“Factors influencing the development of youth entrepreneurship: the case of Ethekwini municipality, South Africa”

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SECTION 1. Macroeconomic processes and regional economies management

Wise Sambo (South Africa)

Factors influencing the development of youth entrepreneurship: the case of Ethekwini municipality, South Africa

Abstract

Despite South Africa's economic position of being the powerhouse in the continent, consistent studies by Global Entrepreneurship Monitor (GEM) revealed that South Africa's rate of youth entrepreneurship is low in comparison with other Sub-Saharan African countries (SSAC). Globally, youth unemployment was estimated to be 12.6% in 2013, and the figure was expected to increase to 12.7% in 2014. In developed and Sub-Saharan African countries youth unemployment was respectively 18.1 and 11.8%, on average during the year 2012, while South Africa had the highest of youth unemployment rate at 31.4% in 2013. This study intends to report how lack of access to finance and business support services influence the development of youth entrepreneurship in South Africa. A sample of young entrepreneurs (aged 18-35) within the Ethekwini Metropolitan area in Durban, South Africa was drawn to participate in this study. Structured survey questionnaires were used to collect primary data from young business owners within the metropolitan municipality. Findings revealed that lack of access to finance and failure to use business development service impact negatively on the development of youth entrepreneurship. This study concludes with recommendations on how youth entrepreneurship can be improved in South Africa. A total of 30 questionnaires were self-administered with a total response rate of 84% (28) returned for analysis.

Keywords: youth entrepreneurship, unemployment, access to finance, business support.
JEL Classification: L26, E24.

Introduction

Consistent studies by Global Entrepreneurship Monitor (GEM) revealed that South Africa's rate of youth entrepreneurship is low in comparison with other Sub-Saharan African Countries (Herrington, Kew & Kew, 2010; Herrington, Kew, Simrie, & Turton & Herrington, 2012). According to Xavier, Kelley, Kew, Herrington, Kew and Vorderwulbecke (2012), in a Global Entrepreneurship Monitor (GEM) the total early stage entrepreneurial activity (TEA) rate in South Africa was 7% in 2012 compared to the 13% of 2010. The TEA rate dropped further to 6.6% in 2013 (Amoros & Bosma, 2013). As far as Sub-Saharan African countries are concerned, South Africa ranked the lowest in terms of early-stage entrepreneurial activity among its youth, with a TEA rate of 7%, the highest being Zambia at 42% followed by Ghana at 41%. Namibia, the only other efficiency-driven economy of the 10 countries in the SSACs, has a TEA rate which is more than double (16%) of South Africa and is very alarming considering the size of the South African economy (Xavier et al., 2012).

Amoros and Bosma (2013) attribute the decline in TEA rate to the increasing availability of job opportunities as economy progresses and develops institutions accordingly. On the contrary, Xavier et al. (2012) believe this is the return to normality after the success of the 2010 FIFA World Cup in South Africa, while Herrington, Kew and Kew (2010) attribute the decrease to poor entrepreneurial performance in South Africa despite efforts by national, provincial and local government to support small businesses. Therefore, understanding the factors that influence youth entrepreneurship development in South Africa is critical for designing and implementing successful policy interventions aimed at accelerating youth entrepreneurship development in the country.

Globally, youth unemployment was estimated to be 12.6% in 2013 and projected to increase to 12.7% in 2014 (Global employment Trend for Youth, 2013). In developed and Sub-Saharan African countries, youth unemployment was respectively 18.1 and 11.8%, on average during 2012 (Global employment Trend for Youth, 2013). According to the 2013 quarterly labor surveys, youth unemployment rate in South Africa was estimated to be at 31.4% in 2013 (Statistics South Africa, 2014) which evidenced the huge challenge that the country faces as far as young people are concerned. Important to note is the fact that the recent Xenophobic attach to foreign small business owners was as a result of poverty and youth unemployment according to community members (Makhura, 2015). Nevertheless, South Africa is taking youth entrepreneurship development seriously. This is echoed by the establishment of the National Youth Development Agency (NYDA) with the mandate to facilitate youth development through economic participation, skills development and training, social cohesion and support.

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1. Statement of the problem

Given that South Africa is an economic hub of the continent, one would expect its rate of youth entrepreneurship to be on par with those of other developing economies and Sub-Sahara African countries. However, evidence shows that South Africa's rate of youth entrepreneurship is very low in comparison with most developing and Sub-Saharan African countries. Past policies did not support youth entrepreneurship until the recent formation of the National Youth Development Agency (NYDA). Furthermore, the education system in South Africa does not support entrepreneurship at the grassroots level and hence, young people are expected to participate in the economy. Failure to increase the rate of youth entrepreneurship among the youth will not only constrain South Africa's economic growth, but could also lead to socio-economic and political instability in future.

1.1. Objective of the study. The primary objective of the study was to examine how lack of access to finance and business support services influenced the development of youth entrepreneurship in South Africa.

1.2. Research questions. A research question was formulated to investigate how lack of access to finance and business support services influences the development of youth entrepreneurship in South Africa?

2. Background

2.1. The concept of youth entrepreneurship. In a study by Chingunta, Schnurr & James-Wilson (2005), the United Nations (UN) and the Commonwealth of Nations have respectively defined youth as those members of the population between 15-24 and 15-29 years of age. While the Africa Youth Charter (African Union, 2006) has defined youth as that category of people between ages 15 and 35 years, whereas (Maina, 2012, p. 9) has defined youth as those persons between 15 and 28 years of age. Gwija, Eresia-Eke and Iwu (2014, p. 12) defined youth entrepreneurs as young persons, who have the ability to recognize an opportunity, and act on it to create value and wealth by starting a new or growing an existing business enterprise. According to Chigunta et al. (2005), youth entrepreneurship is the practical application of enterprising qualities, such as initiative, innovation, creativity, and risk-taking into the work environment (either in self-employment or employment in small start-up firms), using the appropriate skills necessary for success by individuals within the youth age group bracket.

2.2. State of youth entrepreneurship. Different studies have found youth entrepreneurship level in South Africa to be below international standards. For example, Herrington et al. (2011) established that levels of youth entrepreneurship in South Africa were low in comparison to other BRIC economies (Brazil, Russia, India and China). The study found that only 6.8% of South Africans between the ages of 18 and 24, and only 10.2% between 25 and 34 were entrepreneurs while the average for other the BRICS countries was respectively, 12.4% and 17.7% for the same age groups (Herrington et al., 2011, p. 28). Turton & Herrington (2012, p. 68) also found South Africa's youth entrepreneurship level to be the lowest when compared with eight (8) other Sub-Saharan African countries (Angola, Botswana, Ethiopia, Ghana, Malawi, Nigeria, Uganda and Zambia). The authors reported that only 7% of the South African youth was involved in entrepreneurial activities compared to the average of 29% for the 8 Sub-Sahara countries (Turton & Herrington, 2012, p. 68). Furthermore, the study also found that only 40% of youth in South Africa believed they have the capacity to start a business, against an average of 69% for the other Sub-Sahara African countries.

2.3. Youth entrepreneurship development. Entrepreneurship has been proven to be beneficial for economic growth, job creation and poverty alleviation (Chiloane-Tsoka & Mmako, 2014). As such, many countries are striving to inculcate the entrepreneurial spirit among the youth. Greene (2013) pointed out that government, the private sector, non-governmental organizations (NGOs) and supranational institutions across the European Union (EU) have initiated various policy tools aimed at assisting young entrepreneurs. According to Greene (2013, p. 13), programs designed to assist young entrepreneurs across the EU member states could be categorized into enterprise education; soft support (advice, mentoring and skills development); and hard support (micro-finance, loans and grants).

However, youth entrepreneurship development programs could also be found in many African countries. For example in Ghana, youth entrepreneurship development initiatives include the Ministry of Trade and Industry, Ministry of Youth and Sports, National Youth Authority, Ghana Youth Employment and Entrepreneurial Development Agency, National Board for Small Scale Industries vocational and technical training centres and microfinance schemes (Boateng, Boateng & Bampoe, 2014, p. 463). In South Africa, government sponsored initiatives targeted at supporting youth entrepreneurs financially or otherwise include institutions such as Small Enterprise Finance Agency (SEFA); Small Enterprise Development Agency (SEDA); National Youth Development Agency (NYDA); Industrial

Development Corporation (IDC). Moreover, non-governmental initiatives such as Branson School of Entrepreneurship, Raizcorp, SAB Kick Start Mentorship Program, the Raymond Ackerman Academy of Entrepreneurial Development, and Business Partners were also established to assist young entrepreneurs in various ways (Youth Business International, 2011).

Despite such interventions, youth entrepreneurship in South Africa still lagged behind international standards. According to Turton & Herrington (2012), only 7% of South African youth were involved in early stage entrepreneurial activity whereas 29% was the average for the ten Sub-Saharan countries they studied. This suggests that initiatives aimed at supporting youth entrepreneurs in South Africa have been less successful than intended. Experts in entrepreneurship highlighted that government intervention programs were ineffective due to problems of poor management, lack of monitoring, and poor implementation amongst other things (Herrington et al., 2011; Turton & Herrington, 2012; Maina, 2012). Another factor that makes intervention programs ineffective is that they are not adequately marketed and as such many young aspirant entrepreneurs remain unaware of their existence (Herrington et al., 2011). A study conducted in Khayelisha, Cape Town, by Gwija et al. (2014) found that young entrepreneurs were not aware of the government initiatives aimed at supporting their businesses.

2.4. Factors influencing youth entrepreneurship development. Fatoki and Chindoga (2011), Herrington et al. (2011), Kew et al. (2013), and Schoof (2006) maintained that lack of access to finance and business support services are some of the factors that influenced youth entrepreneurship development.

2.4.1. Access to finance. Schoof (2006) posited lack of start-up finance as one of the major factor constraining youth entrepreneurship globally. Fatoki and Chindoga (2011) concurred that lack of finance was one of the major constraints to the formation of new enterprises. The 2004 Euro-barometer survey showed that young people in Europe saw lack of start-up finance as major impediment to starting and owning a business (Schoof, 2006). A 2000 study in Canada also cited lack of access to start-up finance as a constraining factor for young aspirant entrepreneurs (Schoof, 2006). According to Youth Business International (YBI) (2010, p. 7), lack of access to financial capital presents the greatest challenge for young people intending to start businesses the world over.

Studies conducted in Africa also supported the contention that lack of finance was a major challenge for young aspirant entrepreneurs. A study carried out in Zambia, found that the majority of youth entrepreneurs cited lack of capital as the major reason as to why they were not self-employed (Chigunta et al., 2005). Ayodele in Maina (2012, p. 16) found inadequate capital to be one of the principal factors constraining entrepreneurship in Nigeria. Clearly access to finance for young aspirant entrepreneurs is a global challenge and South Africa is no exception. Studies conducted in South Africa also evidenced access to finance to be major obstacle for young entrepreneurs. A study by Chiloane-Tsoka (2013) confirmed that lack of financial support is a key constrain to entrepreneurship development in South Africa. However, Kew et al. (2013, p. 21) argue that youth are particularly vulnerable to this constrain because young people often have no credit history or assets to serve as collateral in order to secure loans from financial institutions, and were less likely to have accumulated sufficient capital to be able to use their own savings to finance a business enterprise.

A study in 2007 by Global Entrepreneurship Monitor established that young people saw lack of access to finance as an obstacle to starting and owning a business in South Africa (Maas & Herrington, 2007). In another research conducted at the Free State Province by Kew et al. (2013), over 61 per cent of young people cited inability to access finance as the main reason why they were not engaged in business. Also in a Khayelitsha study by Gwija et al. (2014, p. 15), it was established that young business owners experienced hardship in raising finance for their businesses.

Herrington et al. (2011), Kew et al. (2013), Kojok et al. (2012), Turton and Herrington (2012), articulate their view that lack of micro-finance institutions, venture capitalist and business angels in developing countries compounded the problem of financial support for entrepreneurs. This situation limited the avenues available to young people from which they could access business finance in the developing world. In developing countries, sources of finance for aspirant young entrepreneurs were limited to commercial banks (Kojok et al., 2012). According to Cant & Wiid (2013), commercial banks were often not willing to advance credit to young entrepreneurs because young people were viewed as risk investment due to lack of collateral on the one hand and lack of business experience on the other.

According to Turton and Herrington (2012), banks in South Africa are conservative when it comes to extending credit to young entrepreneurs. Banks have stringent lending criteria such as, business trading records and credit history that borrowers must meet and most often young entrepreneurs were unable to meet these strict requirements (Cant & Wiid, 2013).

Turton & Herrington (2012) pointed out that even when young entrepreneurs met the qualifying criteria for credit, finance was advanced at high costs. In view of the difficulties associated with accessing finance from banks, young entrepreneurs are limited to own personal savings, family and friend as sources of finance for their businesses and if they could not get funding from these sources, young entrepreneurs could not start and operate a business (Kojok et al., 2012).

With this background above, it is evident that lack of access to finance has an impact on youth entrepreneurship development in South Africa. However, some experts (e.g. Business Partners, 2013; Raiz, 2014; Youth Business International, 2011) were of the view that access to business finance was no longer a problem in South Africa. According to Raiz (2014), CEO of Raizcorp, young people often do not have commercially viable business ideas and they often lack the knowledge and skills needed to start and operate sustainable businesses. To this end, they suggested business development support service is critical in ensuring that young people develop viable business ideas and the necessary knowledge and skills to launch these ideas. Thus, business development support service is discussed in the next item.

2.4.2. Business development support services. Van Aardt et al. (2011, p. 104) cited failure to use or lack of access to business support systems by new business owners as one of the reasons business start-ups failure in South Africa is high. Access to non-financial support not only equips young entrepreneurs with the knowledge and skills necessary to operate their businesses effectively, but could also unlock access to capital (Youth Business International, 2011). Raiz (2014) maintained that the focus should be on entrepreneurial skills development as opposed to access to finance. Schoof (2006) and Moos (2014) identified business mentors and business incubators as some of the business support services that could help young entrepreneurs establish and operate successful and sustainable businesses.

- *Business mentors.*
  Access to mentoring services by young entrepreneurs enhances the chances of sustaining a new business beyond the start-up phase. A survey by the Prince's Trust revealed that over 90% of the businesses found mentoring to be useful and the survival rates of businesses with a mentor were higher than that for businesses without a mentor (Schoof, 2006, p. 59). These findings are supported by the SAB Kick Start program results which found that mentoring increases the success rate of start-up business (Swanepoel, 2008).
- *Business incubators*
  Research findings by (Timm, 2012; Turton & Herrington, 2012), show that business incubation has been successful in fostering business start-ups to grow into sustainable business in countries such as Chile, Brazil and Malaysia. According to Maina (2012, p. 23), 90 per cent of incubated business start-ups in Europe and the United States remained active and growing after three and half years of operation, which was a much higher success rate when compared to start-ups launched without incubation support. However, business incubation efforts by the South African government have been found wanting in terms of success (Herrington et al., 2011). Turton and Herrington (2012, p. 52) posited that South African incubation efforts seem to focus on quantity as opposed to quality while countries like Brazil, Chile and Malaysia used incubators to stimulate innovation, job creation and small business growth.

In an effort to foster innovation, job creation and small business growth, the Department of Trade and Industry (DTI) in South Africa has launched an incubator support program in September 2012 that provides cost-sharing grants to organizations and companies that were looking to set up more incubators in South Africa (Timm, 2012). In addition, the DTI launched nine new incubators under the Small Enterprise Development Agency (SEDA) burner in 2012 which brings the total number of SEDA incubators to 44. Efforts to support youth entrepreneurs and business by the government are encouraging. However, government efforts in South Africa tend to focus on the unemployed and poorly skilled youth as opposed to targeting young people with good business ideas and those with high potential (Turton & Herrington, 2012).

3. Research methodology

A quantitative research design was followed in this study. The target population comprised of youth entrepreneurs between the ages 18 and 35 years who owned and operated businesses in and around the Ethekwini Municipal area. Furthermore, a purposive sampling technique was selected for this study because it was deemed appropriate for the current study since the sample had to meet the characteristics of young entrepreneurs between 18 and 35 years old and from the chosen geographic locations. Salkind (2012) suggested a sample size of 30 participants in each group to be generally adequate. Therefore, given the constraints of limited time and scope of this paper, a sample size of 30 young entrepreneurs was drawn from the target population within the Ethekwini municipality in Durban. The criteria for inclusion was that the respondent must be within the

youth age, must own a business and operate within the Ethekwini municipality.

3.1. Data collection. Structured survey questionnaires were used to collect primary data from young business owners in the Ethekwini Metropolitan area. The questionnaires were self-administered by Unisa student doing honors in Business Management directly to young business owners around the greater Ethekwini Municipality. Thus, the respondents were given two weeks to complete them and the questionnaires were collected just after two weeks. The advantage of self-administered questionnaires (as opposed to email or mailing them through post) was the fact that it became possible for the student to build rapport with the respondents and facilitated commitment to completing the questionnaires as they were in close proximity to each other. The questionnaires were divided into three sections. The first section, obtained the personal information about the respondents; the second section collected business information; and the third one, obtained information pertaining access to business finance and business support services.

3.2. Data analysis and interpretation. Collected data were first checked for omissions, consistency and legibility before being coded for analysis. Data coding was necessary to reduce the replies given by the respondents into few general categories of answers that could be assigned numerical codes for further analysis. Coded data were then captured in an excel spreadsheet and imported into SPSS for windows version 22 (Statistical Package for the Social Sciences) for further analysis.

3.3. Findings and discussions. Out of the 30 questionnaires distributed to young business owners within the Ethekwini Metropolitan Area, 28 were returned dully answered. However, only 27 responses were used for data analysis and presentation of the findings because one respondent did not meet the criteria in that this respondent was 36 years old and as such was omitted in the data set for the analysis that followed.

3.4. Demographic information. Of the 27 responses analyzed, 66.6% of the respondents were males whereas 33.3% were female. The majority were in the upper age bracket of the youth with 59% between the age of 33 and 35. Furthermore, blacks, at 55.6% were the majority in the study, followed by Indians and White at 25.9% and 14.8% respectively, with Coloureds being the least represented race in the study at 3.7%. As far as education is concerned, an equal proportion (37.0%) of the study participants had either a matric qualification or a bachelors' degree and this was followed by those with less than a grade 12 qualification at 11.1%. Lastly, there was a further tie between those with a certificate or diploma and an honors' degree qualification at 7.4%.

With regard to business activity the majority of respondents were in the retail sector with 22.2%, followed by liquor and restaurants at 18.5% and the rest were spread in other industries. It emerged that the majority of these businesses are between 3-5 years of operation with 37%, while 33.3% were only in operation for 1-2 ears and 3.7 less than a year. However, 25.9% were in operation for more than five years.

4. Motivation to start a business

Respondents were asked to indicate the reasons for starting a business. The majority of them (37%) revealed that they started a business as a push factor due to lack of employment, while 25% had identified an opportunity and at least 22.2% were inspired by their parents.

4.1. Access to finance. With regard to access to finance respondents were asked to indicate their sources of initial capital, to indicate whether they had any difficulty accessing the finance and the barriers they had in accessing the finance. On the sources of initial capital findings reveal that the majority of respondents used personal savings to start their businesses whereas only 24.3% used family and friends as a source of start-up capital. Only 8.1% of participant accessed star-up finance from banks. On the difficulties to access finance findings show that it was difficult for the majority of participants to obtain start-up finance. A high percentage of 74.1% of the respondents found it difficult to get start-up whereas 25.9% did not have any difficulties in accessing start-up finance. With regard to the barriers Table 1 below depicts the barriers young entrepreneurs experienced in obtaining financial assistance.

Table 1. Barriers to accessing financial assistance

Barriers	Ranking					
	1 Agree		2 Not sure		3 Disagree	
	Frequency	%	Frequency	%	Frequency	%
Interest rate	15	55.6	5	18.5	7	25.9
Lack of collateral	13	48.1	7	25.9	7	25.9
Lack of business plan	6	22.2	12	44.4	9	33.3
Gender	3	11.1	14	51.9	10	37

Table 1 (cont.). Barriers to accessing financial assistance

Barriers	Ranking					
	1 Agree		2 Not sure		3 Disagree	
	Frequency	%	Frequency	%	Frequency	%
Lack of business experience	12	44.4	4	14.8	11	40.7
Bad credit record	3	11.1	10	37	14	51.9

Table 1 depicts that youth entrepreneurs rate the barriers to accessing start-up finance as a major obstacle to youth entrepreneurs' development. Respondents also cited high interest rate as a major barrier to access start-up capital, while lack of collateral were respectively seen as the second and third serious barriers to obtaining business start-up loans by respondents.

4.2. Business development support services (BDS). Respondents were asked to indicate whether they had accessed business development support or not before starting a business, after starting the business and (if not) provide reasons for not using the services. Findings show that the majority of respondents did not access business development support before starting the business while the responses of the later show that a little more than half of the respondents did use business development support after starting the business. The reasons provided for not using BDS was that the majority of respondents (48.1%) were not aware of these services, while 18.5% believe there is no value in using these services. About 17.4% of the respondents felt that the organizations offering business support were either not helpful or were expensive.

Furthermore, respondents who used the services were asked to indicate the type of BDS support received and also the organizations that supported them. Findings revealed that less than half of respondents received mentoring support before and/or after starting in business while 40.7% received business training and only few respondents received counselling and incubation support, respectively. About 44.4% of respondents accessed business development support from other channels which included mostly other business owners and relatives, then 33.3% accessed business development support from the Small Enterprise Development Agency (SEDA), NYDA was only accessed by 14.8% despite being the only organization with a mandate to support only youth businesses, while only 11.1% used Raizcorp.

5. Discussion of findings

5.1. Age profile of youth entrepreneurs. The results of the current study show that 59.3% of youth entrepreneurs fall within the upper range of the youth age in South Africa. These findings are consistent with other studies (e.g. Mass & Herrington, 2007; Young Upstart Report, 2011; Kew et al., 2013; and Gwija et al., 2014) that have shown that entrepreneurship activities among the youth tend to concentrate within the 28-35 age range.

5.2. Lack of access to finance. The findings thus on objective intended to study are found to be concurring with the findings by Maas & Herrington (2007) that youth entrepreneurs had challenges in obtaining business start-up finance. Almost ten years later the results of this study in Thekwini reveal that less has been achieved despite rigorous government initiatives through NYDA and other programs to promote youth entrepreneurial activities amongst youth in SA.

5.3. Sources of business finance. Kojok et al. (2012) maintained that sources of business finance for young entrepreneurs are often limited to personal savings, family and friends in developing countries. The study findings support such contention because it showed that the majority of youth entrepreneurs used personal savings to start their business endeavors. This could, perhaps be an explanation as to why business ownership was concentrated within the 33-35 age range in the current study because youth in the lower age categories could not have accumulated enough savings to finance business start-ups.

5.4. Barriers to obtaining business finance. Findings of this study show high cost of capital to be a barrier for obtaining finance. The majority of youth entrepreneurs mentioned high interest as the reason why they did not take start-up finance from financial institutions. This supports Turton & Herrington (2012) contention that banks often advance credit to young entrepreneurs at very high costs.

5.5. Lack of access to business development support services. Van Aardt et al. (2011, p. 104) cited failure to use or lack of access to business support systems by new business owners as one of the reasons that leads to business start-ups failure in South Africa. Findings of this study revealed that 59.3% of young business owners did not use business development supports before establishing their businesses and only 51.9% did avail themselves to

business development support systems after starting a business. The study also showed that young entrepreneurs (48.1%) did not know where to get business development support. These findings are consistent with a Khayelisha study by Gwija et al. (2014) which also found young business owners not using BDS systems in their business endeavors because they lack knowledge of where to go for BDS. Turton and Herrington (2012) argued that intervention programs are ineffective because they are not adequately marketed and as such many young aspirant entrepreneurs remain unaware of their existence.

5.6. Training, mentoring and counselling. Schoof (2006) and Moos (2014) argued that training, mentoring and counselling are some of the business support systems that are critical for youth entrepreneurship development. The study findings showed that 44.4%, 40.7% and 18.5% of youth entrepreneurs, received mentoring, training and counselling prior and after starting in business and these findings, perhaps explain the reason why the 37% of businesses in the study were between three and five years old.

Conclusions

Based on the literature reviewed and the findings of the study it was concluded that:

Lack of access to finance hinders youth entrepreneurship development in South Africa. The majority of youth in this study had to use personal savings to finance their start-ups. In contrary to Raiz (2014), it can therefore be inferred from these findings that there are many young people with good business ideas that could not start businesses because they could not access start finance.

Lack of and/or failure to use BDS systems impact negatively to the development of youth entrepreneurship. The majority of youth entrepreneurs surveyed mentioned that they did not use BDS services because they had no awareness of the many BDS initiatives aimed at assisting them in their business start-up efforts.

Limitations of the study

This study used a purposive sampling technique and excluded other entrepreneurs whose experiences may be useful and thus the chosen sample may not be representative of the population. Furthermore, the study was conducted in the Durban area which constitutes a small portion of South Africa and as such generalizing the findings to the whole of South African youth was not possible.

Recommendations

On the basis of the conclusions presented, the following recommendations are advanced:

- Government in partnership with the private sector and NGOs should develop multipronged strategies aimed at assisting youth entrepreneurs financially. First and foremost, screening mechanisms should be put in place to screen young people's business ideas so as to identify those ideas with potential and then focus policy interventions to the ideas that are quite likely to result in successful businesses.
- Secondly, financial assistance programs should be offered as a package that includes business skills training, mentoring, counselling, etc. This would not only ensure that young entrepreneurs get the finance they need to start and grow their business, but would ensure that they also develop the necessary skills and knowledge that would enable them to run successful businesses.
- Lastly, government should put risk mitigation strategies in place to encourage money lending institutions to not only advance credit to youth entrepreneurs, but also advance it at lower cost of capital. E.g. Government could create youth entrepreneurship fund which would be used as a guarantee in cases where youth entrepreneurs default on loans repayment.
- Government and other institutions offering BDS services should embark on aggressive marketing campaigns in order to increase the awareness of such support initiatives among young people. These marketing efforts could include radio, television, billboards, social media, the internet and most importantly townships roadshows.
- Young people should proactively talk to, and seek information and advice from other business owners, friends, teachers, role models, politicians, etc. This would not only build business support networks, but would also serve as sources of valuable information about the various BDS services that are available in the market.

Further research

Further research could be conducted to evaluate support initiatives by the government to gain some understanding as to why they are not producing the desired effect. Moreover, this study and other studies conducted by Mass & Herrington (2006), Young Upstart Report (2011), Kew et al. (2013) and Gwija et al. (2014) found youth entrepreneurial activity to be concentrated within the upper age bracket (28-35). Further research could be conducted to ascertain why there is little entrepreneurial activity within the lower age groups.

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