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The South African Entrepreneur, Coronavirus and Post Covid-19 Era

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A B S T R A C T
The purpose of this publication is to explore the South African entrepreneurial environment before coronavirus, interventions put in place by the government to mitigate its effects and to forecast the entrepreneurial environment post coronavirus era. Covid-19, as it was later to be known, caught the world least prepared and the first measure each country took was self-isolation to minimise the spread. The move negatively impacted on economic activities. South Africa reacted in the same way and came up with a R500 billion package to mitigate economic effects of the pandemic. The medium and long-term effects of such a decision are yet to be felt. The study posits that the world will never be the same again post coronavirus. Qualitative research methodology was used and data were collected from World Health Organisation and news bulletins, South African Acts of Parliament, policy initiative and parliamentary debates. Data was collected from entrepreneurs on the basis of unstructured, and structured interviews. The researcher works with entrepreneurs and observation played a part in data gathering. Thus the researcher was able to draw direct evidence of the eye by interacting with various entrepreneurs. Such was premised on the fact that at times, it is best to observe what actually happens on the ground. The researcher had the privilege to observe natural settings. The study notes that despite conducive policy initiatives, the South African entrepreneurial environment is littered with entrepreneurial failure, perennial baby and nascent entrepreneurs. The study makes recommendations on what might be the best way forward.

Keywords: *South Africa; Entrepreneur; Coronavirus; Post Covid-19 era.*

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INTRODUCTION
On 03 December 2019, the World Health Organisation (WHO) China country office reported a cluster of pneumonia cases in Wuhan city, Hubei province of China now known to be caused by a novel virus. Severe acute respiratory syndrome, Coronavirus 2 was confirmed to be the causative virus of coronavirus disease of 2019 (Covid-19).Unlike the deadly Ebola that has strictly remained confined to Africa, the devastating impact of the virus was felt throughout the world over a short space of time; 60-90 days to be precise. Experts posit that, because of its longer incubation period, more asymptomatic spread and a high R0 (the average number of people infected by each patient), Covid-19 appears to spread more easily than flu. World attention was immediately diverted towards fighting the disease. Coronavirus was soon declared a pandemic. Its cost to human life is immeasurable. States were forced to make urgent reviews of their priorities. Saving life itself, became the top priority all over the world. Today, as I start working on this research study, 3 018 952 people have contracted Covid-19, as it has come to be known. 207 973 have succumbed to the disease (World Health Organisation).

Mike Osterholm who directs the Centre for Infectious Disease Research and Policy at The University of Minnesota told CNN that the idea that Covid-9 will be dealt with soon defies microbiology. A team of experts predicted in a report released on Thursday 30th April 2020 that coronavirus is likely to spread for the next 18-24 months infecting up to 60-70% of the world population. Experts further argue that the course of the covid-19 pandemic could also be influenced by a vaccine but such a vaccine is likely to be available by at least 2021.

Governments are therefore advised to be prudent in their approach to fighting the disease and plan and mobilise resources in the event of a worst case scenario. Such preparation will minimise the negative effect of the disease.

Impact on world economy
Prioritisation of saving life itself has a very high opportunity cost. The irony is, life itself and the economy cannot be separated. But Covid-19 forced countries to push economic activities into the back-burner. Professor Bernard M Wolfe noted that 'it is catastrophic, we have never seen anything like this, we have a huge portion of the people and economy under lockdown, that is going to have a huge impact on what can be produced and not produced.' The resultant effect is

that major economies like Britain, Japan, China and the USA are on the verge of collapse. Stock markets were shaken and, investors have moved amounts in excess of USD83 billion from emerging markets in a very short space of time. People are just not spending resulting in businesses not making sales. Available data shows that the pandemic has plunged the United States into its worst economic slump in a decade and Germany predicts its biggest recession since the aftermath of World War 2. Jobs are being lost as evidenced by 3.3 million Americans applying for unemployment in one week. The International Monetary Fund predicts that the world is likely to experience a recession worse than that experienced during the Global Financial crisis. A US official from the federal reserve predicts that the US economy may shrink by over 50% and 30% of jobs are likely to be lost. The US stock market went down by 30%. Certain sectors are more vulnerable and are likely to close shop soon. Those in the travel, hospitality, and sports sectors will, very soon be out of business. In South Africa, the national carrier is under business rescue plan. Air Cargo, a subsidiary of British Airways is contemplating to go under a business rescue to increase chances of survival in the long run.

World response

The United Nations declared coronavirus an international emergency. The concept of the global village suffered a major blow. The airline industry came to a standstill as aeroplanes were grounded. Countries closed borders and went into self-isolation. It was observed that the disease spread faster through travel. This was the first step most countries took to reduce the pace at which the disease was spreading. The ripple effects are frightening. Asborders were closed, foreign trade ceased. Oil exporting countries were affected most since demand for the product plummeted. Over a very short space of time, the price of oil fell from USD70.00 to as low as USD 18.00 a barrel. The tourism and hospitality were among the first victims.

The effects of virus are currently being felt more in the in developed countries. Statistics on hand show that the developed world, as of now, has suffered more casualties than the developing countries. The United States is currently leading in the number of deaths and Britain is becoming the third worst affected following Italy. Recently, the G-20 nations called for an emergency meeting to map out strategies to fight the pandemic.

If the tables are to turn, the third world will be in trouble. Without covid-19, third world countries are experiencing their fair share of problems: wars (Somalia, Syria and Afghanistan), hunger and poverty; the sum total of greedy and corruption, misplaced priorities, poor governance and the list of bad things goes on and on especially in Africa. Experts have already indicated that countries at war at this moment are going to suffer more. Most third world countries have poor infrastructure and cannot meet the health and welfare needs of their citizens. Often, African leaders travel overseas to seek medical care because there in nothing in their countries. A few leaders have passed on in foreign land seeking medical attention. Covid-19 knocked on their doors when they least expected There is very little room to manoeuvre since most of the countries have little or no resources at all. It is hard for the developed world to come to the rescue of third world as the situation stands at the moment.

Four proposals have been put forward by Kriestalina Georgieva to assist mitigate the effects of covid-19:

1. Continue with essential containment measures and support for the health system.
2. Shield affected people and firms with large timely targeted fiscal and financial sector measures.
3. Reduce stress to the financial system and avoid con tangent.
4. Plan for recovery and minimize the potential scaring effects of the crisis through policy action.

The above four are underpinned on the need for nations to cooperate and coordinate among themselves; maturity as well as sensible behaviour of people to effectively fight against Coronavirus. Otherwise, because of the globalized and connected world, wrong actions and policies taken by any state will leave a severe impact on other countries as well. This is not the time of political point-scoring and fight with each other rather it is high time for states to cooperate, coordinate, and help each other to defeat this fatal pandemic first for saving lives and the global economic and financial structure.

RESEARCH QUESTIONS

- What is Covid-19?
- What was the international response to Covid-19?
- How was the South African entrepreneurial environment before Covid-19?
- What strategies were adopted in South Africa to mitigate the effects of Covid-19
- What was the effect of Covid-19 on South African Entrepreneurial activities?
- What will be the outlook of entrepreneurship in South Africa post Covid-19?

RESEARCH METHODOLOGY

The study makes a careful analysis of the impact of coronavirus on the world and economic affairs and then zeros-in on the impact of coronavirus on to South African entrepreneurs. Entrepreneurs were chosen for the study because they are the major drivers of economic growth. Qualitative research methodology was used and data were collected from

World Health Organisation and news bulletins, South African Acts of Parliament, policy initiative and parliamentary debates. Data was collected from entrepreneurs on the basis of unstructured, and structured interviews. The researcher works with entrepreneurs and observation played a part in data gathering. Thus the researcher was able to draw direct evidence of the eye by interacting with various entrepreneurs. Such was premised on the fact that at times, it is best to observe what actually happens on the ground. The researcher had the privilege to observe natural settings.

DISCUSSION

This section analyses entrepreneurship environment in South Africa before Covid-19, measures taken to minimize its impact on citizens and enterprises and how the pandemic is likely change the way entrepreneurs carry out entrepreneurial activities in the post Covid-19 era.

The entrepreneur and his environment before Covid-19

South Africa is one of Africa’s most stable and progressing economies. The country has a functional democracy and a functional economy. Since the end of the apartheid era, the country has come up with excellent policy initiatives to address the past wealth imbalances thereby transferring ownership of productive resources to the previously marginalised blacks, coloureds and Indians. It was envisaged that this would be achieved through improved education, skills development and training, encouraging entrepreneurships, providing necessary finance and ensuring that blacks are promoted to senior managerial positions where they would gain experience through participation in decision making at the highest level.

To support the above fact, I am now going to discuss some of the policy initiatives tailor made to increase black participation in mainstream economic activities. The government, by stipulating conducive policies is in fact creating a good breeding ground for an environment that gives birth to both opportunities and scarce resources. Such opportunities are spotted by entrepreneurs who will then gather resource and deploy them towards production and wealth creation.
Entrepreneurship is the backbone of economic development. It is a key source of renewal, innovation and job creation Kuratko [1].

The Close Corporation Act (69) of 1984

This Act was issued during the apartheid era**.** Professor Naude, cited by du Plessis [2] explained the original recommendation and aims for the need of creating a vehicle to cater for small businesses as a new legal form for a maximum number of natural persons. It will be a juristic person registered under a separate Act. There will be limited liability coupled with adequate protection for creditors and safeguards against abuse. Adoption of flexible partnership principles for internal relations of members, and simplicity of system as a whole will be other characteristic. Professor Henning cited by du Plessis [2] later observed that, in 1984, South Africa became the first country with an English derivative Company Law system to take a large step forwards in providing effective separate legislation for the reasonable entrepreneurial needs and expectations of the typical small business person.

The initiative was motivated by the fact that small businesses form the backbone of most countries’ economies. It was felt thus, a simplified and basic business vehicle for small businesses has the potential to address the problem of unemployment while at the same time stimulating the economy of the country. Statistics available show that close corporation is currently the most favoured choice form of business in South Africa.

The number of active close corporations in South Africa as a 28 January 2009 was 1.9 million. Du Plessis [2]. The Close Corporation Act (69) of 1984, a statutory instrument enabling the incorporation of these CCs was born out of the need to protect small enterprise from the risk associated with partnership and sole traders and the cumbersome administrative procedures associated with companies at the same time enjoying the protection of corporate veil and limited liability. The objective was to entice potential and practicing ‘small’ entrepreneurs to formalise their activities and participate in the mainstream economic activities. The original objective of the close corporation was to cater for the needs of small businesses. As a consequence, it is an ideal business form for family businesses du Plessis [2]. Section 2(1) of the Act provides that one to ten individuals can become members of a close corporation yet it can grow into a multi-million Rand business employing thousands using the close corporation vehicle since there are no asset or turnover based clauses obliging it to convert into a company. At any time before section 13 of the Companies Act comes into operation, any one or more persons, not exceeding ten, who qualify for membership of a close corporation in terms of this Act, may form a close corporation and secure its incorporation by complying with the requirements of this Act in respect of the registration of its founding statement referred to in section 12. The Act, further provides in section 2 (2) that a close corporation is a legal person with rights and duties separate from its members. A corporation formed in accordance with the provisions of this Act is on registration in terms of those provisions a juristic person and continues, subject to the provisions of this Act, to exist as a juristic person notwithstanding changes in its membership or its conversion to a company in terms of Schedule 2 of the Companies Act, until it is deregistered or dissolved –. Thus this section of the Act protects members against liabilities incurred by the close corporation. In short, the Act display a clever way in which the principles of partnership were blended with that of incorporated enterprises du Plessis [2] argue that the South African Close Corporation Act, though not perfect, is an excellent piece of legislation for governing the development of small businesses. The South African legislation shows that it is possible to do without shares, capital, directors, meetings, articles of association, annual returns and audit du Plessis [2].

The Companies Act (71) of 2008 whose one of its aims, among others, is to make it easy to do business in South Africa provides that existing close corporations continue to exist as CCs but no new CC will be registered from the time the Companies Act comes into operation. This implies that the registration and administration under the Companies Act (71) 2008 has been simplified in order to accommodate small players intending to form companies. The DTI believes the regime in the new Companies Act for forming and maintaining small companies which drew on the characteristics of the Close Corporation, is sufficiently streamlined and simplified as to render it unnecessary to retain the application of that ACT for the formation of new companies du Plessis [2].

Despite observations from certain circles that close corporations have been a phenomenal success, as a preferred vehicle for small businesses, Professor Farrar has noted that the future of close corporations in South Africa seems to be under serious threat for reasons far from clear. The intention was to decisively repeal the Close Corporation Act as stated in the preamble of the Companies Act. However, this was later changed to "provide for *possible* future repel of the Close Corporation Act 1984."
Some scholars believe that the logical reason why the South African government would like to repel the phenomenally successful Act is its origins

Small Enterprises Development Policy

DTI [3] states that the South African government's SMME policy initiative was first outlined in a 1995 White Paper, and, since then various measures have been implemented to assist the development of the sector. In fact, South Africa has been in the forefront of developing pro-SMME policies. Included in these are local economic development and black economic empowerment. Since then, policy instruments aimed at positively impacting on the SMME sector span the entire breath of economic and social policies DTI [3]

The Integrated Small Enterprises Development Strategy (2005-2014)

In it was the outline of the objectives of the period 2005 to 2014 taking due consideration to failures and successes of the previous ten years that followed the White Paper of 2005.
DTI [3] gives three pillars or strategic actions upon which the strategy is based. These are listed below:

- Increase supply of financial and nonfinancial support
- Create demand for small enterprises products and services
- Reduce small enterprises regulatory constraints

The first pillar consists of streamlining resources from the public sector and encouraging 'crowding in' of resources from the private sector. The second is to be driven by new policy initiatives particularly procurement policy and BEE codes of good practice as levers for increased demand. The third pillar is to be achieved through a regulatory impact assessment and business environment monitoring mechanism DTI.

The SMME development institutions

The DTI [3] identified a number of institutions that have important roles in the implementation of the strategy. Below is a list of the institutions:

- Small Enterprises Development Agency (SEDA)
- South Africa Micro-Financing Apex Fund (SAMAF)
- Khula Enterprises Finance Limited
- Ntsikha
- Umsobomvu Youth Fund (UYF)
- Small Enterprises Foundation (SEM)
- Manufacturing Advice Centre
- National Empowerment Fund (NEF)
- Land Bank
- Mafisa DTI

The publication goes further to inform that some of these institutions have operated more effectively than others, and the strategy identifies the need to improve coordination both within government and between support agencies to improve implementation DTI.

The major challenge this initiative has met is lack of buy-in by the major banks. Banks have been criticised for being overly cautious even though the major financial players even though major financial institutions have established a micro-lending arm targeting small businesses. Many banks have found the lack of capacity to provide aftercare mentoring to be a major constraint.

Skills Development

Skills development policy is dealt with in the National Skills Development Strategy (NSDS) and its associates. Learner ship, as the primary form of workplace training aimed at providing workplace training in a more structured and systematic form together with the levy-grant system which makes industry skills development compulsory are key elements of the new institutional arrangements. Most of these training institutions have specific development programs for small enterprises.

The Joint Initiative on Priority Skills Acquisition (JIPSA) was launched in March 2006. Skills development was its immediate priority. Its aim was to develop skills in infrastructure development, public service delivery, ICT skills meant to benefit small medium and micro enterprises.

The Companies Act (71) of 2008

The purpose of the Companies Act (71) of 2008 as stated in Section 7 is to encapsulates Government's macro-economic policy and the role that the Government envisages entities must play in the South African economy. It also reflects the government's acceptance of, and support for the enterprise as an essential component of South Africa's economy and as an essential means of achieving social benefits and economic growth." Stein[4]. Five sub-sections of Section 7 clearly articulate the purpose of the Act in relation to promotion of entrepreneurial activities, economic development and sustainable development. These subsections are quoted below:
Section 7 (b)-South Africa is a free enterprise economy in which entrepreneurship and enterprise efficiency must be encouraged.
Section 7 (c)-Promote innovation and investment is South Africa markets.
Section 7 (d)-Re-affirm the concept of the company as a means of achieving economic and social benefits.
Section 7 (e)-Continue to provide for the creation and use of companies in a manner that enhances the economic welfare of South Africa as a partner with global economy.
Section 7 (f)-Encourage active participation in economic organisation, management and productivity.

The South African Companies Act (Chapter 71) of 2008 abolished the main object clause. It is therefore no longer necessary for a company to state its 'main object' or 'main business' in its Memorandum of Incorporation [4]. The Act has been described as an instrument that empowers the formally marginalized, attract investment, easy to implement and bring with them world class corporate governance standards. Government has acknowledged fundamental importance of enterprises being good corporate citizens by also providing that other purposes of the Act are to promote the development of South African economy by encouraging transparency and high standards of corporate governance as appropriate [4].
The Companies Act's Memorandum of Incorporation no longer requires an entity to state its main object or core business implying that, an entity can do anything as long as it is not illegal, immoral and contrary to public policy. Thus, an entity that has recently been incorporated and is involved in the vending of basic food by the road side can bid for tenders requiring huge outlays of capital; like construction, civil engineering and installation of hi-tech IT solutions.

Absence of the main object close breeds corruption and rent-seeking Jacks of all trades with no knowledge of what they are bidding for. Getting the tender pretty much depends on who you know and not what you know. Such has seen tenders being awarded to the well-connected. The customer or client, who in most cases, happens to be the government or municipal authorities are short changed. Treasury is siphoned of cash resources without getting the desired value in reciprocation. The long-term damage is frightening especially when contracts are entered into with unscrupulous people who go into business solely for the love of money. ***Tender preneur*** is a new term in the South African business dictionary used to denote rent-seekers who make windfalls out of tenders without putting anything but instead, assigning the tender to someone at a commission. These people make millions for themselves without incurring a cost and not adding any value.

The National Development Plan of 2011

The National Development plan was born out of the Diagnostic report released in June which identified the following challenges the country is facing:

- Too few people are in employment
- The quality of school education for blacks is poor
- Infrastructure is poorly located, inadequate and under-maintained

- Spatial divides hobble inclusive development
- The economy is unsustainably resource intensive
- The public health system cannot meet demand or sustain quality
- Public services are uneven and often of poor quality
- Corruption levels are high
- South Africa remains a divided society

The document as stated therein, is 'a plan for the country to eliminate poverty and reduce inequality by 2030 through uniting South Africans, unleashing the energy of its citizens, growing an inclusive economy, building capabilities, enhancing the capacity of the state and leaders working together to solve complex problems National Development Plan 2030-Our Future- Make it work (2011). The document goes further to emphasize that this will only be achieved through **more action** and **better implementation** implying that previously, little, in form of action was done and probably, the implementation processes was compromised. The burden is placed upon all South Africans. It is up to all South Africans to fix the future starting today. For this to happen, it is necessary to get the buy-in of all South Africans who should be told in advance the quantity of positive change they are likely to reap in future.

The document acknowledges that too many people remain poor and few are in gainful employment. The quality of schools for majority of black leaners is poor. The apartheid legacy continues to determine the life opportunities for the vast majority.

The plan's major objectives are to:

- Eliminate income poverty - Reduce the proportion of households with a monthly income below R419 per person (in 2009 purchasing power parity level) from 39% to zero.
- Reduce inequality - The Gini coefficient should fall from 0.69 to 0.6.

The plan identifies the following as the enabling milestones

- Increase employment from 13 million in 2010 to 24 million in 2030.
- Raise per capita income from R50 000 in 2010 to R120 000 in 2030.
- Increase the share of national income of the bottom 40% from 6% to 10%.
- Establish a competitive base of infrastructure, human resources and regulatory framework.
- Ensure that skilled, technical professional and managerial posts better reflect the country's gender and disability makeup.
- Broaden ownership of assets to historically disadvantaged groups.
- Improve the quality of education so that all children have at least two years of preschool education and all children in grade 3 can read and write.
- Provide access to quality health care while promoting health and wellbeing.
- Establish effective, safe and affordable public transport.
- Produce efficient energy to support industry at competitive prices ensuring access for poor households while reducing carbon emission per unity of power by about one third.
- Ensure that all South Africans have access to clean running water in their homes.
- Make high-speed broad-band internet universally available at competitive prices.
- Realise a food trade surplus with one third produced by small farmers or households.
- Ensure household food and nutrition security.
- Entrench a social security system covering all working people, with social protection for the poor and other groups in need such as children and people with disabilities.
- Realise a developmental and capable and ethical state that treats citizens with dignity.
- Ensure that all people live safely with an independent and fair justice system.
- Broaden social cohesion and unity while redressing the inequities of the past.
- Play a leading role in continental development, economic integration and human rights.

The plan recognises shortage of critical skills, complex intergovernmental systems, high level corruption, weak lines of accountability, inadequate legislative oversight and a long history of blurring the lines between party and the state as major challenges facing the country.

The plan also recognises that, focused leadership, a plan for all, institutional capability, resource mobilisation and agreement on trade-offs, sequencing and willingness to prioritise and clarity on responsibilities are the critical success factors. Source: National Development Plan 2030-Our Future- Make it work (2011).

The BBBEE Act of 2003 as amended by Act 46 of 2013

The Broad-Based Black Economic Empowerment Act was born out of the need of an entrepreneurial vehicle to address the socio-economic ills inherited from the Apartheid era[5]. BEE is meant to empower the majority of black South African people who were previously suppressed by the apartheid government to participate in the mainstream economic activities of the state. Thus, the policy aims at addressing the skewed way upon which the resources were distributed in favour of the whites. Shava [5] further argue that the BEE initiative aims to reinvigorate the South African Economic landscape through equitable share of wealth and ensuring public participation of South African citizens.
The Act's main areas of focus are black management, ownership and control of productive resources, preferential procurement, investment and human capital development towards previously marginalised black (Blacks, Coloureds and Indians) communities, workers, co-operatives and other collective enterprises thereby achieving equitable distribution of wealth.

Section 4 of The Act provides for the establishment of the Black Economic Empowerment Advisory Council which play oversight and evaluation roles over the implementation of the Act. The Act states the following as the Council's functions:

- Advise government on black economic empowerment
- Review progress on black economic empowerment
- Advise on draft codes of good practice which the Minister intends publishing for comments
- Advise on the development, amendment or replacement of strategies stipulated in Section 11
- If requested, advise on draft transformation charters

The council is chaired by the State President. Its other members comprise the relevant minister, three other ministers appointed by the president and no fewer than 10 and up to 15 other members also appointed by the president, taking due consideration to necessary expertise and interests of relevant stakeholders such as trade unions, business community based organisations and academics.

Section 11 of The Act empowers the Minister to issue a strategy for broad based black economic empowerment and to change or replace such strategy. The strategy must:

- Section 11 2(a)-provides for an integrated co-ordinated and uniform approach to broad-based black economic empowerment by all organs of the state, public entities, private sector, NGOs, local communities and other stakeholders.
- Section11 2(b)-develop a plan for financing broad-based black economic empowerment including creation of incentive schemes to support effective black owned and managed enterprises.

Section 13B provides for the establishment of the Broad-Based Black Economic Empowerment Commission, the administrative arm, which-as stated in Section 13F the Act responsible for the implementation of the Act.
The implementation of the Act is grounded on a number of predetermined expected deliverables and evaluation principles. These are now outlined below:
Ownership
The right to own productive resources is contained in the Code of Good Practice Enterprise BEE compliance measured through the generic scorecard.
Control
With regards to BEE, the code gives an element of managerial oversight and assesses managerial efficiency of black leaders in Enterprises DTI
Employment equity
There is policy emphasis on employment equity where those who were previously disadvantaged, stand equal chances with everyone else on the job market. The code stipulates equity and measurements on how BEE enterprises should employ Mathura [6] stress the need for companies to be non-racial and non-sexist and to provide good working environment to increase sustainability and diversity of cultures.
Employment Equity Act
Required are a set of rules and regulations that companies need to take into account. Of paramount importance is inclusion of all races in participating companies DTI
Procurement
BEE codes stress aspects of procurement that show the manner in which businesses that deal with other BEE enterprises comply with BEE suppliers and owners of black businesses Mathura [6] supports that compliance on the part of suppliers is conducted by reviewing the terms of sectorial charter of the code as well as generic scorecard. Some points are awarded to a company to review its B-BBEE status based on Weighting Recognition of the company.
Skills development
Education and training are considered critical to the success of establishing a culture of entrepreneurship in South Africa. Alongside finance, the need for training and upgrading skills are critical themes in for South African entrepreneurship policy development.

To address the skills challenge, BEE requires evaluated companies to prioritise mentorship programs in their companies. Mathura [6] further posits that companies need to submit proof of the submission and implementation of these programs and such should be stated in the B-BBEE annual report. Non-compliance equals zero score.

Enterprise development

Collaboration and joint venture of emerging enterprises and small businesses is encouraged for enterprise development Mathura [6]. Fostering of partnerships is important for the redistribution of wealth to black communities through sharing skills and investment techniques. Black-owned firms and established firms can enter into mutually beneficial partnerships which may require outsourcing of labour to execute huge programs DTI.

Human resources development

Results bearing implementation of BEE hinges on skilled human capital a function of human capital development policy. Expenditure of human capital development is measured as a percentage of payroll costs. Such expenditure should be within the framework of Skills Development Act 97 of 1998 and the Skills Development Levy of 1998.

Direct empowerment

As a way of participating in the mainstream economic activities and finally gaining control, the BEE stipulates that ownership should be transferred to the black entrepreneurs. This happens as black acquire business and properties and entails assumption of related risk.

Indirect empowerment

The procurement system indirect empowerment accounts for 20 points on the scorecard, corporate social investment 5 points and enterprise development 15 points bringing the total points to 40. Preference will be given to newcomers to strengthen their financial base Burger & Jafta [7].

Entrepreneurial activities performance review

Based on the World bank classifications, South Africa is placed in the ‘upper-middle income countries group, and even here, South Africa performs below average. The 2006 report indicates that South Africa’s position has not improved since it was first included in GEM studies in 2001 [3], The review adds, the South African Total Early-stage Entrepreneurship Activity (TEA) opportunity index of 3.47% is far below the average of 6.82% of all countries.

During the period 2001-2002, 2 649 close corporations were liquidated, during period 2004-2005 1 919 were liquidated and period 2006-2007 accounted for 1 438 liquidations. The DTI [3] notes that Enterprises development is key to the government’s aim of halving unemployment by year 2014. Many commentators expressed reservations regarding the potential of the sector to indeed fulfil this role.

In 2007, the Centre for Development and Enterprise (CDE) interviewed Sowetan entrepreneurs in an attempt to formulate a clear idea of what the real obstacles to their success are. The major factors were cited as major obstacles to business growth:

- Crime
- Infrastructure
- Informality and regulation
- Corruption
- Labour problems
- Increased competition
- Negative public perceptions

Success of BEE principles has remained controversial. More than seventeen million South Africans line up at the end of each month to receive government grants. Employment remains a pie in the sky for the youth. The rich-poor gap continues to widen. ‘Tender preneurs’ have amassed wealth through unethical and unjustifiable methods under the guise of black economic empowerment Beyers & Koorbanally[8]. Bezuidenhoudt [9] observed that corruption, nepotism and favouritism in the South African municipalities has enriched unscrupulous business people, politicians and their connected families. BEE has led to ‘tender preneurship’ where individual black people have amassed a lot of wealth at the expense of the poor through corruption tendencies particularly in various municipalities’ procurement systems. This has left majority black communities suffering and living on government grants Mbeki [10]. Although BEE was a noble idea meant to uplift living standards of previously marginalised blacks, the good intentions were overshadowed by rampart corruption, fraud, fronting, favouritism and nepotism.

In 2018, Stats SA showed that there was a decrease in the number of jobs in small businesses (Department of Small Business 2018/19 Annual Performance Plan: 2018), The report goes further to say that 5 in 7 small enterprises were failing. Failure was attributed to lack of start-up capital. Compared to its peers, South Africa has a smaller number of firms in proportion to the size of the economy and a much higher proportion of jobs coming from large firms and government. With smaller firms closing down and shedding jobs, and larger firms getting bigger though not necessarily hiring more people, it is inevitable our unemployment rate will increase further. He goes further to highlight that the reports focus on the formal SME sector and extract data from Treasury, SARS, commercial banks and other providers of finance as well as firms seeking finance. They each claim, in their respective focus areas, to be the most comprehensive studies yet done. They home in on changes in tax receipts over time, access to finance and the quantum of firms and their contribution to employment to gauge whether the sector is making its expected contribution to the economy and participants are succeeding or struggling. At the Small Business Initiative Indaba last week, preliminary findings released from its research conducted in partnership with the Small Business Project reveal that South Africa is very much the "outlier" compared to its peers. It found there are only 250 000 formal SMEs (firms employing less than 200 people) in South Africa. Though they comprise 98,5% of all formal businesses, they employ only 28% of the formal workforce. Using SARS corporate income tax and PAYE data, the findings indicate that SA's 1 000 largest firms account for 56% of jobs, though this includes government which skews the numbers significantly. By contrast, in the Organisation for Economic Co-operation and Development countries, over 95% of businesses are SMEs, employ between 60% and 70% of the working population and contribute up to 60% to GDP.

According to the Enterprise Observatory of SA survey of tax receipts, released in April, only 25% of firms have earned sufficient to be liable for company tax; firms with a taxable income below R10 million decline at a rate of 31 per week; a mere 635 companies are responsible for 77% of company tax; and from 2009 to 2015 company losses as submitted to SARS increased by 85% and for the last two years were higher than the taxable income assessed." Reduced profitability and an alarming shrinkage in the number of SMEs submitting tax returns are evidence that the "missing middle" of SMEs vital to a thriving economy is in deep.

We are now almost 9 years into the National Development Plan The plan forecasted a 5% economic growth over the twenty-year period. On the ground, the economy is growing at 1.5%; with the coming in of covid-19, it is now forecasted to contract by above 6%.

Mitigating against Covid-19

On several occasions, the South Africa president addressed South Africans on measures his government would put in place to slow down the spread of Covid-19 and its negative impact on the economy. His first address on the 23th March 2020dwelt on the raft of measures his government was to implement with immediate effect, to flatten the Covid-19 'spread curve'. On the 9th April 2020 he was back on the podium reviewing the impact of measures taken to save life itself, extending the lockdown to 30th April and hinting the nation that the economy was now in trouble. On the 16th April he educated the nation on the negative impact of the covid-19 mitigatory measures pronounced on March 23 on the South African economy and advised the nation on the raft of interventions his government would put in place to revive the economy.

The Lockdown- from 26 March 2020

Key points of the lockdown that came into effect on 26th March are highlighted below:
From midnight on Thursday 26 March until midnight on Thursday 16 April, South Africans will have to stay at home. The categories of people who will be exempted from this lockdown are the following: health workers in the public and private sectors, emergency personnel, those in security services such as police, traffic officers, military medical personnel, soldiers and other persons necessary for response to the pandemic. It will also include those involved in the production, distribution and supply of food and basic goods, essential banking services, the maintenance of power, water and telecommunications services, laboratory services and the provision of medical and hygiene products. A full list of essential personnel was later to be published. Individuals will not be allowed to leave their homes except under strictly controlled circumstances, such as to seek medical care, buy food and medicine and other supplies or collect a social grant. Temporary shelters that meet the necessary hygiene standards would be identified for the homeless people. Sites are also being identified for quarantine and self-isolation for people who cannot self-isolate at home. All shops and businesses will be closed except for pharmacies, laboratories, banks, essential financial and payment services including the JSE, supermarkets, petrol stations and healthcare providers. Companies whose operations require continuous processes, such as furnaces and underground mine operations will be required to make arrangements for care and maintenance to avoid damages to their continuous operations. Firms that are able to continue their operations remotely should do so. Provision will be made for essential transport services to continue, including transport for essential staff and for patients who need to be managed elsewhere.

9th April 2020

The president took time to reflect on the impact of measures put in place on 23rd March that came into effect on 26th March and then went on to notify the nation on the way forward. Measures taken by the government were classified into levels beginning from level 5 the most stringent level that came into effect on 26th March to level 1 where it is assumed that life would be back to normal just like the pre-Covid-19 era

Level 5: 26th March 2020-30th April 2020

- Total shutdown of the country-no economic activity
- Borders closed

- People to remain in their homes and move on strictly controlled situations
- Only those providing essential services would report for duty on the strength of letters confirming so
- Schools closed
- No sale of cigarettes and alcohol

Level 4: 1st May 2020-

- Relaxation of some on the measures above
- 1.5 million employed in critical sectors of the economy would report back for duty
- People can exercise between 6.00am and 9.00am
- Curfew between 8.00pm and 5.00am
- Company operating to ensure religious adherence to measure put in place to reduce the spread.
- Once-off opening of provincial borders to allow people to return to their homes on 07 May 2020 by 23.59hours;
- Citizens allowed to change homes from 08 May 2020 to 07 June 2020 under very strict conditions.

Level 3

Level 2

Level 1

By the time this study went for publication, measures had not yet been reviewed to level 3

The R500 billion Stimulus/Relief package

The South African government was pretty much aware of the negative impact of the drastic measures it took to flatten the Covid-19 spreading curve. As I alluded to earlier on, saving life itself became priority number one; but at a very heavy cost to the already struggling economy. Economic activities literally came to a standstill during level 5 of the lockdown. This necessitated the government to come up with intervention initiatives. On 16th April 2020, the President was on the podium to share the stimulus package with his fellow South Africans.

The president urged South Africans to endure a bit longer as the lockdown was extended. Private sector and its employees stand to receive a significant share of the government's R500billion Covid-19 stimulus and social relief package. The amount was equivalent to 10% of the country's GDP. R200 billion loan will assist medium and small enterprises with turnovers of less than R300 million to pay salaries and other costs. This will be done in partnership with major private banks, the National Treasury and the South African Reserve bank. The move was expected to assist 700 000 enterprises and more than 3million employees during the difficult period.
The president announced tax reliefs that included:

- A four-months holiday for companies' skills development levy contribution
- Further fast-tracking VAT refunds
- A three-month delay for filing and first payment of carbon tax.

To assist a greater number of businesses, the previous turnover threshold for tax deferrals was increased to R100 million a year and the proportion of PAYE payment that can be deferred would be increased to 35%. Tax payers who donate to the government's solidarity fund Covid-19 social response initiative will be able to claim up to an additional 10% as a deduction from their taxable income. All in all, this tax measure would provide at least R70 billion in cash flow relief or direct payments to business and individuals.

The president emphasised that the government would do whatever it takes to recover from this human, social and economic crisis. The nation was advised that the World Bank, International Monetary Fund, Brics New Development Bank and Africa Development Bank had been approached and these were working with the National Treasury on various funding transactions.

The fund met its fair share of controversy and problems. Afriforum, an Afrikaaner lobby group went to court arguing that the relief fund should not discriminate against race through the application BEE qualification criteria since Covid-19 was non selective. At a later date, the minister of finance was quick to point out that the stimulus fund will benefit everyone although more consideration will be given to those who have put in remarkable effort towards meeting the requirements of Black Economic Empowerment (BEE) scorecard.

On the morning of 29 April, 2020, the deputy minister of finance was on radio 702 reminding the listeners of the R500 billion package that the government had put in place. The funds would be deployed towards growing the economy, creating employment and absorbing the unemployed who for the time being, up to October 2020, will be put on a R350.00 per grant. He further advised listeners that the government was quite aware that the funds were not enough to mitigate the impact of Covid-19. This was the best the government could do to keep the people alive for now. The package is made up of both old money and new cheap money to be sourced from the Bretton Woods Foundation at 1% interest rate as compared to money and capital market that are lending at around 10.5%.

Later on the same day, the minister, talking to the Mail & Guardian, advised the nation that R800 billion would be injected into the economy to mitigate the effects of covid-19 on the economy. He noted that 'South Africa was facing extraordinary and enormous economic challenges. Of the amount R500 billion would come from the fiscus meaning that other programs will have to be delayed. It was the government's aim 'to bolster the economy by using both fiscal and monetary policy in a way that would deliver an immediate, targeted and clear response.' He further went on to advise that the response to covid-19 would compriseR20-billion to be channelled towards the health sector, R50-billion to people who have been hard hit by Covid-19. This amount includes R350 for people who are unemployed and an increase in the caregiver grant of R300 in May and R500 thereafter. All other grants will be increased by R250. These measures will last up to October 2020.

Other measures included support for companies with tax relief initiatives, support for employees through the Unemployment Insurance Fund (UIF), the phased re-opening of the economy and supportive monetary and financial market measures. R200 billion would be also be injected to finance recurrent expenditure of vulnerable companies.
These measures would be implemented in the backdrop of struggling state owned enterprises and the classification of the country into junk status by rating agencies implying that the borrowing costs would be high.

The minister reminded the nation that growth initiatives announced in the current year budget would continue but at a low pace due to redeployment of resources. Major victims would be infrastructure development and the tourism industry.

International support was now being sought to finance the stimulus package. IMF has already indicated that South Africa was entitled to USD 4.2billion in emergency funding. The world bank would be approached for USD55-60 billion for the country's covid-19 initiatives.

I prepared a structured interview and carried out a survey to assess how the coronavirus was impacting on entrepreneurial activities in and around Bronkhorstspruit, a small farming town 55km east of Pretoria. Below are the questions I took to my sample of 15 which I picked randomly:

1. What has been the impact of coronavirus on your enterprise?
2. What are your mitigation strategies?
3. Have you applied for the stimulus package?
4. Did you get positive feedback?
5. What do you think is likely to be the future of your business?

Responses

Question1

All the 15 interviewees concurred that, while business was at a standstill, no revenue was generated and, as result, their coffers were empty. To compound their financial quagmire, they had accrued liabilities through fixed costs like rent and rates.

Question 2

All the 15 had no tangible mitigating plans in place. Those who had applied for the relief fund painted a gloomy picture in the event that they failed to access the funds. Only one appeared courageous and advised me that he had gone through hard times before and would soldiers own despite all the odds. Nevertheless, he had no plan in place

Question 3

Six had applied for the relief fund. The rest did not. Upon further enquiry, those who did not apply advised me that they could not meet the requirements.

Question 4

At the time of finalising this study, one applicant's application was unsuccessful. The other five had not received any responses.

Question 5

All painted a very gloomy picture of their future in business. Fourteen were of the opinion that they may close shop and one was prepared to soldier on.

The entrepreneur in the post Covid-19 era

Post Covid-19 environmental scan

Political

Covid19 could be a blessing in disguise to Africans who have for long, been on the receiving end of their leaders' despotic tendencies. This is a wake-up call to world leaders- African leaders in particular-that gone are the mellow days of hobnobbing, dilly-dallying and gallivanting between 'Honolulu and Waikiki' in luxurious borrowed jets; spending like there is no tomorrow. Some of these leaders have refined their looting tendencies and, without any conscience, stashed their ill-gotten loot into off-shore accounts. Sooner rather than later, it may prove difficult to retrieve their heist for two reasons:

- Impact of Covid19 may erode these off-shore balances as evidenced by global fall in share prices. No one ever thought the price of oil could, just in a space of 150 days fall from USD70.00 to USD18.00 per barrel.
- Governments of the countries where such dirty funds are held may decide to alter or introduce new legislation that affect transfer, use or holding such funds.

If you disagree with this assertion, just look around you and see how Covid19 has, just in a period of about 150 days, changed the world. Gone are the days when African leaders would seek medical attention in well-resourced foreign health institutions while asset-stripping their countries' economies. No one wants to see them there. These countries are developing their infrastructures for the benefit of their nationals and not for blinkered African leaders. Its high time the loot is invested back home. After all, the old adage 'East West which place is best: East West home is best' has stood the test of time

Economic

Economic commentators argue that the post Covid-19 period will be worse that the great depression on the 1930sThe average entrepreneur will find his bank balance at zero. South African government Covid-19 stimulus or rescue package of R500 billion. SARS, the South African revenue collector noted that the country lost R285 billion during the month of April. The amount represents 57% of the rescue package. Combined, the country was required to foot a bill of R785 of unbudgeted expenditure. The Mail & Guardian of 08 May 2020 notes that, the South African Revenue Services expects to lose a quarter of a trillion rand in tax income alone-a number that puts R500billion to R800 billion stimulus package in a bit more perspective. At enterprise level, fixed recurring costs continue to accrue. Such costs will continue to consume bank balances. Both the country and the entrepreneur will find themselves in huge dents post covid-19. The entrepreneur will find him/herself in a situation where s/he will not be able to collect amounts due from customers at the same time being unable to meet payments due to suppliers. Due to change in attitudes, feelings and perceptions some products will run out of consumers. Consumers are definitely going to change their lifestyles thus driving entrepreneurs out of business and more job losses.

This time, African rulers will be forced to redirect resources to health and social services recurrent budgets and infrastructures. Fortunately, reviving economies will take the second slot.
The way forward

Prioritization of economic revival after the covid19 inferno will bring with it, ***opportunities*** for developing countries entrepreneurs. This is the time when the entrepreneur is obliged to ***spot that opportunity, create that opportunity or probably discover that opportunity.*** It is the time to invest in process and product innovation to meet consumers' complex desires.

Social

Covid19 has changed people's attitudes, feelings and perceptions to the extent that we a going to see a radical paradigm shift in individuals' worldviews. Life patterns are going to change and topping the list is the way people will interact. Diets, forms of entertainment and frequency of travel are going to drastically change. Such changes are going to negatively affect several industries and, entertainment, tourism and hospitality industry will be hit hardest. Many are already losing jobs. As of now, South African Airways' pilots' future has become very uncertain.
On the other hand, the Mail & Guardian of 08 May 2020 notes that the sight of people standing in miles-long queues waiting for food parcels should be the driving force of a renewed determination to ensure social justice in South Africa. Our status quo that left so many people to eke out a life on the margins of formal society was never tenable. The sheer number of people who are now dependent on the caprice of the food-parcel delivery system must spur collective action against poverty and inequality. It is the single biggest challenge facing us.

Technological and Ecological

Changes in the technological and ecological arenas will depend on the origins of the Covid19. Currently it is not clear whether covid-19 is a result of humanity's insatiable appetite for power or some 'accident' or natural calamity originating from the ecosystems. What has been put forward as the origin of coronavirus is a product of unscientifically proven hear-say and conspiracy theories. It is very hard to predict what will happen on these two fronts but two developments are certain:

- The 4th industrial revolution will gather momentum; thus more job losses are likely to happen. Trade Unions will be forced to go back to the drawing board and reconfigure themselves to remain relevant or die a natural death.

- Humanity will direct more energy towards preserving nature by ensuring that he does not disturb the ecosystem as he goes about innovating on technology. This may give him some comforting assurance that a natural calamity like coronavirus might be avoided.

Post Covid-19 SWOT Analysis

Strength

After going through the murky waters, the entrepreneur will come out stronger, more disciplined, more focused and more embolden to soldier on. Wise people will always extract wisdom out of bad situations.

Weakness

Most entrepreneurs will have zero balances sitting in their bank accounts. Resource constrains will work against them. The government will equally be having no financial resources in its coffers, and stimulus packages will be a thing of the past.

Opportunities

The opportunity window will be opened to those entrepreneurs who are innovative on both processes and products. Conspiracy theories on the cause of covid-19 doing rounds are going to leave the Chinese influence heavily tinted. To make matters worse, these people have never been popular with the ordinary person on the street due to the way **some** of them operate. treated their workers in countries where they set up their companies. They are alleged to ill-treat local workers, exploit them, underpay them and never give anything back to the communities in which they operate. Relations are likely to reach an all-time low as allegations of ill-treatment blacks in China are filtering throughout the world.

The ball will then be in the hands South African entrepreneurs who will then be called upon to service the market left behind by Chinese. China is known for its electronic and textile products. It will take innovative entrepreneurs to take over that Chinese market and satisfy it. More factories will be opened in South Africa by South Africans. Production will go up and unemployment will go down. In the medium to long run, South African entrepreneurs will export excess production.

This will be the right time for South Africa to invest in research and development, innovation and entrepreneurial dynamism development and move away from the habit of giving handouts camouflaged as stimulus packages. Entrepreneurial dynamism refers adequacy in management, skills, operational skills, technical skills and human capital management skills.

Threats

Competition will take its toll on the entrepreneurs with no strategic planning skill and those who learnt nothing from the Covid-19 era. Demand will be low since the consumer would have been hit hard by the effects of Covid-19. Very little, if any goods or services will penetrate the export market since most countries' entrepreneurs will equally be innovating on both processes and products to satisfy their local markets.

Post Covid-19 era workplace structure and culture

The entrepreneur will find himself leading a 'flat' organisation where the chain of command is drastically reduced. He will be called upon to work with a **team** and **not employees.** Due to increase in competition, the entrepreneur will be obliged to employ team players with exceptional skills. Such skilled personnel enjoy working with very little or no supervision and are prepared to work from anywhere including their homes. A precedent was already set when companies were encouraged to have their employees work from home where possible during lockdown. The entrepreneur will be obliged to develop a culture of trust within his enterprise. All he will require from his team are results.

The financial state of affairs during and after the lockdown will oblige the entrepreneur to exercise financial discipline. Gone will be the era when resource used to be deployed towards consumption instead of investment.

The reason why most failed to access the stimulus packed was because they were not abiding by the rules of the game. There were no systems in place. Financial records were not being properly kept. Financial statements were not being prepared. Annual returns were not being submitted and the collector of revenue was not getting much. In short, most failed to meet the basic aspects of corporate governance. The entrepreneur will be called upon to prioritise corporate governance and his enterprise will also be called upon to live as a good corporate citizen. The entrepreneur will, more than anything else, require the services of a consultant who will advise him on 'soft' matters of running an enterprise.

CONCLUSION AND RECOMMENDATIONS

While the economy was on lockdown, the South African government went on to do further damage by taking more out of it to mitigate the social impact of coronavirus on its citizens. The idea was very noble and we have yet to see the impact of the decision on the economy in the medium to long-term.

South Africa must come to terms with the fact that policy initiatives on their own have failed to build a strong breed of innovative entrepreneurs. What is needed now is to come up with more initiatives that support policy pronouncements to ensure entrepreneurial activities bear the desired results.

By the time the coronavirus gets under control, the world will be a totally different place. Entrepreneurs and everybody else, will have developed totally different worldviews obliging them to adhere to the new order. Those who fail to adapt will sink. Areas that are going to be affected most are the economy and social life. The post covid-19 era will find both governments and individuals with little or no financial resources at their disposal. It will be time to start afresh. Therefore, this study recommends the following:

1. People should quickly adapt to the new order.
2. Entrepreneurs should accept that corporate governance is a strategic relationships building tool and desist from relying on shortcuts and rent-seeking tendencies. Only value creation will uplift their countries' economies
3. Legislation alone is not producing desired results. Africa, and South Africa in particular must self-introspect and come up with alternative additional strategies for entrepreneurship development.
4. Developing countries ought to learn to be self-sufficient and fight against relying on aid. This can be achieved by taking charge of the way natural resources-which are abundant in Africa- are disposed and bearing in mind that they should benefit the countries not few well-connected and influential individuals.
5. African governments must invest more in research and development with the aim of creating innovative mind-sets and entrepreneurship dynamism of capacity,
6. The world should work as one unit; put heads together and fight to minimise the spread or totally eliminate coronavirus. This is premised on the reality that a faulty decision or judgement made by one country, affects the whole world.

The study focused on the impact of Covid-19 on South African SMMEs entrepreneurs, a small portion of the broader South African economic drivers. This left room for other scholars to research on other economic drivers like large corporates, companies listed on the JSE, multinational companies and state owned enterprise.

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