

Skills training can build up confidence and expertise

Growth of SMEs vital to face challenge of globalisation, writes David Jackson

SMALL and medium enterprises (SMEs), which are the lifeblood of many developed economies, are seen as essential vehicles for economic growth and job creation in SA.

In developed economies, small and medium-sized businesses make up the bulk of employers and have generated the most jobs in recent years.

Fostering the growth of SMEs, in tandem with government's National Skills Development Strategy, will play a key role in meeting the challenges of globalisation.

The 25 Sector Education and Training Authorities (Setas), established in March 2000 in terms of the Skills Development Act, are a major factor in skills programmes in the formal sector.

These Setas, which replaced the former 33 Industry Training Boards, assist in the implementation of the national skills development strategy and in increasing the skills of people in their respective sectors.

The sectors are wide-ranging and cover, among others, manufacturing, construction, information technology, financial services and primary agriculture.

In terms of the Skills Development Levies Act, a 1% levy is deducted from employers' payrolls. All employers who pay R250000 or more in monthly wages and salaries or who pay income tax must pay the levy.

About 80% of this amount goes to the employers in the form of grants for skills development and training through the Seta structure, and 20% goes to the National Skills Fund.

There are also discretionary grants for which SMEs can apply in order to grow and sustain, or to start, businesses.

A typical example of the role the Setas play is the Services Seta. For the past year it has been offering training to its SME members.

The underlying philosophy is that in order for a small business in survivalist mode to develop into a viable and sustainable concern, fundamental skills are essential.

Modules include business start-up, basic business calculations, basic conditions of employment and labour relations, basic computer skills, and marketing and sales skills.

A total of 10 modules, mostly one-day programmes, were offered at no charge to levy-paying SMEs and, for a nominal sum, to other SMEs in the business services sector.

Solly Molefe, who runs a business called Setsmol Enterprise, which is involved in housing project training, says the Services Seta programmes have assisted him to lift his business to a higher level of professionalism and to market it better.

"It gave me confidence to form a partnership with a transport company, which led to the improvement of my business.

"I also learned about paying tax, and how I can get some money back from the training levy that I pay by training my own staff," he says.

Peta Broomberg, SME manager at the Services Seta, says: "The training has changed his attitude, opened up challenges, and he has moved from a survivalist type of entity to a sound business that also benefits others. This is just one example of the positive feedback we've received."

Setas apart, another key project helping to foster the growth of small and medium enterprises is The Innovation Hub in Pretoria.

The first science park in Southern Africa that is being developed in line with international best practice while responding to local business needs, the Hub is one of the Gauteng provincial government's Blue IQ projects to develop strategic economic infrastructure.

The project is being developed in partnership with Sera, an inclusive alliance between the CSIR and the University of Pretoria.

One of the strategic objectives of The Innovation Hub is to increase the contribution of early-stage enterprises to the economic realignment and transformation of an SA knowledge economy.

The Hub's business incubator provides start-up companies with the support, resources and context for structured and rapid growth.

It includes a pre-incubation programme where entrepreneurs from previously disadvantaged backgrounds are assisted to assess the viability of their innovative ideas.

Six small hi-tech companies resident in the incubator have shown 300% staff growth since the project's inception.

In the Hub's business preincubation programme, which was launched in 2002, four very early-stage companies are being assisted and mentored to develop business plans and assess the market viability of their products and service offerings.

"Initiatives such as The Innovation Hub will help to build and keep world-class capacity in SA, by providing an environment in which skilled and talented people can thrive in knowledge economy businesses that can compete globally," says Hub CEO Neville Comins.