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FACTORS AFFECTING SMALL AND MEDIUM-SIZED ENTERPRISES FINANCIAL RESILIENCE POST COVID-19 PANDEMIC IN SOUTH AFRICA

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Abstract:
This research paper aims to investigate the factors influencing the financial resilience of SMEs in South Africa in the aftermath of the COVID-19 pandemic. The study focuses on three primary factors: access to loans, the interest rates applied to these loans, and the structure of repayment plans. A quantitative research methodology, guided by the positivist philosophical framework, was employed to achieve this purpose. The research selected 310 respondents who were SME owners representing various sectors. The data collection and analysis methods primarily involved multivariate regression analysis. The research revealed that access to loans, interest rates on loans, and the design of repayment plans exerted positive and statistically significant effects on the financial resilience of SMEs in the post-COVID-19 period. These factors displayed probability values of 0.005 and absolute values of 0.448, 0.456, and 0.432, respectively. These findings underscore these factors' crucial role in determining SMEs' financial stability. The study's implications are twofold. First, it suggests that financial institutions should streamline the process for SMEs to access financing, making it more accessible and accommodating. Furthermore, these institutions should tailor loan repayment options to better align with the unique needs of SMEs. Second, the research underscores the importance of offering financial education and support services to assist SMEs in enhancing their financial management skills and adaptability within the post-pandemic economic landscape.

Keywords: Small and Medium-Sized Enterprises, Financial Resilience, Access to Loans, Interest Rates, Repayment Plans, COVID-19.

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INTRODUCTION

Small and medium-sized enterprises (SMEs) play a crucial role in the economic growth and development of South Africa (Barua, 2020). According to the World Bank, SMEs in South Africa account for over 90% of formal businesses and contribute approximately 34% to GDP (World Bank, 2021). However, the COVID-19 pandemic has had a significant impact on SMEs' financial resilience, with many experiencing a decline in sales and cash flow (Bora & Basistha, 2021; Margherita & Heikkilä, 2021; Zutshi et al., 2021). SMEs must have strong financial standing, be able to get financing and be able to repay loans with acceptable interest rates in order to prosper in the post-COVID-19 world (Mujeri et al., 2020; Mousa & Ozili, 2022; Msomi & Olarewaju, 2022). Access to Finance is a critical factor in SMEs' survival and growth. However, SMEs face financial challenges due to

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stringent loan requirements and high-interest rates. According to a Small Business Institute (SBI) report, only 20% of South African SMEs have access to finance (SBI, 2021). This lack of access to Finance has been exacerbated by the COVID-19 pandemic, making it even more challenging for SMEs to access Finance due to the uncertainties caused by the pandemic (Didier et al., 2021). The Interest charged on loans is also critical to SMEs' financial resilience. High interest rates can lead to a high debt burden, making it difficult for SMEs to repay loans and grow their businesses (Msomi & Olarewaju, 2022). According to the South African Reserve Bank, the prime lending rate in South Africa was 11% in 2023. However, interest rates charged by some lenders to SMEs can be significantly higher, making it challenging for SMEs to manage their debt burden (Msomi et al., 2022).

Repayment plans are also critical to SMEs' financial resilience. Flexible repayment plans can help SMEs manage their debt burden during economic uncertainty, enabling them to remain financially stable and avoid defaulting on their loans (Mamaro & Sibindi, 2022; Msomi & Olarewaju, 2022). However, many SMEs in South Africa need more flexible repayment plans, which can lead to default and bankruptcy (Fatoki, 2014). Financial institutions retort that lending money to small and medium-sized enterprises continues to be a tedious and challenging activity since numerous elements impact the viability of these ventures and their behavior toward loan repayment (Ackah & Vuvor, 2011). Small and medium-sized enterprises' inability to repay loans on time is the primary obstacle that public credit-lending organizations must overcome. According to Mujeri et al. (2020), the default on loans by small and medium-sized enterprises has been a tragedy, and the problem of loan repayment is an unresolved issue faced by most financial institutions that lend credit to SMEs.

The COVID-19 pandemic has exacerbated these challenges, making it even more challenging for SMEs to access Finance due to the uncertainties caused by the pandemic. Financial resilience during the COVID-19 epidemic requires understanding the variables influencing small and medium-sized enterprises' (SMEs') access to financing, such as loan availability, interest rates, and repayment schedules. Understanding these factors affecting SMEs' financial resilience can help them make informed financial management decisions. SMEs that understand the factors affecting their access to Finance, Interest charged on loans, and repayment plans can make informed decisions about their borrowing and repayment strategies, enabling them to manage their finances better and achieve financial resilience in the post-COVID-19 era. Also, understanding the factors affecting SMEs' access to finance post-COVID-19 pandemic can help policymakers and financial institutions develop policies and strategies to support SMEs' financial resilience. This research will explore these factors' impact on SMEs' financial resilience and provide insights into how policymakers and financial institutions can support SMEs in achieving financial resilience in the post-COVID-19 era.

Literature Review and Hypothesis Development.

Factors affecting financial resilience of SMEs. This section seeks to discuss various factors influencing the success of financial resilience of SMEs in a developing country. The factors discussed below include issues related to SMEs' access to loans, Interest charged on loans, and loan repayment options.

Access to Loans and SMEs Financial Resilience. Access to equitable loans and Finance is defined as the capability of needy individuals or organizations to acquire financial services at prices that are deemed reasonable, in a timeframe that is not too long, and in adequate quantities (Saidi et al., 2019). Manzoor et al. (2021) assert that access to loans and financing is defined as the availability of a supply of financial services that meet an acceptable level of quality and are offered at an affordable price. Access to loans and Finance is also defined as the method by which businesses obtain debt financing from lending organizations in the form of loans and then commit to repay the loans within a specific timeframe and at a specified interest rate (Wu & Xu, 2020). Access to Finance

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is a critical factor for the survival and growth of SMEs globally. SMEs often face significant challenges in accessing Finance due to insufficient collateral, high transaction costs, and asymmetric information (Beltrame et al., 2023). These challenges are particularly severe in developing countries, where the SME sector is the backbone of the economy (Gopalan & Sasidharan, 2020). Access to loans is a crucial component of SMEs' access to Finance. According to Mushtaq et al. (2022), SMEs' access to loans is essential for their growth and innovation. However, SMEs often need help accessing loans due to stringent loan requirements and high interest rates (Mamaro & Sibindi, 2022). In South Africa, only 20% of SMEs have access to Finance, with the rest facing challenges in accessing Finance due to stringent loan requirements (SBI, 2021).

The COVID-19 pandemic has further exacerbated the challenges SMEs face in accessing Finance. According to Mushtaq et al. (2022), SMEs have been disproportionately affected by the pandemic, with many struggling to access Finance due to the uncertainties caused by the pandemic. In South Africa, the pandemic has caused significant disruptions to SMEs, with many facing challenges in accessing Finance due to reduced revenues and increased operational costs (Fubah & Moos, 2022). Research has shown that loan access positively affects SMEs' financial resilience. According to Msomi and Olarewaju (2022), SMEs' access to Finance mitigates the impact of fiscal austerity on their performance.

Similarly, Mamaro and Sibindi (2022) found that SMEs' access to Finance is positively associated with their growth and innovation. Mujeri et al. (2020) note that SMEs have limited options in obtaining funding, with many SMEs being obliged to receive bank financing under tight conditions that are not beneficial to their enterprises' repayment capability. It, in turn, affects the development of their competitiveness in the market. In summary, loan access is critical for SMEs' financial resilience. SMEs often face challenges in accessing loans due to stringent loan requirements and high-interest rates, which the COVID-19 pandemic has exacerbated. However, research has shown that SMEs' access to Finance, including loans, is positively associated with their growth and innovation, and it can mitigate the impact of fiscal austerity on their performance.

Interest Charged on Loans and SMEs Financial Resilience. According to Mohane et al. (2000), an interest rate is the cost of borrowing money. Claims are made about money in monetarist economies because money is a means of trade, a store of value, and an asset. Lenders anticipate receiving repayment for using their claims during the loan period. Lenders' exposure to credit risk is accounted for in this interest rate. So, the interest rate is the anticipated cost to lenders and the cost to borrowers of exchanging present claims for increased future claims to products and services. Money's price is measured through interest rates. According to Mwende et al. (2019), interest rates are crucial since they regulate the economy's monetary supply and demand. To reduce inflation, however, high-interest rates have the opposite effect of slowing the economy down (Sergeyev & Mehrotra, 2020). Lowering interest rates may increase inflation, notwithstanding their stimulating economic impact. Interest charged on loans is critical for small and medium-sized enterprises (SMEs) access to Finance and financial resilience. High interest rates increase the cost of borrowing, making it difficult for SMEs to access Finance and limiting their capacity to invest in growth and innovation (Zairani & Zaimah, 2013; Obonyo, 2018). Research has shown that SMEs often pay higher interest rates than larger firms, limiting their capacity to access Finance (Baas & Schrooten, 2006; Roa et al., 2022; Rahid, 2023). According to a report by the Small Business Institute (2021), South African SMEs often face high-interest rates, with some paying interest rates as high as 40%. This high-interest rate limits SMEs' capacity to invest in growth and innovation, affecting their financial resilience.

The COVID-19 pandemic has further exacerbated the challenges SMEs face in accessing Finance and the impact of high-interest rates on their financial resilience (Mori & Ng'urah, 2020). According to the report, the pandemic has disproportionately affected SMEs in emerging markets,

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with many struggling to access Finance due to high-interest rates and reduced revenues. However, research has shown that reducing interest rates can significantly improve SMEs' access to Finance and financial resilience. For instance, Worokinasih and Potipiroon (2019) found that lower interest rates could mitigate the impact of fiscal austerity on SMEs' performance. In summary, Interest charged on loans is a critical factor affecting SMEs' access to Finance and financial resilience. High interest rates limit SMEs' capacity to invest in growth and innovation, particularly in the context of the COVID-19 pandemic. However, research has shown that reducing interest rates can significantly improve SMEs' access to Finance and financial resilience.

Loan Repayment Options and SMEs Financial Resilience. Loan repayment options refer to the different ways in which a borrower can repay a loan. Repayment is the act of paying back money previously borrowed from a lender. Typically, the return of funds happens through periodic payments, which include both principal and Interest. The principal refers to the original sum of money borrowed in a loan. Borrowers are often obliged to begin making payments toward the repayment of their loans shortly after the loan funds have been disbursed (Ngotho, 2020). One who has fallen behind on their payments is said to be delinquent, while one who has not made their repayments is in default. The borrower's capacity to repay the loan might be negatively impacted by adverse conditions, which could lead to the borrower defaulting on the borrowed cash (Brehanu & Fufa, 2008). Loan repayment options are critical for SMEs' financial resilience. Flexible loan repayment options enable SMEs to manage their cash flows better and reduce the risk of default (Noor, 2020). Research has shown that SMEs often face difficulty accessing flexible loan repayment options. For instance, many SMEs in developing countries lack access to credit with favorable repayment terms, such as longer loan tenures and grace periods (Gourinchas et al., 2020). This situation limits SMEs' capacity to manage cash flows and invest in growth and innovation.

In South Africa, SMEs have faced challenges accessing favorable loan repayment options, particularly during the COVID-19 pandemic. According to a report by the Small Business Institute (2021), many SMEs have struggled to repay their loans due to reduced revenues and cash flows. The report highlights the need for flexible loan repayment options to support SMEs' financial resilience. Research has shown that flexible loan repayment options can significantly improve SMEs' financial resilience. For instance, Msomi and Olarewaju (2022) found that SMEs with access to flexible loan repayment options had a higher probability of survival than those with access to flexible loan repayment options.

Similarly, a study by Abdurahman (2020) found that SMEs with longer loan tenures and grace periods were more likely to invest in growth and innovation. In summary, loan repayment options are critical for SMEs' financial resilience, particularly during the COVID-19 pandemic. Flexible loan repayment options enable SMEs to manage their cash flows better and reduce the risk of default. However, many SMEs in developing countries need access to credit with favorable repayment terms, limiting their capacity to invest in growth and innovation. Research has shown that SMEs with access to flexible loan repayment options are more likely to survive and invest in growth and innovation.

The review of the literature on this subject found that while many studies in the past have concentrated on the financial resilience of SMEs in various countries, there has been a dearth of studies on the concurrent impacts of access to loans, Interest charged on loans, and loans repayment options on SMEs financial resilience. Thus, the stated null hypotheses will be tested in this study.

H1: Access to loans does not affect the financial resilience of SMEs in South Africa.

Access to loans does affect the financial resilience of SMEs in South Africa.

H2: Interest charged on loans does not affect the financial resilience of SMEs in South Africa

Interest charged on loans affects SMEs' financial resilience in South Africa.

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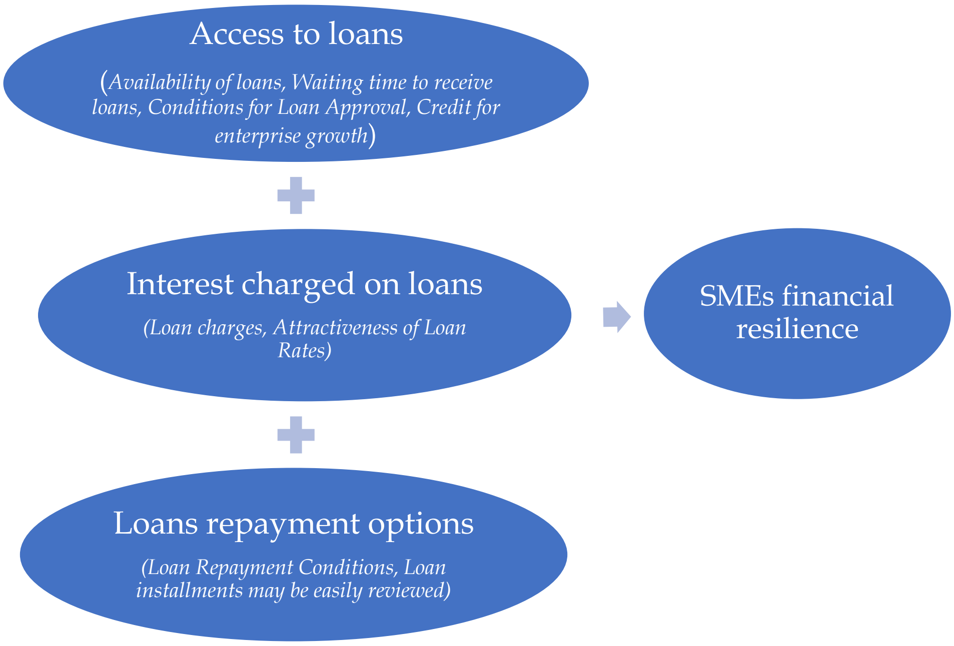
H3: Loan repayment options do not affect the financial resilience of SMEs in South Africa.

Loan repayment options do not affect the financial resilience of SMEs in South Africa.

Conceptual Framework.



Source: Authors' Design (2023)

Figure 1. Conceptual Framework

The conceptual framework presented earlier demonstrates the link between the financial resilience of SMEs (independent variables) and access to loans and loan repayment options (dependent variable).

Theoretical model, The Theory of Credit Market. The Theory of Credit Market is a framework that explains how lenders and borrowers interact in a market where credit is exchanged (Jin & Zhang, 2019). This theory applies to the factors affecting SMEs' financial resilience post-COVID-19 pandemic in South Africa, particularly regarding access to loans, the Interest charged on loans, and repayment plans. In conclusion, the theory of the credit market provides a valuable framework for understanding the factors affecting SMEs' financial resilience post-COVID-19 pandemic in South Africa. Access to loans, the Interest charged on loans, and repayment plans are critical factors affecting SMEs' creditworthiness and ability to maintain financial resilience. Therefore, SMEs must understand and optimize these factors to succeed in the credit market.

Information Sharing Theory. Information Sharing Theory suggests that credit access is influenced by the characteristics of borrowers and the information available to lenders (Tchamyou, 2019). Lenders use information about borrowers to assess their creditworthiness and determine the loan terms, such as the interest rate and repayment terms. Inadequate information or asymmetry of information can result in lenders charging higher interest rates or rejecting loan applications. Therefore, information sharing among lenders and credit bureaus can be crucial in the context of factors affecting SMEs' financial resilience post-COVID-19 pandemic in South Africa. Improved information sharing can increase the accuracy of credit assessments, reduce the risk of default, and enable lenders to provide loans at lower interest rates. It can improve the financial resilience of SMEs and contribute to economic growth.

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Additionally, improving access to credit information for SMEs can help them understand their creditworthiness better, identify areas for improvement, and make informed borrowing decisions. It can include initiatives such as providing credit reports to SMEs, promoting financial literacy, and facilitating communication between SMEs and lenders. Information Sharing Theory highlights the importance of transparency and accurate information in credit markets. By improving information sharing and promoting financial literacy, SMEs can have better access to credit and improve their financial resilience post-COVID-19 pandemic in South Africa.

METHODS

The descriptive survey design used the quantitative research methodology underpinning a positivist philosophical framework. A questionnaire using a Likert scale with five points served as the foundation for the quantitative investigation. 700 SMEs in KwaZulu-Natal were looked. Investigators use the Cochran formula when the studied population is ill-defined or extremely large. This study employed a modified version of the Cochran formula, designed for use with smaller sample sizes. 321 retail, manufacturing, hardware, and construction SMEs participated in this study. The number of workers, the total gross assets, and the total turnover are the elements that constitute SMEs. The owner of a small or medium-sized enterprise or a suitable representative from the finance department was chosen. These SMEs were selected for analysis to examine the factors (such as access to loans, Interest charged on loans, and loan repayment plans) impacting the financial resilience of SMEs in South Africa after the COVID-19 epidemic. Standardized questionnaires were developed to collect primary data from SMEs in Durban, South Africa. Respondents' email addresses were collected from their websites and the SEDA database. Invitations were sent out via email to every DCCI catalog participant. A representative of the SME was selected using purposeful sampling, with the researchers providing their evaluations. Three hundred twenty-one questionnaires were distributed to respondents; 310 were returned, and six were found to have needed to be correctly filled out and abandoned. The remaining 304 replies, up to 98%, were coded and assessed. For both descriptive and regression analysis of the data, this study used SPSS version 28.

RESULT AND DISCUSSION

Demographic Information Analysis. Demographic Analysis: Operational sector, business age bracket, education level, nature of SME, staff strength, job experience, years in business, Source of funding during COVID-19, and Finance for start-up are demographic information from people surveyed that are described and analyzed in this section. The frequency and percentages in the figures provide a descriptive statistical analysis of the demographic data. Table 1 shows the analysis of the demographic information of respondents.

Table 1. Demographic Information of SMEs and Percentage Distribution

Item	Description	Frequency	Percent
Operational sector	Retail sector	88	29%
	Construction	31	10%
	Manufacturing	137	45%
	Hardware	48	16%
Business Age	1-2 years	115	38%
	2-3 years	84	28%
	3-4 years	67	22%
	More than five years	38	12%
Educational background	No Matric certificate	142	47%
	Matric certificate	89	29%

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	Degree	52	17%
	Other qualifications	21	07%
Number of experiences in running this business	1-5 years	157	52%
	06-10 years	81	27%
	11-20 years	49	16%
	more than 21 years	17	05%
Finance for start-up	Personal Savings	172	56%
	Bank Loan	48	16%
	Friends & Family	84	28%
Source of funding during covid-19	Bank Loan	43	14%
	Personal Funding's	141	46%
	Government Grants	48	16%
	Family/Friends	72	24%

Participants in the study were asked about the nature of their SMEs, as shown in the table above. Forty-five percent of study participants had SMEs in manufacturing, 10% in contraction, 29% in retail, and 16% in hardware. According to the table above, the resonance indicated 38% of the SMEs have been in business for 1-2 years, 28% for 2-3 years, 22% for 3-4 years, and 12% for five years and longer. By examining the table above, most SMEs only operate for a short period, as they steadily decline from the ones that have lasted for one year to those that have lasted more than five years. It is above all because most SMEs need help to obtain capital for business start-ups or operations. COVID-19 has also placed pressure on SMEs' operations, which has caused them to be in business for only a short period.

Furthermore, most owners of SMEs need solid educational backgrounds. According to the data above, 47% of SME owners do not have matric certificates, 29% possess matric certificates, 17% have degrees, and 7% have other qualifications. Most SME owners still need a matric certificate, making obtaining loans from financial institutions even more difficult. The lack of education among SME owners prevents them from keeping complete financial records, and inadequate administration and staff, combined with carelessness, ignorance, and a lack of capacity for producing proper paperwork, all of which restrict SME access to loans from banks and other institutions.

The above table shows that most SMEs in post-COVID-19 South Africa rely on personal savings and the support of family, friends, and relatives for their initial funding and growth. The table shows that 46% of SME owners use personal savings as a Source of funding, 24% obtain funding from family and friends, 14% use bank loans, and only 14% use government grants. Sourcing funding became even more challenging during the COVID-19 pandemic. It took increasingly more work for SMEs to acquire access to capital, as most people lost their jobs, and banks needed to make it more complex for SMEs to secure loans, as seen by the above differences in funding allocation.

Regression Analysis: Factors affecting the financial resilience of SMEs during the covid-19 pandemic in South Africa. Table 2 shows the Multivariate Regression Output of access to loans and loan repayment options as a predictor of financial resilience.

Table 2. Multivariate Regression Output

Variables	B	Beta	T	p-value	R^2	F	Df	p-value
Constant	6.444		4.320	<0.005	0.652	87.681	4; 229	<0.005
Access to loans	0.448	0.391	2.944	<0.005				

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Interest charged on loans	0.456	0.384	3.564	<0.005
Loan repayment options	0.432	0.309	6.135	<0.005

a. Predictor: (Constant) access to loans, Interest charged on loans, and loan repayment options
b. DV: SMEs' financial resilience

The regression analysis in the table above shows that the R2 value was 0.652. It indicates that 62.5% of the variance in SMEs' financial resilience can be attributed to their access to loans, the Interest charged on those loans, and the loan repayment plans. The R2 value represents the proportion of the total variation in the dependent variable (SMEs' financial resilience) that can be explained by the independent variables (access to loans, Interest charged on loans, and loan repayment plans). Therefore, the results indicate a significant linear relationship between these independent variables and SMEs' financial resilience.

According to the results of a regression analysis, access to loans significantly affects the financial resilience of small and medium-sized enterprises, with an absolute value of 0.448 being the most telling. The alternative hypothesis, which suggests that access to loans does have a statistically significant impact on the financial resilience of SMEs in South Africa, was accepted, which means that the null hypothesis, H01, which asserts that there is no statistically significant impact that access to loans has on the financial resilience of SMEs in South Africa, was repudiated. These results support the conclusion Kikwesha (2014) reached, which stated that the availability of loans has a considerable impact on the financial resilience of small and medium-sized enterprises. The results of this study concur with those of Waari and Mwangi (2015), who found that the availability of loans impacts the financial strength of SMEs. Susan (2012) also discovered a favorable correlation between the availability of loans and the financial resilience of small and medium-sized enterprises in Kampala. This stance is also backed by Peter et al. (2019), who stated that enterprises may solve their liquidity restrictions if loans are accessed and priced sensibly, which helps viability. They further stated that SMEs are hesitant to receive loans because of the stringent collateral requirements, exorbitant interest rates, and delayed delivery of loans. Consequently, the company's monetary efficiency in sales, profitability, and liquidity has declined. Tragically, it has been ubiquitously noted that restricted access to loans can also harm a company's operational efficiency and capacity to survive In terms of money if the economic conditions in which the company operates are weak and the interest rates are high.

Regression analysis shows a positive correlation between the Interest charged on loans and the financial resilience of small and medium-sized enterprises, with the most robust absolute value at 0.456. Interest rates on loans indicate a statistically significant influence of interest rates on the financial resilience of small and medium-sized enterprises in South Africa, thus rejecting the null hypothesis (H02) that Interest charged on loans has no statistically significant effect on SMEs' financial resilience and accepting the alternative hypothesis that Interest charged on loans do have a statistically significant impact on SMEs' financial resilience. The results corroborate the claims made by Nyumba et al. (2015), who asserted that the cost of borrowing money weakens the financial resilience of SMEs in the Lurambi Sub-County. Following the findings presented above, Msomi and Olarewaju (2022) discovered that the Interest on loans is favorably associated with the financial sustainability of small and medium-sized enterprises. Mnang'at et al. (2016) found that low inflation is a distinctive challenge for small enterprises, and it is still the case that low lending rates have the potential to provide the desired outcome. Furthermore, the debt maturity duration is primarily

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determined by the maturity matching among loan obligations with excessive interest rates. It is a significant function to play.

The regression analysis results reveal a positive relationship between loan repayment plans and SMEs' financial resilience, with the most considerable absolute value at 0.432. These results support the hypothesis that loan repayment plans have a statistically significant influence on the financial resilience of SMEs in South Africa, whereas the null hypothesis H03 is rejected. The results are consistent with those of Obonyo (2012), who found that allowing SMEs more leeway in how and when they repay their loans improved their financial resilience. They did not result in the seizure of any assets. Following the findings presented above, Msomi and Olarewaju (2022) found that advantageous loan repayment plans directly influenced the financial sustainability of SMEs in South Africa. They went on to say that providing smaller businesses with more loan repayment alternatives increases the likelihood that such companies would be able to make their loan payments without going bankrupt. These results are consistent with Makundi's (2015) findings that loan repayment programs significantly impacted SME financial resilience.

CONCLUSION

The study concluded a positive relationship between access to loans, Interest charged on loans, loan repayment plans, and SMEs' financial resilience with absolute values at 0.448, 0.456, and 0.432. The study determined that financial institutions require much time to process SME loan applications but less time if the applicant company has audited financial documentation, which delays and denies SMEs access to loans. In addition, the approval of loans requested by SMEs typically requires the applicant to provide a substantial amount of collateral. According to the survey findings, financial institutions are willing to grant loans for the growth of businesses. Nevertheless, not all SMEs can get loans to expand their businesses. The study concluded that most small and medium-sized enterprises need help accessing loan facilities due to limitations and criteria. The study concluded that a significant amount of time passes between submitting and accepting a loan application. However, this varies from commercial bank to brokerage firm.

The study concluded that the cost of credit facilities is quite expensive, and along with the Interest paid, there are also additional loan processing expenses. Furthermore, the interest rates on loans levied by financial institutions and the costs of gaining access to loan facilities are incredibly high. The study concluded that most of those in charge of financial management were dissatisfied with the cost of loans and the sum of Interest that financial institutions imposed on loans. Nevertheless, most SMEs are still deciding whether to apply for the expensive loans made available by financial institutions. Because of the high-interest rates, it might be difficult for some smaller businesses to repay the loans they have taken out. The study concluded that small and medium-sized enterprises are classified as high-risk borrowers, making financial institutions demand incredibly high interest rates.

The study concludes that the conditions of the loan repayments and the convenience with which the loan payment plans may be reviewed are included in the repayment plans. Borrowers had sufficient time to repay their loans to financial institutions. The study concluded that most SMEs consistently repay their loans promptly, while some even find it simple to repay the loans they have asked for because the repayment conditions are in their favor. The study further revealed that loan repayment schedules are lengthy, so loans are only sometimes evaluated. Furthermore, according to the study's findings, analyzing the different repayment plans for loans could have been smoother. In addition, several financial managers were unaware that any evaluation of the strategies for repaying loans had been conducted.

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The following recommendations have been forwarded because of the findings that were attained and the conclusions that were drawn.

- Financial institutions and the government of South Africa should work on expanding credit availability to small and medium-sized enterprises in South Africa. Financial institutions can accomplish this goal by lowering the conditions for gaining access to loans/credit and shortening the time needed to process loan applications for SMEs.
- Access to loans from financial institutions is hampered by several factors, one of which is the length of time that financial institutions require for loan repayment. Therefore, financial institutions should increase their efforts to extend borrowers' loan repayment time.
- Financial institutions should have fixed interest rates for all SMEs, as an alternative, which are lower than those of large companies, and the costs associated with handling loans should also be reduced. It may be accomplished by automating the loan application process and using online applications.
- Considering the country's current economy, financial institutions should devise adaptable repayment strategies for SMEs.
- Furthermore, to reduce the likelihood of SMEs defaulting on their loans, financial institutions should routinely examine the repayment schedules for loans extended to SMEs as needed.
- SME owners should consider seeking government support programs, such as loan guarantees and grants, which can provide much-needed financial assistance during economic uncertainty.
- SME owners should consider working with financial advisors or accountants to understand their financial options better and develop effective cash flow management strategies.
- Financial institutions and policymakers should explore technology, such as digital platforms and blockchain, to increase SMEs' access to credit with favorable terms.
- Financial institutions should prioritize the needs of SMEs when designing lending policies and products, taking into account the unique challenges these businesses face, particularly in times of economic hardship.
- SME owners should consider consolidating their debt through debt restructuring or debt consolidation loans to reduce their overall interest rates and improve their cash flow.

This study concludes that more research is needed to determine whether other factors affect the financial resilience of SMEs in South Africa. Future studies should examine the impact of macroeconomic factors such as inflation and exchange rates on SME financial resilience and financial institutions' role in helping SMEs manage these risks. Future studies should explore the impact of COVID-19 on the financial resilience of SMEs in other countries and compare the results with those of the South African study. Future studies should examine the role of non-financial support services such as business advisory and mentorship services in promoting SME financial resilience.

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