

A call for all to support small businesses

 By [Leigh Andrews](#), issued by [SAICA](#)

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Annie McWalter, CEO of SAICA enterprise development, recently shared a TEX Talk-style presentation on the macro-environment of entrepreneurship in South Africa, addressing our performance by positing potential solutions for developing entrepreneurs with a 'partner with us' call to action against the background and specific objectives of SAICA's Nation Building initiatives of The Hope Factory, as well as SAICA's Enterprise Development.

Face the facts: South Africa's small business sector is currently fragmented, lacking co-ordination and consistent standards.

In fact, according to the 2016/7 Global Entrepreneurship Monitor (GEM) Report and its more recent version, the following trends continue...

1. There's a drop in both perceptions of opportunity and 'we can do this' capability in intending to start businesses over previous years.
2. More worrying, says McWalter, is that South Africans simply don't believe we have the required skills to successfully start a business, ranking at just 55 out of 62 countries in this regard.
3. Citizens' entrepreneurial intention to start businesses is four times lower in South Africa than it is in the rest of Africa.
4. Total early-stage entrepreneurial activity, which is the principal measure of entrepreneurial activity used by the Global Entrepreneurship Monitor, has dropped by 25% and is now 2.5 times lower in SA than it is in the rest of Africa.
5. South Africa has one of the lowest established business rates, coming in at 61 out of 65 countries. That makes it five times lower here than it is in the rest of Africa.
6. As much as 67% of entrepreneurial businesses that closed did so for financial reasons, either in not proving profitable or facing problems securing access to finance.
7. But it's not all negative. On the flip side, 75% of South African entrepreneurs are opportunity-driven, which is substantially higher than elsewhere on the continent as well as other efficiency-driven economies worldwide. McWalter said this speaks to pockets of excellence that exist in the country.



Annie McWalter

Tackling the economic challenges and enhancing the entrepreneurial opportunities

Taking a solution-driven approach, McWalter proposes that this current entrepreneurial air needs to be distilled on these challenging fronts by better valuing entrepreneurial education and skills development all the way through the traditional education system. South Africa currently scores amongst the lowest in the world on this count, which is the very basis of financial literacy.

Remedying this, therefore, involves teaching financial literacy more widely, placing greater emphasis on entrepreneurship skills in primary, secondary and tertiary education curricula, as well as greater availability of entrepreneurial skills development programmes.

That's where SAICA's SMME support programmes come in.

The Hope Factory has been involved with increasing financial literacy and skills development in small communities for over 12 years. It has also recently launched a New Venture Creation Programme, which essentially teaches entrepreneurial skills to startup businesses, and would like to do so more widely, based on the current need.

Having recently partnered with the Association of Savings and Investment South Africa's (ASISA), The Hope Factory is rolling out their FLAME or Financial Literacy and Micro-Enterprise pilot project, to address these needs in the rural communities help establish the link between the way people manage their personal finances and the way they manage their business finances.

On the other hand, SAICA Enterprise Development has partnered with the JP Morgan Foundation on a successful pilot project, where 50 unemployed graduates were trained to do the books for small businesses. It's also partnered with the greatest minds in finance to address the four main aspects to the specific challenge of becoming and remaining a financially viable small business, to boost the country's entrepreneurs:

1. Ease of doing business and red tape, with SA ranked 131st out of 190 countries, compared to Mauritius, which is ranked 48th.
2. Lack of business profitability, despite excellence of financial skills available in SA.
3. Difficulty in accessing finance, despite there being a huge amount of funding available. This is a particular sticking point as [Finfind](#) lists 650 funds to date, with enterprise and supplier development funds estimated at between R26 billion and R50 billion in 2019. Despite this, small businesses are not accessing these funds.
4. Reliable electricity supply affects small business most acutely.

McWalter explained that SAICA's Enterprise Development division runs both a graduate programme and an accounting programme, and is now partnering with YES in their second JP Morgan partnership.

Pay it forward, create more consistent industry employment

Through those previously unemployed accounting graduates, now employed through small accounting practices, SAICA Enterprise Development also offers accounting and back-office support to SMMEs.

In addition, the division runs financial bootcamps and offers finance coaching to entrepreneurs, where chartered accountants sit with the entrepreneurs and look at their books, financial models and business profitability.

In all of these activities, SAICA Enterprise Development is doing its bit to prevent small businesses from closing by addressing the need for financial excellence.

To address the challenge of better co-ordination and consistent standards, SAICA Enterprise Development fosters a partnership approach in calling on all government departments and entities, as well as the Department of Trade and Industry (DTI), Department of Small Business Development, SEFA and SEDA to speak from the same page in addressing the issues of SA's small business performance as per the GEM report.

But more needs to be done to support SA's entrepreneurs. McWalter suggests the following:

- Forming a membership body to set and maintain standards in small business development and incubation, which should be recognised nationally and internationally and embraced by both government and the private sector.
- The DTI should encourage and incentivise industry bodies to co-ordinate small business development per industry, such as across procurement departments. Lots of enterprise and supplier development programmes are currently being run, but there's no formal documentation of these leading to sustainable business formation and new job creation.
- A link to the Broad-Based Black Economic Empowerment (B-BBEE) Codes, to measure impact through the application and reward of meeting of standards.

McWalter ended with a call to action to the broader industry, to partner with SAICA Enterprise Development and Nation Building projects to bring financial excellence skills to small businesses, enabling them to access the finance required to grow and be profitable.

You can also lobby for entrepreneurship to be taught as a viable career option at all education levels, together with the required skills, and partner with The Hope Factory or ASISA to offer entrepreneurship programmes focused on new venture creation and financial literacy.

It's in the industry's best interests to heed the call for greater standards, co-ordination and accountability in all small business development initiatives, in boosting the economy and thereby helping rebuild the nation.

Catch McWalter's Ted Talk here:

ABOUT LEIGH ANDREWS

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