



A Culture of Growth* How do we establish a culture of economic growth in South Africa?

**This article is based on literature only,
this is not my own work, but built on the wonderful
work already out there in the public domain*



I received a great amount of feedback on my previous article, 'The Burning Question', and it seems like most of my colleagues are concerned about the lack of growth opportunities within South Africa. What stimulates economic growth in any social setting? I enjoyed an article from the University of KwaZulu-Natal, by Dr Tony Ngwenya, where he states that with a population of about 350 000 people, Iceland has one of the lowest Gini coefficient ratios (a measure of statistical dispersion intended to represent the wealth inequality within a social setting) in the world. South Africa is approximately 160 times larger than Iceland, but it is very apparent that we do not share the same rate of entrepreneurial inclusivity. So naturally this prompts the question: what structural impediments cause South Africa to lag behind a country 160 times smaller than itself?

It's difficult to answer this question, since I'm not sure what it is that stimulates economic growth and creates economic opportunity. According to the Global Competitiveness Index Report (2018/2019), infrastructure and primary education can be categorized as major contributors in the case of South Africa. In various other articles, mention is also made of access to finance, as well as an entrepreneurial curriculum from an early stage, which confirms the Global Competitiveness Index Report's mention of primary education.

One point was very clear – there is a great call for entrepreneurship to become the main engine that drives growth in South Africa. The Global Entrepreneurship Monitor (GEM) states that many of the world's governments, think tanks, and international organizations now look towards entrepreneurship as the solution to ending social inequity, promoting women's empowerment, and implementing business solutions to the world's environmental challenges (*5 ways we can build South African entrepreneurship in the 'new economy'*, Published August 2020, by Bheki Mfeka).

This seems to be a very tall order indeed!

Entrepreneurship involves an individual identifying an opportunity and then using their ability and motivation to grow their business, bearing most of the risks and enjoying most of the profits. The entrepreneur is commonly seen as a source of new ideas, goods, services, and business. I can only imagine that such an individual will need to be planted in very fertile ground to be able to grow a new business that will empower women and end social inequity. This fertile ground that I'm referring to is called an entrepreneurial culture.

Does South Africa have this? A healthy entrepreneurial culture? Unfortunately, I don't believe we do.

Entrepreneurial culture can be described as an environment where someone is motivated to innovate and take risks (EFEB Network, Greek Association of Women Entrepreneurs). It is also described as a set of values, skills, and power of a group that is characterized by risk (Qaiser *et al.*, 2019, Factors affecting "entrepreneurial culture", *Journal of Innovation and Entrepreneurship*). Clearly, the definition of this specific culture shows that the environment must support active risk-taking. How is this established? Christo Botes (from Business Partners) says entrepreneurship is moulded by intention, opportunity, skills, and resources (article by Tom Jackson, September 2016). However,

President's Corner *(continued)*

although 40.9% of South African adults perceived good entrepreneurial opportunities, and 45.4% perceived they had the capabilities to start a business; only 7% of entrepreneurs were engaged in early-stage entrepreneurial activity in 2015. Why is there such an immense disconnect? Furthermore, the 2015-2016 GEM South Africa report shows a very low mean score of 2.8 in terms of encouraging entrepreneurial risk-taking. That is an astronomical gap between perception, execution, and support.

Could it possibly be that we do not accept and buffer failure and that we do not encourage, especially our youth, to learn from failure? It seems that our failure rate in the small, micro, and medium enterprises (SMMEs) sector is fairly high. This sector has been identified as a key vehicle for addressing low levels of unemployment and economic growth, despite the formidable challenges this sector face.

The Business Monitor International (BMI) survey estimated that an average of 80% of the collapsed entities in 2013 were owned by non-matric holders (Amra *et al.*, 2013). The most successful, innovative, and more labour-absorptive small businesses were those that were run by educated and skilled owners and personnel. Despite the well documented significance of training, 90% of a sample of 100 small business entrepreneurs dismissed the need for skills training (Fatoki, 2012). This simply confirms what Christo Botes recommends: more emphasis on business and entrepreneurial-based education in schools via formalized programmes and additions to the national curriculum. I agree with this statement – relying solely on tertiary education to instil enthusiasm for entrepreneurship in graduates is unrealistic.

What if I'm no longer in primary school? What if I'm not even a graduate? I am in fact already an employee. In this case, literature recommends that employees should be given a chance to participate in decision-making that contributes towards company goals. Incorrect decisions should be inspected so that there is an opportunity to learn for them. Again, knowledge (training) of employees should be updated as they must be familiar with new research in their specific area (Kaiser *et al.*, 2019). It might be prudent to ask if your company allows this. Research from the University of Birmingham shows that when employees feel they have control over their work environment, they are also more likely to come up with ideas on how to improve the company. It is definitely clear that the competencies associated with entrepreneurship are shaped and determined by the skills set acquired both formally and informally. Our South African policy-makers need to self-reflect in terms of the training our entrepreneurs have access to and the skills they acquire, so that they can outsmart their global counterparts in the bigger entrepreneurial schemes.

So, where do we want to be? Where should South Africa be going? I want this country to become a net exporter of value-added manufactured goods and shift away from the simple pit-to-port model. This is my wish for our country.

Z. Botha
President, SAIMM