

# Entrepreneurship - the long-term solution to unemployment

PRETORIA: Small Business Development Minister Lindiwe Zulu says the long-term solution to South Africa's unemployment crisis is to create a nation of entrepreneurs and not a nation of job-seekers.



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"South Africa is a youthful country. The long-term solution to the nation's unemployment crisis is to create a nation of entrepreneurs, and not a nation of job-seekers.

"Empowering young people is not an option, but a national imperative. Given the current state of youth unemployment in our country, we must challenge young people of today to seize the opportunities created by our democracy in order to create a better life for themselves and their fellow compatriots," she said.

Zulu was speaking at the launch of the Gordon Institute of Business Science Enterprise Development Academy on Tuesday, 12 August 2014. She said the academy must assist us to build a nation of entrepreneurs.

South Africa has one of the lowest rates of entrepreneurship activities in the world. The National Development Plan (NDP) states that about 90% of jobs will be created through small and expanding companies by 2030.

"We are painfully aware that fostering a culture of entrepreneurship is not something that blossoms over a short period of time. It takes a long time to develop and flourish.

"In other words, if we create awareness today about entrepreneurship as well as train others to start a business venture, it does not mean tomorrow all these people would start and run successful enterprises. We must also be mindful that not every person is destined to become an entrepreneur," she said.

However, Minister Zulu said she remains convinced that South Africa needs to teach entrepreneurship education from primary school level right through higher education institutions.

She said this will enable citizens to consider starting a business as an option instead of a mindset of looking for a job after finishing high school or graduating from a higher education institution.

"We are convinced that if we are to make an impact on the job creation front, we have to invest in small and medium businesses because they are the key drivers of economic growth and job creation. The best investment we can make is in the area of skills development.

"Meeting the NDP's growth target of 5.4% for the next 16 years would not only guarantee South Africa's material prosperity, but would be an elevating and inspiring narrative for the country - an optimistic new story," Zulu said.

She said acquiring the much-needed skills will enable young people to be at the helm of the reconstruction and development of the country.

However, the Minister expressed concern that small businesses have an exceedingly high failure rate, and the majority of the casualties are women-owned businesses.

"Researchers tell us that the failure rate for new businesses is almost 80% in the first year, and only about half of those who survive remain in business for the next five years.

"We are confident that the Academy will help to reverse this trend through appropriate research, quality teaching and a relevant curriculum that responds to the needs of the small business sector," she said.

Government has been rolling out an incubation programme, which seeks to develop, grow and sustain small businesses through the procurement and skills transfer support from big businesses.

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