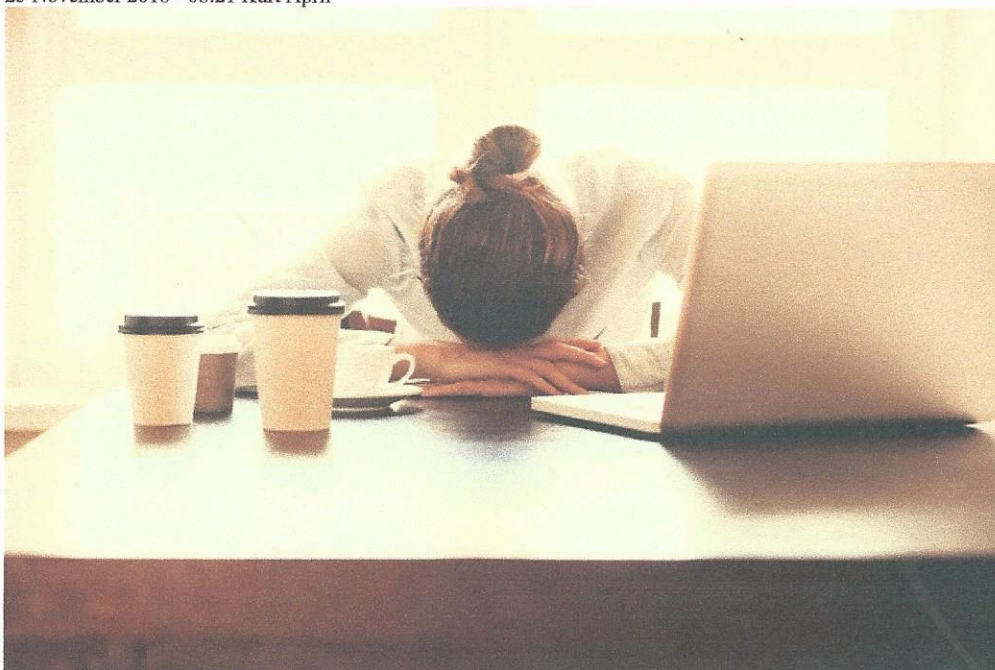


Opinion

Why small business owners need to manage stress levels

All business is stressful, but running a small business and taking personal responsibility for its success — or not — is even more so

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Picture: ISTOCK

It is widely understood that small-, medium- and micro-sized enterprises (SMMEs) are key to a country's economic and employment growth, but something is amiss in SA. Our SMMEs are just not doing what they should, and understanding why — and fixing it — is critical to the future success and sustainability of the economy.

The common conversations around SMME failure rates point at six main culprits: access to funding; access to markets; infrastructure challenges; scalability; tough regulations; and skills/education. The problem is that we have known about these for years, and despite all the efforts to address them, we are unfortunately not seeing the needed growth in the sector.

A recent survey by the Small Business Institute (SBI) and the Small Business Project (SBP) put the number of formal SMMEs in SA currently at just 250,000. These numbers are alarmingly low — especially when compared with international benchmarks. SMMEs in the Organisation for Economic Co-operation and Development (OECD) countries make up 95% of businesses, and employ between 60% and 70% of the working population, contributing up to 60% to GDP.

In SA, while SMMEs make up 98% of the business population, they only employ 28% of the nation's workforce, according to Chris Darroll, CEO of the SBP.

And yet the government continues to pin its hopes on the small business sector. Initiatives such as the department of trade and industry's InvestSA and the investment summit held in October have foregrounded the role of small business in economic revival. The government's national development plan aims to have SMMEs contributing 90% of job growth by 2030. It is likely that more money will be channeled into support for the sector, to join the billions that have already been spent on incubators and initiatives to help small businesses.

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Yet to date, none of these initiatives has borne much fruit and this signals that we may be overlooking something fundamental. Our collaborative research at the UCT Graduate School of Business suggests that it is something most of us find difficult to define, or even talk about: stress.

Devastating effects vs motivation

Stress is under-acknowledged by most people, personally and professionally, and for varied reasons. And this can have devastating effects. If ignored in business, the human devastation is likely to have larger-scale effects on job losses; workforce disengagement;

health-related days off; impaired teamwork; sub-optimal decision-making; lowering of productivity; and ultimately fueling a declining economy.

While access to finance and markets, infrastructure and scalability challenges, tough regulations, and not enough educated and skilled employees are all valid hurdles tripping up small businesses, these are perfectly normal hurdles to have in a competitive, emerging economy. Our research reveals that good leaders, who are able to get their businesses over each encountered hurdle, are also able to manage their personal negative stress and harness their positive stress.

Stress can, generally, be quite motivating; however, it is generally accepted that there are three kinds of stress: positive stress, which is chosen and does not last very long (such as writing an exam); tolerable stress, which is unexpected and lasts a little longer, but then stops and there is time to process it; and toxic stress or distress. Toxic stress is tolerable stress left to run on and on without end, without rest, and without time for healing and processing. It is this third and debilitating kind of stress that business leaders are likely to experience, and in small businesses it can be even more severe.

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Our research suggests that small business owners tend to set very high, and often lofty, goals for themselves when setting up their businesses. And then they are constantly feeling stretched in either striving for these goals or "maintaining the course". This can mean maintaining good business results; maintaining the customer base, where, often, 20% of the customer base accounts for 80% of the revenue; maintaining employment levels in changing political and economic conditions; maintaining pricing when squeezed for ever-lower prices while delivering good quality products and services; having their integrity challenged; and dealing with clients/customers who are not averse to replacing their products/services.

Internal locus of control

Another cause of stress for SMME business owners is that they mostly have an internal locus of control, meaning that they take personal responsibility for outcomes and results and so blame themselves for every failure, and find it difficult to forgive themselves for deviations from intended results. In addition, an innate sense of accountability to their staff and their staff's families reportedly weighs heavily on business owners. Many feel similar accountability towards the broader stakeholder groups that their businesses serve.

All of these factors, which many argue are innate to the nature of business, place undue, long-term pressure (toxic stress/distress) on the cognitive, emotional, psychological and spiritual resources of individual business owners. This reportedly leads to drops in productive activity and motivation; withdrawal from relationships, both personal and professional; low energy; impaired decision-making and ill health. And it also destroys resilience — leaving business leaders unable to "bounce back" from personal or business setbacks, which is part and parcel of life and business. With a debilitated leader, the business is almost always likely to suffer, on a day-to-day basis and also in the long run. Like a virus, stress transfers to others.

An SMME's success is inextricably linked to having an effective leader. And effective leadership is inextricably linked to effective stress management and self-care. It stands to reason, therefore, that improving the way small business owners manage their stress and boundaries could have a significant impact on improving business survival rates.

Along with offering business advice, funding incubators, opening up markets, attracting foreign investors, educating consumers, subsidising and improving infrastructure, the government should be looking at ways to encourage stress management and self-care into the daily operations of SMMEs.

We need to get business owners educated about stress and self-care: about how exercise, sleep, diet, meditation, life-balance, self-forgiveness, and other-forgiveness, affect them, their staff and their businesses. Effective self-care, of which stress management is a part, will enable business owners to courageously stay resilient in the ongoing stressful situations they will naturally encounter. This may, in turn, help turn the tide in SA's SMME sector so that it can drive the country's economic revival like everyone hopes it will.

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