

Short notes on:

BARRIERS PREVENTING THE SOUTH AFRICAN YOUTH FROM BECOMING ENTREPRENEURS

Introduction

With South Africa's high level on unemployment, South Africa's Youth is encouraged to become Entrepreneurs. It is stated that to be successful one must work for oneself. Your Matric Certificate will not guarantee obtaining employment. Many South African Youth turn to crime when there is no other alternative to earn a living.¹

The 2015 Global Entrepreneurship Monitor Report indicated that only 9.2% of the Adults that they surveyed indicated that they intended to start a business in the next 3 years.²

Mark Shuttleworth is an example of a South African Youth that became a successful Entrepreneur. He created a sustainable business that has stood the test of time.

However, there are many barriers that the South African Youth must overcome before they can in fact become Entrepreneurs.³

Barriers that South African Youth face

The South African Youth might have innovative ideas and passion but how do they turn their ideas into reality. The barriers that they must face daily will be discussed further.

¹ www.howwemadeitinafrica.com/the-real-barriers-to-entrepreneurship-in-south-africa/52560/

² <http://mtsholdings.co.za/south-africa-desperately-needs-more-entrepreneurs/>

³ www.howwemadeitinafrica.com/the-real-barriers-to-entrepreneurship-in-south-africa/52560/

Funding

In the world that we live in today, nothing is for free. There must be some kind of exchange for what you received. Funding is one of the biggest obstacles standing in the way of the South African Youth. Without access to funding many of the Youth cannot get their businesses off the ground.

What is further worrying is the Youth does not know how to effectively plan to ensure that their business will have long term success. They do not know how to implement their strategies, they do not know what the operational requirements for their business will be, they do not know how to ensure that their business will be sustainable and furthermore they do not know how to scale their business to ensure that it grows and expands. This would be quite worrisome for an Investor looking to invest in new innovative business ideas.⁴

The reality is that there are many funding opportunities available for the South African Youth. They should be guided as how to develop their ideas and passions into viable business plans that will entice Investors to part with their money.

What is preventing the South African Youth from obtaining funding is that the Organisations take into consideration the Youth's assets and financial management skills before granting the funding. This is true for both the National Empowerment Fund (hereafter referred to as "NEF") and the Industrial Development Corporation (hereafter referred to as the "IDC").⁵

This is very problematic because South African Youth (ranging from the ages of 18 up to 35) usually do not have any personal assets and would not be able to meet the criteria of the NEF, the IDC or any other Financial Institution.

Other avenues of funding are then pursued by the Youth which does not always guarantee success.⁶ Crowd funding might be something that the Young Entrepreneur should consider as an alternative avenue of investment to start their business.

⁴ www.howwemadeitinafrica.com/the-real-barriers-to-entrepreneurship-in-south-africa/52560/

⁵ www.howwemadeitinafrica.com/the-real-barriers-to-entrepreneurship-in-south-africa/52560/

⁶ www.howwemadeitinafrica.com/the-real-barriers-to-entrepreneurship-in-south-africa/52560/

Risk aversion

Consumers, Investors and Businesses in South Africa are very cautious and would therefore not easily part with their hard-earned money. South Africans do not easily take risks and would definitely not support an unsure new venture by an unknown Young Entrepreneur.⁷

South Africans should change their mindset to risk aversion and invest in Young Entrepreneurs. Who knows?! We might have the next Bill Gates here just waiting for someone willing to take the risk on him/her and believing in him/her.

Policy and regulation

South Africa has many policies and regulations that create extra barriers that Young Entrepreneurs must overcome. If a young Entrepreneur would want to engage the Government or a Government-Owned Entity with an idea and request funding, there is usually so many bureaucratic red-tape that the Entrepreneur is discouraged and would rather approach other Institutions for assistance.⁸

Access to markets

It is estimated that more than 45% of South Africans live in rural areas, which indicates that there is an untapped market for Young Entrepreneurs. However, access to resources are another barrier preventing Young Entrepreneurs to succeed seeing that most resources are situated in urban areas.⁹ If resources are more equitably distributed, the Young Entrepreneur would be able to succeed even in a rural area.

Access to technology

Technology has been called the enabler for Entrepreneurship. Without access to technology many South African Youth are left without access to Clients, resources and the opportunity to grow their

⁷ www.howwemadeitinafrica.com/the-real-barriers-to-entrepreneurship-in-south-africa/52560/

⁸ www.howwemadeitinafrica.com/the-real-barriers-to-entrepreneurship-in-south-africa/52560/

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business. Should the infrastructure improve and more Young Entrepreneurs gain access to technology via the Internet, they would hopefully be able to start their businesses and then develop sustainable businesses that are scalable.

Conclusion

South African Young Entrepreneurs face many barriers as was alluded to above. However, should the South African Government, the Private Sector, the South African Public at large and other Institutions like the NEF and the IDC take the necessary risks and invest, the South African economy would grow, unemployment and poverty would also decrease as a direct result thereof.

SchoemanLaw Inc launched the “The SchoemanLaw SME Self-Service Desk™” in December 2017. This is an online platform whereby Entrepreneurs, South African Youth and Entrepreneurs of the future, can gain access to trusted legal documents at a fraction of the cost. This will further enable the South African Youth to become the Employers of the future and not to rely on others for economic survival. Click on the link to view the video here:

<https://www.youtube.com/watch?v=RhJyoduq2rA&feature=youtu.be>

For a full list of all the available products on the online platform click here:

www.schoemanlaw.co.za/online-legal-services

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