

SMMEs

The importance of SMMEs:

- **employ** the majority of the **country's workers**,
- play a fundamental role in **uplifting communities**,
- drive **innovation**,
- provide **fit for purpose products and services**, amongst many other things.

SMMEs bridge the gap often left by larger corporates by providing local knowledge, skills, solutions, and products.

SMMEs have to contend with the many challenges of operating in the South African environment, such as low economic growth, a lack of access to funding and red tape.

Unfortunately, as with households, all SMME businesses were impacted by the pandemic and resulting lockdown.

SMME Success is no small matter: Everchanging realities of SMMEs

Many other barriers (apart from COVID-19 and lockdowns) which affect the chances of SMME and Side Hustle entrepreneurs' success, are outside of their control

The current difficulties include :

- Load shedding
- Reduction in disposable income of South Africans
- High crime rates and looting
- Change in South African consumer buying behaviour
- Lockdown regulations
- Increase in 'import costs'
- Shortage of supplies
- Low demand of certain products/services
- Limited international trading opportunities
- Requirement for additional health and safety protocols
- Increase in inflation

In addition, the struggles of the formal sector had a compounding effect on informal trade, as the closing of offices and decreased activity on the streets negatively impacted the demand for the produce they sell, or the services that they offer.

SMME Success is no small matter: Understanding the experiences and realities

The experiences and realities of SMMEs have changed over the last 18 months and are dependent on their goals, type of business, business size, sector, tenure, stage, know-how and skills.

7 Key Insights into their experiences and realities:

- SMMEs persevere and empower others along the way
- SMMEs are highly reliant on word of mouth to accelerate their momentum
- Many SMME & Side Hustle entrepreneurs self-fund their business
- Growth is the only option
- Digitisation amplifies SMMEs. Not all entrepreneurs, could capitalise on the digitisation trend
- SMMEs want to feel valued and get appropriate financial advice
- Gender differences paint their own picture. Women ownership of SMMEs still underrepresented

Defining and unpacking what success means for entrepreneurs in South Africa.

The concept of success has 5 dimensions:

- Input dimensions: Passion and Innovation
- Output dimensions Recognition, Sustainability and Financial Freedom
- These dimensions are interconnected as well as integrated and collectively form the concept success, which includes financial success. Sustainability is the one dimension that most entrepreneurs are focusing on in the present day, as it is equated to survival.

