

South Africa must create an environment conducive to entrepreneurship

According to Nhlanhla Nene, jobs are not created through government announcements, but by people using their resources to start and build businesses.



Nhlanhla Nene

The former finance minister was speaking in Midrand last week at the opening of a new Cash Converters store in Sanridge Square.

“The inactivity of broad sections of our society reduces the country’s potential for economic growth and development. Therefore inclusive growth must, by definition, increase the participation of South Africans of working age,” he said.

Nene said he agrees with the OECD observation that a more dynamic business environment with higher rates of entrepreneurship and where small businesses are growing, can contribute to job creation. Other research has confirmed the OECD finding that South Africa lags far behind other emerging economies regarding starting new businesses. “To halve unemployment, South Africa must create an environment conducive to entrepreneurship.”

He also emphasised the importance of financial inclusion. “We have made remarkable progress with financial inclusion, with our measure at 85%. Financial inclusion is especially important for the poor who will easily fall into vicious poverty traps when hit by unforeseen emergencies. Access to credit and insurance not only helps the poor to raise their standard

of living, but also prevent their living standards from falling sharply in an emergency.”



Franchising can stave off unemployment

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The economy will only grow if people create more new businesses and employ more people. “Government can only tax profitable businesses and employed people who have money to buy goods and services. In simple terms, this is how you get growth going and create a pool of revenue that government can use for the needs of the poor,” he concluded.

[Richard Mukheibir](#), managing director of Cash Converters, spoke on the role of franchising in job creation, adding that every time one of its second-hand goods stores open, 12 new jobs are created.

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