

CHAPTER 11

South Africa's national development plan vision 2030 – the context of entrepreneurship and small businesses since 1994

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Introduction

South Africa continues to face severe socio-economic challenges, encompassing the pervasive presence of poverty, elevated unemployment rates, widening disparities, and stagnant economic growth. In attempting to address these challenges, the government of South Africa, through the National Development Plan (NDP), has underlined the important role that entrepreneurship and small businesses can play in this respect (Beresford, 2020; Lebambo and Shambare, 2020; Musara, Mabila, Gwaindepi and Dhoru, 2020; Meyer, 2019).

Before the inception of the National Development Plan, the government had already been formulating policy positions to support Small, Medium, and Micro Enterprises (SMMEs). (Beresford, 2020; Malebana, 2014; Department of Trade and Industry, 2005). Some of the policy frameworks include the White Paper on National Strategy for the Development and Promotion of Small Business, the Small Business Act, and the NDP, among others.

Organisations such as the National Planning Commission (NPC) (2012); General Entrepreneurship Monitor

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(GEM) (2009); and authors such as Iwu (2021); Mafukata, (2020); Swartz, Amatucci and Marks (2019); Odongo and Kyei (2018); Iyigun (2015); and Ansari, Mirdamadi, Zand and Arfaee (2013), among others, recognise entrepreneurship and small businesses as an important vehicle and a major force of economic development. Entrepreneurial activities and small businesses are anticipated to play pivotal roles in poverty alleviation by fostering employment opportunities and enabling impoverished individuals to generate income to meet their essential needs (Beresford, 2020; Musara et al., 2020; Meyer, 2019; Mwatsika, 2015; White Paper on National Strategy for the Development and Promotion of Small Business, 1995). Despite the consensus on how the government intends to create decent living standards for all South Africans, the question of how to drive the promotion of entrepreneurship and small business development remains at the top of government policy agenda.

Considering the literature review, institutional organisations such as the NPC (2012) and GEM (2009), among others, reflect that the second economy can address the social and economic challenges of any developing country and aid in achieving the NDP Vision 2030 and its objectives. Such studies contributed to the premise and gist of the main focal point of this chapter. Thus, it is within this background that this chapter examines, through literature analysis, the ability and importance of entrepreneurship and small business development towards the achievement of the NDP Vision 2030. Therefore, this chapter gathers desktop data in the form of a literature review for analysis and findings. Thus, the chapter solely relies on a literature review and analysis for assembling the notions that substantiate the premise and argument thereof.

Employing rapid and narrative literature reviews as the methodology facilitates the exploration of the significant role played by SMMEs since 1994. These reviews assist in unlocking the potential for achieving Vision NDP 2030 and addressing the socio-economic challenges faced by South Africa. The data were sourced from a variety of reputable channels, including

peer-reviewed journal publications, books, government documents, and internet sources. Additionally, data collection encompassed diverse databases and platforms, including university libraries, Google Scholar, Google, J-Gate, and Scopus. Primary themes and keywords relevant to this chapter, such as 'National Development Plan (NDP) Vision 2030', 'small, medium, and micro enterprises (SMMEs)', 'entrepreneurship', 'small businesses', as well as pertinent patterns and trends, guided the search process. The inclusion criteria encompassed all forms of articles, documents, and reports available in these databases and online pertaining to entrepreneurship and small businesses. The rapid and narrative literature analysis followed the framework in Figure 11.1 below.

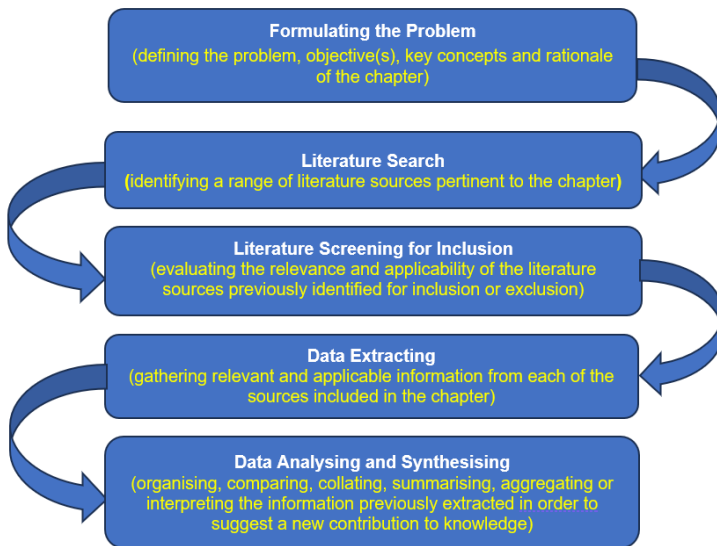


Figure 11.1: Framework of rapid and narrative literature analysis for the chapter (Source: Authors)

Accordingly, this chapter provides the substantiated premise of the discourse with respect to entrepreneurship and small businesses. That is, considering the use of extensive literature and internet searches related to entrepreneurship

and small businesses in South Africa for the purpose of the chapter's conceptual framework. With respect to the structure and framework, the chapter starts by examining the current development policy dilemmas facing South Africa and then provides a synopsis of the essence of the NDP. Furthermore, the chapter provides the potential and ability of entrepreneurship and small business development towards attaining the NDP Vision 2030 for addressing the triple challenges, which are poverty, a high unemployment rate, and inequalities facing general citizens. Lastly, prior to the conclusion and recommendations, the chapter examines the generic challenges faced by entrepreneurship and small business development in South Africa.

This chapter examines the ideology of the NDP Vision 2030 on how entrepreneurs can become mainstream economies to address the imbalance of the historic past engineered by the apartheid system. Furthermore, this chapter argues that the post-apartheid political-economic transformation through the NDP Vision 2030 should have focused more on entrepreneurs and small businesses for the economic mainstream. The premise of this chapter revolves around promoting the culture of entrepreneurship and small businesses to address long-standing socio-economic challenges. It further argues that, to achieve this, there is a need to create an enabling environment and provide necessary support for entrepreneurship and small businesses to thrive. Thus, the paper is adamant that the support should be fast-tracked and accelerated to increase the number of entrepreneurs and small businesses in the economy. Furthermore, research on entrepreneurship and small businesses should be undertaken on how the marginalised manage to sustain their families through enterprises, considering decades of hardship, discrimination, and impediments, among others, imposed by the apartheid regime in South Africa.

The Development Policies and Quandary in South Africa

South Africa's democracy is nearly three decades old. Some notable achievements have been made since, especially the embedding of a non-racial constitutional democracy. The largest weakness, however, has been the government's inability to make significant inroads in transforming the socio-economic legacy of the past. This is because of the deep-seated nature of the country's crisis of unemployment, poverty, and inequality (Mafukata, 2020; Boohene and Agyapong, 2017; Tebele, 2016; Cronin, 2013). Of course, these aspects are encapsulated in the NDP as major issues to be dealt with by 2030. Paradoxically, even though the country's policies profess a commitment to achieving socio-economic development, implementing developmental policies has been one of the government's Achilles' heels. South Africa has certain development policies that are ironically deemed the greatest in Africa and superior to those of the majority of other nations worldwide. The sarcasm arises due to the ineffective and often absent or poorly executed implementation of these development policies.

The NDP acknowledges that ineffective policy implementation is the primary cause of the country's delayed development (Cronin, 2013; NPC, 2012). Chapter 13 of the NDP acknowledges that South Africa has a tendency to jump from one quick fix or policy fad to the next without effectively evaluating the successes or failures of successive policies. This shows how the government fails to reflect on its practices; if one policy fails, a new one is developed without considering how the first one could be better implemented or investigated in terms of its discrepancies. In addition, Ngcamu (2019); Odongo and Kyei (2018); Tebele (2016); Kanjere (2015); and NPC (2012) assert that the lack of policy implementation in South Africa was also attested by the prevalence of service delivery protests by citizens who express frustrations with the government's failure to effectively implement policies that are supposed to address their needs. According to Ngcamu (2019), the Municipal IQ recorded 24% of service delivery

demonstrations in 2018, higher than the preceding record year of 2014. The contention is that service delivery demonstrations have been exacerbated by inadequate service provision.

Odongo and Kyei (2018) and Tebele (2016) emphasise that South Africa has emphatically failed to implement its policies to deal with the unabated social ills. It could be argued that the failure of the government to implement its policies led to increased service delivery backlogs and problems, which have serious or negative implications for the country's democracy (Tebele, 2016; Akinboade, Mokwena and Kinck, 2014; Bond, 2014; Sebola, 2014). Some of the first major development policies to be adopted post-1994 included the Reconstruction and Development Programme (RDP) in 1994, Growth, Employment and Redistribution (GEAR) in 1996, the Accelerated and Shared Growth Initiative for South Africa (ASGISA) in 2006, and recently the NDP in 2012. The RDP sought to address the numerous social and economic issues the nation was experiencing, such as housing, a lack of jobs, inadequate health care and education, and an overall failing economy. GEAR considered ways to stabilise and strengthen the struggling economy at the time of transition. ASGISA was aimed at accelerating the growth of the economy as well as redistributing wealth. The NDP aims to establish consensus-building mechanisms towards a maximum reduction in unemployment, inequality, and poverty (Madzivhandila, 2014).

What happened to these development policies? These policies were designed with noble intentions to address the insurmountable problems facing the nation. However, does the absence of observable change result from their creation? Good development policy intentions do not always lead to positive development outcomes if not properly implemented (Mpya, 2020). Or, contrarily, the fundamental problem that led all of these sensible, well-written policies to fail was simply one thing: poor implementation of these policies. There still remains significant uncertainty among South Africans regarding the government's capacity to achieve its developmental objectives, given the persistent hurdles

stemming from inadequate implementation of policies aimed at translating these goals into tangible progress. Such questions consequently put significant pressure on policymakers to develop more effective policies that could direct and manage resources in more focused and efficient ways. An essential lesson from this context underscores that poorly implemented or designed development policy measures can yield adverse, enduring consequences for both the government and its citizens (Mpya, 2020).

Tebele (2016) and Kanjere (2015) attributed the failure and difficulty of implementing policies in South Africa to the following generic factors:

- Policies are often based on social fantasy, which does not have a direct bearing on reality;
- Some policies fail due to the absence of incentive structures that should induce individuals to pursue policy implementation;
- Entrenched political interests and power also lead to the failure of some policies;
- The politicised nature of policies and their inherent limited ability to effect change can serve as a barrier to their success;
- Some of the policies pursue multiple and conflicting goals that are not clearly articulated;
- Lack of capacity and resources can also serve as a barrier to the success of some policies;
- Limited or lack of consultation with the affected stakeholders can lead to failure when a policy is implemented;
- Some policies are not easily digestible by the operational staff that is supposed to implement them;
- Lack of clearly outlined processes and procedures for implementation; and
- Some policy failures are based on the assumption that market forces will improve and that there will be enough revenue to finance programmes.

Madzivhandila (2014) identified lack of communication, resources, dispositions or attitude, and bureaucratic structures as some of the implementation problems that derail efforts to implement sustainable socio-economic policies. These problems are influenced by factors such as corruption, a lack of continuity in government policies, and inadequate human and material resources. According to Madzivhandila (2014), these factors lead to an implementation gap, which is the widening gap between a stated policy goal and the achievement of such intended goals. Neglecting to account for these challenges would be short-sighted and lead to unrealistic expectations regarding the attainment of the intended NDP objectives. Although South Africa has well-designed policies, there is no clear plan of action on how such policies should be executed. Odongo and Kyei (2018) and Kanjere (2015) assert that governments should develop realisable policies and not aspirational policies, which are developed within their own context and not in denial of their contextual reality and should represent the interests of the poor, but they are in fact representing the interests of the elites in society. One can put emphasis on the fact that the government should focus on pro-poor policies that directly target low income or no income people and are aimed at reducing poverty and other dire socio-economic issues.

Van der Walt (2013:1) is of the opinion that the “government represents primarily the interests of the emergent black capitalists and state managerial elites, top officials and politicians, judges, and military leaders. This is despite the myth that the government represents the interests of previously disadvantaged communities, whereas it is actually anti-working class, as shown by its embrace of neo-liberalism and support for elitist Black Economic Empowerment (BEE) deals for black capitalists” (Van Der Walt, 2013:1). The NDP states that most BEE has taken place through the first avenue, as agreements have been made to enable black ownership of large firms. However, there has been less success in implementing the second opportunity, which focuses on growing entrepreneurs and small businesses.

This is because the government sets double standards as far as policy matters are concerned. Osman (2002:37) avows that public policy making is a “complex process that is influenced by diverse socio-political and other environmental forces; hence, it should not be taken for granted”. Accordingly, the NDP acknowledges the importance of promoting entrepreneurship and small business development. Thus, the next section highlights the essence of the NDP.

National Development Plan: Our Future in 2030

The Diagnostic Report by the NPC identified nine key challenges facing South Africa, which include chronic unemployment, poor education and infrastructure, an unstable economy, inadequate and poor-quality healthcare and public services, high levels of corruption, and an unequal society (Zarenda, 2013; NPC, 2012). The national government adopted the NDP Vision 2030 in 2012 as South Africa’s long-term socio-economic roadmap to address these perpetuating socio-economic challenges. The NDP outlines a strategic framework for achieving sustainable and inclusive growth, which includes a comprehensive vision and actionable goals to address the social, economic and environmental challenges faced by the country. The plan focuses on four areas, namely, rural economy, social protection, regional and international affairs, as well as community safety (Kanjere, 2015). The main aim of the NDP is to ensure that all citizens attain a decent standard of living through the elimination of poverty and reduction of inequalities by providing proper housing, water, electricity, sanitation, infrastructure, quality healthcare, social protection, employment, quality education, safety, and security through state intervention, investment, and transformation of society (Swartz et al., 2019; Shava and Maramura, 2017; Hendriks, 2012; NPC, 2012). This, however, can only be achieved through uniting the citizens, unleashing their energies, growing an inclusive economy, and enhancing the capability of the state and leaders working together to solve these diverse and complex problems facing the country (Shava and Maramura, 2017; Ramoroka, 2013; NPC, 2012;

Zuma, 2012). The NDP was adopted with the primary goals of addressing inequality, poverty and unemployment. It includes every aspect of society and outlines how the government should advance each one to a level where it can meet the requirements of all South Africans. In essence, the NDP wants to ensure that all South African citizens enjoy a better standard of living and a life that is worthy of respect. The NDP intend to transform the country into a thriving, equitable and sustainable society and provides a roadmap for tackling current challenges and leveraging opportunities to ensure long-term prosperity and well-being for all citizens. However, realisation of these noble intentions depends on how the NDP is implemented.

The NDP has been implemented in phases so that all the long-term plans of the national departments will be aligned with it (Kanjere, 2015). The implementation of the NDP is a complex process involving multiple stakeholders including the government, private sector, civil society and international partners. Such process involves a multi-faceted approach with strategic planning, robust institutional frameworks and continuous monitoring and evaluation at its core. For the NDP to be operationalised, the NPC (2012) makes several proposals for transforming the ownership of the economy, which include the following:

- Creating an enabling environment for small, micro and medium enterprises and entrepreneurs to thrive. This includes inculcating the spirit of entrepreneurship in schools, lowering the cost of doing business in the economy and reducing barriers to entry in various value chains.
- Aligning all the codes and charters that flow from the Broad Based Black Economic Empowerment (BBBEE) Act. This process is underway and should continue to ensure that the state procurement lever is used more effectively to advance socio-economic targets in certain geographies and industries. Mandatory targets for socio-economic development and job creation for all tenders above R10 million should be introduced.

- The National Empowerment Fund must be resourced adequately to execute its mandate. It must strengthen its support for black-owned small and medium sized enterprises, as well as strengthen and expand the provision of finance and other support to new black industrialists and entrepreneurs. This should not just be in the form of financial support but must also include enabling market access and the removal of administrative and regulatory burdens on small businesses.
- The state must develop capacity to optimise returns from South Africa's natural resources. Revenues collected from mining companies should be used to drive an accelerated development agenda for skills development and sustainable job creation.

Despite these ambitions, the NDP, however, has been under a lot of public scrutiny for its lack of clarity, inconsistencies, errors, selective and incorrect interpretations, and overly ambitious projections on poverty, employment, economic growth, and social justice since its adoption [Confederation of South African Trade Union (COSATU), 2013; Ramoroka, 2013]. Supposedly, the NDP has become one of the thorny issues that produces robust and contentious debates within the public and policy making circles, even within the Tripartite Alliance. COSATU and the National Union of Mine Workers of South Africa (NUMSA) have since become the leading critics of the NDP. Awuah (2019) and COSATU (2013) identify three main criticisms of the NDP. Firstly, the plan is problematic for job creation in that more jobs would be created by the small business and services sectors; secondly, the NDP ignores the New Growth Path (NGP) and the Industrial Policy Action Plan (IPAP); and lastly, it calls for job creation by reducing the rights of existing workers. In some instances, NUMSA (2012) rejects the NDP entirely, citing that it is the exact economic plan of the Democratic Alliance (DA). Thus, the NDP has since been a topic of contentious debates and a divisive issue between the ruling party and its Tripartite Alliance allies, as well as within government circles. Albeit the critics, the following section provides a discussion on the potential of

entrepreneurship and small business promotion towards the attainment of NDP Vision 2030.

NDP Vision 2030: Unlocking the Potential of Entrepreneurship and Small Businesses

Given the inability of the formal sector to absorb the growing labour force, coupled with the burgeoning youth unemployment crisis, the government has prioritised small business and entrepreneurial development in the NDP Vision 2030. Entrepreneurship and small business development are becoming increasingly understood to have a significant impact on the economic viability of communities and South Africa in general (Lebambo, 2019; Cassin, Soni and Karodia, 2014; Hart, 2003). Entrepreneurial activity is considered an important mechanism for economic development through job creation, innovation, wealth accumulation, reinvestment, and its welfare effect, which leads to a growing policy interest in entrepreneurship at the national level (Mafukata, 2020; Boohene, 2017; Akinwale, 2014; Paul and Sharma, 2013; Herrington, Kew and Kew, 2009). Thus, the NDP places significant emphasis on entrepreneurship and small business development as crucial drivers of economic growth, job creation and innovation in South Africa.

The NDP recognizes the critical role of entrepreneurship and small business development in achieving South Africa's economic and social goals. In his keynote address in 2014, the Minister of Finance, Nhlanhla Nene, stated that the NDP provides a variety of opportunities to boost the development and growth prospects of the country (Nene, 2014). The plan aims to accelerate economic growth, which will consequently eliminate poverty, create over 11 million jobs, and reduce inequality by the year 2030. By achieving these goals, the NDP expected that the unemployment rate would decline from 24.5% in 2012 to 14% in 2020 and to 6%, with Gross Domestic Product (GDP) increasing by 2.7 times at an annual rate of 5.4% by 2030 (Beresford, 2020; Awuah, 2019; Lebambo, 2019; NPC, 2012). According to the NDP, SMMEs should be responsible for

creating 90% of these jobs. Furthermore, in the plan, Chapter 6, the NDP suggests that by 2030, 643 000 direct jobs and 326 000 indirect jobs will be created in the agricultural and non-agricultural sectors, accentuating the effects of an integrated and inclusive rural economy (Lebambo, 2019; Hendriks, 2013). Similarly, promoting SMME growth inside designated local economic zones is one of the NDP's primary goals, and it expects that its initiatives will boost yearly economic growth by 5%, and SMMEs will be crucial to achieving this aim by 2030 (Enaifoghe and Vezi-Magigaba, 2022).

To achieve the aforementioned, the NDP sees entrepreneurship and small business development as the most important mechanisms for growing an inclusive and sustainable economy that is able to create employment opportunities. This will depend on how enabling and conducive the environment is for entrepreneurial activities and small businesses to strive and prosper. According to Nene (2014), the government aims to create an enabling environment for small businesses and entrepreneurs through policies that promote and enhance the development of entrepreneurial skills. In developing such a nurturing environment, cognisance should be taken of the fact that small businesses are diverse in nature, each with its own unique set of requirements (Mafukata, 2020; Groepe, 2012). Small businesses operate in both the formal and informal sectors, where some can be classified as survivalists while individuals with entrepreneurial flair are managing others. Some are start-ups, others are growing rapidly, and others are well established and stable. By implementing targeted strategies to enhance access to finance, streamline regulatory processes, develop entrepreneurial skills, and improve market access, the NDP aims to create a vibrant entrepreneurial ecosystem.

The White Paper on Small Business (1995) states that small businesses represent an important vehicle to address the challenges of job creation, economic growth, and equity in our country. Furthermore, small businesses are regarded as a fundamental part of the economic fabric of a developing country by furthering growth and innovation, with a particular

contribution towards employment generation for both semi-skilled and unskilled labour (White Paper on Small Business, 1995). Despite their low profile, entrepreneurial activity and small businesses tend to account for the majority of economic activity and employment. Small and medium businesses constitute over 95% of the number of enterprises and 40% to 80% of employment in manufacturing, thereby generating two-thirds of private sector employment and thus being regarded as the main drivers of new jobs (Beresford, 2020; Mafukata, 2020; Burger, 2012). Despite being a developing country, the country has a low entrepreneurial rate compared to other countries globally. This is because of problems facing entrepreneurship and small business development, such as an unfavourable legal environment, a lack of access to markets, finance, and credit, low levels of skills, a lack of access to information, and a shortage of effective supportive institutions (Phugwanyo and Mogashoa, 2014; Ngorora and Mago, 2013). Addressing these issues is crucial for fostering a more dynamic entrepreneurial ecosystem in the country. Indeed, South Africa's entrepreneurial activity is lower compared to many other countries, which poses a challenge to achieving the ambitious goals outlined in the NDP.

Nevertheless, the NDP highlights the significance of the promotion and development of small businesses towards meeting the goal of creating 11 million new jobs by 2030 through support and an enabling environment for up-and-coming businesses to develop and thrive (NPC, 2012). According to the NDP, small and medium-sized businesses will create over two-third of all new jobs by 2030, which amounts to around 9.9 million jobs of the target (Department of Small Business Development, 2022; Hassen, 2018). However, the NDP does not provide a breakdown of sector-by-sector contributions of these small businesses (Hassen, 2018). The plan envisages that 90 percent of new employment opportunities will come from small and expanding firms, with the goal of mass entrepreneurship (Iwu, 2021; Beresford, 2020; Boohene, 2017).

Whether or not this NDP ambition is attainable, it is certain that small businesses are crucial to the process of creating jobs in South Africa. Nearly two-thirds of the 11 million new jobs envisaged in the NDP 2030 are to come from services, domestic work, and the informal sector, although the latter receives remarkably little attention in the plan (Cilliers and Camp, 2013). Clearly, the NDP places significant importance on small businesses as a major source of growth and employment creation. Despite having such aspirations, South Africa nevertheless has one of the highest rates of unemployment in the entire world. The country recorded an unemployment rate of over 28% in 2019, one of the highest compared with other countries in the world (Bureau for Economic Research, 2020). Indeed, South Africa continues to grapple with high unemployment rates, a significant socio-economic challenge for the country. While the government has implemented various policies and initiatives to address unemployment, significant challenges remain. Achieving the goals set out in the NDP, particularly the ambitious target of reducing unemployment to 6%, will require concerted efforts to boost economic growth, improve education and skills development, and create an enabling environment for businesses to thrive and create jobs.

The NDP aims to review the regulatory environment for small, medium, and micro enterprises to develop and thrive (Budget Review, 2013). Furthermore, the plan proposes that some labour regulations be loosened in an effort to encourage business enterprises to easily employ more people. Burger (2010) agrees with the sentiments of the NDP that small businesses hold the potential to create employment opportunities for most of the unemployed in South Africa through expanding public employment programmes. With an unemployment rate of over 25%, the NDP aims to put policies in place so that unemployment will decrease to 6% by 2030 (Burger, 2010). Most critics consider this goal to be unrealistic and overly ambitious. The review of the NDP in 2020 found that ineffective support and market and regulatory barriers were hindering the growth and employment potential

of SMMEs in the country (Department of Small Business Development, 2022). Creating a conducive environment for these small businesses to thrive is crucial in a quest to realise the aspirations espoused in the NDP. Enabling environments should not only refer to the legal, policy, and regulatory frameworks of the country but also the strength of the partnerships between the public, private, civil society, and labour sectors. All stakeholders must work together to coordinate their efforts in order to effectively support and foster an environment for small businesses (Department of Small Business Development, 2022). By improving access to finance, simplifying regulatory processes, fostering an entrepreneurial culture, enhancing education, improving market access, and investing in infrastructure, the country can create a more supportive environment for entrepreneurship. The successful implementation of these strategies, aligned with the objectives of the NDP, can significantly boost entrepreneurial activity, drive economic growth and create jobs, contributing to a more prosperous and inclusive South Africa.

The NDP further suggests lower entry-level wages as a means to stimulate job creation and to facilitate a higher uptake of young and unskilled people in the labour market. The Global Entrepreneurship Monitor (GEM) report has convincingly shown that the level of early-stage entrepreneurial activity is directly related to per capita income and small business growth; therefore, it should be seen as an important creator of jobs, a source of economic growth, and a solution to poverty problems in the country (KPMG, 2012). The proposal for lower entry-level wages is part of a broader strategy to tackle high unemployment and stimulate economic growth in South Africa. While it has potential benefits, including increased employment opportunities and economic activity, it must be implemented with caution. Safeguards are necessary to prevent worker exploitation, ensure that wages meet basic living standards, and promote skill development and career progression. Balancing these factors is key to making the policy effective and ensuring that it contributes

positively to the country's long-term development goals. Some of the proposals in the plan, however, are in conflict with those of organised labour and will require intense negotiations and possibly trade-offs prior to and during the implementation of the plan.

Though the development and promotion of entrepreneurship and small businesses remains an important priority of the government, a number of constraints facing small enterprises exist that need to be dealt with in order to create an enabling environment. These include the legal and regulatory environment, access to markets, access to finance and affordable business premises, the acquisition of skills and managerial expertise, access to appropriate technology, management of the tax burden, and access to quality business infrastructure in poor areas (Ngorora and Mago, 2015; Department of Trade and Industry, 2005; White Paper on Small Business, 1995). These factors inhibiting entrepreneurship and small business development are explored in detail in the next section.

Challenges Facing the Prospect for Entrepreneurship and Small Business Development

Entrepreneurs and small businesses are playing a very important role in the development of the economy. Small and medium enterprises in South Africa are perceived to contribute between 52% and 56% to Gross Domestic Product (GDP), constituting 56% of employment (Ncube and Zondo, 2022; Snyman et al., 2014). The NDP sets out several ambitious goals for the entrepreneurship and small business sectors to address the challenges of high unemployment and envisages the economy to grow by 5.4% annually to treble in size by 2030 with the sector identified as a pivotal driver of such growth [Small Business Project (SBP) Alert, 2014]. Job creation depends on economic growth in order to achieve this NDP priority. The rate of economic growth has lagged below the rate of population increase since 2015, partly because of the declining global market for minerals, the SA energy crisis,

and the lack of clarity surrounding government policies even prior to the COVID-19-induced shutdown in 2020 (Bureau for Economic Research, 2020). Slower and stagnant economic growth has caused a deterioration in job creation, which, combined with steady population growth, has resulted in even higher unemployment. The unemployment rate was over 28% in 2019, twice the 2020 target, which was further worsened by the COVID-19 pandemic (Bureau for Economic Research, 2020). As a result, the government is relying on small businesses and entrepreneurship to help reach the NDP's employment targets. However, due to a variety of difficulties, small businesses and enterprises still struggle, and their survival rate is worryingly low.

The achievement of NDP priorities will depend on the creation of an enabling environment that supports the growth and sustainability of existing small businesses and allows new small businesses to flourish, as well as promoting a culture of entrepreneurship among citizens. South Africa's small enterprises are estimated to account for over 60% of employment compared to a global average of 77%, but they have an exceptionally high failure rate, with 70% of the country's small enterprises failing in their first year, which is one of the highest failure rates in the world (SBP Alert, 2014; Brink, Cant and Ligthelm, 2003). Notwithstanding the high failure rate, approximately 24% of business entities in South Africa become established firms that could be regarded as panaceas to the soaring unemployment problem as well as alleviation of poverty (Liedholm and Mead, 2010). The high failure rate of such businesses in South Africa is largely instigated by multiple challenges that impinge on their survival and growth prospects.

Despite the substantial commitments made by the national government to promote entrepreneurship and small business development, these enterprising ventures encounter formidable challenges that can hinder their success and sustainability. These hurdles encompass a scarcity of skills, tedious regulations, adverse local economic conditions, limited access to finance and markets, insufficient capital,

inadequate support infrastructure, and the high costs entailed in staffing, along with a deficit in managerial expertise and overall business resources (Dilip, 2014; SBP Alert, 2014; Agbenyegah, 2013; Ansari et al., 2013; Kanchana, Divya, and Beegon, 2013; Ngorora and Mago, 2013; Patel and Chavda, 2013). The Small and Medium Enterprise (SME) Growth Index has identified the regulatory burden as one of the critical challenges facing small businesses.

The SME Growth Index underscores that frequent regulatory changes, the challenge of navigating overlapping and conflicting requirements across various government levels, limited communication and information access, and administrative inefficiencies in government bodies result in small enterprise owners devoting a disproportionate amount of time to regulatory compliance, averaging eight working days per month spent on managing bureaucratic red tape (SBP Alert, 2014). Regulatory requirements are time-consuming and frequently something that small business owners and entrepreneurs find difficult to manage and carry out. As a result, small businesses and enterprises frequently fail to comply, incur higher costs, and use more time and energy trying to comply.

The lack of financial sources and initial start-up capital is also one of the major impediments to entrepreneurship and small businesses. Ngorora and Mago (2013) assert that the financial and operating environment in South Africa is not supportive of entrepreneurship and small businesses in terms of regulations, policies, and access to capital. Access to financing is consistently cited as one of the country's biggest problems facing small businesses and enterprises that require immediate attention. According to Agbenyegah (2013) and Meyer-Stamer (2003), there is a lack of efficient support systems that are accessible to young and emerging entrepreneurs, making it extremely difficult for them to access existing support mechanisms. Furthermore, poor or lack of networking and confidence, as well as small markets with stagnant economies, also affect entrepreneurship and small businesses in most rural areas (Ngorora and Mago, 2013).

According to Liedholm and Mead (2010), the challenges in respect of entrepreneurship and small businesses could result in owners or managers of such enterprises contemplating shutting down and discontinuing operations if the total cost of production exceeds the total revenue. It is evident that small businesses are confronted with numerous and diverse challenges, demanding urgent attention if the vision outlined in the NDP 2030 is to be achieved.

By addressing these challenges through concerted efforts from governments, financial institutions, and the business community, the prospects for entrepreneurship and small business development can be significantly enhanced. Nonetheless, considering the path envisaged in the NDP for dealing with the scourge that South Africans are faced with, promoting entrepreneurship and indulging in small business is a great trajectory and an optimum way to enhance the standard of living. Laconically, entrepreneurship and small businesses play a pivotal role by alleviating and becoming part of the quest to eradicate the dire unemployment, poverty, and inequality that most South Africans are confronted with. As a result, how the national government addresses these major issues will determine the success of entrepreneurship and small businesses. This is because these challenges could severely influence the sustainability and survival of entrepreneurial activities and small businesses in the country.

Conclusion and Recommendations

While significant challenges remain, the NDP provides a comprehensive roadmap for fostering sustainable and inclusive development in South Africa. The NDP is an ambitious government initiative with a roadmap to 2030 to address a wide range of social and economic issues such as high unemployment, poverty, and low economic growth. Entrepreneurship and small business development have been identified as one of the strategies to facilitate economic development in South Africa to attain Vision 2030. Thus, there is a plan to increase the commitment towards promoting

entrepreneurial activity and small business development in the minds of everyone concerned. The plan also aims to create an enabling environment that acknowledges the significant role that entrepreneurship and small businesses can play in improving the standards of living of the people and, consequently, the country's economy. The NDP places a strong emphasis on entrepreneurship and small business development as pivotal elements for economic growth, job creation and reducing inequalities.

Indeed, most scholars acknowledge entrepreneurial activity and small business development as an important mechanism to help curb appalling levels of poverty, high unemployment, a stagnant economy, and widening inequalities in the country. Unfortunately, for the less privileged population, these conditions continue to persist, and it appears to be a challenge that might persist for a few years before 2030. Even though entrepreneurship and small business development are seen as critical to Vision 2030, they face a number of adversities. These challenges encompass low skill levels, limited market access, insufficient financial resources and credit, and inadequate information access, all exacerbated by ineffective support structures and institutions.

Therefore, it is imperative to first equip people, particularly youth and graduates, with entrepreneurial and small business skills to create jobs and improve their well-being instead of seeking employment at the commencement of their careers. Hence, the government should prioritise investment in youth entrepreneurship, particularly in disadvantaged communities. Equally, there is a need to foster a culture of entrepreneurship and small business development among people that could be beneficial to their well-being and the success of the country's economy. In conclusion, enhanced access to and robust support from institutions such as banks and microfinance entities are crucial in facilitating the growth and success of entrepreneurial endeavours, especially those in their emerging stages.

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