

SMEs encouraged to tap into trends that drive job creation and growth

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In South Africa, small businesses serve as powerful engines of economic growth, job creation and societal innovation. With small and medium enterprises (SMEs) providing an estimated 60% of all employment opportunities in the country, their potential to provide social upliftment and development is unlimited. As policy makers, businesspeople and civil society put measures in place to work towards economic recovery, small business entrepreneurship must be at the centre of public discourse as one of the key opportunities to solve South Africa's most pressing economic and social challenges.



David Morobe, executive general manager for Impact Investing at Business Partners Limited

Commenting on this topic is David Morobe, executive general manager for Impact Investing at Business Partners Limited, who says that after seeing small business confidence decrease steadily as SMEs struggled to navigate the challenges of the pandemic years, a recent Business Partners Limited SME Confidence Index found that this is shifting. “We are encouraged by the fact that small businesses have confidence levels of 77% that the current economic conditions are conducive to business growth – the highest it’s been in a decade. This is a positive sign that the sector is finding its feet again after two years of instability. This is of particular relevance now, given the country’s ongoing unemployment crisis.”

Financiers must continue to support SMEs as the employers of the future

A report by Finfind, in partnership with the South African SME Fund, puts the total number of SMEs in the country (including the informal and formal sectors) at around three million. According to the report, the average number of employees per SME varies between 12 and 27, with most full-time positions being offered by medium-sized enterprises with an average annual turnover of R10m.

For Morobe, creating the number of jobs required to make a dent in the unemployment rate is an ambitious task, but one that can be realised by unwavering collaboration between the public and private sectors, as well as other stakeholders who provide support for South Africa’s constituent of entrepreneurs: “Fortunately, industry trends both locally and abroad are expanding the landscape of opportunity and providing entrepreneurs with a chance to explore uncharted business territories. As financiers, we must continue to provide the necessary support to SMEs to facilitate their growth and sustainability.”

Cloud technology as an enabler for sector growth

The increasing development and application of technology such as cloud computing has the potential to revolutionise the SME sector. According to the 2022 State of South Africa Small Business Report by accounting technology firm, Xero, half of businesses now use cloud technology, with 30% claiming that it has enabled them to expand their customer base and 28% saying that cloud technology has made a direct impact on the efficiency of their business operations.

Commenting on this trend, Morobe explains that cloud technology presents SMEs with reach and enormous growth potential. SMEs will continue to grow as new and emerging entrepreneurs adopt the remote working trend and digital nomad approach to work: “Cloud technology has been found to dramatically reduce the cost of doing business, which could free up capital for human resources, innovation and other business avenues.”

The rise of social entrepreneurship

On a global scale, the worlds of business and social activism are merging to form the basis of an entirely new class of entrepreneurship – the kind that values profitability in the same way as it prioritises aspects such as community development, social justice and charitable objectives.

“Social entrepreneurship in South Africa is growing rapidly. We’ve seen some exemplary organisations being developed around issues such as education, access to public services, environmental conservation and climate change. The rise of social entrepreneurship also presents a range of opportunities. On a conceptual level, entrepreneurship can be summarised as problem solving. In South Africa, which has its fair share of unique socio-economic challenges, these problems are opportunities in disguise for entrepreneurial individuals,” explains Morobe.

Emerging trends in customer experience

Another trend driving innovation within the SME sector is the evolution of customer experience (CX). Given the fierce rate of competition in the market, SMEs are increasingly making use of optimised customer service experience as a point of differentiation and the basis of their value proposition.

As Morobe explains: “Some of the most prominent developments we’re seeing in customer experience are the use of chatbots, personalisation, omni-channel customer engagement, data management, and security. As the customer experience evolves in South Africa, more job opportunities will arise for CX professionals at every level, from call centres and customer service agents to community managers and product support executives.”

“As the main driver of these trends, technology will continue to provide entrepreneurs with the opportunities they require to grow successful ventures in new and uncharted industries, as well as innovate ways to succeed in existing and challenging ones. Coupled with the government’s drive to increase infrastructure development, attract foreign investment, and promote training programmes, the SME sector stands in good stead to create much-needed employment opportunities for millions of South Africans,” concludes Morobe.

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