

# The impact of the Covid period on small businesses in SA

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These days, it seems like the conversation that we have as small business owners when we check up on each other is how our businesses are impacted by the uncertainty brought on by Covid and the slow impact of the vaccine as well as the ongoing conspiracy theories around it.



Source: [www.pexels.com](https://www.pexels.com)

I understand where everyone is coming from when we look at their rights or beliefs around the vaccine, but what I don't think everyone understands are the ripple effects of this prolonged pandemic on people's well-being, economy, large corporates – more especially the SMMEs. Being the daughter of a nurse who respects the views of medical practitioners and scientists that have studied anything health-related over a number of years - I have gone to vaccinate and am encouraging others to do the same.

I think if I had any other alternative that will help me to outlive this virus, I'd probably be considering that option, but the problem is that currently there is no other choice, and it does not look like there is going to be one anytime soon. What does this then mean to all of us? In my view, it simply means that as long as Covid is still ravaging and killing people in different communities and as long as we continue to not have a handle on it – the economy will take longer to recover and open up.

This essentially means that if large corporates are not making money during this difficult period and are unsure about the future, they will not be able to invest in the development of small businesses.

## **Pulling out or putting a pause**

In business, it is difficult to make long-term decisions or investments with so much uncertainty in the air. As small business owners, we've seen this trend this year, where existing clients are either pulling out or putting a pause on service contracts with SMMEs because they are also struggling and not sure of the future. We've also seen some new or potential clients who come in for ad-hoc or short-term projects because they are not able to commit to long-term agreements.

This in essence creates instability in the cash flow of small businesses. It is essential for a small business to have stable contracts that run over a reasonable amount of time to be able to plan financially. It's difficult to plan properly when we work on once-off projects because unfortunately our monthly expenses are not once-off – they are constant.

I am encouraged by the number of young people between the ages of 18-34 that are going out in large numbers to take their job because the more people who are healthy in the country – then the quicker we can go back to some kind of normal. As small businesses, we know that when big businesses are struggling, and they have to find ways to streamline their finances - they start cutting the fat on the outside; that essentially means us consultants or suppliers.

When corporates are not making money, they rarely start cutting their budgets by letting go of their people internally – the axe starts with us on the outside. As SMMEs, we understand this because it is important for any kind of business to try and protect its employees first at all costs; before resorting to drastic measures of retrenching people.

## **SMMEs feel the pinch**

However, as much as we understand the business decision to protect employees, as SMMEs we unfortunately feel the pinch of being the ones that are taken to the slaughter first when the going gets tough. Every small business that is struggling at the moment would like to wish this pandemic away so that we can go back to the vision of growing SMMEs to their full potential. Almost every entrepreneur that starts a business opens it with the intention of contributing positively to the economy, we want to contribute to the creation of sustainable employment in the country.

I know for a fact that one of the reasons I started my business was to help the country to overcome its unemployment challenges especially when it comes to our youth. Looking at the recent unemployment rate currently sitting at 34,4%; you'll agree with me that the SMMEs' contribution to the economy and the creation of jobs in the country is vital.

So, to those that can, please take the vaccine so that we move to a "new normal" if that's what we'd like to call it. It is unfortunately the only way that we will be able to claim our lives back and be able to go back to interacting with other people freely; with no masks or worrying about getting infected or vice versa.

## **ABOUT MIRANDA LUSIBA**

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