

Why SA small business owners should be proud of their heritage of resilience

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Following the dip taken during the pandemic years, the South African economy has faced a number of headwinds on its road to recovery. The current economic downturn has been characterised by high levels of inflation, the rising cost of credit, fuel hikes and a cost-of-living crisis. These realities have placed millions of small businesses across the country under immense strain. Despite these challenges, many of these businesses continue to demonstrate a "heritage of resilience" and maintain an optimistic outlook heading in 2024.



Pheladi Kunutu, area manager at Business Partners Limited

This is the opinion of Pheladi Kunutu, area manager at Business Partners Limited, who applauds local business owners for their courage and ongoing perseverance in the face of overwhelming odds this Heritage Day.

“Our own research through the Business Partners Ltd SME Confidence Index, in addition to surveys conducted by other industry stakeholders, are indicative of a steady rise in confidence on several fronts, including the belief that small businesses will be able to grow their ventures in the months ahead. Additionally, the confidence that small business have that the South African economy is conducive for business growth has remained stable, despite an onslaught of difficulties and economic barriers.

Most recently, business leaders such as chief economist, Dr Azar Jammie have attested to the resilience of South African businesses – a trait that has aided in keeping the economy afloat. As a specialist SME (small and medium size enterprise) financier, we also continue to see outstanding examples of

how by leveraging innovation and applying creative thinking, local entrepreneurs are overcoming obstacles and fighting their way through to a brighter future,” she adds.

Growing confidence that growth is on the horizon

According to the most recent, ‘Small Business, Big Opportunity’ survey conducted by Sage, over 80% of business decision-makers are confident that their company will be successful over the next 12 months. Similar results were seen in the quarterly SME Confidence Index conducted by us at Business Partners Limited, which saw overall business confidence increase to 71% in the first quarter of 2023 – a 7% rise compared to the previous quarter.

This sustained confidence has resulted in tangible results, with 74% of South African small businesses reporting growth over the last year, according to a report conducted by Xero. “In light of the extreme and mounting financial pressures being faced by small businesses, these results herald positive prospects and prove – yet again – that the local SME sector is as resilient as it has always been believed to be and ready to face the SA challenges head on,” says Kunutu.

Efficiency the key to getting through tough times

Touching on the specific factors that make South African entrepreneurs resilient, Kunutu says that the will and ability of entrepreneurs to up the ante in terms of running efficient operations, is a key contributor. The study conducted by Sage found that over a third of business owners attribute higher levels of business confidence to the ability to work more efficiently.

For Kunutu, greater levels of efficiency can be attributed to the wider availability and accessibility of technological tools that can automate processes and build more effective workflows. Tasks involving aspects such as financial management and accounting, tax administration, team communication and project management have been made more efficient by software and tools, many of which are freely available or relatively cost-effective due to competition in the market.

Agility and adaptability to change

Many local small businesses have also proven themselves to be extremely agile, both during the pandemic years and in the post-pandemic period. The ability to adapt quickly to market fluctuations and changing socioeconomic conditions is one of the hallmarks of resilient businesses, according to Kunutu.

“We’ve seen extraordinary examples of agility in the sector particularly in response to the electricity supply crisis with more businesses adopting alternative energy. In response to the series of petrol and diesel hikes, some local small businesses have switched to more fuel efficient modes of transport such as e-bikes. Pioneers in this sector include [Green Riders](#), an e-bike delivery and logistics service that is bringing ‘greenification’ to last-mile delivery industry.

In examples such as these, we see not only solutions to beating price hikes but also solutions to social empowerment, job creation and upliftment. The agility of these kinds of small businesses rests on their ability to see challenges as opportunities,” says Kunutu.

Hopeful prospects ahead

Encouraging small businesses to continue to persevere this Heritage Day, Kunutu points to the SA SME’s heritage of resilience and indicators that positive prospects lie ahead for several key sectors. Recent forecasts predict the recovery of the livestock and poultry industries and future gains in terms of the forthcoming domestic harvest. Data published by Statistica also points to a thriving e-commerce industry, expected to expand at an annual growth rate of 24.7% by 2024.

Kunutu urges small business owners to draw hope from these positive indicators and to keep up their determination in weathering the economic downturn. “As South Africans, we face a set of unique challenges, but we’ve also proven ourselves highly capable of taking ownership of our journeys as businesspeople and when opportunities don’t arise on their own – we create them,” she concludes.

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