

Sage survey: SA small businesses remain resilient despite challenges

South African small and medium businesses (SMBs) remain optimistic about their prospects despite a challenging 2022, where rising costs significantly impacted profitability. This is according to Sage's annual survey of almost 12,000 SMB leaders globally, called Small Business, Big Opportunity.



Pieter Bensch, executive vice president for Sage Africa and Middle East | image supplied

The findings from the survey reveal that 83% of business decision-makers are confident their company will be successful 12 months from now, an increase from 2022 of 76%. Over a third (41%) say that working more efficiently is increasing business confidence.

Looking to the next twelve months, over half (54%) of South Africa's SMBs expect an increase in revenue, with 42% expecting to increase their workforce.

Driving resilience through increased productivity

In 2022, high costs presented a significant barrier for South African SMBs, more so than any other country surveyed, with over three quarters (77%) citing inflation as a drag on their business outlook.

This trend particularly impacted SMBs in Johannesburg and Cape Town, with 81% and 80% of SMBs reporting a drag on their confidence because of inflation.

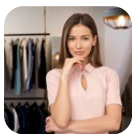
However, business decision-makers are working more efficiently to overcome challenges. South African SMBs are more likely than their global peers to have added new products and services to overcome barriers, and 82% report being satisfied with current productivity levels.

Adoption of technology is critical for business success, but SMBs may suffer from low investment commitments

Technology is considered as a crucial component in future success, with nearly half (47%) intending to increase their technology investment. South African SMBs want to implement cutting-edge technologies during the next three years, such as 5G (23%), artificial intelligence (21%) and robotics (19%).

Despite this, South African business leaders expect to increase their technology investment by only 14% - a decrease from 2022, and below the global average. They cite a lack of budget and difficulty in understanding the best tech options as the top barriers to higher investment in technology.

Pieter Bensch, executive vice president for Sage Africa and Middle East, commented: “South African SMBs have shown remarkable agility in navigating multiple crises from Covid-19 to load shedding over the past three years. They have invested in talented teams, boosted their productivity, and confronted costs head-on.



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“But we should not take them for granted, given their contribution to South Africa’s economy, their central role in communities, and their potential to create jobs. With utility costs rising, an uncertain power supply, slow economic growth, and global inflation, more must be done to help our SMBs to survive and thrive.

“Government can play an important enabling role by fast-tracking economic reforms and keeping SMBs front of mind in decision making. It’s especially key to accelerate efforts to end the load shedding crises and to support SMBs with the resources and opportunities they need to exploit technology at scale, given the existing barriers around further investing in tech.”

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