

## **The Impact of Access to Finances on Survival of Small and Medium Enterprises: The South African Perspective in an Covid-19 Era**

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**Abstract :** SMEs are the main engine of growth in most developing economies. One of the main factors that hinder the development of SME is access to finance. In this study, we explored the factors that hinder the growth and survival of SMEs in South Africa. The capital structure theory formed the theoretical underpinning for the study. The quantitative research design was adopted and data was collected from retail, construction, manufacturing and agriculture sectors of SMEs within the KwaZulu-Natal province of South Africa. The modified version of the Cochran formula was used to determine the sample size as 321 SMEs and analysed using the five-point Likert scale. The purposive sampling technique was used to select owners of SME. Statistical Package for the Social Sciences (SPSS) was used for the data analysis through Exploratory Factor Analysis (EFA) to determine the factor structures of items employed to measure each of the constructs in this study. Then, the Cronbach's alpha test was conducted to determine the reliability of each construct. Kaiser-Meyer-Olkin (KMO) was used to determine the adequacy of the sample size. Linear regression was done to determine the effect of the independent variables on the dependent variable. The findings suggest that the main constraints facing South African SMEs were the lack of experienced management. Furthermore, the SMEs would fail to raise customer awareness of their products and services, which in turn affects their market access and monthly turnover. The study recommends that SMEs keep up-to-date records of business transactions to enable the business to keep track of its operations. The study recommends that South African banks adopt an SME accounting and bookkeeping program. The finding of this study benefits policymakers in both the private and public sectors.

**Keywords :** small businesses, access to finances, COVID-19, SMEs survival

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