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DRIVING ECONOMIC GROWTH WITH THE POWER OF SMALL BUSINESSES

THE UNIVERSITY OF STELLENBOSCH BUSINESS SCHOOL'S SMALL BUSINESS ACADEMY

Arnold Smit, Julie Choe, Marietjie Theron-Wepener, Esther Franzsen and Salome van Coller-Peter

Keywords

Economic growth; Small Business Academy; SDG 8; South Africa.

Abstract

The University of Stellenbosch Business School, known as SBS, forms a part of the University of Stellenbosch, a leading global research university. Located in the suburbs of Cape Town, South Africa, SBS offers postgraduate-level academic and executive programmes in Business Management and Administration, Development Finance, and Futures Studies to students from all over the globe.

The Small Business Academy, a project of the University of Stellenbosch Business School (SBS), is a multi-stakeholder educational

initiative that upskills and uplifts South African small-business owners in low-income communities to capacitate them for long-term business success. The chapter highlights the Small Business Academy (SBA) and how it serves as a development vehicle for economic growth and decent work as set forth in Sustainable Development Goal 8, within a country where the informal sector and small businesses are in desperate need of capacity building interventions. Key stages of the SBA's development will be conveyed: how the project began, how its target population was determined, and ways in which its development programme was adapted to better serve its participants and stakeholders, including the addition of coaching and mentoring as a key enabler for participant progress. Relevant lessons learned and success factors for implementing learning interventions in complex environments are shared, particularly the importance of programmatic agility and the holistic benefits of directly engaging stakeholders in the program. The chapter concludes with a reflection on the project's impacts and contributions toward SDG8*.

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Introduction

SDG 8: What it Means and Why It Matters

Sustainable Development Goal 8 (SDG8)[199] is about decent work and economic growth: promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all. SDG8's eight targets demonstrate that—notwithstanding its global relevance—it is formulated to address several sustainable development concerns in the world's least developed countries. For the purposes of this chapter, special mention should be made of entrepreneurship and the growth of micro-, small-, and medium-sized enterprises (Target 8.3); full and productive employment and decent work for women and men (Target 8.5); and the reduction of the proportion of youth not in employment, education or training (Target 8.6). Altogether the intention of the SDG8 aims to raise the bar for national development policies, capacity development interventions and financial and investment support in support of people and groups suffering the consequences of poverty, unemployment, and economic exclusion.

Since the acceptance of the SDGs in 2015, much has changed. The bold outlook of SDG8 and its intention to create a more just and fair work and labour environment was brutally interrupted by the Covid-19 pandemic. According to the United Nations Department of Economic and Social Affairs,[200] the world is now facing its worst economic recession since the great depression, and global GDP per capita is expected to decline by 4.2% as a result. Consequently, the pandemic's impact for 2020 was expected to cost 400 million job losses as well as the loss of livelihoods in the informal economy of 1.6 billion people around the globe.

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[199] United Nations, Department of Economic and Social Affairs, "Sustainable Development Goal 8," https://sdgs.un.org/goals/goal8.

[200] United Nations, "Sustainable Development Goal 8."

SDG 8 in South Africa: Poverty, Inequality and Unemployment

With such a daunting global picture, the question may well be asked about the state of progress with SDG8 in South Africa as the context of this chapter. According to the South African Government Communications Newsletter "Insight,"[201] South Africa has a historical and intensifying downward trajectory of unemployment. Using the standard definition—someone between the age of 15 and 64 who is unemployed and looking for work—the country went from an unemployment rate of 20.5% in 1994 to 25.2% in 2014, then 32.5% in 2020.[202] The root causes, as reported in "Insight", include factors such as the impact of apartheid on the education and skills development of Black people, the labour market's inability to absorb the country's growing number of young people (53.2% of youth between 15-24 years are unemployed), and a general lack of interest for entrepreneurship among the country's population. These realities are juxtaposed against South Africa's National Development Plan (NDP)[203] which ambitiously aims to shrink unemployment to 14% by 2020 and 6% by 2030. The newsletter concludes by stating that "there will never be enough jobs created in the formal economy to absorb the unemployed" and that it is clear that "more people should be encouraged to start their own businesses to be entrepreneurs and ultimately be self-employed."[204]

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[201] South Africa, Government Communication and Information System, *Insight Newsletter,* Volume 1 Issue 13, https://www.gcis.gov.za/content/resourcecentre/newsletters/insight/issue13.

[202] South Africa, Statistics South Africa, *Quarterly Labour Force Survey*, 4th Quarter 2020, http://www.statssa.gov.za/?page_id=1856&PPN=P0211&SCH=72942.

[203] South Africa, National Planning Commission, *National Development Plan 2030: Our future - make it work,* 2012, https://www.gov.za/sites/default/files/gcis_document/201409/ndp-2030-our-future-make-it-workr.pdf

[204] South Africa, Government Communication and Information System, *Insight Newsletter,* Vol. 1 Iss. 13, p. 7.

In 2019, South Africa presented its Voluntary National Review[205] on the SDGs. Referring to SDG8, mention was made of a 3% decrease in GDP between 2010 and 2018 combined with a population rise of 1.6% on the one hand, and a continued decline in employment levels on the other. Among the country's barriers to growth the report noted "a poor climate for entrepreneurship and an insufficient supply of the sophisticated skills for a modern competitive economy."[206] Referring to the country's National Development Plan in relation to SDG8, the report reiterates the aim of eliminating poverty and reducing inequality by increasing economic growth. According to the National Development Plan, small businesses should play a key role in stimulating economic activity and employment and broad-based empowerment. The National Development Plan further states that the government's Small Business Incubation Programme should provide entrepreneurs with support in the form of space, infrastructure, services, knowledge, market linkages, technologies and access to finance.

The Role of Business Schools for SDG8

The question can now be asked about the role of business schools in the advancement of SDG8. Historically speaking, business schools are more naturally associated with economic growth by focusing on the role of corporations in national economies and global markets. Business school curricula, especially as manifested in the MBA, traditionally focused on business and management education suitable for the demands of modern corporations. The fruit of this education indeed becomes evident in the positive role that many big business

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[205] South Africa, National Planning Commission, *South Africa's Voluntary National Report 2019,* https://sustainabledevelopment.un.org/content/documents/23402RSA_Voluntary_National_Review_Report__9_July_2019.pdf

[206] South Africa, *National Development Plan 2030: Our future - make it work*, p.66.

organisations play in economic growth and job creation. However, the question remains whether or not business schools may develop and interest in the economic growth and job creation potential of small businesses and the education of their owner-managers.

The sustainable development agenda started to impact business school thinking around the turn of the 20th century. First there was the United Nations Global Compact which came about under the visionary leadership of Kofi Anan, the UN Secretary General at the time. At a World Economic Forum meeting at Davos in 1999, Anan invited business leaders to collaborate with the UN to improve the state of the world. Shortly thereafter, an initiative by deans and directors of leading global business schools led to the publication of the six Principles for Responsible Management Education (PRME). The PRME aimed to shift the focus and practices of business schools towards the development of an inclusive and sustainable global economy; responsible business practices; educational and curricular reforms; research and partnerships that advances the sustainable social, environmental, and economic value creation, and responsibilities of corporations; and multi-stakeholder dialogues on critical issues related to global social responsibility and sustainability. About a decade later, criteria regarding the integration of ethics, responsibility and sustainability in both the curricula and the institutional life of business schools, combined with the expectation that schools should be able to provide evidence of the social impact of their teaching, research and outreach programmes, became more prevalent in the accreditation criteria for business schools.[207] By the time the SDGs were formally adopted in 2015, leading business schools with a commitment to sustainable development and social responsibility were

[207] The three main international accreditation agencies for business schools are The Association of MBAs (AMBA), The Association to Advance Collegiate Schools of Business (AACSB), and The EFMD Quality Improvement System (EQUIS). Stellenbosch Business School is accredited by all three.

well prepared to make the connection between the PRME and the SDGs on the one hand, and the demand for management education reform on the other.

Business schools came to realise that they would have to reconsider the social impact of their teaching and research. This inaugurated a shift from a shareholder-based theory of business towards a stakeholder inclusive approach which is better aligned with the underlying assumptions of the UN Global Compact, the PRME, the SDGs and the requirements of the leading accreditation bodies. This shift also challenged business schools to reconsider their student market, realising the pricing barriers to educational access for aspiring managers and business owners from financially impaired backgrounds. Lastly, it also forced business schools to focus on organisational forms and managerial roles other than just corporations and opened the door for an interest in small businesses and even non-profit organisations.

University of Stellenbosch Business School

The new, expanded mandate for business education fits well at the University of Stellenbosch Business School (SBS). A vision of business and management education grounded in sustainable development, social impact and expanded access to business and management education inspired SBS to support the development of small-business owners with a Small Business Academy (SBA). Before this initiative will be dealt with in detail in the remainder of the chapter, a brief introduction to SBS may help to put the development of the SBA in perspective.

As a South African business school, SBS is thoroughly immersed in a world in which poverty, inequality and unemployment characterise the daily existence of the majority of citizens. While SBS, like many other business schools, attracts predominantly well-educated students from privileged families and well-established businesses, it faces the challenge of also serving the business and management education needs

of students from underprivileged backgrounds and small businesses from the informal sector.

Recognition of these local realities is embedded within SBS's vision to be globally recognised as a source of value for a better world; its mission to develop responsible leaders who positively impact society through knowledge advancement and transformative learning; and its values statements such as equity, respect, and compassion.[208] Furthermore, SBS's commitment to social impact is to create hope for people and develop social impact solutions for sustainable development challenges.[209] This orientation towards inclusive and sustainable value creation is integrated across all its academic programmes, is embedded in its institutional life, and expressed in its stakeholder relationships and social impact projects.

SBS has a firm commitment to the PRME and the SDGs. Whilst the school believes that it should develop its students to bring business and management capabilities to the whole spectrum of SDGs, it can quite naturally be expected that goals with a focus on employment and economic development, environment and sustainability and good governance will feature prominently in the areas of teaching, research, and social impact outreach. The Small Business Academy is an example of how the intentions behind SDG8 might feature as a focal point in this regard.

The remainder of this chapter will highlight the SBA and how it serves as a development vehicle for economic growth and decent work, as set forth in SDG8, in a country where the informal sector and small businesses are in desperate need of capacity building interventions. The focus will be on the SBA as a multi-stakeholder educational initiative

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[208] The University of Stellenbosch Business School, https://www.usb.ac.za/usb-about/.

[209] The University of Stellenbosch Business School, "Social Impact," https://www.usb.ac.za/social-impact-page/.

that upskills and uplifts South African business owners to capacitate them for long-term business success through three dimensions: partnering for development, training for skill, and coaching for sustainability. Key stages of the SBA's development will be conveyed: how the project began, how its target population was determined, and ways in which the development programme was adapted to better serve its participants and stakeholders, including the addition of coaching and mentoring as a key enabler for participant progress. Relevant lessons learned and success factors for implementing learning interventions in complex environments will be shared, particularly the importance of programmatic agility and holistic benefits of directly engaging stakeholders in the program.

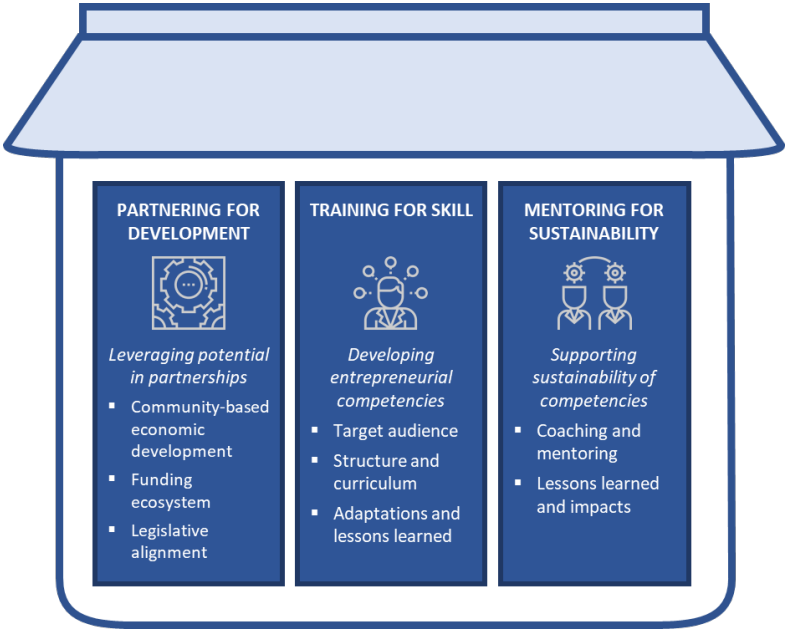


Figure: Structure of the chapter

The Small Business Academy at the University of Stellenbosch Business School

Formation of the Small Business Academy

Despite ambitious national goals to support their growth, small, medium and micro enterprises (SMMEs) in South Africa lag behind their global peers in job creation, contributions to GDP, and rates of establishment and survival. Furthermore, the International Finance Corporation found that while SMMEs contribute 34% of South Africa's GDP and employ between 50%-60% of the country's work force, only 14% of the small businesses are formalised, making their survival even more tenuous.[210] Within this context of extreme need for business education and support, SBS had a clear role to play in supporting South Africa's economic growth through supporting SMMEs.

As SBS's commitment to sustainable development grew more explicit, SBS recommitted itself to supporting especially the micro segment of SMMEs as critical to the economic growth of South Africa and the potential they provide for social engagement efforts. The Small Business Academy (SBA) was launched in May 2012 with the mission to make a difference to the lives and businesses of small-business owners in low-income communities. The SBA would focus on existing business owners, as start-ups were already well served by other training and mentoring programmes.

While SBS was experienced in executive education, the SBA Development Programme would require special consideration given its focus on SMME entrepreneurs. The multidisciplinary entrepreneurial context seldom provides a neat separation between management and

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[210] International Finance Corporation, *The Unseen Sector: A Report on the MSME Opportunity in South Africa,* Washington, D.C.: 2018, p.6, https://www.ifc.org/wps/wcm/connect/2dddbf2b-bd44-4965-a7bf-b714756026 49/2019-01-MSME-Opportunity-South-Africa.pdf?MOD=AJPERES&CVID= mxxxHod.

leadership responsibilities—it calls for different approaches than those found in larger companies.[211] SMMEs require, among others, skills in business management, marketing, financial and human resource management, as well as technical, personal, leadership, social and interpersonal skills.[212] By expanding beyond a narrow focus on skills, it was hoped the SBA would help develop competencies, the fundamental characteristics of an individual, including the motives, traits, skills, abilities, and knowledge essential to run a business venture.[213]

The SBA's Development Programme was therefore crafted to develop entrepreneurial competencies needed by individuals running already established businesses. Elements of the programme include the course work, coaching by trained management coaches, mentoring by SBS and SBA alumni, and practical workshops. Today, participating small-business owners—referred to in this chapter as SBA entrepreneurs—study with the SBA for eight months, after which they graduate with a formal certificate from Stellenbosch University (NQF level 5 in South Africa[214]). The formal qualification had been identified as an important drawcard for SBA entrepreneurs, so care was taken to

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[211] Claire M. Leitch, Christel McMullan, and Richard T. Harrison. "Leadership Development in SMEs: An Action Learning Approach." Action Learning: Research and Practice 6, no. 3 (2009): 243-263.

[212] M. Anastacia Mamabolo, Myres Kerrin, and Tumo Kele. "Entrepreneurship Management Skills Requirements in an Emerging Economy: A South African Outlook." The Southern African Journal of Entrepreneurship and Small Business Management 9, no. 1 (2017): 1-10.

[213] Haroon Bhorat, Zaakhir Asmal, Kezia Lilenstein, and Kirsten Van der Zee. "SMMEs in South Africa: Understanding the constraints on growth and performance." (2018). Development Policy Research Unit working paper: University of Cape Town.

[214] South Africa, Higher Education and Training, National Qualifications Framework: Sub-frameworks and Qualification Types, (2015), https://www.saqa.org.za/docs/brochures/2015/updated%20nqf%20levevl%20descriptors.pdf.

design the Development Programme to align with accreditation requirements of higher education certifying agencies.[215]

The Development Programme has become the flagship project of the SBA, currently operating in the Western Cape and Eastern Cape provinces of South Africa. The first iteration of the programme was developed specifically for Khayelitsha, a low-income township close to the SBS campus where the school has had strong relationships with the business community.

Partnering for Development

The necessity of partnership in development has been emphasized throughout the progression of the SDGs, recognising that complex societal issues require multilateral solutions.[216] SDG 17 focuses on leveraging partnerships and information sharing to achieve sustainable development. [217]

SMMEs, to become strong businesses, need partnering as well. Supporting them in partnership rather than through a one-way knowledge transfer produces more productive entrepreneurs who have stronger networks and are more resiliently resourced.[218] Partnership becomes even more critical within a developing entrepreneurial environment, where significant barriers and bureaucracy often limit

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[215] The SBA Development Programme of SBS is accredited by the Higher Education Quality Council (HEQC) of the Council for Higher Education (CHE) in South Africa under the auspices of Stellenbosch University.

[216]Fiona Bailey and Anne M. Dolan. "The Meaning of Partnership in Development: Lessons for Development Education." *Policy & Practice A Development Education Review* 13 (2011). https://www.developmenteducationreview.com/issue/issue-13/meaning-partnership-development-lessons-development-education.

[217] United Nations, Department of Economic and Social Affairs, "Sustainable Development Goal 17," https://sdgs.un.org/goals/goal17.

[218] F. C. Stam, and Ben Spigel. "Entrepreneurial Ecosystems." USE Discussion paper series 16, no. 13 (2016).

access to financing, formalisation of enterprises, and confidence to take risks. In the face of these obstacles, successfully capacitating entrepreneurs from traditionally underserved communities requires partnership with industry, government, community-based organisations, and academia to support entrepreneurial activity.[219] These stakeholders, in turn, benefit when stronger businesses produce jobs, formally participate in economic activity, and populate supply chains.

The SBA is an example of how inter-organisational partnerships between industry and an academic institution can support productive entrepreneurship that contributes to strengthened economies and decent work. By engaging partners in delivery of its entrepreneurial capacitation programming, the SBA has been able to build its role as a catalyst within the local business ecosystems,[220] facilitating collaboration and mutually supportive roles that provide benefits for interdependent stakeholders. These multi-stakeholder partnerships contribute toward SDG Target 17.17, which encourages effective public, public-private, and civil society partnerships.

Through its partnerships, the SBA seeks to leverage the potential available in community based economic development, the funding ecosystem, and the legislative framework in which its stakeholders operate. Through a holistic partnership approach, each party can enjoy greater benefits and increase entrepreneurial success.

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[219] Maria Isabel Carvalho and Mário Franco. "The Importance of Partnerships in Promoting Entrepreneurship Education: Case study of a group of schools." Entrepreneurship Education and Training 29, no. 4 (2015): 65.

[220] James F. Moore, "Predators and Prey: A new ecology of competition." *Harvard Business Review* 71, no. 3, (1993): 75-86.

Community-based Economic Development

The UN has acknowledged the critical role that local communities and civil society play in achieving the SDGs.[221] A core mandate of community-based economic development is contributing to economic growth within the communities they serve, in ways that acknowledge local contexts, needs, and resources. These organisations recognise the importance of fostering an entrepreneurial community in which businesses can succeed and contribute to local economic growth but providing appropriate assistance to entrepreneurs can be challenging for a host of reasons, including lack of expertise and shortcomings in the type of support offered.[222]

The SBA's partnership with a community-based economic development organisation came about serendipitously, after a leader of an economic development agency in the Eastern Cape saw an advertisement for the SBA in the South African Airways in-flight magazine and reached out to the SBA.

The Joe Gqabi Economic Development Agency (JoGEDA) works to stimulate economic growth in the Eastern Cape province of South Africa through promoting investments, stimulating trade and industry, and supporting opportunities for job creation. Its leadership had identified the need for practical business training for entrepreneurs and, rather than trying to create its own programming, they partnered with the SBA to run a Development Programme, with JoGEDA providing logistical, financial, and programmatic support. Through partnering with the SBA,

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[221] United Nations, Department of Economic and Social Affairs, "Increased Community-based Engagement Seen as Critical to Build Climate Action and Achieve the Sustainable Development Goals," https://www.un.org/sustainabledevelopment/blog/2019/07/increased-community-based-engagement-seen-as-critical-to-build-climate-action-and-achieve-the-sustainable-development-goals/.

[222] Gregg A. Lichtenstein, Thomas S. Lyons, and Nailya Kutzhanova. "Building Entrepreneurial Communities: The appropriate role of enterprise development activities." Community Development 35, no. 1 (2004): 5-24.

JoGEDA has helped to increase the number of capacitated entrepreneurs who in turn contribute to economic growth in their region of service.

Another benefit in the Eastern Cape has been the creation of leadership opportunities for local businesspeople and programme alumni to lead within their own communities. Challenges presented in transporting Western Cape based faculty, coaches, and mentors across the vast distance between the SBS campus and remote Eastern Cape venues led to a positive outcome: local mentoring and teaching capacity was developed at an accelerated rate compared to the Western Cape program, and local knowledge of business needs, context, and networks have enriched how SBA entrepreneurs are advised and supported.

Gains have been seen in economic activity: the number of surviving businesses increased, and many Eastern Cape SBA alumni are securing funding, contracts, and accessing a bigger business network within the communities where they operate.

Operating the Development Programme in two distinct geographic regions has benefitted the SBA on many fronts. The socioeconomic diversity of the participants has expanded the teaching material and research conducted to be more inclusive and farther reaching, and the partnership with JoGEDA enabled a larger number of participants to go through the programme without a commensurate requirement to increase SBA staff. Expansion of the Development Programme to a third location in the Western Cape, in partnership with a community-based economic growth organisation there, has shown similar benefits, indicating that the model could be replicated with the proper alignment of vision and shared roles among business education institutions and economic development agencies.

Funding Ecosystems

Traditionally, strategic partnerships between universities and corporations focus on the university performing research and development in exchange for funding and knowledge sharing, with an additional downstream expectation that institutions of higher learning will produce capable future workforces. At the SBA, corporate partnerships are structured to holistically leverage the resources of the companies to produce capacitated entrepreneurs.

Some of the strongest and synergistic partnerships at the SBA are with its anchor financial sponsors. While it cannot be denied that a vital element of the partnerships is financial sponsorship to enable SBA activities, the SBA has expanded these partnerships' mutual benefits through engaging sponsors in programmatic delivery.

Absa[223] and Distell[224] have been stakeholders of the SBA since its inception in 2012. At a basic level, partnering with the SBA supports their corporate social responsibility (CSR) goals. One of Absa's stated key strategic enablers is "playing a shaping role in Africa's growth and sustainability,"[225] including contributing to economic development and promoting social change. (As a financial institution serving domestic clients, Absa's activities are directly tied to SDG Target 8.10, expanding access to banking and financial services.) Distell includes in its mission enriching the communities in which they live and work.[226]

On the corporate culture level, the SBA's approach to holistic partnerships has strengthened its corporate sponsors' employee engagement and connections to communities they serve. Absa and

[223] Absa Bank offers diversified financial services across South Africa and other African countries.

[224] Distell is a multinational business with its roots in South Africa that produces and markets a diverse portfolio of alcoholic brands.

[225] Absa Group, "Who We Are," https://www.absa.africa/absaafrica/about-us/who-we-are/.

[226] Distell, "About Distell," https://www.distell.co.za/home/about/.

Distell, along with other sponsoring corporations, provide staff for SBA workshops, guest lectures, and panels as part of their partnership with the SBA. Over the course of these events, connections have formed between the company representatives and SBA students. Using one's professional skill set to help a local businessperson succeed in an underserved community has been an appealing way to bring satisfaction to one's work that would not likely transpire in a traditional donor-recipient relationship. By involving sponsors in program delivery, sponsor companies cultivate more engaged employees with a stronger understanding of how their work fits in the community, and small-business owners gained practical advice and mentoring from practitioners and grew their professional networks.

On a strategic level, these corporate sponsors benefit from an improved supply chain when local enterprises are strengthened. Upstream, the corporations invest in the development of supplier businesses so that they provide better services farther downstream. This is of particular benefit in developing economies, where supply chains can be thin enough to suppress growth potential of a company. Absa, Distell, and other sponsoring companies have awarded contracts to SBA entrepreneurs, many of whom have used those contracts as springboards to grow their businesses.

Legislative Alignment

Partnerships enable organisations to access expertise and resources more efficiently than developing them on their own. In many contexts, partnerships provide a bridge to expanded environments such as new geographic regions or a different set of customers, or access to a different regulatory environment.

A compelling strategic incentive for corporations to partner with the SBA arises from the legislative framework in South Africa: affirmative action incentives designed to reconcile South Africans and redress the

inequalities of Apartheid. Black Economic Empowerment (BEE) is an integration initiative and legislated programme launched by the South African government to advance economic transformation and enhance economic participation of Black people in the South African economy. BEE compels businesses to integrate Black people in the workspace; to upskill, mentor, and support Black businesses; and to give back to communities impacted by land dispossession. In some industries, companies must meet a minimum threshold of Black ownership to have a license to operate. The greater impact of BEE across the economy is in how it determines eligibility for government contracting and competitiveness for business-to-business contracts. The SBA provides opportunities to gain points through enterprise development and job creation in Black-owned small- to medium-size enterprises; all SBA entrepreneurs' businesses qualify as Black-owned. Depending on the activity and scale of investment, businesses are awarded points which they can claim on their BEE scorecard (B-BBEE). A high B-BBEE scorecard is strategically essential for Absa and Distell as a competitive advantage for negotiating deals and as brand reinforcement.

Through their multi-dimensional partnerships with the SBA, corporations gain a wide range of benefits, including goodwill from corporate social investments, stronger employee engagement, a stronger supply chain overall, including a stronger pool of B-BBEE-compliant service providers, and higher scorecard points by supporting certified upskilling training. The case for the high return on investment from partnering with the SBA is strong, but the SBA is mindful that continuing partnerships with sponsoring companies depend on healthy relationships and strategic alignment with the companies.

Beyond the Degree

Research

As a research institution, SBS seeks to integrate research into all of its activities. In 2015, a research initiative was added to the SBA with the aim to share findings from the SBA's work with the ecosystem of sponsors, small-business communities, and other stakeholders. Research is conducted by SBS faculty members and graduate students, who benefit from a pre-screened population to study. Focus areas under the bigger umbrella of small-business development in Southern Africa have included the benefits of mentorship of small businesses, factors stimulating growth in small businesses, the training and mentorship needs of small-business owners, factors contributing to the success of small and micro businesses and the challenges facing these businesses. The research done by faculty and students at the business school then can be reworked as facts sheets and impact reports, offering practical advice to small business operators.

The relevance of research is also endorsed by the SBA's sponsors. Recently, one sponsor company's board of directors asked for more formal impact reporting of the benefits to programme, highlighting the need to clearly define and measure the impact of the SBA's programmes on stakeholders throughout the programme ecosystem.

SBA Growth Initiative

In addition to access to research insights, alumni of the SBA are supported after they complete the Development Programme. The SBA Growth Initiative offers continuous development opportunities to SBA alumni, with the intention to support participants after program completion. The benefit of such an ongoing support was so clear that it soon became a requirement of sponsors. During the year, workshops, master classes, advanced training, mentorship sessions and networking form part of the Growth Initiative offering. An annual highlight of the

Growth Initiative is Outreach Day, held on the SBS campus, where SBA entrepreneurs and alumni showcase their products and services, listen to experts, join practical workshops and network with the broader SBA community.

In its first decade, the Small Business Academy has been able to establish and increase its impact largely by intentionally engaging mutually supportive partnerships to access the potential existing in communities, the public and private sectors, and within the legislative framework. These partnerships have directly contributed to a strengthened ecosystem where small businesses contribute to the economy through becoming established, producing higher profit and creating jobs. Each group took a risk in participating in the SBA by investing human and financial resources for a purpose not squarely within their core business. They nevertheless had the foresight to see that intervention was needed in order for micro enterprises to better play their role in the South African economy.

SBA Entrepreneur Spotlight: Strength in Partnerships at The Women in Business Zone

Alumni of the SBA have demonstrated the power of mutually supportive partnerships contributing to full and productive employment with The Women in Business Zone, an organisation established to empower women making their way in business in one of South Africa's largest townships[227]. Their story embodies entrepreneurial efforts to bring full and productive employment and decent work to women and men (SDG Target 8.5) through collective support and resourcing (SDG Target 17.17).

Sisters Wente and Letticia Ntaka and fellow entrepreneur Xoliswa Tsholoba set up the Women in Business Zone to pool their collective

[227] Adapted from Linda Christensen, "SBA Women in Business Zone," (SBS internal document, 2018).

skills, knowledge and sometimes finances, providing a sounding board on business challenges and enabling them to bid for larger-scale projects. Their efforts were a natural extension of sourcing for themselves what their businesses needed.

> "We started the Zone because we saw that failure in our kind of business, and giving up on your dreams, is easy as there is no support base where you can talk about your problems and get advice from people who are walking the same road as you," say the women.

A recent success of the trio's collaborative approach was becoming the first black women to install fibre-optic cables in Khayelitsha. Their first contract for 500m of trenching and pipe-laying in 2020 was so well executed that it led to them being contracted for more work and employing approximately 50 people on the project.

Sharing and working cooperatively in a competitive environment is central to the idea of the Women in Business Zone, and all three women agree that supporting and learning from each other has not only strengthened their self-esteem as businesswomen but also contributed to growing their individual businesses. Letticia Ntaka, who has a catering business, explains: "We each have our own separate businesses that we focus on, but there are a lot of challenges for women in business, and we found that working together, sharing ideas, supporting and advising each other, just makes it easier."

She says their group approach strengthens tender and project bids, and applications to government for support such as training or funding. "As a woman in business, you can't just focus on only one thing – you must always be on the lookout for opportunities and be willing to change direction if what you are doing is not working," says Letticia.

This means that while she focuses on catering, her sister Wente on cleaning and Xoliswa on construction, if a big project comes along, all

will multi-task and pitch in to deliver to the client's needs. This can even mean one of the women providing bridging finance to get another's contract off the ground, or lending equipment to each other to save costs on hiring.

The Zone members meet monthly to exchange ideas and advice, set up their own training workshops and mentoring for other women in business in the area, and bring lessons back to the group from workshops and training they have attended outside the township.

They make a point of hiring unemployed women on their projects, and for those interested in setting up their own businesses, the group walks them through the process of business registration and compliance and offers mentoring. "Other disadvantaged women in Khayelitsha can see that it is possible to do something – you don't have to sit at home just because you don't have a job. We want other women to see the strength we have working as a team, and the fact that not having a university education didn't stop us from being businesswomen and making a difference in our community," says Wente.

With their motto "giving up is not an option", all three highlight the financial knowledge and marketing skills they have gained through the SBA programme, and all three have big dreams to take their businesses further.

Training for Skill: Upskilling Entrepreneurs

Recent decades have seen a proliferation in entrepreneurial education programmes. While consensus has yet to been reached on standard frameworks or recommended curriculum to deploy that would capacitate entrepreneurs most effectively, scholars are coming closer to agreement about the essential competencies and knowledge that enable

entrepreneurial success.[228] Broadly acknowledged is that local context must be integrated into efforts to capacitate entrepreneurs.[229]

Local context dictates the gap between reality and goals, particularly for SMMEs. SMME entrepreneurs operate within the local economic landscape, with local market opportunities and challenges. In the South African context, massive inequalities, corruption, and extremely high unemployment can make the promise of decent work and economic growth (SDG8) seem impossibly far for a single entrepreneur.

The SBA seeks to lessen the gap between reality and the promise of SDG8 with a relevant, practical learning experience for participants such that they can strengthen their businesses. The effort has required adjustments and programmatic shifts through the years. While the academic training curriculum covering business knowledge has been relatively consistent and well-received, as would be expected from an experienced business school, the structure, timing, and flow of the program has been regularly modified to accommodate busy entrepreneurs who must manage their businesses over the rigorous, eight-month long Development Programme. Programmatic agility has been essential for meeting the SBA's goal of upskilling and uplifting small-business entrepreneurs.

Development Programme Target Population

The target population of the SBA is owners of SMMEs from and in low-income communities. As mentioned previously, SBS anticipated differences in baseline knowledge between entrepreneurs from low-income communities and its graduate-level and executive students. Establishing appropriate criteria for participants of the SBA was an important step to screen for a baseline of education attainment, stage of

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[228] Carvalho and Franco, "The Importance of Partnerships in Promoting Entrepreneurship Education," 1.

[229] Stam and Spigel, "Entrepreneurial ecosystems," 11.

business growth, and personal motivation that could help participants to succeed in the programme.

Current requirements for applicants include the following:

- Education level: the entrepreneur should be in possession of at least a Grade 12 or Matric certificate (a high school diploma completing secondary school),
- Business maturity: their business must have been in operation for at least 2 years, and
- Geographic location: the entrepreneur should be operating his/her business in and reside in one of the chosen low-income areas.

While the prerequisites establish one type of baseline for participants, the applicant screening process is essential to identify candidates who would benefit from and have sufficient motivation to complete the development programme. All applications are reviewed by the head of the SBA after an aptitude test has been written by all applicants. In some cases, where there is doubt about the circumstances of individuals, interviews are conducted. Deserving candidates who do not meet all the requirements, for example those who are not in possession of a matric certificate, are all interviewed as part of the University's Recognition for Prior Learning process, to ascertain if they meet the criteria for exceptions.

Over time, SBA administration has found the most revealing aspect of the application is a set of opinion questions asking applicants for their views of business, personal, and non-financial success. Regardless of writing ability, the answers often reveal clues about the applicant's determination, grit, and motivations for wanting to enrol in the programme. Through these short essays it is possible to determine whether applicants have the support structure and whether lecturers and mentors should spend more time and effort to keep them motivated and on track towards the successful completion of the programme.

Another crucial element of attracting appropriate candidates is programme cost. SMME entrepreneurs in low-income communities often are not in positions to make large cash outlays, least of all for a personal development expense. Accordingly, the fee is set low enough to be accessible for the target market but significant enough to encourage commitment to the programme, with sponsors funding the remaining program cost. In 2021, the total programme fee was R2,550 (about €145 at the exchange rate of 17.62 South African Rands per Euro). To ease cash flow concerns, fees are payable in four instalments over the course of the programme.

The SBA conducts outreach to attract applicants through marketing in local media, networking through business organisations, and through alumni networks. Open Days are held in the catchment areas of the three programmes towards the end of each year to share information about the Development Programme and to assist candidates with the application process. When possible, the SBA presents the programme at business association summits. Many candidates often come from networks of SBA alumni—alumni motivate other business owners to apply by sharing their journey with the SBA and how it assisted them in running their businesses more efficiently. Alumni success stories are also shared in newspapers, magazines, television, and radio shows.

Development Programme: Structure and Curriculum

The Development Programme's generalist curriculum aims to cover all the basic business knowledge and competencies that an entrepreneur would need to run a business effectively. Research in collaboration with experts at Stellenbosch University and providers of funding for other entrepreneurship programmes for start-ups guided the SBA leadership in designing the programme. The research outcomes showed that start-ups were supported by an array of funders and incubators, while small businesses that have been operating for more than a year were left to

their own devices. Discussions with sponsors and business owners showed a frustration in the lack of affordable advice and motivational support in existing structures. Consequently, the SBA leadership collaborated with the head of the Management Coaching programme at SBS to add mentoring to the learning and development journey of SBA programme participants.

The SBA's development programme is certified by SBS's Teaching and Learning function, as well as Stellenbosch University's Short Course division. Compared to similar initiatives, SBA Development Programme is unique in its focus on experiential learning, which plays a critical role in the learning process of entrepreneurs.[230] Each entrepreneur uses their own business for practical assignments to apply what they are learning, broadening the learning experience beyond theoretical knowledge to know-how.[231]

The training modules listed below blend an academic grounding and practical application to the entrepreneur's business situation. Each module builds on the next, capacitating the entrepreneur to be able to develop and professionally present a business plan for their business.

- **Business Essentials**: Core knowledge that an entrepreneur needs to manage a business, including how businesses function, management functions such as operations management, and human resources management. This module is designed to specifically address the challenges that entrepreneurs experience. Practical work includes setting

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[230] Per Blenker, Poul Dreisler, Helle Meibom Færgemann, and John Kjeldsen. A Framework for Developing Entrepreneurship Education in a University Context. *International Journal of Entrepreneurship and Small Business*, 5, no. 1 (2013): 45-63.

[231] Lecler, C. J., and J. Kinghorn. Dynamic Capabilities, Expert and Entrepreneurial Learning. *South African Journal of Business Management* 45, no. 2 (2014): 65-81, https://doi.org/10.4102/ sajesbm.v11i1.214.

a vision, mission, and short-, medium- and long-term goals, and a SWOT (strengths, weaknesses, opportunities and threats) analysis.

- **Financial Planning**: Upon completion of this module, entrepreneurs should be able to set up and interpret budgets, cash flow statements, income statements and balance sheets, establish breakeven points, and use ratios to make financial decisions. The importance of keeping financial records of transactions is highlighted. Practical work includes setting up a full financial plan for the business, a risk analysis, and mitigation plan for those risks.
- **Marketing**: The module covers conducting market research, identifying market trends that influence a small business, and establishing the needs of target markets. Tools for promoting businesses and products are discussed in detail, as is the importance of developing a brand with a competitive advantage. Practical work includes a marketing plan with a feasible marketing budget.
- **Business plan development**: This is the final module, guiding the entrepreneur to set up a business plan covering all aspects of their business that can be used for access to funding. Entrepreneurs are given an opportunity to present the business plan to a panel of programme sponsors, financial institution representatives, industry leaders, and academics.

Structure and Curriculum Lessons Learned

SBA participants have provided valuable insights in ongoing feedback and in program impact assessments[232] that led to improvements in the SBA programming over the years. Some changes were made in the same cycle as the feedback was received, while other changes have taken longer to implement. Alumni feedback has been supplemented by observations from lecturers and mentors of the

[232] Marietjie Theron-Wepener and Charlene Gerber, "Small Business Academy Impact Study of SBA Alumni 2015-2019," SBS internal document, (2020).

programme who engage with SBA students on an ongoing basis, producing findings resulting in adaptations to the programme.

Academic challenges faced by SBA entrepreneurs revealed disparities in academic preparedness, which was more tied to the quality of their previous education rather than the qualifications they held. South Africa has one of the most unequal education systems in the world;[233] most SBA entrepreneurs attended overcrowded government schools in low-income, disadvantaged communities (highlighting the urgency and importance of SDG 4,[234] quality education). Many participants found they were not prepared for how assignments should be written, how to use referencing, or did not realise that plagiarism is a serious offence. Many also faced difficulty absorbing business theory, business jargon, and conceptualising it all to communicate effectively in the business sector. These challenges have been compounded by lack of access to academic support at home or in their business environments. In response, lecturers, mentors and coaches individually connect SBA entrepreneurs to relevant assistance as needed. SBA alumni have gone on to become resources for other entrepreneurs, providing advice and sharing their earned knowledge (a deeper analysis of mentoring and coaching follows later in this chapter.)

Entrepreneurs sought guidance on practical issues not covered in the curriculum, such as accessing funding, business insurance, contract reading, B-BEEE compliance, ethics and values in business, writing skills, and software tutorials. In place since the beginning and a core part of the curriculum was workshops that are offered on requested topics, presented by experts in the specific fields. Furthermore, the SBA

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[233] Amnesty International, "Broken and Unequal: The State of Education in South Africa," (2020): 16, https://www.amnesty.org/en/documents/afr53/1705/2020/en/

[234] United Nations, Department of Economic and Social Affairs, "Sustainable Development Goal 4," https://sdgs.un.org/goals/goal4

collaborates with government agencies and large businesses to include SBA entrepreneurs in relevant external workshops which have an added benefit of networking opportunities. The addition of these workshops has been very well received, filling entrepreneurs' knowledge gaps and expanding their professional networks. Coordinating and fitting workshops into a tight schedule poses a logistical challenge, but the workshops have become an essential driver of competency development for SBA entrepreneurs and have an additional benefit of strengthening stakeholder ties to the SBA.

The workshop topics requested echo many of the industry challenges the SBA entrepreneurs face. Many of these challenges are common to entrepreneurs across the globe, such as access to finance, unfamiliarity with industry regulations, managing risk, and learning management skills, but some are intensified in the South African context, where crime and corruption have derailed opportunities for entrepreneurs. Crime is an ongoing reality in South Africa, believed to be a prominent cause for the failure of some SBA alumni businesses that have endured burglary, assault, looting, fraud, corruption, and even murder. Unfortunately, the Western and Eastern Cape communities in which the SBA entrepreneurs operate are known as crime hotspots with low police presence.[235] These unfortunate realities highlight the interdependence of the SDGs: Goal 16[236] calls for peaceful, secure, and accountable societies, the achievement of which would facilitate strengthened economic growth.

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[235] Donovan Adams, "Exploring Factors that Lead to Failure or Non-Growth of Small Businesses in the Western Cape," (unpublished student research paper, 2017). Summary available at https://www.stellenboschbusiness.ac.za/exploring-factors-lead-failure-or-non-growth-small-businesses-western-cape.

[236] United Nations, Department of Economic and Social Affairs, "Sustainable Development Goal 16," https://sdgs.un.org/goals/goal16.

While many of the SBA's higher impact program adjustments have been about what to teach, an important adjustment made was when to teach. Time management and scheduling have proven difficult for SBA entrepreneurs, as tending a demanding business and addressing unexpected work emergencies occupied entrepreneurs' attention and time, making full participation in lectures and timely completion of assignments challenging. The training schedule of the five block weeks used to run from early in the morning until evening, but in response to entrepreneur feedback the schedule was adjusted to end mid-afternoon so that the entrepreneurs could attend to their businesses before the end of the workday and thus focus more fully on the programme while in attendance.

Adjusting the training timetable and adding more workshops to the programme has emphasized how big a role proximity of training venues to workplaces plays for enabling fuller participation in the programme. The easier it is to get to and from class and work and the more that schedules adjust to the reality that both study and work must fit in one day, the more successful students will be at being able to balance and achieve in the course and at work. While the Covid-19 pandemic eased some of the commuting needs when lectures and workshops were offered virtually, it highlighted how effective in-person learning and networking is for this population for whom focused attention is crucial for comprehension of new and complex topics. It also accentuated how reliable fast internet and dedicated quiet spaces to sit through hours of training can be hard to find for the entrepreneurs. These observations indicate that scaling the SBA to more locations will require strong partners who can coordinate local programming and have sufficient resources to support student activities on site.

Enterprise Evolution

The shift in the types of enterprises run by SBA entrepreneurs over time has been unexpected. An assumption made about small businesses in low-income communities had been that the businesses would cater to basic needs such as edu-care, transportation, food trading. The cycles of the SBA Development Programme to date have revealed that the types of businesses run by program participants have become more complex and varied over time (see Figure 2).

VARIATION OF ENTREPRENEURS ON THE PROGRAMME

FIRST INTAKE IN WESTERN CAPE 2013	LATEST INTAKE WESTERN CAPE 2020	FIRST INTAKE IN EASTERN CAPE 2016	LATEST INTAKE IN EASTERN CAPE 2020
• Edu care • Catering • Waste Management • Retail • Manufacturing • Transport • Entertainment	• Funeral services • Catering • Beauty • Transport • Construction • Accomodation • Automotive • ICT services • Coffe shop • Restaurant • Reycling • Music School • Plumbing • Fashion design • Herbal medicine	• Farming • Security services • Retail • Accontingserices • Catering • Construction • Travel agency • Automotive • Public relations	• Funeral services • Catering • Coffee shop • Transport • Retail • Construction • Branding and printing • Accomodation • Antique restoration • Fashion design • Farming • Training • Travel agency

Figure 2: Types of SBA Enterprises, adapted from Esther Franzsen.

In response, the Development Programme curriculum has had to adjust to meet entrepreneurs to support more sophisticated business models and a broader range of industries. Consequently, the network of workshop facilitators has had to expand to cover new requests for topics. SBA alumni are often brought in to run workshops, with their advantage of first-hand experience in the programme and in running a business in the same communities as current students.

SBA Entrepreneur Spotlight: Learning to See the Future: Amani Communications

While effective programming to develop entrepreneurial competencies requires thoughtful design and continual adaptation, capacitated SBA entrepreneurs immediately apply their learning to their businesses[237]. Bomikazi Nkolongwane, owner of Amani Communications, a 100% female Black-owned strategic communications company in the Eastern Cape, has shown how her skills and knowledge have positively impacted her business.

Bomikazi grew up in a small town in the Eastern Cape and studied political science before starting her career as a journalist and later as communications specialist for municipalities. Two years after founding Amani Communications, Bomikazi enrolled in the SBA Development Programme. She was drawn to the programme's combination of practical and academic business knowledge.

When founding her company, Bomikazi had "jumped headfirst without knowing how to run a business." She shared that the programme taught her how to believe in herself and the growth potential of her business. "The Development Programme assisted me to grow a successful business. As a business owner, I have grown in leaps and bounds: I am now adaptive and embrace change. The environment I operate in is changing at a rapid pace and I do not get left behind," she explained. Amani Communications has expanded in size and geographic reach since the company's founding; her client base has increased 30%, including JoGEDA, the Eastern Cape SBA sponsor. The growth has enabled the creation of two full-time jobs: "I realised that if I apply some strategic thought, I will be able to grow my business to such an extent that I can employ people permanently and ultimately become a

[237] Adapted from Linda Christensen, "Amani Communications," (SBS internal document, 2017).

force to reckon with in the public relations and communications industry," she explained.

After winning top student in her SBA Development Programme group, Bomikazi was inspired to continue to grow academically as well. In 2020, she graduated with a Post-Graduate Diploma in Futures Studies at SBS, which has equipped her to deal with better with uncertainty and to make the impact of the Covid-19 pandemic bearable. She now credits her learning at SBS for her company's survival.

Bomikazi says that having her own business is enormously gratifying, and to look back on the success that she has managed over such a short time, a humbling experience. "I have realised that you should never give up and never doubt yourself."

Mentoring and Coaching for Sustainability

A persistent challenge for entrepreneurship capacitation programmes, even for those with quality curricula and adequate resourcing, is the reliable transformation of knowledge into practice. Variability in local contexts and individual capabilities can make finding the right level to pitch teaching a programmatic challenge, while the sheer number of variables at play in the entrepreneurial ecosystem make it hard to prepare students for all possible entrepreneurial challenges.[238] The question for the SBA was how to better assist SBA entrepreneurs with putting their newly developed competencies to work, better ensuring sustainability of the entrepreneur and their enterprises.

The Development Programme's inclusion of formalised mentoring has been found to have a profound and enduring impact on SBA entrepreneurs and their businesses. Providing trained, individualised

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[238] Nathalie Duval-Couetil. "Assessing the impact of entrepreneurship education programs: Challenges and approaches." *Journal of Small Business Management* 51, no. 3 (2013): 394-409.

one-on-one support has deepened the Development Programme's effectiveness in upskilling entrepreneurs, facilitating individual development as well as strengthening acquisition of entrepreneurial competencies.[239] SBS research has found that mentorship and coaching support had a positive impact on SBA entrepreneur development during the SBA development programme: 100% of participating SBA alumni respondents found the mentoring and coaching component extremely valuable, particularly its support in implementing new skills and knowledge.[240]

During their tenure in the Development Programme, SBA entrepreneurs are under pressure, juggling their businesses and personal lives while participating in a fast-paced development programme packed with unfamiliar material and demanding assignments. The solitary nature of running an SMME often limits opportunities to learn through observation and feedback.[241] While the experiential learning approach used in the Development Programme has proven useful for applying acquired knowledge, its effectiveness can be hampered by factors such as time constraints and inadequate academic preparedness. With the formalised mentorship component of the SBA development programme,

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[239] Elements of this section pull from a deeper investigation of the impacts of coaching and mentoring in the SBA: Salomé van Coller-Peter and J. P. Cronjé. "The Contribution of Coaching and Mentoring to the Development of Participants in Entrepreneurial Development Programmes." International Journal of Evidence Based Coaching and Mentoring 18, no. 2 (2020): 51-67.

[240] Henem van Staden, "Exploring Small Business Owners' Perceptions of Factors Required to Achieve Business Success," (unpublished student research paper, 2017). Summary available at https://www.stellenboschbusiness.ac.za/management-review/usb_insights/insight-success-factors-of-small-business-owners-in-sa/

[241] Etienne St-Jean. "Mentoring as Professional Development for Novice Entrepreneurs: Maximizing the Learning." *International Journal of Training and Development* 16, no. 3 (2012): 200-216.

SBA entrepreneurs have gained a personalised bridging support for translating and contextualising theory into practice.

Currently, SBA development programme participants spend a minimum of 12 hours over the eight-month course being supported by a matched, qualified mentor who has been specially trained to support SBA entrepreneurs, with the goal of assisting with the transfer of learning from the classroom to entrepreneur's businesses. Mentors, most of whom are alumni across SBS's programmes, including the Coaching programme, provide tailored, responsive support to each SBA entrepreneur's needs in the moment.

Mentor support activities include academic support, such as revising course material and reviewing assignments before submission; business skills support, such as offering advice and connections for business logistics and staffing; and expanding mentee networks through introductions to mentor business and support networks.

SBA entrepreneurs also access other forms of engaged learning—current SBS and visiting international students conduct case studies and research assignments on SBA entrepreneurs' businesses and/or assist with practical needs such as web site development, writing marketing plans, or financial systems. Additionally, informal mentorship is often developed through relationships created in workshops, sponsor organisations, and the broader SBA networks. The key differentiator of the formal mentorship component is that formal mentors are trained and use a structured approach to the mentorship with commitments made by both mentor and mentee, whereas ad hoc mentorships are informal and not required.

A brief note about how the SBA differentiates coaching from mentoring. The two terms are often used interchangeably in practice, given the significant overlaps in purpose to help an individual set goals and assess alignment with those goals. Mentoring is perceived as less formal in nature, with mentors sharing advice, experience, and wisdom

with mentees,[242] while coaching tends to be more structured, utilising question frameworks and models focused on performance and alignment with business objectives.[243] In the SBA context, mentors are often business practitioners, while coaches are formally trained in management coaching. SBA entrepreneurs engage with both mentors and coaches.

Mentoring and Coaching Lessons Learned

Personalised support of qualified mentors has enabled SBA entrepreneurs to achieve stronger business success, confidence, and learning retention. Beyond improving academic performance, coaching and mentoring have been found to contribute positively to a wide range of benefits for SBA entrepreneurs, including relationship building and trust, discovering their own solutions, creating long-term vision, translating theory into practice, improved business performance, exposure to networks, and successful completion of the SBA development programme.[244]

Literature supports these findings: SMME business owners can use coaching to efficiently unlock their learning ability,[245] while the

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[242] Sunny Stout-Rostron. *Leadership Coaching for Results: Cutting-edge practices for coach and client.* Randburg: Knowres Publishing (2014).

[243] Alison Walker-Fraser. "An HR Perspective on Executive Coaching for Organisational Learning." International Journal of Evidence Based Coaching & Mentoring 9, no. 2 (2011), 67-78.

[244] S. van Coller-Peter and J. P. Cronjé. "The Contribution of Coaching and Mentoring to the Development of Participants in Entrepreneurial Development Programmes."

[245] Gareth Bell. "Coaching is Key to SME Success: International business coach Peter Boolkah explains why the right coach can take your business to the next level." *Development and learning in organizations: An International journal* (2014): 35-37.

coaching relationship can create a learning context that equips entrepreneurs with the skill to find immediate solutions while solving problems on their own and to better address future problems that might arise.[246] Within SMME contexts, coaching can offer a unique contribution to the personal development—particularly improved self-esteem and confidence—in SMME entrepreneurs.[247] Additionally, accessing an expanded professional and support network through coaches and mentors has been a lasting, valuable benefit for personal leadership and business development.[248]

The SBA's coaching and mentoring component has benefitted from a partnership with the SBS's Management Coaching program, which was involved in developing the mentorship component's structure and continues to train SBA mentors and mentees in each cycle. Success in coaching and mentoring is highly dependent on the quality of the relationship, where trust, commitment and active involvement are required; a formal training program to prepare mentors and mentees both has been valuable to set ground rules and establish expectations for how the mentorship will work. The minimum number of hours ensured that busy professionals would prioritise the mentorship work, particularly with the reflection and goal setting work required of mentees.

Developing coaching and mentoring skills in mentors has been a significant focus of training, particularly as mentors often return to support mentees in subsequent SBA cycles. Mentors have acknowledged

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[246] Josée Audet and Paul Couteret. "Coaching the Entrepreneur: Features and Success Factors". Journal of Small Business and Enterprise Development (2012): 515-531.

[247] Leitch, McMullan, and Harrison, "Leadership Development in SMEs: An Action Learning Approach."

[248] Amandla Development. (2009). *Education and Development in South Africa,* http://www.amandladevelopment.org/images/amandla_whitepaper2.pdf

that better coaching skills and experience improved their mentorship experiences, giving them confidence to establish the relationship and better navigate through difficult periods in the relationships. Mentors can more easily develop their understanding of the mentees with appropriate questioning and listening skills, making their support more relevant and grounded in the mentee's experience.

The focus on understanding the mentee as a person first before addressing business needs has been foundational for establishing the mentorship relationship and strengthening self-esteem in the mentee so that they grew more confident about themselves and their abilities as entrepreneurs. Placing the mentees at the centre of the mentorship relationship underpins the mentor's commitment to the mentee as a whole person, not just as a student or business owner, resulting in mentees feeling more valued and appreciated.

Recruiting sufficient numbers of mentors has at times been a challenge. In some cycles, some mentors were paired with more than one mentee, which is not ideal given the individual focus and time commitment needed in a successful mentorship. In response, the SBA began to carefully select SBA alumni to become mentor, beginning in the Eastern Cape where SBS networks are smaller. These SBA alumni, chosen for strong performance in the Development Programme, demonstrated emotional intelligence, and strong business performance, have proven to be effective mentors, suggesting that corporate experience and higher education degrees may not be necessary to provide quality mentorship.

SBA Entrepreneur Spotlight: Bringing Bread and Inspiration to Gugulethu

The SBA has observed how personalised coaching and mentoring can have a profound impact on entrepreneurs and their business success,

easing the path between learning and applying competencies[249]. In many cases, the positive experience with coaching and mentoring inspires entrepreneurs to support and inspire others as a mentor.

Thembile Gcukumeni, owner of Thembile's Breadshop in Gugulethu, a township near Cape Town, is not only an artisan baker and business owner but also a motivational speaker, sharing hope and inspiration to many within his community.

Thembile has baked thousands of loaves for neighbours, local schools, churches and the community from his bread shop which he opened in 2014. But life has certainly not been easy for Thembile. This boy-scout turned mountaineer and outdoor experiential educator had a major set-back with a crippling stroke a few years ago that affected the left side of his body and his speech.

> "I received assistance from an institution providing training in baking as well as the necessary equipment which gave me a new direction in life. My bread shop is not only there for serving those that are hungry. It's a safe haven of healing, hope and being resilient. In the end bread has saved my life and served many in my neighbourhood and I am thankful for that opportunity,"

Thembile explained, adding,

> "today I bake bread with the use of only one hand. I don't see myself as a disabled person and I aim to inspire others who think their situation is dire that there is hope to turn things around."

Thembile employs two part-time staff members and has plans to expand his business. The business and marketing knowledge he gained in the SBA helped him to be more focused, conscious and targeted.

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[249] Adapted from Linda Christensen, "Bringing Bread and Inspiration to Gugulethu," (SBS internal document, 2016).

> "I have the vision to one day distribute to schools and senior citizens in my area and act as an ambassador for healthy whole meal baked products," said Thembile. "I am also passionate about enterprise development in South Africa. I believe that small-scale enterprises that reflect a person's passion are one of the routes of economic success in our country."

Thembile's goals include mentoring up-and-coming entrepreneurs on how to use wood fired ovens to set up their own small franchises, to create an infrastructure at his shop to host groups and introduce the community to baking and to own a vehicle to reach untouched markets. But his biggest goal is to be part of the series of TED talks to share how he has overcome his personal life challenges on an international stage.

Impacts of the SBA on Entrepreneurs, their Businesses, and SDG 8

The impacts of the Development Programme on its participating entrepreneurs have been academic, financial, and personal. In its first eight years in the Western Cape and four in the Eastern Cape, 235 entrepreneurs successfully completed the programme. SBA alumni have kept in close contact through the SBA Growth Initiative, alumni mentoring, networking events, and workshop presentations, which has enabled the SBA to keep record of the success stories and evaluate the impact that the programme has on participants.

Results indicate that the SBA is making a strong contribution toward SDG 8 by supporting entrepreneurs to formalise, strengthen, and growth their businesses, which then increases GDP, creates jobs, and in many cases increases economic productivity. These results are reflected in quantifiable numbers, such as jobs created, and in qualitative improvements, such as improvements in personal qualities that have

been shown to contribute to successful entrepreneurship and community investment (SDG Target 8.3).

By supporting entrepreneurs to grow their businesses such that jobs are created, the SBA has contributed to progress for full and productive employment (SDG Target 8.5). The SBA's impact studies have revealed an increase of 98% in full-time employment, a 187% increase in part-time employment and a 67% increase in revenue for the small businesses that received training at the SBA.[250] By example, one SBA entrepreneur with a swimming school entered the Development Programme in 2012 with 27 swimmers; seven years after completing the programme, she had 748 swimmers and six new professionally trained swim coach employees. The job creation in SBA-trained enterprises is notable, particularly in the South African context where SMMEs represent nearly 98.5% of formal firms in the economy but only account for 28% of jobs created, as compared to 60%-70% internationally,[251] and where small businesses' share of total employment fell from 64% in 2008 to 55% in 2015.[252]

South Africa's economic growth rates have lagged the level required to raise South African living standards, the low growth levels attributed to, among other things, insufficiently building capabilities of its

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[250] Theron-Wepener and Gerber, "Small Business Academy Impact Study of SBA Alumni 2015-2019."

[251] Small Business Institute, "The Number of Formal Micro, Small & Medium Businesses in South Africa," (2019), https://www.smallbusinessinstitute.co.za/wp-content/uploads/2019/01/SBIbaselineStudyAlertfinal.pdf.

[252] South Africa, National Planning Commission, "Economic Progress Towards the National Development
Plan's Vision 2030," (2020): 16. https://www.nationalplanning.commission.org.za/assets/Documents/Review%20of%20Economic%20Progress%20NPC%20Dec%202020.pdf

people.[253] Feedback from SBA alumni has shown that their businesses perform better after they went through the course. Of particular success has been the increased self-efficacy of the entrepreneurs, most of whom have overcome systemic exclusion and poverty to become creators and active contributors to productive employment, decent work and a sustainable economy. SBA alumni have grown their businesses despite unfavourable economic conditions and declining infrastructure—anecdotes abound of businesses expanding, opening new branches, and increasing market share after conducting needs analysis, understanding their target markets, and improving their products and services. Business management and administration has improved, with the entrepreneurs upgrading their record keeping and tax compliance, increasing staff retention, and successfully bidding for supplier contracts with government and large businesses.

SBA alumni businesses have become more formalised with increased knowledge by the business owners, with many positive resulting outcomes such as increased productivity and expansion through innovation and high-value activities (SDG Target 8.2, higher levels of economic productivity), improved access to finance (SDG Target 8.10, expanded access to banking and financial services), contributing to better labour conditions with stronger compliance with labour regulations (SDG Targets 8.5 through 8.8, labour rights). Strengthened locally-owned businesses are better positioned to benefit their communities through local reinvestment and higher accountability to the community for environmental and social behaviour and increased demand for local financial institutions (Target 8.10).

Risk mitigation has become a conscious and focused activity in SBA alumni businesses, enabling them to increase their rates of survival and contribute toward higher levels of economic productivity (SDG Target

[253] South Africa, National Planning Commission, "Economic Progress" (2020): 32.

8.2) and resource efficiency (SDG Target 8.4) despite increasing social and economic uncertainty and governmental underinvestment. In South Africa, persistent scheduled power outages can have a devastating influence on the success and growth of businesses. When enterprises cannot reliably operate machinery, maintain product temperatures, or run electronic payments, business suffers; many SBA entrepreneurs have learned to plan accordingly and build workaround solutions. In addition to power outages, droughts in the Western and Eastern Cape over the past few years could not be ignored by farmers and other businesses reliant on water. The successful swimming school owner Rushana Hartnick reflected, "by analysing risks and giving attention to risk mitigation during the programme, I realized I had to act immediately to secure alternative sources of water supply before it became a problem in Cape Town. We need to put fresh water in the pool on a weekly basis to prevent infections."[254]

Economic development's dependence on entrepreneurial development is well established, yet the importance of building confidence in entrepreneurship as a viable and desirable professional path is often underemphasized.[255] SBA program staff and mentors have observed SBA entrepreneurs transforming from withdrawn and shy to proud business owners who confidently share their passion with others and create interest in their businesses and in being business owners. A supportive environment and increased self-efficacy have been found to breed entrepreneurial success,[256] strengthening the linkages between the

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[254] Adapted from Linda Christensen, "Big Ideas from Little Mermaids," (SBS internal document, 2021).

[255] Mike Herrington, Jacqui Kew, Penny Kew, and Global Entrepreneurship Monitor. Tracking Entrepreneurship in South Africa: A GEM perspective. South Africa: Graduate School of Business, University of Cape Town (2010): 15.

[256] Chao C. Chen, Patricia Gene Greene, and Ann Crick. "Does Entrepreneurial Self-Efficacy Distinguish Entrepreneurs from Managers?" *Journal of Business*

SBA activities to support entrepreneurial success and SDG 8's intentions for improved economic growth and job creation. SBA Alumna, Aashiqa Essop, owner of an automotive electronic workshop, captured a common sentiment: "The course has given me so much confidence, and I have been able to apply all the skills I've learnt to our business."[257]

Improved self-efficacy has not only improved business outcomes for SBA alumni. Some alumni, particularly women, have gained confidence in their academic abilities and been motivated to pursue advanced degrees including post-graduate diplomas,[258] undergraduate degrees, and master's degrees in subjects including business administration, entrepreneurship, and futures studies, contributing to access to technical, vocational, and tertiary education (SDG Target 4.3).

Conclusion

The Small Business Academy's creation was motivated by Stellenbosch Business School's desire to expand access to business and management education to an otherwise underserved population of small-business owners. The experience of hundreds of SMME entrepreneurs over the years has shown that the SBA has become a reliable educational vehicle, fulfilling its mission to make a difference to the lives and businesses of small-business owners in low-income communities, meeting SBS's mission to develop responsible leaders who positively impact society through knowledge advancement and transformative learning. In capacitating entrepreneurs to strengthen their

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Venturing 13, no. 4 (1998): 295-316. https://doi.org/10.1016/S0883-9026(97)00029-3

[257] Linda Christensen, "Small Business Woman Receives Top Award from USB" (SBS internal document, 2015).

businesses, the SBA plays a role in improving economic growth and decent work as set forth in SDG 8. Key to its enduring relevance has been the SBA's continual adaptation of its offering to better meet the needs of its students and integration of partnerships for program deployment.

The positive impact of the SBA, while replicable, takes both time and investment to scale. Successful capacitation of SMME entrepreneurs from underserved communities must be locally based, individualised, and responsive to evolving needs. While effective knowledge delivery and a formal certificate from a globally accredited institution are important factors for candidate recruitment and program success, the practical knowledge transfer and increase in self-efficacy that make the difference for the SBA entrepreneurs come about through personal mentoring and supplemental learning opportunities such as workshops and focused networking events. Skilled program staff are essential to manage the array of relationships (sponsors, academics, governmental agencies, mentors, and local business networks, etc.) and complicated logistical coordination of program delivery. Adequate funding is needed to cover staffing and program operation, highlighting again the importance of establishing and sustaining mutually beneficial relationships with sponsors and of demonstrating impact of the programme. Even with compelling evidence of the benefits to sponsors, the economy, and society as a whole, capacitation programmes such as the SBA are at perpetual risk of shifts in funding priorities.

While the SBA is not a high-volume training program, it has provided meaningful and enduring support to entrepreneurs who operate in extremely challenging landscapes. SMMEs struggle to thrive without supportive education and stronger business ecosystems, particularly in a languishing economic environment. In various reports on South Africa's progress toward the SDGs, government officials call upon partnerships and collaboration as essential to build a strong and resilient economy.

Through the SBA, SBS has been able to leverage partnerships with corporations and economic development agencies to support stronger businesses through upskilling and strengthening SMME entrepreneurs who then have strengthened their businesses.

Achieving the bold targets for 2030 set forth in South Africa's National Development Plan and the Sustainable Development Goals can seem unattainable, but SBA entrepreneurs are beating the odds with their successes. Every day, they contribute to a stronger economy and their communities through tirelessly improving their businesses, knowing they have the support of the entire SBA ecosystem behind them.

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