

Psst! The world's trumpeting Entrepreneurship but South Africa is not listening and responding

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*“This defines entrepreneur and entrepreneurship - the entrepreneur always searches for change, responds to it, and exploits it as an opportunity.” Peter F. Drucker, *Innovation and Entrepreneurship: Practice and Principles**



The authors assert that whilst South Africa is investing substantially in entrepreneurship development, its success record is miserable, to say the least. It is further argued that the country needs to reassess its current model for entrepreneurship development which it has been flogging for a considerable time and espouse the successful key elements of the accomplished models of other emerging economies, especially in terms of inculcating a culture of entrepreneurship.

According to the 2015 Global Enterprise Monitor (GEM) report, South Africa has done relatively well in terms of the overall global ranking for entrepreneurship. Much better than the previous year. Yet, when one analyses the country's performance with

more circumspect, it becomes apparent that in the area of 'entrepreneurial attitudes', South Africa is seriously lacking in what the report refers to as an 'entrepreneurship culture'.

If one explores even further, the three biggest areas for improvement are in start-up skills, human capital and risk capital. The worst of these is our start up skills. When compared to a Sub Saharan Africa average of 74%, the country's overall average is 42.7%. It is quite obvious that South Africa is not performing as well as it should especially given that our economy and financial infrastructure is much better than most African countries.

Another GEM report states that "Generally people's attitudes about entrepreneurship appear to be very positive just about everywhere in sub-Saharan Africa, except in South Africa. Only 35% of interviewed South Africans were positive about the opportunities available for entrepreneurs. The average percentage for the region was double this figure". The report goes further in emphasising that when they surveyed youth in Africa about the chances of them pursuing entrepreneurial opportunity in the next three years, South Africa accounted for a meagre 12% compared to an average of 53% in the rest of Africa.

To compound the problem, it is estimated that the failure rate of small, medium and micro enterprises (SMEs) in South Africa is between 70% and 80%. Huge sums of money are being lost on business ventures because of essentially avoidable mistakes and problems. It is maintained that often the ideas are good and the people behind them are competent, but "they do not have a clue of how to run a business" and have no underlying appreciation of business fundamentals. Problems encountered by small businesses are numerous and can be described amongst others as being environmental, financial or managerial in nature.

These dismal statistics add to the many socio-economic challenges that South Africa faces. Amongst these, the issue of unemployment is a major problematique. The majority of the youth of working age remain unemployed due to lack of skills and qualifications. It is estimated that to achieve the National Planning Commission's (NPC's) goal of halving unemployment in South Africa, the country would need to employ 2.2 million of the 4.4 million unemployed. This problem though is not insurmountable. The new growth strategy in the NPC advocates that not only does the country's economy need to accelerate, but it needs to be inclusive, sustainable and equitable. In this respect, South Africa, similar to other emerging economies of the world has to make the culture of small business development and entrepreneurship a viable option. It is an imperative that we cannot simply continue to ignore.

It is now an undisputed fact that entrepreneurship and small business development play critical roles in the development of any economy. Even the World Bank, the Organization for Economic Cooperation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) affirm the significance of entrepreneurship in terms of overall development goals – by creating jobs and driving economic growth and innovation, improving social conditions and helping address environmental challenges. The United Nations further recognises and calls on member states to integrate entrepreneurship in their development policies, improve regulatory environments and policy initiatives that facilitate entrepreneurship, as well as identify indicators that can be used to evaluate the success of entrepreneurship policies.

So what does this all mean? In simple terms South African policy and praxis in terms of entrepreneurship needs to change drastically. We simply cannot continue with an entrepreneurship model that produces poor returns on social and economic investment. Our entrepreneurship ecosystem needs a complete overhaul.

In respect of the above, the first step is to identify perception of opportunity. The level of perceived opportunity is closely related to the level of entrepreneurial culture. We need to start at the base. As futurist Clem Sunter said recently said, “Schools must teach children how to be entrepreneurs if South Africa is to turn around its economy”. Entrepreneurship must become a career choice and not an option when other opportunities fail. For example, a staggering 67% of South African youth see a career in the public sector as their aspiration. Whilst this may contribute to lessening the unemployment burden, it will not achieve South Africa’s entrepreneurial aspirations.

It is imperative that South Africa fosters skills development at school level. The growth and wholesome development of our children requires the presence of a viable system of governance that gives due emphasis on human resources development, entrepreneurship and skills building towards social and economic development. In addition to notable entrepreneurship constraining factors such as infrastructural support and finance, the recent GEM report demonstrates that young people are constrained by insufficient education and training for a business career. The dynamism of young people can be unlocked by providing relatively simple but comprehensive policy responses directly targeted at them.

Clearly, South Africa is not listening and responding to new global policy trends, especially in terms of approach to promoting and sustaining entrepreneurship and small business development. In the interest of the country’s economic future, we need a major transformation in our thinking and planning for entrepreneurship.

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