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# Business impact survey of the COVID-19 pandemic in South Africa

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## Background

In response to the COVID-19 pandemic that has caused such widespread disruption to economies and societies across the globe, Statistics South Africa has conducted three surveys on the impact of the pandemic on South African business. The first survey covered the period 30 March to 13 April 2020, and the results were published on 21 April 2020. The results for the second survey were published on 14 May 2020 with a reference period covering 14 – 30 April 2020. This publication provides the results of the third survey, covering the period 1 to 30 May 2020.

The third survey contains additional variables or questions related to research and development that provide further insight into the impact of the COVID-19 pandemic. The findings contained in the first and second business impact surveys cover South Africa's level 5 lockdown period, while the findings contained in the third survey cover the level 4 lockdown period.

## Survey information

Survey status	Experimental statistics aimed at providing an early indicator of the business impact resulting from COVID-19
Selection criteria	Selected businesses operating within various industries in South Africa that are registered for value added tax (VAT); the following are excluded: financial intermediation, insurance, pension funding, government, education, and business services 'not elsewhere classified'
Number of responding businesses	1 079
Reference period	1 – 31 May 2020

**Table 1 – Responding businesses by industry**

Industry	Number of businesses	% of total
Agriculture, hunting, forestry & fishing	177	16,4
Mining & quarrying	27	2,5
Manufacturing	226	20,9
Electricity, gas & water supply	14	1,3
Construction	61	5,7
Trade	185	17,1
Transport, storage & communication	106	9,8
Real estate & other business services	126	11,7
Community, social & personal services	116	10,8
Other	41	3,8
<b>Total</b>	<b>1079</b>	<b>100,0</b>

**Key results**

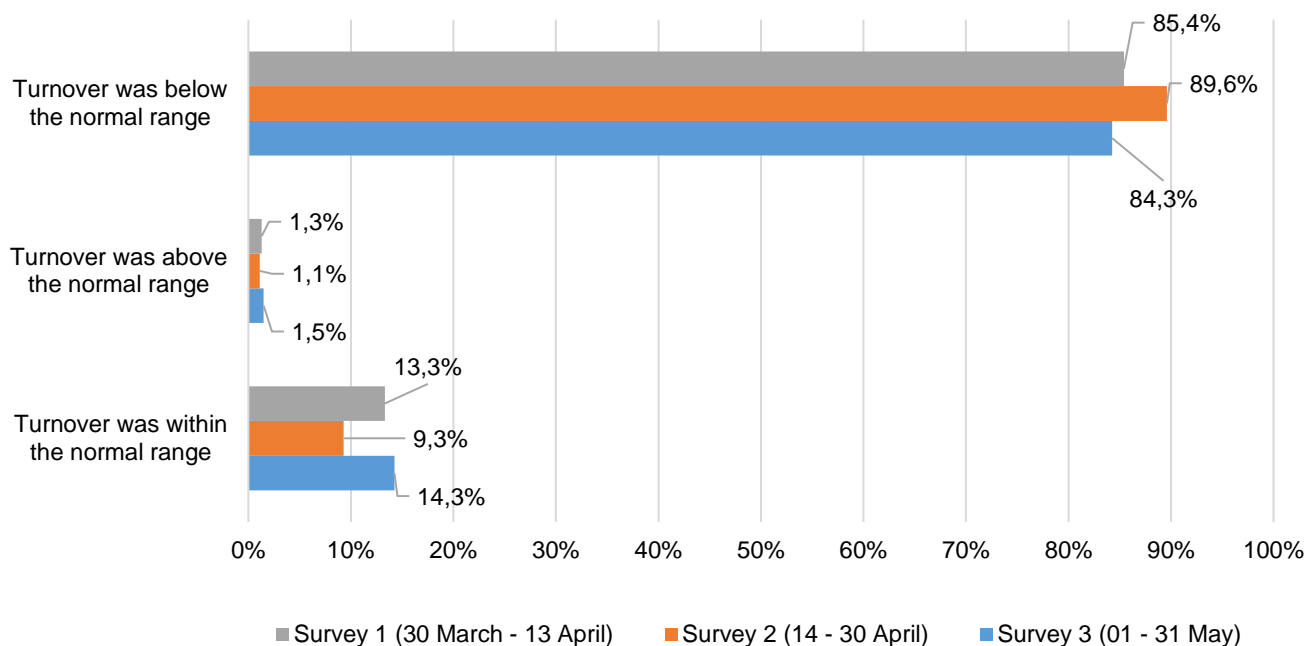
- The majority of responding businesses (84,3%) reported that business turnover was below the normal range.
- 20,2% indicated temporary closure or paused trading activity.
- 51,6% continued to trade partially.
- 25,8% reported the laying off of staff in the short term.
- 26,8% expected their workforce size to decrease during the level 3 lockdown period.
- 39,0% indicated that prices of materials, goods or services purchased increased more than normal.
- Access to financial resources: 59,0% indicated that access to financial resources remained the same, while 20,3% indicated a decrease in financial resources.
- 39,8% of businesses responding to the survey indicated that they have applied for financial assistance using government relief schemes.
- 54,9% of businesses indicated they can survive between 1 and 3 months without any turnover.
- Majority of the workforce (61,6%) were able to meet business demands, 30,2% of the workforce were unable to meet business demands and the rest reported 'not sure'.
- A majority of respondents (86,4%) indicated that their businesses would be operating during the level 3 lockdown period.

**1. Financial performance**

Turnover relates to the income generated by a business when conducting its core operations within a specified timeframe, and forms a key measure of business performance. Turnover includes sales of goods, services rendered, leasing and hiring of capital assets, and rental/leasing of land, buildings and other structures (see Stats SA's Annual Financial Statistics survey).

The third survey (1–31 May 2020) showed that 84,3% of responding businesses had turnover that was lower than their normal range, down from 89,6% in the second survey (14 – 30 April 2020); 1,5% reported that turnover was higher than their normal range; and 14,3% reported that turnover was within their normal range (Figure 1).

**Figure 1 – Impact on business turnover**



**Figure 2 – Business turnover range by industry (cumulative % shown on horizontal axis)**

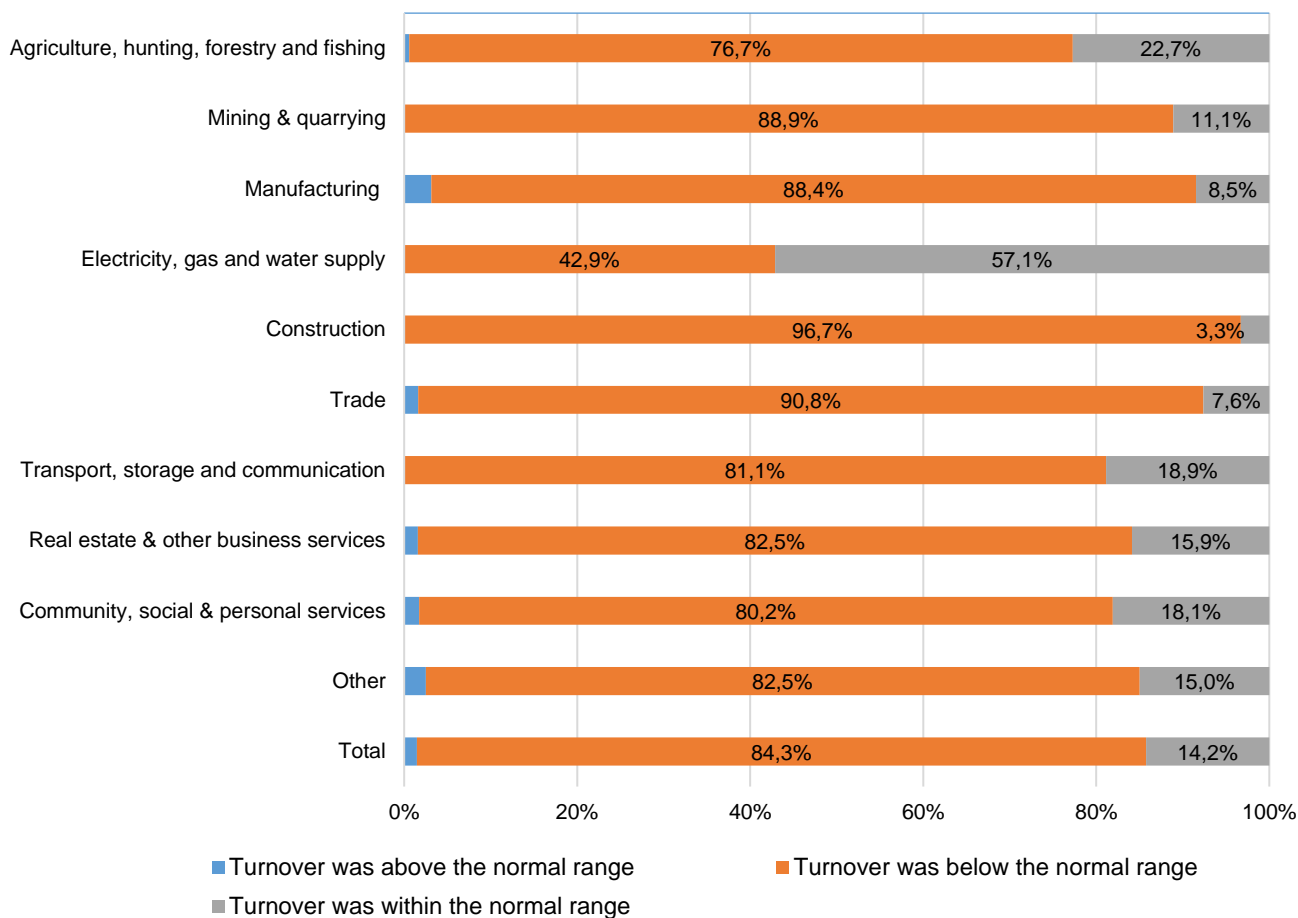


Figure 2 shows a widespread adverse impact of the COVID-19 pandemic on business turnover across all industries. The industries reporting the highest proportions below the normal range were construction; trade; mining and quarrying; manufacturing; and real estate and other business services. A limited number of respondents indicated that their turnover was above the normal range: these were in agriculture, hunting, forestry and fishing; manufacturing; trade; real estate and other business services; and community, social and personal services.

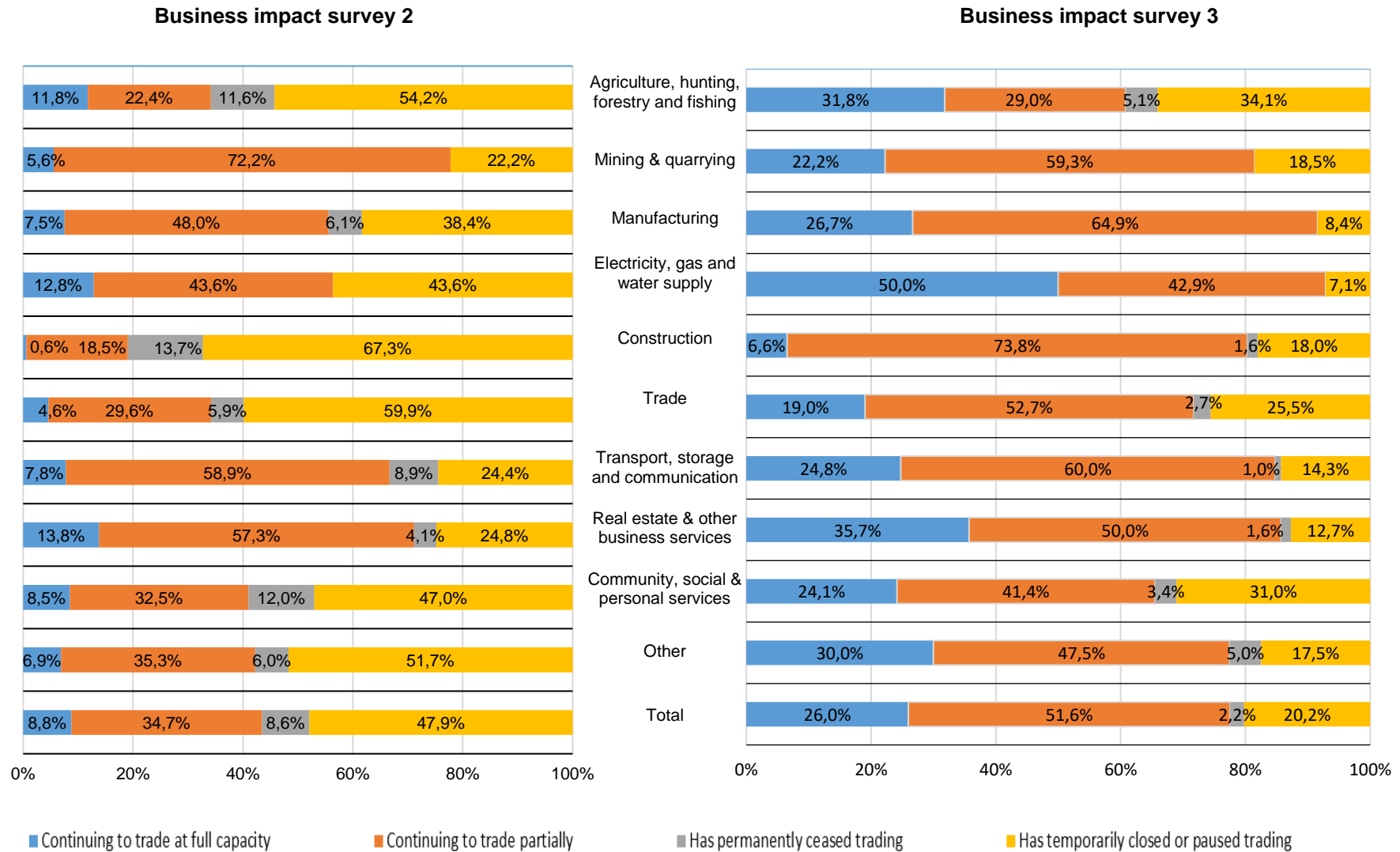
**Table 2 – Business status by turnover range (number within each turnover range)**

Annual turnover range	Continuing to trade at full capacity	Continuing to trade partially	Permanently ceased trading	Temporarily closed or paused trading	Not sure	Total
R0 - R2 million	27	80	14	74	1	<b>196</b>
R2 million - R30 million	55	164	8	93	1	<b>321</b>
R30 million - R80 million	36	91	0	17	0	<b>144</b>
R80 million - R300 million	64	94	1	19	0	<b>178</b>
R300 million - R500 million	18	45	0	4	0	<b>67</b>
R500 million - R1 billion	31	35	1	5	0	<b>72</b>
> R1 billion	48	44	0	5	0	<b>97</b>
Not sure	0	1	0	0	3	<b>4</b>
<b>Total</b>	<b>279</b>	<b>554</b>	<b>24</b>	<b>217</b>	<b>5</b>	<b>1 079</b>

There were 217 businesses that reported 'temporarily closed or paused trading', and 279 that continued trading at full capacity. The largest number of businesses that continued to trade at full capacity (64 out of 279) fell within the annual turnover range R80 million – R300 million. In the R2 million – R30 million range, there were 93 businesses 'temporarily closed or paused trading'.

Figure 3 below provides a comparison of trading status between the second and third business impact surveys. In the second survey 8,8% of businesses continued to trade at full capacity, and this increased to 26,0% in the third survey. The proportion of businesses that have temporarily closed or paused trading decreased from 47,9% in the second survey to 20,2% in the third survey.

**Figure 3 – Trading status of businesses (cumulative % shown on horizontal axis)**





**Table 3 – Business adaption to the level 4 lockdown period**

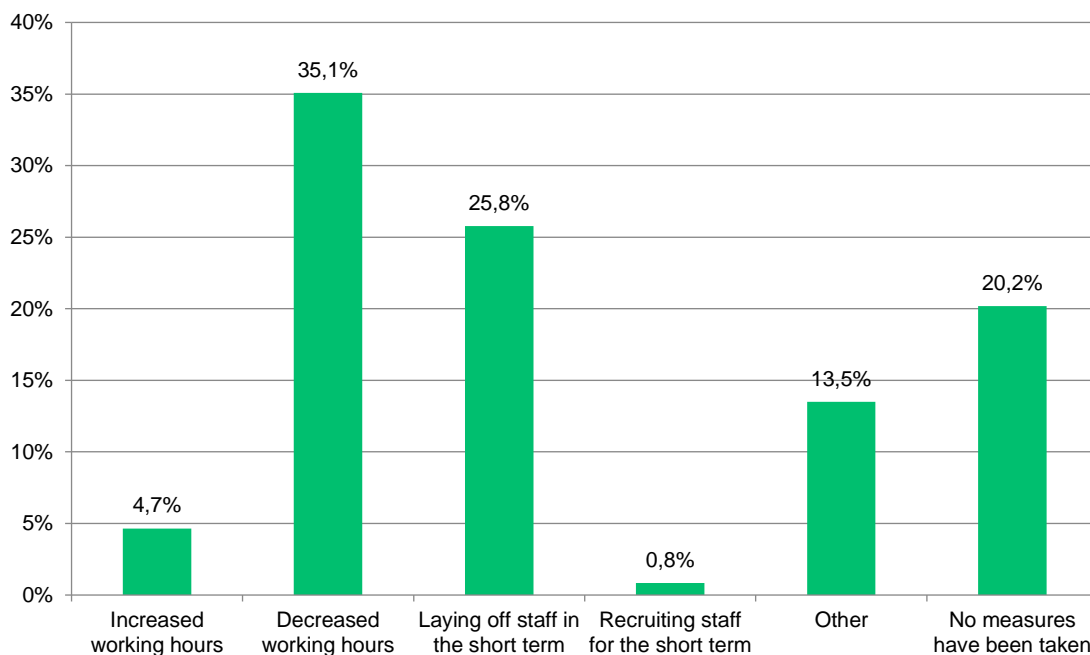
<b>Measures implemented</b>	<b>Number of businesses</b>
Altered methods of production	160
Altered goods or services offered to customers	165
Discontinued a good or service	156
Added new ways to interact with or sell to customers	285
Increased use of virtual connections internally	348
Increased use of virtual connections externally	320
Increased use of e-commerce	126
Invested in equipment to produce new products or expand existing product lines	25
Altered research and development projects	42
Increased maintenance costs	60
Decreased maintenance costs	177
None of the above	182
Do not know	32
Other	115

Table 3 shows the steps taken by businesses in mitigation and innovation to reduce the impact of the COVID-19 pandemic on business operations. In terms of the number of businesses, the top three measures were 'increased use of virtual connections internally', 'increased use of virtual connections externally' and 'added new ways to interact with or sell to customers'.

## 2. Workforce implications

Businesses were requested to indicate what measures were taken to cope with the impact of COVID-19 on their workforce, illustrated in Figure 4. More than half of respondents indicated either decreased working hours (35,1%) or laying off of staff in the short term (25,8%); 13,5% reported ‘other’ measures taken; 20,2% reported no measures taken; 4,7% reported increased working hours; and 0,8% will be recruiting staff in the short term.

**Figure 4 – Workforce measures implemented**

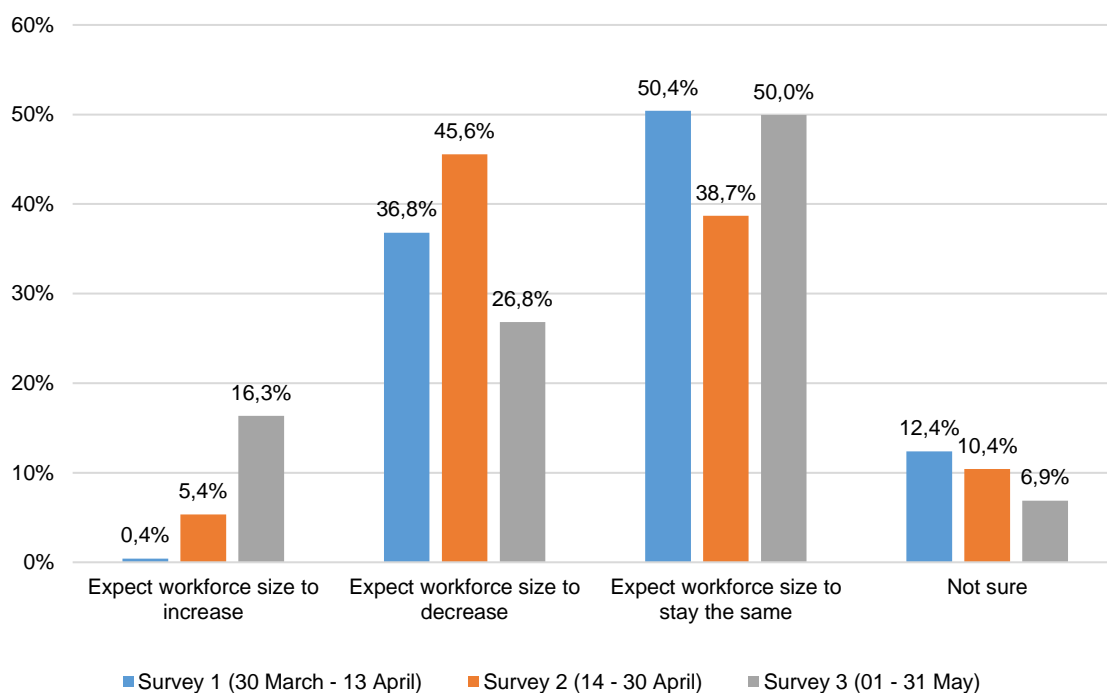


Businesses were also requested to indicate their expectations with regard to changes in their workforce during the level 3 lockdown period – see Table 4 and Figure 5.

**Table 4 – Expected workforce size changes by employment range during the level 3 lockdown period compared with level 4 (numbers within each employment range)**

Employment range	Expect workforce size to decrease	Expect workforce size to increase	Expect workforce size to stay the same	Not sure	Total
Fewer than 10 employees	86	32	158	35	<b>311</b>
Between 10 - 49 employees	89	50	151	15	<b>305</b>
Between 50 - 249 employees	67	56	123	11	<b>257</b>
More than 250 employees	42	36	102	15	<b>195</b>
Not sure	5	2	4	0	<b>11</b>
<b>Total</b>	<b>289</b>	<b>176</b>	<b>538</b>	<b>76</b>	<b>1079</b>

**Figure 5 – Expected workforce size changes during the following lockdown period compared with the the survey lockdown period**

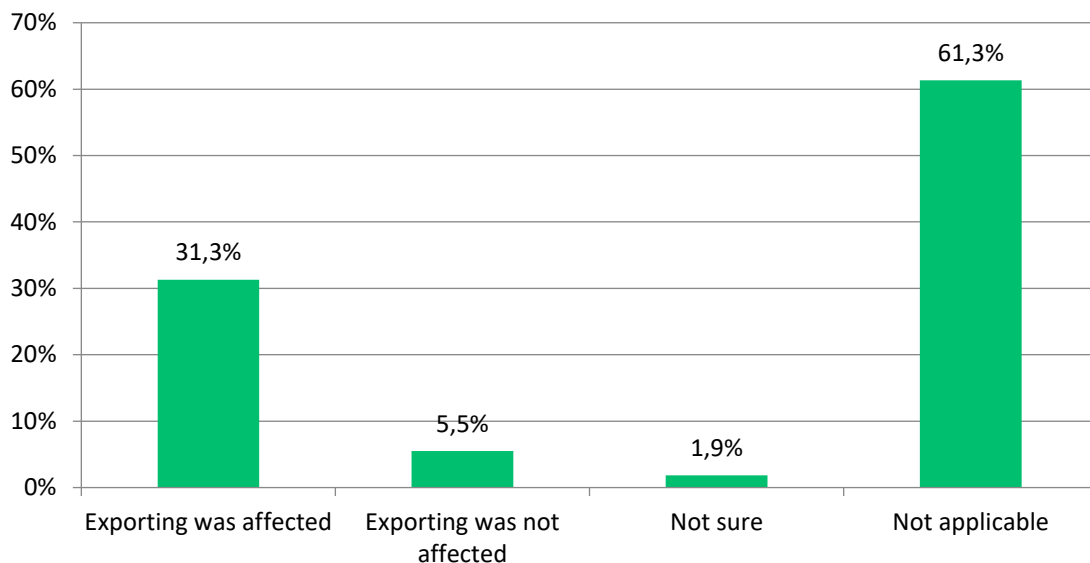


Each of the three surveys asked respondents what they expected regarding the size of their workforce in the period immediately following the survey period, compared with the survey period.

Half of the respondents in the third survey expected to their workforce size to stay the same in level 3 compared with level 4, up from the corresponding proportion of 38,7% in the second survey (regarding expectations in the following lockdown period compared with the second survey lockdown period). In the third survey 26,8% expected their workforce size to decrease, down from 45,6% in the second survey. Businesses with employees between 10 and 49 reported the highest number expecting a decrease in workforce (89, shown in Table 4).

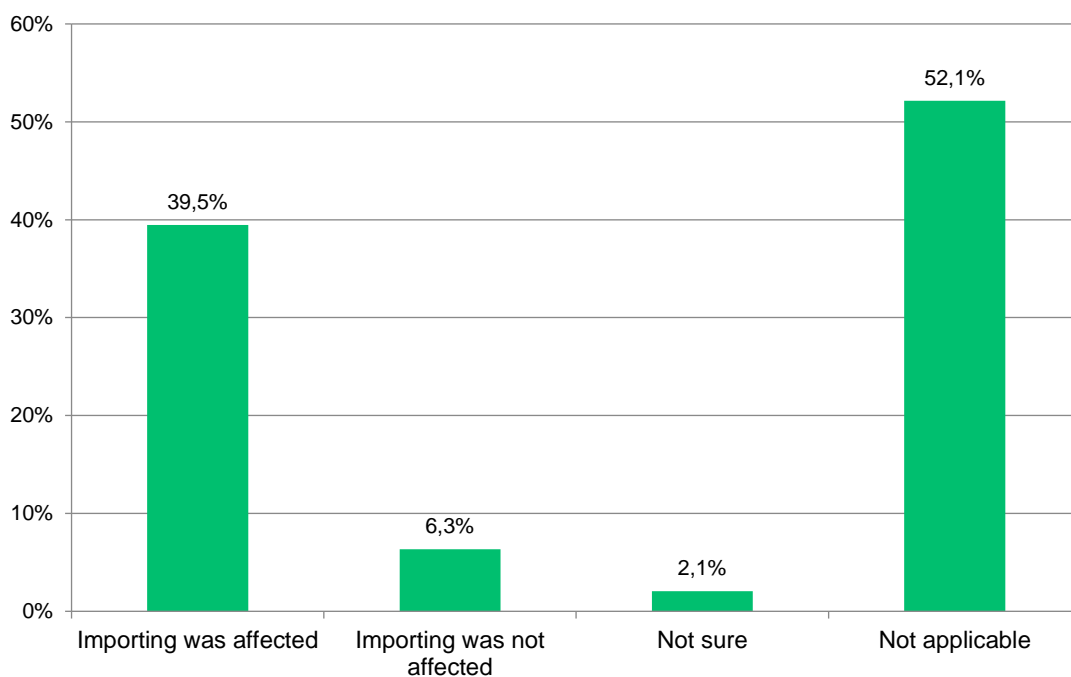
### 3. Business impact of COVID-19: other indicators

**Figure 6 – Exporting of goods or services**



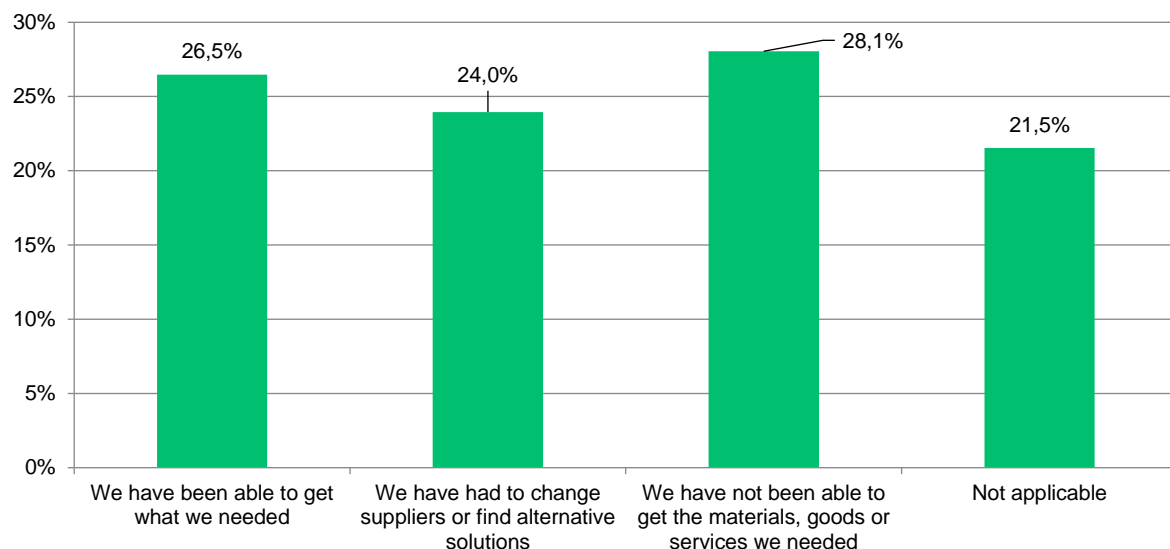
During the reference period covered in survey 3, 31,3% of responding businesses indicated that exporting of goods and services was affected by COVID-19.

**Figure 7 – Importing of goods or services**



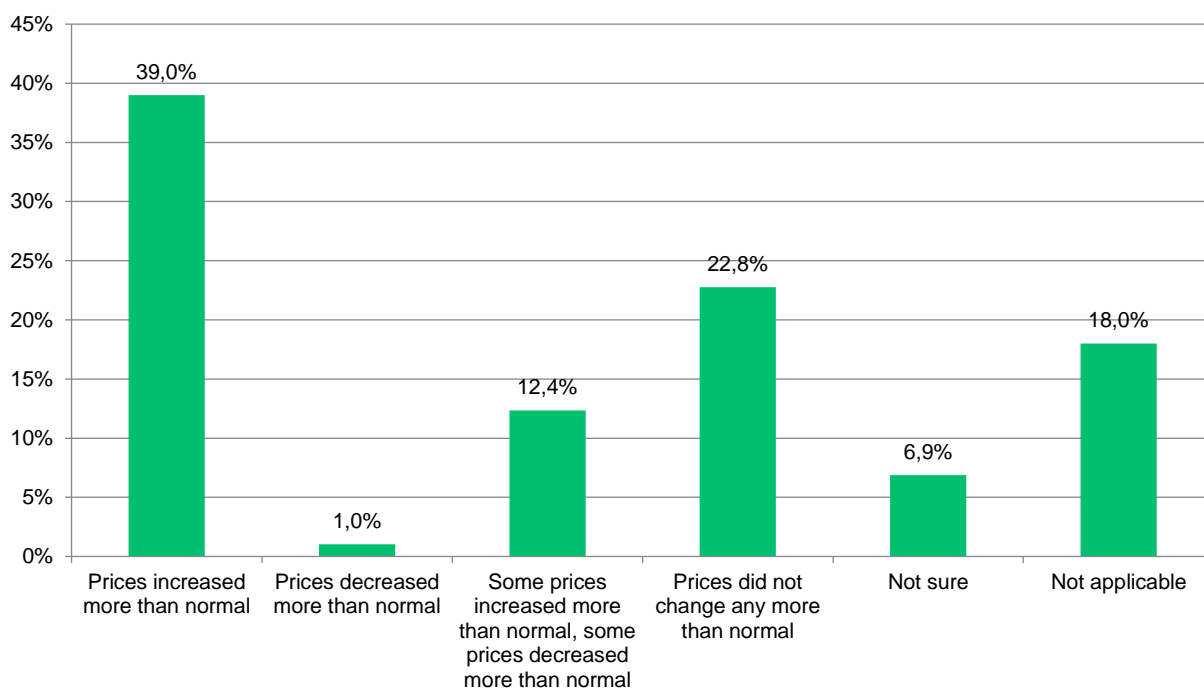
Nearly 40,0% of responding businesses indicated that importing of goods and services was affected by COVID-19.

**Figure 8 – Access to materials, goods or services within South Africa**

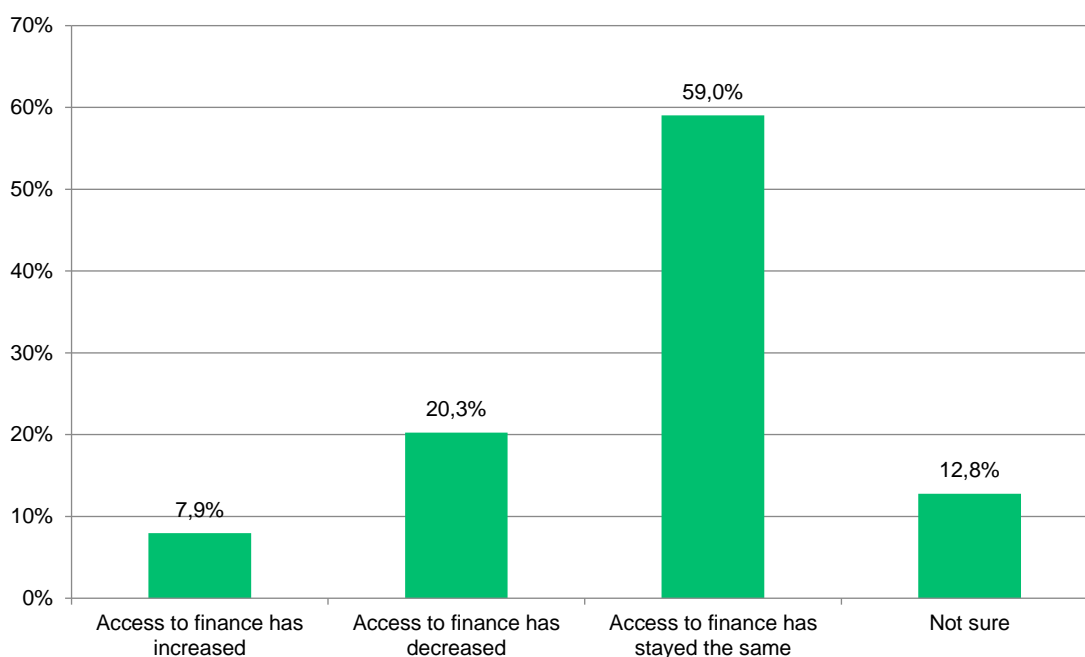


Just over 28% of businesses indicated that they were unable to get the required materials, goods or services to conduct day-to-day operations.

**Figure 9 – Change in the prices of supplies**



There was a mixed response regarding prices of supplies, with 22,8% of businesses indicating that prices did *not* change any more than normal, and 39,0% indicating that prices increased more than normal.

**Figure 10 – Change in ability to access financial resources between the second and third surveys**

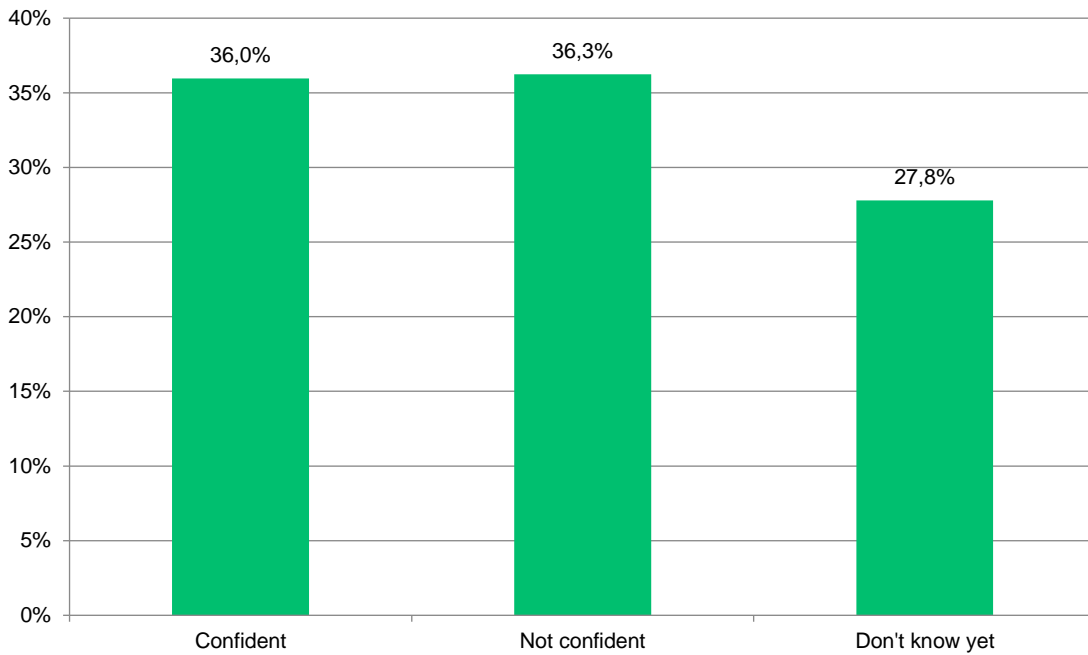
Access to financial resources: a large number of respondents (59,0%) indicated that access to financial resources remained the same during the third survey reference period compared with the second survey reference period, while 20,3% indicated a decrease.

**Table 5 – Financial assistance initiatives**

Financial assistance initiatives	Survey 1 (30 March – 13 April) %	Survey 2 (14 – 30 April) %	Survey 3 (1 – 31 May) %
Debt relief holiday	20,5	22,2	22,0
Deferring payments to the South African Revenue Service	22,8	14,6	18,3
Small businesses grant or loan schemes	13,3	18,6	16,7
Accredited finance agreements	6,5	6,3	6,0
Business Growth and Resilience Facility for essential service	2,7	2,1	2,3
Government relief schemes, e.g. COVID-19 temporary relief scheme	38,2	30,0	39,8
Other not listed above	11,1	7,2	6,3
Not sure	9,5	7,0	4,5
No plan for assistance	21,1	22,1	20,8
None of these	11,1	15,4	15,1

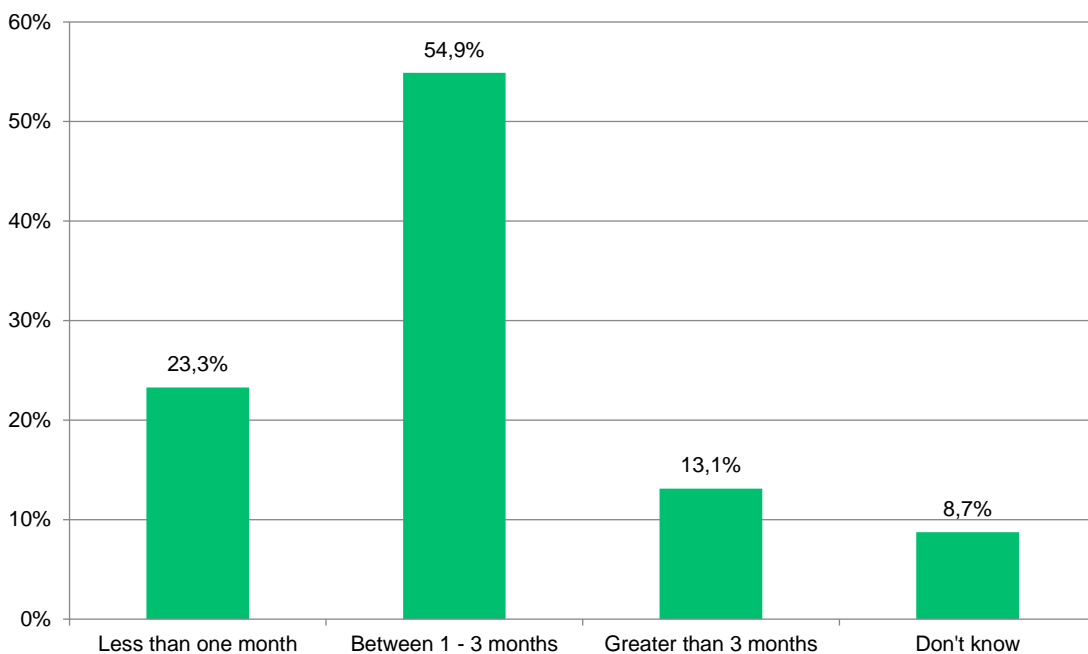
Table 5 shows financial assistance initiative comparisons between the first, second and third business impact surveys. In survey 3, 39,8% of responding businesses reported that they would use government relief schemes as a form of financial assistance, 22,0% reported debt relief holidays, and 18,3% reported deferring payments to the South African Revenue Service.

**Figure 11 – Adequacy of financial resources to continue operating throughout the pandemic**



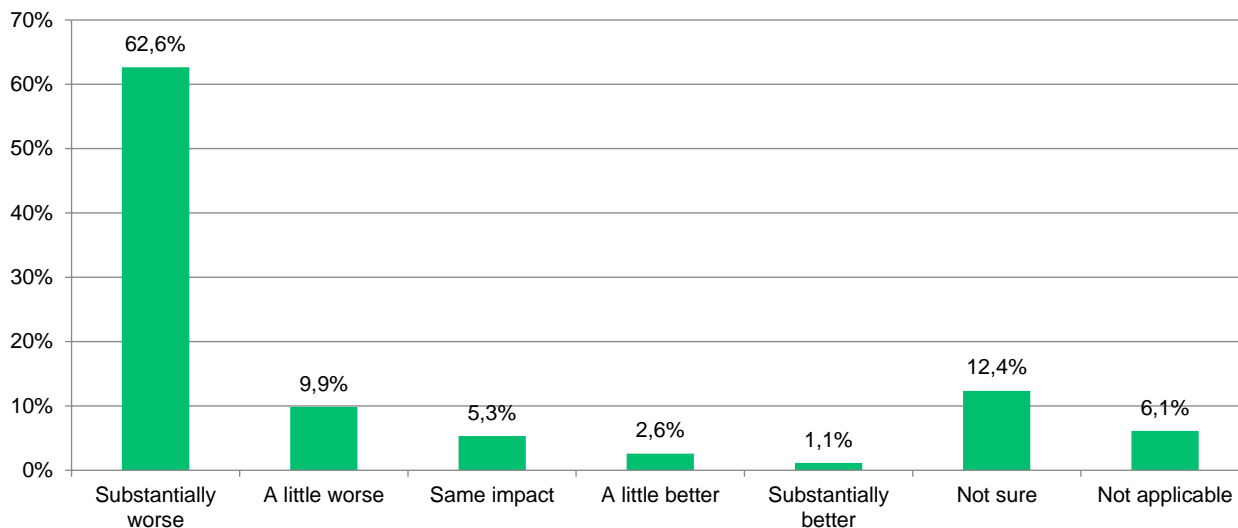
Over 36% of businesses indicated that they are not confident that their business has the financial resources to continue operating throughout the COVID-19 pandemic.

**Figure 12 – Business survival without any turnover**



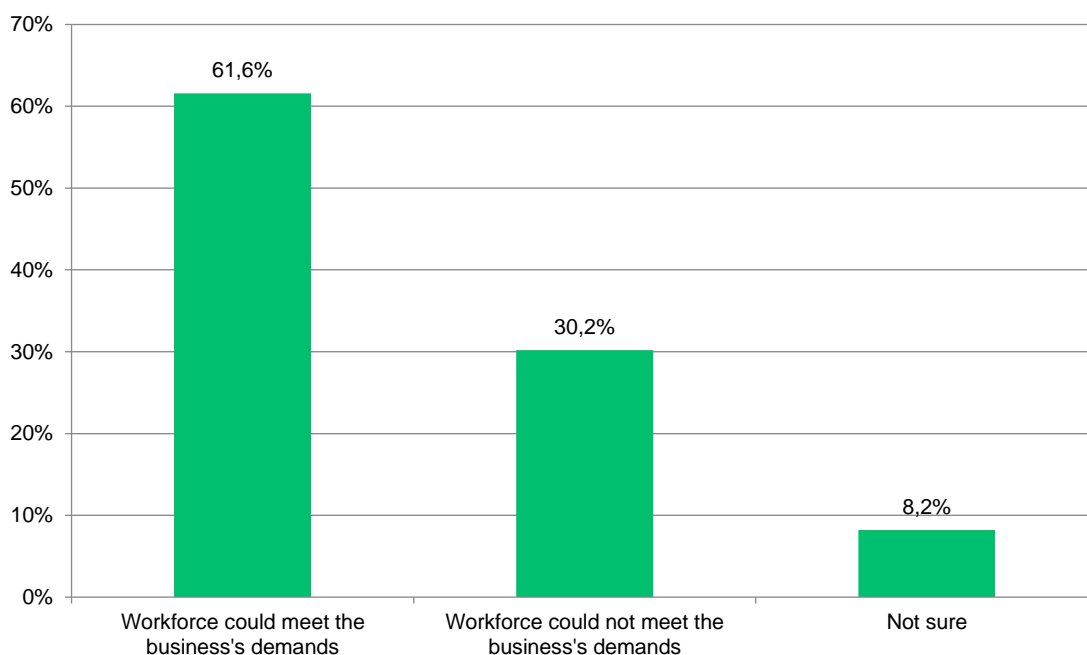
Business survival without turnover: 54,9% of businesses indicated they can survive between 1 and 3 months.

**Figure 13 – Financial crisis (2008/2009) comparison**



Many businesses, 62,6% in this study, anticipate that the COVID-19 pandemic will have a substantially worse impact on their business compared with the financial crisis during 2008/2009.

**Figure 14 – Ability of workforce to meet business demands**



Majority of the workforce (61,6%) were able to meet business demands, 30,2% of the workforce were unable to meet business demands and the rest reported 'not sure'.



**Table 6 – Working remotely vs. normal place of work**

Working type	0-20%	21-40%	41-60%	61-80%	81-100%
Working at their normal place of work	46,3%	16,2%	12,2%	9,0%	16,4%
Working remotely instead of at their normal place of work	49,4%	12,1%	9,3%	10,6%	18,6%
Other	73,4%	4,8%	5,6%	6,2%	10,1%

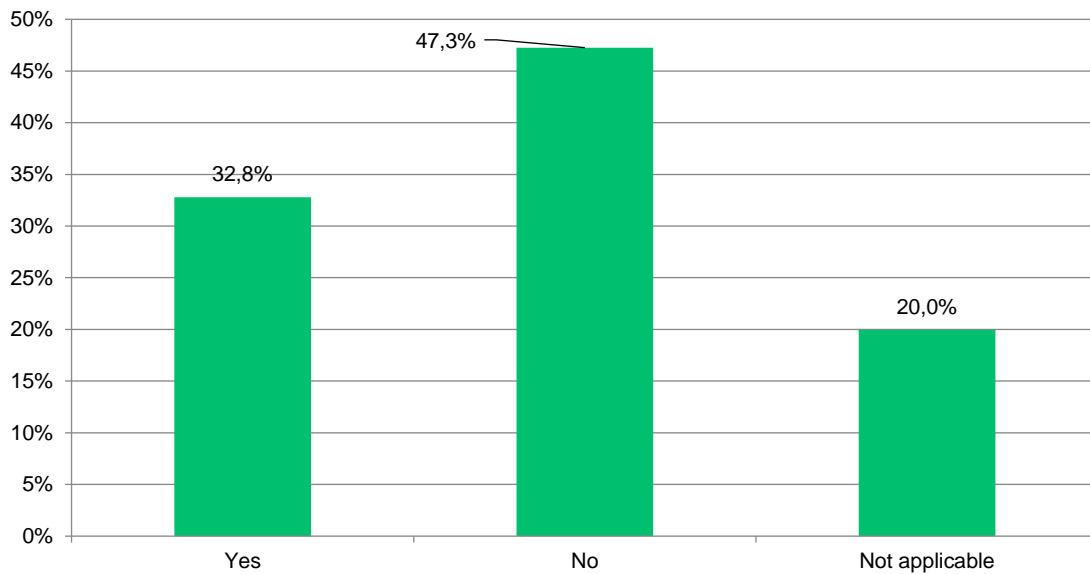
Table 6 shows that 46,3% of respondents reported that 0–20% of their workforce was working at their normal place of work; 16,2% of respondents reported that 21–40% of their workforce was working at their normal place of work; and 16,4% of respondents reported that 81–100% of their workforce was working at their normal place of work.

**Table 7 – Employee working status**

Status of workforce	0-20%	21-40%	41-60%	61-80%	81-100%
On vacation leave	75,1%	7,3%	4,3%	6,3%	6,9%
Off sick or in self-isolation due to coronavirus with statutory or company pay	94,8%	1,3%	1,2%	0,6%	2,1%
Made redundant	80,2%	5,8%	4,0%	3,8%	6,2%
Working as normal	32,9%	12,6%	9,6%	12,8%	32,0%
Other	74,5%	5,8%	5,1%	3,3%	11,4%

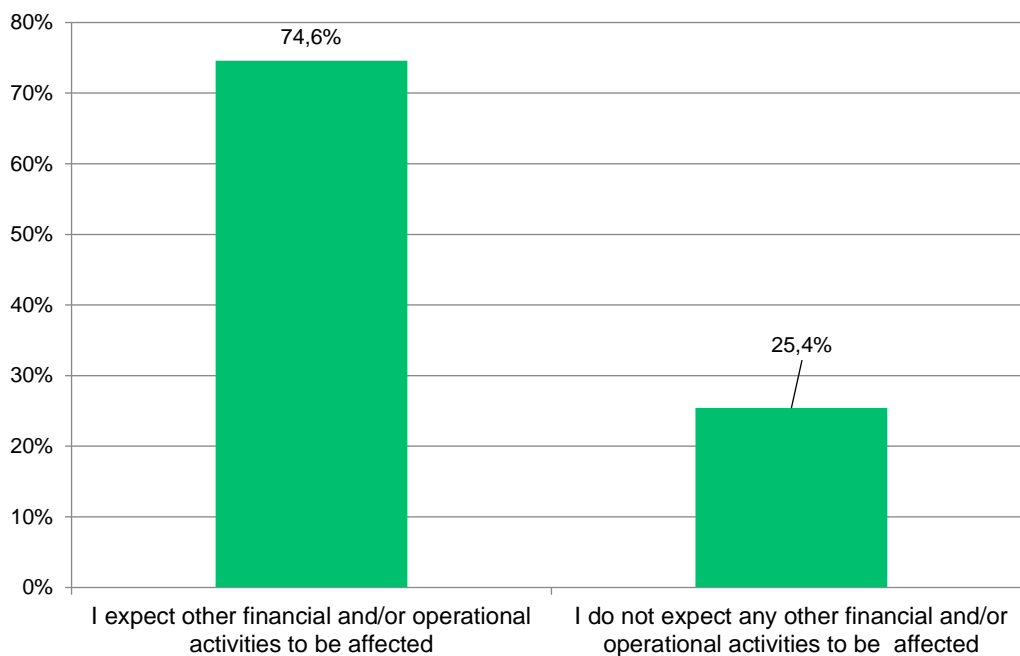
Table 7 shows that 80,2% of respondents reported that 0–20% of their workforce had been made redundant; 5,8% of respondents reported that 21–40% of their workforce had been made redundant; and 6,2% of respondents reported that 81–100% of their workforce had been made redundant.

**Figure 15 – Family commitment having an adverse impact on ability to work remotely**

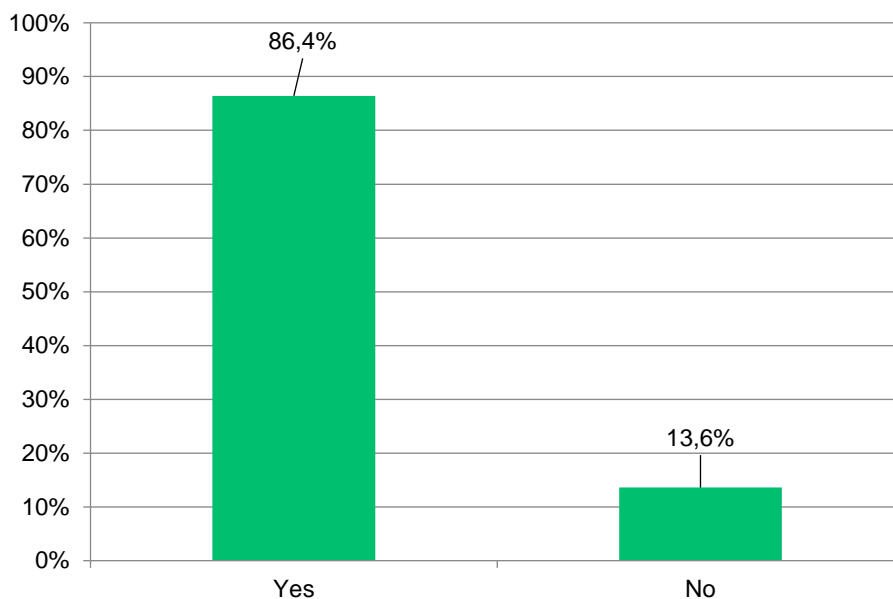


Almost half of the respondents indicated that family commitments have not adversely affected their ability to work remotely.

**Figure 16 – Impact on other financial and/or operating activities during the level 3 lockdown period**



A large number of respondents (74,6%) expected other financial and/or operational activities at their business to be affected by the COVID-19 pandemic during the level 3 lockdown period.

**Figure 17 – Businesses operating during level 3 lockdown**

A majority of respondents (86,4%) indicated that their business will be operating during the level 3 lockdown period.

### **Conclusion**

The purpose of this survey is to provide close to real-time economic insight into the impact of the COVID-19 pandemic on VAT-registered businesses by using a rapid response survey. The indicators and analysis presented in this document depend on the responses received from businesses, which capture their perceptions and views of the COVID-19 pandemic and the related impact.

The business impact survey is designed as an experimental study and is subject to specific strengths and limitations. Some limitations of the survey are that micro businesses are excluded; results are based on perceptions due to the qualitative nature of the survey; and interpretation is based on limited responses. The strengths of the survey are that close to real-time insight is provided; the respondents' experiences and insights are communicated quickly; and the experimental study can be used to supplement reliable statistics produced according to statistical value chain processes.

## Explanatory Notes

### Background

The information contained herein consists of aggregated responses from selected enterprises operating in the formal business sector of the South African economy. The aggregates are generated from information collected through a business impact survey conducted by Stats SA.

The business impact survey was based on the following questions (respondents selected options related to each question):

- What was your total number of employees during normal operations, i.e. before the impact of the coronavirus (COVID-19)? Estimated values are acceptable.
- What was your annual business turnover before the impact of the coronavirus (COVID-19)? Estimated values are acceptable.
- Was your business's turnover within its normal range during the level 4 period?
- What is the current trading status of your business?
- Did you make any changes to the way you conduct your business to adapt to the level 4 lockdown period?
- Compared with the level 4 lockdown period, do you expect your business's workforce size to change during level 3 lockdown due to the Coronavirus outbreak?
- Which of the following measures did your business taken during the level 4 period to cope with the impact of Coronavirus (COVID-19) on its workforce?
- Was your business's exporting of goods or services affected by the Coronavirus (COVID-19) outbreak during the level 4 lockdown period?
- Was your business's importing of materials, goods or services affected by the Coronavirus (COVID-19) outbreak during the level 4 lockdown period?
- Was your business able to get the materials, goods or services it needed from within South Africa during the level 4 lockdown period?
- How did the prices of materials, goods or services purchased by your business change during the level 4 lockdown period, compared with normal price fluctuations?
- Has your business's ability to access financial resources changed during the level 4 lockdown, compared with the level 5 lockdown period?
- How was your access to any form of support for R&D and innovation activities from the South African government affected during the level 4 lockdown period?
- Has your business applied for or plan to apply for financial assistance to fund operations due to the Coronavirus (COVID-19) outbreak? Which of the following initiatives is your business interested in using, if any?
- How confident are you that your business has the financial resources to continue operating throughout the Coronavirus (COVID-19) outbreak?
- How long can your business survive without any turnover?
- Compared to the financial crisis that occurred during 2008/2009, what do you anticipate the impact of the Coronavirus to be on your business?
- Was your business's workforce able to meet the demands of the business during the level 4 lockdown period?
- During the level 4 lockdown period, roughly what proportion of your business's workforce was working in the following ways?
- During the level 4 lockdown period, roughly what proportion of your business's workforce was on vacation, off due to Coronavirus or made redundant?
- During the level 4 lockdown period, roughly what proportion of your business researchers were off sick or made redundant due to COVID-19?
- Have COVID-19 family commitments adversely affected your ability to work remotely?
- Are you expecting any other financial and/or operational activities at your business to be affected by the Coronavirus (COVID-19) outbreak during the level 3 period?
- Will the business be operational during level 3 lockdown?

<b>Purpose of the survey</b>	The purpose of the survey is to provide close to real-time economic insight into the impact of the COVID-19 pandemic.
<b>Classification</b>	Classification into the relevant industry was reported by the survey respondent. Statistics in this publication are presented at industry level. Respondents were requested to classify their business into an industry that reflects the predominant activity of the enterprise.
<b>Statistical unit</b>	The statistical unit for the collection of information in this survey is the enterprise, defined as a legal unit (or combination of legal units) that includes and directly controls all functions necessary to carry out its activities.
<b>Selection of businesses</b>	Businesses were selected from the data reported in the P0021 Annual Financial Statistics (AFS) survey and supplemented with data from agriculture and hunting sector sources.
<b>Rounding off</b>	Where figures have been rounded off, discrepancies may occur between the sums of the component items and totals.
<b>Additional information</b>	An anonymised dataset can be made available on request. Please send requests to: <a href="mailto:krisseelang@statssa.gov.za">krisseelang@statssa.gov.za</a>