

'You can't be it if you can't see it' The need to support women-owned SMEs

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As the new chief executive of Edge Growth's Ventures business, Janice Johnston is passionate about developing and cultivating SMEs. This Women's Month, she highlights the need to support and uplift women entrepreneurs in South Africa.



Women constitute a significant portion of the population and their participation in the economy through SMEs contribute to South Africa's overall economic growth. "Women-owned businesses that thrive can generate employment opportunities, can create new markets and stimulate local economies, especially as many of these businesses are community based," Johnston says.

Women-owned businesses contribute to empowerment and gender equality, and provide women with opportunities to participate in economic activities on an equal footing as businesses owners, rather than solely being employees.

"We also find that women owned SMEs have a strong drive towards innovation and problem solving, with these women often coming with slightly different perspectives, which bring unique insights and experiences to businesses," she says.

This, she says, can lead to new product development and business models. As a leading South African SME development specialist and impact investor, Edge Growth has seen this with a number of its portfolio investee companies.

"I think we also cannot underestimate the social and cultural impact that women in SMEs can have in terms of influencing social norms and cultural attitudes. Successful women entrepreneurs become role models, inspire those around them and can be a strong force for change to persuade girls to follow their entrepreneurial aspirations, really challenging traditional gender roles in society," Johnston says.

The resilience and sustainability of an economy requires a broad range of participation and so, by having more women-led businesses, this can create a more robust economy that can withstand economic shocks and contribute to a more balanced and stable environment for all.

According to the 2022 Mastercard Women Entrepreneurs Index (MIWE), South Africa is one of only 12 economies globally from the 65 countries assessed, where women's entrepreneurial activity rates have increased, with 11.1% of working-age women engaged in early-stage entrepreneurial activities. South Africa is ranked 44th out of these countries globally, with 21.9% of all businesses owned by women in 2021 versus 21.1% in 2020.

While this growth in female entrepreneurship is likely stimulated by an increase in female necessity-driven entrepreneurship, women's advancement still remains impeded by less supportive entrepreneurial conditions compared to other global economies.

Johnston concurs with these findings and says that many smaller scale operations are started by women because of a lack of other opportunities to earn a livelihood. Many of these types of businesses have more challenges when it comes to access to finance and growth opportunities, especially in terms of capital resources and the types of business models that

they are working with.

“If we want to expand the reach and the overall productivity of these particular businesses, we need to do more to support them. This includes reducing their risk profile to enhance their access to finance, and to provide them with the support and business development opportunities that they would need in order to take their businesses to the next level,” she says.

Johnston says that there is also still a gender stereotype and bias deeply rooted in society, and this makes it more difficult for women entrepreneurs, who often face scepticism and difficulty to assert themselves from a credibility perspective beyond a certain scale. Here, networking and mentoring opportunities can enhance their ability to grow within the business environment.

Johnston is the Chairperson of 100 Women in Finance in South Africa, a global organisation committed to gender equity in finance by promoting diversity, raising visibility, and empowering women to find their personal path to success.

“You can’t be it if you can’t see it,” which is often quoted within the organisation, is exactly why we need to better recognise and showcase various successful women-owned SMEs in order to drive growth in this sector.

We also need to provide access to mentorship and guidance for women who are at an earlier stage of their business journeys.

For a relatively small operation that needs to become more sustainable, there are a plethora of online tools and resources to get women business owners one step further. There are also many incubator and accelerator programmes available in South Africa that could assist these businesses into the next phase of development.

“It’s about taking responsibility and accountability that being a business owner is different to just providing a product. This is the shift in mindset that is needed. It is also vital to have a very clear understanding of your unique selling point,” she says.

Similarly, for a more scalable business looking to attract venture capital, many of the same fundamental questions apply, as well as having the right team and complimentary skills set to ensure a viable and credible business model that is able to scale across markets and products.

“At Edge Growth, our experience with women-owned SMEs has shown that they are solution driven, are problem solvers and have a unique ability to simplify products. They tend to be more collaborative and often bring fresh perspectives to a business,” she says, adding that women also tend to be at the forefront of embracing social impact. “This is very important in shifting the focus from profit performance only, to delivering on solutions that addresses social, environmental and economic challenges within communities in South Africa”.

Johnston rejoined Edge Growth as chief executive of its Ventures business after serving as chief executive of Growth Equity Portfolios between 2014 and 2019. Prior to her return, she was part of the Presidential Climate Finance Task Team and then the Just Energy Transition Project Management Unit that was directly involved with the drafting and launch of the Just Energy Transition Investment Plan by South Africa at COP 27.

“While social justice and gender equality are vitally important, one can’t underestimate the strategic economic imperative of having more women owned SMEs to drive economic growth, innovation and transformation, for a more inclusive and prosperous future,” Johnston says.

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