

Universities can play a major role in addressing SMME longevity

Issued by [Bullion PR & Communication](#)

19 Dec 2022

When asked about recognisable companies, many of us would naturally gravitate to massive global brands such as Apple and Microsoft or brands that have become popular through movies and television such as Walmart, Tiffany's and Harrods. Locally, brands such as Anglo American and African Rainbow Minerals come to mind. Not only are these brands significant in that they receive a lot of media attention, but they are also significant because they are major economic drivers of the countries that they are located in. Mining has been the cornerstone of the South African economy since 1800s and the tech boom in the US saw the significant rise of Apple and Microsoft who are now major employers.

While these companies are important, and grab the attention of a global audience, it is the role of small to medium enterprises (known as small, medium and micro enterprises in South Africa) that often goes unnoticed. The World Bank estimates that small to medium enterprises contribute as much as 60% to some economies and can employ as much as 50% of the working population in those countries. Entrepreneurship plays a far bigger role as an economic driver than major corporations do.

Yet, the entrepreneurship statistics in South Africa are frightening. Research shows that very few South African SMMEs survive longer than three and a half years. "This is a significant problem and one that needs to be addressed if we want to change the South African narrative and address the economic challenges that the country faces," says Dr Marlini Moodley, an academic, business advisor and an author in the marketing department at Mancosa. She adds that addressing these challenges will be difficult.

Assessing the risk landscape

Entrepreneurship is currently regarded as the panacea for social ills and is promoted in government policies and strategies around the world. This is done to stimulate economic activity, increase employment rates, and promote international competitiveness.

"Yet access to this is often beyond many South Africans. Entrepreneurs cannot just start a business without any form of formal education. And while there are many tertiary institutions that are offering courses in entrepreneurship, access to these institutions is focused on urban centres. What happens to top rural entrepreneurs?" asks Moodley.

The next challenge is access to capital. Starting a business is expensive and entrepreneurs need a significant cushion to fund themselves as the business finds its feet. "Many entrepreneurs need start-up funding. There are initiatives in urban centres where this is possible. But you need to provide these funds with a well thought through prospectus which many aspiring entrepreneurs struggle to put together without any formal education or the help of a business mentor. Once again, these funds are mostly based in urban centres, so rural entrepreneurs struggle to access these funds," says Moodley.

While South Africa is fast becoming a highly digitised and connected economy, the majority of South African businesses cannot be digitised and require an office space or shop space to operate. "In the urban centres such as Johannesburg, Cape Town and Durban, renting office space or business space is very expensive and is out of the financial means of many new entrepreneurs. There are business hubs that are emerging whereby entrepreneurs can rent space by the hour or for a full day/half day. But they need more than this," says Moodley.

Finally, the lack of marketing skills is another major challenge that many companies have. "While many entrepreneurs have a great idea for a business, many entrepreneurs struggle to market themselves or their products. Marketing is often regarded as an afterthought in many companies who only allocate whatever budget they have left over on marketing efforts.

Marketing is an exact science; if done properly, it can add significant benefit to a business. However, if it is done poorly, the business will stagnate and struggle to grow beyond its initial stages," says Dr. Moodley.

Addressing these challenges

While these challenges are significant, it is important that we make an effort to address them if we are going to achieve the objectives set out by the National Development Plan.

The best way to address this is to move towards the establishment of entrepreneurial universities.

"Universities' frameworks, missions, strategies and resources focusing on entrepreneurship should be emphasised by the Department of Higher Education and Training (DHET)," says Moodley, "All higher education institutions should strive towards becoming university-based entrepreneurship ecosystems with internal and external interrelated elements of the university striving together to create an environment conducive to the development of student as well as staff entrepreneurs. The DHET needs to merge with private as well as public higher education institutions to provide support, policies and strategies."

Moodley adds that co-curricular entrepreneurship support activities need to be part of the education system. "We need to monitor the activities taking place outside of the formal curriculum of a university that has an entrepreneurship focus. This way, students can gain practical experience about what it is like to run a company."

The role of universities will be important

If we want to address the country's entrepreneurial challenges, universities will need to step up and play an important role.

University venture funding can be made available by government and business entities as part of their corporate social responsibility (CSR) initiatives. This will provide seed and early-stage funding to companies to support technology transfer and the commercialisation of university and public research results.

"Higher education institutions should consider preparing students for the competitive South African job market as well as making them employable globally through intrapreneurship where aspiring entrepreneurs can build on their great ideas and are allowed to take their concept to market within a company," says Moodley.

She adds that support is critical: "Workshops, incubators, business seminars, seed funding, competitions and many other initiatives need to be launched to support students. Finally, free access to entrepreneurial short courses for students whose course programmes do not have business or entrepreneurship courses need to be made available."

- " A bevy of South African artists will ascend on Clarens for the annual Clarens Arts Festival "** 2 May 2024
- " South Africa needs to accelerate its focus when it comes to addressing mental health issues "** 3 Apr 2024
- " Defining future value will require higher education institutions to step out of their comfort zones "** 19 Mar 2024
- " Hope is on the horizon despite South Africa's economic challenges "** 22 Feb 2024
- " We need to mirror the pace of technological change by sharpening our tech skills "** 8 Dec 2023



Bullion PR & Communication

Specialists in emerging markets in public relations and communication services.

[Profile](#) | [News](#) | [Contact](#) | [Twitter](#) | [Facebook](#) | [RSS Feed](#)