JAAC Strategic Business Digest

By Jerahuni Accounting & Advisory Consultancy (Pty) Ltd

South Africa's Growth Disappointment: GDP at 1.1% — What It Means for SMEs and NGOs

South Africa's economy continues to face significant headwinds. Recent figures from Statistics South Africa (Stats SA) show that the country's annual GDP growth reached only 1.1%, falling short of the projections set by National Treasury. While quarterly growth showed modest improvement, the overall annual performance highlights persistent structural challenges within the economy. For SMEs and NGOs, this slow growth environment carries important implications — but it also presents strategic opportunities for organisations that are prepared to adapt.

What the GDP Slowdown Means for South Africa

Economic growth reflects the expansion of business activity, investment, employment, and consumption. When GDP growth is weaker than expected, it often signals slower business expansion, lower consumer spending, reduced investor confidence, and increased fiscal pressure on government spending.

What This Means for SMEs

Small and medium enterprises are often the most sensitive to economic fluctuations. • Reduced consumer spending as households cut discretionary expenses.
• Limited access to finance as lenders become more cautious.
• Rising operating costs including energy, logistics, and inflationary pressures.

However, slower economic periods can also push businesses to become more efficient and innovative.

What This Means for NGOs

For NGOs, the implications are equally significant. • Increased demand for social services as economic hardship rises.
• Potential pressure on donor funding.
• Stronger requirements for transparency and accountability.

NGOs with strong financial systems and governance structures are better positioned to maintain donor confidence.

Opportunities in a Slow-Growth Economy

Despite the challenges, economic slowdowns can create strategic opportunities. **For SMEs**
• Identify underserved niche markets
• Improve cost control and financial management
• Invest in digital transformation
• Build strategic partnerships

For NGOs
• Strengthen donor reporting and transparency
• Diversify funding sources
• Demonstrate measurable social impact

Key Risks to Prepare For

Organisations should also prepare for risks such as cash flow pressure, funding volatility, increased compliance scrutiny, and operational inefficiencies. Effective financial planning and governance structures are essential to mitigate these risks.

Positioning for the Future

In times of economic uncertainty, organisations must shift from reactive management to strategic financial leadership. Key actions include strengthening financial planning and forecasting, improving bookkeeping and financial reporting, maintaining strong cash flow management, and implementing strong internal controls. At Jerahuni Accounting & Advisory Consultancy (JAAC), we believe that strong financial management is the foundation for organisational resilience and sustainable growth.

About the Author

Paddington Jerahuni is the founder of Jerahuni Accounting & Advisory Consultancy (JAAC), a professional advisory firm dedicated to supporting SMEs, NGOs, and growing organisations with strategic financial management, accounting services, and governance support. He is a member of the Chartered Institute of Management Accountants (CIMA) with expertise in financial strategy, organisational governance, and business advisory. Through JAAC, he works with organisations to strengthen financial systems, improve decision-making, and build sustainable growth foundations.

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