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The Impact of Covid-19 on Smes: A Case Study of The Pay Tv Installation Sector in Johannesburg

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Abstract

Small, Medium and Micro Enterprises (SMMES), generally abbreviated as SMEs, are enterprises that have revenues, assets or number of employees that are below a certain level. Each country applies an industry-specific criteria when determining enterprises that meet the definition of an SME (Ward, 2020). According to Faye and Goldblum (2022), SMEs are essential employers, and they are vital in job creation. In creating jobs, SMEs thus, contribute to alleviation of poverty and this leads to an improvement in the standards of living of a country's inhabitants. Through improved employment levels from job creation contributed by SMEs, a country's economy also grows. The COVID-19 pandemic has resulted to extensive job losses in developing countries because many SMEs contracted their workforce during the pandemic (Faye & Goldblum, 2022). Many non-essential service businesses were prohibited from operating during the pandemic. Governments around the world introduced strict measures to contain the impact of the coronavirus and these included restrictions on travel, business operations and face-to-face interactions (Organisation for Economic Co-operation and Development, 2020). The president of South Africa announced that people needed work permits that would allow them to go to work if they were essential workers, or provided essential services if they were self-employed (Pretorius, 2020). This is how strict the restrictions were, thereby completely blocking non-essential service SMEs from operating. Hence, the objective of the study was to determine the impact of COVID-19 on the Pay TV installation sector in Johannesburg and inferences were made for SMEs in general, with regards to how they were impacted by the COVID-19 pandemic.

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Based on the research primary and secondary objectives, literature review was conducted, identifying the contribution of SMEs on a country's social status and economic growth. Other aspects that were reviewed in existing literature included but not limited to factors that contribute to the success and failure of SMEs, challenges faced by SMEs in South Africa, SMEs resilience at times of crises and impact of COVID-19 on SMEs. The study followed a qualitative research approach, and six open-ended questions were asked during the interviews with participants. The aim was to allow participants to express themselves genuinely and authentically to gain a better insight of the impact of COVID-19 on SMEs. The demographic data of the participants included the ages of the participants, the ages of the participants' businesses and the number of employees of the participants' businesses. It was crucial to include the demographic data for the following reasons:

- The age of the founder of a business could indicate maturity of the founder and likelihood of their business success or failure.
- The older the business, the higher the chances of it being resilient in times of crises.
- The number of employees a business has indicates the strength of its manpower, and in most cases, manpower is proportional to productivity.

The empirical results indicated that Pay TV businesses have been strongly affected by COVID-19 and it would take several years for them to fully recover to the profitability levels they used to achieve before the pandemic. The empirical results also indicated that the Pay TV industry is saturated in the Gauteng province, resulting to loss of hope for business success in this sector. One of the common themes that emerged from the data collection and analysis phases of the study was the negative impact of loadshedding on small businesses. Some participants indicated loadshedding as having far worse impact on business profitability than did COVID-19.

Keywords: Pay TV, installers, SMEs, COVID-19, essential, restrictions, resilience, loadshedding