

SMEs and youth have a role in the growth of South Africa's economy

The South African unemployment rate is currently sitting at 30.1% according to the latest report from Statistics SA. This is the highest since the 2008 economic crisis. The majority of those who are unemployed are the youth and form the majority of the South African population.



Source: pixabay.com

The truth of the matter is that unemployment will only be defeated by creating more jobs to meet the demand. The government and private sector must invest in small and medium enterprises that are built and owned by young people.

In reality, many young people are capable and talented to build and own impactful businesses. However, it seems to be a lack of interest from the youth. And this gives the government an excuse not to invest funds in helping those who are eager to create and build viable businesses.

The government must intensify its commitment to supporting businesses owned by young people if they're serious about salvaging what is remaining of this economy. Small and medium enterprises are the cornerstones of economic growth if harnessed and nurtured properly. The support from the government must not have criteria, as long the idea or product is market viable it must be supported.

Government need to understand the needs of the youth

The sooner this government understands that not all young people want to be an industrialist the better. We have artists,

filmmakers, writers, marketing, advertising, communication, etc., all these are stuff that can be turned into impactful businesses which will contribute to creating job opportunity and economic growth.

Some ideas are unconventional but viable, so the criteria that the government will only fund businesses within normal or rather a familiar market field will not solve the issue of creating jobs. If the government can realise this then they will be in a better and able to build a sustainable economy.

The government has failed the youth because of corruption and maladministration ravaging the public institutions. There must be incentives for the youth to take up opportunities in creating and building businesses without being discouraged that only those who are politically connected will get support and funding.

Even though some will argue that there have been some significant inroads made to incentivise youth to start businesses. But the public institutions which are meant to assist the youth such as the IDC, NYDA, SEDA, etc., have also become white-elephants. Although many of these organisations only assist businesses that are deemed to be impactful to the economy. Adding on, these institutions have been plagued with allegations of graft, political partisanship, and maladministration. And these are some of the things that are eroding the trust, hope, and aspiration of many young, talented, and gifted South Africans who would want to build impactful enterprises.

Youth need to play their part

The youth of this country have neither trust nor hope that this government is capable to improve the current economic status quo. The government has to be able to enable for young people wanting to get involved in growing the economy by making it possible to set up a business as well as receiving capital to start operating.

Presently, many small and medium enterprises fail in less than ten years of operation. That means only one in ten small and medium enterprises will succeed. Conversely, these businesses' failure involves a myriad of issues, often red tape is the prominent one as well as lack of government support. Somehow some red tapes are necessary but in the same vain suck life out of small businesses.

Subsequently, making it difficult for a startup businesses to thrive and succeed. The complexity of laws, regulations, and certifications which officialdom demands of businesses to permit them to operate legally are cumbersome and sometimes unnecessary. A study of red tapes shows that the South African government spend approximately R79bn or 6.5% of GDP on upholding red tapes. It is impossible to conclude with any certainty whether or not this has changed since there isn't much reform done to the red tape regime.

Once all the complex red tapes are relaxed, therefore, most young people will get more involved in businesses. With the exponential rise of the internet and digital ecosystem, without any barriers, today, like never before it is possible to create and build impactful businesses. It is not too later for this government to put the interest of the centre of the policymaking. Thus make it possible for every young person from any background to participate in economic growth through creating and building impactful businesses.

For more, visit: <https://www.bizcommunity.com>