

IT and the green economy identified as future-orientated businesses in South Africa

Issued by [Gordon Institute of Business Science](#)

15 Oct 2018

Research studies launched on small and medium business growth

South African SMEs (small and medium enterprises) are estimated to represent 90% of formal businesses, provide employment to about 60% of the labour force and contribute approximately 34% of the country's GDP. In an effort to further grow this sector and boost a struggling economy, leading global financial services firm, J.P. Morgan, has been supporting a number of companies to conduct in-depth research into the SME sector. The research aims to establish the impact of SME-development projects, what the challenges are and where the opportunities lie within this vital sector.

The companies supported by J.P. Morgan include Catalyst for Growth, Gordon Institute of Business Science (GIBS) Entrepreneurship Development Academy, Green Building Council South Africa (GBCSA) and Tshimologong Digital Innovation Precinct.

At a launch, held on Thursday, 11 October 2018, the four companies shared findings on how small and medium business can bolster growth in future-oriented industries such as IT and the green economy, as well as a general look at the role and success of current business incubation.

"At the heart of all four research studies is a burgeoning optimism regarding the potential of both the IT and green economy sectors. The joblessness of a large majority in South Africa is a growing concern and prompted these partners to focus more heavily on future-orientated industries. There is a definite opportunity for the country to leapfrog based on experiences of other countries in these sectors," says Sifiso Ndwandwe, executive director, Catalyst for Growth.

Ndwandwe added: "Our research presents an analytical overview of the role of business development support in terms of SME performance and sustainability. We identified several key findings within the business development ecosystem. In particular, the increased support required for women and youth entrepreneurship; the role of business incubation within SMEs and advancing SMEs' contribution to the national agenda."

Lesley Williams, CEO of Tshimologong, said that in conjunction with Endeavor, a non-profit organisation that supports high-growth entrepreneurs across the world, the current state of the community of software entrepreneurs was researched, as well as where opportunities exist to further grow this community: "A key driver was to identify how to assist this sector to generate jobs and contribute further economic value. Of particular importance was finding ways to assist medium-sized businesses to transition to larger entities."

The research found that through digital innovation hubs, such as Tshimologong Digital Innovation Precinct, support for early-stage start-up companies does exist. Later-stage support is more limited and reliant on involvement from venture investors. Williams says that the role of digitisation has the potential to catapult small and medium businesses forward, but that they need assistance at every level: "Johannesburg has fewer technology-focused businesses than Lagos and Nairobi, but is more productive in relative terms. Yet the local community is not seen as cohesive or one that communicates successfully. This is especially prevalent within successful entrepreneurs, where very little is shared across an entrepreneurial network."

Research conducted by The Green Building Council South Africa (GBCSA) looked to uncover the challenges and barriers to SMEs entering the green economy. Dorah Modise, GBCSA, CEO, said: "We have conducted research and developed a capacity building programme to enable SMEs to better understand and implement green building and sustainability practices in their business. The strategy is to assist start-ups to enter the green economy and overcome the barriers to

entry of this market. One area we are addressing is the knowledge gap for SMEs, assisting them to identify and meet clients' green requirements."

Dr Kerrin Myres, senior lecturer at GIBS, says that the development of a greener economy is recognised globally as imperative. The Institute conducted research into the green economy, looking to better understand how to develop this sector: "We knew that SMEs lacked green skills and this impacted the development of these strategies within these businesses. GIBS identified a need to stimulate the growth of sustainable small enterprises, especially for young entrepreneurs, who remain the demographic least likely to be employed in mainstream economy."

The collective research across the four organisations can be accessed here:

<http://www.gibs.co.za/EDA>

<https://bit.ly/2OO8yel>

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