



THE INFLUENCE OF THE GLOBAL PANDEMIC (COVID-19) CRISIS ON
ENTREPRENEURIAL INNOVATION STRATEGIES AMONGST SMALL AND
MEDIUM ENTERPRISES IN DURBAN, KWAZULU-NATAL

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by

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ABSTRACT

It is evident and generally agreed by scholars around the world that Small and Medium Enterprises (SMEs) are the backbone of any thriving economy. For the SME sector to fully support the economic activities of a country, it needs to be absorbed in innovation activities that deliver products and services valued by customers. Studies conducted globally confirm a positive relationship between SMEs and their characteristic innovative nature.

Paucity, however, remains in the local context of South Africa, particularly in Durban, on what influences SME innovation strategies. It was thus the current study aim to identify the influence of the global pandemic (COVID-19) crisis on entrepreneurial innovation strategies among SMEs in Durban, KwaZulu-Natal. In addition, the study recognized the impact of Corona Virus 2019 (COVID-19) on SME innovation, while also examining post-pandemic innovation strategies by SMEs.

The study used a qualitative research design and structured interviews with open-ended questions, to gather data from respondents. Judgmental sampling determined participants who used innovation strategies during COVID-19. The sample size of the study was 15 SME owners/managers in Durban. With the closure of certain businesses, the COVID-19 impact forced a shift from probability to nonprobability sampling, as well as changes to the data collection initially planned for the study. Therefore, SMEs in Durban that were allowed to operate were targeted, where structured interviews were conducted to collect data from respondents with the aid of a research assistant. Collected data were analysed using thematic analysis.

The study results are presented in the form of coded themes, where the main findings revealed the majority SMEs surveyed invest in technology. Furthermore, the results showed agreement by the majority interviewed Durban SME owners/managers that firm size influences innovation strategies, with strong agreement the global COVID-19 pandemic significantly changed consumer buying patterns. The research project additionally highlighted some of the most critical factors that influence SME innovation strategies in Durban. Policy makers, academics and SME stakeholders will find the study informative.

DECLARATION

I, the undersigned, Mr MS Gwala hereby declare this is my own, original work and all sources used in this study have been correctly and appropriately acknowledged. I furthermore declare this dissertation has been submitted neither for a degree at any University nor for any publication as articles, in journals or at conference.

Mpumelelo Success Gwala

DEDICATION

The research is dedicated to my mother (Ntombikayise Shezi). May God bless you abundantly for always encouraging me not to give up. The dedication is also to the one I call my second mother, Thobile Sithole, and her husband, Mduduzi Sithole. Thank you for being my strength at all times. Mbali Luthuli, Senzo Mpangase, thank you for always believing in me, you guys are the best and I adore you.

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ACRONYMS AND ABBREVIATIONS

AI	Artificial Intelligence
COVID-19	Coronavirus
GDP	Gross domestic product
KZN	KwaZulu-Natal

MERS	Middle East respiratory syndrome
NSB	National Small Business Act (102 of 1996)
SA	South Africa
SEDA	Small Enterprise Development Agency
SEO	Search Engine Optimisation
SME	Small and Medium Enterprise
TA	Thematic Analysis
WHO	World Health Organization

CHAPTER ONE GLOBAL PANDEMIC (COVID-19) IMPACT ON DURBAN SME ENTREPRENEURIAL INNOVATION STRATEGIES

1.1 SUMMARY OF THE STUDY

Globalisation, increasing digitalisation and more recently, global health pandemics such as COVID-19, have drastically impacted the global business environment. Small and Medium Enterprises (SMEs) are particularly vulnerable to the changes these phenomena have caused; hence, they have to be very innovative and adaptable in this ever-changing 21st century business environment.

The aim of this study was to investigate the impact of the global pandemic (COVID19) crisis and discover the innovative business strategies adopted by SMEs during the pandemic. A qualitative research design was adopted to understand and explore the experiences of SMEs in doing business during the COVID-19 pandemic in Durban and the lessons learnt and implemented, particularly regarding innovation strategies. The sample comprised 15 SME owners/managers in the Durban area of the KwaZulu-Natal (KZN) province, South Africa (SA).

1.2 CONTEXT OF THE RESEARCH

SMEs are recognised as pivotal drivers of economic growth and development. According to Muriithi (2017), SMEs account for almost 90 percent businesses in both developed and developing economies through job creation, tax provision and contribution to the gross domestic product (GDP). Although SMES play this crucial role in the local and global economy, they still face a number of challenges in competing with big companies that have access to a plethora of resources, innovation tools and political power through lobbying. A culture of innovation is, therefore, essential for SMEs to compete with these large conglomerates.

Even prior to the COVID-19 pandemic, SMEs faced challenges such as globalisation and digitalisation. (Islam *et al.* 2019) state globalisation can be defined as the opening of a wider and nationalistic outlook of an interdependent world global market with free transfer of capital, goods and services across national border

frontiers. There has been much integration of economic activities propagated by rapid advances in technology, growth of world trade, and competition (Mutalemwa 2015).

As highlighted by (Alraja *et al.* 2022), several factors restrict SME activities being digitalised, including knowledge of the interior, technology capability, the size of the enterprise, and insufficient funds, as well as inadequate resources. However, SMEs cannot move at a fast pace to compete with big companies in digitalising their business operations (Dethine, Enjolras and Monticolo 2020)

(Fubah and Moos 2022) assert the years 2020-2021 will be forever associated with COVID-19 as a global challenge for all business operations. To minimise the speed at which the coronavirus spread, many countries declared city- or nation-wide lockdowns and many imposed an entry ban on foreigners. Such restrictions have seriously harmed the global economy, with the effects much more for SMEs, leaving several SMEs at a loss regarding the innovative strategies to implement, in order to survive the COVID-19 pandemic impact (Hayakawa and Mukunoki 2021). Challenges faced by SMEs in SA that Fubah and Moos (2022) identified include: lockdown restrictions, loss of clients, lack of government support, and the inability to pay rent and employees, as well as a reduction of income, closure of airports, and a shortage of raw materials from disruptions in supply chains caused by travel restrictions.

(Rajagopaul, Magwentshu and Kalidas 2020) suggested steps South African SMEs can take to survive, including: Leverage technology use to secure more clients, develop clearer market access strategies, drive efficiency, as well as sales, and develop team skills and capabilities, along with empowering leadership. Whether SMEs adopted these steps, and to what extent remain unknown; hence, the necessity for explorative research into the survival strategies and mechanisms various SMEs adopted to mitigate or minimise the negative impact of the COVID-19 pandemic. Durban SMEs were also affected by the COVID-19 pandemic, therefore, studies to gauge the impact and survival strategies of SMEs in this area need to be conducted.

As one of the biggest metropolitan cities and commercial hubs in SA (Ojong 2017), Durban contributes a great deal of wealth to the economy of SA and Africa, mainly through the Port of Durban, which is the second largest and busiest shipping terminal in sub-Saharan Africa (SSA) (Mataba and Ismail 2021). Nonetheless, COVID-19 restrictions made it impossible for SMEs to operate effectively. The Durban tourism sector was severely impacted, slowing both the local and national economy of SA, as Durban is a world-renowned tourism destination, being one of the largest and most developed tourism markets in Southern Africa (Dube 2021). Hence, this study endeavoured to obtain a clear understanding on how SMEs survived and what more can be done to ensure SME growth; simultaneously, valuable data were gathered that could potentially be utilised to mitigate similar future disasters.

1.3 RESEARCH PROBLEM AND AIMS

1.3.1 Problem Statement

According to Fubah and Moos (2022), because of the global pandemic (COVID-19) entrepreneurs have encountered unforeseen obstacles across various sectors of entrepreneurial endeavours, including shifts in market dynamics and innovation in SA. This problem includes those SMEs operating in KZN, particularly the Durban area. (Adam and Alarifi 2021) highlight innovation as imperative for all modern enterprises aiming to thrive in a landscape marked by competition, technological advancements, and recurrent crises. Small businesses can thrive only when equipped with specific technologies and strategies for innovation (Kim and Kim 2018).

1.3.2 Research Aim and Objectives

The aim of the study was to determine the influence of the pandemic (COVID-19) crisis on entrepreneurial innovation strategies amongst SMEs in Durban, KZN.

To achieve the aim of this study, the following objectives were pursued:

- To identify factors influencing the innovation strategies of SMEs in Durban, KZN during the COVID-19 crisis.
- To examine the extent to which these factors influence the effectiveness of SME innovation strategies in Durban, KZN.
- To design a new strategic approach to overcome innovation problems faced by SMEs in Durban, KZN.

1.3.3 Research Questions

- What are the factors that influenced innovation strategies during the global pandemic (COVID-19) crisis in SMEs in Durban, KZN?
- To what extent did these factors affect the effectiveness of innovation strategies on SMEs in Durban, KZN?
- What new strategic approaches can be implemented to overcome innovation problems faced by SMEs in Durban, KZN?

1.4 SIGNIFICANCE OF THE STUDY

SMEs are acknowledged as the cornerstone of the greater South African economy and the local Durban economy, employing 50-60 percent of the working population. This study will provide valuable data to assist governmental and non-governmental organisations (NGOs) in developing programmes and policies that could support and assist SMEs in developing innovative cultures and strategies to survive and thrive in different economic conditions, and effectively compete in the global marketplace. The COVID-19 pandemic provides a useful case study to gain valuable insights on how SMEs in Durban and nationally, could manage or mitigate the effects of a potential future crisis impact. The research findings will also provide data regarding some SME business development needs in Durban.

1.5 RESEARCH DESIGN AND APPROACH

This study is explorative in its design, with Cooper and Schindler (2014) describing this design type as quite useful to researchers in developing more clearly defined concepts, establishing priorities, developing operational definitions, and improving the final research design, in addition to saving time and money. Furthermore, exploratory research is also undertaken to ensure a formal study is practical to

undertake in the research area. At times, exploration is associated with biases related to qualitative research, including “subjectiveness, non-representativeness, and non-systematic design” (Cooper and Schindler 2014: 94).

(Aspers and Corte 2019) define qualitative research as an inquiry process of understanding, based on distinct methodological traditions of inquiry that explore a social or human problem. This study utilised a qualitative approach and collected data through semi-structured interviews. These interviews were based on open ended questions posed to 15 SMEs in the Durban area of the KZN province.

1.5.1 Target Population

The target group or individuals selected to collect data and draw a conclusion from is known as the target population (Asiamah, Mensah and Oteng-Abayie 2017). Based on Mahohoma (2018), who refers to a total of 700 registered SMEs in Durban for the years 2014/2015 in different industries, the researcher conducted interviews with 15 SME owners/managers as representative of the target population. The researcher believed the 15 SMEs located in the Durban area would make a huge contribution, since there was no certainty regarding how many Durban SMES were involved in innovation.

1.5.2 Sample Frame

Schreier (2018) defines a sampling frame as a collection of elements from which a researcher can choose a sample representing the target population. The study used judgemental sampling for the qualitative method. In this study structured interviews were conducted with 15 SME owners/managers who implemented innovation strategies during COVID-19, the sample size was deemed sufficient to collect data from. Since there were no specific data available regarding how many SMES engaged innovation in Durban, the researcher employed judgmental sampling to obtain the sample.

1.5.3 Sampling

Cooper and Schindler (2014: 338) state: “The basic idea of sampling is that by selecting some of the elements in a population, we may draw conclusions about the

entire population. The members of a sample are selected using probability or nonprobability procedures". These authors highlight a number of compelling reasons for sampling, including "(1) lower cost, (2) greater accuracy of results, (3) greater speed of data collection, and (4) availability of population elements" (Cooper and Schindler 2014: 338). Due to certain businesses shutting down as a result of COVID-19 measures, including lockdowns, the researcher had to resort to targeting SMEs in Durban that were allowed to operate.

1.6 DATA ANALYSIS

As Clarke and Braun (2017) explain, thematic analysis (TA) is a method employed for identifying, analysing, organising, and describing, as well as reporting themes found within a data set. In this study a TA approach allowed responses to be categorised according to themes, with those themes tabled for reporting. TA was considered an appropriate method for this study, as a structured interview that included open-ended questions to encourage more in-depth responses enabled the researcher to identify, code, and interpret recurring themes and patterns from qualitative responses. Participant experiences, perceptions, or attitudes can thus be better understood, which can complement the qualitative questionnaire data.

1.7 PILOT STUDY

To enhance measurement instrument validity, the study was piloted prior to implementing the main study, with reliability or internal structure of the assessment tool tested for internal consistency. (Eldridge *et al.* 2016) explains a pilot study is the initial phase of the entire research protocol, typically involving a smaller-scale investigation, which aids in the planning and refinement of the main study. In this study, structured interviews were conducted using open-ended questions with five SME owners/managers who did not participate in the main study, in order to refine the measurement instrument where needed for understandability and to determine the time it would take to complete.

1.8 DELIMITATION

As explained by Theofanidis and Fountouki (2018), delimitations are set boundaries or limits of the researcher's work, in order that the study aims, and objectives do not

become impossible to achieve. The study was limited to SME operations in the Durban area of the KZN province, SA, with results therefore not generalisable to the entire country.

1.9 CHAPTER FLOW AND CONTENT

Chapter 1: Provided an overview of the study. It addressed the problem statement, key objectives, significance of the study, and a brief outline of the methodological approach adopted for the research.

Chapter 2: Investigates the impact of the global pandemic (COVID-19) crisis on entrepreneurial innovation strategies amongst SMEs in the Durban Area.

Chapter 3: Discusses the research methodology and design. It includes a discussion on the sample selection, target population, and collection of data.

Chapter 4: This chapter will present an analysis of the data collected for the study.

Chapter 5: The researcher will draw conclusions, offer recommendations and reveal potential future research gaps in this chapter.

1.10 CONCLUSION

With the study context explained in this chapter, the research problem was also identified, the study aims and objectives set out and study significance detailed. In addition, the research problem, as well as the research aim and objectives were stated. The methodology adopted was presented, including the design, target population and sampling, along with the data collection, analysis methods employed, and ethical considerations adhered to.

The next chapter presents the literature reviewed regarding COVID-19, SMEs and innovative practices by these enterprises in coping with the pandemic.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The previous chapter presented an introduction, brief overview of the study, the problem statement, and study aim, as well as the research objectives. The purpose of this chapter is to review literature relevant to the topic under study; therefore, the focus is on factors that influence innovation among SMEs. The chapter further explores literature related to the influence of the global pandemic (COVID-19) crisis on entrepreneurial innovation strategies amongst SMEs in Durban, KZN.

2.2 DEFINITION OF KEY CONCEPTS

This section offers explanations of the essential concepts used in the research project.

2.2.1 Definition and history of pandemics

According to Morens *et al.* (2020), the word “pandemic” comes from the theory of the Greek word “*pan*” meaning “all” and “*demos*” or “the people”. The term pandemic is generally recognised as describing a widespread outbreak of a contagious disease across an entire country or multiple continents simultaneously (Alegbeleye, Singleton and Sant’Ana 2018). Qiu *et al.* (2017) note all pandemic crises have identifying characteristics, such as extensive geographic spread, movement of the disease, novelty, and severity, along with high attack rates, rapid spread, low population immunity, and infectiousness, as well as contagion.

Throughout history, numerous notable disease outbreaks and pandemics have been documented, such as the Spanish Flu, Hong Kong Flu, SARS, H7N9, Ebola, and Zika (Qiu *et al.* 2017). This long history of pandemics (Figure 2.1) includes several recorded infectious disease outbreaks that were significant pandemic-related crises, which have led to widespread adverse effects globally, affecting health, economies, and even national security.

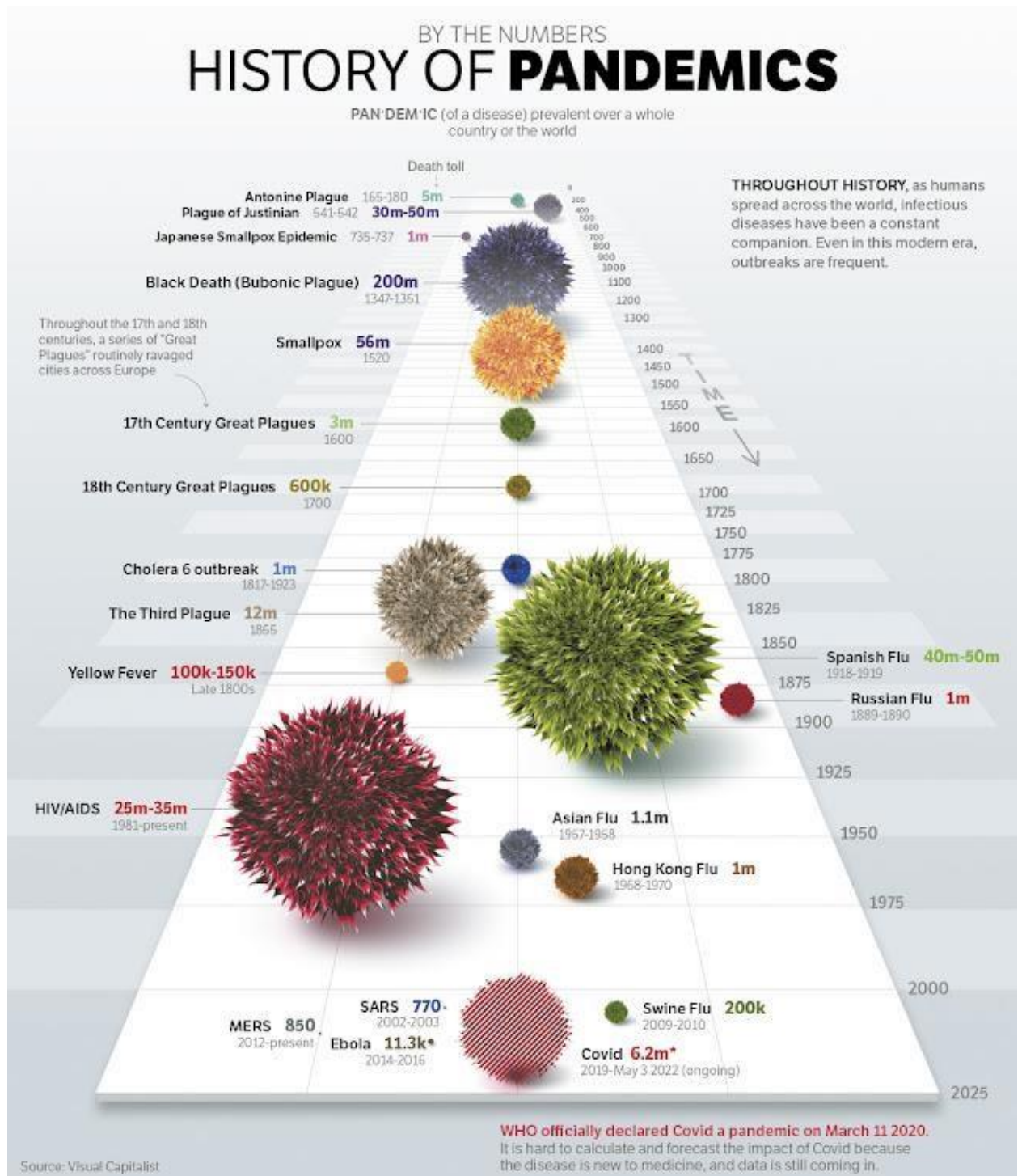


Figure 2.1: History of pandemics

Source: *LePan* (2020: 4)

2.2.2 History of the COVID-19 pandemic

The global community witnessed the gradual emergence and swift escalation of a novel pandemic illness, COVID-19, since December 2019 (Knight 2021). Coronavirus is an infectious disease caused by the SARS-CoV-2 strain that

emerged, leading to the Severe Acute Respiratory Syndrome (SARS) outbreak associated with transmission from bats, first discovered at the end of February 2003, with a second outbreak in 2012, as well as the Middle East Respiratory Syndrome (MERS), identified as a coronavirus transmitted primarily from camels (Chen and Li (2020).

In 2020, following the identification late in 2019 of cases in Wuhan City in the Hubei Province of China (Vyas *et al.* 2020), the World Health Organization (WHO) declared COVID-19 a pandemic. According to (Chen, Liu and Guo 2020), coronaviruses typically have the potential to induce respiratory, gastrointestinal, and central nervous system disorders in both humans and animals, posing risks to human health and economic stability. As with other pandemics that affected the economy globally, COVID-19 also hugely impacted the economy.

2.2.3 Small and Medium Enterprises (SMEs)

The lack of a universal definition for SMEs has, indeed, been a significant challenge in both academic and policy discussions, as noted by various scholars. Lekhanya and Dlamini (2017) support this, stating it is primarily due to the varying criteria used to define SMEs, depending on several factors, including the sector in which the business operates, its geographical location, as well as regional economic contexts. These variations present challenges when comparing SME-related research across countries, industries, or sectors.

Lekhanya and Dlamini (2017) and Berisha and Pula (2015) emphasise definitions of SMEs are shaped by multiple dimensions, including international standards, national legislation, and industry classifications. This inconsistency in definitions complicates efforts to formulate unified policies or comparative studies on SMEs. For example, international organisations such as the European Union (EU) or the World Bank may set broad criteria, while national governments may establish specific thresholds based on local economic conditions. This dual influence often results in variations not only between countries but also within them, depending on the sector in which the SMEs operate. Berisha and Pula (2015) agree variations in the definition of SMEs are evident across three fronts: definitions provided by

international organizations, those outlined in national legislation, and those established by industry classifications.

The examples provided by Cunningham and Rowley (2008) regarding the differences in SME definitions across countries such as France, Germany, and Japan further illustrate this complexity. In France, the definition of an SME is based on employee numbers, specifically businesses with fewer than 500 employees, while in Germany, the threshold is set at fewer than 100 employees. This highlights a significant variation in the thresholds used, even among European countries. Additionally, in Japan, the distinction between manufacturing and wholesale sectors in defining SMEs shows sectoral and business type considerations further complicate establishment of a universal SME definition.

These variations underscore the importance of SMEs globally, particularly in terms of their contribution to employment and economic development. SMEs represent a large portion of the global workforce, and their flexibility and ability to adapt often drive innovation and local economic growth. However, this definition issue becomes even more pertinent in the context of economic shocks, such as the COVID-19 pandemic, where a lack of consistent definitions can hinder effective policy formulation to support struggling SMEs.

In the South African context, the National Small Enterprise Act (NSEA) 102 of 1996, previously known as the National Small Business (NSB) Act,) (SA DTI 1996), amended by the NSE Amendment Bill of 2023 (RSA DSBD 2023), defines an SME as business capable of generating up to R40 million per year and employing no more than 200 workers. Small enterprises are categorised into four distinct groups, as outlined in Table 2.1 as follows:

- Micro enterprise.
- Very small enterprise.
- Small enterprise.
- Medium enterprise.

Table 2.1: SMEs according to the National Small Enterprise Act 102 of 1996 in SA

ENTERPRISE SIZE	TOTAL ASSETS	ANNUAL TURNOVER	NUMBER OF EMPLOYEES
Micro	Less than R100 000	Less than R150 000	Less than 5 employees
Very Small	Less than R150 000 to R500 000	Less than R200 000 to R500 000	Less than 10 to 20
Small	Less than R2 Million	Less than R2 million	Less than 50
Medium	Less than R2 million to R18 Million	Less than R4 million	Less than 100 to 200

Source: Adopted from the National Small Enterprise [previously Business] Act 102 of 1996 (RSA DTI 1996: 11)

Enterprise descriptions are summarised below (Table 2.2):

Table 2.2: Classification of SMEs as per the NSE Amendment Act 26 of 2003

Sector or Subsectors in accordance with the Standard Industrial Classification	Size	Total full-time equivalent of paid employees less than:	Total annual turnover less than:
Retail and Motor Trade and Repair Services	Micro	5	R150 000
	Very Small	10	R3 000 000
	Small	50	R15 000 000
	Medium	100	R30 000 000
Catering, Accommodation and other Trade	Micro	5	R150 000
	Very Small	10	R1 000 000
	Small	50	R5 000 000
	Medium	100	R10 000 000
Transport, Storage and Communications	Micro	5	R150 000
	Very Small	10	R2 000 000
	Small	50	R10 000 000
	Medium	100	R20 000 000
Finance and Business	Micro	5	R150 000
	Very Small	10	R2 000 000

Services	Small	50	R10 000 000
	Medium	100	R20 000 000
Manufacturing	Micro	5	R150 000
	Very Small	20	R4 000 000
	Small	50	R10 000 000
	Medium	200	R40 000 000
Agriculture	Micro	5	R150 000
	Very Small	10	R400 000
	Small	50	R2 000 000
	Medium	100	R4 000 000
Mining and Quarrying	Micro	5	R150 000
	Very Small	20	R3 000 000
	Small	50	R7 500 000
	Medium	200	R30 000 000
Construction	Micro	5	R150 000
	Very Small	10	R2 000 000
	Small	50	R5 000 000
	Medium	200	R20 000 000

Source: Adopted from the NSE Amendment Act 26 of 2003 (RSA DTI 2003: 3)

In the context of SA, the NSB Act 102 of 1996 classifies SMEs into survivalist, micro, very small, small, and medium enterprises based on their sector, size, and financial turnover. Each of these categories has specific thresholds for the number of employees and annual turnover, which can differ significantly across various sectors, including retail, catering, transport, finance, and manufacturing (Table 2.2).

- Survivalist enterprises: The profits produced are smaller than the least revenue regulation, or the insufficiency limit. This description is thus pre-entrepreneurial and comprises road-side sellers, dealers and small-scale farmers (Hutchinsonv and de Beer 2013).
- Micro-enterprises: The income is less than the Value Added Tax (VAT) registration maximum value of R150 000 per annum (Bruwer 2017). For example, spaza

shops, minibus taxis and family businesses. They recruit no more than five employees.

- Very small enterprises: These are ventures that recruit less than 10 paid people, apart from mining, electricity, manufacturing and construction sectors, in which the number is 20 employees (Bruwer 2017).
- Small enterprises: The higher limit is 50 workers and small enterprises are generally more familiar than very small enterprises and display added complex business (Fatoki 2018).
- Medium enterprises: The highest number of workers is 100 or 200 for the mining, electricity, manufacturing and construction sectors (Sidek *et al.* 2020)

The classification system has been critical in understanding the scale and scope of challenges that SMEs face. For instance, on the one hand, micro enterprises (those with fewer than five employees and turnover under R150 000) tend to face greater financial constraints and limited access to markets, which often make them vulnerable in times of crisis, such as the COVID-19 pandemic. On the other hand, medium-sized businesses, with up to 100 employees and turnover reaching R30 000 000 in some sectors, generally have more financial flexibility, access to credit, and the capacity to implement innovative strategies.

2.2.4 SME Innovation

Saunila (2016) defines innovation as the utilisation of something novel in commercial or industrial contexts, encompassing new products, processes, or methods of production. Similarly, Kogabayev and Maziliauskas (2017) state innovation involves generating a new idea and implementing it into a new product, process, or service, to increase revenue and employment. Juliana *et al.* (2021) emphasise innovation yields broader impacts on the economy and technological progress. Prabowo *et al.* (2020) provide a more practical view, defining innovation for SMEs as a process of identifying problems and seeking new strategies to address them, aligning with the everyday challenges these businesses face.

Ndesaulwa and Kikula (2016) argue innovation is crucial for SME success. Yet, while the significance of innovation is evident, these studies could better account for the

resource disparities among SMEs that limit their ability to adopt innovative practices. Pu *et al.* (2021) highlight technological innovation's role in fostering SME growth and market access without requiring a physical presence, showcasing a pivotal advantage of technology integration. While innovation can be a solution for SME survival, it is contingent on the availability of resources, external support, and an enabling environment.

2.2.5 Innovation demand on SMEs in SA

Entrepreneurship propels economic growth, development, productivity, and inventive innovation, while serving as a significant driver of employment, contributing to economic vitality (Nasir 2022). Although this perspective underscores the importance of entrepreneurship as a catalyst for economic progress, it is essential to critically assess the conditions and systemic factors that impact its effectiveness, particularly in varied economic landscapes. In the context of the South African economy, SMEs play a vital role in fostering economic development and growth by significantly contributing to the national GDP and aiding in the reduction of unemployment (Msomi, Olarewaju and Ngcobo 2021). SMEs in SA contribute 56 percent to employment and approximately 45–50 percent to GDP (Ngek and van Aardt Smit 2013; Bhorat *et al.* 2018). The reliance on SMEs as a major employment source highlights structural vulnerability in the broader economy, including limited scalability and the persistent challenges of financial instability faced by small enterprises.

South African SMEs and the entire economy have, however, been threatened by the recent global COVID-19 pandemic. For sustainable growth, development, and competitiveness in the market, SMEs need to foster innovation and creativity (Mircevska 2015). Nonetheless, fostering innovation is not without its challenges. The assertion assumes all SMEs have equal access to resources and knowledge necessary for innovation, which is not the case. Barriers such as inadequate funding, limited access to skilled labour, and restrictive regulatory environments hinder many SMEs' ability to innovate. Additionally, the impact of socio-economic factors, such as poverty and inequality, must be considered as they affect entrepreneurial growth and innovation capacity. The presence of these barriers

raises questions whether current support structures adequately address these systemic issues or whether there is a need for more targeted, inclusive policy measures.

2.2.6 SME innovation strategies

Among scholars, there is debate with regard to the definition of innovation strategy. Arokodare and Asikhia (2020) define innovation strategy as a plan that allows businesses to ensure the organisation achieves its goal. Through innovation strategies, SMEs can meet their customer needs continuously. Haddad *et al.* (2020) point out when SMEs pair innovation with a good innovation strategy, an innovative culture is formed within an organisation and performance improves. An innovation strategy is essential for the survival, growth, and successful performance of small businesses.

2.2.6.1 Types of innovation strategies

The COVID-19 pandemic influenced SMEs to implement innovative strategies to stay in business. The following are some of these strategies SMEs around the globe, including SMEs in SA, had to adopt.

a) Product innovation:

Kristinae *et al.* (2020) state product innovation entails the creation of new or enhanced products designed to meet customer demands. Open innovation is characterised as the intentional exchange of knowledge, both inward and outward, aimed at accelerating internal innovation and broadening the markets for external utilisation of innovation (Chesbrough 2006). This perspective, nevertheless, assumes a level of collaborative capacity that may not be realistic for many SMEs, particularly those in less developed economies, due to insufficient resources. For example, Naidoo (2021) highlights SMEs in SA stated their involvement in manufacturing face masks and selling hand sanitisers, as these products were in high demand during the COVID-19 season.

b) Process innovation:

Process innovation, which focuses on improving internal workflows and operations, is noted for its capacity to enhance organisational efficiency across various conditions (Maier 2018). Akpan, Udoh, and Adebisi (2022) report SMEs worldwide adopted new technologies during the pandemic to maintain operations and increase productivity. However, they add the effectiveness of process innovation hinges on the availability of technology infrastructure and technical expertise. SMEs in developing regions often face significant challenges, including the digital divide and high costs associated with technological upgrades.

c) Business Model Innovation:

The pandemic strained SMEs financially and they had to change their business models. According to Sjödin *et al.* (2020), business model innovation is a strategy that involves rethinking and redesigning the way a business generates, delivers, and retains value. With business model innovation, SMEs can explore new revenue models, distribution channels, as well as partnerships. Tavoletti *et al.* (2022) emphasise SMEs achieve a better competitive advantage when they have an effective business model innovation strategy. While SMEs can benefit from exploring new revenue streams, partnerships, and distribution channels, the degree of success varies, as smaller businesses may struggle to execute these shifts effectively, due to limited access to funding and expertise. This casts doubt on the feasibility of these strategies in less supportive business environments.

d) Service Innovation:

Gustafsson, Snyder and Witell (2020) describe service innovation as the development of new or improved services that create value for customers. SMEs in the service delivery industry had to innovate by developing new service offerings to enhance customer experience, by taking advantage of the technological advancement of the 4th industrial revolution (4IR) the world is adopting, since physical interaction was prohibited (Barbu *et al.* 2021). Xiang *et al.* (2021) highlight the use of internet platforms or applications increased during the pandemic, thereby allowing businesses in various industries to continue

providing services to their customers. However, many SMEs lacked the digital infrastructure to leverage service innovation fully, leading to an uneven playing field where only those with prior technological investments thrived. This disparity exposes a gap in the literature concerning the preparedness of SMEs to engage in digital transformations.

e) Marketing Innovation:

During the COVID-19 pandemic, SMEs implemented marketing innovation strategies to adapt to the changing business landscape and engage with customers. According to Maureen (2018), marketing innovation essentially involves business enterprises introducing products or services strategically positioned to gain a competitive edge in a specific market. Aksoy (2017) emphasises that innovation in marketing generates value and enhances business performance, as company competitiveness relies heavily on the capacity to attract more customers through innovative marketing strategies.

Due to COVID-19 restrictions, SMEs had to take advantage of innovative marketing strategies to keep their businesses running. While marketing innovations can generate immediate value, their long-term impact may be limited without complementary investments in branding and customer loyalty. For SMEs with constrained budgets, sustaining a robust marketing strategy through digital channels can be a significant challenge. This limitation raises questions regarding the scalability of marketing innovations and their real contribution to enduring competitive advantage.

2.3 COVID-19 PROTOCOL: GOVERNMENT POLICIES

The COVID-19 pandemic prompted widespread government interventions aimed at curbing the spread of the virus, which had significant implications for businesses, particularly SMEs. Dergiades *et al.* (2020) explain these interventions significantly disrupted the business environment, including border restrictions, quarantine measures, social distancing guidelines, and changes in population behaviour (Cowling *et al.* 2020). For SMEs, these disruptions were particularly harmful, due to

their limited resources and inability to quickly adapt to the new regulatory landscape. The challenges SMEs faced in responding to these policies were amplified by their smaller scale, lack of financial flexibility, and often insufficient technological infrastructure.

For example, the hospitality industry was one of the most heavily affected sectors. As Hao, Xiao, and Chon (2020) point out, SMEs in the hospitality industry struggled to cope with the direct impacts of the pandemic, including reduced demand for services, travel restrictions, and health and safety concerns. With the number of workers estimated to be more than 212 million globally in the hospitality industry (Tunio *et al.* 2021: 214), the sector faced not only operational shutdowns but also massive layoffs and furloughs, leading to a loss of livelihoods for many employees. The pandemic thus changed the relationship between the hospitality industry and sustainability, as Kim *et al.* (2020) noted, forcing businesses to reassess their longterm viability and practices in a post-pandemic world.

The International Labour Organization (ILO) (2020) offered several guidelines to ensure workplace safety during the pandemic. These included measures aimed at reducing the spread of the virus, such as promoting natural ventilation, adjusting heating, ventilation, and air conditioning systems, and maintaining safe physical distances in the workplace. Employers were required to implement strict protocols, including controlling access to workplaces, regulating entry times for non-workers, and setting up physical barriers to maintain social distancing. These regulations, while necessary to ensure public health and safety, imposed additional operational burdens on SMEs, many of which lacked the resources to comply with these strict measures.

Moreover, employers were tasked with providing personal protective equipment (PPE) at no cost to workers, ensuring its proper use, and regularly retraining staff on PPE protocols (WHO 2020). For businesses with limited budgets, this meant allocating resources to health and safety measures that could otherwise have been spent on sustaining operations or keeping employees on payroll. The financial strain

associated with implementing these safety measures, combined with the loss of revenue from reduced consumer demand, led to financial instability for many SMEs.

2.4 CUSTOMER CONDUCT DURING THE PANDEMIC

Sheth (2020) highlights the severe disruption caused by restrictive lockdown rules and social-distancing practices, which extensively disrupted worldwide consumer behaviour. Khayru (2021) notes people have responded to the pandemic in different ways, with varied attitudes, behaviours, and buying habits, to adapt to the “new normal”, despite individual fears with regard to the crisis impact. Wisetsri *et al.* (2021) agree, pointing out business environments and consumers are gradually acclimating to this new normal, by embracing e-commerce solutions as a means to overcome physical barriers. Due to the heavy restrictions enforced all over the world, COVID-19 has catalysed change in strengthening online interactions between customers and businesses.

2.5 TECHNOLOGICAL INNOVATION DURING COVID-19

According to Chan *et al.* (2019), SMEs have adapted to thrive in the evolving digital landscape. By embracing digital technologies, particularly those driven by Artificial Intelligence (AI), SMEs can bolster their competitive edge and productivity (Kumar and Kalse 2021). SMEs use AI technology to track customer habits and provide recommendations that can improve customer purchasing decisions (Drydakis 2022). In the presence of COVID-19 restrictions, SMEs have taken advantage by finding ways to engage with their clients via the internet or online (Drydakis 2022).

2.5.1 Online product purchasing and distribution channels

Ahmed and Kumari (2022) state distribution channels were primarily focused on physical retail stores prior to COVID-19, with e-commerce platforms and online marketplaces serving as supplementary sales channels for many businesses. Nanda, Xu and Zhang (2021) agree that even though e-commerce had been growing for a few decades, physical stores remained the dominant distribution channel for most industries. Physical stores were found important to customers, because they engage in a hands-on shopping experience, enabling them to touch, feel, and try out products before making a purchase (Nanda, Xu and Zhang 2021).

Thukral and Ratten (2021) highlight, with the presence of the COVID-19 pandemic, along with the associated lockdowns and social distancing measures, businesses had to quickly prioritise online distribution channels to continue reaching customers and generating revenue. This has led to a significant shift in the way businesses approach distribution channels, with e-commerce and other online platforms now playing a much more central role in their overall sales and marketing strategies (Güven 2020). Online distribution channels are platforms or avenues through which goods and services are sold or delivered online to customers (Burroughs and Burroughs 2020)

2.5.1.1 E-Commerce

According to Alessa *et al.* (2021), the global lockdown, implementation of social distancing, and other measures aimed at curbing the spread of the COVID-19 pandemic prompted consumers to increase their online marketplace purchases. Dannenberg *et al.* (2020) state, because visits or walk-ins to physical stores were restricted, consumers went online to shop, causing online purchases to grow exponentially. Online purchasing is also known as e-commerce. Numerous online retailers, including Amazon, Target, and Wal-Mart, flourished during the pandemic due to their established online presence (Itliong 2020; Taylor 2022). (Laudon and Traver 2017) assert e-commerce consist of a business transaction between people that involves the exchange of value, which can be a product or service, through or via the use of digital technology. In addition, Lestari *et al.* (2021) describe ecommerce as the online buying and selling of goods and services.

In the SME context, some studies reported e-commerce improves SME performance. According to Ajibade, Ondari-Okemwa and Matlhako (2019), the integration of information technology enhances the performance of South African SMEs. (Alzahrani 2019) also reported the adoption of e-commerce affects the strategy of SMEs. Further to this, Kumar and Ayedee (2021) emphasise the use of e-commerce channels to assist SMEs in improving their brand visibility around the world, with limited financial resources. This extended reach ensures even smaller

enterprises can compete on an international scale, without incurring prohibitive marketing costs.

Although SMEs lack time and resources, e-commerce provides convenience to customers, since they can interact with the business 24/7 and place orders online. E-commerce channels and practical use of the internet and resources assist SMEs to improve their overall communication with customers (Saridakis *et al.* 2018). The digital channels ensure continuous communication, fostering customer relationships that can translate into brand loyalty and repeat business.

As with any other business, e-commerce has benefits and drawbacks. (Sayyida *et al.* 2021) find with this kind of shopping, customers are unable to try the item prior to purchasing. Moreover, according to Taher (2021), although product promotion videos may be professionally crafted and persuasive, many customers remain hesitant to purchase items they haven't personally tested or seen before. Waiting is one online shopping feature that turns into a problem when customers are not patient enough, as it takes time to receive packages (Taher 2021). Online shopping can be problematic, since not everyone has access to the internet and smart devices (Bhasin ; Langlely *et al.* 2021). In addition, for both consumers and businesses, credit fraud is a huge problem in the world of online business.

Taher (2021) also argues online shopping runs on software that requires constant development and modification. This poses restrictions for online companies, particularly SMEs, because of their limited resources. While e-commerce can offer SMEs opportunities for growth and global outreach, these benefits come with challenges that require careful management. Effective e-commerce strategies should, therefore, incorporate robust customer assurance policies, investment in cybersecurity, and scalable solutions that address resource disparities. Addressing these drawbacks could strengthen SMEs' ability to harness e-commerce for sustainable success.

2.5.1.2 Dropshipping

Dropshipping rose significantly in popularity during the COVID-19 pandemic, with many businesses seeking ways to adapt to changing market conditions. According to Bravo *et al.* (2022), dropshipping has been the most convenient digital distribution channel for SMEs across various countries globally. Mostarac, Kavran and Pišković (2020) define dropshipping as a distribution model in which a retailer does not maintain inventory but rather forwards customer orders and shipping information to the manufacturer or supplier, who subsequently ships the goods directly to the customer. The model is illustrated below (Figure 2.2). Mostarac, Kavran and Pišković (2020) state businesses create online stores and advertise products they do not physically have and when a customer orders, the business will then order from a supplier and the product will be shipped to the customer.

Even though businesses can save by not keeping an inventory, (ȘERBAN COMĂNESCU 2021) highlights this can be a disadvantage, since a business advertises or sells the quality of product they have physically seen. In conclusion, while dropshipping presents an appealing model for SMEs seeking to mitigate upfront costs, its reliance on third-party suppliers, potential for customer dissatisfaction, and long-term sustainability challenges merit further scrutiny. More research is needed to understand the risks associated with this model, particularly as the global e-commerce landscape becomes increasingly competitive.

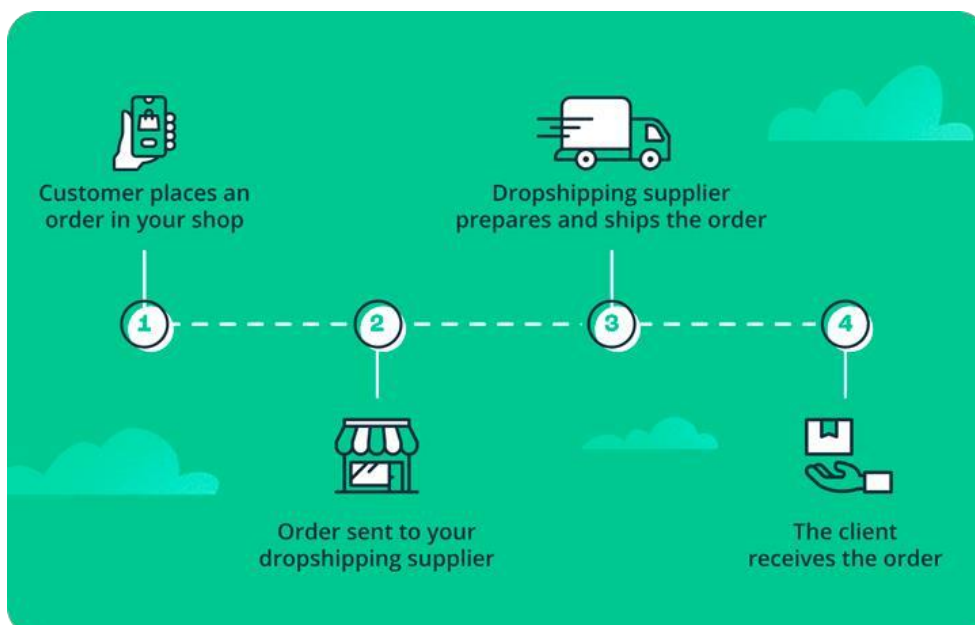


Figure 2.2: Dropshipping model

Source: Castro (2022: 1)

2.6 RETAIL OUTLET ARRANGEMENTS

The COVID-19 pandemic fundamentally transformed the retail sector, forcing businesses to adapt to unprecedented challenges. According to Mukherjee *et al.* (2021), the retail industry faced a significant decline in customer foot traffic, reduced purchasing power, and decreased demand for products, which resulted in substantial drops in sales for many businesses. These sudden shifts in consumer behaviour disrupted traditional retail models, prompting businesses to quickly pivot to alternative strategies to survive.

Briedis *et al.* (2020) highlight how retailers scrambled to find new ways to serve their customers, turning to digital platforms and e-commerce as crucial channels to continue operations during lockdowns and restrictions. This shift required businesses to implement new processes and policies to ensure customer safety, while maintaining service. Measures such as enforcing social distancing, sanitising surfaces and products, and communicating proactively with customers, became essential to rebuilding consumer trust in the retail environment. Retailers had to adapt not only their physical spaces but also their operational models, embracing contactless services, online ordering systems, and improved hygiene practice (Kim 2020).

The “new normal” that emerged during the pandemic is, therefore, as noted by Awan, Shamim, and Ahn (2021), likely to persist beyond the immediate crisis. Consumers’ preference for maintaining safe distances and minimising in-person interactions will continue to shape the way businesses operate. Echegaray (2021) argues that even after the pandemic subsides, the emphasis on safety, hygiene, and clear communication will remain key factors in consumer decision-making, pushing businesses to adapt to an environment where safety protocols are integrated into daily operations.

While these adaptations allowed retailers to continue operating, they also highlight some critical challenges. The rapid pivot to e-commerce and digital channels may have been difficult for SMEs with limited technological infrastructure or knowledge. Furthermore, the cost of implementing safety measures and maintaining new operational protocols may have strained the financial resources of many businesses, particularly those without robust online platforms or customer bases (Sundarakani and Onyia 2021). These challenges raise questions regarding the long-term sustainability of the "new normal" and whether some retailers may struggle to keep up with consumer expectations, should they lack the necessary technological or financial resources.

2.6.1 Social Distancing Measures

According to Ntounis *et al.* (2020), research indicates that implementing social distancing measures, including maintaining physical distance in stores, workplaces, and town centres, as well as isolating ill individuals, contact tracing, and avoiding crowded areas, effectively reduces the transmission of COVID-19. Physical distancing of at least one meter is strongly associated with protection and was implemented in many spaces (Chu *et al.* 2020). Nevertheless, countries worldwide have implemented varying social distancing regulations to mitigate the transmission of the virus. For instance, the United Kingdom (UK) and Spain initially enforced 2-meter distancing rules, whereas Germany, Italy, and Greece adopted a 1.5-meter rule. China and Denmark, on the other hand, implemented a 1-meter rule (UK 2020).

A study conducted in SA, reveals that implementing sanitising and social distancing measures in retail spaces translates into customer satisfaction (Rukuni, Maziriri and Mofoka 2020). Shahriari *et al.* (2022) argue most retail stores pay attention to the social distance between customers and sellers and observe social distance at the cash register, but they have failed to observe social distance between customers and in different parts of the store.

Retail stores had to put labels on the floor, walls and windows (Figure 2.3) to show customers the social distance they must keep between each other to minimise the risk of transmission (Ntounis *et al.* 2020). Mason, Narcum and Mason (2020)

highlight, prior to COVID-19, retail stores were never concerned with controlling the number of customers inside the shop. To control the level of transmission at the cash register, retail stores installed glass or plastic screens that acted as a shield between the customer and employees on the other side of the register (Mason, Narcum and Mason 2020). However, while labelling floors and installing screens may reduce physical contact, these measures do not necessarily ensure customers compliance.



Figure 2.3: Social distancing measures

Source: Korea Bizwire (2020)

2.6.2 Hygiene Practices

To minimise the spread of the virus, retail employees had to practice hand washing and disinfect stores. Rashmi *et al.* (2020) explain good respiratory hygiene had to be followed, which includes covering the nose and mouth when coughing or sneezing and disposing of tissues. Taylor *et al.* (2021b) highlighted the importance of regularly cleaning and disinfecting equipment, tools, and frequently touched surfaces within the store using standard products, as well as ensuring the maintenance of cleaning chemical inventories. However, this raises questions on the feasibility of sustaining such measures over time, particularly in smaller businesses or those with limited resources; including how businesses were able to ensure consistency in cleaning routines, and whether there were challenges related

to supply shortages of cleaning products. Retail businesses had to place hand sanitising stations at the entrance for customers to use when they enter (Taylor *et al.* 2021)

2.6.3 Self-Service Kiosks

Self-service kiosks (Figure 2.4) have become increasingly popular in retail environments, because of the COVID-19 pandemic. According to Park, Ha and Jeong (2021), self-service kiosks offer customers a convenient and efficient way to purchase products without the need for human interaction. Har *et al.* (2022) found retailers were compelled to introduce self-service kiosks as a cost-effective strategy to reduce face-to-face interaction between employees and customers, aiming to safeguard customers from the coronavirus. Self-service kiosks allow customers to make their purchases physically in retail stores, without the need to communicate with employees (Sharma, Ueno and Kingshott 2021).

Several retail outlets have implemented this innovative system. For example, supermarkets such as Walmart have used self-checkout stations or self-service kiosks in their stores to replace traditional checkout lanes. The use of this system has also become prevalent in fast food companies such as MacDonaldis (Park, Lehto and Lehto 2021). However, Audrin (2020) argues, while self-service kiosks have made a huge positive impact, many people fear these self-service kiosks will increase unemployment rates. Roten and Vanheems (2023) add that self-service kiosks rely on technology and, from time-to-time, technical issues will occur that can lead to frustrated customers and loss of sales.



Figure 2.4: Self-service kiosks

Source: Megastone (2020)

2.6.4 Contactless Payment During Covid-19

The COVID-19 restrictions have motivated businesses to establish innovative systems such as online payments or contactless payment systems. Bounie and Camara (2020) view contactless payment cards as one of the latest innovations in digital payments. While the growth in digital payments may have benefitted businesses, these systems were accessible to all retailers, particularly those in lower-income or less technologically advanced regions. According to LiébanaCabanillas *et al.* (2022), the COVID-19 outbreak has heightened user anxiety surrounding the use of cash and other methods requiring physical contact, thereby driving the adoption of contactless payment technology for hygiene and safety purposes. Renu (2021) observed various countries have adopted the use of digital or contactless payments for transacting.

Contactless payment systems facilitate transactions without necessitating physical contact between a customer's device or card and a merchant's payment terminal during checkout. This way of payment was effective during COVID-19. Camara (2021) highlights digital payment technology remains instrumental in driving sales growth, particularly for SMEs. However, Lallie *et al.* (2021) point out the increase in

online fraud and cyberattacks is associated with the increased use of online payments. According to Gallagher and Brandt (2020), latest reports show cybercrime growing at a fast pace, with a prediction it would reach \$6 trillion by 2021, up from \$3 trillion in 2015.

The adoption of online shopping has, furthermore, provided criminals an opportunity, even though many businesses have been negatively affected by COVID-19 (Lallie *et al.* 2021). The market share of contactless payments is illustrated (Figure 2.5) for the year 2020, by application. To ensure long-term use of contactless payment, SMEs have to increase security measures.

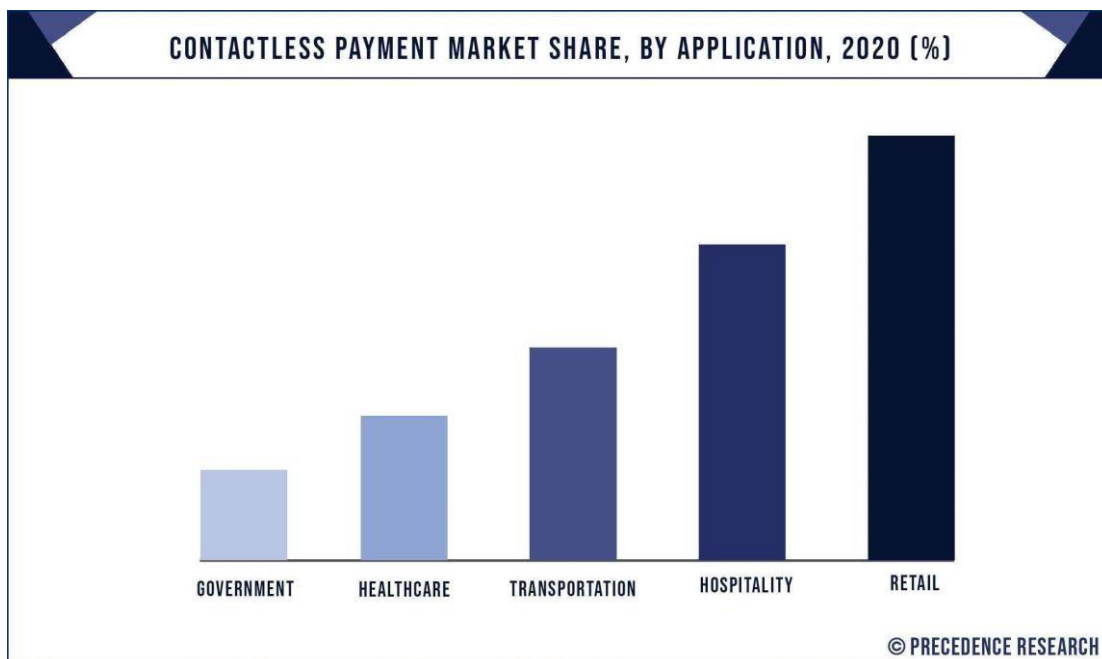


Figure 2.5: Contactless payment market share

Source: Precedence Research (2020)

2.7 FOOD DELIVERY ONLINE APPLICATIONS

Amidst the COVID-19 pandemic, businesses and consumers found themselves increasingly reliant on home delivery services. Movarrei and Masoumzadeh (2021) state, because of the lockdown, the consumer shift from in-store to online shopping means home delivery has become the new interface and contact point between business and consumers.

According to Renu (2021), well-developed countries such as China and the United States (US) have launched contactless delivery services such as robots to deliver goods to consumer's doorsteps. (Pani *et al.* 2020) highlight the ongoing COVID-19 pandemic created a public interest and the demand for autonomous delivery robots. However, (Barton *et al.* 2022) argue, while the adoption of automated technology can be significant for large enterprises, it is not for some SMEs, because of the high costs involved. This raises the questions as to how SMEs in less developed regions or countries, without access to such advanced technologies, meet the increased demand for delivery. In addition, the reliance on human delivery workers is queried as a more viable solution, along with whether SMEs are left at a competitive disadvantage due to their inability to invest in technology.

SMEs had to implement their delivery services to meet customer demand during the pandemic, with customers preferring to use convenient ways to order on delivery platforms, as it is faster than going to a physical store (Roslan and Nawi 2022). Hooi, Leong and Yee (2021) emphasise consumers may now purchase food through various methods, including a physical visit to a shop or ordering through a website. The food delivery application market growth is illustrated (Figure 2.6) from 2019 to 2023, reflecting growing consumer demand for convenient food ordering as one of the key growth drivers.

As found by Roslan and Nawi (2022), the most popular app among millennials is food delivery service, since they can use their smartphone to save time spent doing grocery shopping by ordering online. These applications help consumers to, for example, find the right restaurant in their vicinity or any dish they wish to order, place their orders and make payment easily, as long as the users have a good internet connection (Gavilan *et al.* 2021). Applications such as uber eat have played a huge role in the survival of SMEs operating in the food industry during the pandemic (Vig and Agarwal 2021).

While these apps provide an immediate solution to reach customers for companies such as MacDonaldds, who had their delivery application prior to COVID-19, more orders were, nonetheless, received in the season of the pandemic (Kee *et al.* 2021).

However, as more players enter the market, (for example, Uber Eats) this raises questions regarding the impact this growing competition has on businesses using these platforms, and how it impacts customer loyalty or service quality. In addition, it remained to be seen whether consumers would return to in-person dining experiences as restrictions ease, or if the convenience of delivery has permanently altered dining habits. Moreover, it is questioned whether restaurants and food services would continue to rely heavily on third-party platforms or invest in their own delivery systems to maintain a higher profit margin.

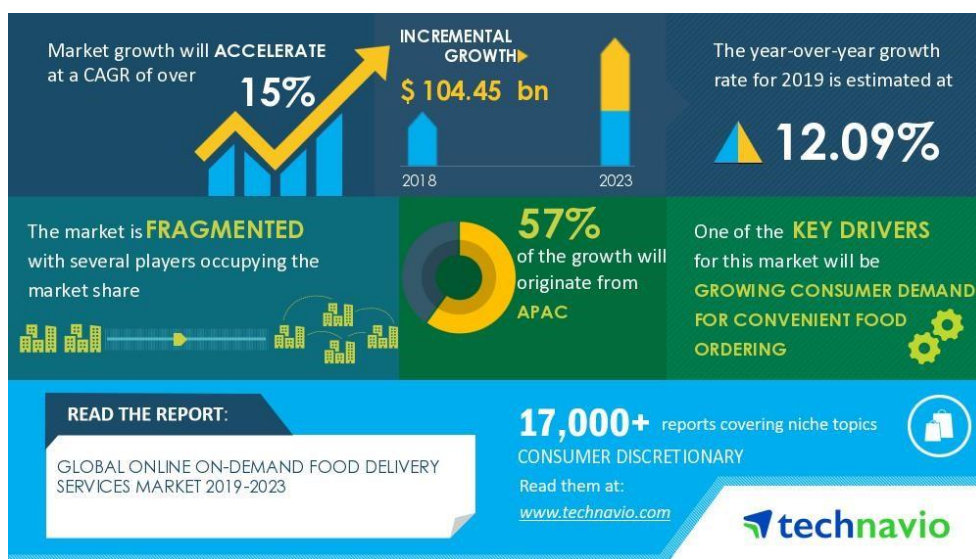


Figure 2.6: Food delivery application market growth

Source: *Business Wire* (2021)

Odeku (2021) noted certain micro and informal businesses in SA reportedly managed to maintain and even expand their operations during the lockdown period. These enterprises include food businesses located in townships or rural areas that already incorporated delivery options into their business model and attracted new customers. For example, a bakery situated in White City, Soweto, enlisted delivery staff equipped with metal pushcarts to sell door-to-door, consequently doubling its production capacity. Similarly, a convenience company run by a young entrepreneur began delivering oil a month before the lockdown commenced, subsequently expanding its offerings to include chicken, charcoal, and fast-food boxes (Bloomberg 2020).

Technology did influence innovation in the delivery service during the COVID-19 pandemic, with motorbike deliveries becoming a solution for many businesses during lockdowns in SA. However, in the SA context, it has limitations and barriers to the widespread adoption of such technological solutions for micro and informal businesses. For instance, not all businesses have access to the necessary technology to create or use apps for deliveries, which shows the gap between large and small businesses widened due to a lack of digital infrastructure.

Some small businesses were also unable to adopt similar solutions due to technological costs or a lack of digital literacy. For example, the Checkers supermarket group developed an app called “Sixty60” (Figure 2.7) and through this app, consumers can order groceries from Checkers supermarkets (Njomane and Telukdarie 2022). Further to this, the authors point out the application has garnered more than 3.1 million downloads, and the service currently operates delivery services in over 400 locations nationwide.



Figure 2.7: Checkers sixty60 delivery service

Source: Checkers (2020: 20)

2.8 THE RISE OF SME MOBILE SERVICES DURING COVID-19

During COVID-19 many small businesses in various industries underwent a complete shutdown when all forms of operations were prohibited due to being classified as non-essential services (Nani and Ndlovu 2022). For example, SMEs such as the salon and car detailing industries implemented mobile services during the COVID-19 pandemic to continue their operations, without violating safety

protocols. These businesses adapted to the changing circumstances and found innovative ways to continue serving customers, while adhering to safety guidelines (Gerstell *et al.* 2020).

2.8.1 Salon Mobile Service

Beauty salons started offering mobile salon services (Figure 2.8), where stylists and technicians travel to the client's home (Telford 2020). This helped maintain social distancing and reduce the risk of exposure for both the salon staff and the clients. Salons implemented online booking systems or mobile apps that allow clients to schedule appointments conveniently, without being exposed to the virus, which reduces physical contact and minimises the time clients spend waiting at the salon, thus promoting social distancing (Permatasari, Purwanto and Triyono 2024). Mishra (2021) highlights salons started offering product delivery services to generate additional revenue streams without violating COVID-19 protocol, where clients can order haircare products, styling tools, and other beauty items through the salon's website or mobile app and have them delivered directly to their doorstep.



Figure 2.8: Salon Mobile Service

Source: Trafft Team (2023)

2.8.2 Car detailing services

The car detailing industry, as with many other sectors, faced significant disruptions due to the COVID-19 pandemic, particularly with the implementation of social distancing and heightened health and safety concerns. Tabita (2020) stresses that businesses in the car wash sector had to maintain service delivery, while minimising the risk of virus transmission. One key strategy adopted by many car wash SMEs was the introduction of mobile services (Figure 2.9), a model that allowed businesses to continue operating, while reducing the number of in-person interactions. This transition was not only crucial for customer safety but also for the continuity of business operations during a period of strict lockdowns and health restrictions.

Klein and Todesco (2021) further emphasise how SMEs in the car detailing industry adapted by developing online booking systems. This shift allowed customers to schedule services remotely, eliminating the need to visit physical locations. By offering home or workplace services, these businesses could provide added convenience to customers, while keeping physical interactions to a minimum. Additionally, the implementation of contactless payment systems was another significant adaptation, ensuring both the customers and businesses could minimise the risk of COVID-19 transmission during financial transactions. However, the reliance on technology might alienate certain customer groups, particularly those less comfortable with digital tools, thus potentially limiting the growth of businesses that cannot offer hybrid solutions catering to both digital-savvy and traditional consumers.



Figure 2.9: Car Detailing Service

Source: Tracey Porpora (2020)

2.9 DIGITAL TECHNOLOGY IN TIMES OF COVID-19

Many governments implemented measures to curb the spread of the virus, including enforcing physical distancing, imposing travel restrictions, and mandating the wearing of masks in public, all aimed at minimising physical interactions among individuals to the greatest extent possible (Clark *et al.* 2020). Information and communication technologies (ICTs) became a solution for business networking or communication to continue operations. This is confirmed by Kumar, Singh, and Modgil (2020), who state ICT adoption is a necessity for SMEs in the present era due to increasing competition. ICT adoption is mandatory because it can provide necessary business information, help in business contacts, access to new markets, and assist in diversification of firms. However, this assertion assumes universal accessibility to ICT, overlooking disparities in infrastructure, digital literacy, and financial constraints, particularly in resource-constrained environments. Wendt *et al.* (2021) found ICT platforms or software have provided businesses in different

industries with the advantage of communication that does not put anyone at the risk of infection.

2.9.1 Remote Working

Social distancing was one of the interventions used in the control of the COVID-19 pandemic. Kaushik and Guleria (2020) stress social distancing forced businesses to close their physical operations in order to reduce the spread of the virus. The COVID-19 pandemic compelled SMEs to embrace remote working practices swiftly and extensively. Even companies lacking prior experience in remote working had to adapt to a sudden shift in work organisation, encountering new challenges from managerial, organisational, technological, and cultural perspectives (Barabaschi *et al.* 2022). Although this adaptation underscores the resilience of SMEs, it also reveals a digital divide that disadvantaged businesses lacking technological infrastructure and digital literacy.

Thambusamy and Bekiroğulları (2020) aver SMEs struggled to adopt remote working as the new way to continue their operations, pointing to significant disparities in readiness across industries. Moreover, the transition to remote work required a mindset and leadership shift to accommodate remote supervision (Ruhle and Schmoll 2021), yet many SMEs were ill-prepared for such changes, exposing gaps in leadership training and organizational flexibility.

Remote workers also faced personal challenges, as noted by Vyas and Butakhieo (2021), including difficulties separating work and personal lives, leading to extended work hours and blurred boundaries, which could adversely affect mental health. Additionally, Matli (2020) emphasises remote working is heavily dependent on technology, with issues such as poor connectivity, equipment failure, and software glitches disrupting productivity. These technological barriers underscore the risks of over-reliance on digital solutions without adequate support systems. Furthermore, Bowen (2020) identifies while remote working can hinder collaboration, particularly in brainstorming and problem-solving tasks, it also introduced opportunities for improved performance and well-being (Williamson, Gish, and Stephan 2021).

2.9.2 Remote Learning

The COVID-19 pandemic has brought about significant disruptions to education systems globally, leading to the adoption of remote learning as an alternative to traditional in-person teaching (Dhawan 2020). Educational institutions were compelled to transition to online communication for academic purposes, which Carreiro and Oliveira (2019) note, highlighting a dramatic shift in educational delivery modes. Mäkelä *et al.* (2020) assert even though remote learning created opportunities for greater flexibility and accessibility, it also posed challenges for educators and students, particularly in adapting to new technologies and teaching methods. The adoption of remote learning has been facilitated by leveraging technology such as video conferencing, learning management systems, and online collaboration tools (Amin and Sundari 2020). These technologies, as Peimani and Kamalipour (2021) point out, enabled educators to deliver virtual lessons, engage with students, and provide access to learning materials, fostering continuity in education despite physical school closures.

The accelerated adoption of technology during the pandemic enhanced digital literacy among educators and students, as observed by Al Lily *et al.* (2020). This shift increased the sector's reliance on digital tools, which Jena (2020) highlighted, offering students more flexibility to learn at their own pace and schedule. Hodges and Fowler (2020) further note remote learning has the potential to enhance engagement and motivation, particularly for students who may struggle in traditional classroom settings. However, such benefits are not universally accessible. Challenges such as internet connectivity issues, lack of access to devices, and the need for self-discipline and intrinsic motivation, are explained by Ntshwarang, Malinga, and Losike-Sedimo (2021) to exacerbate existing educational inequalities. Additionally, Ewing and Cooper (2021) emphasise the difficulty in providing individualised support in a remote learning environment, potentially leaving some students behind.

While tools such as Microsoft Teams and Zoom have been instrumental in delivering remote education, as illustrated (Figure 2.10), these platforms also underscore the dependency on reliable technology and infrastructure, which may not be evenly

distributed across all regions. This duality of opportunity and limitation highlights the need for systemic support, including investment in digital infrastructure, teacher training, and equitable access to technology, to ensure remote learning is both effective and inclusive in the long-term.

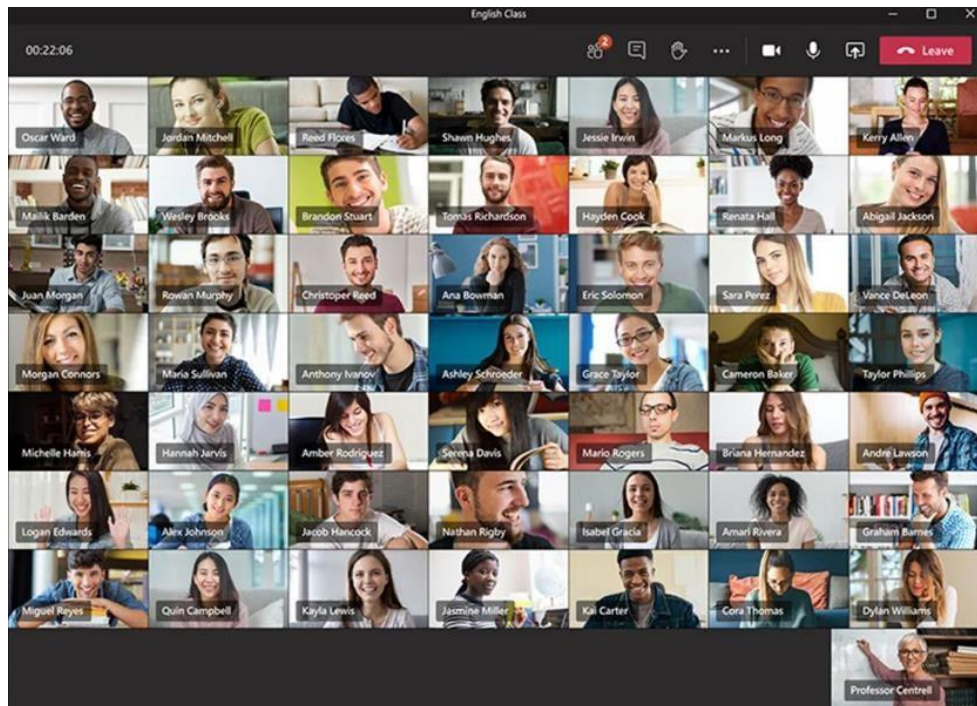


Figure 2.10: Remote learning

Source: Microsoft (2020)

2.9.3 Streaming

Streaming was used throughout the world during COVID-19 to provide content through the internet, either streamed live or through playback of pre-recorded events. Arditi (2021) found online streaming became one of the technological tools that enabled users to easily continue their activity, while complying with the COVID19 lockdown stages and social distancing rules. Due to the COVID-19 restrictions, businesses such as cinemas did not operate and companies, for example, Netflix and Showmax, took the opportunity to deliver services throughout the world using streaming platforms (Smit 2023). In addition, during the pandemic, a number of South African production companies started to work with companies such as Netflix to show their content online, instead of in cinemas, which were closed (Nhamo *et al.* 2020).

According to Arditì (2021), between November 1, 2019 and October 31, 2020 ticket sales “fell by \$5 billion, down to \$1.7 billion in sales from \$6.7 billion” the year before in the USA music industry; SMEs involved in planning all these events were highly affected. In SA, the creative industries have encountered numerous short- and longterm challenges due to the pandemic, including layoffs, bankruptcies, and event cancellations (Khlystova, Kalyuzhnova and Belitski 2022). However, online streaming became an effective innovative tool for SMEs in the music industry. As the lockdown took effect, the initial response was to maintain connections, leading musicians to entertain people from their balconies as a means to stay relevant (Young 2020). This allowed musicians to perform live, with their followers watching online, which allowed performers continued income. Online streaming (Figure 2.11) has appeared to be more effective and cheaper for SMEs than performing in a specific location, as it can be seen or watched by anyone around the world (Howard *et al.* 2021).



Figure 2.11: Online streaming

Source: Mojaxx (2020)

2.10 DIGITAL MARKETING CONCEPTS

The use of technology to engage with customers has increased rapidly, because of the pandemic. SMEs have turned to AI-driven methods to enhance targeting and improve customer engagement by analysing habits, social media activity, and online behaviour (Campbell *et al.* 2020). These methods are coupled with interaction

models designed to facilitate online sales closure, demonstrating a significant shift towards digital-first marketing strategies, using AI algorithms. In this regard, Jabłońska and Pólkowski (2017) add these methods and models also assist in targeting potential customers, maximising marketing efficiency and ensuring higher sales conversion rates. These innovations allow SMEs to anticipate customer needs and deliver personalised offers, leading to a substantial improvement in sales performance (Li 2019). Furthermore, Larkina, Ovcharenko, and Tagaev (2018) emphasise innovative marketing is a critical factor in the success of interactions with potential consumers, reinforcing the importance of adopting such strategies in a competitive business environment.

This rapid adoption of AI-driven marketing, however, raises questions on accessibility and ethical implications. While these technologies enhance marketing capabilities, not all SMEs may have the resources or technical expertise to implement AI solutions effectively, potentially widening the gap between well-resourced and resource-constrained businesses. Additionally, concerns regarding data privacy and the ethical use of customer information persist, as these algorithms rely heavily on collecting and analysing personal data.

2.10.1 Social Media Marketing Tools

Social media utilisation for business interaction increased significantly during the pandemic, becoming an essential tool for SMEs to maintain operations amidst challenging conditions. Alshehri (2019) describes social media as an online platform where individuals and organisations can create public profiles to share connections and content, enabling dynamic interactions. According to Kim, Lee, and Lee (2013), social media allowed SMEs to access resources traditionally dominated by larger companies, providing a cost-effective means to compete beyond local markets. This shift was particularly critical during COVID-19, as SMEs relied on social media to promote products and services, reduce operational expenses, and streamline communication with customers (Ainin *et al.* 2015).

Additionally, Taiminen and Karjaluoto (2015) emphasise the primary goal of social media adoption for SMEs was to increase sales, a vital objective during a time of

economic uncertainty. Beyond sales, social media's versatility extended to fostering customer engagement and satisfaction. By leveraging customer feedback and reviews, SMEs could refine their products and services, enhancing customer experiences and building stronger relationships (Trawnih *et al.* 2021). In support, Mbatha (2022) points to the significance of reviews as a source of valuable customer experience insights, helping businesses align their offerings with consumer expectations. This aspect of social media use underscores its role as a tool for continuous improvement and adaptation in rapidly changing markets.

The reliance on social media, nevertheless, also revealed disparities in digital access and expertise, particularly among smaller or resource-constrained SMEs. Social media platforms are generally accessible, effectively utilising them requires digital literacy and strategic planning, which not all small businesses possess (Ali Qalati *et al.* 2020). To sustain these benefits, SMEs must invest in developing digital skills and adopting strategies that integrate social media with broader business objectives, as well as address potential challenges such as platform dependency and data security

The Global overview report (2023) for January 2023 (Figure 2.12) shows the increased number of social media users over time for the last decade.

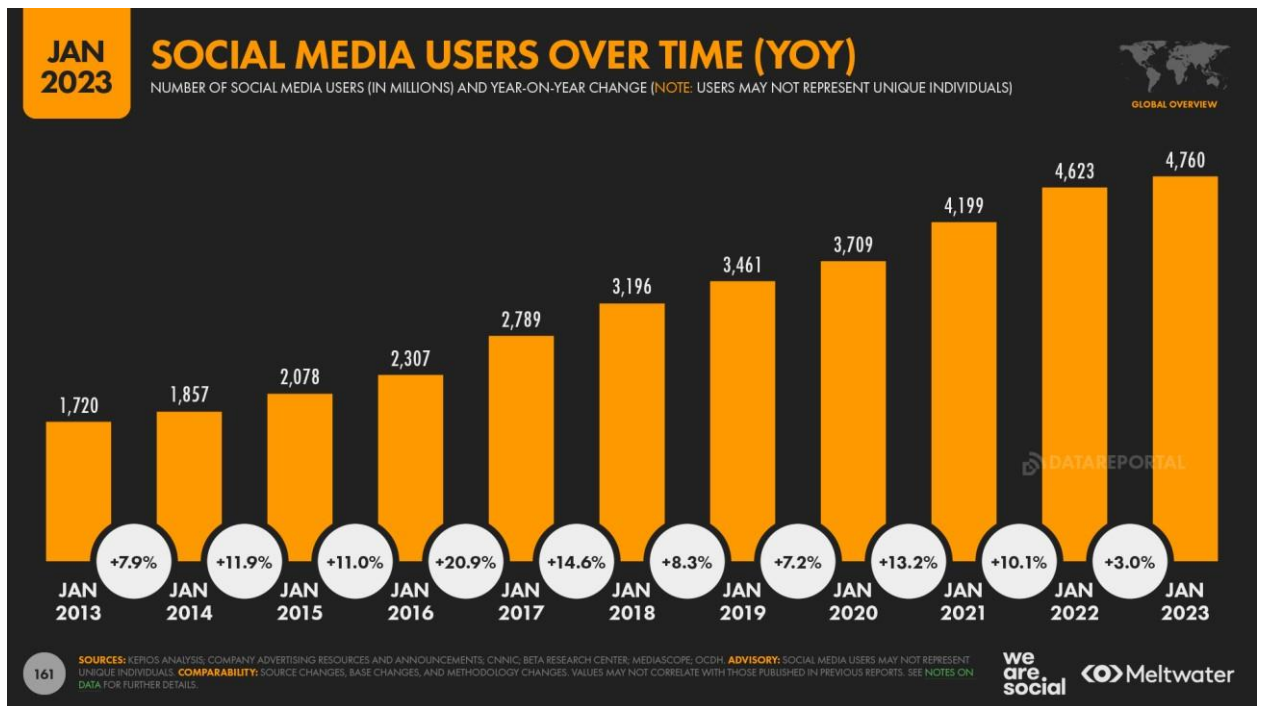


Figure 2.12: Global social media users

Source: *Global Overview Report (digital 2023)*

2.10.2 Email Marketing

Wanniarachchi and Rajakaruna (2022) describe email marketing as the practice of delivering promotional content via email to engaged internet users. Sanger *et al.* (2021) emphasise email marketing involves disseminating details on a product or service through email. Marketers leverage this approach to communicate updates and new information. This tool is used to keep customers informed on new products and services. A study conducted by Castronovo and Huang (2012) stated email marketing is very cost-efficient and can build customer relationships. Effective during COVID-19, this tool assisted many companies that started developing new concepts to survive. Sanger *et al.* (2021) state marketing tools such as email are important to businesses, as the aim is to facilitate connecting with consumers via messages related to a product or service.

SMEs should embrace email marketing, because it does not incur high costs, with small enterprises known for operating with a limited marketing budget. Email marketing, furthermore, allows a business to reach out to its target audience to promote relevant products and services, thus accommodating customer needs, while sharing personalised messages (Yousaf *et al.* 2018). Use of email marketing

can be relevant and valuable, because businesses can win the audience's interest through greeting them by their first name, sending automated wishes on special occasions, crafting the perfect subject lines, and creating an attractive email template (Yousaf *et al.* 2018).

2.10.3 Search Engine Optimisation (SEO)

Taiminen and Karjaluoto (2015) highlight that SEO involves enhancing the ranking of a business website in organic search results, by driving traffic to the site. As a powerful communication tool, SEO enables small businesses to disseminate information regarding their products, services, and overall brand, fostering connections with their target audience (Cavaco 2022). By optimising their websites for search engines, businesses ensure their content aligns with popular or highly viewed searches on relevant topics. However, as Cavaco (2022) notes, most customers typically focus on the first listing on the first page of search results, making this spot highly coveted and competitive. During the COVID-19 pandemic, the rapid advancement of technology rendered SEO indispensable, particularly for businesses striving to maintain visibility and relevance in a predominantly digital marketplace.

The importance of SEO is further underscored by the adoption of tools such as Google Business Profile, which allow businesses to appear in search and map results for relevant local searches (Figure 2.13). These profiles not only improve visibility but also enable customers to leave reviews, which enhance company credibility and drive lead generation (Comănescu 2022). For instance, a customer searching for plumbing services on Google will type "plumbing/plumbers" and Google will display a list of relevant companies, empowering the customer to choose based on proximity, ratings, or reviews.

SEO offers significant advantages, it also presents challenges, as competition for top search rankings can be intense, particularly for small businesses with limited resources to invest in SEO strategies, as compared to larger corporations (Zhang and Cabage 2017). To fully harness the potential of SEO, businesses must develop comprehensive strategies that include content creation, technical optimisation, and

consistent engagement with tools such as Google reviews to build credibility and sustain customer trust.

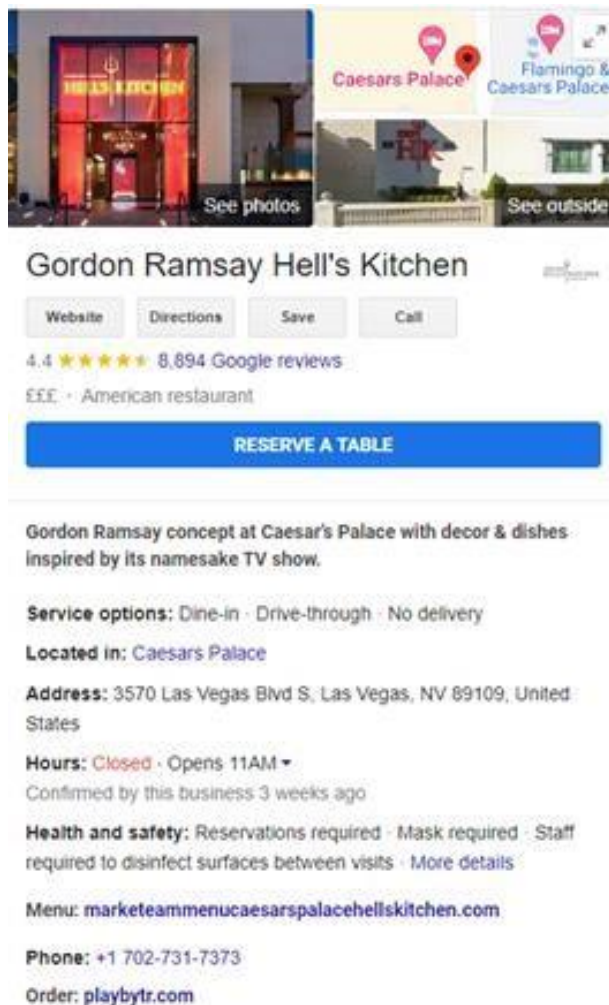


Figure 2.13: Google Business Profile

Source: Google (2018)

2.10.4 Content Marketing

Content marketing is a strategic approach focused on creating and sharing valuable, relevant, and consistent content to engage and retain a specific audience, with the goal of driving profitable customer actions (Cartwright, Liu and Raddats 2021). By attracting new audiences, content marketing enables potential clients to become familiar with a business, fostering trust and encouraging them to become customers (Gunardi, Hurriyati and Dirgantari 2020). As Hollebeek and Macky (2019) explain, this strategy aims to not only attract but also convert customers into loyal supporters who repeatedly purchase the company's products or services.

While social media marketing is widely used by SMEs, Gunardi *et al.* (2020) argue it may not be sustainable in the long term, particularly for brand-building purposes. This is where content marketing provides a more robust solution. For instance, during the pandemic, companies utilised content marketing, offering valuable content to customers, while leveraging user-generated content such as reviews shared on social media and e-commerce websites. These reviews, as noted by Bangsawan, Mahrinasari, and Ahadiat (2021), act as social proof, motivating other customers to visit websites and make purchases. This dual role of content marketing in providing value and amplifying customer voices, illustrates its potential to enhance customer engagement and drive sales. To fully leverage content marketing, businesses must invest in quality content creation, utilise analytics to track performance, and adapt strategies to remain relevant in evolving markets.

2.10.5 Influencer Marketing

Zak and Hasprova (2020) define influencer marketing as a content marketing strategy that involves collaborating with influential individuals within a specific target audience or platform, to enhance a brand's reach, sales, and engagement. This evolved form of word-of-mouth marketing focuses on leveraging the social context of trusted individuals to professionally execute campaigns. The growing importance of influencer marketing is evidenced by its market size as illustrated (Figure 2.14), showing its expansion between the years 2016 and 2022. According to Sudha and Sheena (2017), influencer marketing cultivates trust and authenticity, which help brands broaden their audience and build loyalty. Influencers not only create visibility but also establish positive perceptions of products, instilling consumer confidence and encouraging purchase decisions (Ratnapertiwi, Hafizd and Febriani 2021).

During the COVID-19 pandemic influencer marketing gained further prominence, as lockdown restrictions limited traditional marketing approaches. Hidavat *et al.* (2020) note many celebrities empathised with the challenges faced by SMEs, endorsing their products without charge as a gesture of support. This approach highlighted the versatility of influencer marketing, particularly in leveraging social media platforms such as Instagram, YouTube, and streaming services to reach vast audiences

(Bastrygina *et al.* 2024). The involvement of celebrities as endorsers added credibility to advertising messages, enhancing their effectiveness (McCormick 2016). For instance, Gretzel *et al.* (2020) emphasise the significant role of influencer marketing in the tourism industry, where it has been successfully employed to promote travel agencies and attract tourists to destinations.

Influencer marketing offers numerous advantages, such as heightened consumer trust and expanded reach; its success heavily depends on the authenticity and credibility of the influencer (Leung, Gu and Palmatier 2022). SMEs might find it challenging to collaborate with high-profile influencers due to financial constraints. To fully utilise influencer marketing, brands must carefully select partners, establish clear campaign objectives, and measure outcomes to ensure alignment with broader marketing goals.

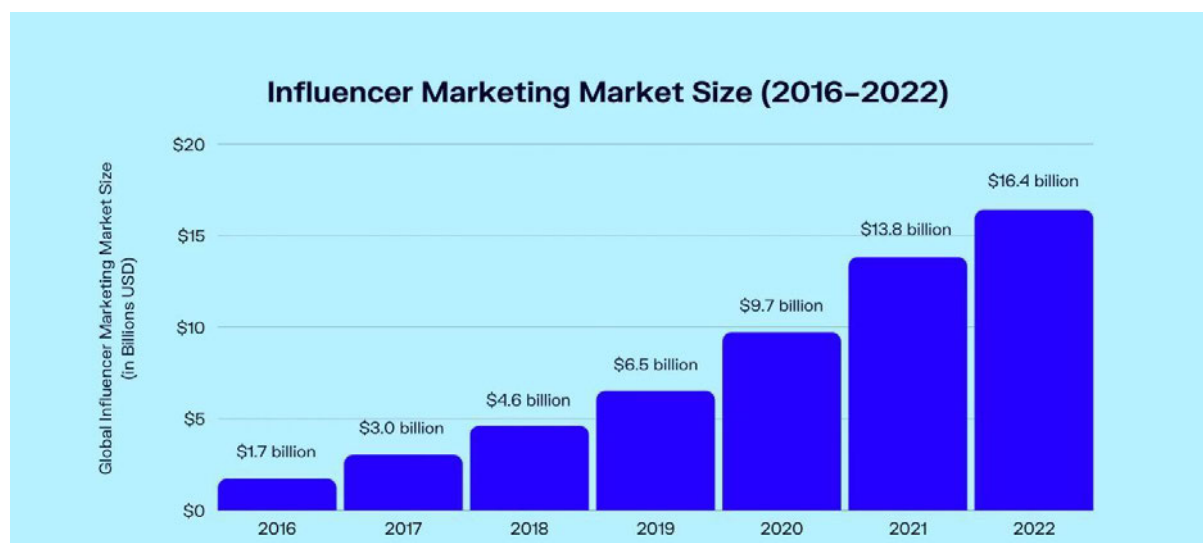


Figure 2.14: Influencer Marketing market size

Source: Influencer Marketing Hub (2022)

2.10.6 Challenges in adopting SME Digital Marketing

Digital marketing, while widely embraced as a vital tool for modern business, comes with significant challenges and drawbacks for both businesses and customers. Dole (2021) aptly describes digital marketing as a "double-edged sword", offering opportunities but also posing limitations. (Chawla and Kumar 2022) noted among the limitations are concerns regarding copyright infringement, unequal internet

accessibility, limited virtual experiences, and trust issues. The reliance on technology can also alienate those who lack the required resources or expertise, potentially diminishing its effectiveness as a marketing approach.

One critical risk of digital marketing is its vulnerability to imitation. Innovation strategies, such as unique advertising campaigns, can be easily copied by competitors, eroding a business's competitive edge (Aaker and Moorman 2017). Dole (2021) further highlights the misuse of brand names and logos by fraudulent entities, which can damage a company's reputation and undermine customer trust. Moreover, digital marketing's ability to provide customers with access to alternative purchase choices can be a disadvantage for SMEs that struggle to stand out in a saturated market (Ursu 2018). Bala and Verma (2018) emphasise businesses need to execute digital marketing strategies effectively due to high competition online, which demands knowledge and skills many SMEs lack (Malesev and Cherry 2021).

Negative feedback is another challenge for businesses using digital marketing, as it can tarnish their online reputation (Dole 2021). Nonetheless, Filieri, Raguseo and Vitari (2021) argue that such criticism, when dealt with constructively, can offer valuable insights for improving business performance. Additionally, digital marketing is not universally applicable; some products and services may not align with digital channels or reach their intended audience. For instance, cannabis businesses face restrictions in advertising their products on platforms such as social media, limiting their ability to engage with potential customers (Whitehill *et al.* 2020).

Despite its challenges, digital marketing remains indispensable, particularly in the context of technological advancement and changing consumer behaviour. To mitigate its downsides, businesses must prioritise ethical practices, invest in digital literacy, and maintain transparency to build trust. Furthermore, regulatory frameworks and targeted education programmes could help SMEs overcome barriers and leverage digital marketing more effectively, ensuring it remains a tool for growth rather than a source of setbacks.

2.11 THE INFLUENCE OF COVID-19 ON LABOUR REDUCTIONS

Labour reduction is defined as the process of reducing the workforce within an organisation; a widely used strategy for cost-cutting and efficiency, particularly during the COVID-19 pandemic (Fernandez and Aman 2018; Li *et al.* 2021). This strategy can take various forms, such as layoffs, furloughs, or reduced work hours, its implementation carries significant implications for both employees and organisations. Bajrami *et al.* (2021) point out, when carefully planned, labour reduction can mitigate financial strain on businesses. (Shayegh, Manoussi and Dasgupta 2021) argues it can also lead to far reaching consequences, including decreased morale, disrupted organisational culture, and a potential loss of skilled labour, which may impact the organisation's long-term sustainability.

SMEs, recognised as critical drivers of economic growth, job creation, and employment globally, were particularly hard-hit by the pandemic. These enterprises account for nearly 90 percent business worldwide and play a pivotal role in both developed and developing economies (Muriithi 2017). Despite this, the financial pressures imposed by COVID-19 forced many SMEs to view their labour force as a cost burden rather than an asset, prompting workforce reductions, necessary for survival during the pandemic (Shayegh, Manoussi and Dasgupta 2021; Rabonda 2023) This raised concerns about the ability of SMEs to recover and grow, given the loss of talent and the strain on remaining employees.

The pandemic's broader impact on the labour market underscores the scale of the challenge. According to the ILO (2020), global unemployment was projected to rise to 207 million in 2022 from 186 million in 2019. The hospitality and tourism sectors were particularly affected, with at least 100 million tourism jobs at risk and approximately 144 million workers in hospitality industries globally impacted. This large-scale labour displacement not only highlights the vulnerability of these sectors, it underscores the need for policy and institutional support to protect workers and sustain businesses during crises.

Labour reduction can provide immediate financial relief; however, it poses significant risks. Affected employees often face financial insecurity and mental health

challenges, while organisations may struggle with reduced productivity, strained relationships with customers, and negative public perception. For SMEs, these challenges are amplified, in view of their typically limited resources and heavy reliance on a stable workforce. Strategic planning and innovative solutions, such as reskilling employees, government subsidies, and technology-driven efficiency improvements, can offer alternatives to mass layoffs and help SMEs navigate future disruptions more effectively (Mishrif and Khan 2023).

2.11.1 Role of Automation and Artificial Intelligence (AI)

The COVID-19 pandemic accelerated the adoption of automation and AI across various industries, reshaping how businesses operate. While automation offers numerous advantages, such as enhanced productivity, efficiency, and flexibility, it also raises critical concerns regarding its implications for employment. Carreiro and Oliveira (2019) warn advancements in robotics and AI could have adverse effects on employment levels, as tasks traditionally performed by human labour are increasingly automated. These concerns highlight the tension between technological innovation and its socio-economic impact.

Technological advancements provide unparalleled capabilities that extend beyond human limitations. Automation can significantly improve production efficiency and consistency, enabling businesses to meet their objectives with minimal human intervention. Robots, for instance (Figure 2.15), are designed to work continuously 24 hours a day, seven days a week offering unmatched reliability and throughput (Moyle *et al.* 2018). This is particularly beneficial for industries that rely on repetitive, high-precision tasks or those experiencing labour shortages.

Whereas automation helps businesses achieve production goals, it also replaces human labour in many roles, creating potential challenges for the workforce. Decker, Fischer, and Ott (2017) argue although automation drives economic growth by increasing productivity, it may also lead to job displacement, particularly in sectors reliant on manual labour. This displacement can exacerbate unemployment rates and income inequality, particularly when workers lack the skills needed to transition into new roles created by technological advancements.



Figure 2.15: Robots in a manufacturing space

Source: Solomon (2019)

2.11.2. Chatbot for customer service

The advancement in AI technologies during COVID-19, according to Castillo, Canhoto and Said (2021), has enabled companies to use chatbots to provide customers with low cost assistance. The chatbots can deliver similar customer service to consumers as that delivered by service employees (Sands *et al.* 2021).

An example is illustrated below (Figure 2.16).

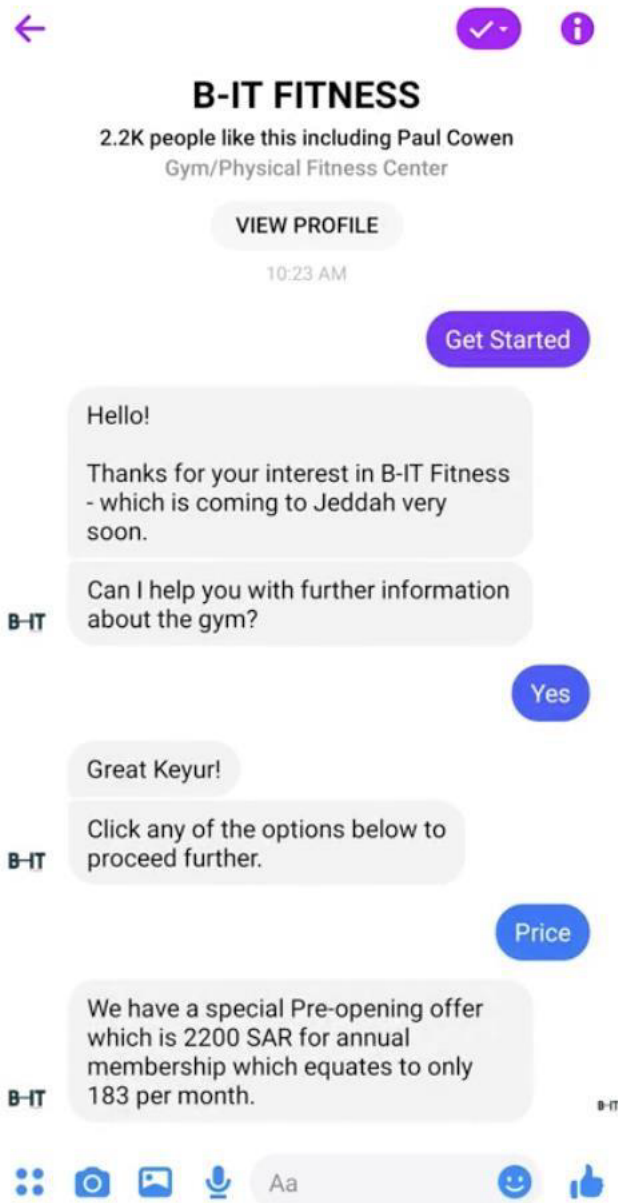


Figure 2.16: Chatbot example

Source: Manychat (2020)

Følstad and Skjuve (2019) state chatbots have been used to provide customers with quick and helpful responses to general inquiries regarding company products and services, without any involvement of human labour in the process. Chatbots can be used to process and track orders, as well as update consumers on the status of their purchases (Yen and Chiang 2021).

For example, in SA, one of the largest banks, Absa Bank, has implemented chatbots to support customers during the pandemic with services such as checking account

balances, transferring funds, and performing other banking transactions (Jeník, Flaming and Salman 2020). Chatbots have also played a huge role in the hospitality sector, as they can be integrated with hotel booking systems to provide a convenient way for customers to book rooms, check availability, and obtain information on rates and promotions (Dash and Bakshi 2019). Semuels (2020) argues even though this tool has replaced several employees in a customer service department in many industries, it provided a solution to many businesses during COVID-19.

2.12 FACTORS CHALLENGING SA SME INNOVATION ADOPTION DURING COVID-19

2.12.1 Lack of Technical Skills

The adoption of technology in businesses often encounters significant challenges, particularly related to the technical skills required for effective implementation. Employees, managers, and business owners may struggle to embrace technological advancements due to a lack of knowledge and resistance to change, particularly among older employees (Budhwar *et al.* 2023). Shaikh *et al.* (2021) highlight older employees tend to favour routine practices over learning new technological systems, which underscores the importance of targeted training programmes to bridge this gap. Resistance to change can stall the adoption process and prevent businesses from realising the full potential of technological advancements.

Digital marketing, for instance, has emerged as a critical tool in modern business strategies. However, the lack of technical skills among SME owners often hinders their ability to leverage its benefits fully (Malesev and Cherry 2021). The skills gap not only affects operational efficiency but also limits the ability of businesses to compete effectively in a digital-first market. The rapid transition to digital platforms during the COVID-19 pandemic further exposed these deficiencies, underscoring the urgent need for capacity-building measures.

Priyono, Moin, and Putri (2020) stress SMEs must, nevertheless, undergo comprehensive training on digital technology to survive and thrive in the postpandemic era. Such training should focus not only on technical proficiency but

also on strategic application, enabling businesses to integrate technology effectively into their operations. For example, equipping SME owners with skills in digital marketing tools such as SEO, social media platforms, and analytics can enhance their ability to attract customers and drive growth.

2.12.2 Limited Resources

The COVID-19 pandemic exposed and exacerbated several existing challenges faced by SMEs, one of the most critical being the scarcity of financial resources. While digital technology is recognised as a tool that can enhance the agility of SMEs and allow them to pivot their business models (Tsou and Chen 2022), the financial constraints faced by many SMEs make it difficult to adopt and sustain such technologies. Shaikh *et al.* (2021) highlight that limited financial capacity prevents SMEs from investing in the necessary infrastructure, software, and training needed to implement digital solutions effectively. This financial strain is particularly acute in times of crisis when cash flows are disrupted, and businesses are focused on survival rather than long-term strategic investment.

Effendi, Sugandini, and Istanto (2020), moreover, underscore the high initial costs of digital technology and the time required to switch from traditional systems to digital solutions pose significant barriers to SME adoption. These costs include not only the purchase of software and hardware, but also the expense of training employees, updating processes, and maintaining the new systems. For many SMEs to prepare for and implement such transitions during the pandemic was not feasible, as many businesses struggled to stay afloat, allocating funds toward technology adoption thus became a near impossible task.

2.12.3 Infrastructure

The quality of infrastructure is a significant obstacle for many SMEs, particularly in developing countries such as SA. Azolibe and Okonkwo (2020) emphasise the state of infrastructure, ranging from energy supply to transportation networks, can directly and profoundly impact the ability of SMEs to thrive and adopt new technologies. The lack of reliable infrastructure hinders the efficiency and effectiveness of operations, limiting SMEs' capacity to innovate and scale. This issue is not unique to SA;

however, the country's infrastructure challenges have been exacerbated by factors such as inconsistent energy supply, as discussed by Turkyilmaz *et al.* (2021).

In SA, load shedding (the practice of scheduled power cuts) has become a significant impediment to SME operations. (Jahns 2023) explains load shedding is an ongoing measure taken by Eskom, the country's primary energy supplier, to manage the strain on the electricity grid. The frequency and duration of power cuts have escalated in recent years due to aging infrastructure and inadequate maintenance (Winkler, Keen, and Marquard 2021). According to du Venage (2020), load shedding can last from one to eight hours, which creates unpredictable disruptions for businesses that rely on a stable power supply to operate.

The interruptions in electricity supply can severely disrupt SME operations, leading to delays, loss of productivity, and a direct loss of revenue. Mbomvu *et al.* (2021) highlight that SMEs are particularly vulnerable because, unlike larger enterprises, they often lack the financial capacity to invest in alternative power sources, such as generators. Ateba, Prinsloo, and Gawlik (2019) note that without a steady power supply, SMEs are unable to generate income during power outages, resulting in a considerable strain on their cash flow. The financial burden of maintaining operations during power cuts, or worse, halting business altogether, becomes a considerable challenge.

Mkhwebane and Ntuli (2019) add many SMEs simply cannot afford the upfront cost of backup power solutions, leaving them highly vulnerable to disruptions. Maphosa and Maphosa (2022) further note the ongoing power cuts not only disrupt physical operations but also affect digital platforms, which rely on uninterrupted internet and electricity access. This infrastructure deficit has long-term implications for SMEs' ability to compete, particularly in a post-pandemic world where digital adoption is crucial. The lack of reliable power supply makes it difficult for SMEs to engage in online business, use digital tools for marketing, or manage cloud-based operations.

2.13 GOVERNMENT PROGRAMMES SUPPORTING THE SMME SECTOR

According to a study by the United Nations Development Program (UNDP) in 2020, the government of SA launched a range of programmes with the aim to support SMEs during the COVID-19 pandemic, as listed below.

- Tax measures: tax subsidy and allowance to postpone 20 percent employee tax liabilities for registered and tax-compliant businesses.
- Debt Relief Finance Scheme: a soft-loan facility available to registered SMEs for six months from April 2020.
- Restructuring of Small Enterprise Finance Agency (SEFA) funded loans: six months payment moratorium for registered SMEs already receiving funding from SEFA.
- Business Growth/Resilience Facility: funding for registered SMMEs that are locally manufacturing or supplying essential goods, hygiene or medical products and services and in-demand items to manage the spread of the COVID-19 virus.
- Tourism Relief Fund: once-off capped grant assistance to registered SMEs in the tourism value chain, for example, accommodation, hospitality, and travel services.
- National Youth Development Agency (NYDA) Relief Fund for youth-owned enterprises: Once-off fund for three months to registered youth-owned businesses.
- Township and Rural Enterprises Programme (TREP): Support programmes for township and village-based enterprises, approved by Cabinet in February 2020 and then restructured to offer COVID-19 related relief programmes.
- Spaza Support Programme: access to basic goods, as well as facilitated bulk buying opportunities for owner-managed South African spaza shops. These did not have to be registered before but had to apply for a permit during lockdown to receive funding.
- Grant for vendors selling fruit and vegetables: a partnership between the Department of Small Business Development (DSBD) and Nedbank to pay grants of R1 000 each to 40 000 informal fruit and vegetable traders to buy stock and restart their businesses.

- Small-scale bakeries and confectionary business Support Scheme: aid and capital for small-scale bakeries and confectioneries operating as micro or informal businesses.
- Clothing, textile, and leather Support Scheme: assistance to SMEs in the clothing textile industry to produce PPE and improve the quality and competitiveness of small-scale clothing and textile enterprises for both domestic supply and export markets.
- Automotive Aftermarkets Support Scheme: support to established small and independent panel beaters, service centres and auto-spares shops, including guidance on how to formalise businesses.
- COVID-19 Agricultural Disaster Support Fund: funding for smallholder and communal farmers with a minimum annual turnover of R20 000 in the form of a grant. The fund is targeted at smallholder and communal producers, with 50 percent women and 40 percent youth, without mention of requirements to be registered as a business.
- Relief for waste pickers: Electronic food vouchers by the Department of Environment, Forestry and Fisheries in collaboration with the packaging industry.

2.14 DIFFUSION OF INNOVATION (DOI) THEORY

The DOI theory, as defined by Sharp and Miller (2016), explains how new ideas or technologies spread among individuals and organisations. The theory breaks down the process of adoption into stages and highlights the channels through which innovations diffuse over time. Rogers (2003) further emphasises innovations are perceived as new by potential adopters, whereas Syahadiyanti and Subriadi (2018) assert diffusion also explains how technology ideas develop and spread. The process of innovation adoption within businesses is critical, as it allows companies to understand how new ideas can be integrated into their operations (Carreiro and Oliveira 2019).

In the context of SMEs during the COVID-19 pandemic, DOI theory became an essential framework to understand how businesses adapted to the changing environment. Mo *et al.* (2021) highlight SMEs faced significant challenges, including disruptions in supply chains, reduced demand, and restrictions on physical

interaction. As a result, many small businesses had to innovate quickly, leading to the adoption of technologies such as online sales, remote work, and digital marketing, all of which align with the DOI theory's stages of innovation adoption.

The COVID-19 pandemic acted as a catalyst for technological adoption in SMEs, and the DOI framework helps explain the various stages of this innovation process, from initial awareness to eventual full integration. By understanding DOI, SMEs could better navigate the challenges of the pandemic, leveraging innovation to survive and thrive, despite the restrictions.

2.15 CONCLUSION

Overall, the literature suggests the COVID-19 pandemic has significantly impacted SME innovation around the world. SMEs had to adopt innovative strategies to survive the crisis, including digitalisation, product diversification, and market exploration. However, some SMEs have struggled to adapt, highlighting the need for effective support mechanisms to help these small enterprises navigate the crisis successfully. Further research is needed to explore the specific challenges faced by SMEs in Durban, KZN, to identify effective support mechanisms to help them adapt to the post-pandemic situation.

The next chapter outlines the methodology approach and design adopted for this study, detailing the target population, sampling frame and size, as well as the measurement instrument used in data collection.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

The previous chapter presented an in-depth analysis of recent literature on the influence of the global pandemic (COVID-19) crisis on entrepreneurial innovation strategies amongst SMEs, by examining various relevant sources. This chapter delineates the research design and methodology adopted for the study. It entails an analysis of the target population, data collection methods, sampling techniques, and research design, as well as the pilot study and ethical considerations.

According to Sekaran and Bougie (2016), following the literature review, the research design is formulated to address the research questions effectively. In order to comprehend the factors that influenced SME innovation strategies in Durban, structured interviews were conducted to gather responses, utilising open-ended questions. The collected data were analysed through TA.

3.2 RESEARCH DESIGN

Research design is the systematic process employed to collect, interpret, report, and assess research information (Abutabenjeh and Jaradat 2018). Hancock, Algozzine and Lim (2021) state research design is the structure in which the research study is defined and the way the study is organised. In addition, research design is further elucidated as the blueprint for the research endeavour, encompassing data collection tools, research methods, and data analysis techniques (Myers 2019).

The present study utilised a qualitative research approach, conducting structured interviews with targeted respondents, utilising open-ended questions to gather data from the research participants (Annexure C). In this study, data were gathered from both primary and secondary sources, including books, journals, internet sources, and newspaper articles, as well as reports. Additionally, TA was employed to analyse the collected data.

3.2.1 Types of Research Approach

Myers (2019) suggests both quantitative and qualitative designs are important and necessary for researching business organisations, as these designs can be rigorous and are both important to research studies. Zikmund *et al.* (2013) state no one research approach design is more important than another, because a key characteristic of qualitative and quantitative research designs is they are empirical investigations that rely mainly on scientific data. A quantitative research approach involves the collecting of data that can be measured numerically, while a mixed methods approach is a combination of qualitative and quantitative research methods.

3.2.2 Qualitative research Approach

As explained by Myers (2019), qualitative research is best suited to large samples and when the researcher wants to generalise results to a larger population. The author adds qualitative research design is best suited for researchers who want to gain an in-depth understanding of a subject in an organisation. Tracy (2019) emphasises a qualitative method is the best approach for a participant who wishes to explain their personal experience concerning the subject under study. Qualitative research design, according to Thompson, Thorne and Sandhu (2021), is flexible and adaptive in nature.

Views and experiences elicited from SMEs through a qualitative, structured interview schedule provided a clear picture during data collection of the COVID-19 crisis' influence on entrepreneurial innovation strategies amongst SMEs in Durban. A qualitative method was employed to gather information for this study, as this method is best known for less generalising of data and more understanding of social interactions. Qualitative research is described as employing suitable techniques that seek to translate natural occurring phenomena in the social world (Anas and Ishaq 2022). The study made use of a qualitative research technique, through administering an interview schedule with open-ended questions to SME owners/managers. Participants were expected to provide their views based on questions provided in the interview schedule, which was very productive. The study

sought to investigate the influence of the global pandemic (COVID-19) crisis on entrepreneurial innovation strategies amongst SMEs in Durban, KZN.

The following study objectives were identified as appropriate and served well for the methodology chosen.

- To identify factors influencing the innovation strategies of SMEs in Durban, KZN during the COVID-19 crisis.
- To examine the extent to which these factors influence the effectiveness of SME innovation strategies in Durban, KZN.
- To design a new strategic approach to overcome innovation problems faced by SMEs in Durban, KZN.

3.3 TARGET POPULATION

Target population is the target group or individuals chosen from whom to collect data and draw conclusions (Anas and Ishaq 2022). Adams and Lawrence (2015) define a population as a set or group of individuals or animals a researcher has an interest in examining. Mweshi and Sakyi (2020) affirm a population refers to all the elements or groups the researcher is interested in and can be utilised for the research study.

3.3.1 Study Area

Mahohoma (2018) refers to a total of 700 registered SMEs in Durban for the years 2014/2015 in different industries. However, a study by Mbali, Ngibe and Celani (2019) revealed the number of SMEs in Durban is not conclusive. For this study, the researcher is of the opinion the selected 15 SMEs located in the Durban area would provide sufficient data to make a substantial contribution.

Participants in the study were selected from SMEs that operate businesses involved in innovation activities in the eThekweni District Municipality, located in the KZN province of SA in order to understand the innovation strategies they implemented to survive. While there are many SMES in this city, the researcher only focused on those SME owners/managers willing and available to participate, who were already involved in innovation pre-COVID-19 and had implemented innovation strategies in their businesses to survive the impact of the pandemic.

3.4 SAMPLE FRAME

A sampling frame is defined by Casteel and Bridier (2021) as a collection of elements, from which a researcher can choose a sample representing the target population. In this study a sample size of 15 SME owners/managers who operate in an innovation space answered questions during a structured interview. There was no certainty regarding how many Durban SME owners/managers engage in innovation; therefore, the researcher employed purposive convenience sampling (judgmental sampling) to obtain the sample.

To select respondents for this study, a judgmental sampling technique, under a purposive, non-probability sampling method was utilised. The inclusion criteria for this study were SMEs registered with the Department of Trade and Industry (DTI) that operate within the Durban District, involved in innovation pre-COVID-19. The exclusion criteria were SMEs not registered with the DTI that operate outside the Durban District and are not involved in innovation.

3.4.1 Judgemental Sampling

Singo (2018) highlights that purposive sampling is explained as the systematic selection of a study population. This study adopted a judgmental sampling method to determine the target population. In this sampling design, the researcher exercises judgment to select individuals or groups believed to offer the most valuable information to achieve the study objectives.

Cohen, Manion and Morrison (2011: 156) indicate purposive sampling assists the researcher to easily access “individuals with conceptual knowledge and those who have comprehensive insight and knowledge by experience, expertise, power and a professional role”.

3.4.2 Quota Sampling

According to Anieting and Mosugu (2017), quota sampling is a non-probability sampling method where the researcher selects the sample based on predetermined quotas. Quota sampling involves the researcher selecting the sample from a

population to which they have easy access. Selection is at the researcher's convenience, based on specific characteristics such as gender, race, or other relevant factors of interest within the population (Etikan and Bala 2017).

3.4.3 Snowball Sampling

Where some individuals from the population are approached, who then propose other members of the population with related characteristics as needed by the researcher, it is referred to as snowball sampling, a form of non-probability sampling (Anieting and Mosugu 2017). Snowball sampling is appropriate when the population of interest is challenging to access and creating a comprehensive list of the population presents obstacles for the researcher.

In this study, the researcher utilised judgmental sampling to focus on businesses best suited to answer the research questions regarding the COVID-19 impact on entrepreneurial innovation strategies in SMEs. This method ensures the sample includes businesses with the most relevant experiences and expertise, leading to more meaningful and targeted insights from the selected SMEs. These SME owners/managers were sought out to share their experience of the challenges brought by the pandemic, the innovation strategies they implemented to survive and how effective those innovation strategies were.

3.5 PILOT STUDY

A pilot study serves as the initial phase of the entire research protocol and typically involves a smaller-scale investigation (Powell, Freedland and Kaufmann 2021). It aids in the planning and refinement of the main study (Frey 2018). A pilot study is similar to a scaled-down version of the research, conducted before the actual study, to aid the researcher in planning. It involves testing the proposed research instrument's techniques to ensure their effectiveness. Furthermore, Allen (2017) proposes a pilot study is intended to identify and address potential issues before the main study commences. The primary objective of conducting a pre-test for the study is to identify any errors, issues, flaws, or ambiguities in the questions, allowing the necessary corrections to be made.

In this study, insights gathered from the pilot study were utilised to enhance the clarity of the questions used during the interview. In the course of the pilot study the researcher interviewed five SME owners/managers. Through the pre-test, certain questions were found to be unclear and ambiguous, prompting the researcher to make appropriate adjustments. Subsequently, the interview questions were devoid of errors, meeting the researcher's standards.

3.6 DATA COLLECTION

Kabir (2016: 168) describes data collection as “the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables participants to answer stated research questions”. The researcher conducted structured interviews as data collection instrument. Administration instruments are the tools or methods through which investigators aim to assess variables or items of interest during the data-collection process (Moyo 2017).

The study targeted 15 SME owners/managers in Durban who engaged in innovation before and during COVID-19. In the course of the data collection process, the researcher was available to assist participants in clarifying any questions. Structured interviews of between 30 to 60 minutes were conducted to collect data from participants. These interviews took place in the participants' offices or places of work, specifically during times when customer traffic was minimal, ensuring a quiet environment conducive to focused conversation. This scheduling was deliberately chosen to minimise interruptions, thereby maintaining the quality of the data collected and ensuring confidentiality.

Zohrabi (2013: 255) explained the advantages and disadvantages of interview schedules as follow:

Advantages:

- Efficient in collecting data on a large-scale basis.
- Can be forwarded simultaneously to a great number of people.
- A time-efficient way to collect data from many people.

Cost effective. Disadvantages:

- At times the answers are inaccurate and questionable.

- There is usually a low return rate for an interview schedule with questions when sent by post.
- Some questions may cause misunderstandings.

3.7 QUESTIONNAIRE DESIGN

Structured interviews were conducted using open-ended questions (Appendix C) as the data collection instrument to collect data from 15 SME owners/managers. The questions were targeted at exploring the influence of the global pandemic (COVID19) crisis on entrepreneurial innovation strategies amongst SMEs in Durban, KZN. The researcher made calls ahead of time to find operational SMEs who established innovation strategies during COVID-19, and scheduled meetings to conduct interviews.

The questions covered the impact of COVID-19 on SMEs operations in Durban, innovation strategies implemented to survive the pandemic and their influence, South African government as regards support to innovation during the pandemic, and the lessons the SMEs learned during the pandemic.

3.7.1 Open ended questions from the structured interview Question 1: How has the COVID-19 pandemic affected the operations and financial stability of your business?

Question 2: What specific challenges did you face in maintaining your business activities during the pandemic?

Question 3: Did your business adopt innovation strategies in response to the pandemic? If yes, what were these strategies?

Question 4: How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?

Question 5. What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?

Question 6: Did SMEs find these government interventions effective in stimulating innovation within their businesses?

Question 7: Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?

Question 8: How did these collaborative efforts contribute to the development of new products, services, or business strategies?

Question 9: Were there notable shifts in market trends that influenced the direction of innovation within your business?

Question 10: How are you planning to sustain the innovative practices developed during the pandemic in the post crisis period?

Question 11: What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis?

3.8 DATA ANALYSIS

TA is described by Clarke and Braun (2017) as a method to identify, analyse, organise, and describe, as well as report themes discovered within a dataset. In this study, a TA approach was applicable, with responses categorised according to themes and those themes tabled for reporting. TA is an appropriate method because responses from structured interviews have free-text responses or free-form answers that explore the study topic, with these qualitative data analysed using TA. This allowed the researcher to identify, code, and interpret recurring themes and patterns in the respondents' qualitative responses. Furthermore, TA has the capability to offer a more profound insight into participant experiences and perceptions, or attitudes, by exploring the rich, nuanced content of their responses during interviews.

According to Maguire and Delahunt (2017), the most crucial stage in the collection of data is transcribing. There are six steps of data analysis:

- Step 1 – Becoming familiar with the data collected: The first step in any qualitative analysis is reading and re-reading the transcripts or responses. The researcher needs to be familiar with the data collected before obtaining codes.
- Step 2 – Generate codes: The researcher starts to organise data in a meaningful and systematic way. Coding reduces large volumes of data into small chunks of meaning.
- Step 3 – Search for themes: In this case, the researcher examines the codes and some clearly fit together into a theme.
- Step 4 – Review themes: During this phase the researcher modifies and develops the preliminary themes identified in the previous step. These themes need to make sense, gathering all useful data to each theme.
- Step 5 – Define themes: This is the final refinement of the themes and the aim is to identify the ‘essence’ of each theme. When there are subthemes, how they interact and relate to the main theme, as well as each other, is also determined.
- Step 6 – Writing the report: The last step in the data analysis is the report writing. This is where the researcher presents the data.

3.9 TRUSTWORTHINESS

(Hayre 2021) stated trustworthiness is one-way researchers can persuade themselves and readers that their findings are worthy of attention. (Adler 2022) further asserted, when a research finding can be accurately repeated, with the same questions asked of all participants, this technique ensures accuracy. The trustworthiness of the study is crucial, and to enhance this, multiple sources of data were used throughout the research process. Data were gathered during in-depth interviews with SME owners/managers to obtain credible insights into the impact of the COVID-19 crisis on entrepreneurial innovation strategies. The consistency of the data collected across participants further strengthened its reliability. Notably, the data revealed a significant trend, where small businesses that failed to adapt to

innovation during the pandemic had been more likely to close, highlighting the importance of innovation in business survival.

A key consideration in ensuring high-quality research is its trustworthiness, which reflects the accuracy, consistency, and relevance of the findings in relation to the study objectives (Korstjens and Moser 2018). By using a triangulation of data sources and focusing on credible, first-hand accounts from business leaders, the study aimed to meet these rigorous standards.

3.10 ETHICAL CONSIDERATIONS

The study allowed for ethical consideration of respondent participants, who were not asked their personal details, to protect their identities. Ethical consideration may act as a guide in approaching even the most intricate and sensitive business issues (Taherdoost 2021). Research ethics are an integral part of scientific research and are concerned with designing research in a morally acceptable manner.

The researcher followed the undermentioned principles of research ethical conduct:

- Privacy. The anonymity and confidentiality of all respondents were protected.
- Voluntary Participation: Taking part in the study was entirely voluntary.
- Informed Consent. The participants gave their consent to take part in the study after they were made aware of the main research aim and purpose.

3.10.1 Informed consent

Nijhawan, Janodia and Musmade (2013), in discussing the ethical codes and regulations for human subject research, asserted the main goal for informed consent is to provide sufficient information to a potential participant. Consent to participation in the study was obtained from respondents prior to actual interviews (Appendix B). The researcher handed written consent forms to all participants, to be completed and signed prior to commencement of the interview sessions. In addition, the message was clearly communicated in two different languages to the respondents, who understand both isiZulu and English. Informed consent implies participants understand the risks and benefits of study participation (Bojanić *et al.* 2024). The

aims and purpose of this study were not only advised in writing through a letter of information that explained the study purpose; this was also verbally explained, and respondents understood their participation as voluntary and they were free to leave at any stage during the process of contributing to the study.

3.10.2 Confidentiality and Anonymity

According to Saunders, Kitzinger and Kitzinger (2015: 617), anonymity is a type of confidentiality, which ensures the identities of participants remain undisclosed. Confidentiality, on the other hand, encompasses maintaining the privacy of what participants express. The researcher has shared neither the identity of the SME owners/managers identification nor that of the participating organisations. All participants were, in addition, assured their identity would not be revealed in the study, with information gained from respondents and participants treated with the highest confidentiality. Finally, participants were assured the data provided would be used only for this study, with the researcher having sole access to their personal information. Hard copies were brought to DUT for storage when the study was completed and kept for five years, after which DUT will decide on the method of disposal.

3.11 CONCLUSION

In this chapter, the researcher detailed and examined the research methodology implemented in the study. The chapter explored the research design, target population, sampling techniques, and pilot study in depth. Additionally, it addressed the conducting of the interviews, data collection, ethical considerations, and data analysis. The next chapter will focus on data analysis and explore the findings of the research project.

CHAPTER 4

FINDINGS

4.1 INTRODUCTION

This chapter is important in research, as it explains how the data were analysed and interpreted. The previous chapter set out the data collection method and explained how the collected data can answer research questions, as well as how trustworthiness was ensured, and ethical considerations adhered to. In this chapter data obtained from structured interviews conducted with SME owners/managers in Durban are presented. The responses from all 15 SME owners/managers are grouped into tables and analysed to facilitate themes, with the data results interpreted and discussed.

4.2 DATA COLLECTION

For the researcher to achieve the desired results required to resolve the assumption stated in the first chapter, semi-structured interviews were conducted utilising open-ended questions, developed by the researcher to collect data from 15 SMEs in Durban.

4.2.1 Data gathering method

The main study objective was to identify factors influencing the innovation strategies of SMEs in Durban, KZN, during the COVID-19 crisis, with a qualitative approach utilised. In this regard, Taaibosch (2015) is of the view a researcher who adopts a qualitative research method utilises inductive reasoning, in terms of observing and, ultimately, generating conclusions regarding a general phenomenon. Furthermore, a questionnaire is seen as commencement of data collection and careful consideration should be adhered to in terms of design and structure, as this should ensure accuracy of the data collected from participants.

4.3 DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF RESPONSES FROM SMES IN DURBAN

For this study, 15 SME owners/managers from Durban District provided responses (Appendix E) regarding the influence of the global pandemic (COVID-19) crisis on

entrepreneurial innovation strategies amongst SMEs in Durban, KZN. The thematic method of data analysis was utilised to analyse the data gathered from the 15 Durban-based SMEs in the KZN province. Once the data collection was completed, the TA process was effectively followed, through identifying, analysing, organising, and describing, as well as reporting themes that became obvious within the data set. In this study the approach of thematically analysing the data allowed responses to be categorised according to recurring themes, which were tabled for reporting. The researcher prepared the data after transcribing the interviews, following which the data were coded and categorised, with themes then created, refined and finalised.

4.3.1 Theme 1: Resilience and Adaptability

SMEs in Durban displayed remarkable resilience when confronted with the uncertainties brought about by the pandemic. Many businesses faced sudden closure, supply chain disruptions, and financial uncertainties. Despite these challenges, entrepreneurs exhibited resilience by swiftly re-evaluating their business models, identifying alternative revenue streams, and creatively addressing operational hurdles. The study revealed most SMEs survived or adopted because of the location they operate in, which concludes that being a small business in a central city such as Durban can come with many advantages, as most goods or information flow from cities. The study also showed SMEs do not have sufficient financial resources to survive for long when their businesses do not operate at 100 percent capacity, since they depended on face-to-face consultations or sales with their customers.

SME resilience and adaptability were shown to be central to the survival and recovery of businesses during the pandemic as **Respondent 9**, who runs an accounting business, noted: "COVID-19 affected my business a lot since we do run an accounting company that mostly deals with SMEs." This highlights the vulnerability of service-based SMEs that heavily depend on face-to-face interactions. However, they quickly adapted by shifting their operations online. **Respondent 9** emphasised the shift to "working online" and holding virtual

meetings, a strategy that allowed them to continue servicing their clients, despite lockdown restrictions.

Similarly, **Respondent 10**, who operates a car wash service, reported that "the COVID-19 pandemic significantly affected our car wash operations," with a decline in demand for services due to movement restrictions. To remain viable, they innovated by launching a mobile car wash service, allowing customers to request cleaning services at their location. This pivot demonstrates how businesses were forced to be flexible and find innovative solutions to meet customer needs while adhering to health and safety guidelines.

Moreover, for some businesses, such as those in the property sector, the pandemic necessitated significant operational changes. **Respondent 11**, involved in property management, shared that they had to "stop all the renovations" due to tenants losing their jobs and struggling to pay rent. This forced a shift in priorities, yet they also found new ways to stay operational by increasing efforts in online marketing and utilising digital platforms to promote their properties.

4.3.2 Theme 2: The influence of Digital Transformation

Adaptability emerged as a crucial survival strategy for SMEs in Durban during the pandemic. The ability to pivot business models and operations in response to changing circumstances proved to be instrumental. Businesses that successfully embraced digital transformation, diversified product offerings, or restructured their supply chains demonstrated a high degree of adaptability. The adoption of technology allowed SMEs to maintain continuity and reach customers in novel ways.

The pandemic accelerated the adoption of digital technologies among SMEs in Durban, transforming the way they operate. From e-commerce platforms to virtual communication tools like social media, businesses leveraged technology to adapt to the "new normal". The digital transformation not only facilitated remote work but also opened new avenue for innovation. Entrepreneurs explored online sales channels, embraced contactless delivery methods.

According to **Respondent 1**, they leveraged digital technologies by "strengthening virtual collaboration tools and moving services to cloud platforms," which helped them continue serving clients remotely. This transition to digital platforms was common across several businesses. **Respondent 4**, for instance, introduced "online booking systems" and "e-commerce for retailing beauty products via social media" to adapt to changing consumer behaviours during lockdowns.

The influence of digital transformation extended beyond internal processes to customer interactions. **Respondent 5** and **Respondent 10** embraced "contactless payments" and established "real-time updates and promotional activities via social media platforms," which not only ensured customer safety but also kept their businesses relevant and visible in a time of uncertainty. The integration of online platforms became a crucial survival strategy, as businesses could maintain engagement with customers even when physical interactions were limited.

4.3.3 Theme 3: Collaborative Efforts to Address Common Challenges

SMEs in Durban faced several challenges during the pandemic, ranging from supply chain disruptions, to shifting consumer behaviour. In response, many entrepreneurs recognised the power of collaboration to address shared challenges. Collaborative networks emerged, enabling SMEs to pool resources, share insights, and collectively devise strategies to navigate the complexities of the crisis. Collaboration was one of the effective innovation strategies SMEs used as tool to survive during COVID-19.

This played a crucial role in facilitating the exchange of vital information among SMEs in Durban. The pandemic underscored the importance of interconnected business communities, where entrepreneurs shared insights, best practices, and real-time information on market trends. Virtual forums, industry-specific groups, and online platforms became hubs for networking, allowing SMEs to stay informed and adapt their innovation strategies, based on collective intelligence.

For example, **Respondent 1** described how collaboration with "other tech firms and start-ups led to joint projects, sharing of resources, and the development of new

software solutions." These collaborations were crucial in the creation of products that addressed emerging market needs, such as remote work tools, helping businesses remain competitive.

Respondent 10, who had shifted to a mobile car wash model, collaborated with local businesses to provide a service to employees at their workplaces. This collaboration allowed the business to tap into a new customer base and increase its visibility. As **Respondent 10** noted, these collaborations "attracted more customers," helping sustain operations during a challenging time.

Similarly, **Respondent 13**, involved in web development, shared that they "collaborated with other businesses doing the same thing to share clients and ideas to meet our customers' demand." This collaboration not only helped generate new leads but also facilitated knowledge exchange that benefited all parties involved. It shows that during a crisis, businesses that work together to solve shared challenges can create new opportunities and find innovative solutions they might not have discovered on their own.

Not all businesses, however, embraced collaboration to the same extent. As example, **Respondent 4** did not collaborate with any businesses during the crisis, although they benefited from the shift toward online sales and mobile salons, which were in demand during the pandemic. For businesses that did collaborate, the experience proved valuable in fostering innovation. For example, **Respondent 6** worked with a local start-up specialising in "cleaning product solutions," which helped their business sustain operations by selling cleaning products, while continuing to offer cleaning services. These collaborative efforts allowed businesses to adapt and innovate rapidly in response to market changes

4.3.4 Theme 4: Financial Constraints faced by SMEs and Government assistance

The pandemic-induced economic downturn posed formidable financial challenges for SMEs in Durban. Cash flow disruptions, reduced consumer spending, and increased operational costs created a complex financial landscape. Government responded at various levels to the economic crisis, introducing initiatives and grants

aimed at supporting struggling businesses. This analysis examines the specific programmes implemented in Durban, KZN, and examines their effectiveness in providing financial relief to SMEs.

Based on Durban SME owner/manager responses, the study highlighted most SMEs in Durban did not receive any assistance from the government and many businesses struggled with cash flow issues as a result of reduced revenues and a lack of customer spending. As **Respondent 9** mentioned, they "received a COVID relief fund," which helped the business stay afloat during the peak of the crisis. However, the relief was not sufficient to fully cover the financial challenges, with many businesses still struggling to recover.

In contrast, **Respondent 11** pointed out "the government did not do much for us" in terms of direct assistance. While some businesses received financial support, others found government interventions insufficient in addressing the specific needs of their industries. For instance, **Respondent 11's** business, involved in property management, received little help, as their operations did not align with the types of support offered by the government.

Similarly, **Respondent 12** indicated they did not receive any government support, as "the government has not much role to play" in their industry. Despite this, they adapted to the situation by increasing their marketing efforts, demonstrating that while government intervention was limited, businesses still found ways to innovate and sustain operations. **Respondent 5** noted their business benefitted from "low interest loans and financial aid programs for affected businesses," which helped them overcome liquidity challenges. This financial assistance allowed businesses to invest in necessary technology and adapt their service offerings, such as the introduction of shuttle services for essential goods.

Despite the financial relief, several SMEs reported government interventions were not particularly effective in stimulating long-term innovation and while government aid helped stabilise businesses in the short term, many emphasised the importance of continued innovation beyond the immediate crisis.

4.4 CONCLUSION

This chapter highlighted the main issues brought by the pandemic that affected SME operations in Durban. The objective was to explore the influence of the COVID-19 pandemic on the entrepreneurial innovation strategies of SMEs in Durban, KZN, in addition to understanding how these businesses adapted to survive during the crisis. This objective was fully addressed in this section. The findings revealed resilience and adaptability were essential in overcoming the challenges posed by the pandemic.

The study also highlighted while the pandemic prompted many businesses to innovate and pivot their business models, it also exposed gaps in government support and the need for more targeted interventions in future crises. The results and conclusions presented in the next chapter were shaped by the empirical findings discussed in this chapter, which underscored the critical importance of flexibility, digitalisation, and innovation for the long-term sustainability of SMEs in times of global disruption. In conclusion, the findings of this study contribute to a deeper understanding of SME resilience and the role of innovation in navigating crises, offering valuable insights for policymakers, business owners, and other stakeholders in the entrepreneurial ecosystem.

CHAPTER FIVE CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter focuses on the conclusion and recommendations from the study results. In this study, selected SME owners/managers in Durban, KZN were interviewed regarding innovative strategies implemented during the COVID-19 pandemic.

The main purpose of this chapter is to clearly highlight the key study findings and offer specific recommendations, to maximise the innovation strategies that can allow SMEs to grow and survive any future crisis they might encounter. This chapter will propose recommendations, based on the study results. The chapter summarises

the key research findings, offers recommendations, suggestions for further research, as well as research implications, and study limitations, linking conclusions with the study objectives and literature review findings.

5.2 RESEARCH OBJECTIVES AND QUESTIONS

5.2.1 Research/Study objectives and Questions

The following objectives were designed to determine the influence of the pandemic (COVID-19) crisis on entrepreneurial innovation strategies amongst SMEs in Durban, KZN:

- To identify factors influencing the innovation strategies of SMEs in Durban, KZN during the COVID-19 crisis.
- To examine the extent to which these factors influenced the effectiveness of SME innovation strategies in Durban, KZN.
- To design a new strategic approach to overcome innovation problems faced by SMEs in Durban, KZN.

The objectives were designed to answer the following research questions.

- What are the factors that influenced SME innovation strategies during the global pandemic (COVID-19) crisis in Durban, KZN?
- How far did these factors affect the effectiveness of innovation strategies for SMEs in Durban, KZN?
- What are the new strategic approaches that can be implemented to overcome innovation problems faced by SMEs in Durban, KZN?

5.2.2 Research Objective One and Research Question One

• Research Objective One:

To identify factors influencing the innovation strategies of SMEs in Durban, KZN during the COVID-19 crisis

• Research Question One:

What are the factors that they were many factors that influenced the innovation strategies of influenced innovation strategies during the global pandemic (COVID19) crisis in SMEs in Durban, KZN?

Findings

The study determined there were many factors that influenced innovation strategies in SMEs during the global pandemic (COVID-19) crisis in Durban, KZN. Most SME owners/managers indicated the arrival of the COVID-19 pandemic introduced several changes in their business and they had to adopt innovation strategies to survive and continue serving their customers. Financial constraints were a significant challenge, with many SMEs facing limited access to capital, making it difficult to invest in new technologies or innovation initiatives. However, some SMEs able to access government support programmes had more flexibility in adopting innovation strategies. For example, the pandemic accelerated the adoption of digital technologies, including e-commerce platforms and social media, which played a pivotal role in maintaining business operations and customer engagement.

These findings align with indications from previous studies highlighted by the literature review. Innovation involves identifying problems and seeking new strategies to address them, particularly during challenging circumstances (Do *et al.* 2022). Similarly, Yousaf *et al.* (2021) emphasised the importance of digitalisation in sustaining SME development, while Ndesaulwa and Kikula (2016) identified innovation as a key driver of SME success. This aligns with the study findings that the COVID-19 pandemic necessitated the adoption of innovation strategies by SMEs in Durban, KZN, to survive and continue serving their customers.

The pandemic prompted SMEs to adopt digital technologies and innovative approaches to navigate disruptions, confirming the assertion by Pu *et al.* (2021) that technological innovation enhances the ability of SMEs to adapt and grow. This demonstrates innovation not only enabled business continuity during the crisis, it also enhanced the competitiveness of SMEs in Durban, KZN.

5.2.3 Research Objective Two and Research Question Two

- **Research Objective Two:**

To examine the extent to which these factors influenced the effectiveness of SME innovation strategies in Durban, KZN.

- **Research Question Two:**

- How far did these factors affect the effectiveness of innovation strategies for SMEs in Durban, KZN?

Findings

The findings of this study revealed the global COVID-19 pandemic significantly influenced the effectiveness of innovation strategies among SMEs in Durban, KZN. The crisis acted as a catalyst for change, compelling SMEs to adopt innovative approaches to ensure business continuity and adapt to shifting market dynamics. Factors such as the rapid adoption of digital technologies, the need to redesign product and service offerings, and changing consumer behaviours played pivotal roles in shaping these strategies.

Most SME owners/managers indicated digital technologies, such as online platforms and virtual communication tools, were instrumental in maintaining customer engagement and operational efficiency. However, the effectiveness of these innovation strategies was influenced by external factors, including access to digital infrastructure, financial constraints, and employee adaptability. SMEs with better resources and proactive leadership demonstrated greater success in leveraging innovation during the pandemic, while others struggled with limited capacity to implement necessary changes.

Conclusion

These findings emphasise the critical role innovation plays in SME resilience and growth. For example, Yousaf *et al.* (2021) highlighted the importance of digitalisation in supporting SMEs during crises, while Prabowo *et al.* (2020) stressed the need for strategic problem-solving in innovation processes. The study confirms the pandemic

accelerated the adoption of innovation strategies among SMEs in Durban, KZN, leading to significant operational changes and improved adaptability.

These factors affected the effectiveness of innovation strategies, however, this varied across SMEs. Resource availability, digital skills, and managerial agility emerged as key determinants of success. For instance, **Respondent 13** revealed that COVID-19 became an opportunity for them to build and maintain other SME websites, since most were not skilled in the use of digital tools. This emphasises the importance of equipping SMEs with the necessary tools and knowledge to harness innovation effectively. The study concludes even though the pandemic posed significant challenges, it also presented opportunities for SMEs to evolve and enhance their competitiveness through strategic innovation.

5.2.4 Research Objective Three and Research Question Three

- **Research Objective Three**

What are the new strategic approaches that can be implemented to overcome innovation problems faced by SMEs in Durban, KZN?

- **Research Question Three**

What are the new strategic approaches that can be implemented to overcome innovation problems faced by SMEs in Durban, KZN?

Findings

to design a new strategic approach to overcome innovation problems faced by SMEs in Durban, KZN.” This objective is addressed through the development of the following Strategic Innovation Framework, which draws directly from the findings of this study and aligns with the challenges identified among SMEs during the COVID-19 pandemic.

The study showed the COVID-19 pandemic significantly influenced the innovation strategies of SMEs in Durban, KZN, revealing both the challenges and opportunities businesses faced in adapting to the crisis. SMEs struggled primarily with financial constraints, limited access to digital infrastructure, a lack of skilled employees to

drive innovation, and the rapid need for operational changes to address market shifts. For instance, this study shows all SMEs had financial restraints during COVID19, however it reveals the significance of adapting during a crisis. As example, **Respondent 9**, who runs an accounting company, indicated they moved all operations to online platforms, allowing customers to virtually access their services. However, the extent to which SMEs were able to innovate varied based on their access to resources, leadership capabilities, and organisational culture.

A key finding was that businesses with access to digital tools and technology were able to enhance their customer engagement and streamline operations, which significantly boosted their ability to adapt and survive. Additionally, SMEs that embraced agile leadership and proactive problem-solving were more successful in adjusting to the new normal. However, the study also found many businesses struggled, due to a lack of sufficient training, resistance to change, and financial barriers to adopting new technologies.

Conclusion

Studies such as those of Prabowo *et al.* (2020) and Yousaf *et al.* (2021) highlight the importance of technology adoption and innovation for SMEs to navigate crises. This study underscores that the pandemic acted as a catalyst, forcing SMEs in Durban to confront the challenges of innovation and embrace new strategic approaches.

5.2.5 Research Objective Four and Question Four

• Research Objective Four

To design a new strategic approach to overcome innovation problems faced by SMEs in Durban, KZN;

• Research Question Four

What are the new strategic approaches that can be implemented to overcome innovation problems faced by SMEs in Durban, KZN?

Digital Transformation and Technological Integration

SMEs prioritised the adoption of cost-effective digital technologies, such as cloud computing, e-commerce platforms, and social media tools, to streamline operations and reach broader markets. Partnerships with tech providers or participation in government programmes mitigates some financial barriers to digital adoption.

Leadership and Organisational Culture

SME leaders who embraced change and fostered an innovative organisational culture by training their employees on innovation strategies to survive such crisis management, encouraged creative problem-solving; this can help SMEs navigate future disruptions.

Employee Training and Skills Development

Building a workforce with the necessary digital and innovation skills became essential during COVID-19. SMEs invested in training programmes that equip employees to use new technologies, understand market trends, and contribute to innovative processes.

Collaboration and Networking

SMEs in Durban engaged in local and regional networks that allowed for knowledge sharing and collaboration. Innovation hubs, partnerships with universities, and business incubators can provide critical support, enabling SMEs to access resources and share expertise.

By implementing these strategic approaches, SMEs in Durban overcame the innovation barriers revealed by the pandemic and build long-term resilience. This study highlights while the challenges were significant, the pandemic also presented an opportunity for SMEs to innovate and strengthen their competitive position in the market.

5.3 SUMMARY OF KEY FINDINGS

The key study findings revealed SMEs in Durban struggled substantially because of the COVID-19 crisis. Furthermore, the study shows most SMEs do not have a crisis

management system in place, with many facing sudden closures, supply chain disruptions, and financial uncertainties. Entrepreneurs showed resilience, notwithstanding these challenges, quickly reassessing business models, detecting potential revenue streams as substitute, and dealing with operational hurdles in a creative way. The survival or adaption of most SMEs is attributed to their operational location, with the conclusion drawn that, in a central city such as Durban, it can be advantageous being a small business, since the flow of the majority goods or information is from cities. SMEs were also shown to not have sufficient financial strength to survive for an extended time when not operating at full capacity, since they rely on in-person customer engagements or sales.

It was, furthermore, revealed that adaptability emerged as a crucial survival strategy for SMEs in Durban during the pandemic. The ability to pivot business models and operations in response to changing circumstances proved to be instrumental in SME survival. Businesses that successfully embraced digital transformation, diversified product offerings, or restructured their supply chains, demonstrated a high degree of adaptability. The adoption of technology thus allowed SMEs to maintain continuity and reach customers in novel ways.

SMEs in Durban faced several challenges during the pandemic, ranging from supply chain disruptions to shifting consumer behaviour. In response, many entrepreneurs recognised the power of collaboration to address shared challenges. Collaborative networks emerged, enabling SMEs to pool resources, share insights, and collectively devise strategies to navigate the complexities of the crisis. Collaboration was one of the effective innovation strategies SMEs used as tool to survive during COVID-19.

These networks played a crucial role in facilitating the exchange of vital information among SMEs in Durban. The pandemic underscored the importance of interconnected business communities, where entrepreneurs shared insights, best practices, and real-time information on market trends. Virtual forums, industryspecific groups, and online platforms became hubs for networking, allowing SMEs to stay informed and adapt their innovation strategies based on collective

intelligence. For example, service-based SMEs started selling products, while others started referring clients to one another.

The pandemic-induced economic downturn posed formidable financial challenges for SMEs in Durban. Cash flow disruptions, reduced consumer spending, and increased operational costs created a complex financial landscape. Government responded at various levels to the economic crisis, introducing initiatives and grants aimed at supporting struggling businesses. This analysis investigated the specific programmes implemented in Durban, KZN, and examined their effectiveness in providing financial relief to SMEs. It explored the accessibility, eligibility criteria, and extent to which these initiatives addressed unique SME needs. However, based on the responses by SMEs in Durban, the study highlighted most SMEs in Durban did not receive any assistance from the government. The study highlights some SMEs did not receive any grant, since they had no proper knowledge or understanding of what was required from them to receive funding.

The global COVID-19 pandemic has introduced new changes in the entrepreneurial landscape, particularly for SMEs in Durban, KZN. This analysis explored the longterm implications of pandemic-induced changes on SMEs and strategies for sustaining innovation beyond the immediate crisis and to build a resilient and adaptive entrepreneurial ecosystem. Sustainability of innovation is crucial for SMEs seeking long-term success. Strategies implemented by SMEs in Durban were explored to ensure the continued cultivation of an innovative culture, with discussions on workforce development, ongoing investment in technology, and strategic planning that anticipate future disruptions among SMEs around Durban.

One key strategy for sustaining innovation involves diversifying business operations and revenue streams. The study has highlighted how SMEs in Durban diversified their offerings during the pandemic and explored the potential benefits of maintaining a diversified business portfolio in the long-term. To maintain long-term innovation for SMEs, it is necessary to invest in human capital and skills development to sustain innovation. SMEs in Durban must, therefore, invest in human capital through training programmes, upskilling initiatives, and fostering a

culture of continuous learning. This will allow their business to have an adaptable workforce in driving innovation and maintaining competitiveness in a rapidly evolving market. This can be achieved by collaborating with each other and government and agencies, such as SEDA and NYDA that deal with empowering and upskilling SMEs in fostering this training.

5.4 RECOMMENDATIONS

Adopting digital technology is the best approach for all SMEs to remain competitive in today's market. The pandemic has shown the effectiveness of investing in ecommerce platforms to reach a wider customer base and adapt to changing consumer behaviour. The following recommendations are based on the study results and findings:

Digital marketing strategies: SMEs should continue utilising digital marketing strategies such as social media, content creating and email campaigns to enhance online visibility and engage with their customers. SMEs must explore automation tools and AI, for example, chat robots to streamline business processes, and reduce manual work, which will enhance efficiency.

Employee training: To have continued learning programmes to remain up-to-date with the ongoing or latest innovation trends and practices is an obligation for every SME. Employees must be trained to attain relevant skills to be productive in the market. This can be achieved by hosting innovation workshops, bringing in external experts to inspire creativity and innovation among employees and, in this way, employees will be more productive.

Collaboration: Fostering collaborations with other SMEs, industry associations, and local businesses to share resources, knowledge, and best practices will allow SMEs to have more knowledge on practical and feasible innovation strategies. SMEs collaborating regarding their resources will enable their capacity to compete with large organisations. It should be a norm for SMEs to participate in virtual or local networking events to connect with potential partners, clients, and industry

professions. This will, furthermore, provide opportunities for joint ventures or partnerships to collectively address market challenges and opportunities.

Mentorship: One of the greatest downfalls of SMEs, is not having mentorship, however, implementing mentorship programmes, where experienced employees guide and support less experienced colleagues, will have a huge positive impact, as it will be a way to transfer skills. Directors and managers should seek external mentors who can provide insights, advice, and guidance based on their industry experience; for example, they can join industry associations, where they can be mentored by experts on how to lead or run their businesses. SME owners should explore global online mentorship platforms that connect these owners with experienced mentors in their respective industries.

Operational grants and loans: Governments play a crucial role in supporting SME survival and growth, in fact, the economy depends on it. Grants should, therefore, be introduced to assist SMEs in covering operational costs, adopting new technologies, and promoting innovation. This can be achieved by providing accessible and low-interest loan programmes to help SMEs manage cash flow and invest in expansion. SMEs should be provided an opportunity to collaborate with financial institutions to streamline the application processes for loans and ensure SMEs have easier access to financial support.

Digital literacy training: The government should, in addition, fund training programmes focused on digital literacy, equipping SME owners and employees with the skills needed to leverage digital technologies, by facilitating workshops and training sessions on innovation, encouraging SMEs to develop creative solutions and remain competitive.

Management Training: Provide training in effective business management, financial planning, and strategic decision-making to enhance SME leaders' capabilities.

Online Learning Platforms: Government can create or support online training platforms that offer courses on various business skills, management, and

industryspecific knowledge. For example, virtual incubators can be established to provide a supportive environment for SMEs, offering resources, mentorship, and networking opportunities. Furthermore, this can guarantee access for SMEs to a diverse array of educational materials, such as webinars, e-books, and industry reports, at their own convenience.

Assessment and adjustment: Through regular assessments of support programmes and their effectiveness, adjustments must be made by allowing SMEs to provide feedback on the impact of support initiatives government institutions provided, helping to refine and improve future interventions. By combining financial assistance with targeted training and support, governments can empower SMEs to navigate challenges, adapt to changing circumstances, and contribute to economic recovery and growth.

SMEs can position themselves for growth and sustainability in the dynamic postCOVID business landscape when embracing these recommendations. Continuous learning, collaboration, and a focus on digital transformation are key components for success in the evolving marketplace.

5.5 RESEARCH IMPLICATIONS FOR THIS STUDY

The outcome of this study includes implications for innovation strategies among SMEs in Durban, KZN. This study included both theoretical and practical implications related to entrepreneurial innovation strategies among these SMEs.

5.5.1 Implications of this Study

The study findings and recommendations will inform policy makers of the specific challenges faced by SMEs during the pandemic and suggest interventions that can support SMEs in Durban, specifically regarding innovation. For example, the study has shown the role of digital transformation in enabling SMEs to innovate and adapt their business models during the pandemic, thereby emphasising the importance of digital transformation initiatives to be implemented around Durban. In this way, the business support services or department formed to assist SMEs with growing their business can prioritise inclusion of these initiatives in their programmes. This study

can also guide such organisations in Durban, providing targeted assistance to SMEs, including access to funding, mentorship, or training programmes focused on innovation. The study identified best practices or successful strategies employed by SMEs in Durban to overcome the challenges posed by the pandemic, which can be shared across industries.

5.6 COMPARISON OF LITERATURE REVIEW AND EMPIRICAL FINDINGS

Muriithi (2017) reveals that poor SMEs plays a huge role in the economy of SA, with the demand for innovation in order to grow and survive in the market highlighted among SMEs. This study has proven those SMEs that survived during the pandemic are those that fully participated in implementing successful innovation strategies. Literature revealed many SMEs lack the skills to keep up with the changes or development in the market (Malesev and Cherry 2021). These authors also suggest skills and training among SMEs ought to be improved, where priority skills should be identified, such as digital marketing, ecommerce, financial planning and management skills, as well as strategic leadership and management.

The literature emphasises the vulnerability of SMEs during crises, highlighting their lack of crisis management systems and the need for digital transformation and collaboration to foster innovation (Khayru 2021). In this study, SMEs in Durban were found to have faced significant challenges during the COVID-19 pandemic, including supply chain disruptions, sudden closures, and financial uncertainty, while demonstrating resilience by quickly adapting their business models. Campbell *et al.* (2020) found entrepreneurs embraced digital tools, diversified revenue streams, and collaborated within networks to navigate the crisis, echoing the emphasis on innovation during crises. However, a key divergence is seen in the lack of crisis management plans within SMEs in Durban.

Notwithstanding the literature highlighting the effectiveness of government relief programmes (UNDP 2020), the empirical findings show many SMEs in Durban were unaware of or unable to access government assistance due to eligibility issues, limiting the impact of these support programmes. Additionally, even though the literature presents digital transformation as a seamless solution for SMEs (Yousaf

et al. 2021), businesses in Durban face significant challenges, such as limited resources and inadequate infrastructure, slowing their transition to digital platforms. The study also confirms the importance of long-term innovation strategies, including diversification and investing in human capital, which aligns with the need expressed in literature for sustained innovation post-crisis (Priyono *et al.* 2020; Kumar and Ayedee 2021). Overall, while the study supports much of the theoretical framework outlined in the literature, it also reveals the complexities and barriers SMEs in Durban faced during the COVID-19 pandemic, indicating the need for more tailored and accessible strategies in response to crises.

5.7 STUDY LIMITATIONS

Some participants were unwilling to take part as they heard it was voluntary, without compensation, whereas other participants were of the view the study would expose their strategies to their competitors. The researcher explained participation was a voluntary activity and no one would be forced to participate in this research study. In addition, in selecting participants for the study, the researcher found some SMEs around Durban also revealed many studies have been undertaken to discover how these small enterprises can be assisted by the government to operate at scale. However, most industries remain monopolised by large companies that have the necessary funds and resources, with SMEs unable to compete due to insufficient finances, as well as the lack of resources, such as infrastructure and skills.

5.8 SUGGESTIONS FOR FURTHER RESEARCH

The study was conducted to determine the influence the global pandemic (COVID19) crisis had on entrepreneurial innovation strategies amongst SMEs in Durban, KZN. However, based on the study findings, the below recommendations for further studies could be initiated:

- The study was confined to Durban in the KZN province exclusively. Subsequent researchers might extend the study to encompass all provinces in SA.
- The research focused on SME owners/managers. Future studies could be conducted by targeting SME employees.

- The current study utilised a qualitative research methodology. Further research could explore quantitative or mixed research methods.

5.9 CONCLUSION

The main aim of the chapter was to provide an overview summary of the key findings and certain recommendations of this research study. Based on the study findings, effective entrepreneurial innovation strategies amongst SMEs in Durban, KZN, have been outlined and conclusions based on the research objectives provided. The recommendations on best approaches that can be employed by SMEs, local municipality and business support agencies in Durban to improve innovation strategies were also suggested. Furthermore, the chapter concluded by providing areas for future research.

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APPENDICES

Appendix A: Letter of Information



LETTER OF INFORMATION

Title of the Research Study: The influence of the global pandemic (COVID-19) crisis on entrepreneurial innovation strategies amongst SMEs in Durban, KwaZulu- Natal.

Principal Investigator/s/researcher: Mpumelelo Success Gwala, National Diploma in Office Management and Technology, Bachelor Degree in Business Administration

Co-Investigator/s/supervisor/s: Dr Lawrance Lekhanya

Brief Introduction and Purpose of the Study:

Greeting: Good Day.

Introduce yourself to the participant I am a 2nd year student at DUT doing research for my Master's degree in Business Administration

Invitation to the potential participant SME Owners I would like to invite you to participate in the research

What is Research?

Brief Introduction and Purpose of the Study:

The COVID-19 pandemic drastically impacted the global business environment. Small and Medium Enterprises (SMEs) are particularly vulnerable to the changes these phenomena have caused; hence they have to be highly innovative and adaptable in this 21st century business environment that is ever changing. The aim of this study is to explore and discover the innovative business strategies adopted by SMEs during the Covid-19 pandemic. This study seeks to understand and explore the experiences of SMEs during the pandemic (COVID-19) in Durban Area and the lessons learnt and implemented, particularly regarding innovation.

Outline of the Procedures: The study will contain a minimum of 15 participants. Would you agree to participate by answering questions during an interview? Participation in the study is voluntary, and you are free to withdraw at any time, without giving any reason. Only my supervisors and I will have access to the participants responses to ensure the strictest confidentiality. You will be kept anonymous, and your responses will only use for research purposes.

Risks or Discomforts to the Participant: You will not experience any discomfort or risk during this research. There will be no painful procedures performed during this research.

Explain to the participant the reasons he/she may be withdraw from the Study: You will not be compelled to participate, and they are free to withdraw at any time with no explanation required. Feel free to end our conversation whenever you feel uncomfortable. Any information you give me will remain confidential with regard to your identity. The information you have given me will only be accessible to me and my supervisors.

Benefits: The expected output is tremendous change in the innovative strategies of Small and Medium Enterprises and executing new methods that are beneficial, effective for sustaining profitable for SME's the dissertation will be available in DUT Library and available online via the repository. Potential article in accredited journal.

Remuneration: There will be no payment for participating in this study.

Costs of the Study: You do not need to pay anything if you are taking part in the study.

Confidentiality: Should you agree to participate, you will remain anonymous; no names will be used or any personal information that may reveal your identity during the data collection process and reporting. All the information acquired during the study will be kept strictly confidential. Your information will not be available to anyone except me and the research supervisors. When I write up the results of this study, there will be no mention of names.

Results: The results of the research will be available in the dissertation and will be accessible to participants after the examination of the dissertation; I will send the link to the research, to everyone that participated in the research.

Research-related Injury: The study shall not cause any injuries to you as there will be no medication or medical procedure administered to you; the study will be verbal strictly on participants interviews responses.

Storage of all electronic and hard copies including tape recordings: A USB and Cloud (One drive) are to be used to store the information, after which the flash drives will be formatted and the recordings deleted from the cloud. The information will be accessible to me and my supervisors. For security purposes, the information will be encrypted with a password. We will keep the information for five years before it is deleted permanently

Persons to contact in the Event of Any Problems or Queries: Please contact the researcher (Cell; 083 493 383832.), my supervisor Dr L Lekhanya (Tel. No. 031 373 5835.) or the DUTInstitutional Research Ethics Administrator on 031 373 2375. Complaints can be reported to the Acting Director: Research and Postgraduate Support on researchdirector@dut.ac.za

Appendix B: Letter of informed consent



Full Title of the Study: THE INFLUENCE OF THE GLOBAL PANDEMIC (COVID-19) CRISIS ON ENTREPRENEURIAL INNOVATION STRATEGIES AMONGST SMALL AND MEDIUM ENTERPRISES IN DURBAN, KWAZULU-NATAL.

Names of Researcher/s: Mpumelelo Gwala

Statement of Agreement to Participate in the Research Study:

- I hereby confirm that I have been informed by the researcher, Mpumelelo Gwala, about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: IREC 125/23
- I have also received, read and understood the above written information (Participant Letter of Information) regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerized system by the researcher.
- I may, at any stage, without prejudice, withdraw my consent and participation in the study.
- I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.
- I understand that significant new findings developed during the course of this research, which may relate to my participation will be made available to me.

Full Name of Participant

Date
/

Time
Right

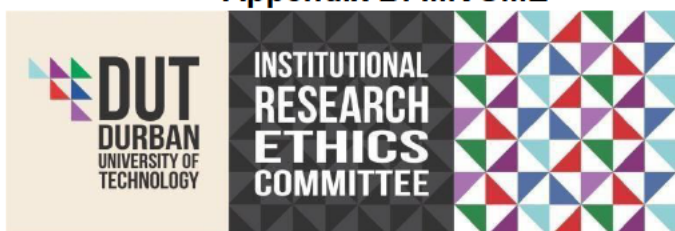
Signature

Thumbprint

I, Mpumelelo Gwala , herewith confirm that the above participant has been fully Informed about the nature, conduct and risks of the above study.

_____	_____	_____
Full Name of Researcher	Date	Signature
_____	_____	_____
		Signature
_____	_____	_____
Full Name of Witness (If applicable)	Date	
_____	_____	_____
		Signature
_____	_____	_____
Full Name of Legal Guardian (If applicable)	Date	Signature

Appendix B: IMVUME



IMVUME

Isihloko Esiphelele Socwango: Imiphumula elethwe igiciwane le khovid-19 kwezamabhizinisi amancane asemkhekheni wokwenza izinto ezentsha endaweni yase Thekwini.

Amagama omucwaningi: Mpumelelo Gwala

Isitatimende sezivumelwano esiya kumhlanganyeli wocwango

- Ngiyavuma ukuthi ngazisiwe ngocwango lwa Mpumelelo, ngazisiwe ngemvelo, nendlela, umkomelo kanye nobungozi balocwango – Research Ethics Clearance Number:
- Ngiphinde ngamukela, ngafunda futh ngaqondoda I fomu lokuba ingxenye yalocwango.
- Ngiyaqonda kuth imiphumelal yocwango, kanye neminingwane yomuntu siqu enjengo bulili, iminyaka, usuku lokuzwala kanye ukuxilongwa kuzogcinwanga kuyimfihlo kuze kufike ekugcineni kwocwango.
- Mayelana nezidingo zocwango, ngiyavuma kuthi idatha etholakalayo kuth ifakwe kwikhompuyuthand ukuthola imiphumela

- Kungenzeka noma inini ngihoxise ukuvuma kwami ukuba omunye wabantu abayingxenywe yalocwaningo.
- Ngibe nesikhathi esanele ukubuza imibuzo ngokusentandweni yami ukuzilungiselela kuba yingxenywe yalocwaningo.
- Nginyaqonda ukubaluleka kwemiphumela etholakalile ngesikhathi salo cwaningo okuthintana nami, ngizokwazi kuyibona.

Amagama aphelele

Usuku

Isikhathi

isiginesha

/

Right

Isithupha

Mina, Mpumelelo Gwala ngiyavuma kuth umhlanganyeli ongaphezulu wazisiwe ngemvelo yocwaningo, nobungozi bocwaningo.

Agama Lomucwaningi

Usuku

isiginesha

AMgama ka fakazi (uma ekhona)

Usuku

isiginesha

AMAGAMA Umnakekeli Wezomthetho

Usuku

isiginesh

Appendix C: Interview Questionnaire Guide

Questions
<p>1. How has the COVID-19 pandemic affected the operations and financial stability of your business</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

2. What specific challenges did you face in maintaining your business activities during the pandemic

3. Did your business adopt innovation strategies in response to the pandemic? If yes, what were these strategies.

4. How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?

5. What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact

6. Did SMEs find these government interventions effective in stimulating innovation within their businesses?

7. Did your business collaborate with other businesses, startups, or organizations to foster innovation and sustainability during the pandemic?

8. How did these collaborative efforts contribute to the development of new products, services, or business strategies?

9. Were there notable shifts in market trends that influenced the direction of innovation within your business?

10. How are you planning to sustain the innovative practices developed during the pandemic in the post-crisis period?

11. What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis

I have reached the end of my questions, thank you for taking the time to answer the questions. Is there anything you would like to ask me?

Appendix D: Ethical Clearance



30 October 2023

Mr M S Gwala
24 Brand Road
Durban
4001

Dear Mr Gwala

The influence of the global pandemic (COVID-19) crisis on entrepreneurial innovation strategies amongst SMEs in Durban, KwaZulu-Natal
Ethics Clearance Number: IREC 125/23

The DUT-Institutional Research Ethics Committee acknowledges receipt of your final data collection tool for review.

We are pleased to inform you that the data collection tool has been approved. Kindly ensure that participants used for the pilot study are not part of the main study.

Please note that **FULL APPROVAL** is granted to your research proposal. You may proceed with data collection.

Any adverse events [serious or minor] which occur in connection with this study and/or which may alter its ethical consideration must be reported to the DUT-IREC according to the DUT-IREC SOPs.

Please note that any deviations from the approved proposal require the approval of the DUT-IREC as outlined in the DUT-IREC SOPs.

It is compulsory for a student or researcher to apply for recertification on an annual basis. The failure to do so will result in withdrawal of ethics clearance. It is the responsibility of the researcher and the supervisor to apply for recertification.

Please note that you are required to submit a Notification of Completion of Study form together with an abstract to the DUT-IREC office on completion of your study.

Yours Sincerely

Dr K Padayachy
Deputy Chairperson: DUT-IREC

Appendix E: Durban District SME owner/manager Responses

RESPONDENT 1	RESPONDENT 2
<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>Operations were affected as projects were delayed, and financial stability was impacted due to clients scaling back.</p>	<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>The pandemic disrupted our supply chain and led to reduced demand, impacting both operations and financial stability.</p>
<p>What specific challenges did you face in these maintaining your business activities during the pandemic?</p> <p>Most clients prefer face to face consultations when we do their projects.</p>	<p>What specific challenges did you face in maintaining your business activities during the pandemic?</p> <p>Sourcing raw materials became challenging, and workforce availability was affected, causing production delays</p>
<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were strategies.</p> <p>No, the business operate online we did need much of innovation.</p>	<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were these strategies.</p> <p>Yes, we innovated by introducing new designs.</p>
<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>We strengthened our virtual collaboration tools and moved services to cloud platforms to facilitate remote work and project management.</p>	<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>We invested in digital platforms for online sales and virtual showrooms to showcase our products to customers.</p>

<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>The government did not play any role on the business since all operations are online.</p>	<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>The government provided financial relief and eased regulatory restrictions, aiding in overcoming liquidity challenges.</p>
<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>NO</p>	<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>Government interventions were somewhat effective, but long-term sustainability required further innovation beyond financial support.</p>
<p>Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?</p> <p>Collaboration with other tech firms and start-ups led to joint projects, sharing of resources, and the development of new software solutions.</p>	<p>Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?</p> <p>No</p>
<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>Collaborative efforts resulted in the creation of innovative software</p>	<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>I did not collaborate with any business</p>

<p>solutions addressing new market needs for remote collaboration.</p>	
<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>Increased demand for remote work solutions influenced our focus on developing and enhancing related products like applications and websites.</p>	<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>The market trend shifted towards sustainable and locally sourced products.</p>
<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>We plan to continue remote work flexibility and maintain collaborations to stay agile and innovative in the postcrisis period.</p>	<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>We plan to continue investing in sustainable practices and maintain online sales channels to sustain the innovation momentum.</p>
<p>What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis?</p> <p>Flexibility and rapid adaptation to market needs are crucial, and collaborations can lead to groundbreaking innovations</p>	<p>What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis?</p> <p>Market Adapting quickly to the market changes is crucial during crises.</p>

<p>RESPONDENT 3</p>	<p>RESPONDENT 4</p>
<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p>	<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p>

<p>Our pest control business faced challenges due to restrictions on movement and business operations during lockdowns...</p>	<p>Our Salon might have collaborated with beauty product suppliers or other businesses to create joint promotions or support local initiatives to stimulate demand</p>
<p>What specific challenges did you face in these maintaining your business activities during the pandemic?</p> <p>Challenges included limitations on physical inspections and treatments, delays in service appointments, and disruptions in the supply chain for pest control products.</p>	<p>What specific challenges did you face in maintaining your business activities during the pandemic?</p> <p>Challenge included cancelled appointments, restrictions on the number of clients allowed, and increased costs for personal protective equipment (PPE) and sanitation</p>
<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were strategies.</p> <p>We adopted contactless services, digital communication for customer consultations, and online payment systems to minimise physical interactions.</p>	<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were these strategies.</p> <p>Yes, we adopted online booking systems, introduced e-commerce for retailing beauty products via social media.</p>
<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>Digital technologies such as online booking systems, virtual consultations was implemented.</p>	<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>Social media marketing became crucial for maintaining client engagement.</p>
<p>What supportive measures or policies were implemented by the local government or relevant</p>	<p>What supportive measures or policies were implemented by the local government or relevant</p>

<p>authorities to assist your business in coping with the pandemic's impact?</p> <p>Local authorities provided assistant in obtaining necessary permits for essential services.</p>	<p>authorities to assist your business in coping with the pandemic's impact?</p> <p>The government did not assist.</p>
<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>Yes</p>	<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>NO.</p>
<p>Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?</p> <p>Collaborated with a local tech start-up specialising in remote monitoring solutions for pest control.</p>	<p>Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?</p> <p>Collaboration with beauty product supplier ensures a steady supply of new and in demand products.</p>
<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>This collaboration led to the development of a remote pest monitoring system that allowed clients to receive real-time updates on pest activities and treatment progress.</p>	<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>This collaboration led to financial stability.</p>

<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>There was a noticeable shift towards contactless and technology driven pest control solutions.</p>	<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>The beauty and wellness industry saw a shift towards at mobile salons.</p>
<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>We plan to continue investing in technology and maintaining our collaboration to further enhance our remote monitoring capabilities.</p>	<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>To sustain our innovative practices, we plan to continue our online presence, by and selling products online</p>
<p>What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis?</p> <p>The pandemic taught us the importance of collaborating with tech partners.</p>	<p>What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis?</p> <p>The pandemic taught us the importance of diversification and meeting clients where they are online. And collaborating with different businesses helped us leverage their expertise.</p>

<p>RESPONDENT 5</p>	<p>RESPONDENT 6</p>
<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>Travel restrictions, lockdowns, and a decrease in overall mobility led to a</p>	<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>With lockdowns and heightened hygiene concerns, many clients</p>

<p>significant reduction in the demand for shuttle service which resulted in a decline in our operational capacity and revenue.</p>	<p>suspended or reduced cleaning services, leading to a substantial drop in revenue.</p>
<p>What specific challenges did you face in these maintaining your business activities during the pandemic?</p> <p>Cancellations and postponements of bookings due to travel restrictions.</p> <p>Increased operational costs for implementing health and safety protocols.</p> <p>Staffing issues, with some employees facing health concerns or travel limitations.</p>	<p>What specific challenges did you face in maintaining your business activities during the pandemic?</p> <p>The temporary closure of commercial establishments, reduced demand for non-essential cleaning services, and increased costs associated with implementing health and safety measures for our staff.</p>
<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were strategies.</p> <p>Introduced an online booking and payment system to minimise physical contact.</p> <p>Established partnerships with local businesses for collaborative promotions and shared marketing efforts.</p> <p>Diversified services by offering shuttle services for essential goods and medical supplies</p>	<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were these strategies.</p> <p>We introduced specialised deepcleaning services, focusing on disinfection and sanitisation, to address the increased demand for thorough cleaning amid the pandemic.</p>
<p>How did your business incorporate digital technologies and online</p>	<p>How did your business incorporate digital technologies and online</p>

<p>platforms to innovate their business models during the crisis?</p> <p>Implemented a website for booking, and contactless payments. And customer feedback mechanisms.</p> <p>Utilised social media platforms for real-time updates and promotional activities.</p>	<p>platforms to innovate their business models during the crisis?</p> <p>We incorporated digital technologies by implementing online booking and payment systems to minimise physical contact.</p>
<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>Guidance on health and safety protocols for public transportation.</p> <p>Access to low-interest loans and financial aid programs for affected businesses.</p>	<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>None.</p>
<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>Yes, our business received a loan.</p>	<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>Businesses needed to financial assistance to adjust to new strategies.</p>
<p>Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?</p> <p>We did not collaborate with anyone.</p>	<p>Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?</p>

	<p>We collaborated with a local start-up specialising in cleaning product solutions like sanitisers.</p>
<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p>	<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>This collaboration kept the business going by selling cleaning products.</p>
<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>The collaboration resulted in the development of a more streamlined and efficient shuttle service model. This included improved route planning algorithms, real-time communication with passengers, and enhanced safety features.</p>	<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>There was a notable shift towards increased demand for specialised cleaning services focused on health and safety. This influenced our decision to emphasise deep-cleaning and disinfection services.</p>
<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>The demand for contactless services and a more personalised customer experience influenced our innovation strategies.</p>	<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>To continually invest in technology, maintain our collaborations, and adapt our service offerings based on evolving customer needs and market trends.</p>
<p>What valuable lessons did you learn from the innovative strategies your</p>	<p>What valuable lessons did you learn from the innovative strategies your</p>

<p>business implemented during the COVID-19 crisis?</p> <p>Continue investing in technology for ongoing improvements.</p> <p>Maintain collaborations with tech partners for sustained efficiency.</p> <p>Regularly assess and adapt to evolving market trends and customer expectations.</p>	<p>business implemented during the COVID-19 crisis?</p> <p>The pandemic taught us the importance of flexibility, adaptability, and being responsive to market needs such as online booking systems.</p>
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RESPONDENT 7	RESPONDENT 8
<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>The COVID-19 pandemic severely impacted our operations as large gatherings and events were restricted or prohibited. Financial stability was greatly affected due to cancellations and postponements of planned music events.</p>	<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>The COVID-19 pandemic significantly impacted our bakery operations as foot traffic decreased, and events were cancelled. Financial stability was challenged due to reduced sales and increased operational costs.</p>
<p>What specific challenges did you face in these maintaining your business activities during the pandemic?</p> <p>The main challenge was the inability to host live music events, leading to a loss of revenue and the need to refund ticket sales.</p>	<p>What specific challenges did you face in maintaining your business activities during the pandemic?</p> <p>Adapting to safety protocols, managing reduced walk-in customers, and addressing supply chain disruptions for ingredients</p>

<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were strategies.</p> <p>Yes, we adopted virtual event strategies, live streaming performances. We also explored partnerships with artists for virtual collaborations and exclusive online experience.</p>	<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were these strategies.</p> <p>Yes, we adopted innovation strategies such as online ordering, delivery services.</p>
<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>We heavily incorporated digital technologies for virtual events, live streaming and social media became essential tools to engage with our audience and promote virtual experiences.</p>	<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>We incorporated digital technologies through an online ordering system, social media marketing, and partnerships with food delivery platforms such as Uber eat.</p>
<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>None.</p>	<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>None</p>
<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>No</p>	<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>No</p>

<p>Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?</p> <p>Yes, we collaborate with artists and streaming platforms</p>	<p>Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?</p> <p>Partnerships with delivery services expanded our reach and provided additional sales channels.</p>
<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>Collaborative efforts contributed to the development of virtual concert, and this became valuable assets in reaching a global audience</p>	<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>Collaboration contributed to the development of an effective delivery strategy.</p>
<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>Investing in high quality production for virtual experience became crucial during COVID-19</p>	<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>Online ordering and contactless transactions became prominent</p>
<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>By continuing virtual events even as live events returned.</p>	<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>By having more products to sell online.</p>

<p>What valuable lessons did you learn from the innovative strategies your</p>	<p>What valuable lessons did you learn from the innovative strategies your</p>
<p>business implemented during the COVID-19 crisis?</p> <p>The pandemic taught us the importance of diversification and leveraging digital platform as virtual events expanded our reach and strengthened our brand in the digital space.</p>	<p>business implemented during the COVID-19 crisis?</p> <p>Adaptability is crucial as online ordering and contactless transactions became prominent during the pandemic.</p>

<p>RESPONDENT 9</p>	<p>RESPONDENT 10</p>
<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>COVID-19 affected my business a lot since we do run an accounting company that mostly deals with SMEs.</p>	<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>The COVID-19 pandemic significantly affected our car wash operations and financial stability, with restrictions on movement, demand for car washing services declined, leading to a sharp decrease in revenue.</p>
<p>What specific challenges did you face in these maintaining your business activities during the pandemic?</p> <p>Clients were not affording to pay for our services due to their businesses not operating</p>	<p>What specific challenges did you face in maintaining your business activities during the pandemic?</p> <p>Business activities became challenging due to reduced customer visits, safety concerns, and limitations on the number of staff members allowed on-site.</p>

<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were strategies.</p>	<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were these strategies.</p>
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<p>Yes, we closed the offices and stated working online, to have meetings and clients</p>	<p>Yes, we adopted innovation strategies by introducing a mobile car wash service. Customers could request car cleaning services at their location.</p>
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<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>We use online accounting software's that made the work productivity much better</p>	<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>Digital technologies played a crucial role in our innovation. We created a user-friendly website for service requests, implemented an online payment system, and utilised social media for promotions and customer engagement.</p>
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<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>We received a COVID relief fund</p>	<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>The municipality assisted in obtaining permits for the mobile car wash business operations.</p>
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<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>That COVID-19 relief fund helped a business to continue running</p>	<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>Yes, the permit allowed the mobile car business to operate around Durban.</p>
<p>Did your business collaborate with other businesses, start-ups, or</p>	<p>Did your business collaborate with other businesses, start-ups, or</p>

<p>organizations to foster innovation and sustainability during the pandemic?</p> <p>No we did not</p>	<p>organizations to foster innovation and sustainability during the pandemic?</p> <p>The business collaborated with local businesses, providing a service to employees in their place of work.</p>
<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>The business did not collaborate with any business</p>	<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>Attracted more customers.</p>
<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>For accountant remote work became a trend to a point that even after COVID19 some companies still work remotely</p>	<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>To adapt, we need marketing strategies that are convenience for our mobile car wash.</p>

<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>To promote more of online working and digital marketing</p>	<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>We plan to continue the mobile car wash service and partner with companies around Durban to provide a service to their employees</p>
<p>What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis?</p>	<p>What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis?</p>
<p>In business one should be prepared for unseen circumstances</p>	<p>The pandemic taught us the importance of adaptability and understanding evolving customer preferences. Embracing technology, offering convenience</p>

<p>RESPONDENT 11</p>	<p>RESPONDENT 12</p>
<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>Yes, COVID-19 affected the business of property in many ways.</p>	<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>The COVID-19 pandemic significantly affected our car wash operations and financial stability, with restrictions on movement, demand for car washing services declined, leading to a sharp decrease in revenue.</p>

<p>What specific challenges did you face in these maintaining your business activities during the pandemic?</p> <p>Our tenants lost their jobs and they stated moving our yet our bills were still due. We had to stop all the renovations that were taking place because of the restrictions.</p>	<p>What specific challenges did you face in maintaining your business activities during the pandemic?</p> <p>Business activities became challenging due to reduced customer visits, safety concerns, and limitations on the number of staff members allowed on-site.</p>
<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were strategies.</p>	<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were these strategies.</p>

<p>Not really, we were using social media even before Covid-19 to get clients, but we had to put more effort and more money in marketing</p>	<p>Yes, we adopted innovation strategies by online, closing all the offices and trying to advertise online as much as possible</p>
<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>We hired social media influencers to post on their account to market our flats since they have good followership.</p>	<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>Digital technologies played a crucial role in our innovation. We created a user-friendly website for service requests, implemented an online payment system, and utilised social media for promotions and customer engagement.</p>

<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>No, the government did not do much for us.</p>	<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>Our business is based on formulating designs and drawing for our customers the government has not much role to play</p>
<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>No.</p>	<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>Yes, the permit allowed us to get permission to move around to survey our sites.</p>
<p>Did your business collaborate with other businesses, startups, or organizations to foster innovation and sustainability during the pandemic?</p> <p>We collaborated with social media influencers to get more clients</p>	<p>Did your business collaborate with other businesses, startups, or organizations to foster innovation and sustainability during the pandemic?</p> <p>The business collaborated with local businesses, providing a service to employees in their place of work.</p>

<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>It was very effective since our business got more exposure because of their high number of followership.</p>	<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>Attracted more customers.</p>
<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>Social media is the future of all SMEs.</p>	<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>To adapt, we need marketing strategies that are convenient for our architect</p>
<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>By finishing all or renovations and open small service business like laundry business to make up for the money we lost</p>	<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>We plan to continue engaging on online marketing and partner with companies around Durban</p>
<p>What valuable lessons did you learn from the innovative strategies your</p>	<p>What valuable lessons did you learn from the innovative strategies your</p>
<p>business implemented during the COVID-19 crisis?</p> <p>Real estate business needs to be marketed and try to get as many working people as possible not just students</p>	<p>business implemented during the COVID-19 crisis?</p> <p>The pandemic taught us the importance of adaptability and understanding evolving customer preferences. Embracing technology, offering convenience</p>

RESPONDENT 13	RESPONDENT 14
<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>Covid-19 was a game changer for my business. I made more than I have ever made before.</p>	<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>The pandemic affected our entire operations and financial state</p>
<p>What specific challenges did you face in these maintaining your business activities during the pandemic?</p> <p>Because my business is a web development business, it did not have many challenges, except the overload of work, since everyone wanted to move their operations online as soon as possible.</p>	<p>What specific challenges did you face in maintaining your business activities during the pandemic?</p> <p>Due to several stores being closed nearby our sport we had no customers.</p>
<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were strategies.</p>	<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were these strategies.</p>
<p>We used social media, we stated to use it as way of marketing.</p>	<p>we adopted innovation strategies by introducing a delivery system.</p>

<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>This model was very effective because not everyone understands our business google profile works yet many people have social media.</p>	<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>We created tik-tok for the business to use it as a marketing tool since most people stated using it.</p>
<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>No.</p>	<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>Even though we did not receive any financial assistance from the government, but we did get a permit to operate on a law scale as COVID-19 levels were reduced</p>
<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>No.</p>	<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>No.</p>
<p>Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?</p>	<p>Did your business collaborate with other businesses, start-ups, or organizations to foster innovation and sustainability during the pandemic?</p>

<p>Yes, we collaborated with other business doing the same thing to share clients and ideas to meet our customers demand</p>	<p>Yes, we got one person who has a moto bike to deliver our orders</p>
<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>It was very effective and we grew in understanding certain ways of doing things and software used by others</p>	<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>it did make a positive impact because we could still make some money at the end of the day.</p>
<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>Having clients that will pay a certain amount to manage their website monthly can keep our business sustainable more than once of payments</p>	<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>To adapt, we need marketing strategies that are convenience food business, and effective delivery systems.</p>
<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>We will approach as many SMEs as possible to work with them as they are more in need of such services.</p>	<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>We plan to continue the delivery systems as it has made more money than a stationary kitchen.</p>
<p>What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis?</p>	<p>What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis?</p>

<p>We have to be willing to open up to other businesses in our industry because they is a lot we can learn together then apart.</p>	<p>If we don't take advantage of the technological tools of marketing we will not make it in business</p>
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<p>RESPONDENT 15</p>	
<p>How has the COVID-19 pandemic affected the operations and financial stability of your business?</p> <p>The COVID-19 pandemic had a significant impact on our operations and financial stability. With lockdown measures and economic uncertainties, our business faced disruptions in loan disbursements and collections, leading to cash flow challenges.</p>	
<p>What specific challenges did you face in these maintaining your business activities during the pandemic?</p> <p>maintaining business activities during the pandemic was challenging due to restrictions on movement and in-person interactions which lead to a number of people not paying their loan.</p>	
<p>Did your business adopt innovation strategies in response to the pandemic? If yes, what were strategies?</p>	

<p>Yes, we implemented digital lending platforms to streamline loan processing and minimize physical contact.</p>	
<p>How did your business incorporate digital technologies and online platforms to innovate their business models during the crisis?</p> <p>Digital platforms enabled us to offer online loan applications, document submissions, and virtual consultations.</p> <p>This also allowed us to debit repayment straight for our clients on their salary date.</p>	
<p>What supportive measures or policies were implemented by the local government or relevant authorities to assist your business in coping with the pandemic's impact?</p> <p>The local government does not do much on such businesses except ensuring that a business operate in accordance with credited with the National Credit Act.</p>	
<p>Did SMEs find these government interventions effective in stimulating innovation within their businesses?</p> <p>No.</p>	
<p>Did your business collaborate with other businesses, startups, or organizations to foster innovation</p>	

<p>and sustainability during the pandemic?</p> <p>Yes, we received many applications from SMEs for loan applications</p>	
<p>How did these collaborative efforts contribute to the development of new products, services, or business strategies?</p> <p>This has offered our business long term business clients.</p>	
<p>Were there notable shifts in market trends that influenced the direction of innovation within your business?</p> <p>Remote working became more relevant and necessary.</p>	
<p>How are you planning to sustain the innovative practices developed during the pandemic in the postcrisis period?</p> <p>To sustain the innovative practices developed during the pandemic, we plan to continue investing in technology upgrades.</p>	

<p>What valuable lessons did you learn from the innovative strategies your business implemented during the COVID-19 crisis?</p> <p>The pandemic taught us the importance resilience and embracing digital innovation not only ensures business</p>	
<p>continuity but also enhances customer experience and operational efficiency.</p>	

Appendix F: Turnitin Report



Appendix G: Editor's Letter

Helen Richter
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27 November 2024

To whom it may concern

CERTIFICATE OF EDITING & AUTHENTICATION

I have proofread and language edited the examiner corrections to the Master's dissertation titled

**THE INFLUENCE OF THE GLOBAL PANDEMIC (COVID-19) CRISIS ON
ENTREPRENEURIAL INNOVATION STRATEGIES AMONGST SMES IN DURBAN,
KWAZULU-NATAL**

By

Mpumelelo Success Gwala

To the best of my knowledge, the work remains free of spelling, grammar, structural and stylistic errors and the contents are certified as the author's own work.

With thanks,

H. S. Richter
