

SA entrepreneurship 'on same level as Gaza Strip'

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WHEN it comes to getting new businesses past the three-and-a-half-year mark, SA has an abysmal record, according to the latest Global Entrepreneurship Monitor .

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Liz Zambonini, CEO of The Hope Factory, which was started by the South African Institute of Chartered Accountants, and which trains would-be entrepreneurs, said last week that the problem lay in a lack of skills development, mainly a lack of entrepreneurship training at high-school level, poor access to finance and to markets, as well as a lack of self- confidence in SA's youth.

"Entrepreneurship needs both dynamism and stability. Dynamism occurs through the creation of new businesses and the exit of nonviable ones. Stability comes from providing new businesses with the best chance to test and reach their potential," she said.

"Entrepreneurship in a society should contain a variety of business phases and types led by different types of entrepreneurs, including women, which is where initiatives such as ours come in."

The Global Entrepreneurship Monitor surveyed 59 economies, diverse geographically and in size, which together covered more than 52% of the world's population and 84% of its gross domestic product.

"As SA has one of the highest failure rates of business start-ups in the world, investment and support of these businesses is critical, such as through business incubator programmes or solid mentorship programmes," Ms Zambonini said.

"Our concern is that the global average for new businesses reaching the three-and- half-year mark is 7,6%, while the success rate for SA is only 2,1%.

"We also have one of the lowest new business start-up rates in the world. We need to focus on growing the base to get the volume we need," she said.

Investment Solutions economist Chris Hart said one of the main reasons entrepreneurs failed to thrive in SA was the hostile regulatory environment.

"It is very difficult for small businesses to operate within the confines of the law. It is impossible for would-be entrepreneurs to build up enough capital from savings in which to launch businesses. Taxation is a big negative in this regard," he said.

"If job creation was SA's major priority, it would look to the informal sector and embrace it. Informal traders should be encouraged and not harassed by the police — 20-million new jobs in three years in the informal sector would be a real solution."

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