



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA

FINAL REPORT

**ENABLING SMALL, MEDIUM AND MICRO ENTERPRISES (SMMES)
SURVIVAL AND GROWTH DURING/ POST COVID-19**

DEFINITIONS

Entrepreneurship: setting up a business or businesses with an element of risk and innovation with the intention of generating a profit.

Recovery plan: documents and provides guidelines (including strategic directions and interventions) on how processes and activities that have been negatively disrupted (unplanned).

Resilience: the ability/ capacity to adapt to changes as well as recover from or deal with challenges, difficulties and risks.

SMMEs: Definition of SMMEs specific to the catering, accommodation and other trade sectors, as defined by the Department of Small Business Development (2019a) include:

- Small enterprise “means a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy and classified as a micro, a small or a medium enterprise”.
- Medium - establishments that employ between 51 and 250 people with a maximum average annual turnover of R40 Million.
- Small - establishments that employ between 11 and 50 people with a maximum average annual turnover of R15 Million.
- Micro - establishments that employ up to 10 people with a maximum average annual turnover of R7.5 Million.

Tourism SMMEs: tourism-related businesses such as accommodation and restaurant establishments, tourism transportation services, sale of tourism artefacts and products, travel agencies, tour guides and tour operators that fall under the above SMME categories.

Sustainability: is a complex phenomenon of engaging in human activities that balances social, economic and environmental needs; without compromising the rights and needs of future generations, and ensuring that negative impacts are minimised.

Tourism: ‘the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited’ (UNWTO, cited in Statistics South Africa, 2019: 4).

Tourism value chain: constitutes the full range of value-added activities from conception/ design to production to consumption to disposal after use.

Transformation: refers to a change in the tourism sector that improves the ability to adapt and adjust to market demands and supply changes, as well as respond to sustainability obligations and imperatives, and technological/ digital advancements.

Abbreviations

B-BBEE	Broad-based Black Economic Empowerment
CNBC	Consumer News and Business Channel
COVID-19	Coronavirus Disease 2019
DSAC	Department of Sports, Arts and Culture
DPSIR	Drivers, Pressures, State, Impacts and Responses
GDP	Gross Domestic Product
GVA	Gross Value Added
ILO	International Labour Organisation
IOL	Independent Online
NDP	National Development Plan
NDT	National Department of Tourism
NPC	National Planning Commission
OECD	Organisation for Economic Cooperation and Development
PPE	Personal Protective Equipment
SDGs	Sustainable Development Goals
SEDA	Small Enterprise Development Agency
SMMEs	small, medium and micro enterprises
TAM	Technology Acceptance Model
TBCSA	Tourism Business Council of South Africa
TOPCO	Top Performing Companies
UIF	Unemployment Insurance Fund
UNWTO	United Nations World Tourism Organisation
UTAUT	Unified Theory of Acceptance and Use of Technology

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1. Summary

The interim report provides the context of the study focusing on enabling small, medium and micro enterprises (SMMEs) survival and growth during and post the Coronavirus Disease 2019 (COVID-19) pandemic that has had devastating impacts on SMMEs that have high levels of vulnerabilities associated with the lack of resources and capacity to respond to disruptions. The aim, objectives and research questions are presented. In relation to the rationale and purpose of the research, the importance of SMMEs generally and tourism SMMEs in the South African context is highlighted. Specifically, SMMEs are deemed to be critical to driving entrepreneurship and innovation, economic development and job creation. Supporting tourism SMMEs to respond to the COVID-19 pandemic is not only important for socio-economic development, but is central to ensuring that the tourism sector is on pathways to recovery, sustainability and future resiliency.

The theoretical/ conceptual framework that informs the research reflects the multi-disciplinary and inter-sectorial orientation of the study. The multi-conceptual theoretical framework draws on stakeholder theory (with SMMEs being the primary stakeholders) and post-structuralist theory that examines institutional, organisational, and business culture; and diffusion theory that examines SMMEs' readiness, capacity and capabilities to embrace change. Additionally, because of the major impacts that access to social media and technology more generally, in addition to the diffusion theory, the Technology Acceptance Model (TAM) and the extended Unified Theory of Acceptance and Use of Technology (UTAUT) are also used.

In terms of the research methodology, a mixed methods approach was adopted using both quantitative (404 SMME surveys) and qualitative (12 key informant interviews). To ensure a higher response rate, the period for the data collection has been extended and other activities adjusted accordingly to ensure completion in time. The literature review focused on the following thematic areas: 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, and government and tourism SMME responses to the COVID-19 pandemic. The main findings indicate that in terms of the profiles of SMMEs, they differ considerably in relation to the location operating from, turnover, the status of the business in terms of formality, number of employees and number of years in operation. Additionally, the results show that tourism SMMEs traverse a range of activities, with many engaging in multiple activities. This reflects the diversity of the tourism landscape in South Africa. Most SMMEs experienced severe turnover and staff losses associated with the pandemic (and in the case of Gauteng and KwaZulu-Natal compounded by the social unrest as well), with the worst impacts during the initial March 2020 lockdown. Restrictions on travel, social interactions and consumption (including alcohol bans) were key reasons that impacts on demand and thereby the revenues of SMMEs. The loss of revenues and jobs are highlighted in the literature and by key informants as well. The serious socio-economic implications, given that the tourism sector is a major job creator and contributor to the GDP, are underscored.

The results show variable impacts on different types of businesses, revealing that the most vulnerable businesses in relation to COVID-19 pandemic impacts were micro enterprises, especially those that are in the informal sector, since they have limited resources and opportunities to access support. Importantly, in relation to turnover, a recovery trend was discernible from January to August 2021, suggesting the tourism SMMEs are on a recovery pathway should there be no or limited major disruptions and that demand and consumption resumes. However, some SMMEs will not recover while others are likely to take a longer time to be fully operational. Although most respondents indicated that tourism SMMEs (and the tourism sector more generally) will fully recover, the length of recovery differed, with more respondents expecting the tourism sector to take longer to recover when compared to the tourism sector more generally.

There was also general consensus that the pandemic is likely to change the operations of the SMMEs in the long-term, mainly in relation to health protocols and technological changes. Different and multiple types of SMMEs were adopting a range of tools and measures to cope with the COVID-19 pandemic that included employee changes,

business/ organisational adjustments and financial changes. Financial challenges are by far the main issue associated with tourism SMMEs and COVID-19 pandemic impacts. Of concern is that many SMMEs have been forced to draw on personal and business savings as well as sell assets to cope with the financial impacts of the pandemic. This increases vulnerability should subsequent waves result in major disruptions again or new disruptions are experienced. The results also suggest that some types of businesses are better positioned to use strategies and/ or were forced to use strategies (such as retrenchments as well as using business and personal savings) that will leave them more vulnerable in the future. The demand and consumption side of tourism will need to increase and recover so that financial stability among SMMEs emerges that will limit employee disruptions and will over time result in employment increasing again. Another key challenge raised related to internet connectivity (linked to the importance of digital platforms).

Accessing government and other external support was limited. Small and medium businesses located in urban areas were more likely to be aware of and access external support. This was problematic since the most vulnerable SMMEs (informal/ not registered, fewer employees and operational for fewer years) are less likely to be aware of or benefit from support. The general sentiment was that government support was largely inadequate and ineffective. A range of different types of support needed was identified by the tourism SMMEs and the key informants interviewed, with financial support and training being the most prominent. The responses also reveal the need for a multi-pronged set of support mechanisms to deal with the pandemic. The importance of both domestic and international tourism recovery was deemed to be critical.

This study proposes a tourism SMME recovery framework, aligned to the national tourism recovery plan and building on strategies being adopted by tourism SMMEs as well as organisations (including government departments) that are providing support. Additionally, the framework is sensitive to differences among tourism SMMEs. The focus is on adopting and centralising resilience, aimed at informing the development of a Framework and Implementation Plan to be piloted as part of Phase 2 of this project. Guiding principles are forwarded which include setting goals, identifying stakeholders and

targeting tourism SMMEs that need support the most, while acknowledging that other tourism SMMEs and organisations may be better positioned to assist. Tools and measures are also suggested to better understand impacts on tourism SMMEs and to inform the Framework such as the Drivers, Pressures, State, Impacts and Responses (DSPIR) model, an awareness campaign and training framework, and the Political, Economic, Socio-cultural, Technological, Ecological and Legal (PESTEL) model. Recommendations for implementation are also suggested and include coordination, activity management, knowledge management, resource management, and monitoring and evaluation. A key recommendation is improvements in the conceptualisation, administration and implementation of financial support provided. This study contributes substantially to providing recommendations to inform response measures to enable tourism SMMEs to recover from the pandemic impacts and increase capabilities to be more resilient in the future.

2. Introduction and background

The tourism sector is a major contributor to the global economy (United Nations World Tourism Organisation - UNTWO, 2020). In developing economies such as South Africa, SMMEs play a strategic role in the tourism value chain, job creation, and local economic development (Bvuma and Marnewick, 2020; Kirsten and Rogerson, 2002; Sibanda, 2013). South Africa's National Development Plan (NDP) (National Planning Commission - NPC, 2013) acknowledges tourism's importance in creating jobs (given its labour intensity), establishing small businesses, alleviating poverty and fostering a favourable balance of payments. It is widely acknowledged that SMMEs are critical to driving entrepreneurship and innovation, economic development and job creation.

The COVID-19 pandemic has had severe impacts on SMMEs and tourism SMMEs in particular given the consensus that tourism is one of the worst affected by the pandemic. This underscores the importance of better understanding differences among tourism SMMEs in relation to impacts, responses and resilience. Tourism is one of the sectors

that is bearing the highest impact of restrictions introduced to curb the spread of the COVID-19. A study by Ipsos (2020) found that over half of the SMMEs surveyed reported uncertainty concerning the sustainability of their businesses because of the impact of the COVID-19. The COVID-19 pandemic has and will continue to have wide-ranging impacts across the tourism value chain, including SMMEs. In this context, examining issues pertaining to enabling SMMEs survival and growth during and post the pandemic is important to ensure that tourism recovers to continue on the pathway to meeting economic and transformation aspirations. Furthermore, it is critical as lockdown restrictions are lifted and the tourism sector opens up again to move from aiding SMME recovery to building SMME resilience since it is resilience that will enable SMMEs to cope during future disruptions that impact the tourism sector.

3. Rationale of the study

Given the importance of SMMEs, the recovery of tourism SMMEs is an important component of shifting the tourism sector on the path to recovery, sustainability and future resilience. This aligns to national and international trends that view transformation as a radical change in the manner in which we think about and prepare for the future. The COVID-19 pandemic disruptions have also shone a spotlight on the need for the tourism sector to be resilient and to be able to deal with disruptions. The vulnerabilities of some of the employees in the tourism sector, especially those on contract and part-time positions, were also exposed globally. In the South African context, these employees are from previously disadvantaged groups and therefore most vulnerable to disruptions which, in the context of climate change and constant disruptions, the tourism sector will be increasingly exposed to. Rambe and Mosweunyane (2017) and Zondi (2017) outline several challenges that small businesses in South Africa face, including market competitiveness and penetration, attracting and retaining employees, the ability to attract funding and venture capital, financial sustainability, accessing business development support, etc. Additionally, the tourism sector, in particular, is associated with seasonal variations and demand as well as dealing with disruptions linked to extreme weather, terrorist activities, economic recessions, etc.

The importance of examining the COVID-19 pandemic impacts on tourism SMMEs and specifically focusing on the effectiveness of responses and interventions is undisputed given the uncertainties and impacts experienced. Thus, trends and key issues need to be examined, noting that there are substantial differences among tourism SMMEs across the tourism value chain in terms of profiles, capabilities and preferences. Additionally, the impacts and implications for recovery strategies and interventions in the South African context should also sufficiently consider transformation imperatives, especially impacts on persons from previously disadvantaged groups in relation to aspects such as improved job security, career progression and better working conditions, as identified by Booyens (2020). The differential impacts of the pandemic and response measures in terms of SMME profiles (including gender and persons with disabilities together with population group) is critical to examine. This study adopts a multi-disciplinary and inter-sectorial stance to examine the range of tourism-related impacts and responses to the COVID-19 pandemic, with due consideration to different types of tourism SMMEs.

In relative terms, funding for tourism SMMEs to cope with the pandemic disruptions is extremely limited given that most, if not all, SMMEs have been adversely impacted. In this regard, the pathway to recovery is likely to be prolonged and difficult to predict, and the overall financial situation is unlikely to support major financial investments in the near future. In this context, the tourism sector needs to rethink what other types of measures and tools can be used, reprioritise who should need assistance and where resources (not necessarily funding only) should be allocated, and how to support SMMEs to be more resilient and response in the future.

This study adopts a multi-disciplinary and inter-sectorial stance to examine the range of tourism-related impacts and responses to the COVID-19 pandemic, with due consideration to different types of tourism SMMEs. Several key aspects emerge that need to be examined:

- Impacts of COVID-19 on tourism SMMEs (economic, social, environmental, geo-political, health, etc.), including consideration of differential impacts such as which regions and types of SMMEs are likely to be the most affected.
- SMMEs in specific tourism sub-sectors (for example, events tourism, business tourism, nature-based/ ecotourism, sport tourism, cultural tourism, cruise tourism, etc.) experiencing the COVID-19 pandemic and what are the responses to this crisis.
- Related sector-specific (for example, accommodation, transport, hospitality/ restaurant, etc.) impacts and responses in relation to links with tourism SMMEs.
- Disruptions to SMME business development, service provision and support; and the implications thereof.

It is imperative that the tourism sector better understands current and future changes in travel patterns and behaviours as well to fully grasp implications for tourism SMMEs, and assess their willingness and abilities to respond to changes.

4. Problem statement

The above discussion underscores the importance of SMMEs in the tourism sector and in meeting South Africa's socio-economic transformational aspirations. Additionally, given the high levels of vulnerabilities associated with SMMEs generally, and the reality that the COVID-19 restrictions and protocols halted tourism activities and continue to have major impacts, these businesses have been severely impacted. Additionally, support provided to SMMEs was and remains disrupted. Measures and tools have been developed to provide support to SMMEs during the pandemic. However, a critical assessment of these measures and tools has not been undertaken. This includes whether they were suitable for the different types of SMMEs and variations in relation to the impacts experienced. Furthermore, due to resource scarcity impacting both private and public sectors as a result of the major economic recession, it is imperative that consideration be given to the range of options, which can be drawn from examining international best practices in terms of responses to support SMMEs as well as the effectiveness of measures and tools used

in South Africa. Therefore, this study is important to inform response measures and tools, and build capacity and resilience among SMMEs to recover from the COVID-19 pandemic and deal with future disruptions.

5. Purpose of the study

The purpose of the study, as articulated in the Department of Tourism Call for proposals, is to assess measures and tools used to enable the survival and growth of tourism SMMEs during economic hardships and particularly during COVID-19. Furthermore, the study aims to develop and/ or recommend sustainable intervention tools and measures that may be used to enable the survival and growth of tourism SMMEs in South Africa during and post COVID-19.

6. Research questions

The research questions for the study are:

- How are other countries supporting tourism SMMEs to survive or deal with the disruptions/ impacts of the COVID-19 pandemic? What types of measures and tools have been and are used in South African and internationally 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? Who or how was the support provided?
- How effective were the measures and tools used to enable the survival of tourism SMMEs during the COVID-19? Which types of measures and tools were effective and which were not? What were the reasons for ineffectiveness and how can this be addressed in the future?
- What were the challenges in relation to the application/ implementation of the measures and tools used to enable the survival of tourism SMMEs during COVID-19?

- What measures and tools should be used that are not used currently? Who should be the implementing agents and why?
- Which types of sustainable intervention measures and tools may be used to enable the survival of tourism SMMEs in South Africa during and post COVID-19? Who should be the implementing agents and why?

7. Objectives of the study

The main objectives of the study are to:

- 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.

8. Theoretical background

Given that research on both tourism and SMMEs are multi-disciplinary and draw from several perspectives, this study adopts a multi-conceptual theoretical framework. The stakeholder theory is widely used as a lens to consider individuals or organisations who are either directly or indirectly influential in relation to SMMEs (Dzansi and Pretorius, 2009; Moeti et al., 2017; Ndubisi et al., 2020). Freeman (1984), regarded as the foundational contributor of the stakeholder approach, asserts that a stakeholder is defined as a person, or a group of people, who benefits from, or who is harmed by, and whose rights are violated or respected by the action of others. Dzansi and Pretorius (2009) add

that a stakeholder framework in relation to examining small businesses permits a focus on economic sustainability and balancing differing interests. The stakeholder theory is important in this study since tourism SMMEs are highly variable with differing needs and resources. This requires support measures and tools to be sensitive to these differences. Adopting this approach also permits the delineation of primary and secondary stakeholders. For the purposes of this study, the primary stakeholders are the SMMEs who are largely influential in determining the survival of their enterprises. The secondary stakeholders are those from the public and private sector who provide support to SMMEs in relation to business development services, training and funding and have a stake in ensuring that they are successful. It is important to note that while secondary stakeholders are not essential, they have an influence on, or is influenced by, measures and tools implemented to support SMMEs to deal with and recover from the impacts of the COVID-19 pandemic. The secondary stakeholders are government and organisations (both in the tourism and small business sectors) who provide support in relation to business development services, training and funding. Their perspectives and insights (including in relation to which measures and tools are preferred, and which SMMEs are targeted) are important to consider.

Post-structuralist theory is also useful in understanding institutional, organisational, and business culture. This is also related to exchange theory which is important to examining interactions among SMMEs and with external organisations providing support. Shi and Weng (2020: 68) assert that “the post-structuralist tourism system ontology focuses on the variability, initiative and global expansion of the tourism system, which helps to expand the depth and breadth of tourism system research”. This is particularly relevant in relation to the COVID-19 pandemic which has global ramifications and has resulted in concerted and combined efforts to address disruptions, in the context of variable impacts and responses. Shi and Weng (2020) further assert that post-structuralism views tourism as being active (and evolving). They also note the importance of investments which is critical when examining measures and tools to support tourism SMMEs. External and internal dynamics and pressures are also important to consider, with due consideration to contextual factors (Hanna et al., 2016; Hannam and Knox, 2005; Shi and Weng, 2020).

The authors also emphasise the importance of adopting a critical stance, which this study does in assessing the measures and tools used to support tourism SMMEs.

Diffusion theory is important in relation to embracing new and emerging technologies which are central features in a COVID-19 world. Chiliya et al. (2011) assert that diffusion occurs via five stages: knowledge/ awareness of a measure/ innovation, persuasion to embrace adoption, decision to adopt, implementation/ use and confirmation (positive outcomes experienced). Diffusion theory also includes considering the different stages of SMMEs to understand their readiness and capacity to embrace change (Anwar et al., 2014). In terms of understanding how measures and tools to assist tourism SMMEs are perceived and embraced, five factors identified by Rogers (1995: 5 cited in Chiliya et al., 2011: 30) are worth examining (adapted for this study):

- Characteristics of the measures and tools themselves
- Characteristics of how measures and tools were communicated
- Process characteristics: were tourism SMMEs mandated to embrace a measure/ tool or was it voluntary?
- Characteristics of the social system – what is the compatibility of the measure or tool with the social norms of the tourism SMMEs?
- Characteristics of the change agents (such as government departments) promoting the measure or tool)

The diffusion approach also looks at capabilities. Sen's capabilities approach is a widely used conceptual framework to examine interventions to support growth among SMMEs and specifically look at a poverty reduction focus on entrepreneurship as advocated by Rambe and Mosweunyane (2017). It is important to note that the different theories and perspectives are interrelated and complement each other. For example, Dabphet et al. (2012) used diffusion theory to examine stakeholder understanding of sustainable tourism development in Thailand.

In the context of COVID-19, SMMEs resorted to the use of social media platforms such as Facebook, Instagram, TripAdvisor, Twitter, WhatsApp, Pinterest, blogs, and others for purposes of marketing (specials, weather updates, protests, menu change, cancellation of events, including establishment closures) and sending out messages (such COVID-19 travel alerts and restrictions). Under such circumstances, the TAM developed by Davis in 1985 becomes pertinent. TAM posits that a potential user's overall attitude towards using a system is predicated on two central beliefs: 'perceived usefulness' and 'perceived ease of use', implying that design features influence these two beliefs (Davis, 1985; Granić and Marangunić, 2019). According to Davis (1985: 26), perceived use is "the degree to which an individual believes that using a particular system would enhance his or her job performance", and perceived ease of use is "the degree to which an individual believes that using a particular system would be free of physical and mental effort". Platforms such as Facebook and WhatsApp have gained traction based on perceived use including user-friendliness, the ease to post pictures and videos, and notices without requiring prior learning, accessibility to large audiences, opportunities to hold conversations, and their overall cost-effectiveness. According to Davis (1985), TAM leverages Ajzen and Fishbein's (1967, 1975, 1977) theoretical models of human behaviour as he argues that TAM is important in describing the motivational processes located between a system and user behaviour. Granić and Marangunić (2019) state that TAM examines reasons why technology is accepted or rejected. This model is relevant in understanding the behaviours and nature of adaptation and responses of SMMEs to the impacts of COVID-19 which scholars already examining aspects, mainly in relation to education and training, pertaining to TAM and the COVID-19 pandemic (for example, Chayomchai, 2020; Khan et al., 2020; Lazim et al., 2021; Sukendro et al. 2020; Tsai et al., 2021).

TAM was further extended by Venkatesh et al. (2003) to construct a UTAUT with four predictors of users' behavioural intention, namely, 'performance expectancy, effort expectancy, social influence and facilitating conditions' (Lai, 2017). This UTAUT model was further extended by Venkatesh et al. (2003; 2016) to become the 'UTAUT 2' model with the following components: effort expectancy (how easy the system is to use), performance expectancy (perceptions of the extent to which the technology will enhance

performance), social influence (how users influence others to use the medium), habit (relates to continued use which has been likened by others to addiction), hedonic motivation (relates to satisfaction and gratification to use a medium) and price value (cost to users). UTAUT 2 is relevant for this study because its key components can be used to unpack processes of technology adoption by SMMEs in the context of COVID-19.

9. Research methodology

9.1. Data collection

To ensure that reliable and valid information is collected that address the aim, objectives and research questions of the study, a mixed method approach was adopted, using a combination of qualitative and quantitative. As indicated by Creswell and Creswell (2017), mixed methods seek to understand the complexities and contexts of the social experience of participants by engaging in qualitative discussions while examining broader trends using a quantitative approach, thereby improving research validity. The quantitative approach was a structured survey targeting tourism SMMEs. The qualitative approach was key informant interviews. A desktop study framed the research, and is especially important to examine international best practices. Each of the approaches are discussed in detail below.

Phase 1: Desktop study

The desktop study included reviewing relevant literature, drawing on national and international perspectives to identify how are other countries supporting tourism SMMEs to survive or deal with the disruptions/ impacts of the COVID-19 pandemic. Specifically, the focus was on what types of measures and tools have been and were used in South Africa and internationally 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. Additionally, Phase 1 included a systematic literature review. The information for the desktop study was sourced primarily via the internet focusing on policy and position paper documents, journal articles, books, conference papers, newspaper

articles, magazines and studies conducted by tourism organisations and other relevant bodies. This review was based on literature searches using the following databases for relevant publications from 2010 onwards: Pub Med, Web of Science, ScienceDirect, and Google Scholar. The search was based on a set of keywords. A more general internet search also sourced relevant policies, frameworks, guidelines, case studies, etc. Studies that focused on COVID-19 impacts on tourism, such as the Tourism Business Council of South Africa's (TBCSA) research, were also examined. Popular articles and publications as well as high level reports produced by relevant and appropriate stakeholders are integrated as part of this review. The desktop study informed strengthening the theoretical framework and literature review presented earlier, identifying best practices and permitting comparisons to be made during the data analysis stage, and assisting in relation to developing the data collection tools (quantitative surveys and key informant interview schedules).

Phase 2: Quantitative tourism SMME survey

The quantitative component included a structured survey that targets tourism SMMEs across the country using an online sampling approach. Additionally, because of challenges associated with internet connectivity to participate online or electronically, the online survey was being complemented with telephonic interviews. Furthermore, to ensure that the experiences and needs of micro enterprises were sufficiently covered and to ensure that the targeted sampling size is achieved, face-to-face surveys targeting purposively selected tourism businesses were undertaken in Johannesburg, Cape Town, Durban, St Lucia and Kimberley. Johannesburg, Cape Town and Durban were selected since they are the main international and domestic tourism destinations in South Africa, respectively. Additionally, both the cities have a rural spatial footprint and township tourism, which ensures that different types of tourism locations are covered. To further ensure that different tourism contexts are covered, St Lucia was included as an example of a nature-based tourism town and Kimberley as a location that is away from main and popular tourism destinations. Within these locations, micro enterprises in the vicinity of tourism sites/ destinations were mainly targeted. Where convenient, small and medium enterprises were also interviewed using this approach.

The Small Enterprise Development Agency (SEDA, 2019) indicates that in 2019 there were 2.55 million SMMEs in South Africa (with 10.8 million persons being employed by SMMEs), with year on year increases prior to 2020 when the COVID-19 pandemic was experienced. The majority of these SMMEs (1.7 million) are informal SMMEs. The Department of Small Business Development (2017) asserts that there is no comprehensive public database of SMMEs and cooperatives in South Africa. Furthermore, statistics on SMMEs in South Africa is not disaggregated to provide tourism sector specific figures and trends. This poses challenges to determine a sample that is truly representative of the entire population. Teddlie and Tashakkori (2009) assert that a minimum sample of 387 is required based on the strategy for selecting a sample from an unknown population. Furthermore, the sample size for a population of 500 000 tourism SMMEs (an over-estimate) is 384 at a 95% confidence level and confidence interval of 5. This study intended to exceed this number, targeting a sample size of 600 which will enable statistical and trend analyses to be undertaken. However, given the response rates, the target sample size was revised to 400 which enabled trend analyses to be undertaken. It is important to note that the use of online and snowball sampling as well as face-to-face interviews at purposively selected cities and locations to increase the response rate implies that a non-probability sampling approach was adopted, although targeted sample sizes were met. The inclusion of different locations and types of SMMEs were intended to increase representation in terms of ideas, opinions, experiences and perceptions to inform the trends analyses undertaken. In total, 404 SMME surveys were completed in 5 provinces (232 in KwaZulu-Natal, 79 in Gauteng, 63 in the Western Cape, 25 in the Northern Cape and 5 in the Eastern Cape) as per Table 3 in the data analysis chapter. The disproportionate numbers are a result of the methodological approach adopted, targeting selected destinations.

Various databases (including that of the Department of Tourism as well as tourism and SMME organisations) and internet searches were used to compile a list of tourism SMMEs. Research assistants undertook internet searches to complement information derived from existing sources. The lists were used to approach the tourism SMMEs to

participate in the study. Organisations, including the Department of Tourism, were approached to also host the survey invitation links to increase overall participation in the survey. Additionally, a form of snowball sampling approach was being used whereby SMMEs who received the invite were asked to forward the invitation to other tourism SMMEs they knew to participate in the study. Attention was paid to ensure that different types of tourism SMMEs were represented and that there was a spatial spread as well.

The key thematic areas that were covered in the survey that align with the research questions and objectives are:

- Profile of tourism SMMEs (type, size in relation to turnover and number of employees, location operating from, tourism focus, ownership profile, etc.)
- Impacts of the COVID-19 pandemic on the SMME business in terms of when experienced, types of disruptions experienced, etc.
- Strategies used, using or planned to use to deal with the COVID-19 pandemic/ responses to disruptions (including closing business, deferring payments, reducing employees, moving to virtual platforms, etc.), and their effectiveness
- Knowledge and awareness of measures and tools used to enable the survival of tourism SMMEs during the COVID-19 pandemic (and specific assistance that SMMEs were able to access)
- Perceptions of the effectiveness of the measures and tools used
- Type/s of measures and tools that should be used (and by whom) to enable tourism SMMEs to be on a sustainable path to recovery (including those currently not available)
- Challenges that were and are likely to be experienced in relation to the application/ implementation of the measures and tools used to enable the survival of tourism SMMEs, and how these should be addressed

Since the surveys were mostly intended to be self-administered (respondents to complete online or via email), the survey included mainly closed-ended and likert scale questions for ease of completion and analysis.

Phase 3: Key informant interviews

The quantitative business survey was complemented with key informant interviews. This included purposively targeting agencies involved in small business development support which, as indicated earlier, was also disrupted. These interviews examined the implications of these disruptions on tourism SMMEs. Additionally, purposively selected relevant stakeholders such as provincial and national tourism departments and representatives of tourism organisations and SMME organisations were approached to participate in the study. Persons selected were those who were likely to be well informed regarding the opportunities and constraints pertaining to tourism SMMEs in the context of enabling COVID-19 economic recovery. The purpose of the key informant interviews was to reflect on and probe further findings emanating from the survey-based research as well as have a more detailed discussion on key issues emerging from the desktop study, aligned to the research questions and objectives of the study. A key informant interview schedule was developed to guide the discussions. At least 10 key informant interviews were targeted using the purposive and saturated sampling approach. In terms of the latter, if no new issues/ insights emerge then it can be assumed that aspects have been sufficiently covered. Twelve (12) key informant interviews were completed in the following categories (the names of the organisations and government departments are not disclosed in the report to comply with research ethical requirements):

- 2 national department officials
- 1 national Small Business Development Agency
- 1 national hospitality and tourism organisation
- 1 national trade association for the hospitality industry
- 1 provincial economic development and tourism department
- 1 provincial conventions and bureau official
- 1 provincial tourism marketing organisation
- 1 provincial investment promotion unit
- 1 management company focusing on small businesses
- 1 small business and entrepreneurship training consultants
- 1 higher education consortium agency

9.2. Data analysis

The quantitative and qualitative data were subjected to a thematic analysis, aligned to the research questions and objectives as well as reflecting on the issues emanating from the literature reviewed. The survey data was subjected to descriptive and inferential statistics using the Statistical Package for the Social Sciences. Tabulated frequencies and percentages were generated and subjected to analysis. Findings are presented in Tables and Figures. Furthermore, crosstabulations and chi-square tests, comparing the means of the variables (with P values less than 0.05 indicating a statistically significant association), were used to establish whether there were relationships between selected variables. In terms of the presentation of the results, because of the rounding off of percentages to one decimal point, in some cases, the total percentage figures do not add up to 100%. The key informant interview notes/ transcripts were imported into NVivo (a qualitative analysis software package) to generate themes/ conceptual categories.

9.3. Ethical aspects

Ethical compliance was adhered to. Online surveys and invitations to the key informants/ stakeholders included a covering letter that included details and purpose of the study, underscoring that this is a Department of Tourism commissioned study, provided contact details of the Project Leader and the Department of Tourism, and assured respondents that their participation in the study was voluntary and the confidentiality and anonymity of respondents will be respected. They could also withdraw from the study at any time. For the online surveys, a question that asked the person responding that they agree to participate in the study was included. The online survey was configured in a way that if this question was not answered in the affirmative, the survey could not be accessed for completion. Thus, online informed consent was adhered to. All information will be anonymous (no personal details are collected) and confidential. Prior to the commencement of consultation with relevant stakeholders, they were informed of all ethical considerations, and permission was sought to continue with the interview. An ethical application was submitted to the Human and Social Sciences Ethics Committee

at the University of KwaZulu-Natal (which is nationally accredited) and full ethical approval has been granted.

9.4. Challenges

The limitations/ concerns highlighted in the proposal is important to note:

- Lack of existing data on SMME relevant to the research questions posed here raised challenges
- Reliance on online or electronic surveys (which was anticipated and addressed with the increase in the number of face-to-face interviews conducted).
- Experienced difficulties in accessing stakeholders to conduct the key informant interviews timeously. This could bias the experiences and perceptions shared. However, the ability to complete 12 key informant interviews despite challenges experienced reflects the networks of the researchers involved in this study.

10. Literature review

The tourism sector is a major contributor to the global economy (UNTWO, 2020). In 2018, the sector generated approximately of \$8.8 trillion and created 319 million (Kukanja et al., 2020: 346). In developing economies such as South Africa, SMMEs play a strategic role in the tourism value chain, job creation, and local economic development (Bvuma and Marnewick, 2020; Kirsten and Rogerson, 2002; Sibanda, 2013). The definition of SMMEs specific to the catering, accommodation and other trade sectors, as defined by the Department of Small Business Development (2019a) include the following categories:

- Small enterprise “means a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy and classified as a micro, a small or a medium enterprise”.
- Medium - establishments that employ between 51 and 250 people with a maximum average annual turnover of R40 Million.

- Small - establishments that employ between 11 and 50 people with a maximum average annual turnover of R15 Million.
- Micro - establishments that employ up to 10 people with a maximum average annual turnover of R7.5 Million.

The sector is highly vulnerable market changes because of its labour-intensive nature (Kukanja et al., 2020: 348). The COVID-19 pandemic has severe impacts on the sector. A report by the Organisation for Economic Cooperation and Development (OECD, 2020: 1) noted “that the potential shock could range between a 60-80% decline in the international tourism economy in 2020”. SMMEs operating in the tourism sector bare a disproportionately higher burden of the impacts of the pandemic for several reasons including the fact that they “typically subsist on low profit margins” and any small changes to their operations could have a severe impact on them (Kukanja et al., 2020: 348). A study by Ipsos (2020) found that over half of the SMMEs surveyed reported uncertainty concerning the sustainability of their businesses because of the impact of the COVID-19. This underscores the importance of better understanding differences among tourism SMMEs in relation to impacts, responses and resilience. Resilience is the ability/ capacity to adapt to changes as well as recover from or deal with challenges, difficulties and risk. Tourism is one of the sectors that is bearing the highest impact of restrictions introduced to curb the spread of the COVID-19.

10.1. Tourism SMMEs and the COVID-19 pandemic context and trends

South Africa’s NDP (NPC, 2013) acknowledges tourism’s importance in creating jobs (given its labour intensity), establishing small businesses, alleviating poverty and fostering a favourable balance of payments. The NDP (NPC, 2013: 138) notes that economic transformation specifically is about broadening opportunities for all South Africans, but particularly for the historically disadvantaged, by “raising employment, reducing poverty and inequality, and raising standards of living and education”, as well as broadening access to services, ownership and control of capital accumulation”. Broader transformation refers to a change in the tourism sector that improves the ability to adapt and adjust to market demands and supply changes, as well as respond to sustainability

obligations and imperatives, and technological/ digital advancements. Furthermore, Sixaba and Rogerson (2019) assert that since the democratic transition in 1994, Black Economic Empowerment and, more broadly, redressing racial economic balances and inequalities in South Africa has been a key policy theme. The South African Government highlighted in 2011 the New Growth Path that it is committed to creating five million jobs over the next ten years, with SMMEs being a key vehicle to achieving this target. Close to a decade on, unemployment remains a primary socio-economic challenge in the country which is being worsened by the impacts of the COVID-19 pandemic. The Quarterly Labour Force Survey of the 1st quarter of 2021 by Statistics South Africa (2021a) revealed that unemployment was 32.6%. The rate was 46,3% among young people aged 15 – 34 years, implying that almost one in every two young people in the labour force did not have a job in the first quarter of 2021 (Statistics South Africa, 2021a). Against this backdrop, an opportunity exists to reflect on whether the government is on track to achieving this target (being sensitive to the COVID-19 pandemic as an externality) and whether transformation imperatives are evident.

It is envisaged that the tourism sector will contribute significantly to the creation of jobs in South Africa and has been identified as a priority area together with other high-level service provision sectors that are linked to tourism. The tourism sector has both tangible and immeasurable intangible value as well as direct and indirect consumption/ impacts that need to be factored in from a value chain analysis. The tourism sector in South Africa is highly variable. The public sector (including the Department of Tourism together with other departments such as the Department of Sports, Arts and Culture [DSAC] as well as provincial and local departments) has several initiatives and projects to support tourism in South Africa and champion transformation efforts.

SMMEs is a major contributor to tourism value chain. It is widely acknowledged that SMMEs are critical to driving entrepreneurship and innovation, economic development and job creation (Acs et al., 2018; Desai, 2017; Henrekson and Sanandaji, 2020; Sobaih et al., 2021; Van Scheers, 2016). Against this backdrop, there are substantial investments to support the development of SMMEs, primarily aligned to global consensus that SMMEs

are critical to ensure socio-economic development and growth, contributing to job creation, and enabling entrepreneurship and innovation (Booyens, 2011; Ombi et al., 2018; Rasulova and Obidova, 2019; Rudenko et al., 2019). This is also the case in South Africa as shown by Rambe and Mosweunyane (2017) who underscore that South Africa's broader efforts to advance entrepreneurship in the country prioritises SMMEs and government interventions include the provision of loans and seed funding, mentoring support and business development services and incubators (often targeting youth). Entrepreneurship relates to setting up a business or businesses with an element of risk and innovation with the intention of generating a profit. In the tourism sector specifically, SMMEs play a key role as indicated by Litheko and Potgieter (2020) and Sobaih et al. (2021). Despite these support initiatives, the SMME sector in South Africa continues to face several challenges.

These challenges include market competitiveness and penetration, attracting and retaining employees, the ability to attract funding and venture capital, financial sustainability, and accessing business development support. (Rambe and Mosweunyane, 2017; Zondi, 2017). Additionally, the tourism sector in particular is associated with seasonal variations and demand as well as dealing with disruptions linked to extreme weather, terrorist activities, economic recessions, and more recently, the COVID-19 pandemic. The unprecedented COVID-19 pandemic has resulted in disruptions in scope and scale that have not been seen before. The tourism is, however, construed as a highly resilient sector (Mitchell, 2019; Mutimucuo and Meyer, 2011; Sobaih et al., 2021).

The COVID-19 pandemic disruptions have highlighted the need for the tourism sector to become even more resilient and to be able to deal with disruptions. The vulnerabilities of some of the employees in the tourism sector, especially those on contract and part-time positions, were also exposed globally. In the South African context, these employees are from previously disadvantaged groups and are therefore most vulnerable to the disruptions associated with the impacts of the COVID-19 pandemic. This previously disadvantaged groups are and will continue to bear a disproportionately higher burden of

the impacts of other global changes including climate change which is disrupting the sector. The COVID-19 pandemic has placed emphasis on the importance of building resilience for future situations. The National Department of Tourism (NDT) et al.'s (2020a; 2020b) Tourism Industry Survey of South Africa found that tourism businesses were generally devastated by the COVID-19 pandemic, with almost all enterprises surveys being affected. The majority of the enterprises also indicated that they could only consider reopening when there is a demand for their products and services they provide. In this context, examining issues pertaining to enabling SMMEs survival and growth during and post the pandemic is important to ensure that tourism recovers to continue on the pathway to meeting economic and transformation aspirations. Thus, the recovery of tourism SMMEs is an important component of shifting the tourism sector on the path to recovery, sustainability, and future resilience. This aligns to national and international trends that view transformation as a radical change in the manner in which we think about and prepare for the future. However, the resilience of SMMEs in terms of recovery from shocks may be lower as a consequence of a lack of reserves and limited access to safety nets. In recognition of the importance of SMMEs, the South African government has introduced a number of initiatives to support SMMEs (Department of Trade and Industry, 2008; National Credit Regulator, 2011; NPC, 2013; Maye, 2014); however, these initiatives are generally not designed for businesses of different sizes and often focus on large SMMEs (Department of Small Business Development, 2019b). Importantly, Nieuwenhuizen (2019) found that small business growth was hampered by the regulatory environment in the country, which highlights the need to investigate policy development around SMMEs, particularly within sectors that can benefit from their promotion such as tourism.

The importance of examining the COVID-19 pandemic impacts on tourism SMMEs and specifically focusing on the effectiveness of responses and interventions is undisputed given the uncertainties and impacts experienced. Thus, trends and key issues need to be examined, noting that there are substantial differences among tourism SMMEs across the tourism value chain in terms of profiles, capabilities, and preferences. Additionally, the impacts and implications for recovery strategies and interventions in the South African context should also sufficiently consider transformation imperatives, especially impacts

on persons from previously disadvantaged groups in relation to aspects such as improved job security, career progression and better working conditions, as identified by Booyens (2020). Harilal and Nyikana (2019) assert that South African policy has identified the need for the tourism sector to undergo transformation, especially in relation to the black ownership of tourism companies. They identified limited political will and poor economic growth as factors undermining the transformation of the country's tourism industry. South Africa was already experiencing challenges in realising the transformation goal, attributed to several factors, including limited political will and economic growth. Thus, prior to the pandemic, black ownership in relation to SMMEs posed challenges, therefore, measures and tools to deal with the pandemic should include and emphasise transformation and equity considerations. Against this backdrop, it is critical to examine the differential impacts of the pandemic and response measures in terms of SMME profiles (including gender and persons with disabilities together with population group). This study adopts a multi-disciplinary and inter-sectorial stance to examine the range of tourism-related impacts and responses to the COVID-19 pandemic, with due consideration to different types of tourism SMMEs.

While not the direct focus of the study, relevant concerns in relation to the demand for tourism (especially concerning tourism SMME experiences and perceptions) will be integrated since demand has a direct impact on the viability and sustainability of tourism businesses. This is to ensure that immediate and medium-term strategies to assist tourism SMMEs to recover from the pandemic impacts consider changes in travel patterns and demands. This is in line with Statistics South Africa's (2019) assertion that both demand and supply-side aspects need to be examined to understand the economic phenomenon of tourism. Additionally, it is important to note that the economic crises associated with the pandemic are severe and likely to have prolonged consequences. The tourism sector depends highly on consumption related to a range of reasons including vacation/ relaxation, visiting friends and relatives, business, and other purposes. Tourism consumption activities are also linked to access to disposable/ discretionary income and business/ organisational support for travel. In terms of the latter, virtual meetings, conferences, etc., are becoming the norm and is likely to have long-term

impacts on business and conferencing behaviour. Furthermore, there is an increased focus on domestic tourism that tends to be more resilient, reduces seasonality of demand, and improves the sustainability of tourism products and suppliers (Kabote et al., 2017; Llorca-Rodríguez et al., 2020). For example, staycations (staying at home and exploring destinations/ tourists sites where or close to where one is residing) is also becoming prevalent (Chesson, 2020), especially during the COVID-19 pandemic. In light of the COVID-19 pandemic, domestic tourism has become the hope of the tourism industry as it is expected that it has the potential to guide the industry into recovery post-COVID-19 (Roelf, 2020; Smith, 2020). Thus, it is imperative that the tourism sector better understands current and future changes in travel patterns and behaviours to fully grasp implications for tourism SMMEs, and assess their willingness and abilities to respond to changes.

10.2. Role of tourism SMMEs generally and in South Africa specifically

SMMEs are recognised globally as important drivers of economic success, and perceived as a source of growth for economic development (Muriithi, 2017), given their proven contributions to job creation, sales generation and tax and thus fiscal revenue (OECD, 2017). Statistics indicate that SMMEs are responsible for approximately 90% of businesses in both developed and developing economies (Muriithi, 2017) and their role within the tourism sector is increasingly being recognised in international scholarship (Giampiccoli et al., 2020). This is particularly true for South Africa, where studies highlight the need to support and unlock the potential of tourism SMMEs (Cant and Wiid, 2020), and promote entrepreneurship and innovation as well as develop resilience and adaptation capacity among tourism SMMEs (the focus of this study). This has become critically important in the country, particular in the context of COVID-19 (Rogerson and Rogerson, 2020). There are reports of the growth of the SMME sector over the past few years for a number of countries (for example, United States, United Kingdom, Brazil, Ghana, Zimbabwe, Malaysia and India (Botha et al., 2020). This is also the case for South Africa, where SMME growth is seen as an important solution to the country's high unemployment rate and poor economic growth (NPC, 2013).

As mentioned above, the importance of SMMEs is primarily based on the fact that they stimulate job creation by providing opportunities for unemployed, under-employed or retrenched individuals looking to become entrepreneurs (Independent Online [IOL], 2014). According to Batta (2016) and the NDT (2014), SMMEs play a crucial role within the tourism sector as they create employment opportunities in the sector and thus play a pivotal role in transforming local communities as well as the lives of the people who reside in them. Hlengwa and Thusi (2018) add that SMMEs within this sector are not only able to just create employment opportunities, but also create jobs for a wide range and levels of skill sets while also providing personalised services and catering to the different demands from tourists. In South Africa, the SMME sector caters to a high number of low-income earners who resort to becoming entrepreneurs to gain access to economic opportunities and growth (Chimucheka, 2013). This benefit is particularly relevant in the South African context, where levels of youth unemployment are amongst the highest in the world (64.4% in the second quarter of 2021) (Statistics South Africa, 2021b).

When a new business is created, the possibility of employment availability increases as these new business owners seek to employ new members of staff, reducing the rate of unemployment (Morongwa, 2014). SMMEs are therefore an important means of alleviating poverty, particularly in developing countries where SMMEs provide a remedy due to their ability to use local resources available to communities to create goods and services that generate income (Chimucheka, 2013). SMMEs also help the youth by providing education and training through apprenticeships and provide individuals with limited or no skills with opportunities to learn whilst working (Chimucheka, 2013). An attractive feature of SMMEs is that the average capital expenditure in terms of cost required to create a job in the SMME sector is lower compared with the large business sector which is important for government and potential investors as economic growth is maintained at a lower cost (Top Performing Companies [TOPCO], 2017). The importance of SMMEs is further highlighted by the fact that these businesses create more competitive markets and are able to adapt to shifting circumstances and trends much faster compared to large businesses (TOPCO, 2017). In addition, the labour-absorptive potential of

SMMEs is higher than other business sectors and allows for the collaboration and interaction of all business sectors through subcontracting by larger businesses which boosts and grows the production process (TOPCO, 2017).

The SMMEs are further crucial for tourism as they tend to be located conveniently where tourists want to go thus can provide goods and services within these tourist destinations (Hlengwa and Thusi, 2018). Batta (2016) elaborates that SMMEs cater for tailor-made experiences within tourist destinations. Jaafar et al. (2016) and Mtshali et al. (2017) further state that SMMEs within the tourism sector play an important role in a country's Gross Domestic Product (GDP), alleviation of poverty, wealth generation, competitiveness, destination development as well as sustainable tourism and thus, the expansion of the economy. Through the tourism value chain, SMMEs are able to provide goods and services to comparatively big producers (Adinolfi et al., 2018). Therefore, SMMEs that are present in different locations which are in several interrelated sectors determine the development of the tourism sector (Jaafar et al., 2016).

The role of SMMEs in sub-Saharan Africa, and specifically in the South African economy through the tourism sector has been broadly evident (Adinolfi et al., 2018; Rogerson, 2017). SMMEs within the tourism sector have played a key role in growing the South African economy (Bizcommunity, 2012). As of 2016, there were 2 251 821 SMMEs operating in the country with 67% being part of the informal sector and together with the formal sector enterprises contributes 21% to Gross Value Added (GVA) (SEDA, 2016). The Bizcommunity (2012) add that SMMEs are an important driver in the tourism industry. Adinolfi et al. (2018) stress that SMMEs play a crucial role in the tourism value chain as they offer significant opportunity to tackle transformation challenges which affect the tourism sector in South Africa. However, before investing in the growth of the tourism SMME sector, stakeholder such as Government must be cognisant of the many challenges that SMMEs face in South Africa (South African Institute of Chartered Accountants, 2017). For instance, though the South African government has invested significantly in creating and growing SMMEs within vulnerable groups by providing support and resources to assist aspiring entrepreneurs (SEDA, 2016), they are characterised by high failure rates and are not always able to contribute to job creation

and economic growth as envisaged (Department of Small Business Development, 2019b).

SMMEs are significant in South Africa for several reasons. Firstly, in terms of economic growth and development, SMMEs start a chain reaction of job creation as new businesses are continuing to enter the market which stimulates employment, allows others to be employed and encourages more individuals to venture into entrepreneurship (Muriithi, 2017). Therefore, this contributes to the overall GDP of the country and improves the economy. Next, it must be noted that South Africa is still home to a large number of previously disadvantaged populations that are struggling to improve their livelihoods. Thus, the impact of SMMEs in ensuring equity and participation of these groups is becoming increasingly important as seen by the emphasis that the South African government has placed on creating and growing SMMEs within these groups by providing support and resources to assist aspiring entrepreneurs (SEDA, 2016).

Growth in the middle-income group has been observed in South Africa which indicates an increasing access to buying power (SEDA, 2016). However, this has put demand on the current infrastructure such as healthcare, electricity and clean water supply and basic services (SEDA, 2016). This represents opportunities for SMMEs to become service providers and support the country in more than just economic growth (SEDA, 2016). Lastly, SMMEs can also bring international investors into the country by using modern technology such the internet to diversify into e-commerce and extend geographical restrictions (TOPCO, 2017) but evidence of this in the South African context is limited.

Tourism SMMEs are definitely not a homogeneous group of enterprises, with distinct variation in relation to size (number of persons employed and financial variables such as income and costs/ expenditure), functions/ types and spatial distribution and type of business (Rogerson, 2008). Before focusing on the empowering the tourism sector through the creation of SMMEs it is important to understand the current size, diversity and characteristics of the SMME sector in South Africa to design a sustainable growth

plan, tailored for tourism-based SMMEs. The 2015 Amended Tourism Broad-based Black Economic Empowerment (B-BBEE) Sector Code identifies three tourism sub-sectors: accommodation, hospitality and related services, and travel and related services (BEE Ratings-SA, 2021).

Whilst SMMEs are of high importance to South Africa, they are not without their challenges, as is the case elsewhere in the world. Mtshali et al. (2017) and Nyawo (2020) add that SMMEs, including those in the tourism sector, are faced with several issues such as poor management, nonexistence or shortage of experience and training, skills shortage, financial constraints, and limited government support. This is especially important in contexts such as that of black-owned tourism SMMEs in the country which have been found to enjoy very inadequate success (Adinolfi et al., 2018). Furthermore, Nieuwenhuizen (2019) found that the regulatory environment hampers small business growth, thereby highlighting the need to investigate policy development in South Africa.

One of the major challenges is the availability of and access to finance and credit. It is reported that South African banks and lenders are reluctant to lend to start-up SMMEs and would rather allocate funding to small businesses in their later stages of development (Bhorat et al., 2018). This challenge becomes more complex with geographical differences. According to Agwa-Ejon and Mbohwa (2015), Gauteng and North West provinces provide more access to finance for SMMEs compared to other provinces. Therefore, an aspiring entrepreneur would have to consider relocating in order to get their business off the ground which is not always an easy/possible task (SEDA, 2016). Insufficient research and development is another challenge as there is not enough information provided to aid in analysing the possibility of converting ideas into actual businesses and it has been found that South African SMMEs are less innovative compared to those in developed countries (SEDA, 2016)

Whilst necessary, the South African labour laws remain an obstacle to business development (SEDA, 2016). For example, if an SMME owner is no longer able to or

cannot afford to keep a portion of its workforce, the process of retrenching or laying off is difficult as labour laws do not accommodate for cyclical downswings in small businesses (SEDA, 2016). This, coupled with the fairly high minimum wage, could be costly for the growth of any SMME. A lack of education and skills of those eligible for employment is an additional hindrance to SMMEs, especially in the commercial sector which requires a knowledgeable workforce (Bhorat et al., 2018). Therefore, this restricts employment and economic growth. Inefficient government policies and processes are a challenge that could result in repeated efforts and hinders the growth of the monitoring and evaluation framework for analysing the success of SMME programmes (Chimucheka, 2013). High crime rates also remain a challenge across all sectors in South Africa. SMMEs have been forced to increase expenditure for security to protect their businesses which results in higher operating costs with implications on profit margins (SEDA, 2016). This also negatively impacts investment confidence in South Africa. Finally, the inability to access markets is a challenge as it reduces the chances of accessing resources, funding and guidance, particularly during initial stages of business creation (Ansara et al., 2019).

One of the most pervasive of these challenges is economic hardships, which have been exacerbated by the COVID-19 pandemic. Financial challenges can be ameliorated by, firstly, ensuring that business plans, documentation and policies are created to show realistic projections and information for employees and investors (Outsourced Finance, 2019). Further attempts to manage financial challenges include decreasing expenses whilst increasing productivity and it is also recommended that one should seek guidance from networks and peers in the business world as a fresh perspective might be needed (Outsourced Finance, 2019). Another way SMMEs deal with challenges is by improving management skills. This is accomplished by conducting or attending frequent skills development building and educational workshops as it is vital that owners and managers of any SMME understand the planning and administration, teamwork and communication skills that are needed to manage resources successfully (Mumangeni, 2018). Efforts of this nature, focusing specifically on tourism-focussed SMMEs are limited.

Any study on SMMEs such as the one proposed here must, therefore, examine what types of 'values' are being embraced by the tourism sector generally and SMMEs specifically, and how to track these. These link to transformation imperatives more broadly and include aspirations in the NDT's (2018) Transformation Strategy for the Tourism Sector that also align to the Amended B-BBEE Sector Code:

- Ownership control
- Management control
- Skills development
- Enterprise and supplier development
- Socio-economic development

Whether measures and tools to support SMMEs align to broader transformation imperatives are, therefore, important to address. These aspects remain relevant in the context of radical economic transformation, to place at the centre accelerated economic transformation and inclusion that have eluded South Africa where apartheid legacies remain. The slow and inadequate transformation is noted in the Transformation Strategy for the Tourism Sector (NDT, 2018) with evidence being provided based on research undertaken. For example, Black female new entrants in the accommodation sub-sector accounted for 2% and 5% each in hospitality and travel. If inequalities are addressed, SMMEs have the potential to create social stability due to the manner in which they achieve economic development, create wealth and allow people to meet their basic needs, improving the standard of living across countries in which they operate (Chimucheka, 2013). However, due consideration must be given to the issues of scale - micro and very small businesses, for example, may need special attention (Botha et al., 2020) to reduce failure rates and help them realise the benefits they can offer in terms lowering unemployment rates and contributing to economic growth.

10.3. COVID-19 impacts on tourism SMMEs

According to Van Scheers (2016), many small businesses are unsuccessful in South Africa. The impacts of the COVID-19 on the tourism sector in general and on SMMEs operating in the sector are yet to be examined. While there have been attempts to draw on secondary data to predict the impacts of COVID-19 on tourism SMMEs (Bruwer et al. 2020), a focused study on the impacts of COVID-19 and the measures and tools that can be employed to ameliorate these effects is urgently needed. This forms the focus of the present study.

Presently, the COVID-19 pandemic has put a major strain on many SMMEs both nationally and internationally, including in the tourism sector which has experienced some of the most severe and prolonged disruptions. Therefore, rapid responses were needed across all levels in order to prevent the worsening of the impacts. A study completed by C4G (2020) stated that new and established business owners of SMMEs responded to the pandemic by temporarily changing their business models to generate income through ways such as selling Personal Protective Equipment (PPE) or altering business activities to qualify their business as an “essential service” (C4G, 2020). Internationally, responses have been quite similar. Central banks have come to the aid of many SMMEs by easing monetary terms and conditions therefore allowing commercial banks to increase the amount of loans given to SMMEs – these measures were implemented by central banks such as the United States Federal Reserve and the European Central Bank (OECD, 2020a). It is further stated that many countries have implemented methods such as reduced operating hours, temporary lay-offs and sick leave within the SMME sector (OECD, 2020a). Similarly, governments and private sector organisations assisted by distributing wage and income support and social security payments (for example, COVID-19 relief grant in South Africa or the stimulus check in the United States) for individuals who have lost their jobs as well as for companies (OECD, 2020a). Certain SMMEs and large businesses have implemented remote working (that is, working from home) which has proven to be cost-effective whilst improving employee productivity (C4G, 2020).

Nyawo (2020) notes that the pandemic has had negative impacts on both the demand and supply sides of SMMEs. According to Nyawo (2020) and Zeidy (2020), the demand side of SMMEs was affected mainly through the unanticipated loss in revenue and demand. This reportedly affected the capability of SMMEs to function as well as resulted in acute liquidity deficiencies (Zeidy, 2020). Furthermore, Zeidy (2020) reports that COVID-19 resulted in a reduction and loss in jobs/income, increased uncertainty and the fear of infection and thus a decrease in consumption and spending especially in sectors such as tourism which in turn leads to a loss in business and a decrease in consumer confidence. With regards to the supply side, Nyawo (2020) and Zeidy (2020) state that COVID-19 has resulted in a substantial decrease in the supply of labour due to employees having to work remotely due to COVID-19 regulations and having to take care of family members as well as the SMMEs not being able to pay workers. Scarcities in certain goods were also experienced as a result of severe disturbances in the supply chains (Nyawo, 2020). Moreover, strict travel and trade restrictions resulted in severe impacts on tourism and in turn, the SMMEs in the sector (Nyawo, 2020).

10.4. Government and tourism SMME responses to the COVID-19 pandemic

South Africa relies heavily on the tourism sector to bring in much needed income and contribute to the economy. However, due to the pandemic and lack of tourists, the industry and its linked businesses have been put under increased pressure in order to maintain its operations. According to Rogerson and Rogerson (2020), few weeks prior to the pandemic, tourism scholars were engaged in debates around tourism sector de-growth, chronic over-tourism, and flight-diets to address climate crisis. However, measures to flatten the infection curve quickly paralysed the sector and shifted the focus to under-tourism or non-tourism, which posed significant threats to livelihoods and the survival of tourism-linked businesses (Rogerson and Rogerson, 2020). Consequently, similarly to countries, the South African government introduced a number of relief measures to cushion the effects of the pandemic on businesses. Government has responded by helping SMMEs through the SMME Relief Finance Facility which provides a 'soft-loan' for a period of six months to existing businesses struggling due to the pandemic (Pieters,

2020), as noted earlier. If businesses require further assistance after the six month period, the relief grant may be extended (Pieters, 2020). The informal sector and self-employed individuals have noted that information about this finance facility is yet to be disseminated.

Other measures aimed at assisting SMMEs in dealing with challenges as a result of COVID-19 include things tax relief as well as deferments of payments and grants aimed at making sure that the tourism sector remains sustainable and stable while also avoiding major job losses (Nyawo, 2020). For example, in the United Kingdom, government allocated grant funding of £25,000 for retail, hospitality and leisure businesses with property valued between £15,000 and £51,000 whilst the United States has allocated 10 billion dollars for airport and tourism grants (Nhamo et al., 2020). Furthermore, the South African government created and offered the R200 million Tourism Relief Fund which provides a once-off limited grant assistance to SMMEs (accommodation, hospitality and travel-related services) in the tourism value chain in order to guarantee their continuation and sustainability during and post the pandemic (OECD, 2020b). This grant comprises R50 000 per business and would aid SMMEs to maintain fixed and operational expenses, purchase supplies as well any other areas that require financing (Department of Tourism, nd; OECD, 2020b). The Department of Tourism (nd) states that the key intention of the Tourism Relief Fund is to provide once-off capped grant assistance to SMMEs in the tourism sector to mitigate the impacts of COVID-19 in order to ensure sustainable and inclusive tourism development. According to the Department of Tourism (nd), equitable spatial distribution in terms of provinces was a focus and the main categories targeted were accommodation establishments, hospitality and related services, and travel and related services. Non-qualifying activities were fast food and take-away restaurants, nightclubs, bars, gaming and gambling venues; franchised restaurants and those attached to tourism facilities; and establishments wholly or partially owned by government will not be considered. The qualifying criteria included (Department of Tourism, nd: 1-2):

- Proof of valid registration with Companies and Intellectual Property Commission.
- Must be an Exempted Micro Enterprise defined in terms of the Amended Tourism B-BBEE Sector Code, 2015.
- Must have a valid tax clearance certificate.

- Proof of compliance with the minimum wage requirements.
- Must provide proof of Unemployment Insurance Fund (UIF) registration for employees employed by the business.
- Be an existing tourism-specific establishment as outlined in the scope of application (suppliers and intermediaries are not eligible).
- Must be in existence for at least one business financial year.
- Proof that the relief is required as a result of the impact of COVID-19.
- Must submit the latest statements of financial position, financial performance and cash flows.
- Must submit six months bank statements.
- Grading certificate or proof of application to be graded for accommodation establishments.

Several measures and tools to assist SMMEs during the pandemic have been noted in the literature, in addition to national government funding. There has been support for training and upskilling programmes, especially using virtual and online platforms to comply to restrictions and lockdown protocols. Additionally, support has been provided to develop and market products/ services online, where possible. It is important to note, however, that in terms of the latter, SMMEs without access to reliable internet connectivity are unlikely to benefit from these types of activities.

The Republic of South Africa (2020) and Voyages Afriq Media (2020) indicate that the NDT (now Department of Tourism) released R200 million to assist SMMEs in the tourism and hospitality sector. The funds targets those experiencing pressure due to travel restrictions in the accommodation, hospitality and travel related services. The allocation of funds was capped as R50 000 for each entity. These funds will be distributed throughout the nine provinces. However, “preference will be given to enterprises with the highest score in terms of the criteria, which serve as a pre-qualification. A panel of experts will conduct the final evaluation in terms of functionality” (Consumer News and Business Channel [CNBC] Africa, 2020). Masihleho (2020) indicates that R30 million (in addition to the R200 million noted earlier) was also made available for registered tour guides. In

relative terms, funding for tourism SMMEs to cope with the pandemic disruptions is extremely limited given that most, if not all, SMMEs have been adversely impacted. In this regard, the pathway to recovery is likely to be prolonged and difficult to predict, and the overall financial situation is unlikely to support major financial investments in the near future. In this context, the tourism sector needs to rethink what other types of measures and tools can be used, reprioritise who should need assistance and where resources (not necessarily funding only) should be allocated, and how to support SMMEs to be more resilient and response in the future.

SMMEs and future entrepreneurs need to focus on bettering crisis management measures to ensure that they are prepared for any abrupt changes in the future, and it appears that as the situations evolves, countries are devolving resources to quicken the recovery period after a crisis (OECD, 2020b). Several countries are “re-thinking” the tourism sector (OECD, 2020b). The implication here is that a new tourism industry will be created to ensure a more sustainable and resilient future (OECD, 2020b). It is further stated, that for this to be accomplished, policies will need to be implemented to resolve issues of the industry, avoid reverting to problems of tourism management (Kreiner and Ram, 2020). Linked to this, important factors such as supporting new business models, increasing the use of technology and the internet, and encouraging connectivity, need to be pushed forward and implemented. This is crucial for the future as social-distancing will continue to be practiced and tourists will feel more comfortable in areas of low crowd density (Kreiner and Ram, 2020). A report recently published by the NDT (2020c) has provided recommendations for the tourism sector to ensure sustainability and resilience in the future. Some of these recommendations are as follows: businesses such as SMMEs are to take advantage of the packages created by government to protect tourism assets and core infrastructure as well as to help the restart of operations. Another strategy is to create national norms and standards for safe tourism practices based on internationally recognised biosecurity procedures throughout the value chain to ensure safe travel and rebuild tourist and traveller confidence. Further efforts will also be made to ignite local demand via the phased re-opening of the economy, this will be maintained by broadcasting information, and inspirational messaging that encourages safe tourism

and domestic vacation experiences that maintains tourist peace of mind. Lastly, due to the pandemic, tourism policy is undergoing review and transformation procedures to guarantee the delivery of efficient, effective, and purpose-led support for sector growth, development and sustainability (NDT, 2020c). SMMEs in the tourism sector and in general will need to “build back better” through attracting investors and governments to support these enterprises as a way to prioritise and meet Sustainable Development Goals (SDGs) (Whiteman, 2020). Further importance should be placed on the youth and young entrepreneurs as the pandemic has increased unemployment and therefore created the potential for the start of new businesses (Whiteman, 2020).

Sobaih et al. (2021) indicate that small tourism enterprises are characterised by inadequate financial resources and informal human resource management practices. While these aspects make tourism small businesses more vulnerable to the COVID-19 disruptions, Sobaih et al. (2021) note that as a result of their smaller size they may have higher abilities to adapt to changes. Specifically, their study that focused on COVID-19 responses among small hospitality enterprises in Egypt found that small restaurant owners showed more resilience than their hotel counterparts. This is an important aspect that this study considers as well to ensure that interventions support responses among SMMEs rather than be based on the assumption that SMMEs lack any capacity to adapt and cope.

Whilst response rates and ways differ across countries, there is a near consensus that responses should be in two distinct phases: (i) immediate responses, and (ii) recovery responses. Keeping SMMEs afloat and preventing shredding of jobs is an immediate concern. Therefore, initiatives aimed at the survival of tourism SMMEs, including the informal sector is arguably a large component of the tourism industry, should be prioritised. Such initiatives, which are not unique to the South Africa or to the tourism sector, include loan guarantees, subsidised loans, and non-collateral financing options among others. Other initiatives implemented in other countries include suspension of income tax payments, reduced air taxes, reduced/or suspended value-added taxes on tourism linked industries. Post-COVID tourism will require re-skilling and training for

businesses in the tourism space. More precisely, tourism-linked businesses will require training on digital communication, health operations and contact-free services. This will not only speed-up the recovery process, but it will ensure diversification in the tourism industry, thereby ensuring that businesses are not reliant on a single activity or market.

11. Primary data analysis

11.1. Profile of business

Respondents were asked which part of the sector is the business operates in as well as other type/s of tourism-related products or services provided by the business. Table 1 indicates that tourism SMMEs are involved in a wide ranging of activities as highlighted in the literature. The diversity also reflects the appropriateness of the methodological approach adopted for this research, which enabled different types of tourism SMMEs to participate in the study. The main activities that businesses were involved in with more than 5% of responses were restaurants (30.7%), retail of goods targeting tourism (16.8%), accommodation facility (14.4%), cultural tourism (9.7%), transport provision (8.4%) and tourism activities/ experiences (such as safaris, horse riding, deep sea fishing, etc.) (6.4%). Other main types of businesses involved in with fewer responses were tour operators, tourism agency, nature-based/ ecotourism (conservancies, reserves, coastal/ beach, etc.) and sport tourism. Two respondents each stated Meetings, Incentives, Conventions and Exhibition (MICE) segment; business tourism (excluding MICE); events management, catering and logistics; financial services and provision of cleaning and domestic services. One respondent each stated general retail at tourism destination, photography and street vending.

Some of the businesses that participated in the study engaged in multiple activities. The other activities that businesses/ organisations were involved in with more than 5% of responses were restaurants (13.9%), retail of goods targeting tourism (9.9%), accommodation facility (9.2%), cultural tourism (8.2%), transport provision (7.4%), business tourism (excluding MICE), tour guiding (6.4%) and tourism activities/ experiences (such as safaris, horse riding, deep sea fishing, etc.) (6.4%). Other types of

businesses involved in with fewer responses were tour operators, MICE segment, tourism agency, sport tourism and nature-based/ ecotourism (conservancies, reserves, coastal/ beach, etc.).

Tourism SMMEs traverse a range of activities, with many engaging in multiple activities. The multiple responses and activities involved in reflect the diversity of the tourism landscape in South Africa. Thus, impacts on tourism SMMEs are likely to have wide ranging implications. Specific tourism SMMEs (such as restaurants and accommodation establishments) also have indirect impacts on other businesses which they utilise (including the food and beverages sector and financial services). Thus, negative impacts associated with the COVID-19 pandemic on SMMEs will have implications across the tourism value chain which need to be examined. It is also a key reason why supporting and sustaining tourism SMMEs will have benefits beyond the tourism sector. Some sectors also have more options. For example, the provincial marketing organisation key informant stated that the accommodation sector 'could repurpose their establishments for accommodation for health workers and other workers who were critical in the fight for COVID-19' and respond to the demand for staycations.

Table 1: Main and other parts of the tourism sector the business is involved in (n=404)

	Main		Other (Multiple responses)	
	Frequency	Percent	Frequency	Percent
Tour operators	12	3.0	18	4.5
Tourism agency	11	2.7	10	2.5
Tour guiding	9	2.2	26	6.4
Tourism activities/ experiences (such as safaris, horse riding, deep sea fishing, etc.)	26	6.4	26	6.4
Meetings, Incentives, Conventions and Exhibition (MICE) segment	2	.5	17	4.2
Business tourism (excluding MICE)	2	.5	27	6.7
Nature-based/ ecotourism (conservancies, reserves, coastal/ beach, etc.)	5	1.2	5	1.2
Sport tourism	5	1.2	6	1.5
Cultural tourism	39	9.7	33	8.2
Accommodation	58	14.4	37	9.2
Transport	34	8.4	30	7.4
Restaurant	124	30.7	56	13.9
Retail of goods targeting tourism	68	16.8	40	9.9
General retail at tourism destination	1	.2	-	-
Events management, catering and logistics	2	.5	-	-
Financial services	2	.5	-	-
Provision of cleaning and domestic services	2	.5	-	-
Photography	1	.2	1	.2
Street vendor	1	.2	-	-

Respondents indicated the status of the business (Table 2). Close to a fifth of the businesses (23.5%) were unregistered (operating informally). Among the formal businesses, the majority were Proprietary Limited (PTY LTD) businesses (40.3%) followed by Sole Proprietor (19.3%) and Closed Corporation (CC) (9.7%). A few respondents stated Section 21 (1.5%), Non-Profit Organisation (NPO) (0.5%) and Air BnB (private) (0.5%). Some of the respondents did not respond (3.2%) or stated not sure (1%) and confidential (0.5%). The responses reinforce the diversity among tourism SMMEs in South Africa and that the methodological approach permitted different types of SMMEs to be included.

Table 2: Type of business (n=404)

	Frequency	Percent
Not sure	4	1.0
Confidential	2	.5
No response	13	3.2
Not registered (operating informally)	95	23.5
Non-Profit Organisation (NPO)	2	.5
Section 21	6	1.5
Closed Corporation (CC)	39	9.7
Sole Proprietor	78	19.3
Proprietary Limited (PTY LTD)	163	40.3
Air BnB (private)	2	.5

Table 3 shows the provinces where the SMMEs were located in relation to the type of area. The results show that surveys were completed in five provinces which reflects the methodological approach adopted in the study whereby mostly face-to-face interviews were undertaken in selected cities in KwaZulu-Natal (Durban and St Lucia specifically), Western Cape (Cape Town), Gauteng (Johannesburg) and Northern Cape (Kimberley). While attempts were made to invite SMMEs to complete online surveys, very few did. It is important to note, however, that while not all provinces participated in the study, the different types of SMMEs (including in relation to number of employees and turnover discussed later), provide a sufficient representation of tourism and therefore permit generalisations to be made.

Table 3: Province in which business is located in relation to type of area (n=404)

	Town/ urban area	Rural	Township
Eastern Cape	.7	.5	-
Gauteng	13.4	.5	5.7
KwaZulu-Natal	53	2.2	2.2
Northern Cape	5.2	-	1.0
Western Cape	13.6	.5	1.5

In terms of the province in which the businesses and organisations were located, Figure 1 indicates that most were in KwaZulu-Natal (57.4%) followed by Gauteng (19.6%), the Western Cape (15.6%) and Northern Cape (6.2%). Only five SMMEs completed online

surveys who were based in the Eastern Cape. The high number of responses in KwaZulu-Natal is attributed to a focus on this province because it is the main domestic tourism destination in South Africa and two locations were targeted for face-to-face interviews: Durban as the main tourism destination and St Lucia as a key nature-based tourism town. UKZN was also the lead institution for the study and, therefore, it was more convenient to concentrate the face-to-face interviews in the province given the limited budget (especially in the context of transition from online to face-to-face interviews) and timeframes.

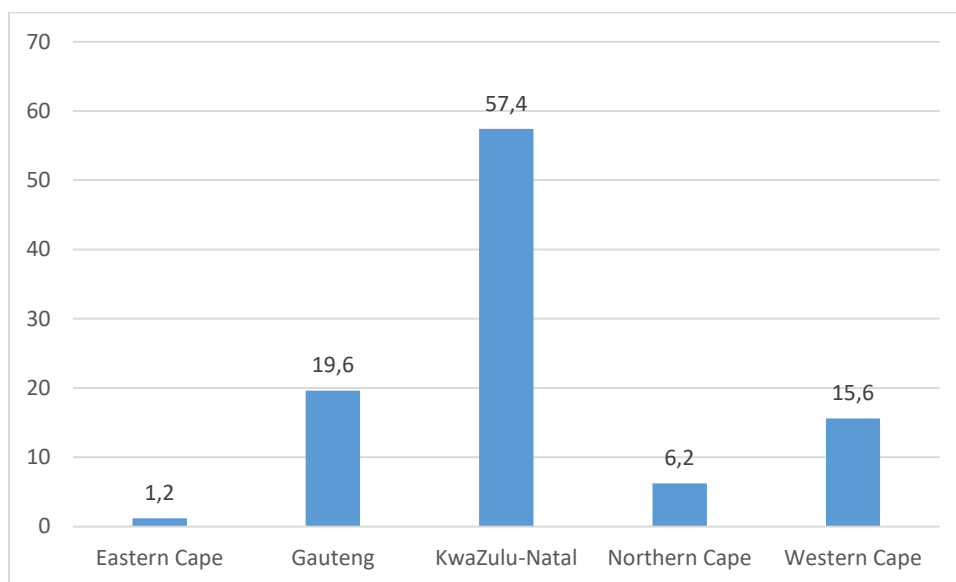


Figure 1: Province in which business is located (n=404, in %)

Table 4 indicates that most of the SMMEs interviewed were located in urban centres or towns (85.9%) followed by townships (10.7%). The lowest proportion of interviews (3.7%) were in rural areas. The results correlate with the urban dominance of tourism in South Africa, with Cape Town, Durban and Johannesburg being the main tourism destinations in the country. The type of area is important to consider. As the provincial marketing organisation key informant stated, ‘due to size of business and existing challenges pre-COVID, SMME businesses largely operating in the rural or township environments were hardest hit as they did not have reserves to meet their financial obligations (debt) let alone overheads’. Furthermore, the higher education consortium agency key informant stated

that ‘rural tourism came to a complete standstill as this is mainly supported by international visitors who visit cultural sites, heritage sites, etc.’.

Table 4: Type of area in which business is located (n=404)

	Frequency	Percent
Urban/ town	347	85.9
Rural	15	3.7
Township	42	10.4

Respondents were asked to state the average annual turnover category for the business where the interview was held (not for multiple sites, if applicable) in 2019 (as an indicator of a pre-COVID-19 amount), 2020 (as the impact of the first waves of the pandemic) and 2021 (as an indicator of current trends). Turnover refers to the total value of sales or revenue generated by the business/ organisation in the last financial year or gross income, which is the total takings before expenses and taxes are deducted. The results indicate that 4.5%, 7.9% and 8.7% of the respondents in 2019, 2020 and 2021, respectively, did not respond, did not know or regarded the information as confidential (Table 5). A further 6.4%, 15.8% and 3.2% of the respondents indicated not applicable (does not generate and income) in 2019, 2020 and 2021, respectively. The impacts in 2020 is clearly discernible with substantially more SMMEs indicating that they were not operational. The impacts on the closure of SMMEs are highlighted in the literature. Of concern is that the actual figures are likely to be higher since those that are no longer tourism SMMEs (that is, closed as a result of the COVID-19 pandemic) are unlikely to have participated in this study or other research focusing on tourism SMMEs. It would be interesting to undertake a tracer study of tourism SMMEs that are no longer operational.

The results show that SMMEs in the tourism sector vary in turnover and that this study was able to cover the different categories of SMMEs. This also reflects that methodologically different types of SMMEs participated in the study. Among the majority of the businesses for each period that did indicate turnover categories, a discernible trend is that more businesses had higher turnovers in 2019 which dropped in 2020, reflecting the economic impact of the pandemic on SMMEs which is highlighted in the literature. A

recovery trend from 2020 to 2021 is also noticeable which bodes well for some SMMEs. These trends are specifically discernible in the following categories:

- R500 001 – R1 000 000 (12.1% in 2019, 10.1% in 2020 and 14.1% in 2021)
- R1 000 001 – R5 000 000 (18.1% in 2019, 6.2% in 2020 and 12.4% in 2021)
- R5 000 001 – R15 000 000 (10.9% in 2019, 1.5% in 2020 and 5.4% in 2021)
- R15 000 001 – R40 000 000 (5% in 2019, 0.7% in 2020 and 1.2% in 2021)

On the other hand, and related to the above trends for the higher turnover categories, lower turnover categories showed an increase or slight decrease from 2019 to 2020, and an increase or slight decrease from 2020 to 2021 as recovery in relation to higher income categories occurred. The changes in these specific categories are:

- < R50 000 (9.7% in 2019, 22.3% in 2020 and 18.3% in 2021)
- R50 000 – R100 000 (% in 2019, % in 2020 and % in 2021)
- R101 000 – R200 000 (8.9% in 2019, 8.7% in 2020 and 11.4% in 2021)
- R201 000 – R500 000 (12.9% in 2019, 16.1% in 2020 and 15.1% in 2021)

It is important to note that while SMMEs in the tourism sector vary in turnover, a substantial proportion have an annual turnover of less than R1 million or less per year (69% in 2021). This group of micro enterprises are the most vulnerable, with limited resources and options to deal with the severe changes in the economy, such as those experienced in relation to the COVID-19 pandemic disruptions.

Table 5: Business/ company’s overall annual average income for 2019, 2020 and 2021 (n=404, in %)

	2019	2020	2021
Not applicable (was not operational at that time)	6.4	15.8	3.2
Don't know/ No response/ Confidential	4.5	7.9	8.7
< R50 000 (small)	9.7	22.3	18.3
R50 000 – R100 000 (micro)	11.6	10.6	10.1
R101 000 – R200 000 (micro)	8.9	8.7	11.4
R201 000 – R500 000 (micro)	12.9	16.1	15.1
R500 001 – R1 000 000 (micro)	12.1	10.1	14.1
R1 000 001 – R5 000 000 (micro)	18.1	6.2	12.4
R5 000 001 – R15 000 000 (micro up to R7.5 million and small)	10.9	1.5	5.4

from R7.5 million)			
R15 000 001 – R40 000 000 (medium)	5.0	.7	1.2

In relation to the changes in the turnover categories depicted in Table 5 above, Figure 2 demotes the change in income status. The changes from turnover in from 2019 to 2021 were further categorised into no change/ remained in the same category, increased, decreased or decreased in 2020 but recovery/ increase in 2021. As Figure 2 shows, close to half of the SMMEs (47%) experienced a decline in turnover over the last two years, indicating the severe impact of the pandemic on the tourism sector. For 7.4% of the businesses/ organisations, the turnover category remained the same. Given that that each category has a large range, it is possible that many of these businesses/ organisations experienced a decline in turnover that was not recorded in relation to how the question was posed. A further 17.8% of the businesses/ organisations experienced an increase in turnover from 2019 to 2021, suggesting that not only businesses were negatively impacted in relation to turnover. Further research should examine the reasons for this trend among some of the SMMEs. Additionally, 17.6% of the SMMEs experienced a decrease in income in 2020 but a recovery/ increase in 2021.

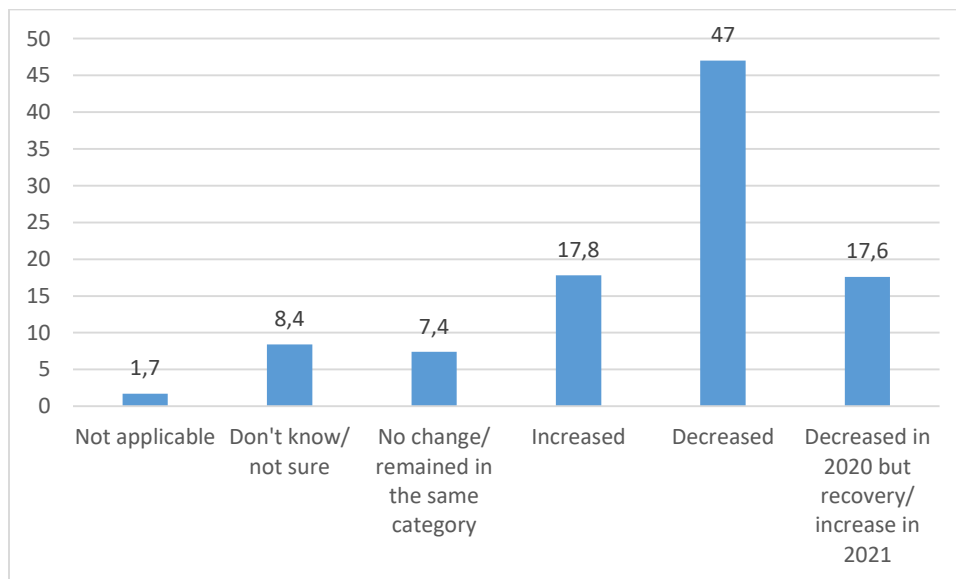


Figure 2: Change in income status (n=404, in %)

To examine employment trends and the size of the SMMEs, respondents indicated the number of people (including self and excluding volunteers) who were employed on a permanent or temporary/ casual basis prior to the COVID-19 pandemic and at the time of the interview. A volunteer is defined as an individual who assists an organisation or business to do certain job/s for a small stipend, in-kind benefit (for example, a free lunch) or without any financial or non-financial remuneration. Figure 3 shows that the number of persons employed on a permanent basis prior to the pandemic among the SMMEs interviewed were between 1 and 10 (micro enterprises) (52.2%) and between 11 and 50 (small enterprises) (31.2%) people. Fewer respondents stated between 51 and 250 (medium enterprises) (3.2%). Businesses with more than 250 (large enterprises) people were excluded from this study since they are not considered to be SMMEs. A few respondents (13.4%) did not respond. Additionally, 37.6% of the SMMEs employed 1-10 persons on a temporary/ casual staff prior to the pandemic. Furthermore, 7.5% SMMEs employed 11-50 persons and one SMME employed 51-250 persons on a temporary/ casual. More than half of the respondents (54.7%) indicated that the business did not employ persons on a temporary/ casual basis. The results again that most SMMEs tend to be micro enterprises and medium enterprises, with potentially higher levels of vulnerability and lower capacity to cope with disruptions, including the COVID-19 pandemic. Larger businesses, according to one of the national government key informants, were more likely to have resources that enabled them to be more resilient. Similar sentiments were expressed by the small business and entrepreneurship training consultant key informant who stated that 'larger, more established companies collaborated and rode the wave'. The importance and advantage of collaboration was also highlighted by the national hospitality and tourism organisation key informant. It was also noted that when small businesses could not resume, larger businesses were able to thrive which accounts for some of the respondents indicating an increase in income.

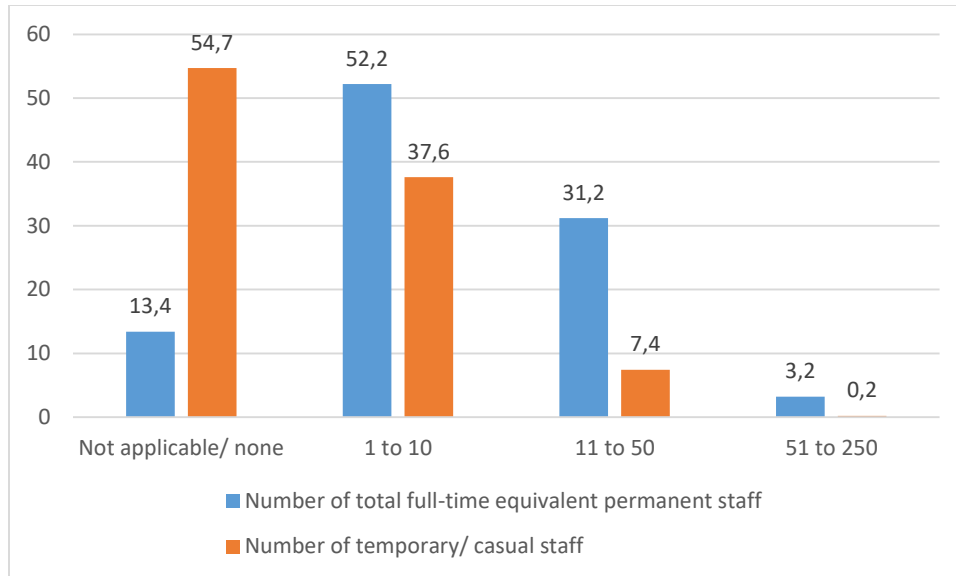


Figure 3: Number of people business/company employed prior to the COVID-19 pandemic on a permanent or temporary/ casual basis, excluding volunteers (n=404, in %)

In term of the number of persons employed at the time of the interview, Figure 4 shows that in terms of permanent staff, most SMMEs stated between 1 and 10 (micro enterprises) (59.9%) and between 11 and 50 (small enterprises) (23.8%) people. Fewer respondents stated between 51 and 250 (medium enterprises) (1.5%). A few respondents (14.9%) did not respond. Additionally, 36.4% of the SMMEs employed 1-10 persons on a temporary/ casual staff prior to the pandemic. Furthermore, 2.7% employed 11-50 persons. One SMME employed 51-250 250 persons on a temporary/ casual. The majority of the respondents (60.6%) stated that the SMME did not employ persons on a temporary/ casual basis. The results at the time of the interview, when compared to pre-COVID figures, indicate a trend that fewer persons were employed by SMMEs at the time of the interview and that fewer SMMEs employed persons on a casual/ temporary basis. The loss of jobs and employment opportunities are highlighted in the literature, which has serious socio-economic implications given that the tourism sector is a major job creator and contributor to the GDP. The decline in the number of temporary/ casual staff also denotes less exposure to the sector.

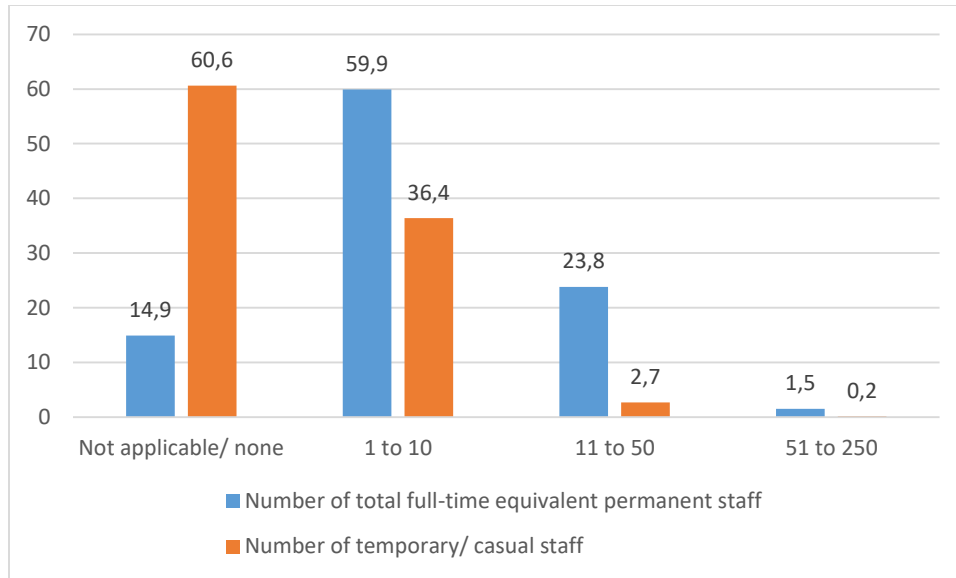


Figure 4: Number of people business/ company employed at the time of the interview on a permanent or temporary/ casual basis, excluding volunteers (n=404, in %)

Respondents were asked to specify the main reason/s for job/ employee losses between 2019 and at the time of the interview, if job losses were experienced. The responses reveal that the majority of SMMEs interviewed (81.9%) experienced job losses (Table 6). Multiple reasons were forwarded for the job losses with the main ones being COVID-19 pandemic disruptions (78%), the recent social unrest (28%) and financial challenges (not related to the pandemic or recent social unrests) (16.1%). The social unrest in particular in some of the provinces (especially in KwaZulu-Natal and Gauteng where most of the interviews were conducted) were extremely violent and targeted businesses, many of which were SMMEs. The collision of the two pandemics (the COVID-19 virus and social unrest) is likely to have undermined the recovery among SMMEs, including those in the tourism sector. Job losses and related socio-economic impacts were noted by all the key informants. The small business and entrepreneurship training consultant key informant stated that job losses in the tourism sector was a major contributor to unemployment in South Africa. The national trade association for the hospitality industry respondent stated that 'blanket protocols' (the alcohol ban was identified as an example) had severe impacts in the tourism sector, which was 'sad because tourism is labour intensive and it creates lots of jobs'.

Table 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

Table 7 indicates the number of years the SMMEs were operational. A few of the respondents (2.2%) did not respond or indicated not sure. More than half of the businesses/ organisations (58.1%) were operational 2 to 10 years. Specifically, 20.5% of the respondents stated 2-5 years and 37.6% indicated more than 5 to 10 years. A further 21% of the respondents noted more than 10 to 15 years. Less than 10% of the respondents stated more than 15 to 20 years (6.4%) and more than 20% (7.4%). A few respondents indicated less than 2 years (4.7%). Most tourism SMMEs evident in this study have been operational for 10 years or less, which also may suggest higher levels of vulnerability to disruptions.

Table 7: How long the business has been operational (in years) (n=404)

	Frequency	Percent
No response/ not sure	9	2.2
Less than 2	19	4.7
2 to 5	83	20.5
More than 5 to 10	152	37.6
More than 10 to 15	85	21.0
More than 15 to 20	26	6.4
More than 20	30	7.4

It is unsurprising that almost all the SMMEs were either operating fully (72%) or partially (26.7%) at the time of the interview (Figure 5) since the face-to-face interviews were generally held at the business locations. Only 1.2% of the SMMEs were not operational at the time of the interview. With the exception of two respondents who stated that they

stopped being fully operational earlier in 2021, the rest of the SMMEs stop operating or was operating partially from March 2020, which was the start of initial lockdown.

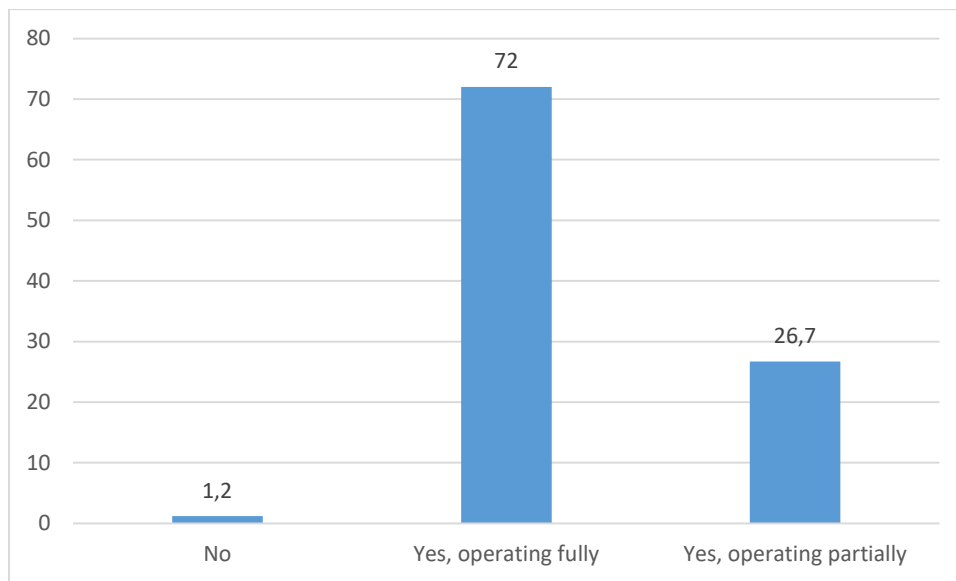


Figure 5: If business was operating at the time of the interview (n=404, in %)

Those respondents who indicated that the SMMEs were either not operating or operating partially, were asked to indicate the main reason for stopping operations or only operating partially. Unsurprisingly, given the disruptions associated with the COVID-19 pandemic and impacts on the tourism sector in particular as noted in the literature review, the pandemic (especially COVID-19 regulations and associated restrictions and recently the variants and ‘waves’) was indicated as the main reason with one respondent stating that ‘the outbreak of a new variant is making it difficult for our businesses as tourists guides to operate fully’. The impacts on travel was particularly highlighted with associated references to the low number of customers as well as low demand of goods and services.

Other aspects that were identified were restrictions on sale of alcohol, staff disruptions ‘short staffed’/ understaffed which link to impacts of COVID-19 on the workforce, which was also evident in the literature. The impacts of the alcohol sale restrictions were noted by the national trade association for the hospitality industry, which essentially worsened the plight of many tourism SMMEs. The alcohol ban to address gender-based violence was deemed to be misplaced since one should focus on the causes of these forms of

violation and abuse in society. Social unrest and looting were also indicated with one respondent stating that the 'social unrest deterred tourists from wanting to travel at night'. Sports events and conference disruptions was also indicated by one respondent who stated that 'due to the pandemic, we could no longer cater for sports events or conferences/ meetings which was our largest form of income'. Changes in business focus to survive were also stated with some responses being: 'I am mainly in transport service now', 'I only operate from Friday to Sunday because I now target locals/South Africans', 'I only sell goods on Thursdays-Sundays as they are busier days so I don't waste money operating'. Some respondents stated that they had to change employment or get alternate jobs: 'I only sell goods on the weekends and after-hours because I had to find a full-time job' and 'I've had to get a part-time job so I get consistent wages'. Some of the SMMEs are part of the tourism value chain and, therefore, impacts on demands for goods and services impacted on revenue generation. One respondent stated: 'most of our clients are businesses in the tourism sector, and since COVID-19 they have not outsourced our housekeeping services'. The sale of cultural goods was deemed to be particularly impacted because of the 'lack of international visitors who are our main target market.' Thus, as highlighted by the provincial economic development and tourism department respondent, SMMEs that derived their income from international markets suffered the most. One respondent highlighted that although now demand has increased, tourism SMMEs are experiencing financial challenges that prevent them from being fully operational.

The chi-square test results from cross-tabulations examining the associations between selected business profile (type of tourism business, type of business, provincial location of business, number of persons employed at the time of the interview and number of years business was operational) variables and change in income as well as if operational at the time of the interview are presented in Table 8. For most profile variables, associations were noted with P values being less than .05 for change in income (highlighted in yellow). An examination of the crosstabulation results indicate that in relation to the main type of tourism business, an increase in income from 2019 to 2021 was mainly noted among restaurants, businesses involved in tourism and transport

businesses. In relation to type of business, PTY LTD businesses noted a high level of increase as well as decrease in 2020 but recovery/ increase in 2021. In terms of provincial location, more businesses in KwaZulu-Natal experienced a higher decrease in income as well as decrease in 2020 but recovery/ increase in 2021. In relation to number of years operational, more businesses that were operational for more than 5 years/ more established saw an increase in income. Only two profile variables had an association with if the business was operational at the time of the interview: main type of tourism business and provincial location of business. In relation to the main type of business, tour guides and operators were more likely to be operating partially while restaurants, accommodation facilities and retail establishments were more likely to be fully operational at the time of interview, denoting higher recovery rates. For provincial location, higher proportions of businesses were operating fully in Gauteng and the Western Cape at the time of the interview. The results show variable impacts on different types of businesses. This was also emphasised by some of the key informants. The provincial marketing organisation key informant identified the transport sector as likely to have the most disruptions across the value chain because of travel bans and restrictions:

Table 8: P values of chi-square test results examining associations between selected business profile variables and change in income as well as if operational at the time of the interview

	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
Change in income status (2019, 2020 and 2021)	.028	.000	.000	.235	.000
If business was operational at time of	.000	.436	.000	.440	.108

the interview					
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11.2. COVID-19 pandemic impacts on business

Table 9 indicates the status of SMME activities prior to the March 2020 Level 5 lockdown, from March to December 2020, from January to August 2021 and when the COVID-19 virus is contained/ under control (that is, perception in relation to the future situation). Prior to the March 2020 lockdown, most of the SMMEs (78.8%) were fully operational (continuing with most business activities) with only a few not operating at the time (12.4%), operating with 60% - 80% of normal business activities (3.7%) or closed (cancelled or indefinitely postponed work) (2.2%). Two SMMEs were operating with about half (50%) of normal business activities and three were operating less than half (50%) of normal business activities. The situation changed substantially from the time of the March 2020 lockdown and from March to December 2020 with almost all of the SMMEs not being fully operational, with only 2% being fully operational. From March to December 2020, most of the SMMEs (76.1%) were either operating with less than half (50%) of normal business activities (38.9%), about half (50%) of normal business activities (22.3%) or had closed (cancelled or indefinitely postponed work) (14.9%). Furthermore, 4% of the businesses/ organisations were operating with 60% - 80% of normal business activities. Additionally, 11.6% were not operational at the time.

A recovery trend was discernible from January to August 2021 with 87.2% of the SMMEs either being fully operational (continuing with most business activities) (28%), operating with 60% - 80% of normal business activities (39.9%) or operating with about half (50%) of normal business activities (19.3%). Substantially fewer respondents when compared to the March to December 2020 period stated that they were operating with less than half (50%) of normal business activities (5.9%) or were closed (0.7%). Only two SMMEs were not operational from January to August 2021.

The respondents expected the recovery trend to continue when the COVID-19 virus is contained/ under control. Specifically, 63.6% stated that their businesses will be fully

operational (continuing with most business activities). Additionally, 17.6% of the SMMEs expect to be operating with 60% - 80% of normal business activities. Only a few respondents stated that the SMMEs will be operating with about half (50%) of normal business activities (2%), less than half (1%) of normal business activities (1%), not operational (0.5%) or will be closed (0.7%). It is important to note that the proportion that indicated fully operational is lower than the pre-COVID responses, suggesting the some businesses do not expect to be fully operational or operate at the level prior to the pandemic. For some SMMEs, the impacts will be long lasting and even permanent. This resonates with concerns highlighted in the literature that some businesses will not recover and some may even leave the tourism sector.

The responses show the changes in the status of SMMEs prior to and during the pandemic as well as perceptions in a post-pandemic environment. The trajectory is towards recovery, the nature and extent of which needs to be further examined. Additionally, when a sector is on a pathway to recovery, it is important to support responses on the ground to catalyse quicker and more sustainable recovery. Furthermore, will the recovery enable SMMEs to be more resilient and sustainable in the future is a key consideration. Also, while the trend over the last two years and expectations among most respondents denote that most SMMEs are likely to recover post the pandemic, of concern is that a sizeable proportion of respondents indicated that they would not be fully operational or continue with business activities in the tourism sector.

Table 9: Status of the business activities prior to the March 2020 Level 5 lockdown, from March to December 2020, from January to August 2021 and when the COVID-19 virus is contained/ under control (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

The chi-square test results from cross-tabulations examining the associations between selected business profile (type of tourism business, type of business, provincial location of business, number of persons employed at the time of the interview and number of years business was operational) variables and the status of the business activities prior to the March 2020 Level 5 lockdown, from March to December 2020, from January to August 2021 and when the COVID-19 virus is contained/ under control are presented in Table 10. For most profile variables, associations were noted with P values being less than .05 for all periods under examination (highlighted in yellow). Crosstabulation results in relation to the status of the business prior to the March 2020 lockdown show that restaurants, accommodation facilities and retail establishments as well as PTY LTD and Sole Proprietors were more likely to be fully operational, more KwaZulu-Natal businesses were not operational or closed and more businesses that were operating for less than 5

years were operating at 60-80% while businesses more than 5 years old were fully operational. In terms of the status of the business from March to December 2020, businesses that were not registered and located in KwaZulu-Natal were more likely to be operating less than 50% or were closed and businesses that were less than 10 years were likely to be closed. In terms of the status of the business from January to August 2021, businesses that were not registered were more likely to be operating less than 50% or closed while PTY LTD were more than 80% operational, more KwaZulu-Natal and Gauteng businesses were likely to be operating at about half or less than 50%, businesses with less than 10 employees were operating at 60-80% while the rest were generally fully operational and businesses operating for less than 10 years were more likely to be operating with less than 60% business activities while more established business (more than 10 years) were fully operational or operating at more than 60%. In relation to the status of business when the COVID-19 virus is contained/ under control, restaurants, accommodation facilities and retail establishments were more likely to be fully operational, more KwaZulu-Natal and Northern Cape businesses were operating at 60-80% and businesses that were less than 10 years old were more likely to be operating with less than 60% business activities while more established business (more than 10 years) were fully operational or operating at more than 60%.

The vulnerabilities of businesses in the informal sector/ not registered, those that were in located on KwaZulu-Natal and Gauteng (probably linked to the social unrest as well), those that employ less than 10 persons and those that were operational for less than 10 years are evident. Thus, micro and medium businesses appear to be particularly vulnerable. The results reinforce the need to examine and understand differences among SMMEs. This was also highlighted by the key informants with the conventions and bureau respondent stating that there “are different categories of SMMEs, with those living from hand to mouth being the smallest ones. These types of SMMEs are likely to not recover. These are the most impacted because the South African government has not enabled them to sustain themselves”. One of the national department key informants stated that the one person businesses were the most devastated.

Table 10: P values of chi-square test results examining associations between selected business profile variables and the status of the business activities prior to the March 2020 Level 5 lockdown, from March to December 2020, from January to August 2021 and when the COVID-19 virus is contained/ 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
Status of business prior to the March 2020 lockdown	.001	.000	.000	.046	.000
Status of business from March to December 2020	.145	.000	.000	.142	.000
Status of business from January to August 2021	.058	.027	.000	.003	.000
Status of business when the COVID-19 virus is contained/ under control	.000	.995	.000	.122	.000

SMMEs that were disrupted in any way (that is, not fully operational from the time COVID-19 was detected) forwarded multiple responses for not being fully operational (Figure 6). Resonating with earlier findings, the main reason identified was that they could not operate normally because of COVID-19 government regulations. Illness due to COVID-19 was stated by one of the respondents. Of major concern is that 20.5% of the

respondents stated social unrest, mainly in KwaZulu-Natal and Gauteng that bore the brunt of these disruptions. Only a few respondents (4.5%) stated own choice/ voluntary.

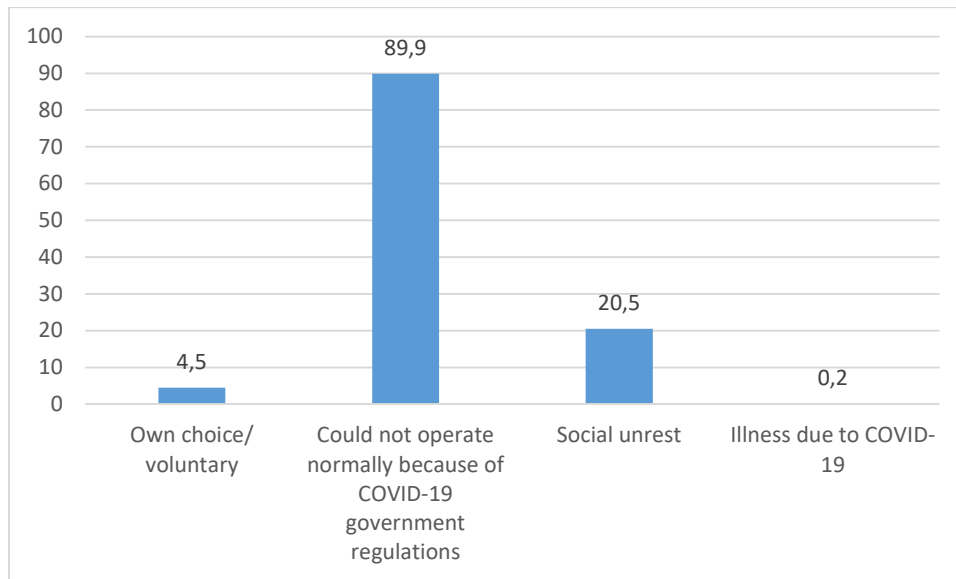


Figure 6: If disrupted in any way (that is, not fully operational from the time COVID-19 was detected), main reason for not being fully operational (n=404, in %) (Multiple responses)

Businesses need revenues to be sustainable and ensure that the bottom line is met that ensures the financial survival of the businesses. Disruptions in demand (customers and clients) for and supply in goods and services will affect SMMEs' bottom line. SMMEs were asked to indicate the extent to which the business was impacted in relation to demand and supply-side the aspects (Table 11) below. The responses resonate with assertions in the literature review that most SMMEs have experienced severe COVID-19 pandemic disruptions. Specifically, most respondents indicated declines in cash flow availability (86.4%) and the sales/ demand for tourism goods and services (82.9%). This suggests that almost all SMMEs experienced demand-side disruptions. Fewer respondents indicated declines in the supply of goods and services (49%) and the ability to access financial support such as loans and grants (40.3%). In terms of the latter, this indicates that while they was widespread financial disruptions experienced among SMMEs, access to financial support was limited. Of concern also is that close to half of the respondents (49.8%) indicated that the prices of supplies increased, placing further financial stress on

the SMMEs. Slightly more than a third of the respondents indicated declines in the supply of goods and services. The economic disruptions associated with the pandemic are clearly evident.

Table 11: 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

In relation to the length of time that respondents think it will take for the for their 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, Table 12 shows that the majority of the respondents (68.3%) stated one year to less than two years (29.7%) and two years to less than five years (38.6%). Some of the respondents (13.1%) stated less than one year. Only a few respondents stated five years to less than ten years (6.7%) and ten years and more (1%). Additionally, 9.4% of the respondents stated that they did not know, which reflects the unpredictability of the pandemic impacts for some of the SMMEs. Only 1.5% of the respondents indicated that they were not negatively affected, again reiterating the widespread impacts of the pandemic on tourism SMMEs. The responses show that most respondents perceived the recovery period as being between 2 to 5 years, which could be a relatively lengthy period for tourism SMMEs in particular to financially cope. On the other hand, the trend towards recovery that is already underway may be providing confidence among SMMEs that the COVID-19 pandemic is closer to being under control.

In terms of the length of recovery for the tourism sector more generally, slightly more respondents indicated longer periods for the tourism sector to fully recover with more respondents stating 5 years to less than 10 years (15.3%) and 10 years and more (5.9%). On the other hand, fewer respondents stated shorter periods to recover. Specifically, 5% of the respondents stated less than a year, 23% indicated one year to less than two years and 35.55 noted two years to less than five years. This could be attributed to SMMEs being better position to recover once demand and consumption increases. The tourism sector more generally includes organisations and activities that may need external financial support that is limited and likely to take longer to become available as financial resources are prioritised and that both the private and public sectors generally that provide financial/ resource support have experienced disruptions themselves and will need to recover.

Table 12: How long 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 (n=404)

	Tourism SMMEs		Tourism sector generally	
	Frequency	Percent	Frequency	Percent
Not negatively affected	6	1.5	-	-
Less than 1 year	53	13.1	20	5.0
1 year to less than 2 years	120	29.7	93	23.0
2 years to less than 5 years	156	38.6	144	35.6
5 years to less than 10 years	27	6.7	62	15.3
10 years and more	4	1.0	24	5.9
Don't know	38	9.4	61	15.1

The chi-square test results from cross-tabulations examining the associations between selected business profile (type of tourism business, type of business, provincial location of business, number of persons employed at the time of the interview and number of years business was operational) 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 are presented in Table 13. Associations were noted with P values being less than .05 for three profile variables in relation to the length of time it will take for tourism SMMEs to

recover and two profile variable in relation to the length of time it will take for the tourism sector generally to recover. The associations for the time for tourism SMMEs to recover show that more PTY LTD and Sole Proprietors indicated more than two years while other types of businesses indicated less than 2 years, more businesses in KwaZulu-Natal indicated more than two years while other businesses types generally indicated less than 2 years and businesses operational between 5 to 15 years indicated that tourism SMMEs will take more than 2 years to recover. The associations for the time the tourism sector generally to recover reveal that more businesses located in KwaZulu-Natal indicated more than two years while other types of businesses stated less than 2 years. Differences are noted in relation to perceived period of recovery for tourism SMMEs and the tourism sector more generally.

Table 13: 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

Although most respondents indicated that tourism SMMEs (and the tourism sector more generally) will fully recover, although the length of recovery differed, Table 14 indicates that only few respondents (10.3%) stated that the pandemic is unlikely to change the operations of their business in the long-term/ after the COVID-19 pandemic has been brought under control, that is, there will be no impact and the business will revert to business as usual. A further 3.5% did not respond. The rest of the respondents indicated that the pandemic is likely to change the operations of the SMMEs in the long-term, with the main impact being stricter controls to ensure adherence to improved health practices in terms of hygiene (72.5%). This indicates that health considerations will become a normal feature of the operations of tourism SMMEs, linked to concerns of new variants or new diseases. The impact of technological changes on business operations is also evident with 31.9% of the respondents stating the increased use of online/ virtual platforms. Of concern is that 17.1% of the respondents indicated changing the type of business in (different from the tourism sector). This suggests that some businesses will no longer be operational in the tourism sector, which could be attributed to this sector experiencing some of the highest levels of disruptions as indicated in the literature.

Table 14: How the pandemic likely to change the operations of the business in the long-term/ after the COVID-19 pandemic has been brought under control (n=404) (Multiple responses)

	Frequency	Percent
No response	14	3.5
No impact – will go back to business as usual	74	18.3
Have stricter controls to ensure adherence to improved health practices in terms of hygiene	293	72.5
Change the type of business in (different from tourism sector)	69	17.1
Use online/ virtual platforms more	129	31.9
Register business, for it to be recognized	1	.2
Using Uber and other apps	1	.2

11.3. Strategies and responses

Respondents were asked to indicate which specific strategies their businesses were using to deal with the COVID-19 disruptions. Multiple strategies were being used and for purposes of the analysis have been categorised into employee changes (Table 15),

business/ organisational adjustments (Table 16) and financial changes (Table 17). The employee-related strategies identified with the highest proportion of responses (more than 50%) were reduced salaries/ wages (57.9%) and reduced employment time/ working hours (56.2%). Other key employee changes identified by 30% to 50% of the respondents were staff being quarantined/ self-isolating (staff or family member being ill or exposed to a virus) (42.1%), ending the employment of employees/ retrenchments (35.9%), granting unpaid leave to employees/ furloughed (34.9%) and staff granting paid leave to employees (32.4%). Strategies with less than 20% responses were reducing employment benefits offered (18.6%), upskilling or training self and employees (16.6%) and arranging for greater flexibility to work from home if staff employed (15.6%). Some of the respondents (19.3%) stated that there were no staff disruptions. As indicated in the literature, the tourism sector (and tourism SMMEs in particular that dominate this sector in South Africa) is a major employer. The extent of the disruptions, which include the termination of employment and impacts on salaries, reveals that the COVID-19 pandemic impacts on tourism SMMEs will have broader socio-economic repercussions. Fewer respondents indicated upskilling or training self and employees, which may suggest that this is not a priority given limited resources, the unwillingness to invest in staff development given the unpredictability of the future and/ or that there is no need for additional training. The lower responses for flexibility to work from home/ limiting physical contact among employees is unsurprising given that most tourism-related activities and businesses are contact based. The impacts of the decreased demand for tourism goods and services noted earlier is clearly evident in terms of employee changes, including ending employment, reducing the time of workers and reductions in salaries. The demand and consumption side of tourism will need to increase and recover so that financial stability among SMMEs emerges that will limit employee disruptions and will over time result in employment increasing again.

Training was noted as a key intervention by the small business and entrepreneurship training consultant key informant, who also highlighted examples of international programmes that are benefitting South Africans. A specific example was a German initiative together with the TUI Foundation (that is an independent charity that uses

tourism for good and transformation) offered a 6 month support, training and coaching intervention with a grant of R25 000 per month for 6 months. A total of 315 SMMEs from 4 countries (South Africa, Kenya, Egypt and Mexico) benefitted with 70 SMMEs from South Africa benefitting. There were 14 000 applications. Four of the 70 SMMEs were selected to go to Berlin in March 2022 with the aim of facilitating market access and investment. The higher education consortium agency key informant also provided the example of Ireland’s Tourism Gateway education programme to provided marketing and retraining. The provincial economic development and tourism department key informant also highlighted the importance of ‘repurposing, reskilling and re-orientation to other industries within the sector’ and ‘businesses that have shutdown can be assisted with start-up funding and also be retrained in line with the prevailing business conditions’. Additionally, this key informant noted the need for business education, which is vital for many businesses with mentorship to ensure sustainability. Financial training, including the importance of business insurance, was also underscored.

Table 15: Employee changes (if business/ establishment has employees) that were and are being used to keep the business going to deal with the COVID-19 disruptions (n=404) (Multiple responses)

	Frequency	Percent
None	78	19.3
Granting paid leave to employees	131	32.4
Granting unpaid leave to employees/ furloughed staff	141	34.9
Ending the employment of employees/ retrenchments	145	35.9
Arranging for greater flexibility to work from home if staff employed	63	15.6
Reduced employment time/ working hours	228	56.4
Reduced salaries/ wages	234	57.9
Reducing employment benefits offered	75	18.6
Upskilling or training self and employees	67	16.6
Staff being quarantined/ self-isolating (staff or family member being ill or exposed to a virus)	170	42.1

The main business/ organisational adjustments identified by the SMMEs were suspending business activities not to incur costs (50.5%) and adjusting marketing strategies (such as lowering prices, special deals, etc.) (44.1%). The strategies identified (with between 20% to 30% responses) were agreeing with clients/ customers to postpone

(but not cancel) activities until a future date (23.8%), changing refunding/ cancellation policies (21%) and changing offering/ products/ services (20.3%). The strategies identified with less than 20% responses were planning activities/ events that can be done at a later date after the crisis (18.8%), refunding clients/ customers (18.3%), introducing alternative services/ products (17.1%), moving business activities, such as meetings and training, online/ virtual platforms (16.6%) and starting or changing to new business venture/s (15.1%). Some of the respondents (19.8%) stated that there were no business adjustments. The responses indicate the variations among tourism SMMEs that influence the business adjustment strategies used. The need to diversify product offerings and business models, provide marketing assistance to attract business and ways to streamline business costs were highlighted by the provincial investment promotion unit key informant. The need for seed funding and saving schemes as emergency funds were also suggested by the key informant. The lower responses generally in relation to specific strategies could also denote the lack of options available to tourism SMMEs, linked to limited resources available. However, adaptability and agility to respond to the pandemic are evident among the tourism SMMEs.

Table 16: Business adjustments that were and are being used to keep the business going to deal with the COVID-19 disruptions (n=404) (Multiple responses)

	Frequency	Percentage
None	80	19.8
Starting or changing to new business venture/s	61	15.1
Suspending business activities not to incur costs	204	50.5
Refunding clients/ customers	74	18.3
Agreeing with clients/ customers to postpone (but not cancel) activities until a future date	96	23.8
Changing refunding/ cancellation policies	85	21.0
Planning activities/ events that can be done at a later date after the crisis	76	18.8
Adjusting marketing strategies (such as lowering prices, special deals, etc.)	178	44.1
Changing offering/ products/ services	82	20.3
Introducing alternative services/ products	69	17.1
Moving business activities, such as meetings and training, online/ virtual platforms	67	16.6

From the discussions thus far, financial challenges is the main issue associated with tourism SMMEs and COVID-19 pandemic impacts. While 15.1% of the SMMEs did not identify financial changes that were and are being used to keep the business going to deal with the COVID-19 disruptions, a range of financial changes were identified by the rest of the respondents, with many SMMEs adopting multiple financial changes. The main financial changes identified were using business reserves or savings (62.4%) and using personal (including support from family) reserves or saving (50.5%). Other financial changes included applying for a new loan, or an extension of a current loan (22.8%), asking landlords and service providers for reduced rates or waivers on payments (18.3%), cancelling renovations, expansion, upgrades and/ or improvements (18.3%), getting relief funding from government sources/ applying for government funding (7.3%) and applying for relief resources from non-government sources (10.4%). Fewer than 10% of respondents stated seeking donations/ crowd funding from the public (6.2%) and selling/ vacating business premises (5.2%). Again, the results reveal that the financial impacts are widespread and dire. Of concern is that many SMMEs have been forced to draw on personal and business savings as well as sell assets to cope with the financial impacts of the pandemic. This increases vulnerability should subsequent waves result in major disruptions again or new disruptions are experienced. Financial recovery needs to be sufficient to not only sustain SMMEs but to also permit financial resources to be re-accumulated to buffer SMMEs against future disruptions. It is important to note that some financial sources from both government and non-government sources were identified, but not in keeping with number of SMMEs that have been financially impacted. Promoting tourism (to increase demand and consumption) will be critical to ensure that income streams/ revenues are sustained that will assist SMMEs considerably.

Table 17: Financial changes that were and are being used to keep the business going to deal with the COVID-19 disruptions (n=404) (Multiple responses)

	Frequency	Percent
None	61	15.1
Using business reserves or savings	252	62.4
Using personal (including support from family) reserves or savings	204	50.5
Applying for a new loan, or an extension of a current loan	92	22.8
Asking landlords and service providers for reduced rates or waivers on payments	74	18.3
Getting relief funding from government sources/ applying for government funding	70	17.3
Applying for relief resources from non-government sources	42	10.4
Seeking donations/ crowd funding from the public	25	6.2
Cancelled renovations, expansion, upgrades and/ or improvements	74	18.3
Sell/ vacate business premises	21	5.2

Some of the respondents identified additional strategies used which included changing operations including closing some premises where multiple sites were operation prior to the pandemic, transition to provide takeout rather than sit-in services/ starting food delivery services, selling products door to door, changing location of the business, merging with another company/ service provider to reduce costs, outsourcing tourist guides and vehicles, changing suppliers, borrowing money from other businesses and lowering the prices of goods. Another time of staff flexibility identifies was arranging for some staff to ‘work one week on and one week off without salaries’. Using the internet was also identified, especially for marketing purposes. One respondent also stated that equipment was sold. The main sentiment expressed was the need for government funding, which is a recurring need expressed by SMMEs.

The chi-square test results from cross-tabulations examining the associations between selected business profile (type of tourism business, type of business, provincial location of business, number of persons employed at the time of the interview and number of years business was operational) variables and selected strategies (the top three strategies for each category: employee changes, business adjustments and financial changes) that were and are being used to keep the business going to deal with the

COVID-19 disruptions are presented in Table 18. For most profile variables, associations were noted with P values being less than .05 for all periods under examination (highlighted in yellow). Crosstabulation results show that for most strategies, restaurants, retail establishments, accommodation facilities and cultural activities; PTY LTD and closed corporations; businesses located in Gauteng and KwaZulu-Natal, businesses within less than 50 persons (micro and medium) and businesses operational for more than 5 years were more likely to employ the strategies selected. The results suggest that some types of businesses are better positioned to use strategies and/ or were forced to use strategies (such as retrenchments as well as using business and personal savings) that will leave them more vulnerable in the future.

Table 18: 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	.001	.028	.000	.000	.002

prices, special deals, etc.)					
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

Respondents were asked if there were strategies they would like to use but were not in a position to do so at the time of the interview (Table 19). This question was included since businesses are often constrained by a number of factors, including access to funding/ resource, lack of technical know-how/ expertise or space restrictions. Slightly more than a third of the respondents (36.9%) indicated that there were strategies that they would like to use but were not in a position to do so at the time of the interview, with 56.2% stating that they were not. Some (6.9%) did not respond.

Table 19: If there are strategies that would like to use but are not in a position to do so at the time of the interview (n=404)

	Frequency	Percent
No response	28	6.9
No	227	56.2
Yes	149	36.9

Among the respondents who indicated that there were strategies that they would like to use but were not in a position to do so at the time of the interview, the main reason was insufficient funding (24.3%) (Table 20). This was followed by not having the information

to apply for funding/ seeking relief (20.3%), not qualifying for a loan or to extend current loan (15.1%) and not having suitable alternative premises (14.9%). Fewer respondents stated lack of suitable business premises/ spaces outside the home (8.7%) and not having any or reliable internet access (7.7%). The latter response differs from the literature which indicates that internet connectivity is a major issue for SMMEs in South Africa and on the African continent more generally.

Among the SMMEs interviewed (and this could be because most interviews were conducted in urban areas), internet connectivity does not emerge as a key issue that needs attention. Other reasons for not being able to use strategies identified by one respondent were the lack of business acumen, acknowledgements that South Africans are unlikely 'to willingly use travel agencies to travel within South Africa' and 'no assistance for foreign businesses'. Internet connectivity was noted by all the respondents who acknowledge the transition to a technologically influenced and increasingly virtual world. The management company focusing on small businesses key informant noted that the virtual mentorship programmes provided could not be accessed by many SMMEs due to connectivity issues. Peer-to-peer learning was stated by the provincial tourism marketing organisation key informant. The provincial tourism marketing organisation key informant provided examples of some departments using the COVID-19 pandemic to accelerate the need to develop digital solutions to the tourism sector and other sectors of the economy. KwaZulu-Natal Tourism, for example, introduced the Digital Transformation Programme for SMMEs helping them digitise their business operations. The interventions included website optimisation /development so that they were compatible with digital solutions for payment transactions, engagement with customers, social media marketing, etc. Also introducing SMMEs to digital platforms meant giving market access as these have global and domestic presence and access to tourism buyers. Also, training on social media marketing and using digital business platforms for networking were provided.

Table 20: If not able to use the strategies, the reason/s (n=404) (Multiple responses)

	Frequency	Percent
None/ no response	220	54.5
Do not have sufficient funding	98	24.3
Do not qualify for a loan or to extend current loan	61	15.1
Do not have the information to apply for funding/ seek relief	82	20.3
Do not have suitable alternative premises	59	14.6
Lack of suitable business premises/ spaces outside the home	35	8.7
Do not have any or reliable internet access	31	7.7

11.4. Support and recovery

Respondents were asked if they were aware of government support being offered to businesses/ establishments in the tourism sector and if they qualify for such support. Figure 7 shows that 52% of the respondents knew about the government support being offered while 48% were not aware. Possible reasons for not being aware of government support are that they did not see the information provided in the media and/ or that they did not internalise that the support being communicated was for their types of businesses.

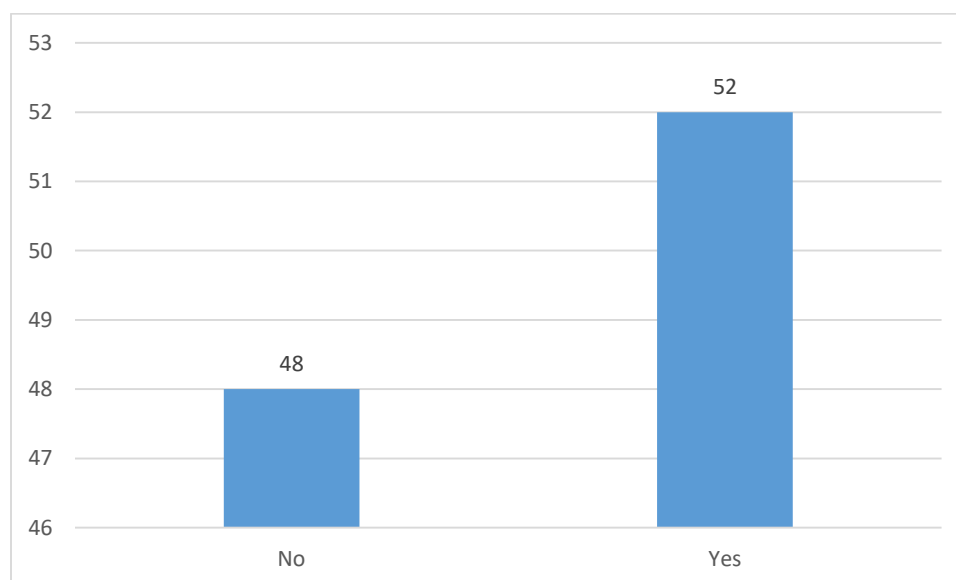


Figure 7: If aware of government support being offered to businesses/ establishments in the tourism sector (n=404, in %)

While close to have of the respondents were aware of government support being offered to businesses/ establishments in the tourism sector, Table 21 shows that only 19.1% of the respondents indicated in the affirmative that they qualified for the support being offered. Additionally, 17.6% of the respondents stated maybe, suggesting that although aware, they are unclear of the details of the support provided and the criteria in relation to who qualifies, a concern raised by the national Small Business Development Agency key informant as well. Furthermore, 15.3% indicated that they did not qualify for the support being offered. There is a need for government at all levels (and this applies to tourism organisations as well) that are providing support to tourism SMMEs develop a communication strategy to keep businesses better informed about support being provided.

Table 21: If yes, if qualify for the support being offered to businesses by the government (n=404)

	Frequency	Percent
Not applicable	194	48.0
No	62	15.3
Yes	77	19.1
Maybe	71	17.6

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 while the majority (62.9%) did not (Figure 8). This resonates with earlier findings that SMMEs struggled to access external support, especially much needed financial support.

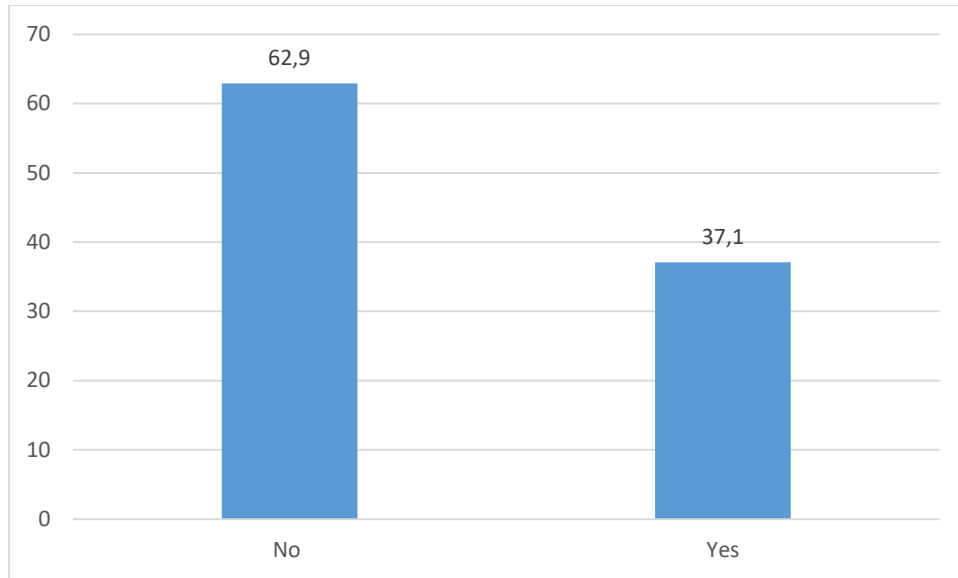


Figure 8: If business benefitted from any form of support to deal with COVID-19 pandemic-related impacts (n=404, in %)

The chi-square test results from cross-tabulations examining the associations between selected business profile (type of tourism business, type of business, provincial location of business, number of persons employed at the time of the interview and awareness of government support, if qualify for business support and if benefitted from any support are presented in Table 22. For most profile variables, associations were noted with P values being less than .05 for all periods under examination (highlighted in yellow). Crosstabulation results show that in relation to awareness of government support being offered to SMMEs, all variables had an association with more restaurants, retail establishments and accommodation facilities; PTY LTD businesses; businesses located in Gauteng and the Western Cape; business with more than 10 employees and businesses that were operational for more than 10 years being aware. In terms of whether qualify for business support, more formal businesses, businesses located in the Western Cape and businesses with more than 10 employees qualified. In relation to whether businesses benefitted from any support, more PTY LTD, businesses with 11-50 employees and those operating for more than 10 years received support. The results suggest that SMMEs that may be the most vulnerable (informal/ not registered, fewer employees and operational for fewer years) are less likely to be aware of or benefit from support.

Table 22: P values of chi-square test results examining associations between selected business profile variables and awareness of government support, if qualify for business support and if benefitted from any support

	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
If aware of government support being offered to SMMEs	.029	.000	.000	.000	.001
If qualify for business support	.490	.000	.000	.000	.068
If benefitted from any support	.096	.013	.079	.021	.024

The key informants also indicated that government support was largely inadequate and ineffective. The management company focusing on small businesses key informant states that ‘the success of the SMMEs was measured by the resilience of the businesses, those that continued to function and adapt’. This key informant also felt that the support for SMMEs from the private sector were more effective. Banks, for example, sponsored some tourism SMMEs through enterprise development programmes even though the SMMEs could not afford to repay loans. Another bank intervention was Nedbank offering a new platform for SMMEs called Money Message, which allowed business owners to improve their financial systems by allowing them to make business transactions and monitor their finances using their cell phones. The private sector also donated PPE to the SMMEs to make sure they were COVID- 19 safety compliant. The key informant felt that not enough was done by the public sector to support tourism SMME’s. Although the Department of Tourism offered the Tourism Relief Fund, it was not enough to curb the impacts of COVID-19 on the tourism SMMEs.

Among those who did receive support, multiple organisations/ institutions that provided the support were identified (Table 23). The main organisations/ institutions identified were other national government departments (19.8%), the Department of Tourism (national) (6.7%), local government departments (5.7%) and provincial government departments (4.2%). Other organisations/ institutions identified by less than 3% of the respondents were tourism organisations, banks/ financial institutions, philanthropic organisations (religious bodies, charitable organisations, etc.), the general public via donations/ crowdfunding and the private sector (both tourism and non-tourism businesses). The lack of private sector may be indicative of the extent to which the private sector generally has been impacted by the COVID-19 pandemic and are likely to need support as well. The results clearly show the dominance of the reliance on public sector support which is not tenable and sustainable. In the South African context in particular, other competing socio-economic demands as well as the need to continue to deal with the health issues pertaining to the pandemic limits funds available to support tourism SMMEs. Additionally, South Africa has a low tax base which severely limits public funding available.

Table 23: If benefitted from any form of support to deal with COVID-19 pandemic related impacts, organisations/ institutions that provided the support (n=404) (Multiple responses)

	Frequency	Percent
Not applicable	254	62.9
Not sure/ not response	17	4.2
Department of Tourism (national)	27	6.7
Other national government departments	80	19.8
Provincial government departments	17	4.2
Local government departments	23	5.7
Tourism organisations	9	2.2
Banks/ financial institutions	6	1.5
Private sector (tourism businesses)	1	.2
Private sector (not tourism businesses)	2	.5
Philanthropic organisations (religious bodies, charitable organisations, etc.)	4	1.0
The general public via donations/ crowd funding	3	.7

Table 24 indicates the type of support/ relief SMMEs that received support benefited from/ were able to access. Close to a third of the respondents (30.2%), which was almost all the respondents who indicated that support was received, stated COVID-19 UIF Temporary-Employee Relief Scheme (TERS). This was followed by COVID-19 Tourism Relief Fund for SMMEs (7.4%). Other types of support identified were food parcels after the unrest by two respondents and donations from people by one respondent. The management company focusing on small businesses respondent stated that ‘some SMMEs suffered to such an extent that grocery vouchers were given to the owners where no income received was received’. The dominance on public funding is again evident. The provincial investment promotion unit key informant also highlighted that budgetary restrictions and reprioritisation (to fight the health impacts) implies that limited funding was and will be available.

Table 24: If benefitted from any form of support to deal with COVID-19 pandemic related impacts, type of support/ relief fund the business benefited from/ where able to access (n=404) (Multiple responses)

	Frequency	Percent
Not applicable		
Not sure/ no response	10	2.5
COVID-19 Unemployment Insurance Fund (UIF) Temporary-Employee Relief Scheme (TERS)	122	30.2
COVID-19 Tourism Relief Fund for SMMEs	30	7.4
Food parcels after unrest	2	.5
From donations of people	1	.2

It is important to note that the national and provincial department key informants indicated a range of different types of support provided. These included at the start of the pandemic communicating with women SMMEs especially, having WhatsApp groups for regular communication, created database for hotels that allowed service providers to provide meals and accommodation for people that could not leave the country and setting up donations in hotels. As the pandemic was prolonged, more initiatives were put in place and included exposing SMMEs to other skills such as social media use, making sure that businesses stayed relevant, setting up the 'Ubuntu beds' programme that helped frontline workers who were afraid of going home after being exposed to the virus have a place to sleep. This helped accommodation establishments considerably. One of the national

department key informants underscored the responsiveness of the tourism SMMEs themselves stating initially smaller businesses in particular were taken by surprise. Since they were generally not part of private sector bodies and associations, they had limited access to information and external support, including funding opportunities available. However, most business adapted such as hotels became temporary student accommodations. The key informant stated that ‘a number of people branched out of their everyday set of skills and became innovative by shifting to providing a new product within the tourism sector’. As the pandemic continued, many SMMEs changed their pricing models and were better prepared. This is evident with the results pertaining to many businesses in this study indicating a pathway to recovery.

Among the respondents who received support, 24.8% (the majority of the 37.1%) indicated that the support provided was adequate/ helpful for their businesses, with 10.1% stating that it was not and 2.2% not providing a response (Table 25). The positive perception of the support among those who received assistance is clearly discernible.

Table 25: If accessed support, was it adequate/ helpful (n=404)

	Frequency	Percent
Not applicable	254	62.9
No response	9	2.2
No	41	10.1
Yes	100	24.8

Among the few that indicated that the support was inadequate or not helpful, the main reason forwarded was that the funding was inadequate. Difficulties with the application process/ being unable to apply was also noted. Furthermore, a few respondents stated that they applied but were either not successful or still awaiting feedback. These types of administrative inefficiencies was also noted by the management company focusing on small businesses key informant who stated that ‘the administration of such funds took longer to be processed as a result it took a while for SMME’s to access such funding’.

Among the respondents who stated that they did not receive support, Table 26 shows that the main reasons identified were not being aware that support was available (31.7%),

difficulties to apply (18.8%) and did not qualify/ meet criteria (14.4%). The provincial tourism marketing organisation and provincial economic and tourism department key informants stated that funds available for tourism SMMEs could not cater for everyone and the minimum requirements (especially tax compliance, UIF requirements, financial statements, etc.) meant that many SMMEs did not qualify. A few of the respondents stated that they applied but was not successful (5.7%) or they applied but was not successful (5.7%). One respondent each stated that the business was not registered, the business was too large to receive support, not a South African and thought that the process will take long. Two respondents stated don't trust government/ empty government promises. The lack of awareness again indicates the need for an effective communication strategy to provide information to tourism SMMEs. This was supported by one of the national department key informants who stated that the tourism sector need to be more flexible and attentive to the need of tourism SMMEs. It was also noted that the recovery plan was developed by people outside of the department, which creates challenges for implementation. The key informant also indicated that tourism relief fund had requirements that made it difficult for many to access.

Table 26: If no support is/ was accessed from external sources to assist with the COVID-19 impacts, reason/s for not getting the support (n=404) (Multiple responses)

	Frequency	Percent
Not applicable	150	37.1
Not aware of support	128	31.7
Difficult to apply	76	18.8
Do not qualify/ meet criteria	58	14.4
Applied but was not successful	23	5.7
Applied and awaiting response	22	5.4
Business is not registered	1	.2
Business too large to receive support	1	.2
Not a South African	1	.2
Thought process will take long	1	.2
Don't trust government/ empty government promises	2	.5

Almost all the respondents (91.1%) identified different kinds of support that would be useful to the business and the tourism sector more generally to recover from the COVID-

19 pandemic impacts (Table 27). Predictably, from a tourism SMME perspective and given previous responses in relation to the prominence of financial issues, the main types of support identified by the majority of the respondents related to financial aspects, specifically no interest grants/ cash transfers (53%) and low interest/ subsidised loans or bridging finance (43.8%). Other financial-related types of support identified were relief from paying employee contributions to the UIF (37.4%), rollover of debt payments, deferral of credit payments or suspension of interest payments (32.7%), deferral or mortgage, rent or utility payments (32.4%) and deferment of taxes (29%). The importance of financial support was also noted by the provincial tourism marketing organisation key informant, highlighting both private and public sector financial support for the tourism sector. While the responses reflect the financial plight of many of the tourism SMMEs, realistically and given the state of public funding in South Africa, many of these interventions are unlikely to be options and, therefore, sustainable strategies should focus on what are feasible and practical strategies that are likely to have positive impacts in a resource scarce environment.

The provision of Personal and Protective Equipment (PPE) such as masks and sanitisers was identified by 56.7% of the respondents, which suggests that dealing with health impacts ensuring health safety is a key priority for tourism SMMEs. This is not surprising since, as stated earlier, many tourism SMMEs are contact based and require PPE to ensure the safety of both customers and staff. This expressed need may also reflect a realisation among tourism SMMEs that the quicker the pandemic is under control, the quicker the recovery of their businesses. Additionally, customers need to feel safe given that the virus is still of concern.

Different types of training support were identified which included advice/ training on business recovery and strategy (54.7%), advice/ training on how to deal with the stress/ anxiety (41.1%) and advice/ training on health and safety precautions (40.8%). Additionally, 38.4% of the respondents indicated support for online/ virtual training opportunities for business. 34.4% stated sharing of best practices from other businesses and 30.4% supported providing non-financial support, such as management or legal

advice and loan application assistance. These results indicate a desire among SMMEs to build capacity to better respond to the pandemic as well as be prepared to deal with future disruptions.

The multiple responses reveal that different of interventions are proposed, acknowledging the variations in relation to impacts, the diversity of tourism SMMEs and divergent needs. This was highlighted by the key informants as well. Additionally, the responses reveal the need for a multi-pronged set of support mechanisms to deal with the pandemic.

Table 27: 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
None	36	8.9
No interest grants/ cash transfers	214	53.0
Low interest/ subsidised loans or bridging finance	177	43.8
Deferral or mortgage, rent or utility payments	131	32.4
Rollover of debt payments, deferral of credit payments or suspension of interest payments	132	32.7
Deferment of tax	117	29.0
Relief from paying employee contributions to the Unemployment Insurance Fund (UIF)	151	37.4
Advice/ training on business recovery and strategy	221	54.7
Advice/ training on health and safety precautions	165	40.8
Advice/ training on how to deal with the stress/ anxiety	166	41.1
Sharing of best practices from other businesses	139	34.4
Online/ virtual training opportunities for business	155	38.4
Non-financial support, such as management or legal advice and loan application assistance	123	30.4
Provision of Personal and Protective Equipment (PPE) such as masks and sanitisers	229	56.7

Other types of support identified were private sector investments, financial literacy workshops, free vaccines and encouraging vaccination, and more exposure to businesses. One respondent stated that outdoor festivities should be permitted to allow for more tourist attractions and SMMEs in turn will benefit. One respondent stated that restaurants and the liquor industry should stop being targeted during the lockdowns. Addressing governance issues was also highlighted, especially in the context of dealing

with social unrest and corruption. This is related to broader calls to ensure safety and security in South Africa, which has serious implications for how the country is viewed as a tourist destination. The need for funding as well as promoting travel were repeated. Providing incentives to promote local travel, in particular, was indicated by the small business and entrepreneurship training consultant key informant, with specific examples being hosting local tours to significant tourist, historic and cultural destinations within the country, focusing on arts and culture, reducing the costs of tour packages and accommodation to entice the local community to travel again and connecting products and accommodation with tourism providers such as the Locals who Wander project.

One of the national department key informants stated that while tools and measures to assist tourism SMMEs were generally ineffective but some could be refined in the future and better implemented. Similar sentiments were shared with the provincial economic development and tourism department key informant who indicated that the current tools can be very effective if properly implemented. The key informant further stated that the grants had a limited effect as they only helped a small amount of business. The decision not to support large businesses was also deemed to be problematic since these businesses employ a considerable number of persons and use SMMEs as service providers. This key informant together with the national Small Business Development Agency key informant advocated for the need to private sector driven mentorship programmes (including business incubation), removing existing barriers to growth such as addressing safety and security as well as transport concerns. The key informant stated that 'government should stop dictating to industry but rather listen to them and we would move forward better together'.

A word cloud (Figure 9) below was generated to depict responses in relation to what national government should specifically be focusing on to assist the tourism sector, especially SMMEs, to recover. The issues raised reflect earlier aspects raised, specifically to target business in relation to funding support, providing resources, dealing with the pandemic (while limiting travel restrictions and disruptions), embracing change and marketing.

Table 28 indicates the conditions supported by the respondents that will ensure that SMMEs recover more quickly from COVID-19 related impacts. Only a few did not respond (7.9%). Among the rest, the main conditions identified were reopening/ resumption of international travel/ tourism (74%) and increase in domestic tourism (73%). The need to ensure unlocking the demand-side of tourism and increasing consumption is evident. Interestingly, while the literature and key informants (one stating that ‘the entire market dynamic has also shifted from international to domestic tourism’) highlight that domestic tourism should be the main focus of a tourism recovery plan (largely because domestic tourism is easier to promote and manage in the context where international travel still faces challenges), the importance of international travel emerges as being critical for SMMEs. In the South African context, international tourism is a key contributor to supporting SMMEs. The actual number of international travellers as well as the significantly more spend per person are important issues to consider when supporting SMMEs to fully recover. The caution to ‘bank’ on domestic tourism to inform a tourism recovery strategy was echoed by the small business and entrepreneurship training consultant key informant who stated that ‘the refocus on the local market was still ineffective to contribute to the survival of the sector since most SMMEs are not modelled to optimise the local market and some SMMEs are sub-contractors to major destination management companies’. The dependency on income from an international client base was also noted. An important point raised by the provincial tourism marketing organisation key informant is that the inability of South Africa to attract more international flights may be preventing capital injections from private financial institutions and development funding institutions). This is linked to risks associated with businesses not being able to repay loans if revenues are limited.

Other aspects supported (all with more than 50% of responses) were Attractions, entertainment, leisure and recreational facilities to be fully operational and open (65.8%), population to be vaccinated (60.9%), improved safety and security measures (59.9%), being competitive internationally to attract tourists (54%), compliance with health safety protocols (55.2%). The importance of opening up tourism (including internationally) and dealing with the health concerns related to the pandemic as well as safety and security

(which continues to cause reputational concerns for South African tourism emerge and resonate with earlier findings and the literature reviewed.

Table 28: 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

In response to an open-ended question regarding the tourism sector can become more resilient/ capable of dealing with future disruptions such as pandemics, social unrest and climate-related disasters; some of the respondents (28.7%) provided suggestions and comments. Key aspects raised were the need to be better prepared and organised. One respondent stated ‘to learn from this crisis and fix where there sector has been lacking so that it can be prepared for future disruptions’. The need for disaster management preparedness was raised with some respondents stating that tourism industry should be educated ‘about safety precaution measures and also teach them recovery strategies that a business should employ’ and to ‘educate the sector more about disaster management strategies that will help the business thrive’. The importance to be prepared financially was also noted, especially the need for businesses to invest in savings and have insurance since limited support is likely to be available from external sources when disruptions occur. There was some support for a dedicated national recovery fund (headed by government) for tourism to deal with future disruptions such as pandemics, social unrest and climate-related disasters. The need to embrace change and adapt, especially in the context of technology development, was also indicated. As one respondent stated, businesses can benefit ‘by shifting to digitalisation and also helping us to improve our marketing online’. The need for sustainable practices and to be

environmentally-friendly businesses were also encouraged together with the tourism sector diversifying. The need to work together and not to discriminate were also noted.

In relation to additional comments provided by a few respondents, most were issues covered earlier. The social unrests directly impacted on some of the SMMEs where property was damaged and goods were stolen. The failure of government to deal with the social unrest was also noted, together with concerns that these types of incidents have dire consequences for destination brand building and South Africa's reputation, which will impact on the tourism sector and attracting investment more generally.

12. Proposed tourism SMME recovery framework

This section focuses on the study's aim to develop and/ or recommend sustainable intervention tools and measures that may be used to enable the survival and growth (recovery) of tourism SMMEs in South Africa during and post COVID-19. These tools and measures are packaged in the form of a 'Framework for building SMME Resilience', which supports *Enabling Small, Medium and Micro Enterprises (SMMEs) Survival and Growth During/ Post COVID-19*.

The COVID-19 pandemic has significantly impacted the tourism sector, in particular, warranting the need to re-examine the support envisaged for this group and the tourism sector as a whole. Several key informants emphasised that the COVID-19 pandemic, which has devastated the tourism sector provides an ideal opportunity to re-examine the basic tenets of tourism in South Africa, which had notable challenges in respect of sustainability considerations and transformation imperatives prior to the pandemic. The proposed framework for enabling tourism SMMEs is underpinned by the urgent need to promote greater resilience through recovery. In this regard, the suggested 3 phase recovery plan by the Department of Tourism (Figure 10) was used to inform the establishment of the framework for supporting SMMEs, especially to build resilience and capabilities to recover from the pandemic and increase capabilities to deal with future disruptions.

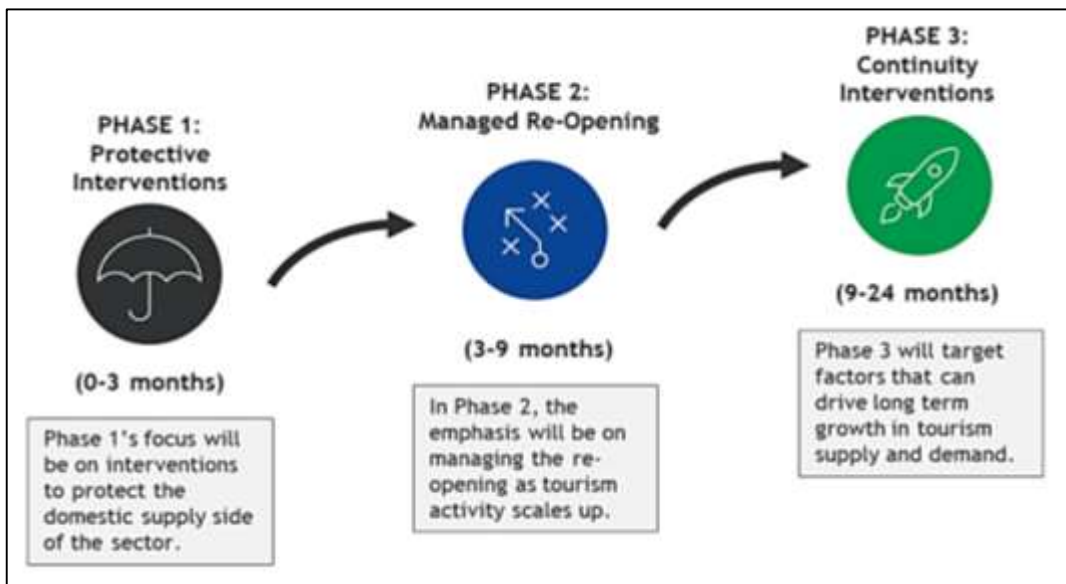


Figure 10: Tourism sector recovery phases (NDT, 2020c:12)

In addition, South Africa’s economic recovery plan for the tourism sector (NDT, 2020c) focuses strongly on (1) Protect and Rejuvenate Supply, (2) Re-ignite demand, and (3) Strengthen enabling capacity. These themes have been used to establish the rationale and scope of the framework, discussed next.

12.1. Rationale for framework

As shown in the previous section presenting the results from the primary data collected, the pandemic has had severe impacts on the sector with the most marked effects being evidenced by the following:

- The negative effects of the pandemic on the financial, infrastructural and human resource base among SMMEs within the tourism sector have been far-reaching, extending across the diverse categories and typologies of businesses that comprise the sector, and undermining financial and business stability.
- These negative effects have extended across geographic boundaries in relation to provincial and urban-rural-township divides

- These negative effects have not been homogenous in terms of business size: the smallest businesses (both in relation to turnover and the number of employees) have been most severely affected in terms of remaining solvent/ functional.

A noteworthy finding is that the impacts of the social unrest, concentrated in Gauteng and KwaZulu-Natal, have resulted in businesses in these provinces displaying higher levels of challenges and disruptions. This reveals that a COVID-19 pandemic recovery plan is inadequate to build resilience among tourism SMMEs that face challenges from other disruptions as well, including climate change that will be a major disruptor for the tourism sector. It is for this reason that the tools proposed in this framework go beyond a focus on the COVID-19 pandemic. They can be used to support SMMEs even in a post-COVID-19 world.

Whilst the effects on tourism SMMEs have been severe, the survey and key informant data have also revealed the following with regards to the responses of the sector:

- Interventions made by government to enable SMMEs to survive have helped the sector to varying (albeit limited) degrees in terms of survival.
- The awareness raising around restrictions and assistance (especially lobbying to ease/ stop restrictions which is a major sentiment expressed by respondents as a key step to enable SMMEs to start to recover) provided by the private sector played an important role in helping the SMMEs survive.
- The financial aid provided by government could have been rolled out in ways that could have increased the number of beneficiaries and targeted those that needed it the most, but have nevertheless helped some businesses survive.
- The financial assistance provided by government has assisted with SMMEs surviving this pandemic but have not contributed to resilience with regard to surviving future shocks. In fact, the persistent calls for financial support (including grants and tax relief) reflect dependencies on public funds that is not feasible nor sustainable.
- The mentorships and incubator-related support provided by both public and private sectors during the pandemic have contributed to assisting SMMEs to survive and

increased resilience. Furthermore, the small number of SMMEs capacitated through their involvement in mentorship and incubator related programmes during the pandemic have shown the ability to diversify their product/ service profile and pivot their businesses. These types of interventions have long term positive impacts since they build the capacity of tourism SMMEs to respond rather than rely exclusively on external (usually government) support. It is unclear whether this diversification of products/ services is temporary but what is clear is that diversification does promote resilience.

- The SMMEs in the sector are not agile or resilient and were completely unprepared for pandemic and are likely to still be affected by future 'shocks' (environmental, economic or social).
- A more comprehensive approach to enabling SMMEs, based on capacitation as opposed to purely financial assistance, needs to be adopted by government.
- Any government initiated programme aimed at capacitating the SMME sector must be facilitated/ championed by the private sector ('business is best understood by business' as one of the key informants stated) and at the local level, with Business Support Units and similar organisations within municipalities being critically important. The national department key informant warned that the state is not flexible, agile or orientated to provide effective support to SMMEs.

Further to the above, the various sources of data that have informed this report point to the fact that despite the intervention made by the public and private sectors thus far, some small businesses may still close because they are in industries, such as accommodation and food service, that are affected by changed customer behaviour brought about by physical distancing and mandated operational restrictions during the pandemic. Consumption patterns have changed considerably (such as video conferencing/ meetings, food delivery services, staycations and virtual tours) which tourism SMMEs need to respond to since there will not be a resumption of patterns that were the norm prior to the pandemic. Other small businesses may close because they were already at risk financially before the crisis, given that South Africa has been in an extended period of an economic downturn over the last decade. This implies that the most vulnerable small

businesses have faced both financial and COVID-19-related challenges during the pandemic. So, while it is important to understand which small businesses may remain closed permanently, and assist them to recover, it is even more important to place the SMMEs that have managed to remain open on a pathway to resilience. This is the rationale behind the framework presented in this section.

12.2. Framework for building SMME Resilience

12.2.1. Purpose of framework

The primary purpose of the framework is to map out a best practice-based approach to building resilience with the SMME tourism sector in South Africa. This should be used to develop a **Framework and Implementation Plan** (to be finalised and piloted as part of Phase 2 of this project) to provide short- and medium-term guidance on how the private and public sector can work collaboratively and strategically to increase the resilience of tourism SMMEs in a resource scarce environment that is vulnerable to environmental, social and economic shocks. This is linked to the post-structuralist theoretical framework that encourages the examination of institutional, organisational, and business culture. It draws from wide-ranging consultations with key stakeholders (linked to the stakeholder theory adopted) in the tourism sector and best practice locally and internationally to make it an inclusive and realistic approach to identifying, designing and implementing the tools and measures needed to render the sector more resilient and agile. The framework also provides guidance on how these efforts to build resilience can align with government's overall Vision and core aims and objectives for the sector, as embodied in the Tourism Sector Recovery Plan (NDT, 2020c) and the Economic Reconstruction and Recovery Plan (South African Government, nd) that adopts a three phased approach: Engage and Preserve, Recovery and Reform, and Reconstruct and Transform.

12.2.2. Scope of framework

The status quo of the impacts and responses to the COVID-19 pandemic by tourism SMMEs in South Africa has been presented in the previous section. This framework gives

an overall sense of the guiding principles on building resilience within the business sector, with a specific focus on tourism SMMEs. The heart of the framework focuses on the process flow for developing resilience which should involve setting goals, identifying stakeholder roles, setting out guiding principles, developing guiding principles based on the status quo (established largely through the present study), identifying tools and measures that could be adopted to build resilience and implementation with embedded monitoring and evaluation. This aligns to the diffusion theory that focuses on readiness, capacity and capabilities to embrace change.

12.3. Proposed framework

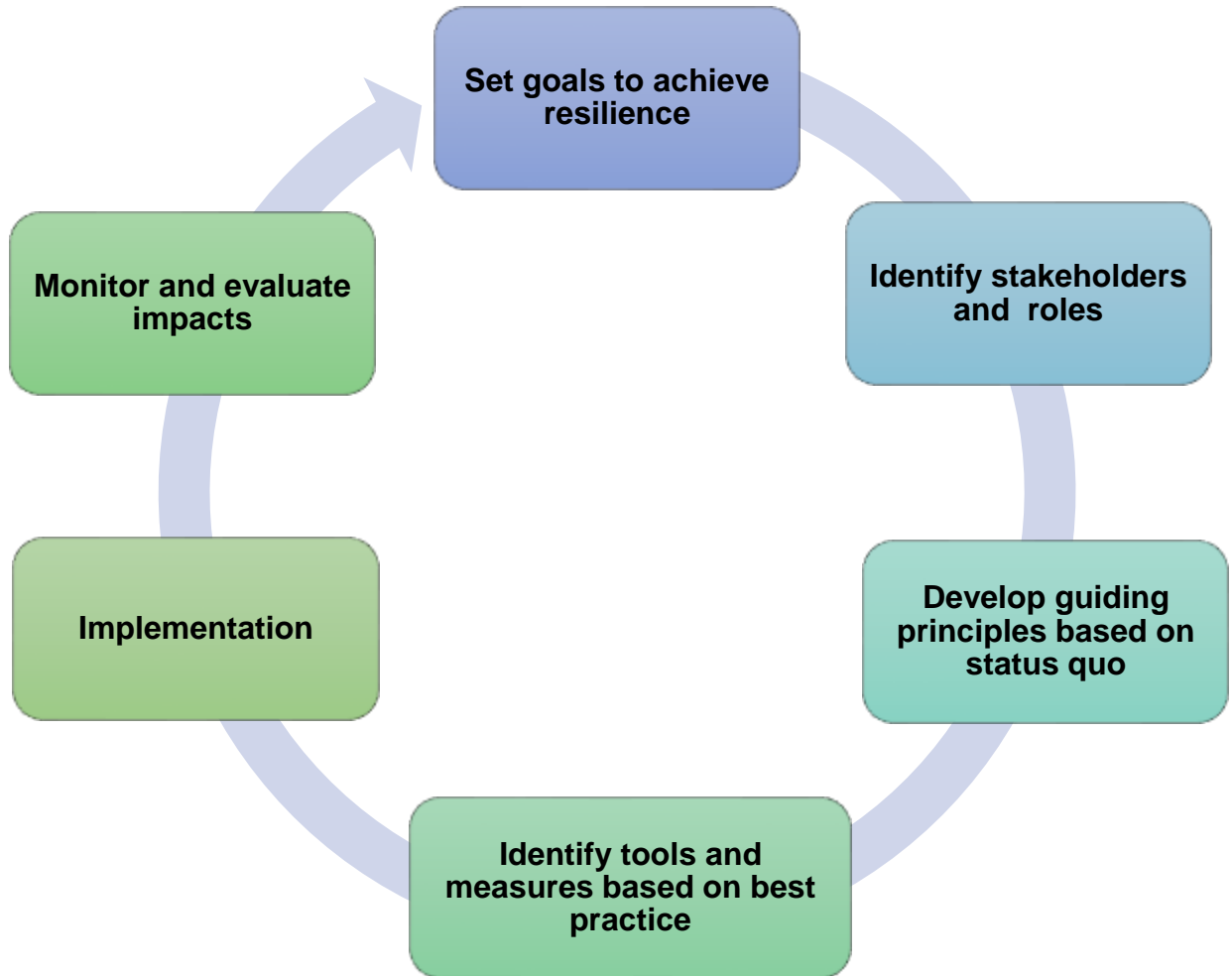


Figure 11: Process flow for the proposed resilience framework for tourism SMMEs

Figure 11 outlines the process flow for the proposed resilience framework for tourism SMMEs discussed next.

12.3.1. Setting Goals

According to Lengnick-Hall and Beck (2003), organisational resilience is a complex blend of behaviours, perspectives, and interactions that can be developed, measured, and managed. The goals defined in this section are based on the multiple types of evidence collected during the status quo analysis and are based on what is termed the '**4R Approach**': **Respond, Reshape, Reimagine and Reach-out.**

A. Respond

Our personality defines how we respond to situations and more importantly change or disruption. Different types of businesses have different types of 'personalities' and resilience is related to specific personality traits. Resilience refers to a dynamic development process (Braes and Brooks, 2010) and, according to Walker (2020), is based on a selection of traits that enable the maintenance of the functionality of a system when it is disrupted or the ability to retain the elements needed to **respond** or 'bounce back' (that is, update or re-arrange) if a disruption (such as a pandemic) changes the structure of a system's function. Responding as a resilient system/ business will always involve taking chances (which can be risky) and taking advantage of opportunities/ situations. This goal will therefore involve enabling SMMEs to develop traits/ behaviours that allow them to quickly adapt (respond) to disruptions while maintaining sustainable business operations and protecting their human resources, assets, and overall brand equity (Simeone, 2015). Training, mentoring, partnerships and asset accumulation are important to build capabilities to respond.

B. Reshape

This goal involves **reshaping** the culture of the tourism SMME sector and enabling businesses within the sector to reshape their own culture to ensure it is an ally to

disruption. At present, most owners of tourism SMMEs have an enormous opportunity to significantly improve performance by reshaping and strengthening their work culture (with the study revealing that many businesses have responded by themselves or worked with other businesses to cope with the pandemic); this is a critical asset for resilience building within any organisation. In the case of tourism SMMEs, reshaping will involve enabling businesses to ask critical questions around the effectiveness of the businesses, and especially their financial situation. A weak organisational culture where employees' sense of purpose is lacking can render businesses more vulnerable to disruptive situations, potentially diminishing brand value and undermining team collaboration and team identity in situations where their business needs to be resilient. This can in turn compromise the business's agility and speed of response/ innovation. On the other hand, businesses with strong cultures, on the other hand, can withstand disruption, based on the fact that their teams know their purpose and call on it during crisis decision-making and can easily align on choices when priorities shift since their core values remain steady.

C. Reimagine

Results from this study point to the ability to 'pivot' during the pandemic as a key trait of SMMEs that did survive the pandemic, with some even exiting the tourism sector. This goal finds its purpose in the need to enable tourism SMMEs and the sector as a whole to predict demand and customer behaviour, and respond accordingly. This is not easy and is particularly difficult during periods of uncertainty such as a pandemic. However, it must be attempted as it is critical to stimulate cash flow and when the stakes are high (that is, high level of risk), businesses need to know their customers to drive brand loyalty and long-term profits. This was evident in the accommodation and restaurant industries that mainly had a tourist customer base to create and respond to local demand for services by transitioning to promote staycations and food delivery services, respectively. Anticipating changes will require the tourism sector as a whole to use advanced analytics to test and optimise their customers' journeys. The importance of real-time analytics was highlighted by the provincial conventions and bureau key informant. The SMME sector is not in a position to do this on its own but can benefit from adopting this analytical approach with the assistance of tourism and business organisations as well as government

departments, including the Department of Tourism, mandated to support tourism and/ or business development. On a more simplistic level, SMMEs can be trained to reimagine their customer experience by simply making observations, reading the market and sharing experiences. By reimagining the customer experience, as many SMMEs in South Africa have done during the pandemic, SMMEs can stay agile to meet changing customer needs and cultivate loyalty when it matters the most. Some very simple questions that can inform how this goal is addressed include:

- What customer intelligence (data) needs to be collected to provide insights into their behaviour?
- Are tourist behaviours or buying patterns shifting?
- Are customer experiences and/ or business service delivery in line with present-day environmental demands?
- What internal and external barriers can be eliminated to enhance diversification or business model innovation?
- Do new channels need to be created to serve customers and can this be done without external assistance?

The need for tourism market research was also noted by the provincial economic development and tourism department key informant, specifically in relation to the need to monitor trends and predict future impacts.

D. Reach-out

Government needs to collaborate with the private sector to assist tourism SMMEs during the pandemic was highlighted in both the surveys and key informant datasets. Notably, collaboration has been the hallmark of survival during the pandemic across a number of sectors. Collaboration strategies adopted by the business sector were diverse and were applied at a variety of scales: locally, regionally, nationally and even internationally. A common characteristic of most of these strategies involved creating alliances with key stakeholders. The resilience of a sector/ organisation requires the intervention of many actors, internal and external to the sector/ organisation, who play a role in the business life cycle. For this reason, it is key that the tourism sector enables SMMEs to identify who are the key stakeholders that contribute to their resilience, that is, those who must have

the interest of guaranteeing the continuity of the organisation, so that they can **reach-out** to them during and after shocks/ disruptions. This goal can be achieved through a number of interventions and combinations thereof, depending on the type of SMME being supported. A key type of reach-out support needed and provided is financial. This poses challenges in terms of what type of funds should be provided and to whom as well as how to administer the funding and monitor impacts to inform future funding assistance, when needed. This section later examines aspects to consider in relation to providing funding support in a resource-constrained environment, which South Africa is.

12.3.2. Identifying stakeholders and roles

Developing and implementing the Framework will require mapping the actors that play a role in the business life cycle of tourism SMMEs using literature, policies, programmes, plans, strategies and stakeholder consultation; informed by the stakeholder theory. A good starting point for this exercise is the tourism value chain developed for the Tourism Sector Recovery Plan (Figure 12). The sub-sectors identified across the tourism value chain forms an important reference for the identification of stakeholders and roles. In addition to the sector-based assessment from which individual tourism stakeholders may be identified, it is essential to examine the roles and responsibilities that these stakeholders hold within and for the sector.

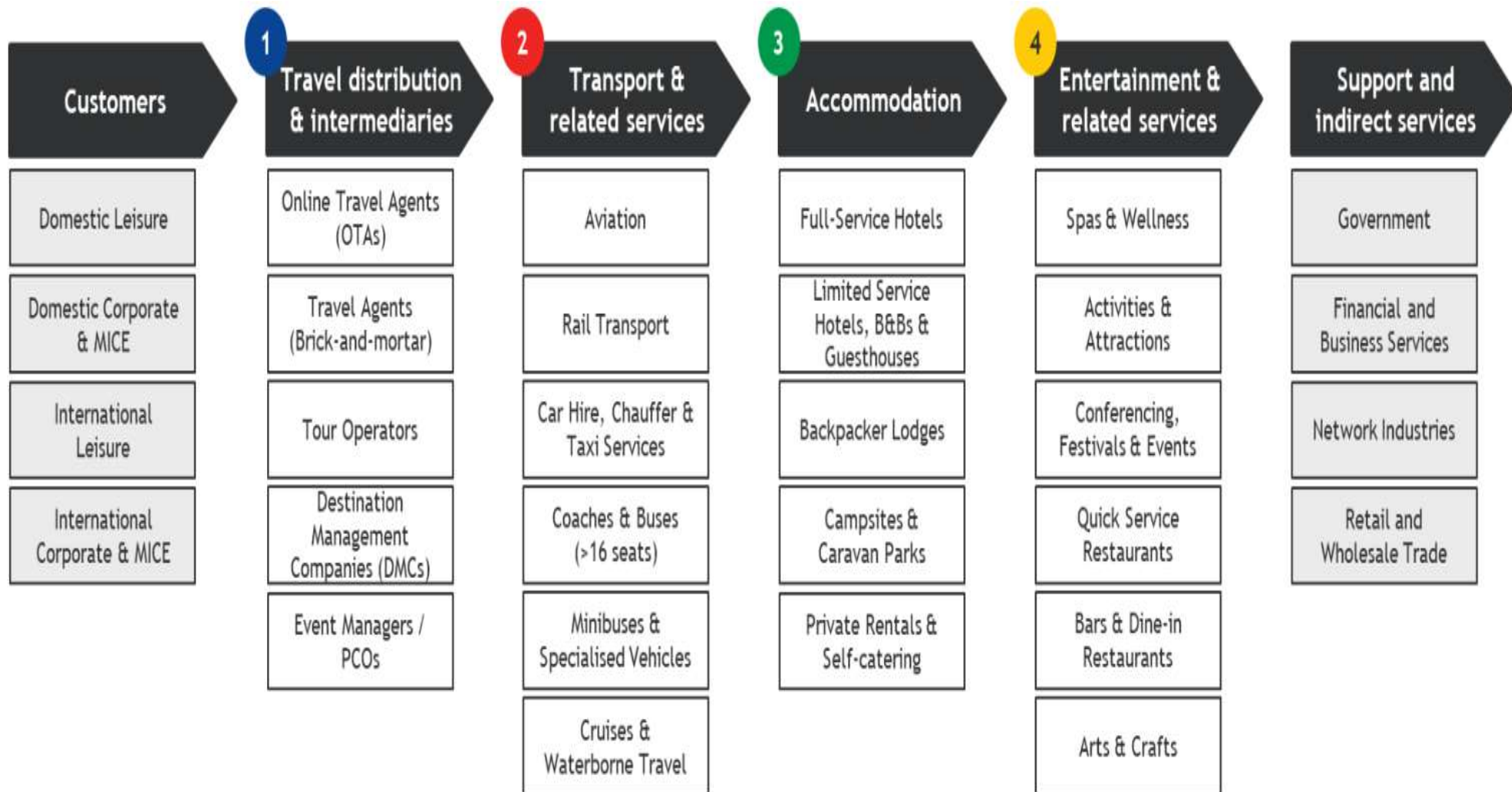


Figure 12: Tourism value chain in South Africa (NDT, 2020c:17)

The identification of stakeholders as well their roles should be done in a consultative and participatory methodology. Drawing on previous work within the sector, specifically developing the South African Tourism Climate Change Communication Strategy, the basic stakeholder map (Figure 13) is useful in this process. The importance of communication was emphasised by the national department key informants.

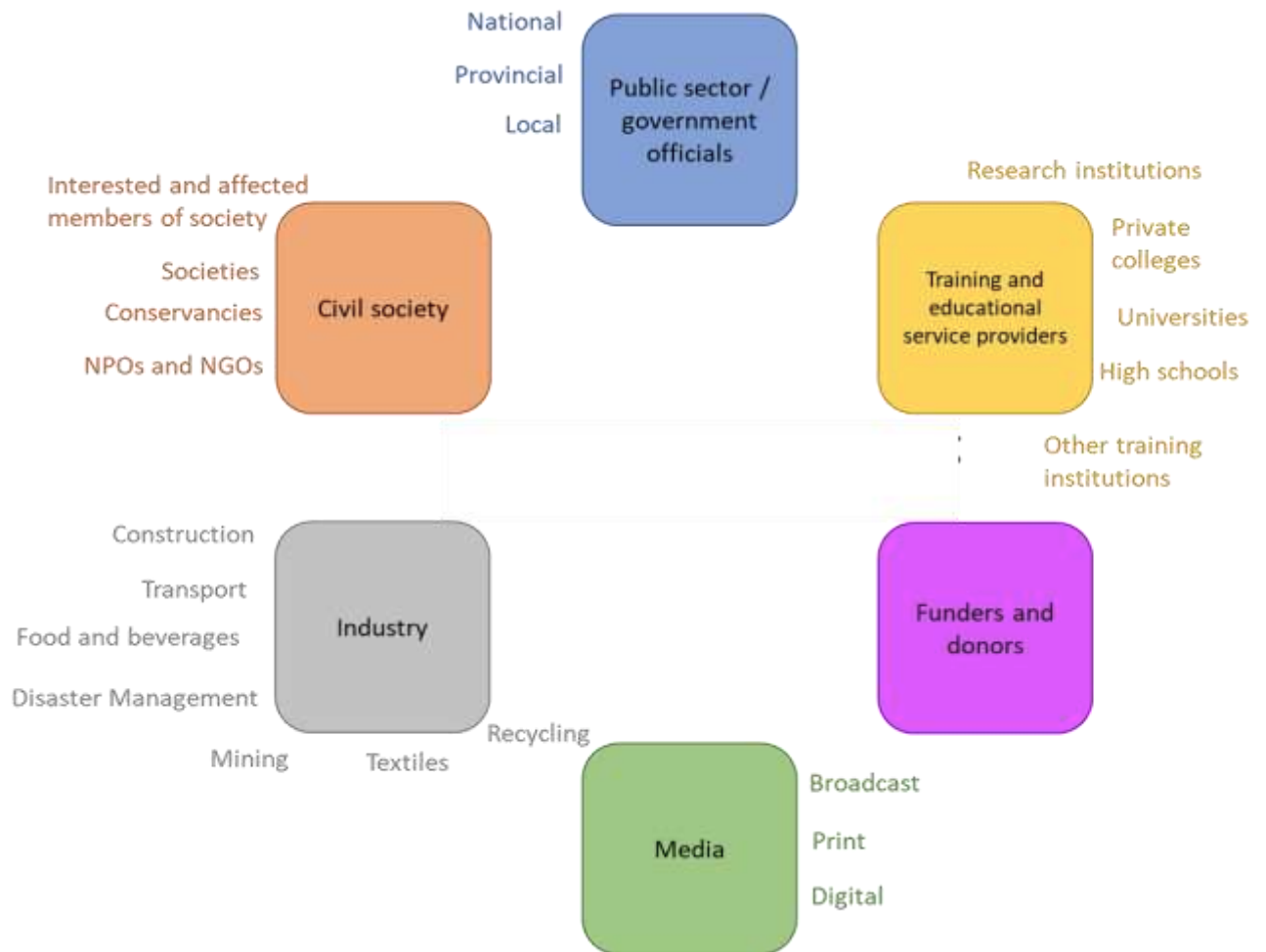


Figure 13: Stakeholder groups that should be targeted for the development of the tourism SMME resilience framework

12.3.3. Guiding principles

The design of the resilience Framework and more specifically the selection of the tools and measures (termed interventions) to be adopted for enabling tourism SMMEs to become more resilient should be guided by the following principles:

- Interventions should be **co-designed** through **participatory processes** that involve stakeholders that are selected based on their interest-influence on tourism and more specifically tourism SMMEs.
- Interventions must instil **dynamic capability**, that is, “stable and reliable patterns of behaviour (sensing, seizing and transforming) that specialise in the adaptation of organisational traits towards an inclusive, sustainable, and multi-stakeholder enterprise model” (Zollo et al., 2016 cited in Aldianto et al., 2021: 4).
- Interventions must drive the enhancement of **technology capability** – the ability that enables businesses to use and develop various technologies to enhance their products, services and performance (Di Benedetto et al., 2008). Technological disruptions are a feature of modern society and as evident from the results in this study, has been a key factor in tourism demand and supply.
- Interventions must harness existing and enhance future **knowledge stock**, since this is an essential resource in organisational learning and enables entrepreneurs to identify and take advantage of opportunities (Acs et al., 2009).
- Interventions must support existing and instil future **innovation ambidexterity** – ambidextrous businesses have the “advantage of exploiting existing competencies to enable additional innovation and explore new opportunities to drive radical innovation” (Andriopoulos and Lewis, 2009: 696).
- The Framework as a whole and the interventions it encompasses must **align with existing policies, plans and strategies** developed by the sector or inform revisions/ amendments. Some of these are listed in the Table below.

Table 29: Existing policies, plans, strategies that the proposed resilience framework must align with or inform revisions

Year	Title
2002	National Responsible Tourism Development Guidelines for South Africa
2011	South African National Standard Responsible Tourism Requirements
2012	Final National Tourism and Climate Change Response Programme and Action Plan
2012	National Development Plan (NDP) 2030
2012-2020	Domestic Tourism Growth Strategy
2016-2026	National Tourism Sector Strategy
2017	The Green Tourism Incentive Programme
2018	National Grading System for Tourism
2019	National Employment Vulnerability Assessment: Analysis of potential climate change related impacts and vulnerable groups
2020	National Climate Change Adaption Strategy
2020	Sector Jobs Resilience Plan - Tourism Value Chain
2020	Tourism Adaptation Project: Implementation Plan for the Tourism National Climate Change Risk And Vulnerability Study Draft
2020	Tourism Sector Recovery Plan - COVID-19 Response
2020/21-2024/25	National Department of Tourism Strategic Plan

12.3.4. Identifying useful tools and measures

A critical principle of the framework is the need to move toward establishing resilience through COVID-19 pandemic recovery. The results obtained from the surveys and key informant interviews underscore that many tourism SMMEs have a limited capacity to respond to the impacts of the COVID-19 pandemic. One of the main requirements for enabling SMMEs is to generate a robust understanding of the state and pressures of the system. In this regard, the following are envisaged as part of the framework:

1. Understanding the status of SMMEs
2. Profiling risk and vulnerability
3. Developing strategic awareness campaigns
4. Establishing realistic continuity plans

1. Understanding the Status of SMMEs

Fundamental to enabling SMMEs is the understanding of the current status quo. The Drivers, Pressures, State, Impacts and Responses (DSPIR) model (Figure 14) can provide a more holistic understanding of how SMMEs respond to different drivers and

pressures. The DPSIR, used to establish causal links in an integrated system, may allow for the identification of suitable factors to leverage in an attempt to promote resilience.

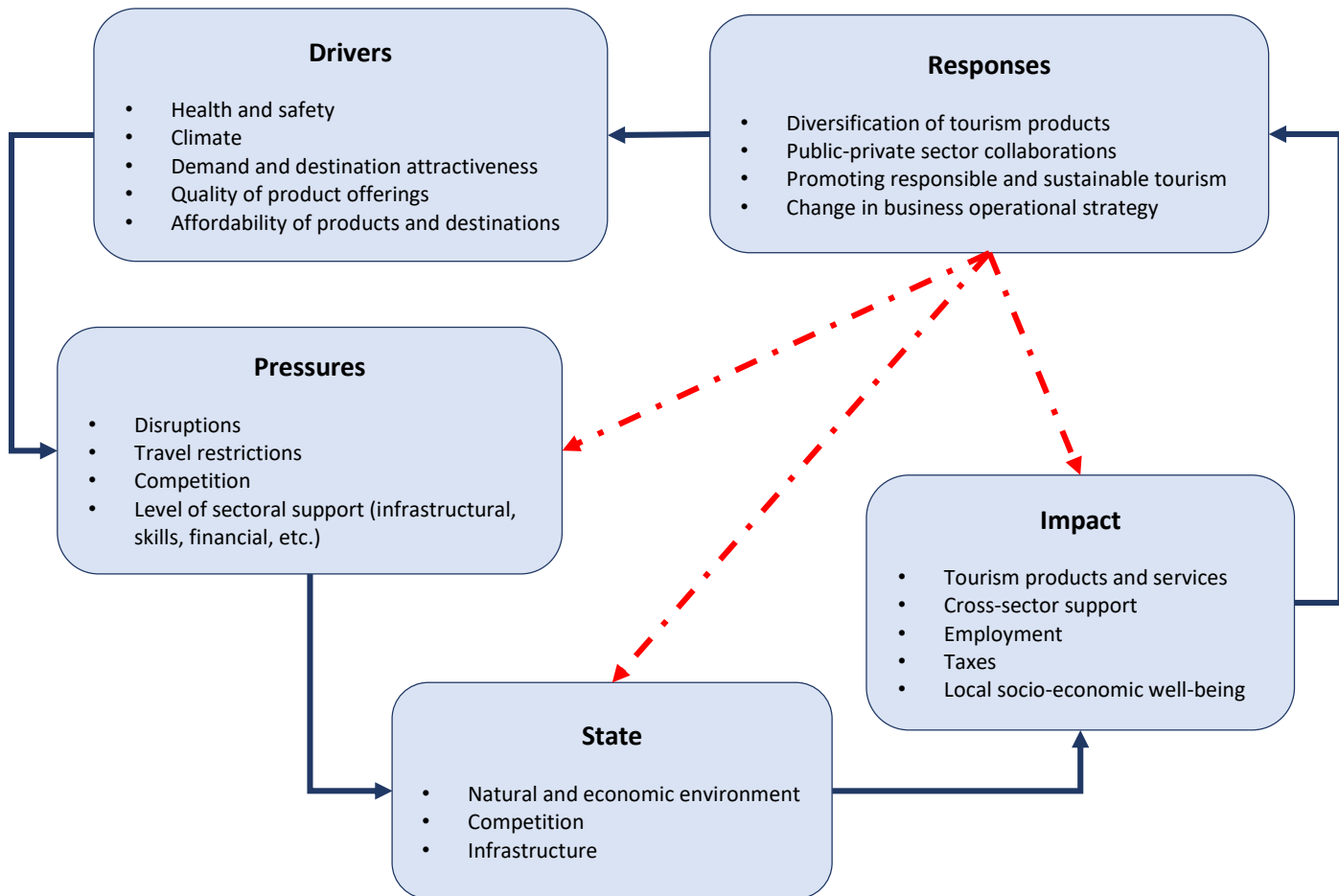


Figure 14: DPSIR factors for tourism SMMEs

Figure 14 illustrates the potential DPSIR model for tourism SMMEs that can be integrated into a monitoring and evaluation tool (presented later) for designing and implementing interventions to help the sector during periods of disruptions and instability. The factors listed in Figure 6 were drawn from the literature and primary data collected as part of this study. However, the value of this tool is based on the selection of measurable indicators for each of the factors (Wei et al., 2014). These are best generated through a co-design process involving stakeholders that have in-depth knowledge of the sector.

2. Profiling risk and vulnerability

Generally, the majority of SMMEs in the sector experienced significant risk and vulnerability due to the COVID-19 pandemic. This is underscored by the results and highlights the need to establish more sustainable support for this sector. The identification of risk and vulnerability is based on the 4-step principle: identify, assess, mitigate and monitor. However, the characterisation of risk and vulnerability for SMMEs in the tourism sector should be guided by the best practice model of risk identification proposed by (STRATECHI, 2022).

Table 30: Tourism SMME risk chart (adapted from STRATECHI, 2022)

Tourists <ul style="list-style-type: none"> • Health and safety • Well-being and exposure • Satisfaction and care • Information and awareness 	Products and services <ul style="list-style-type: none"> • Quality and quantity • Regulations • Compliance • Representation • Accessibility and availability 	Processes <ul style="list-style-type: none"> • Effectiveness • Applicability • COVID-19 recovery • Quality • Responsiveness 	Markets <ul style="list-style-type: none"> • Accessibility • Competition • Regulations • Travel bans
Geography <ul style="list-style-type: none"> • Regulations • Compliance • Representation • Environmental impacts • Climate change 	Sales and Marketing <ul style="list-style-type: none"> • Platforms and messages • Compliance • Regulations • Accessibility • Representation • Corruption and fraud 	Stakeholders <ul style="list-style-type: none"> • Access and information sharing • Representation • Corruption and fraud • awareness 	Infrastructure <ul style="list-style-type: none"> • Efficacy • Availability • Security • Compliance

It is important to note that while many of the facets identified in the above Table can bring about risk, the pandemic has attributed notable uncertainty in overall business practices and given the nature of the pandemic, essentially the first of its kind in modern society, much of the current best practices are context specific and should be used with caution. In this regard, best practices to reduce risk and vulnerability must be based on a robust and holistic understanding of the environment in which the

proposed measures are to be used as well as the types of SMMEs being focused on. What emerges strongly in the results and the literature is that the **types of support offered to this sector may perpetuate risk and vulnerability**. While the above chart will assist in identifying sources of risk, there is a need to re-examine the type, duration and nature of support being offered. To this end, a Business Impact Assessment can be used to effectively categorise risk profiles of different SMMEs in the sector. This framework does not advocate for a generic approach to build resilience and support SMMEs in the South Africa Tourism context. The widespread socio-economic, regulatory, and geographic diversity warrants the need to embrace more context-specific approaches. In this regard, risk profiles of SMMEs should be categorised in relation to the matrix described in Table 31.

Table 31: Risk categorisation matrix

Risk	Outcomes	Action
Critical	Business operational at 0-50% capacity	Intervention and monitoring
Significant	Business operational at 50-70% capacity	Support and mitigate
Moderate	Business operational at 70-80% capacity	Assess
Minor	Business operational at 80-90% capacity	Monitor
Negligible	Business fully operational	No action required

Given the disproportionate experiences and impacts on tourism SMMEs, any framework attempting to improve enabling capacity and resilience should work towards categorising risk for targeted intervention. This approach also aligns with the phased recovery planned for the sector, where SMMEs categorised as having critical levels of risk should be prioritised for immediate and sustained support.

3. Developing strategic awareness and training campaigns

The awareness campaign and training framework presented here should be seen as a set of evidence-based guidelines for designing the awareness and training campaign for SMMEs within the tourism sector. This is based on an understanding of best practices within the sectors by using local and international case studies. The key elements of this design process are illustrated in Figure 15.

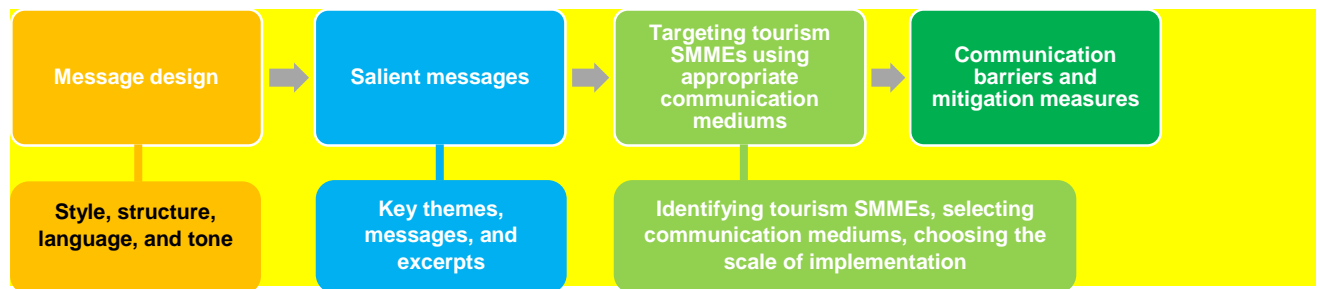


Figure 15: Outline of the possible framework for an awareness campaign targeting tourism SMMEs, focusing on the importance of resilience within the tourism sector

Additionally, the suggested awareness campaigns should be tailored to suit the following:

- Type of tourism services and products
- Supply and demand of product offerings
- Geographic location

Training has emerged as an important and critical component of building resilience among tourism SMMEs. There is a need to identify the type of training required as well as who should be targeted and potential service providers or collaborative partnerships with institutions to undertake the training. From the responses and the literature, key thematic areas/ aspects that should be covered in the training include:

- Organisational skills
- Financial management
- Managing the business workforce (including stress management)
- Funding/ grant proposal writing (including understanding funder's criteria and how to submit an application)
- Effective marketing (including the use of social media and the internet)

- Developing business partnerships and collaboration
- Creative and innovative problem-solving skills
- Use of technologies (linked to the TAM and UTAUT approaches presented in the theoretical framework)
- Communication and marketing
- Effectively working remotely (if applicable)

It is acknowledged that relying on online tools to support SMMEs in South Africa poses challenges in terms of affordability, accessibility and technical know-how. There is no doubt, however, that online platforms are increasing in prominence and that the use of the internet is one of the main ways that many SMMEs access information and support. In this context, therefore, a suggested approach is to develop online tools that provide information for tourism SMMEs specifically. This resource can assist small businesses by providing information on:

- Government departments (from local to national) that support SMMEs generally and tourism SMMEs specifically
- Types of support provided and how to access these
- Types of non-governmental support are available and links/ processes to pursue further?
- Governmental and non-governmental financial support
- Training and capacity development programmes available
- Mentoring, partnership and collaboration opportunities
- Information on suppliers

12.4. Establishing realistic continuity plans

Whilst the state of business operations remains uncertain amidst the pandemic, **for resilience and recovery**, there is a need to establish realistic continuity plans for SMMEs in the sector. This framework suggests a blended approach to continuity planning by focusing on promoting resilience. The Political, Economic, Socio-cultural, Technological, Ecological and Legal (PESTEL) model was identified to examine both external and internal environments that impact operations (Khanzad and Goovabadi, 2021).

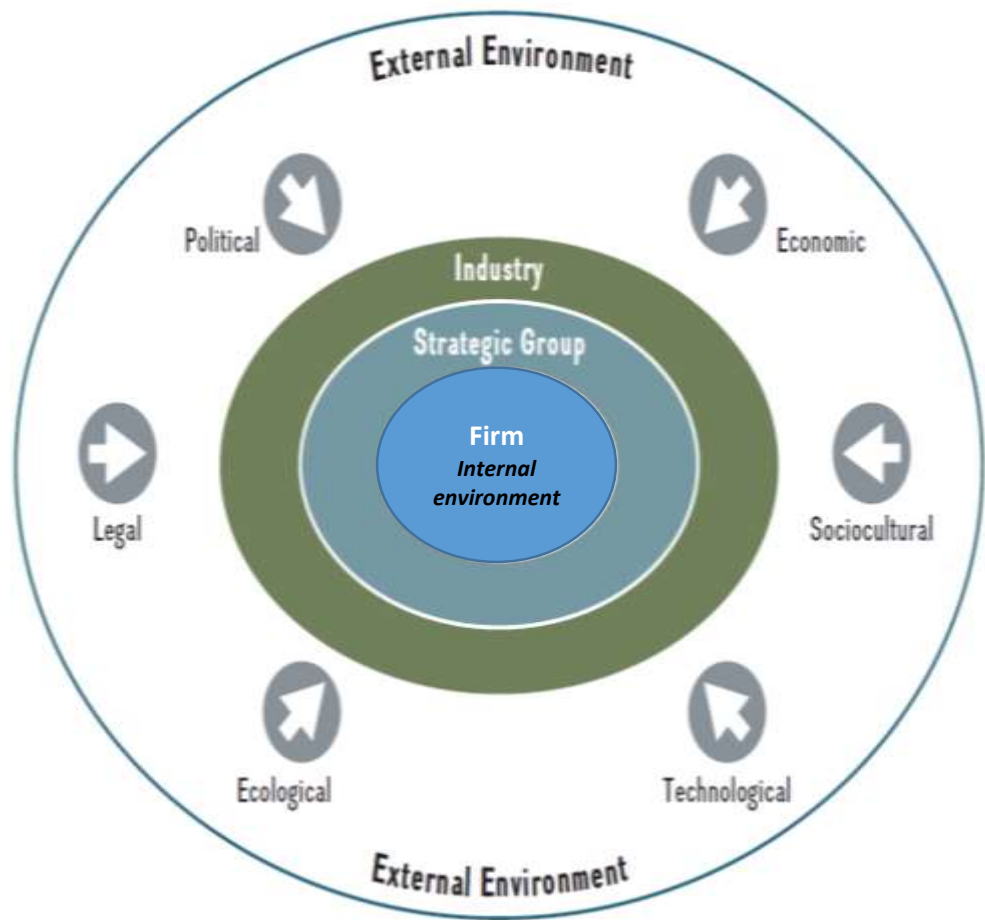


Figure 16: PESTLE Model (Khazad and Goovabadi, 2021:131)

A key aspect is that both external and internal factors be incorporated since adaptive capacity is a result of both these domains. The following are among the many aspects that need consideration:

External domain:

- Availability and status of public infrastructure supporting growth and diversification of tourism sector
- National economic growth and planning
- Applicability and relevance of policies and programmes
- Political and regulatory environments
- Accessibility of technological interventions and support mechanisms.
- Government and private sector resourcing and investment

- Geographic location (important in the South African context where locational factors influence consumption and demand as well as access to interventions/ support)

Internal domain:

- Nature of tourism service and product offerings
- Ability to diversify operations rather than duplicate
- Adaptability to changes in tourism markets, products, and supply and demand-side factors
- Ability to establish strategic partnerships
- Ability to leverage resources
- Levels of skills and technical training

In addition, the International labour Organisation (ILO, 2020) formulated a 6-step continuity approach which is suggested as a response to establish short and medium-term plans (Figure 17). These are intended to be used as a gauge of progress and should be flexible to accommodate chronic and acute shocks.

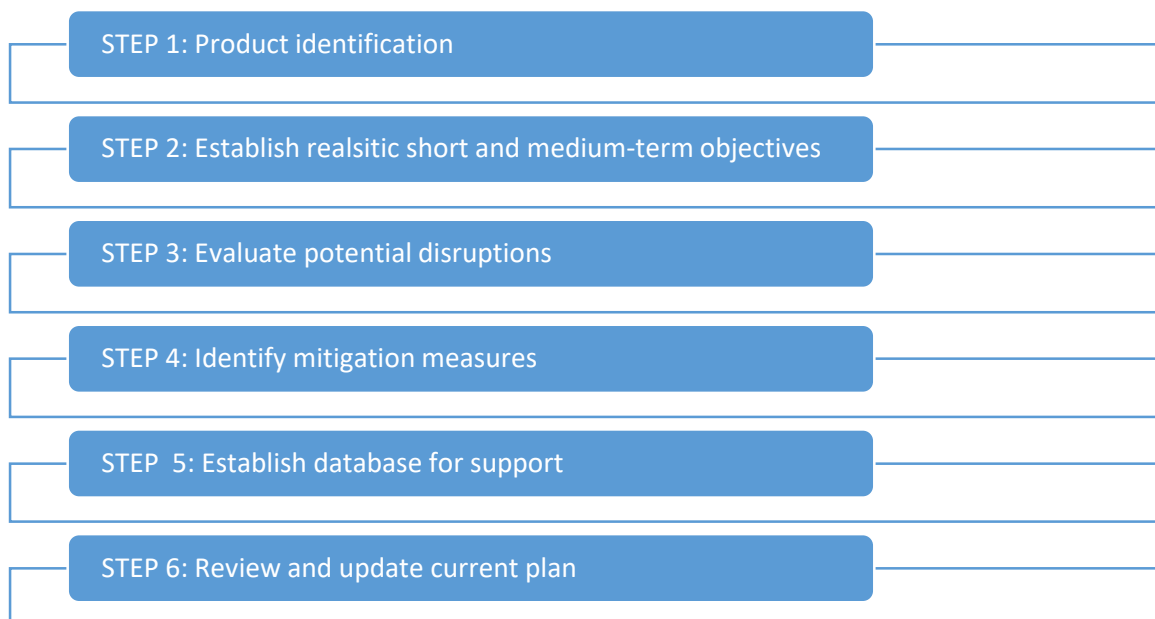


Figure 17: Business continuity plan for tourism SMMEs

12.5. Recommendations for implementation

The five elements of implementation that should be considered are as follows:

1. **Coordination:** Key stakeholders should be involved in the overall coordination of the Framework and Implementation Plan. Implementation in particular will require strong coordination among government actors, most importantly the custodian of the Framework (the Department of Tourism), as well as open channels of communication with non-government stakeholders in the private sector and civil society.
2. **Activity management:** In the business world this refers to recording all business activities and tasks undertaken on behalf of the company. When adapted for purposes such as the implementation of a framework, it refers to putting in place activity management systems for tracking activity completion and performance; the latter in this case refers to the performance of the various stakeholders undertaking activities included in the Implementation Plan to be developed in Phase 2 of the project.
3. **Knowledge management:** Given that information around business performance, development, support and needs can be misleading, outdated or sensationalist if unscreened, information produced for the Framework will have to have a source and users. The major sources for the generation of the information should be relevant intergovernmental bodies, government (national and local), and academic and research institutions, with the private sector playing a co-generation role.
4. **Resource management:** Operationalising the Framework will require government, development partners, the private sector and civil society actors to mobilise and allocate resources so that the priority interventions defined in this Framework can be implemented within realistic timeframes and duplication can be minimised. It is important for government, specifically the Department of Tourism, to lead the mobilisation of financial, human and physical resources but public-private partnerships and international agencies will also play an important role.
5. **Monitoring and Evaluation:** A set of defined indicators and guidelines are essential to monitor the effectiveness, objectives, achievements and progress

of the Framework. Monitoring and evaluation should be focused in relation to five focus areas: championing, communication, institutionalisation, embedding and actioning.

A key recommendation is **improvements in the conceptualisation, administration and implementation of financial support provided**. The results from both the quantitative and qualitative components of the study reveal a high demand for financial support for tourism SMMEs and the tourism sector more generally. Given the fiscal reality of both the public and private sectors, the level and extent of financial support articulated (direct grants, tax rebates, etc.) will not be realised. In a resource-constrained/ limited context. It is therefore imperative that the conceptualisation, administration and implementation of financial support programmes need to be improved. Critical aspects to consider are:

1. Delineating the purpose of the support programmes and including mechanisms to track whether the intended outcomes were achieved. The theory of change approach can be a useful approach to inform the thinking of how to conceptualise the financial support programmes targeting SMMEs. This can also fit into overall monitoring and evaluation of programmes.
2. Identifying the target tourism SMMEs which implies having clear criteria and being able to motivate for who certain groups were targeted rather than others. In this regard, it is suggested that two types of groups are targeted:

- a. Those who financially need it the most as identified in this study and the literature. These groups can include micro/ informal enterprises, female- and black-owned businesses, businesses that solely rely on tourism and struggle to generate income (cannot leverage from local support unlike, for example, restaurants and even accommodation establishments that can benefit from staycations), businesses located in rural areas and townships, etc. The conventions and bureau key informant also highlighted the need to consider spatial differences in relation to support, especially in rural areas where businesses are extremely vulnerable. The national hospitality and tourism organisation key informant stated that given that there has been limited infrastructural development in rural areas, a tourism recovery strategy can be an opportunity to invest in these areas.

- b. Tourism SMMEs that if adequately supported will have multiple positive impacts across the tourism value chain. For example, businesses focusing on events (including MICE) will create increased demand for accommodation facilities as well as the sale of food and beverages, crafts, paraphernalia, etc.
3. Administration: ensuring that clearly articulated criteria that include the most vulnerable tourism SMMES are stipulated, screening processes are transparent and fair, and that the allocation and monitoring of funds reduce double-dipping and irregular disbursement/ use of funds.

13. Conclusion

SMMEs play a major role in socio-economic development, job creation and poverty alleviation. In the South African context, they are also critical to ensure that transformation imperatives are met. The tourism sector has substantial capacity and potential to support SMMEs, which is a key reason for investments in small business development support. The COVID-19 pandemic has had and continues to have severe impacts on the tourism sector. Given the vulnerabilities among tourism SMME, they are likely to experience serious and prolonged challenges. It is therefore important to examine the COVID-19 pandemic impacts on tourism SMMEs, specifically with a focus on critically assessing measures and tools used to provide support to tourism SMMEs during and post the pandemic. This study contributes substantially to providing recommendations to inform response measures to enable tourism SMMEs to recover from the pandemic impacts and increase capabilities to be more resilient in the future.

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