

# Dynamics of entrepreneurship in the context of COVID-19



It is often said that entrepreneurship boosts economic growth and helps to fight poverty and inequality. This is particularly relevant in Gauteng, which is currently experiencing deep socio-economic distress as a result of the pandemic (GCRO, 2021). The GCRO Quality of Life Survey 6 (2020/21), conducted between October 2020 and May 2021, asked respondents the question, 'Are you currently the owner of a business, one that you were responsible for starting up (even if you are not working in this business now)?' Of the 13 616 respondents, 15% reported owning a business. Strangely in light of the severe economic crisis, this percentage is up from previous surveys. It also varies by whether respondents have been economically impacted since March 2020, and by race, sex and education levels, revealing fascinating dynamics in entrepreneurship in the current context.

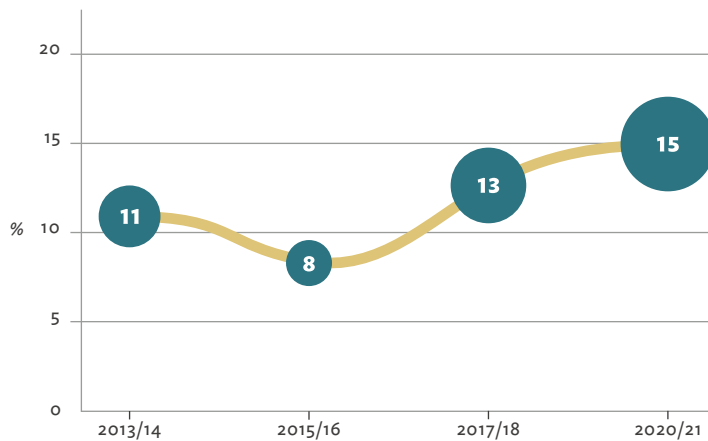
Related GCRO research project:  
**Responding to the COVID-19 pandemic in Gauteng**

**Author**  
Mamokete Matjomane

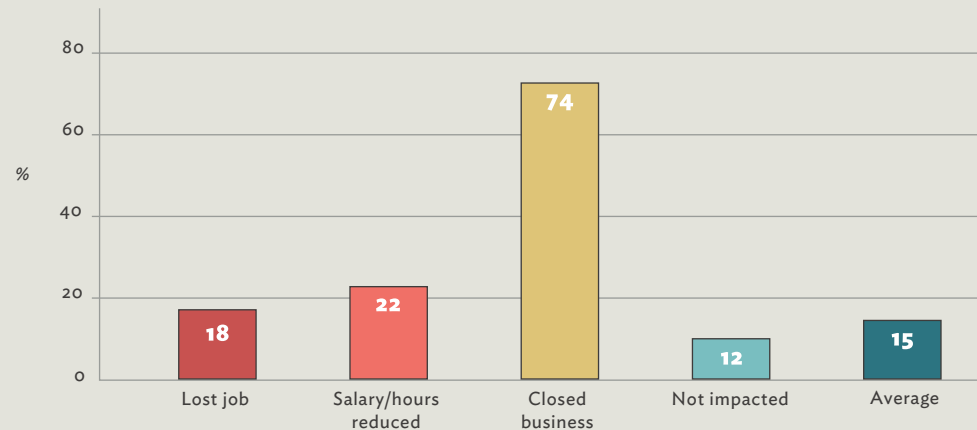
**Inputs by**  
Graeme Götz, Richard Ballard

**Source**  
Data source: Quality of Life Survey 6 (2020/21)  
Data note: all figures are percentages

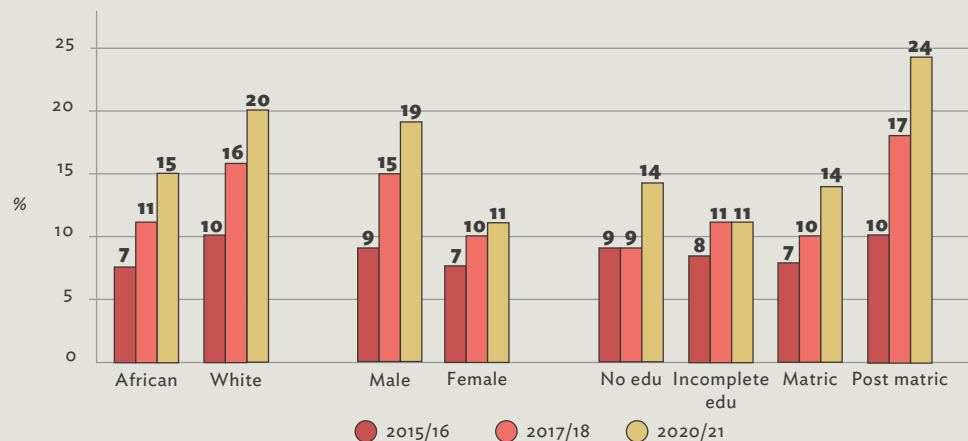
**% Owning Businesses, QoL III to QoL 6**



**% Owning Businesses, of those who since March 2020**



**% Owning Businesses, by race, sex and education levels**



There was a three percentage point decrease in the proportion of QoL respondents owning businesses between 2013/14 and 2015/16. Since then there has been a steady increase, up from 8% in 2015/16 to 15% in 2020/21. This seems counterintuitive in the context of a generally strained economy, which has also been very heavily impacted by COVID-19 over the last year, seen many jobs lost, salaries and working hours reduced and businesses closed.



For those who lost a job or had salary and working hours reduced since March 2020, the proportion now owning businesses is much higher than for those not impacted. And three quarters of those who had to close a business permanently now own businesses. This suggests that those who have been economically impacted have had to do something – like starting new ventures – in an effort to survive. This scramble to earn livelihoods has ironically driven up business ownership in the face of economic downturn.

However, there seems to be an uneven capacity to start new businesses. The trends across the last three QoLs suggest that business ownership has increased the most for white, male and more educated respondents. This mirrors, and exacerbates, historical inequalities, and indicates very worrying variable levels of ability to survive the economic crisis.