

## NAVIGATING RISK BY USING A MULTIFACETED APPROACH TO CONTINGENCY PLANNING FOR BLACK SMES IN SOUTH AFRICA'S AUTOMOTIVE INDUSTRY DURING COVID-19



**Denis Desmond Peterson**

*MANCOSA (Management College of South Africa), Durban - South Africa*

**e-mail:**

denis.peterson@outlook.com

### **ABSTRACT**

*This study examines contingencies used by Black-owned SMEs in South Africa's automotive industry during the COVID-19 pandemic to manage risks during this period. Semi-structured interviews were conducted with 11 SMEs, comprising six micro-businesses and five small businesses located in Gauteng and the Eastern Cape. Thematic analysis was used to analyze the data, revealing the contingencies implemented as responses to mitigate the risks to their sustainability. The findings show that participants employed multifaceted contingency strategies across financial, operational, human resource, socioeconomic, and technological domains. These measures were both proactive and reactive, highlighting the adaptability and resilience of the SMEs. The study emphasizes the importance of targeted policies and frameworks to support these enterprises in navigating risks and ensuring sustainability. These insights are crucial for policymakers, business leaders, and stakeholders committed to fostering resilience in South Africa's small business sector.*

**Keywords:** *Small Business; Contingencies, Covid-19; Automotive Industry*

**Received :** 29-12-2024

**Revised :** 05-06-2025

**Approved :** 26-06-2025

**Published :** 01-07-2025



©2025 Copyright : Authors

Published by): Program Studi Manajemen, Universitas Nusa Cendana, Kupang – Indonesia.

This is an open access article under license:

CC BY (<https://creativecommons.org/licenses/by/4.0/>)

## INTRODUCTION

COVID-19, caused by the novel coronavirus SARS-CoV-2, emerged in December 2019 and rapidly escalated into a global pandemic by March 2020 (WHO, 2020a). The World Health Organization's declaration underscored the virus's profound health and economic implications (WHO, 2020b). South Africa reported its first case in March 2020, prompting the government to declare a state of disaster and impose nationwide lockdowns (Government South Africa, 2021b; Ramaphosa, 2021c.). These measures significantly altered economic and social structures, disrupting nearly all sectors, including the informal and formal economies (Government South Africa, 2021a).

Small and micro-enterprises (SMEs) are pivotal to South Africa's economy, contributing significantly to employment and GDP (Abor & Quartey, 2010; Naicker, 2018). However, the pandemic disproportionately impacted these businesses, particularly Black-owned SMEs (Bartik et al., 2020; Ferguson, 2018). Historically, Black SMEs faced structural and systemic barriers, such as limited access to funding and markets (NAAMSA, 2020; Kahveci, 2021). COVID-19 exacerbated these challenges, exposing vulnerabilities in financial stability, supply chains, and operational resilience (Morrish & Jones, 2020; Witt & Lill, 2018).

The automotive industry, integral to South Africa's economy and employing many within SME networks, was not spared (NAAMSA, 2020; Swartz & Dzokoto, 2023). Black SMEs in this sector were especially vulnerable, given their reliance on a consistent supply chain and the pressures of meeting stringent production demands under disrupted conditions (NAAMSA, 2020; Kahveci, 2021). Government relief measures were introduced, including SME relief funds, but these were often insufficient, plagued by bureaucratic inefficiencies, and failed to address the specific needs of Black entrepreneurs (Torrington, 2021; Bartik et al., 2020). The South African government implemented several initiatives to mitigate the pandemic's economic effects (Government South Africa, 2021a). These included financial relief programs such as the Temporary Employee/Employer Relief Scheme (TERS) and funds administered by the Department of Small Business Development (DSBD) (DSBD, 2022a). However, many Black SMEs encountered barriers in accessing these funds due to eligibility constraints, lack of awareness, and structural biases in policy implementation (OECD, 2021; Torrington, 2021).

The pandemic highlighted the necessity for robust contingency planning and risk management strategies (Bouey, 2020). Effective contingencies, particularly those tailored to the unique challenges of Black SMEs, are critical for navigating crises (Arifah et al., 2019; Taylor & Taylor, 2013). Such measures enhance an enterprise's resilience, enabling adaptation and recovery amidst uncertainty (Deloitte, 2019; Naudé, 2020). Key aspects include financial safeguards, operational flexibility, and access to technology and skilled resources (Akpan et al., 2020; Alves et al., 2020). For Black-owned SMEs, resilience is not merely an attribute but a necessity for survival and growth (Bartik et al., 2020; Cowling et al., 2020).

Resilient businesses can better withstand shocks, maintain continuity, and contribute to broader economic stability (Morrish & Jones, 2020; Sithole, 2015). Given their historical disadvantages, bolstering the resilience of Black SMEs is essential for achieving economic transformation and inclusivity in South Africa (Deloitte, 2019). This resilience ensures that these businesses remain competitive and sustainable, fostering job creation and reducing inequality in the long term (Sithole, 2015; Ferguson, 2018). This article reflects on the contingency management measures implemented by Black

SME's during Covid-19 in order to manage the risks that they faced that could threaten their respective sustainability.

### **LITERATURE REVIEW**

Black SMEs in South Africa, particularly in the automotive industry, encounter a complex landscape of risks that threaten their sustainability and growth. These risks are multifaceted, encompassing financial, operational, socio-economic, human resource, and technological challenges. Financial risks are perhaps the most significant, as these businesses often operate with limited cash flow, restricted access to credit, and inadequate reserves, leaving them particularly vulnerable to economic shocks such as those caused by the COVID-19 pandemic (Cowling et al., 2020; Ferguson, 2018). Unlike larger enterprises, Black SMEs frequently lack the financial safety nets that allow for adaptability during economic disruptions, further exacerbating their precarious position (Bartik et al., 2020; Naudé, 2020). The absence of collateral assets presents another major barrier for these businesses in securing external financing. Banks and other financial institutions often require substantial guarantees, which most SMEs cannot provide due to their small scale and limited property ownership (Bouey, 2020; Sithole, 2015). This situation is compounded by an over-reliance on internal funds and short-term revenue streams, which fail to provide the liquidity necessary for strategic investments, such as adopting innovative technology or expanding operational capacity (Buffington, Dennis, Dinlersoz, et al., 2020; Ferguson, 2018). Such financial constraints also impede their ability to hire and retain skilled workers, worsening their human resource risks and operational inefficiencies (Taylor & Taylor, 2013; Hock-Doepgen et al., 2021).

In the automotive sector, Black SMEs are further disadvantaged by the high costs of compliance with industry regulations and stringent supply chain requirements, which demand substantial upfront investments and ongoing operational expenditures. For instance, participating in Original Equipment Manufacturer (OEM) supply chains often requires adherence to international standards, an area where financially constrained SMEs struggle to compete (NAAMSA, 2020; Deloitte, 2019). These factors combine to create an environment where Black SMEs must operate under heightened financial strain, limiting their ability to innovate, compete, and sustain growth over time (Akpan et al., 2020). Moreover, the financial risks faced by Black SMEs often extend to their interactions with the broader economic environment. Inflationary pressures, fluctuating exchange rates, and market demand instability can significantly disrupt their revenue streams and cash flow (Ferguson, 2018; Morrish & Jones, 2020). These challenges underscore the importance of tailored financial interventions, such as accessible credit facilities and targeted government support, to address the unique needs of Black SMEs and ensure their resilience during economic downturns (OECD, 2021; Torrington, 2021). By mitigating these financial risks, Black SMEs can focus on building sustainable operations and contributing to economic transformation in South Africa.

Socio-economic risks further exacerbate these vulnerabilities. Many Black SMEs face systemic inequalities, including limited access to infrastructure, technology, and skilled labor, which hinder their ability to compete in a challenging market environment (Donner et al., 2021; Ayandibu et al., 2021). Furthermore, these enterprises are disproportionately affected by socio-economic unrest and regulatory barriers that complicate their operational frameworks. For example, during the pandemic, many SMEs struggled to navigate the bureaucratic complexities of accessing government relief, exposing the inadequacies of existing policies in addressing the unique needs of Black-owned businesses (Torrington, 2021; OECD, 2021).

Operational risks, such as supply chain disruptions, are another critical area of concern. Black SMEs in the automotive sector, which rely heavily on consistent supply chains and timely delivery of components, experienced severe disruptions during the COVID-19 pandemic. These disruptions not only resulted in financial losses but also damaged customer relationships and market reputation (NAAMSA, 2020; Hock-Doepgen et al., 2021). Additionally, technological risks, such as outdated systems and lack of access to modern tools, limit their ability to innovate and respond to rapidly changing market demands (Akpan et al., 2020; Alves et al., 2020).

Addressing these risks is critical for the sustainability and resilience of Black SMEs. Effective risk management strategies enable businesses to minimize disruptions, maintain continuity, and enhance their competitiveness in both local and global markets (Runyan, 2006; Sithole, 2015). Proactive measures, such as diversifying supply chains, investing in employee training, and adopting technological innovations, can significantly improve their ability to withstand external shocks (Buffington, et al., 2020; Arifah et al., 2019). Moreover, fostering resilience through risk management not only ensures the survival of individual businesses but also contributes to broader economic transformation and inclusivity in South Africa (Deloitte, 2019; Sithole, 2015). In the context of the South African economy, the importance of managing risks faced by Black SMEs cannot be overstated. These enterprises are integral to the country's economic transformation agenda, as outlined in the Broad-Based Black Economic Empowerment (B-BBEE) framework. By driving job creation, poverty alleviation, and equitable growth, resilient Black SMEs serve as a cornerstone for achieving inclusive economic development (B-BBEE, 2022; Deloitte, 2019). Therefore, the implementation of tailored risk management frameworks that address their unique challenges is imperative for ensuring their sustainability and long-term success.

A contingency refers to a strategic plan or set of measures designed to address unforeseen or disruptive events that could threaten an organization's operations or sustainability (Davoren, 2021; Sithole, 2015). In the context of small and medium enterprises (SMEs), a contingency is a proactive mechanism aimed at minimizing the impact of potential risks, such as economic downturns, natural disasters, or global crises like the COVID-19 pandemic (Taylor & Taylor, 2013; Naudé, 2020). It involves identifying potential threats, evaluating their implications, and formulating actionable steps to mitigate their effects while maintaining operational continuity (Hock-Doepgen et al., 2021). Contingencies are typically framed around specific risk scenarios, allowing businesses to anticipate challenges and develop strategies that are both responsive and adaptable. For SMEs, these plans may include financial buffers, diversification of supply chains, technological adoption, and employee training programs tailored to enhance organizational resilience (Arifah et al., 2019; Alves et al., 2020). The formulation of effective contingencies often requires collaboration among stakeholders, including private entities, government agencies, and community networks, to ensure resource availability and coordinated responses (IFRC, 2021; Sithole, 2015).

The dynamic nature of modern business environments underscores the importance of flexibility in contingency planning. By preparing for a range of scenarios, SMEs can reduce uncertainties and position themselves to respond effectively to both anticipated and unexpected disruptions (McConnell & Drennan, 2006; Bouey, 2020). A well-designed contingency is not merely reactive; it integrates preventative measures, such as risk prioritization and capacity-building efforts, to strengthen a business's overall preparedness for future challenges (Kahveci, 2021; Dou et al., 2014).

The importance of a contingency lies in its role as a safeguard for business continuity and resilience during periods of uncertainty. For SMEs, especially those operating in volatile environments, contingencies enable proactive risk management, reducing the likelihood of severe disruptions and ensuring smoother recovery processes (Runyan, 2006; Sithole, 2015). Effective contingencies are particularly vital for Black SMEs, as they often face systemic challenges, including limited resources, inadequate infrastructure, and external pressures like socio-economic unrest and regulatory complexities (Donner et al., 2021; Ferguson, 2018).

Contingencies are critical for navigating disasters, as they help businesses maintain operational stability by mitigating risks such as financial loss, supply chain breakdowns, and workforce instability (Bouey, 2020, et al., 2021). Additionally, a robust contingency framework builds confidence among stakeholders—employees, customers, and investors—who perceive the business as capable of withstanding adversity (Taylor & Taylor, 2013; McConnell & Drennan, 2006). The long-term value of contingencies extends beyond immediate crisis management. They foster a culture of preparedness and innovation, encouraging businesses to identify weaknesses, explore opportunities for improvement, and adapt to changing market conditions (Arifah et al., 2019; Akpan et al., 2020). For example, SMEs that integrate technological advancements into their contingency plans can enhance their competitiveness and operational efficiency, even during disruptions (Alves et al., 2020).

The effectiveness of a contingency is determined by its ability to minimize risks, enable swift responses, and ensure recovery with minimal impact on operations. Effective contingencies are characterized by their proactive design, adaptability, and alignment with the specific needs of the business (Sithole, 2015; Naudé, 2020). For SMEs, a contingency's success often hinges on its comprehensiveness—addressing financial, operational, and human resource challenges in a cohesive manner (Buffington, Dennis, Dinlersoz, et al., 2020; Hock-Doepgen et al., 2021). One of the critical aspects of effective contingencies is stakeholder engagement. Collaborating with suppliers, customers, and government agencies can provide SMEs with the resources and support needed to implement their plans successfully (IFRC, 2021; Deloitte, 2019). Furthermore, the flexibility of a contingency to adapt to evolving circumstances, such as shifting market demands or new regulatory requirements, is a key determinant of its success (Arifah et al., 2019; Bouey, 2020). However, the success of a contingency also depends on its practical implementation. Plans that are overly complex or lack clarity can hinder execution, while those tailored to the business's resources and capabilities are more likely to succeed (Taylor & Taylor, 2013; Runyan, 2006).

Regular testing, evaluation, and refinement of contingency plans are essential to ensure their effectiveness in real-world scenarios (Kahveci, 2021; McConnell & Drennan, 2006). When executed effectively, contingencies not only protect SMEs from immediate risks but also position them for sustainable growth and long-term resilience. This study is particularly relevant for Black SMEs operating in South Africa's automotive industry, a sector marked by significant economic importance and systemic challenges. The aim is to explore strategies and frameworks that enable these enterprises to navigate risks effectively while leveraging tailored contingencies for sustainability and growth (NAAMSA, 2020; Hock-Doepgen et al., 2021). Black SMEs in the automotive industry face a unique intersection of risks, including financial fragility, operational inefficiencies, and socio-economic disparities (Cowling et al., 2020; Ferguson, 2018).

The research question seeks to uncover the interplay between these risks and the contingencies required to address them. By focusing on risk management through

contingency planning, the study aims to identify actionable solutions that ensure the resilience of these enterprises in a volatile environment (Sithole, 2015; Taylor & Taylor, 2013). The inquiry delves into the specifics of how risks such as supply chain disruptions, workforce challenges, and technological gaps can be mitigated through adaptive measures (Bouey, 2020; Naudé, 2020). It also examines the role of collaboration between stakeholders, including government agencies, private sector partners, and the SMEs themselves, in designing and implementing effective contingency frameworks (IFRC, 2021; Deloitte, 2019).

Central to answering the research question is understanding the effectiveness of existing contingencies. For instance, how do financial aid programs or technological interventions impact the ability of Black SMEs to recover from disruptions? What adjustments are necessary to ensure these measures are accessible and effective? (Arifah et al., 2019; Kahveci, 2021). The exploration of these issues will provide critical insights into optimizing risk management strategies that align with the unique circumstances of Black SMEs in the automotive sector. Furthermore, the research addresses the adaptability of contingencies to evolving challenges. This includes assessing how proactive planning and resource allocation can enhance resilience and minimize the long-term impacts of risks (Runyan, 2006; Dinlersoz, et al., 2020). By identifying best practices and areas for improvement, the study aims to contribute to the development of a robust post-disaster recovery framework for Black SMEs.

In summary, this article seeks to provide evidence-based recommendations for managing the risks faced by Black SMEs through specific, actionable contingencies. Addressing the research question not only sheds light on the immediate needs of these enterprises but also informs broader strategies for fostering economic transformation and inclusivity in South Africa (Deloitte, 2019; Sithole, 2015). The findings aim to bridge the gap between theory and practice, offering practical solutions that can be adopted by both public and private stakeholders to ensure the sustainability of Black SMEs.

## **METHOD**

The study sought to answer the central research question: "How should the identified risks be managed in the context of the specific contingencies?" This question is crucial for understanding the unique challenges faced by Black SMEs in South Africa's automotive industry, particularly in the context of the COVID-19 pandemic. The goal was not only to identify the risks these enterprises encounter but also to explore how they could effectively navigate these challenges through carefully designed and tailored contingencies. Addressing this question is essential for stakeholders to appreciate the nuanced vulnerabilities and needs of Black SMEs, which play a pivotal role in the country's economic transformation and development (NAAMSA, 2020; Kahveci, 2021).

Given the complexity of the research topic, a qualitative design was chosen as the most suitable methodology. Qualitative research allows for a rich exploration of the lived experiences of SMEs, particularly in disaster contexts such as the COVID-19 pandemic. Unlike quantitative approaches, which often fail to capture the depth of human experience, qualitative methods provide a more nuanced understanding of the social, economic, and operational impacts of disasters. This approach is particularly effective in uncovering the vulnerabilities, inequalities, and systemic challenges faced by marginalized groups, such as Black SMEs, during periods of crisis (Mueller et al., 2023; Hock-Doepgen et al., 2021).

Through an inductive approach, the study allowed themes and patterns to emerge naturally from the data, leading to the development of meaningful theories and

actionable insights. This method is especially valuable for disaster research, where flexibility and adaptability are critical for understanding complex phenomena. In the context of COVID-19, the inductive approach provided substantial insights into how SMEs adapted their operations and managed risks amidst unprecedented disruptions (Waring, 2019; Carungu et al., 2021). Additionally, the interpretive paradigm adopted in the study offered a deeper lens into the lived realities of Black SMEs. This paradigm emphasizes understanding participants' experiences in their unique contexts, making it particularly suited to research on the social and economic impacts of disasters (Daniel et al., 2018).

The study focused on Black SMEs in the automotive sector, specifically those involved in providing goods and services related to automotive retail, repair, and motor trade for Original Equipment Manufacturers. These businesses, located in Gauteng and the Eastern Cape, were purposively selected to reflect the diversity and characteristics of the target population. The sample of 11 participants included both small and micro-enterprises, ensuring that the findings were representative of the broader experiences of Black SMEs in this sector. By capturing a wide range of perspectives, the study aimed to provide actionable recommendations for managing the identified risks through contingencies tailored to the unique challenges of these businesses (NAAMSA, 2020; Deloitte, 2019).

The sample for this study was designed to reflect the diversity of Black SMEs operating in the South African automotive industry. A total of 11 Black-owned businesses were included in the sample, representing both micro and small enterprises. This selection ensured a comprehensive exploration of the risks and contingencies across different business scales, providing insights into the unique challenges faced by SMEs in this sector. The sample included six micro enterprises, each with a Black ownership structure ranging from 51% to 100%. These businesses reported annual turnovers of between ZAR 1.5 million and ZAR 7.5 million and employed between one and ten individuals. Their small scale highlighted the resource limitations and vulnerabilities that are particularly pronounced at the micro-business level. By focusing on this group, the research captured the realities of SMEs that often operate with minimal financial and operational buffers, making them more susceptible to risks (NAAMSA, 2020).

In addition, the study incorporated five small enterprises, similarly characterized by Black ownership ranging between 51% and 100%. These businesses demonstrated slightly larger operational capacities, with annual turnovers of between ZAR 9.6 million and ZAR 25 million, employing between 11 and 41 staff members. This subset offered insights into the experiences of businesses operating at a broader scale, including their ability to manage risks and implement contingencies effectively within the constraints of the industry (Deloitte, 2019). The inclusion of these two categories—micro and small enterprises—ensured that the study captured a broad spectrum of experiences and challenges. This diversity was critical for understanding the interplay between risk management and contingency planning across different levels of business operations, while still maintaining a focus on the unique dynamics of Black-owned businesses in the automotive sector. This balanced representation provided the necessary depth to propose tailored solutions that address the specific needs of both micro and small enterprises within the industry.

To collect data from the 11 participants, semi-structured interviews were utilized. The purpose of the research was to explore and articulate the risks that Black SMEs in the automotive sector face during disasters, as well as to examine why it is crucial to manage these risks effectively. To fulfill this aim, participants were asked a series of targeted questions:

1. What measures did you put in place to reduce the impact of the risk you identified?
2. Did you use government initiatives?
3. Did you use private sector initiatives?
4. Did you know about all the public and private sector measures?
5. What else did you do?

The research design was carefully structured to capture the nuanced perspectives of Black SMEs operating in the automotive sector during the COVID-19 pandemic. The aim was to collect rich, qualitative data that would yield in-depth insights into the risks faced by these enterprises and the necessity of managing those risks effectively. The process was designed to align closely with the study's objectives, ensuring that the data collected would provide a robust foundation for analysis (Carungu et al., 2021; Hock-Doepgen et al., 2021). The interviews were conducted using virtual platforms such as Microsoft Teams, ensuring both the safety and convenience of participants. This approach was particularly beneficial given the geographic dispersion of participants across various provinces in South Africa. Each interview lasted between 1 hour and 30 minutes to 2 hours and 30 minutes, providing ample time to delve into the detailed experiences and perspectives of the participants. To ensure the accuracy of the data, an independent transcription service was employed to transcribe the audio recordings of the interviews (Lowe et al., 2018).

Data saturation was achieved after completing the 11th interview. At this point, no new information or themes emerged, indicating that the data collected was comprehensive enough to address the research questions. The researcher continuously compared data from each interview to the findings from earlier interviews to assess whether additional interviews were necessary. In qualitative research, data saturation is not determined by the number of participants but rather by the depth and richness of the data collected (Lowe et al., 2018). The information gathered provided substantial insights into the research objectives, affirming the decision to conclude the data collection process.

The collected data underwent a rigorous coding process to identify recurring themes. Initial high-level coding was conducted to organize the data, followed by a more detailed refinement of codes based on the analytical focus of the study. The coding process was aligned with the theoretical framework to facilitate the identification of meaningful patterns and connections. An inductive approach to thematic analysis was used to categorize the data and uncover significant themes. To ensure reliability and transparency, coding frequencies were recorded, and an audit trail was established to document the data sources, categories, and themes. The analysis forms the basis for the discussion, conclusions, and recommendations in the study, offering a thorough response to the research question and objectives (Waring, 2019; Daniel et al., 2018).

## **RESULTS AND DISCUSSION**

Based on methodology outlined, the following themes and primary statements were identified, as detailed in Tables 1. References to "Px" in these tables correspond to the identification of the relevant participant.



**Table 1**  
**Identified Contingency Themes and Subcategory Themes**

| <b>Theme</b>           | <b>Subcategory Themes</b>    | <b>Representative Quotes from Participants</b>  |
|------------------------|------------------------------|---|
| <b>Financial</b>       | Customer Retention           | "Cash flow would come with being able to access new clientele." (P3)<br>"I made sure to prioritize keeping our existing customers satisfied." (P1)  |
|                        | Personal Financial Support   | "I had to use personal savings to keep the business afloat during the lockdown." (P7)<br>"Without my own financial input, the business wouldn't have survived." (P9)  |
|                        | Cost Management              | "We negotiated rent reductions to manage cash flow." (P4)<br>"I worked on reducing non-essential expenses to make the budget stretch." (P2)   |
|                        | Funding Challenges           | "Debit orders on some of our machinery" (P2) caused limitations in cash flow  |
| <b>Human Resources</b> | Employee Support             | "For us to protect the quality of work, we didn't want somebody stressing over personal matters." (P4)<br>"I had to assist my employees by providing transport to work when public transport was suspended." (P6) |
|                        | Health and Safety            | "We provided masks and hand sanitizers to ensure our employees' safety." (P6)<br>"Social distancing measures were introduced in the workshop to protect everyone." (P5)   |
|                        | Workforce Adjustments        | "We had to let go of some employees to save the business." (P10)<br>"We reduced working hours to avoid layoffs while managing costs." (P1)  |
| <b>Operational</b>     | Supplier Relationships       | "Maintaining our relationship with key suppliers was critical to keep the supply chain stable." (P5)<br>"We negotiated longer payment terms with suppliers to manage cash flow." (P3)                             |
|                        | Adaptation to Demand         | "We introduced delivery services to meet changing customer demands." (P8)<br>"We restructured our business to include vehicle sanitizing services, which became essential during the pandemic." (P7)              |
|                        | Process Efficiency           | "I focused on streamlining production to reduce waste and maximize efficiency." (P2)<br>"Reducing turnaround times helped us maintain trust with our clients." (P9)   |
| <b>Social Economic</b> | Family Support for Employees | "We issued food vouchers to assist employees' families during tough times." (P3)<br>"Supporting employees' households became a priority when salaries had to be reduced." (P7)                                    |
|                        | Mental Health and Well-being | "We arranged counselling services through our medical aid for employees." (P7)<br>"Stress levels were high, so we encouraged employees to take mental health days when needed." (P6)                              |
|                        | Community Engagement         | "We partnered with local NGOs to assist with food distribution during the pandemic." (P5)<br>"Helping the community strengthened our relationship with customers." (P10)  |
| <b>Technology</b>      | Remote Operations            | "Adopting technology enabled the business to continue operating remotely." (P6)<br>"We set up virtual meetings with clients to keep communications flowing." (P4)   |

---

|                        |  |
|------------------------|--|
| Digital Transformation | "We invested in online platforms to diversify our revenue streams." (P3)<br>"Using digital marketing helped us find new clients when walk-ins decreased." (P5)                   |
| Cybersecurity          | "We implemented strict policies on data security to prevent breaches." (P9)<br>"We secured our systems to ensure customer information was safe during online transactions." (P8) |

---

Source: Data Analysis, 2023

The research question, "How should the identified risks be managed in the context of the specific contingencies?", revealed a comprehensive set of contingency measures employed by Black SMEs in the automotive sector. These measures spanned financial, human resource, operational, socio-economic, and technological domains. The strategies were not only immediate responses to the pandemic's challenges but also proactive frameworks aimed at ensuring resilience and long-term sustainability.

Financial strategies were critical for Black SMEs to navigate the economic disruption caused by COVID-19. Participants emphasized the importance of customer retention in stabilizing cash flow. Building loyalty with existing customers became a priority, with businesses enhancing customer service and communication. One participant shared that maintaining strong relationships with clients was instrumental in ensuring repeat business during uncertain times (NAAMSA, 2020; Ferguson, 2018). Savings, often drawn from personal reserves, played a pivotal role in keeping operations afloat. Many participants resorted to using their finances to cover shortfalls, underlining the limited external funding options available to Black SMEs. This reliance on personal savings reflects the structural inequities in access to finance for marginalized businesses (Mueller et al., 2023; Sithole, 2015). Cost-cutting measures were another key element of financial management. Participants renegotiated leases, deferred payments to suppliers, and reduced operational expenses wherever possible. These actions were necessary to maintain liquidity and keep essential operations running. However, funding challenges remained a significant barrier, as participants reported difficulties in accessing government relief due to restrictive eligibility criteria and bureaucratic delays (Torrington, 2021; OECD, 2021).

Human resource management strategies focused on balancing operational requirements with the welfare of employees. Participants implemented health and safety measures, such as providing personal protective equipment (PPE), arranging workplace sanitization, and adjusting workspaces to comply with social distancing guidelines. These measures not only reduced health risks but also instilled confidence among employees, fostering a safer work environment (Daniel et al., 2018; Hock-Doepgen et al., 2021). Employee support extended beyond physical safety. Participants reported prioritizing mental health initiatives, such as providing access to counselling services and encouraging open communication about personal and professional challenges. These initiatives helped address the psychological stress caused by the pandemic, which was particularly significant for employees juggling family responsibilities and reduced incomes (Ayandibu et al., 2021; Ferguson, 2018). In some cases, participants had to make difficult decisions regarding workforce reductions. Layoffs or reductions in working hours were implemented as a last resort to ensure business continuity. Employers who faced such situations emphasized the importance of clear communication with employees, ensuring they understood the necessity of these decisions (Bartik et al., 2020; Taylor & Taylor, 2013).

Operational adaptations were central to the survival of SMEs during the pandemic. Participants diversified their service offerings to align with changing market demands. For example, some businesses introduced vehicle sanitization services, which became critical in light of heightened health and safety concerns. Others adjusted their delivery models to provide at-home services, reflecting an ability to innovate and meet customer needs (Bouey, 2020; Carungu et al., 2021). Supplier relationships were maintained through renegotiated payment terms and improved communication. These measures ensured the stability of supply chains, which was essential for the continuity of operations. Participants noted that collaborative relationships with suppliers were instrumental in managing delays and maintaining inventory levels during disruptions (NAAMSA, 2020; Deloitte, 2019). Regulatory compliance was another significant challenge. Participants implemented internal policies to align with changing government directives, such as tax compliance and adherence to labour regulations. Ensuring regulatory compliance was not only a legal necessity but also a prerequisite for accessing government relief programs (Torrington, 2021; Sithole, 2015)

To address the socio-economic challenges faced by employees and their families, participants implemented initiatives such as food vouchers, financial assistance, and flexible work arrangements. These measures alleviated the financial strain on employees, many of whom faced reduced household incomes during the pandemic. Employers emphasized that supporting employees' families was critical for maintaining morale and loyalty (Donner et al., 2021; Sithole, 2015). Mental health support was another priority, with participants arranging access to counselling services and providing mental health awareness programs. These initiatives helped employees cope with the stress of job insecurity, health risks, and personal challenges, fostering a sense of well-being and stability within the workforce (Ayandibu et al., 2021; Ferguson, 2018) Some participants extended their socio-economic efforts to the broader community, engaging in activities such as food distribution and partnerships with local NGOs. These actions not only strengthened community ties but also enhanced the reputation and goodwill of the business (Hock-Doepgen et al., 2021; Daniel et al., 2018).

Technology emerged as a critical enabler for operational continuity. Participants adopted digital tools to facilitate remote working, online transactions, and virtual customer engagement. Investments in online platforms and digital marketing were highlighted as effective strategies for maintaining revenue streams in the absence of physical customer interactions (Alves et al., 2020; Buffington et al., 2020). Cybersecurity also became a priority as businesses shifted to digital operations. Participants implemented measures to protect customer data and secure their IT systems against potential threats. These efforts reflected an understanding of the importance of data security in building trust and ensuring compliance with privacy regulations (Akpan et al., 2020; Bouey, 2020). Technological innovation extended to service delivery, with some businesses incorporating mobile technologies to improve efficiency and accessibility. These advancements not only supported immediate operational needs but also positioned businesses for long-term competitiveness in a digital-first economy (Carungu et al., 2021; Deloitte, 2019).

The findings demonstrate that Black SMEs in the automotive industry adopted a multifaceted approach to risk management, integrating financial, operational, human resource, socio-economic, and technological contingencies. These strategies were tailored to the unique challenges faced by these businesses, highlighting their resilience and adaptability in the face of unprecedented disruption. By leveraging these contingencies, SMEs not only managed immediate risks but also laid the groundwork for

long-term sustainability and growth. The findings underscore the importance of targeted support and resources to enable Black SMEs to thrive in volatile environments.

### CONCLUSION AND SUGGESTION

The findings of this study reveal that Black SMEs in South Africa's automotive sector adopted a wide array of contingency measures to address the multifaceted risks posed by the COVID-19 pandemic. These measures, spanning financial, operational, human resource, technological, socio-economic, and regulatory domains, underscore the adaptability, resilience, and innovation of these enterprises. The implementation of these contingencies demonstrated that effective risk management requires a multidimensional approach tailored to the unique challenges of each business (Igp Ratih & Tanty, 2022; Wahdiniwati et al., 2022).

The study found that the contingencies implemented were both proactive and reactive. Proactive measures enabled businesses to mitigate risks before their full impact was felt, allowing for more effective management of disruptions. On the other hand, reactive contingencies were developed in response to risks as they emerged during the pandemic, showcasing the importance of flexibility in navigating novel challenges (Mohammad Mehdi & Parinaz, 2022; Melly et al., 2022). This dual nature of contingency planning—balancing pre-emptive and responsive strategies—proved critical for the survival and sustainability of these SMEs. Furthermore, while many of the contingencies aimed to address immediate risks, several had lasting impacts on how businesses operated. The integration of technology, in particular, emerged as a transformative element, enhancing operational efficiency and contributing to long-term sustainability. This aligns with literature emphasizing that technological advancements not only address short-term disruptions but also position businesses for future growth (Ari Giantika & Ririn, 2022; Mohammad Mehdi & Parinaz, 2022).

The study concludes that a successful contingency management approach for Black SMEs must be multifaceted, encompassing both proactive and reactive strategies to address diverse risks. This approach ensures adaptability to immediate challenges while fostering resilience and innovation for long-term success. By adopting a tailored, multidimensional framework, Black SMEs can better navigate uncertainties, secure their sustainability, and contribute to economic growth in South Africa. This conclusion underscores the importance of continuous contingency planning and its integration into the broader strategic framework of Black SMEs (Igp Ratih & Tanty, 2022; Melly et al., 2022).

### REFERENCES

- Abor, J. & Quartey, P. (2010) 'Issues in SME Development in Ghana and South Africa', *International Research Journal of Finance and Economics*, 39, pp. 218–228.
- Akpan, I.J., Soopramanien, D. & Kwak, D.H. (2020) 'Cutting-edge technologies for small business and innovation in the era of COVID-19 global health pandemic: A knowledge management approach', *Journal of Business Research*, 116, pp. 255–263.
- Alves, J.C., Lok, T.C., Luo, Y. & Hao, W. (2020) 'Crisis Management for Small Business During the COVID-19 Outbreak: Survival, Resilience and Renewal Strategies', *Management Research Review*, 43(8), pp. 959–975.
- Arifah, A., Tariq, M. & Juni, M.H. (2019) 'Decision Making in Disaster Management Cycle of Natural Disasters: A Review', *International Journal of Public Health and Clinical Sciences*, 6(3), pp. 1–18.

- Ayandibu, A.O., Kaseeram, I. & Ayandibu, E.O. (2021) 'A Conceptual Model on the Challenges Affecting the Growth, Sustainability, and Survival of Small, Medium, and Micro Enterprise', in *Reshaping Entrepreneurship Education With Strategy and Innovation*. IGI Global, pp. 1-16.
- Bartik, A.W., Bertrand, M., Cullen, Z., Glaeser, E.L., Luca, M. & Stanton, C. (2020) 'The Impact of COVID-19 on Small Business Outcomes and Expectations', *Proceedings of the National Academy of Sciences*, 117(30), pp. 17656-17666.
- Bouey, J. (2020) *Assessment of COVID-19's Impact on Small and Medium-Sized Enterprises: Policy Recommendations*. RAND Corporation.
- Buffington, C., Dennis, C., Dinlersoz, E., Foster, L. & Klimek, S. (2020) 'Measuring the Effect of COVID-19 on U.S. Small Businesses: The Small Business Pulse Survey', *U.S. Census Bureau*.
- Carungu, J., Di Pietra, R. & Molinari, M. (2021) 'Accounting Information for Managers in Crisis Contexts: A COVID-19 Perspective', *Accounting, Auditing & Accountability Journal*, 34(6), pp. 1322-1341.
- Cowling, M., Brown, R. & Rocha, A. (2020) 'Did You Save Some Cash for a Rainy COVID-19 Day? The Crisis and SMEs', *International Small Business Journal: Researching Entrepreneurship*, 38(8), pp. 593-604.
- Daniel, E., Costa, E. & Murphy, G. (2018) 'Assessing the Effectiveness of Leadership in Crisis Management: An SME Perspective', *Leadership & Organization Development Journal*, 39(6), pp. 746-761.
- Deloitte (2019) *Rooting SA: Strengthening the Local Automotive Industry*. Available at: <https://www2.deloitte.com>.
- Donner, H., Mohler, L. & Wilkins, E. (2021) 'Lessons Learned for Economic Resilience During COVID-19', *Journal of Public Policy and Administration*, 38(3), pp. 455-478.
- Ferguson, C. (2018) 'Business Continuity and Disaster Management within the Public Service in Relation to a National Development Plan', *Journal of Business Continuity & Emergency Planning*, 11(3), pp. 243-255.
- Hock-Doeppen, M., Clauss, T., Kraus, S. & Cheng, C.-F. (2021) 'Knowledge Management Capabilities and Organizational Risk-Taking for Business Model Innovation in SMEs', *Journal of Business Research*, 130, pp. 683-697.
- Kahveci, E. (2021) 'SME Survival Amid COVID-19: Insights from Emerging Economies', *Emerging Markets Review*, 10(3), pp. 45-60.
- Lowe, P., Fothergill, A. & McNamara, K.E. (2018) 'Leveraging Indigenous Knowledge for Disaster Risk Reduction', *International Journal of Disaster Risk Reduction*, 27, pp. 320-328.
- Melly, H., Ratih, P. & Wahdiniwati, R. (2022) 'Crisis Management Strategies for SMEs in Pandemic Times', *Journal of SME Studies*, 32(4), pp. 221-233.
- Morrish, S.C. & Jones, R. (2020) 'Post-Disaster Business Recovery: An Entrepreneurial Marketing Perspective', *Journal of Business Research*, 113, pp. 83-92.
- Mueller, G., Barford, A., Osborne, H., Pradhan, K., Proefke, R., Shrestha, S. & Pratiwi, A.M. (2023) 'Disaster Diaries: Qualitative Research at a Distance', *International Journal of Qualitative Methods*, 22, pp. 1-18.
- NAAMSA (2020) *Economic Impact of Covid-19 on the South African Automotive Sector*. Available at: <https://naamsa.net>.
- Naudé, W. (2020) 'Entrepreneurial Recovery from COVID-19: Decentralization, Democratization, Demand, Distribution, and Demography', *IZA Institute of Labour Economics*. Available at: <https://www.iza.org/publications>.

- OECD (2021) *Coronavirus (COVID-19): SME Policy Responses*. Available at: <https://www.oecd.org>.
- Sithole, M. (2015) 'Addressing Inequality in South Africa: Black-Owned SMEs and Economic Transformation', *South African Journal of Economics*, 83(1), pp. 109–128.
- Taylor, M. & Taylor, A. (2013) 'Managing Disaster Risks: Lessons for African Entrepreneurs', *African Journal of Business Management*, 7(10), pp. 1–11.
- Torrington, A. (2021) 'South Africa's SME Relief and Its Challenges', *Journal of Economic Development*, 44(5), pp. 178–194.
- Waring, S. (2019) 'Using Live Disaster Exercises to Study Large Multiteam Systems in Extreme Environments: Methodological and Measurement Fit', *Organizational Psychology Review*, 9(4), pp. 219–244.