SME Report:
Local entrepreneurs in Mauritius
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FOREWORD

MCB teamed up with DCDM Research to investigate local entrepreneurial mindset, motivations and behavioural engagement. The results, coupled with figures from Statistics Mauritius, present the context of entrepreneurship in Mauritius and deep dive into the personal journey of the local entrepreneur.

The report aims to put the spotlight on the individuals who are behind the businesses and highlights their views on what it takes to be a successful entrepreneur. The journey and profiles of the various participants in the research may be as diverse as the businesses they run, yet there are many unifying factors in the ways in which they achieve their goals.

At MCB, we are privileged to witness the birth and growth of many SMEs. We can testify that it takes passion and grit to become one’s “own boss” and lead an enterprise to success. Through our various interactions with our customers, we also understand the challenges that they face along the way and true to our mission: “We will help people with ideas to be entrepreneurs”.

We wish to thank all the participants to the survey and celebrate #PassiondEntreprendre with them.
LOCAL SME OUTLOOK
LOCAL SME OUTLOOK

The incentives and facilities offered to companies during the 1980s triggered the emergence of a new breed of entrepreneurs, who integrated the value chain of larger enterprises or provided services to the population at large.

As per the last Census of Economic Activities (CEA) conducted in 2013, the number of small production units\(^1\) stood at 125,543 up from 92,400 in 2007 representing a 36% increase.

At least one third of the SMEs operate in the wholesale and retail trade sector. The following pie chart depicts the breakdown of SMEs by business sector.

**Breakdown of SMEs by business sector**

- Wholesale and retail trade: 37%
- Manufacturing: 12%
- Transportation and storage: 17%
- Construction: 10%
- Accommodation and food service activities: 9%
- Others: 15%

Total: 125,543

Source: Statistics Mauritius

Note 1: Small production units are defined by Statistics Mauritius as those engaging less than 10 persons, including working proprietors.
SME’S CONTRIBUTION TO LOCAL ECONOMY

Today, boosted by numerous opportunities and reforms introduced by the government, the SME sector contributes approximately 40% to the GDP and employs around 300,000 people in the country (55% of total employment).

SME sector

40% GDP
55% Employment
<3% Exports
MUR 175 Billion Value Addition

Source: 10-Year Master Plan For The SME Sector in Mauritius | 2016 figures

SME FINANCING SCHEME

MUR 7.9 billion was approved as credit facilities under the SME Financing Scheme over a time span of five and half years with an average credit amount of MUR 118 million approved per month for SMEs.

 Amount approved | Top 5 banks (Dec 2011-Jun 2017)

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<th>Bank</th>
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<tr>
<td>Mauritius Commercial Bank Ltd.</td>
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<tr>
<td>SBM Bank (Mauritius) Ltd.</td>
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<tr>
<td>MauBank Ltd.</td>
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<tr>
<td>Barclays Bank Mauritius Ltd.</td>
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<td>HSBC Ltd.</td>
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<td>Other local banks</td>
<td>1.007</td>
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<td>Total approved</td>
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Source: BoM, July 2017 (Credit facilities under the Small and Medium Enterprises Financing Scheme, inclusive of Small and Micro Enterprises)
ENTREPRENEURS’ PROFILE
SURVEY DETAILS

Survey objectives & achievement

• **320 entrepreneurs** surveyed online during the period of April to May 2017 following a qualitative phase completed in February 2017 with 48 entrepreneurs who were interviewed face-to-face.

• Key research objectives: To investigate **entrepreneurial passion, achievement motivations** and **behavioral engagement** among entrepreneurs, and come up with a detailed Entrepreneur Journey as well as a profiling of the surveyed entrepreneurs.

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<th>101k-250k</th>
<th>251k-500k</th>
<th>501k-1.0m</th>
<th>1.0m+</th>
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ENTREPRENEURS’ PROFILE

Four distinct profiles were identified among entrepreneurs who participated in this study. Each profile is grounded in personal motivation and each has a different path to success:

• The builder
• The innovator
• The opportunist
• The independent

Almost 75% of the surveyed entrepreneurs are either builders or independents.
The builder

The builder is a hard worker who always gives his best for the success of his business. Built through sleepless nights, uncertainty and stress, his business means the world to him. He dreams big and sometimes sets unreasonable objectives, but is above all, passionate about his work.

The independent

As for the independent, working for others is not an option for him. Being fully independent, he has the desire and need to feel free, in order for him to reach his full potential, and to make decisions. Audacity and courage are two of his main personality traits, and he is therefore not afraid to take risks.

The innovator

The innovator is a visionary, buzzing with ideas. His vision is to change the world around him, one of which being his greatest accomplishment through his business. He measures the social impact of his product and needs to stand out from the crowd. Moreover, he turns his goals into something he actually enjoys doing. His biggest motivation is the implementation of his ideas while considering the importance of making things happen.

The opportunist

The opportunist is skilled while having great competencies and a well-established client network. His business reflects his level of experience. He can detect a good opportunity when he comes across one and understands the needs and wants of consumers. Thanks to the profits generated by his business, he now has a better and more comfortable standard of living.
ENTREPRENEURS’ MINDSET
MOTIVATION

“...I liked my work but I like the risk. I like to create things and I also like to do what I want. This is why I like being an entrepreneur. It gives me a certain freedom in my choices and in my actions.”

Gaston, 38-year old entrepreneur (DCDM Research qualitative survey, March 2017)
MOTIVATION FOR ENTREPRENEURSHIP

Among factors that motivate the local entrepreneurs to start their own business are their need for freedom and independence.

- Be my own boss: 65%
- Capitalise on my know-how: 51%
- Create & manage a business: 46%
- Fulfill my dream: 36%

Note: Multiple-response question; above characteristics are the most selected ones.

CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS

The 5 most important qualities required to become a successful entrepreneur:

1. Have a vision and think in the long term
2. Be passionate
3. Be determined and persevering
4. Ability to adapt to changes/be honest
5. Always listen to customers and market needs
DEFINITION OF SUCCESS

Most entrepreneurs define success as one’s ability to achieve goals.

PURPOSE OF BUSINESS PROFITS

At least 77% of local entrepreneurs think that profits made should be reinvested in the business.

Similar trends observed among both the female and male entrepreneurs.

The feeling of expanding the business with profits earned strongly prevailed across all age groups except for the 65+ who mostly believe that profits should be saved.
ALONG THE JOURNEY
MY JOURNEY

“Everything has changed: the way I talk and converse. I learned a lot of things like marketing, import and business management. I did not evolve as an entrepreneur only but also as a person.”

Liseby, 56-year old entrepreneur (DCDM Research qualitative survey, March 2017)
START OF BUSINESS

Most of the surveyed entrepreneurs have created their own business starting from nothing.

- **87%** created their business from scratch
- **8%** inherited their business from family members
- **5%** bought it as an already operating business
- **1%** inherited their business other than from family members

Same trend observed in both gender groups.

PREVIOUS OCCUPATION

Almost all of the entrepreneurs from the survey had a previous occupation before starting their own business.

- **68%** Employed in the private or public sector
- **15%** Working abroad
- **9%** Working in a similar business before it closed
- **6%** Working with family or friends
- **1%** Employed by the business before they acquired it
- **1%** Was not working

**Similar** trend observed gender-wise though the % of those who left their job in the public/private sector is much higher among female entrepreneurs (82%).

2 out of 3 entrepreneurs had a different professional occupation before starting their own business.
FIRST STEP

What was your first move when you decided to create your business?

- Did a thorough market survey: 30%
- Contacted my network/Tested my idea: 26%
- Went to SMEDA for information/Had a good business plan: 8%
- Discussed with other entrepreneurs: 22%
- Took an appointment with my banker: 15%

FINANCING THE NEW BUSINESS

Though the sources of financing are multiple, the bulk of it came from the entrepreneurs’ own funds.

- 86% financed the creation of their business using their own funds
- 40% took a bank loan
- 30% were helped by the family and friends
- 16% had a business partner
- 15% others (business angels/incubator, private/public funds, crowd funding)

Note: Multiple-response question; quoted above are the most mentioned ones.
MAIN DIFFICULTIES

The lack of financing and support top the list of difficulties encountered by the local entrepreneurs when they started their business.

59% Insufficient funds/financing
41% Lack of support from financial institutions
33% Competition from other businesses
33% Unavailability of qualified/skilled labor
32% Administrative work

Family members and customers are the main sources of support and encouragement to entrepreneurs during difficult periods.

Personal support
68% My close family members

On the professional side
38% My clients

MOMENT OF DEFEAT

... 3 out of 10 entrepreneurs have thought of giving up at least once during their journey.
TIME DEVOTED TO BUSINESS

Balance between personal and professional life

- **34%**: Most of the time devoted to the business at the expense of personal life.
- **28%**: A time for the business and a time for family life.
- **28%**: Enough time devoted to the business without neglecting the family.
- **10%**: No distinction between personal and professional life.

47% of entrepreneurs devote between 10 and 12 hours daily to their business.

MY BUSINESS TODAY

Today, you would say that your business ...

- **32%**: still remains a challenge
- **19%**: is a personal success
- **13%**: is my passion
- **9%**: is my only source of earnings
- **9%**: is my pride

Note: Multiple-response question; quoted above are the most mentioned ones.
MAIN SATISFACTIONS

On the professional side

- Making customers happy and establishing good relationship with them…
- …as well as the growth of the business

On the personal side

- Professional independence and…
- …improved family lifestyle and comfort

MAIN DISAPPOINTMENTS

- Cash flow problems: 48%
- Difficulty to get credit facilities: 42%
- Corruption in business: 38%

Note: Multiple-response question; quoted above are the most mentioned ones.
THE JOURNEY AHEAD
THE BUSINESS IN 5-10 YEARS’ TIME

Most of the local entrepreneurs foresee the progress and expansion of their business in the future.

- **48%**
  - **Diversify** by offering a larger range of products & services
- **43%**
  - **Recruit more and expand** the business
- **42%**
  - **Consolidate** for enhanced business stability

Note: Multiple-response question; quoted above are the most mentioned ones.

GENERAL FEELING ABOUT THE FUTURE

In spite of all difficulties and other constraints, local entrepreneurs are by large quite optimistic about the future of their business.

- **48%**
  - Rather optimistic
- **43%**
  - Optimistic
- **5%**
  - Pessimistic
- **8%**
  - Rather pessimistic

The % of optimistic is higher among the women entrepreneurs (94.6%) compared to their male counterparts (85.7%).
WHAT’S NEXT FOR THE ENTREPRENEUR?

A large majority of the surveyed entrepreneurs intend to remain active in the future; 80% of them think that they will keep on working in the business.

SUCCESSION PLANNING

A strong sense of continuity seems to prevail among the entrepreneurs; at least 69% of them will hand over the business to someone close to them.
4 out of 5 surveyed entrepreneurs intend to stay connected with the business even after retirement.

I do not intend to retire: 19%
I will accompany and mentor my successor: 23%
At last, I will enjoy life: 19%
I plan to share my knowledge/ help the younger entrepreneurs: 20%
I will follow with great attention the development of my business: 20%
I do not intend to retire at all: 19%
Rather optimistic: 44%
Optimistic: 43%
Rather pessimistic: 8%
Pessimistic: 5%

1 out of 4 women entrepreneurs does not intend to retire at all, while 45% of the male entrepreneurs plan to be a future mentor either with their successor or the younger entrepreneurs.
In collaboration with

DCDM RESEARCH