Conclusions and recommendations

The COVID-19 pandemic has shaken the foundations of our social, economic and political environments to the core. The study contributed in revealing a number of gaps in our regulatory environment, and social and economic imbalances that have been uncovered. It further revealed what both government and private sector could do together to support small businesses. Given the non-discriminatory nature of the pandemic, a number of organisations are compelled to do their part to fight this invisible enemy – something that could not have been done under normal circumstances. The interventions and innovations that emerged within months, since the outbreak started, is proof that together, as a country, we can win the war on poverty, unemployment and inequality. Although the battle to fight this pandemic is still far from over, both the South African government and the private sector should be applauded for their interventions thus far.

The challenges and gaps that many COVID-19-related research findings reported, should not be placed on the shelves to gather dust. The time to roll up our sleeves and start working towards achieving the common goal of eradicating the triple challenge of poverty, unemployment and inequality, is now.

The study recommends that there should be a review of the regulatory environment, where, in the short-term, starts to review regulations supporting SMEs. Regulations that integrate the informal sector into the mainstream economy should also be enacted. The pandemic exposed the skills gap that is endemic to small businesses. It is further

recommended that skills development should be strengthened. Grants are not sustainable. The unemployed, child-grant recipients and the youth should be supported to start and run their own sustainable SMEs. Both the government and the private sector should support skills development initiatives. Another recommendation is that transferring knowledge of the digital technology should be speeded up. The world of work has changed forever. The Fourth Industrial Revolution came earlier than expected in South Africa. Many people, especially the older generation, are forced to learn the latest technology in order to do business, both locally and abroad. Both the government and private sector should prioritise enabling and training their stakeholders to adapt to the technological ways of doing business.

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Notes

- 1 These are not their real names. The full names of the interviewees are known to the *Daily Maverick*.