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Enabling Small, Medium and Micro Enterprises (SMMEs) Survival and Growth During/ Post COVID-19

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Introduction and context

- Importance of SMMEs generally and tourism SMMEs in the South African context is highlighted
 - Economic development
 - Job creation
 - Driving entrepreneurship and innovation
- Multi-disciplinary conceptual/ theoretical framework aligned to inter-sectorial orientation
 - Stakeholder theory
 - Post-structuralist theory
 - Diffusion theory (and related Technology Acceptance Model - TAM - and the extended Unified Theory of Acceptance and Use of Technology - UTAUT)

Methodology

- Desktop study/ literature review
 - Contextualising the importance of tourism and tourism SMMEs specifically,
 - Tourism SMMEs and the COVID-19 pandemic context and trends
 - The role of tourism SMMEs generally and in South Africa specifically
 - COVID-19 impacts on SMMEs
 - Government and tourism SMME responses to the COVID-19 pandemic
- Quantitative SMME survey
 - Online (limited response) and face-to-face surveys in purposively selected cities/ towns (Cape Town, Durban, Johannesburg, Kimberly and St Lucia)
 - 404 subjected to analysis
- Qualitative key informant interviews
 - Purposively selected (relevant government departments at different levels, tourism and hospitality organisations, small business organisations and trainers/ educational sector)
 - 12 interviews completed (target was 10)

Research objectives

- Examine measures and tools used to enable the survival of tourism SMMEs during economic hardships and particularly during the COVID-19 crisis, globally, in both the private and public sectors.
- Analyse the effectiveness of the measures and tools used to enable the survival of tourism SMMEs during the COVID-19.
- Analyse challenges related to the application of the measures and tools used to enable the survival of tourism SMMEs during COVID-19,
- Develop and/or recommend sustainable intervention measures and tools that may be used to enable the survival of tourism SMMEs in South Africa during and post COVID-19.

**Key research findings (thematic
integration of survey and key
informant interview results)**

Profile

- Diverse tourism SMMEs involved in a range of activities (many engaging in multiple activities)
- SMMEs in the tourism sector vary in turnover (with most being micro enterprises)
- Micro enterprises are the most vulnerable, with limited resources and options to deal with the severe changes in the economy

Change in SMMEs' overall annual (for a year) average income during 2019, 2020 and 2021 (n=404)

	Frequency	Percent
Not applicable	7	1.7
Don't know/ not sure	34	8.4
No change/ remained in the same category	30	7.4
Increased	72	17.8
Decreased	190	47.0
Decreased in 2020 but recovery/ increase in 2021	71	17.6

If there were job/ employee losses between 2019 and currently, main reason/s for job/ employee losses (n=404) (Multiple responses)

	Frequency	Percent
Not applicable	73	18.1
COVID-19 pandemic disruptions	315	78.0
Recent social unrest	113	28.0
Financial challenges (not related to the pandemic or recent social unrests)	65	16.1
Death	3	.7
Employees resigned/ left for better job offers	3	.7
Had to dismiss a staff member for stealing	1	.2
Medical	1	.2

If business was operating at the time of the interview (n=404)

	Frequency	Percent
No	5	1.2
Yes, operating fully	291	72.0
Yes, operating partially	108	26.7

Status of the business activities during swlected periods (n=404, in %)

	Prior to the March 2020 Level 5 lockdown	From March to December 2020	From January to August 2021	When the COVID-19 virus is contained/ under control
No response	1.7	6.4	5.7	14.1
Not applicable (was not operational at that time)	12.4	11.6	.5	1.0
Fully operational (continue with most business activities)	78.7	2.0	28.0	63.6
Operating with 60% - 80% of normal business activities	3.7	4.0	39.9	17.6
Operating with about half (50%) of normal business activities	.5	22.3	19.3	2.0
Operating less than half (50%) of normal business activities	.7	38.9	5.9	1.0
Closed (cancelled or indefinitely postponed work)	2.2	14.9	.7	.7

Extent to which the business was impacted in relation to the aspects below as a result of the COVID-19 pandemic (n=404, in %)

	Increased	Decreased	Remained the same/ no change	Not applicable/ don't know
Sales/ demand for goods and services	9.9	82.9	4.7	2.5
Cash flow availability	3.2	86.4	5.4	5.0
Ability to access financial support such as loans and grants	13.9	40.3	21.0	24.8
Supply of inputs and raw materials	5.9	49.0	25.5	19.6
Change in the prices of supplies	49.8	16.3	26.0	7.9
Supply of products for resale	8.7	38.4	24.0	29.0

P values of chi-square test results examining associations between selected business profile variables and length of time it will take for the business and the tourism sector more generally to fully recover from the negative impacts of the COVID-19 pandemic after the COVID-19 pandemic has been brought under control

	Main type of tourism business	Type of business	Provincial location of business	Number of persons employed at time of interview	Number of years business has been operational
Length of time it will take for tourism SMMEs to recover	.879	.000	.000	.197	.003
Length of time it will take for the tourism sector generally to recover	.050	.085	.000	.028	.516

P values of chi-square test results examining associations between selected business profile variables and selected strategies that were and are being used to keep the business going to deal with the COVID-19 disruptions

	Main type of tourism business	Type of business	Provincial location of business	Number of persons employed at time of interview	Number of years business has been operational
Ending the employment of employees/ retrenchments	.000	.003	.000	.000	.081
Reduced employment time/ working hours	.000	.002	.173	.000	.015
Reduced salaries/ wages	.000	.000	.000	.000	.097
Suspending business activities not to incur costs	.094	.119	.003	.010	.002
Adjusting marketing strategies (such as lowering prices, special deals, etc.)	.001	.028	.000	.000	.002
Changing offering/ products/ services	.100	.483	.000	.904	.009
Using business reserves or savings	.000	.000	.030	.000	.048
Using personal (including support from family) reserves or savings	.115	.299	.022	.046	.003
Applying for a new loan, or an extension of a current loan	.011	.038	.008	.077	.773

Support and recovery

- 52% aware of government support being offered to businesses/ establishments in the tourism sector
- Only 19.1% indicated qualified for the support being offered
- Slightly more than a third of the respondents (37.1%) stated that their businesses benefitted from some form of support to deal with COVID-19 pandemic-related impacts and most felt that the support was adequate/ helpful
- Dominance of public sector support
- Main reasons for no support: not aware, do not qualify/ meet criteria and difficult to apply

Main kinds of support that would be useful to the business and the tourism sector more generally to recover from the COVID-19 pandemic impacts (n=404) (Multiple responses)

	Frequency	Percent
Provision of Personal and Protective Equipment (PPE) such as masks and sanitisers	229	56.7
Advice/ training on business recovery and strategy	221	54.7
No interest grants/ cash transfers	214	53.0
Low interest/ subsidised loans or bridging finance	177	43.8
Advice/ training on how to deal with the stress/ anxiety	166	41.1
Advice/ training on health and safety precautions	165	40.8

Conditions will ensure that the business recovers more quickly from the COVID-19 related impacts (n=404)

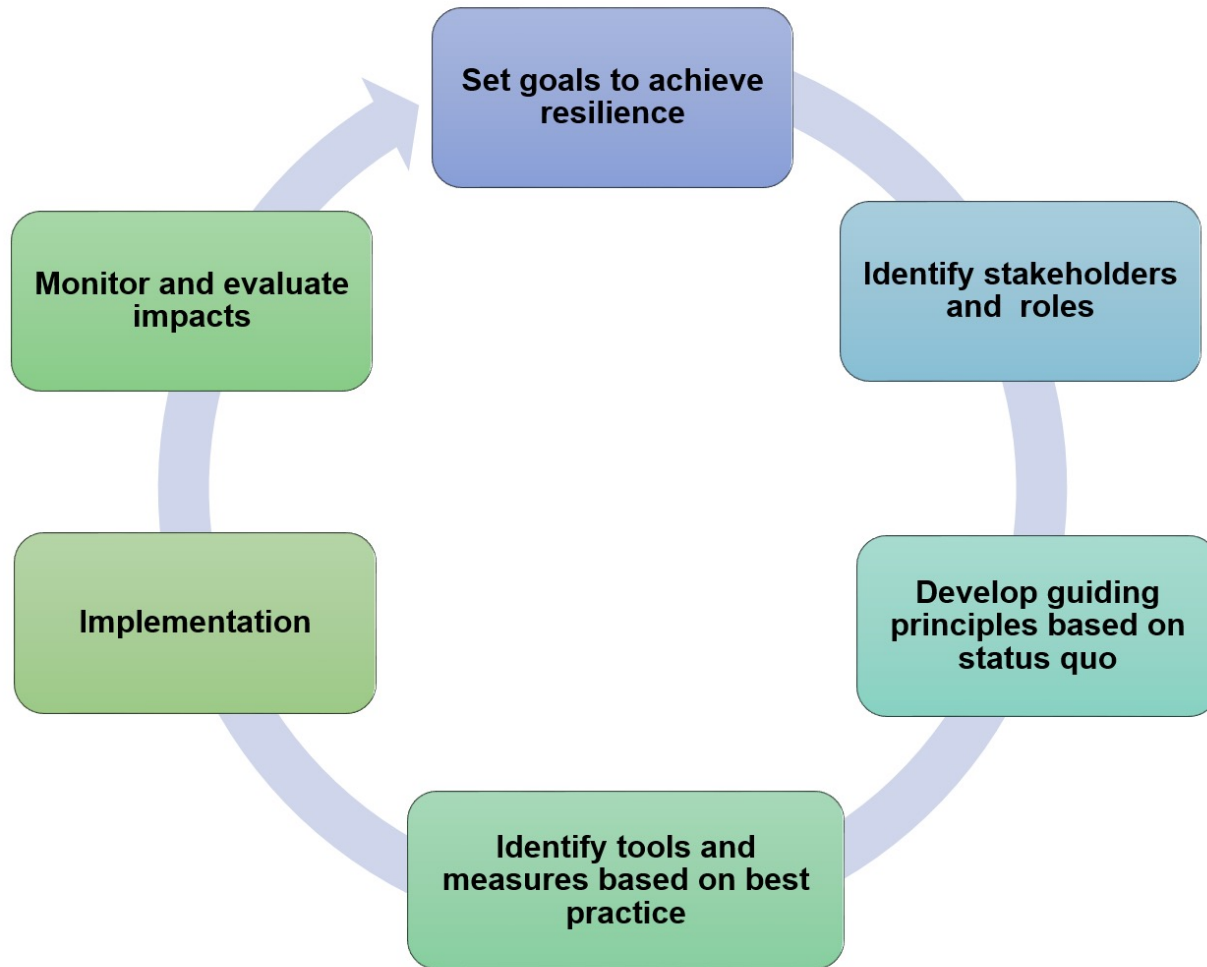
	Frequency	Percent
No response	32	7.9
Reopening/ resumption of international travel/ tourism	299	74.0
Increase in domestic tourism	295	73.0
Attractions, entertainment, leisure and recreational facilities to be fully operational and open	266	65.8
Improved safety and security measures	242	59.9
Compliance with health safety protocols	223	55.2
Population to be vaccinated	246	60.9
Being competitive internationally to attract tourists	218	54.0

Key elements of tourism SMME recovery framework

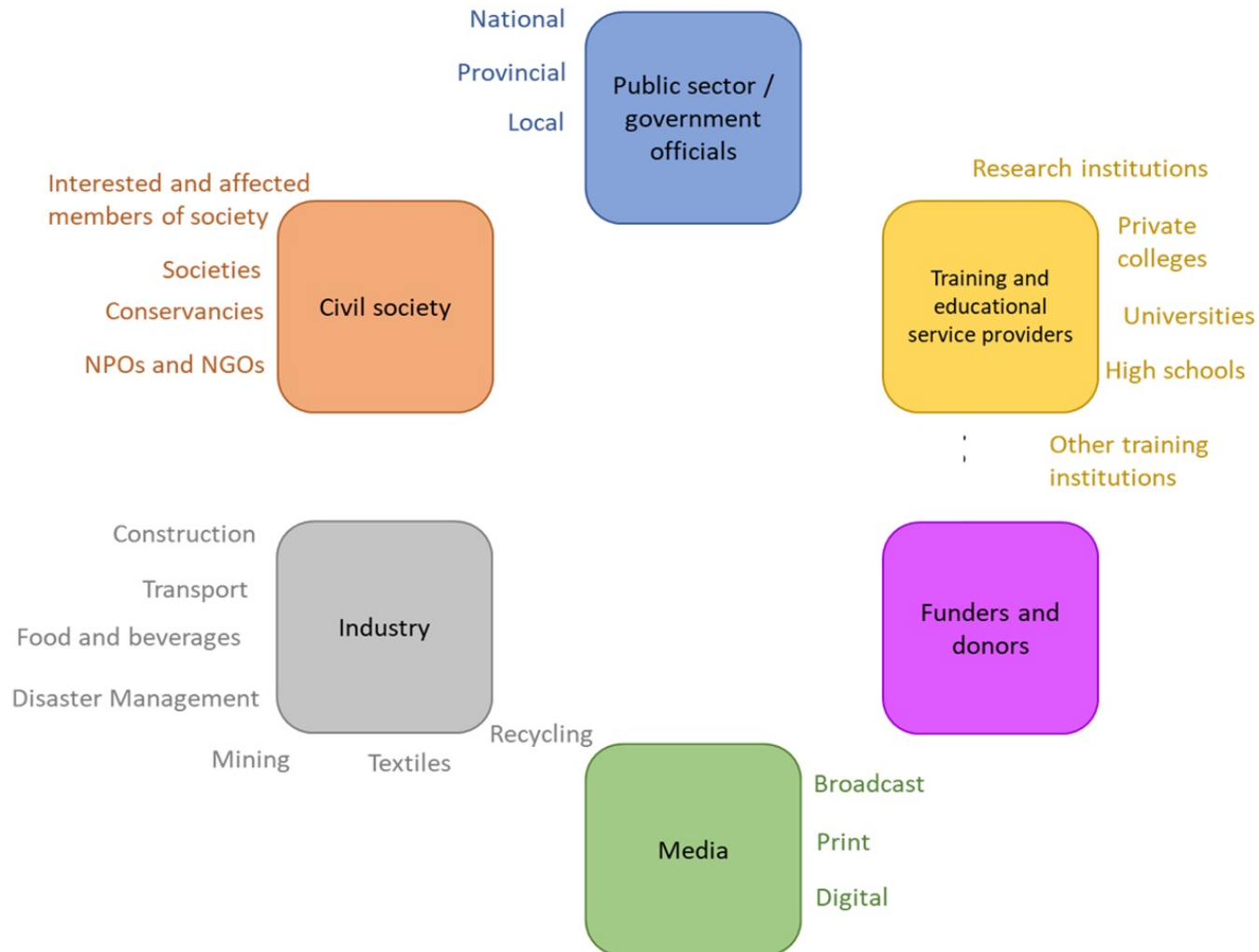
Key issues in developing the framework

- Alignment with South Africa's Tourism Recovery Strategy and Economic Recovery plan
- Developing strategies and interventions in a resource scarce environment and where financial support is needed but unlikely to be realised
 - Dependencies on public funds that is not feasible nor sustainable
- Diverse impacts with the smallest businesses (both in relation to turnover and the number of employees) being most severely affected
- Need for multi-stakeholder engagement and support from the public and private sectors
- 4R approach advocated: Respond, Reshape, Reimagine and Reach-out
- Importance of risk assessments and training

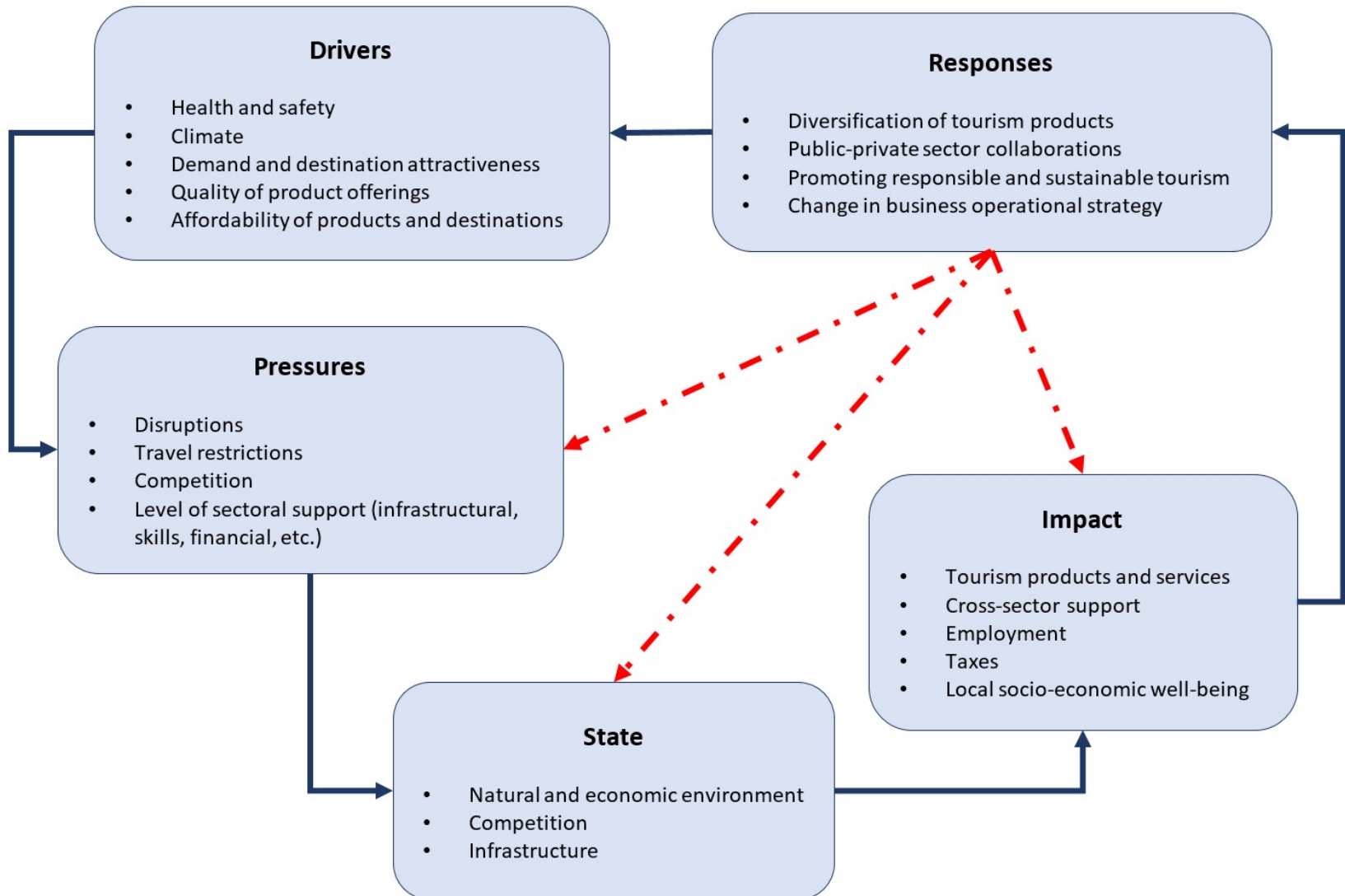
Proposed framework



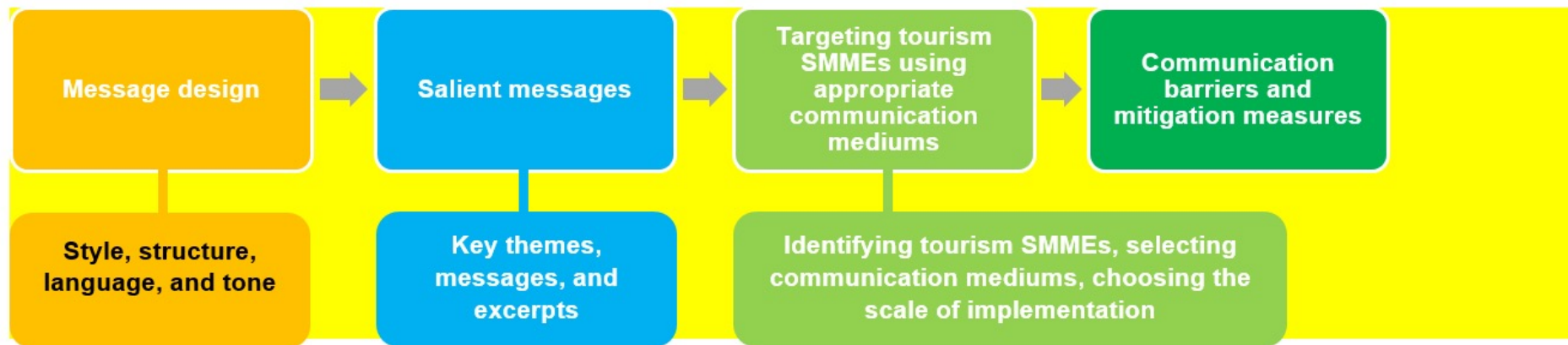
Stakeholder groups that should be targeted for the development of the tourism SMME resilience strategy



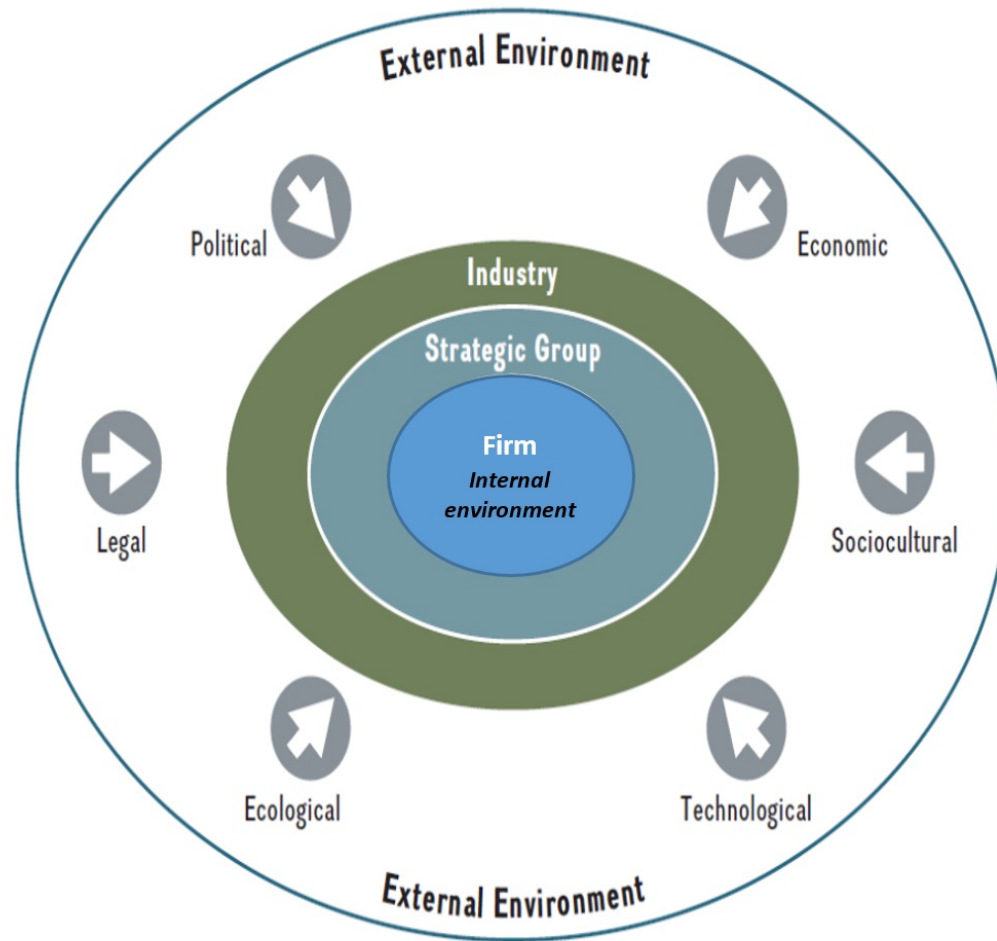
DPSIR factors for tourism SMMEs



Outline of the possible framework for an awareness campaign targeting tourism SMMEs, focusing on the importance of resilience within the tourism sector



PESTLE Model (Khanzad and Goovabadi, 2021:131)



Recommendations for implementation

- Coordination among key stakeholders/ actors
- Activity management
- Knowledge management
- Resource management
- Monitoring and evaluation
- Improvements in the conceptualisation, administration and implementation of financial support provided

Thank You! Siyabonga!



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