

Trends that will influence the SME sector in 2023

 By [Desigan Chetty](#)

16 Jan 2023

The small-medium enterprise (SME) sector is still marred by gender inequality as women-owned businesses continue to operate under challenging conditions, such as discrimination, economic exclusion, and stereotyping.



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There is also an increasing pressure on businesses to conduct their operations in a responsible manner, and they are compelled to address non-financial factors such as environmental, social and governance (ESG) concerns to create sustainable outcomes that drive value and fuel growth, while protecting the environment amid the potential negative effects of climate change.

The Covid pandemic lockdowns were the catalyst for a “new world of work”. To survive, businesses scurried for resources that would enable them to adopt a remote working model and digital nomad approach to work.

It is for these reasons that we believe that the trends that will influence the growth of the SME sector in 2023 will continue to include the promotion of women empowerment; an enhanced focus on environmental, social, and governance (ESG) issues; and the robust development in the information technology sector to increase digitisation of operations across diverse value chains and critical skills.

Women-led ventures breaking barriers

Some of the many factors holding women back from entering male-dominated sectors such as agriculture, manufacturing, infrastructure and construction, include unconscious biases, societal norms, and lack of exposure to these sectors, time, capital constraints and access to market opportunities.

Research conducted earlier this year by Entrepreneurship To The Point in partnership with the Aspen Network of Development Entrepreneurs, a global network of organisations that propel entrepreneurship in developing economies, found that the main barriers that impacted the ability of women to enter male-dominated sectors include high startup costs, high market competition, stringent government regulations and the lack of access to information.

While there are several government and institutional interventions that have been implemented to support women to cross over into more profitable, male-dominated sectors, the transition has been slow-paced.

We suggest that strategies will have to be employed that safely connect women to male and female mentors and role models, providing early exposure to technical training in male-dominated sectors, increasing access to markets, enabling access to capital and loans, and encouraging spousal support are some of the key components for successful gender transformation.



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ESG and social entrepreneurship

It is widely accepted that social entrepreneurs find a specific social issue and create a business venture to improve this issue.

We have noted that most companies focus on the environmental challenges resultant of their business activities and negate the fact that climate change has many social implications on food security and health. This emphasises that there is a need to evaluate social impacts of climate risk rather than dealing with it alone.

As large enterprises are increasingly expected to comply with global ESG requirements, they will expect of their suppliers, many of whom are SMEs, to also subscribe to ESG in their operations. Sustainability initiatives appear to drive better financial performance due to mediation factors such as improved risk management, innovation and managing a low-carbon future.

A relatable example would be South Africa's energy crisis that is one of the greatest threats to the country's economic and social progress. This offers an opportunity for SMEs to respond by participating across the green technologies value chain, from green construction to solar installation and maintenance.

The fourth industrial revolution

The fourth industrial revolution (4IR) represents a new era of innovation in technology – one that's enhancing human-machine relationships, unlocking new market opportunities, and fuelling growth across the global economy.

This revolution presents significant business opportunities to develop and provide a sufficient supply of advanced engineering talent to the IT sector. Beyond that, people in regular jobs need to develop the skills to deal with the disruptive effects of new technologies in their work environments.

Many corporations have embraced new technologies that have enabled them to adopt a remote or hybrid approach to work. Technology will continue to provide entrepreneurs with the opportunities they require to grow successful ventures in new and uncharted industries, as well as innovate to succeed in existing and challenging ones.



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Storytelling for SME incubators and support programmes

These trends drive social change and for us it is all about creating measurable impact. While data collection and analysis are a critical part of the process, stories can be shaped to target different audiences, from funders and policymakers to the media and the public. For those such as Property Point, which develop and enhance SMEs and entrepreneurs, we believe that storytelling is a powerful tool to access funds to continue to provide programmes that underscore entrepreneurial success.

Experience-based knowledge from entrepreneurs comes up more easily in 'success stories' and can be more important in problem-solving than information coming through more formal channels. Our platform, therefore, focuses on building relationships, sharing insights, democratising access to information, and creating an environment of unity and trust for entrepreneurs.

ABOUT DESIGAN CHETTY

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