Re-engineering local economic development through SMMEs post-COVID-19 in rural municipalities

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**Abstract**

Small Micro, Medium Enterprises (SMMEs) are the most strategic mechanisms rural municipalities in South Africa advocate for to generate employment and increase household income. The Citizen Empowerment Theory was utilised to understand how Local Economic Development (LED) can be re-engineered by SMMEs post-COVID-19 in South African rural municipalities. To arrive at a meaningful conclusion, the paper adopted a document analysis which draws from pre-COVID-19 narratives on SMMEs and examines government documents and peer-reviewed articles that inform SMME development post-COVID-19 in South Africa. Revelations emanating from the document analysis indicate the severe damage COVID-19 did to both formal and informal SMMEs. To grow and reposition themselves in the dynamic entrepreneurship landscape post-COVID-19, SMMEs in South Africa require strategic business approaches that enable them to draw funding from external sources instead of relying on government funding which in most cases has red tape and other bureaucratic complexities tied to it. Further analysis of documents indicates the need for rural SMMEs to embrace digital entrepreneurship where product marketing is done online including most of the business transactions. By doing this, evidence from the document review affirms that SMMEs become competitive by tapping into external markets in the process linking themselves to stakeholders who may have an impact on the growth and sustainability of SMMEs towards employment regeneration and improved LED in rural municipalities. To have an integrative LED that promotes citizen participation post-COVID-19, the paper recommends rural municipalities foster close ties with local SMMEs which is critical for enhancing their networking strategies while SMMEs diversify their portfolios to generate income as well as withstanding shocks that may be triggered by unpredictable external environments.

**Introduction**

Small Micro, Medium Enterprises (SMMEs) are the most viable strategies which citizens can take advantage of to generate employment and increase household income in many rural municipalities in South Africa. The unexpected eruption of the COVID-19 pandemic triggered various challenges to rural SMMEs which could not bear the financial strain with some shutting down and failing to resuscitate post-COVID-19. This paper assesses SMMEs to see if they can be utilised to re-engineer LED post-COVID-19 in South African rural municipalities looking at economic growth, labour market, skills development, and support within various SMMEs such as transport, maritime and retail sectors. A significant body of literature exists on COVID-19 and how it disrupts the functioning of SMMEs, emerging and established businesses including various economic activities (Bartik et al. 2020; Boumans et al. 2020; Khambule, 2020; Kumar et al. 2020; Luke, 2021). The COVID-19 pandemic triggered far-reaching effects globally as an estimated half a million firms closed in the process, exacerbating unemployment to 24.3 million job losses (Ozili & Arun, 2020). Apart from job losses, the COVID-19 pandemic triggered a severe lack of investor confidence which resulted from significant short-run logistical challenges that disrupted the demand for goods (Juergensen, Guimón & Narula 2020).
Kumar et al. (2020) reported that the global production and supply chain system of goods is mainly disrupted because of movement restrictions, and border closures resulting from the outbreak of COVID-19. In the local transport, tourism and retail sectors in South Africa, various SMMEs experienced many challenges, including a decline in business activity and profits. For instance, tourism sectors lost clientele due to movement restrictions, while SMMEs within the freight sector experienced a huge reduction in good movement resulting from the consequent contraction of the retail sector (STATS SA, 2020). The impact experienced by trucking and logistics SMMEs for example was severe due to limited vehicle movements. Air transport also suffered major losses due to travel restrictions hence there was no movement of goods and other essentials (Accenture, 2020).

Various SMMEs including retail, agricultural and transport SMMEs were negatively affected by the COVID-19 pandemic as the sector that drives economic prosperity. While some agribusiness and food shops have weathered the storm, most of the economy has shrunk, meaning that the transportation industry has also shrunk. Egloff (2020) affirms that logistics companies were hit particularly hard (and their survival/recovery is almost entirely reliant on their capacity to adapt to the new reality and sound economic strategy to help the faltering economy. Agricultural SMMEs that are drivers of LED in rural municipalities were adversely affected by COVID-19 as operations were slowed and the movement of goods was inhibited by the COVID-19 lockdowns imposed by the government (Kadzamira et al. 2023).

Many SMMEs operating in the transport sector were adversely affected by the imposed lockdown measures (Level 1-5) which saw their business losing profits with some closing due to loss of clients (Luke, 2021). Anakpo & Mishi (2021) reiterate that the COVID-19 pandemic created a major economic shock and abnormally many business operations in South Africa. SMMEs that are major employment creators in South Africa suffered huge setbacks as profit margins decline rapidly, retrenchments became inevitable, some closed and some operated with minimal staff which resulted in underproduction. As a country South Africa too suffered from the adverse effects of COVID-19 as a negative growth rate of 5.5 percent was experienced, serval firms closed and employment decreased from 57% to 38% (Arndt et al., 2020; Ranchhod & Daniels, 2020). Due to the decline in SMME operations, many of them could not employ people, which was a setback to skills development as many young people who possess business skills failed to be hired due to the underperformer business environment. SMMEs were forced to resort to other business operations strategies, such as working from home and conducting virtual meetings. Transport SMMEs (taxis, buses), although subsidised also bear the negative brunt of COVID-19 due to government regulations restricting full capacity which results in a decline in revenue (Bothma, 2020). In his study, Khambule (2020) argues that the government's intervention through the R500 social and economic relief grant failed to protect and stimulate SMME growth adequately. Rural SMMEs were negatively affected as they were situated in marginal zones with poor infrastructure, and limited access to business networking including poor digital networking among the constraining factors. Given this background, this research intends to fill the void left by the devastating consequence of COVID-19 and examine how various SMMEs can be effectively redirected to re-engineer LED post-COVID-19 in rural municipalities. The following questions will be answered in this study:

i. Which factors affect SMMEs from reengineering LED post-COVID-19 in rural municipalities?

ii. What skills competencies are required by SMMEs to reengineer LED in rural municipalities post-COVID-19?

After the introduction, a theoretical framework that draws from the Citizens Empowerment Theory is discussed. The second section discusses empirical literature followed by the paper methodology. The fourth section provides a discussion of findings while the last section discusses the paper’s conclusion and recommendations.

**Literature Review**

**Theoretical and Empirical Literature Review**

The study adopted the Citizen Empowerment Theory which is described as a framework for empowering citizens to actively participate in decision-making processes, engage in civic activities and influence public policy. The theory focuses on the significance of affording citizens the skills, and knowledge including resources that are fundamental to attaining democratic governance. The theory assumes five main principles that include:

- **Citizen participation:** As noted by Barnes, Buckner & Childers (2018), the theory advocated for citizen integration in decision and policy-making while ensuring enhanced service delivery in local communities.

- **Capacity Building:** as denoted by Warren et al. (2018) also of importance under this theory as it enables individual citizens to earn skills, confidence and knowledge crucial to driving developmental issues. Capacitating local SMMEs is of significance in rural municipalities as they gain knowledge on how to become self-sufficient, generate new business ideas and ultimately turn around their lives through innovative employment regeneration activities.

- **Access to Information** is asserted by Barnes et al. (2018) as a critical aspect of this theory since it allows citizens to obtain credible and timely information that can help them hold responsible officials accountable. SMMEs in rural municipalities often lack the necessary information to drive their entrepreneurial ventures, therefore having proper information can help improve access to markets, networking and access to financial institutions that support their businesses.
Collaborative governance: According to Warren et al., (2018) Collaborative governance, in which citizens and government organizations cooperate to identify and address public concerns, is encouraged by the Citizens Empowerment Theory. It promotes collaboration, communication, and joint decision-making between the general public and governmental authorities.

Social Capital and Social Networks: under this theory, the value of social capital is acknowledged, which is the networks, trust, and interpersonal relationships that exist within a society. By encouraging group activity and cooperation, the development of social capital supports the empowerment of citizens. In the paper, these key assumptions are crucial as they help enlisten rural municipalities to assist local SMMEs by leveraging access to business finance and linking SMMEs with stakeholders including the identification of potential markets. By doing so, chances are high that SMMEs can be effectively used to re-engineer LED projects for the benefit of citizens in rural municipalities of South Africa.

SMMEs and revenue loss

The sustainability of local SMEs in South African municipalities is dependent on their ability to generate revenue. In South Africa, many social and economic activities were restricted because of the COVID-19 pandemic, apart from essential classified companies at various stages of the limitations. This was the government’s strategy to stop the virus from spreading, the government closed all international borders and banned foreign travel (Gössling et al., 2020). Many SMMEs were adversely affected, resulting in a loss of business revenue, temporary layoffs of employees and a decline in productivity. Prior to the outbreak of COVID-19 in South Africa SMEs in South Africa were already reeling from the changing economic conditions which led to revenue decline associated with inflation hence this further threatened the chance of such SMEs to sustain during the COVID-19 pandemic. As affirmed in the study of McKinsey (2020) in South Africa SMEs represent more than 98% of businesses employing 50-60% of the country’s workforce across all sectors and are responsible for a quarter of job growth within the private sector. Although Gross Domestic Product (GDP) contributions in South Africa are behind other regions by almost 34% as compared to 57% in the EU, it is apparent that SMEs are indeed the drivers for LED in South Africa. The COVID-19 pandemic hit SMEs in South Africa very hard as most did not have insurance for this unprecedented occurrence. The COVID-19 epidemic in South Africa has exposed the glaring disparity and poverty among many citizens as many lost their jobs (Black et al., 2020).

Globally, businesses adopted virtual connection and e-commerce approaches to mitigate potential business losses while other SMMEs engaged in modified business operations by temporarily laying off employees (Bhatti et al. 2020). In that same wave, various responsive measures were adopted by several SMEs in South Africa as coping mechanisms during the COVID-19 pandemic lockdowns. As noted by Rogan and Skinner (2020:5), the lockdown regulations in South Africa were viewed by the international community as harsh since many citizens were instructed to stay indoors although access to food, medicine, social grants were allowed, and essential workers were the ones with the green light to travel (Krishnadas, 2020). The transport sector in South Africa was one of the sectors that were adversely affected the most, as business was slow since only essential workers working in supermarkets, pharmacies and other important economic sectors could travel. As many SMEs grapple to come to terms with the harsh reality of COVID-19 and the subsequent lockdown, huge reductions were experienced in the SMME sector due to a lack of productivity and loss of income. This adversely affected many SMEs in South Africa that contribute to 98 percent of business and are believed to be employing 50 to 60 percent of the country’s workforce (McKinsey & Company, 2020).

COVID-19 and Inequalities

In South Africa, research (Kunene, 2020; Anakpo& Mishi, 2021) has confirmed that SMMEs are the lifeblood of the economy; hence COVID-19 negatively affected their growth and skills development, especially among the youth. Apart from bringing misery to many SMMEs, Swinnen & McDermott (2020) confirm that COVID-19 has further entrenched the inequality gap and exposed unequal business operations as growing SMMEs that are mainly informal could not obtain the license to operate as they fall outside the essential category bracket. Krishnadas (2020) argues that some white businesses never ceased their operations unlike other black SMMEs hence the prevailing disparity that may affect SMMEs in the long term.

To survive the scourge of COVID-19, Kumar et al. (2020) affirm that other SMMEs altered their production methods and diversified the production of goods and services to cope with the negative effects. A report by Statistics South Africa (2020) revealed that most businesses adopted responsive measures that include changing methods of producing goods and services while decreasing maintenance costs and investing more in equipment as a risk aversion strategy. The study by Van Assche and Lundan (2020) contends that SMMEs embark on virtual connection and conferencing to positively transform and keep their business alive amid COVID-19. The ‘new normal’ triggered by COVID-19 forced SMMEs to adopt the strategies above, including working from home to ensure that the business continues operation for the benefit of the company and employees. Although COVID-19 created undesirable effects on many SMMEs in South Africa, it challenges these SMMEs to become innovative and adopt modern means of conducting business through various online channels.

For SMMEs to reclaim their position as ‘champions’ of local economic development, drastic and more diversified business operations are required in both the rural and urban spaces. COVID-19 made SMMEs draw harsh yet developmental lessons that allow such small businesses to learn to diversify portfolios and offer a wide range of different products depending on consumer tastes and preferences. This helps in generating the much-needed revenue to finance families while sustaining businesses.
SMMEs and Local Economic Development post-COVID-19

There is no consensus regarding the viable strategy SMMEs can be championed to reposition their role as drivers of local economic development post-COVID-19 in South Africa. For various SMMES in the transport, retail, maritime, and tourism more strategic intervention has been expected from the government however, due to minimized funding, a little less has been done which may threaten the survival and viability of these SMMEs in the post-COVID-19 era. While most rural and urban municipalities in South Africa aim to generate employment through SMMEs, the unpredictable external environment is foreseen challenges as recessions in the economy associated with inflation keep on disrupting the development of SMMEs. As noted in the study of Shava (2020) rural municipalities, for example, rely on equitable sharing which limits their capacity to support SMMEs that can generate employment and enhance LED in communities. While such imitations are unfortunate, Dzomonda (2022) warns of the unprofitability of the business environment in which local entrepreneurs operate. The dynamics that are evident in the SMME sector leave local municipalities weak and unable to intervene in SMME operations. A study conducted by Finmark Trust (2020) on SMMEs has shown that of the estimated 2.6 million entrepreneurs, about 46 percent constitutes females who run close to 3.2 million SMMEs while 37 percent are young business owners. These figures clearly show that SMMEs are the backbone of employment generation and poverty alleviation in South Africa. Currently, SMMEs contribute to 40 percent of the Gross Domestic Product (GDP) of South Africa with the majority 84 percent individually owned SMMEs operating in (hairdressing, auto repair, landscaping, wholesale/retail trade sectors where according to the survey are slim chances for value addition and a very limited contribution to the GDP (Republic of South Africa, 2022). Although post-COVID-19 projects SMMEs as engines of economic growth, it is imperative to note that 54 percent operate on an informal basis with only a 37 percent of these SMMEs formally registered with the Companies and Intellectual Property Commission (CIPC) or the government registration channels that include municipalities. Notably in South Africa, 30 percent of SMMEs are registered for tax and they contribute to over R2.9 trillion GDP (Republic of South Africa, 2023). It can be deduced from these statistics that SMMEs in South Africa remain the most strategic vehicle for engineering local economies, generating employment and minimizing household poverty.

Skills needed by SMMEs to reengineer LED post-COVID-19

Innovation has been identified in the literature as one skill SMMEs require to reengineer LED in the post-COVID-19 era. A study conducted by Adam and Alarifi (2021) in Saudi Arabia has shown that innovation is central to the survival of SMMEs pre and post-COVID-19. This is because according to their research SMMEs stand a chance to bring some new ideas, concepts, and diverse business operations that help in withstanding shocks that can be triggered by unforeseen pandemics such as COVID-19. Due to their flexibility, SMMEs can explore modern technologies that may help increase business operations which is also critical in getting business profits. In South Africa, Farisani (2022) has a similar observation when the perceived innovation as the pillar for SMMEs to stimulate the rural economy towards achieving the vision of the National Development Plan 2012-2030. Becoming innovative goes a long way beyond depending on government funding, SMMEs are positioned enough to expose themselves to external stakeholders who might want to tap into their business in the process of pooling strong funding into the business sector. Retail SMMEs for example may want to collaborate with stakeholders who can fund their operations which is critical for employment generation, especially in the rural sphere. To make this a reality, rural municipalities must embrace change, become innovative and link SMMEs to diverse funding pools which can help with machinery (agriculture, business knowledge on how SMMEs can be championed towards poverty alleviation, employment creation and largely uplifting rural communities.

Enhancing digital literacy is another critical determinant for rural SMMEs to re-engineer local economic development post-COVID-19 in South Africa. The study of Achieng and Malatji (2022) affirms that digital skills are crucial for individual entrepreneurs, cooperatives, and traders to be able to navigate the digital landscape effectively where funders and potential business opportunities can be found. Basic digital skills that include online communication tools, internet surfing, and digital file management including the use of computers can help rural entrepreneurs enter the fast pace of business. Although having digital skills sounds good on paper rural SMMEs often experience poor digital infrastructure which threatens investment as connectivity in remote rural areas is a problem. Rural municipalities in this case should ensure connectivity of rural SMMEs and the broader citizenry which is fundamental for stimulating rural economies in various SMMEs sector that include retail, Transport and maritime.

Research and Methodology

The study examines the role of SMMEs in re-engineering Local Economic Development post-COVID-19 in South African rural municipalities. To arrive at a meaningful conclusion, the paper adopted document analysis which draws from pre-COVID-19 narratives on SMMEs and examines government documents, labour market documents, documents from Statistics South Africa and peer-reviewed articles that inform SMME development pre and post-COVID-19 in South Africa. The expansive selection of these documents enabled the researcher to compare and contrast various narratives to see if SMMEs can rejuvenate LED for the benefit of rural communities post-COVID-19 in South Africa.

Findings and Discussions

This section offers a critical analysis of SMMEs to see if they have so far transformed the LED landscape in South African rural municipalities post-COVID-19.
Reduction in investor confidence in SMMEs

Driving SMMEs and positioning them as strategies for LED require small-scale to huge-scale investment in SMME operations. For example, maritime SMMEs that focus on the ocean economy demand huge sums of money to be able to purchase the machinery and tools of the trade, while agriculture SMMEs require inputs and related technology to implement. The cost of utilising SMMEs in enhancing LED is huge and this cannot be left to local municipalities who under the White Paper on Local Government (1998), are expected to render development to local citizens. The COVID-19 pandemic and its devastating effects have indicated the vulnerability of local government to pandemics as it disrupts the funding channels leaving municipalities with ailing revenue bases. Sustaining SMMEs post-COVID-19 may need local municipalities in South Africa to be able to attract investors who assist in running local economic development projects in areas such as crafting, farming, ocean economy transport and retail. Some of these mentioned SMME ventures are common in South Africa and they act as safety nets for the unemployed hence cushioning them from possible disruption or harm post-COVID-19 is crucial to realise the development of local government and enhance the general upkeep of families operating small and established SMMEs.

Closure and shortage of capital in rural SMMEs

Reclaiming LED through SMMEs in South African rural municipalities has its own merits and longstanding demerits. Before the outbreak of COVID-19, the SMME landscape in South Africa was already turbulent with many challenges ranging from inaccessibility to funding, formation including markets. While rural SMMEs are common in agriculture, other SMMEs in rural communities in South Africa found economic refuge in piggery, poultry, bricklaying, tourism and hospitality, craft, beading, and weaving among others. The survival of these SMMEs in most cases was based on the availability of funding either from stakeholders or the government although self-funding has led to the unsustainability of many SMMEs in rural communities. The shortage of capital was documented in the study of Farisani (2022) where limited was regarded as a threat to sustaining rural livelihoods in South Africa. Another study conducted by Oyewale et al. (2020) shows the severe lack of access to finances has done to SMMEs during COVID-19. Such phenomena can occur post-COVID-19 among rural SMMEs in South Africa. Reclaiming LED as an income-generating and employment-generation programme requires

Strategic management of SMMEs to improve implementation of LED projects

The sustainability of SMMEs post-COVID-19 in rural municipalities of South Africa demands clear strategic management that ensures that resources are budgeted, and contingency plans are formulated to avert any risks that may illuminate due to the trends in the economic environment. As confirmed by Mkonza and Sifolo (2022) planning strategy is essential to any organization's performance since the mission, vision, goals, objectives, strategic decisions, and resources can all be achieved through strategic planning. The same study observed that in South Africa SMMEs are reluctant to embark on strategic management which is one of the key weaknesses in spearheading LED programmes in rural areas. The problem of SMMEs failing to uphold strategic management lies in the lack of ambition and desire to expand hence such SMMEs want to remain territorial with little room for making a huge contribution to the country’s economy. The study of Zou et al. (2021) holds similar sentiments noting that SMMEs fail to grow due to the absence of strategic information on the benefits of expansion. It can be depicted from this discussion that a lack of strategic leadership and expansionist ideas limit rural SMMEs in South Africa to act as LED imperatives. There is a need to foster visionary leadership which enables SMMEs from retail, transport, tourism and energy to reinforce their role as they are strategic enough to boost the rural economy in South Africa. Rural municipalities as well can assist by linking rural SMMEs with relevant networks that help educate rural SMMEs on strategic planning which is critical in the sustainability of SMMEs in the broader LED landscape.

Sustainability of SMMEs as LED strategies in rural municipalities

The sustainability of SMMEs in South Africa is vital given the state of unemployment in the country. Where government cannot generate adequate employment SMMEs filled the cracks by enabling active formal and informal entrepreneurs to participate and generates household income which helps alleviate large pockets of poverty. As confirmed in the study of Shava (2020) local municipalities need to do more to help link SMMEs to investors and state institutions that help grow SMMEs as they are vital in employment generation in South Africa. Such sentiments were shared by a study by Farisani (2022) which confirms that SMMEs are the engines of economic growth in rural spaces of South Africa. Several studies conducted on SMME development in South Africa (Shava and Maramura, 2017; Mkonza & Sifolo, 2021) have echoed the same sentiment that SMMEs enable in giving entrepreneurial access to economic means and generate income. Given the turbulent state of the economy in which SMMEs operate in South Africa post COVID-19 require SMMEs to be able to link their business to prevailing market demands while developing other innovative means to sustain the highly competitive SMME environment triggered by the quest for survival from all facets of small and medium business life.

Networking of SMMEs to enhance LED

Network governance remains a key factor for SMMEs to sustain and make meaningful contributions to the LED landscape in South Africa. Research has shown that before the outbreak of COVID-19 SMMEs especially in the rural areas struggled to identify and sustain crucial networks that can leverage their access to information and funding. The study by Farisani (2022) done in Eastern Cape rural SMMEs in South Africa pointed to poor network governance among SMMEs which was detrimental to funding, access to
markets and vital business information. Due to trends in the economic landscape in South Africa, SMMEs are expected to forge international partnerships and networks that provide legal, business and critical political information that enable SMMEs to plan for the unknown and be able to withstand shocks and other waves in the external environment. Spearheading LED post-COVID-19 requires SMMEs to have the ability to network and reach out to relevant stakeholders who may be useful in operations, expansion and the entire job creation discourse.

**Digital technology in SMMEs for enhanced LED**

The rural SMME landscape in South Africa is devoid of technology adoption due to several factors such as costs, skills deficit and absence of digital expertise. Research is showing that modern digital technologies of the Fourth Industrial Revolution can be used to improve communication networking, link SMMEs to potential investors and enable SMMEs to identify potential markets for products. This observation is augmented by Guo et al. (2020) who regard the exploitation of digital technology as fundamental for driving local economies through SMMEs. Research done in South Africa indicates the slow pace at which SMEs embrace modern digital technology. The high costs related to technology outweigh the desire of retail and transport SMMEs to continue operating in locations which are rather cheaper than expanding business operations. However, Gerald et al. (2020) argue that utilizing ICTs and other digital devices can help SMMEs tap into the latest business models, software and algorithms that improve business performance post-COVID-19. By acquiring enough funding Thorgen & Williams (2020) argue that SMMEs can expand in operations and be able to generate employment in rural spaces while initiating various local economic development programs. Gerald et al. (2020) add that utilizing digital technology helped SMMEs to survive and cope with the effects of the pandemic in many countries globally. This form of digital entrepreneurship is what this research advocates for post-COVID-19 in rural South Africa. Notwithstanding the existing digital divide and inequalities, it can be argued from these discussions that SMMEs in South African rural spaces may navigate the digital world and examine which technologies they can embrace to improve business operations, create employment and be able to sustain in the long-term.

**Alternative fundraising strategies in SMMEs to advance LED initiatives**

Surviving the LED sector requires SMMEs in rural South Africa to be able to draw from various funding pools apart from entirely depending on government loans and grants. This is because during COVID-19 times SMMEs globally receive financial support from local and international NGOs and other financial institutions (Song et al. 2020); although the same cannot be equated to SMMEs in rural South Africa. In other countries, SMMEs adopt various practices to confront the after-effects of COVID-19 while earmarking to continue operations post-COVID-19 (Thorgren & Williams 2020). There are limited studies to qualitatively ascertain what SMMEs should do to survive post-COVID-19 in South Africa. This observation resonates with global research where Omar et al. (2020) argue that few studies pay attention to SMME practices and survival post-COVID-19. Although the same study advocates for equitable access to finance and enhancement in marketing strategies, little is known about what strategies SMMEs can do to further act as LED strategies in various countries. A study was done by Dzomonda (2022) on 600 SMMEs in three provinces of South Africa to challenge SMMEs to have access to external funding. The result of the study points to weaknesses in terms of SMMEs unlocking external funding which is tantamount to their long-term sustainability. It is apparent that in South African rural municipalities, SMMEs remain trapped on government funding which leads to a high failure rate. To survive and further assist in poverty reduction and employment creation SMME leaders need a radical change in mindset and they need to become innovative thinkers who see beyond state help in their quest to contribute to rural spaces.

**Conclusion**

This paper utilised the Citizens Empowerment Theory to examine if SMMEs can be used to re-engineer LED post-COVID-19 in South African rural municipalities and grants. The overview of existing information has revealed the devastating effects of COVID-19 on SMMEs and how it could hamper SMME operation in various sectors such as retail and transport where various job retrenchments occur which also affects a decline in productivity. Research has shown that for SMMEs to rejuvenate LED, adequate funding is required from the government through its agencies such as Small Business Development, Small Enterprise Development Agency (SEDA) and Small Enterprise Finance Agency (SEFA). Developing innovative fundraising strategies remains a key to SMME sustainability post-COVID-19. The recently proposed Small and Funding Cooperatives policy (2023) should be able to address funding and skills challenges in rural SMMEs including cooperatives which is vital for the sustainable empowerment of rural citizens in South Africa. To achieve a vibrant economic comeback, SMMEs as part of the social and solidarity economy should be governed in line with the principles of good governance such as upholding transparency, accountability financial reporting and proper coordination, which is fundamental for reengineering rural economies while striving to enhance LED and attain Sustainable Development Goal (SDG) 2 (zero hunger) in South Africa. The study contributed to the growing body of knowledge on SMMEs and LED in South Africa by highlighting some of the factors that could potentially ruin the capacity of SMMEs post-COVID-19 in rural municipalities. The study may help rural municipalities in South Africa to be able to support rural SMMEs in terms of access to sustainable, networks funding, and skills, among other imperatives that are key in driving LED in rural communities. Future empirical studies may interrogate the need for digital infrastructure investments which may be key in attracting key stakeholder investments in LED projects that aim to transform rural lives in South Africa.
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References


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