

# Are SMMEs reluctant to adopt tech, or simply out of their depth?

 By [Ilse Louw](#)

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A recent article on Bizcommunity.com, "[Facebook helps SMMEs to unlock potential](#)" (11 April 2017) caught my eye. Especially a line in the opening paragraph - a quote by Abi Williams, Facebook's sales manager for small and medium businesses in the Middle East, Turkey and Africa, "... we need to invest in the future of small businesses because they are the engine of economic growth in South Africa."



Ilse Louw

It's common knowledge that our small, medium and micro-sized enterprises (SMMEs) are struggling, along with the rest of South African businesses, to navigate the turbulent economic waters they find themselves in. The difference is, unlike bigger businesses, many SMMEs simply don't have the financial muscle to just keep 'swimming'.

The featured piece rightfully points in the direction of social media – specifically Facebook – as a lever for business growth. And I like that it associates this proposed adoption with overall efficiency, which is critical to growth.



Facebook helps SMMEs to unlock potential, grow

11 Apr 2017



Though, how about taking this a step further to encourage a more holistic adoption, that of technology, within SMMEs? This is notwithstanding the inherent stumbling blocks.

## Why aren't SMMEs embracing tech?

SMMEs, the key economic role players that they are, could alleviate some of their own plights through the optimal use of technology. So, why aren't they embracing it?

From spaza shops and car dealerships to a thriving multinational business, they've all been infiltrated by technology to some degree. There's just no escaping this force, especially since it's at the core of the 4th Industrial Revolution. A revolution that is associated with a convergence of technologies, blurring the lines between the physical, digital, and biological domains.

And it's no secret that endless opportunities are being created by the billions of people who are connected through their mobile devices. Not to mention the processing power, the storage capacity of mobile devices, as well as the access to knowledge, all of which are enabling unimaginable possibilities.

But let's face it, size certainly does matter when it comes to the cost of integrating technology into a business.

## Issues in the way

And at the heart of SMMEs' perceived reluctance to adopt technology lie issues like digital illiteracy; tardiness around innovation; leadership's failure to demonstrate commitment to embracing technology (merely sporting technological tools is not enough); and a lack of knowledge regarding the locked-in benefits.

Interestingly, according to [Forbes Magazine](#) small business owners in developing European markets seem to exceed their counterparts in developed markets when it comes to digital ambition. They're also found to prioritise making money, compared to their counterparts in more developed economies who would rather explore the fun aspect of running a small business.

On the bright side, [Sage UK](#) points out that more than 1 million new customers followed Sage to the cloud in 2016, a clear indication that small businesses are beginning to see the advantages of technology. They also report that almost a third of small businesses that commit to technology show true growth, according to the whitepaper, *Tech-Savvy Businesses do it better*. The paper was commissioned by Sage and conducted by IDC.

## Agility and appetite

Fortunately, SMMEs don't have the legacy issues that are preventing big business from migrating faster, when it comes to taking technology on board. SMMEs generally have the agility and appetite. Plus, for them return on investment (ROI) manifests sooner than in a bigger business.

But the truth is that small business is not going to be able to fulfil its role in our economy, in the absence of support – coming from big businesses who have more financial muscle and, importantly, from our government.

[Stats SA](#) reports that 30,1% of our youth aged 15 to 24 are unemployed, and are not in any form of education or training. Note that this is a percentage point increase on the previous year. Since jobs for these youngsters (potential SMME owners) are not likely to miraculously appear, it makes sense for big business and government to invest in equipping these youngsters with crucial entrepreneurial skills.

And there's a concern amongst tertiary educators that a critical paradigm shift is needed amongst our graduates. Rather

than assuming that they will join the workforce post-graduation, sporting their newly acquired qualification, they need to contemplate entrepreneurial options that align with their skill set.

## Support needed from government

This mind shift, coupled with support from government and big business can only translate into a significant investment in our economy, in the long run.

It will also take a lot of pressure off existing businesses having to produce jobs that they simply don't have (in fact, they're largely shedding them).

The government, after all, views the ICT sector as a game-changer for increasing the market allure of South Africa's digital economy.

[The National Development Plan 2030](#) (NDP 2030) states that the "ecosystem of digital networks, services, applications, content and devices, firmly integrated into the economic and social fabric, will connect public administration and the active citizen; promote economic growth, business development and competitiveness; drive the creation of decent work; underpin nation building and strengthen social cohesion; and support local, national and regional integration."

It also states that public services and educational and information products will be accessible to all, and will build on the information, education and entertainment role envisaged for public broadcasting. The human development on which all this is premised will have created an e-literate (online) public able to take advantage of these technological advances and drive demand for services. (NDP, 2012).

## Complete cultural shift needed

The technological revolution has necessitated a change in business – big and small. And it's only through a complete cultural shift that a business can integrate technology.

There's a lot of potential for our SMMEs in the technology sector. Imagine the widespread job creation when these potential economic powerhouses start getting the help they need to adopt technology.

## ABOUT ILSE LOUW

Ilse Louw is a digital strategist with research-led experience spanning corporate consulting, financial services, and FMOG. She also has experience in working as a development economist. She has more than 16 years of experience in applying strategic, competitive and industry analyses to bring insight and perspectives where it has the greatest impact on a client's business development, growth and competitive positioning in its market.

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