
Fostering a culture of youth entrepreneurship



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Over the years, young South Africans have proven to be extremely resourceful and dynamic, with many having turned their great ideas into sustainable business ventures. So, it came as no surprise when seven of our very own young entrepreneurs made it into the 2014 *Forbes* Top 30 list of the most promising young entrepreneurs in Africa. This was indeed a great achievement, but it brought into question just how many of these great minds we have among a youth population of approximately 21.7 million.

The harsh reality is that the number of such risk takers and opportunity hunters is simply too few in our current context. Addressing some of the major socio-economic challenges we face as a country, such as job creation and poverty alleviation, requires a larger cohort of successful young entrepreneurs. This is simply because entrepreneurs create new businesses, new businesses create more jobs and more jobs lead to more household income.

This bleak picture depicting a shortage of young entrepreneurs and the lack of an entrepreneurial culture in the youth movement is unfortunately supported by facts. The Global Entrepreneurship Monitor or GEM Report for 2013 indicated that only 13% of young South Africans had intentions of starting a business. This represented a decline from 15% in 2012 and a shocking statistic when compared to the region's average of approximately 56%. The report further indicated that the total early stage entrepreneurial activity rate, or TEA rate, among young people in South Africa was only 6.8%, while other countries on the continent such as Nigeria, Malawi, Zambia and Ghana all had TEA rates above 30%. The TEA rate accounted for the percentage of youth in the process of establishing new businesses or running existing enterprises that are less than three and a half years old.

Clearly we need to do more for youth entrepreneurship in South Africa. Various captains of industry and political leaders have echoed similar sentiments. Indeed, we simply

do not have enough young entrepreneurs and more needs to be done to encourage young South Africans to become entrepreneurs. This challenge presents itself against the backdrop of a value system that is skewed towards producing job seekers rather than job creators. Yet, many young South Africans possess high degrees of entrepreneurial talent and can easily be groomed into future captains of industry.

The need to produce more young entrepreneurs and foster a culture of youth entrepreneurship has prompted discussions on how best to complement radical policy shifts with innovative and magnetic support programmes for those aspiring to take a bite at entrepreneurship. The launch of innovative programmes such as the 'Step Up to A Start Up' youth entrepreneurship programme – the brainchild of Primestars Media and the National Youth Development Agency (NYDA) in partnership with MTN, ABSA Bank, SASOL and other private sector entities – serves as an example of what needs to be done to get more young people thinking about business.

The programme targets youth in schools, using cinema and interactive manuals to encourage them to become entrepreneurs. More than 15 000 learners from a large number of rural schools in particular have gone through the programme and have subsequently been afforded the opportunity to have their business ideas funded. They have also been mentored by successful business people from selected companies listed on the Johannesburg Stock Exchange. Programmes of this nature provide information and guidance on elements of entrepreneurship to young people while at school, thus inculcating entrepreneurial thinking and behaviour sooner rather than later. Such programmes play a crucial role in fostering a culture of youth entrepreneurship.

The potential is there for all to see and so too is the availability of support. The availability of financial and non-financial support for young entrepreneurs has increased exponentially over time. Today the NYDA, Small Enterprise Finance Agency (SEFA) and Industrial Development Corporation (IDC) partnership that provides loans, business development support and mentorship for youth-owned enterprises is one of the largest state support programmes in existence. A staggering R2.7 billion has been allocated specifically to support aspiring young entrepreneurs. Another example is the new NYDA Youth Entrepreneurship Grant Programme that provides grant finance, business development support and mentorship to micro and small youth-owned

enterprises, in order to nurture a small business culture among the youth.

Consider, for example, 26-year-old Sophia Stodel from Woodstock in Cape Town, who runs Ilundi – a leather handbag, purse and belt manufacturer. She received R43 095 in funding from the NYDA Grant Programme to purchase stock. Prior to receiving grant funding from the NYDA, the company was unable to accommodate large orders, as these often require surplus stock of leather to be available to meet tight deadlines. Thanks to the NYDA, Sophia now has enough stock to fill large orders within a short period of time, which has impacted the cash flow of her business tremendously.

The major challenge, however, seems to be a lack of information on how best to access these support systems. Yes, the laborious red tape is another limitation to creating an enabling environment ... but most young people simply lack the know-how.

Another beneficiary of the NYDA Grant Programme is BK Moleko, a 26-year-old farmer in De Deur, South of Johannesburg. He runs Yea Media Farmer Fresh Pty Ltd. BK grows spinach and 10 different types of Chinese vegetables, which he supplies to Chinese markets and restaurants.

He received an NYDA Grant to the value of R49 000 to purchase an irrigation system, netting, tools and fencing to keep cattle off his 10-hectare farm.

BK did not study agriculture, but has been mentored by other farmers in the area. He learnt to farm Chinese vegetables from watching YouTube videos and interacting

with hawkers at Chinese markets in and around Johannesburg. Now that he has successfully received his grant, his business continues to grow and he has subsequently secured new contracts. His intention is to apply for a R1.2 million loan from the NYDA-IDC-SEFA loan programme to build a pack house to freeze and store his vegetables for export. BK also has plans to buy another 37 hectares of land and employ more young people on his farm.

This story demonstrates the resourcefulness of young South Africans and reinforces the notion that clearly the availability of support is not an issue. A plethora of financial and non-financial support exists for those young South Africans who want to become entrepreneurs. The major challenge, however, seems to be a lack of information on how best to access these support systems. Yes, the laborious red tape is another limitation to creating an enabling environment for the growth of young entrepreneurs, but most young people simply lack the 'know-how' of accessing support more than anything else. Information, guidance and support can go a long way in fostering a culture of youth entrepreneurship.

No single entity or stakeholder has the resources or capacity to provide the right mix of information, guidance and support. It therefore becomes necessary to forge public-private partnerships for the development and implementation of new and unique youth entrepreneurship programmes. It is then up to young people to take the initiative and seize the opportunity to be a successful entrepreneur. Ultimately, success lies in the youth themselves being brave, bold and courageous, and realising that the best time to take a risk is when you are young.

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