Entrepreneurial training and development is a CSI and Enterprise Development (ED) outlet that provides big businesses with excellent social and business returns.

Small- and medium-sized enterprises (SMEs) hold the key to South Africa’s future. It is through them that the country will create wealth and jobs, drive innovation and ultimately become prosperous. Yet levels of entrepreneurial activity and success are dismally low in the country. The annual Global Entrepreneurship Monitor (GEM) each year finds that relatively few South Africans become entrepreneurs. South Africa scores the third lowest out of 17 countries analysed in the peer group in terms of entrepreneurial activity. Perhaps even more worryingly, the success rates of South African entrepreneurs are extremely low.

Lack of training
At least part of South Africa’s failure to grow a large pool of entrepreneurs lies in our low composite rate of entrepreneurial training relative to its peers. According to GEM, people who receive voluntary entrepreneurial training have a better ability to spot entrepreneurial opportunities, more belief in their ability to start a business, and perhaps most importantly, more propensity to actively try to start or run new businesses of their own.

That’s exactly where we believe companies can enjoy runaway social and economic returns from their enterprise development and corporate social investment spending: by investing in entrepreneurial training. With higher rates of entrepreneurial training, we’ll not only see more people start up businesses of their own, but also equip those who opt for formal sector employment with skills and an understanding of business that will help them to find jobs.

So how exactly do larger companies play a role in developing the entrepreneurs of tomorrow?

Perhaps the most important thing to bear in mind is that we need to emphasise skills transfer rather than classroom-learning in our interventions. But at the same time, entrepreneurship training should avoid a quick-fix approach that focuses only on technical training - it should also equip entrepreneurs with soft skills and business skills.

Doing rather than hearing
There is a wealth of research that indicates that most entrepreneurs prefer to learn by doing and do not respond to well to formal classroom training. For that reason, large company sponsors should look at rolling out initiatives that include practical learning through focused learning feedback, structured exercises and experiential learning.

We believe that such programmes can be quickly and easily set up for entrepreneurs by large companies that have resources such as funding, training facilities, trainers and mentors to contribute. The focus should be on customised programmes that concentrate on face to face engagement between the entrepreneur and a highly trained facilitator. Entrepreneurs should be free to pick the modules they need based on their own capabilities.

There is a massive body of empirical evidence that suggests approaching entrepreneurial development and support will vastly improve the start-up, survival and success rates of SMEs in South Africa. Many studies have found that business development support has a very positive impact on small and start-up businesses.

Some have found an approximately 185 per cent increase in sales as well as a 300 per cent growth in the payroll of SMEs that have had these sort of training interventions.

So what’s in it for big business?
So why should your business focus on entrepreneurial training and small business development, given the many pressing social and economic needs competing for your CSI budget? Firstly, we believe developing a vibrant and successful SME sector will help more people gain employment and free themselves of the need for social welfare or charity.

Secondly, there are excellent opportunities to fund companies that feed directly into your supply chain. These are the organisations that will be your service providers, suppliers and customers and the future. And many of them will be black-owned enterprises. And of course, you can tackle a number of broad-based economic empowerment imperatives through one interlocking strategy: skills development, CSI, enterprise development and preferential procurement.

By now, the role of SMEs in economic growth, job creation, regional and local development, and social cohesion is well understood. A dynamic SME sector has a vital role to play in lifting people out of poverty. Large businesses should support entrepreneurs because they are so critical to creating a stable and sustainable society where all can prosper.