

Entrepreneurship Summit: Does social entrepreneurship result from layoff/retrenchment: Short Communication- Lana-Ann Brady, Durban University of Technology, South Africa

Lana-Ann Brady

Durban University of Technology, South Africa

Short Communication

In South Africa, “training to retrench has become a reflection of the economic climate” (Brady 2018), with the government in 2009 responding to the economic crisis by introducing its Training Layoff Scheme (TLS) as expanded on by Ramutloa (2009).

While the scheme was created as a ‘strategy for staff retention’ through the offer of incentives to employers, when they engage in skills training initiatives, employees who choose retrenchment or have to be laid off due to the company being in distress, now find themselves undergoing training prior to becoming unemployed. In effect, the TLS seems to be feeding the new-entry market to the entrepreneurial sector and requires study to determine its impact.

Various training options for training of distressed companies’ workers facing retrenchment and layoff (linked to employers’ skills needs where possible), are dependent on the nature of the businesses, workers’ positions at risk, and employers’ future economic opportunities (Brady, 2018). By way of explanation, the Commission for Conciliation, Mediation and Arbitration (CCMA 2016) states that “The menu of training options [offered through the TLS] may include apprenticeships, learnerships and skills programmes of shorter duration. Training may also include generic workplace skills, such as Adult Basic Education and Training (ABET) courses and other generic skills that may further personal development”.

Regrettably, it has nonetheless been highlighted by labour minister, Mildred Oliphant, that mining companies are not utilising the TLS, which has a fund of more than R2bn to up-skill retrenched workers.” The minister was quoted in an exclusive interview with Business Day (12 Sept. 2018) as stating that this was due to the mining companies

“avoiding having to declare their finances to the Labour Department and disclose the real reasons behind retrenchments.”

The article further points to the fact that the TLS “has recorded little success”, with blame for this attributed to “the intransigent attitude of business.” In addition, the minister pointed out that “even the services provided by Productivity SA to struggling companies” were not being taken up.

As a process “involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs” social entrepreneurship was defined more than a decade ago by Mair & Martí (2006, p. 37), with researchers such as Seelos and Mair (2005, p. 48) proposing that “social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions”.

However, there is little if any discussion of either African social enterprise characteristics or the manner in which they may differ from the same type of ventures in other parts of the world (Littlewood and Holt 2018), with a need for more deliberation of ‘variation across the African continent’ (Rivera-Santos, Rufin and Kolk 2015).

Because social entrepreneurship is conceived as a process, it can be defined, as “the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources” (Bacq and Janssen, 2011 p. 388). With an unknown number of re-skilled and even up-skilled workers entering the unemployment market, the entrepreneurial ‘fallout’ could be severe, with SME in previously unknown sectors potentially increasing, in the process

***Corresponding author:** Lana-Ann Brady, Durban University of Technology, South Africa, E-mail: lanab@dut.ac.za

Rec date: Jun 20, 2020; **Acc date:** July 17, 2020; **Pub date:** July 29, 2020

Copyright: © 2020 Lana-Ann Brady. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

threatening existing larger enterprises, as well as municipal infrastructure and services.

According to Kobus Engelbrecht, spokesperson for the 2018 entrepreneur of the year competition that aims to honour, benefit and uplift SA Small and medium-sized enterprise (SMEs): "The global entrepreneurship monitor's (GEM) latest report for South Africa has revealed South Africa's entrepreneurial activity is at its highest level since 2013...the GEM 2017/2018 report, total early-stage entrepreneurial activity (TEA) in South Africa is at 11.0%, 4.1 percentage points higher compared to 2016's score of 6.9%. Apart from the country's 4.1 percentage points TEA growth, entrepreneurial intentions have also increased in the last few years to 11.7%, up from 10.1% in 2016/17," (Ndlendle, 2018).

Having investigated Training and its effect on Companies' Financial Performance in SA, (Brady, 2018), it was found that a more holistic training framework is needed to align business with practice, since current frameworks are biased, reflecting only traditional views of training and development, and ignoring the training for retrenchment balance. The question further arises, as to whether social entrepreneurship will see extensive growth and/or impact from the current spate of layoffs and retrenchments, almost 10 years after the global economic crisis of 2008/9 and the measures introduced to turn the economy around and buffer the effects. Moreover, around the globe, measures were introduced to combat the effects of the 2008/9 economic crisis and these, 10 years after the fact, ought to be

researched and compared so we may learn from each other how to best grow from this.

Moreover, it was determined that the majority of literature reviewed offers no studies on training that incorporates a South African perspective of training to retrench/layoff, with its impact on the entrepreneurial sector having been neither determined nor examined. What was most apparent though was that the entrepreneurial sector could see an upswing in not just numbers but also the type of industry producing entrepreneurs.

Nevertheless, it is highlighted by Minister Oliphant that, "conditions under which the [TLS] fund had been established had changed, and while the country's economy was still under strain, it was not the same crisis as that experienced during the recession". It is therefore hoped, through further study, to establish what these changes are, the number of retrenched/laid off workers involved in the TLS, the areas of up- and re-skilling and what if any effect this may have on all stakeholders: the respective communities (having to absorb and support the unemployed entrepreneurs); local and provincial government structures and departments (provision of adequate infrastructure and support measures); as well as the state (governmental policies and legislation). This can be achieved by means of, for instance, case studies at those organizations where the TLS has been successfully implemented, as well as with surveys to communities where the retrenched/laid-off workers reside.

How to cite this article: Lana-Ann Brady. "Short Communication for Journal of Research in International Business and Management
doi: 7.2251/jribm.2020.07.005