

## SIX

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# Youth entrepreneurship: A realistic strategy for alleviating youth unemployment?<sup>1</sup>

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### INTRODUCTION

Entrepreneurship has long been trumpeted as a solution to economic marginalisation. In South Africa specifically, as a response to the youth unemployment crisis, the ‘government has placed a strong emphasis on entrepreneurship and entrepreneurship education as a strategy for job creation’ (Yiannakaris, 2019: 4). While entrepreneurship is seen as a key area for addressing poverty, inequality and unlocking growth potential, this chapter asks whether it is realistic to expect that it will be an effective strategy for alleviating unemployment amongst South African youth, specifically young people who are most vulnerable to the risks of unemployment and poverty. Can we expect these young

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<sup>1</sup> This chapter is based on the author’s Master’s thesis titled ‘The impact of the Raymond Ackerman Academy of Entrepreneurial Development (RAA)’ in creating improved and sustainable livelihoods amongst Academy graduates, completed at the University of Cape Town.

people to take up entrepreneurial pathways when they experience multiple barriers to moving forward, and may not have the necessary foundations and support?

Using the Raymond Ackerman Academy of Entrepreneurial Development (RAA) in Cape Town as a case study, this chapter attempts to provide a nuanced view and contextually based insights into entrepreneurship as a youth employment strategy. The aim is to provide a better understanding for policymakers and educators of how entrepreneurship and entrepreneurship education can direct vulnerable youth on a pathway to improved personal, professional and economic livelihoods.

The study draws on quantitative RAA programme data and qualitative interviews with 32 young people from townships around Cape Town who had applied to the RAA. Participants' stories were thematically analysed to build an understanding of the common backgrounds of vulnerable youth. The data was then analysed to determine whether, and how, young people's participation in the RAA's entrepreneurship education programme has helped them to overcome their structural circumstances and put them on a path towards improved livelihoods. While the study was located in the Cape Flats in Cape Town, it is relevant to national debates about youth unemployment.

The chapter starts by setting the scene for youth entrepreneurship in South Africa, focusing primarily on the current policy environment and entrepreneurship activity in South Africa, as well as on literature relating to entrepreneurship as an economic growth strategy. It then situates those who participated in this study in the context of the common life experiences identified in their backgrounds, in order to understand how these shaped the identity and economic livelihoods of these young people prior to participating in an entrepreneurship programme. Findings are presented regarding the impact of the entrepreneurship education programme on RAA participants. The chapter seeks to provide recommendations for the support of youth entrepreneurship amongst township youth. It concludes that context-specific, comprehensive entrepreneurship education can launch youth towards improved economic livelihoods and is therefore key

to an impactful entrepreneurship strategy for alleviating youth unemployment.

## SITUATING YOUTH AND ENTREPRENEURSHIP IN SOUTH AFRICA

Youth unemployment is a critical challenge for South Africa as many young people struggle to participate meaningfully in the mainstream economy. As Ramphela poignantly articulates, ‘unemployment remains the biggest thief of hope amongst young people’ (2002: 12). South African youth face joblessness, poverty and inequality; and the majority fall within one of three categories: uneducated, unemployed or unemployable (National Planning Commission, 2020). The following statistics, released in February 2021, illustrate this urgent issue (Statistics South Africa, 2020): The unemployment rate for youth aged 15–34 was 43.2 per cent; 52 per cent were not in employment, education or training (NEET), and more than four in every ten young females were NEET. In terms of race, black African and coloured youth remain more vulnerable to unemployment than other population groups.

High youth unemployment rates are not only an economic problem, but also a social and political one. Singer et al. (2014) argue that long-term, high youth unemployment generates a chain of interlinked demographic, economic and political challenges. They caution that where youth are unable to engage meaningfully with society, this can lead to socio-economic effects such as continued poverty and inequality, intergenerational poverty, risk behaviour, crime, depression, extreme joblessness and a poorly performing economy. Increased income-earning opportunities for youth are therefore needed to prevent the profound personal and social effects of unemployment (Mlatsheni and Leibbrandt, 2011).

### *The policy landscape for alleviating youth unemployment*

The South African National Youth Policy recognises young people as agents for social change, economic expansion and innovation. The policy regards their ‘imagination, ideals, energy and vision’ as

essential for the ‘continuous development of society and economic development’ (National Planning Commission, 2015: 2). Given the potential of young people to make a meaningful contribution to the economy, the South African government has numerous policies and strategies geared towards bringing youth into the mainstream economy and enhancing their social inclusion. Some of these policies include entrepreneurship as a youth development strategy to address chronic unemployment.

The launch of the Presidential Youth Employment Intervention (PYEI) in 2020 summarises the policy position of government with respect to youth entrepreneurship: included, among others, in its six priority action areas is developing new and innovative ways to support youth entrepreneurship and self-employment. Youth entrepreneurship remains on the agenda in 2021 as part of government’s bold vision for supporting ‘job creators’, as was emphasised by the Minister of Small Business Development (Vuk’uzenzele, 2021):

By 2024, we should no longer be referring to a high youth unemployment rate in South Africa; rather, we should be talking about the high economic participation of young people because, unlike our parents who were trained to be job seekers, we have the responsibility to train and support job creators.

In addition, entrepreneurship development is a strategy mentioned in five national strategy documents:

- The National Development Plan 2030 (NDP);
- The Youth Enterprise Development Strategy 2013–2023;
- The Youth Employment Accord;
- The National Youth Policy (NYP) 2015–2020 and 2020–2030 (draft) which includes the PYEI; and
- The NYDA Integrated Youth Development Strategy (IYDS) 2021 (draft).

These policies outline a clear, common vision to use entrepreneurship to drive job creation and enable youth to take responsibility for their own economic participation.

In support of government strategies to promote entrepreneurship, the Global Entrepreneurship Monitor (GEM) highlighted the urgency of South Africans focusing on reforms that move away from the concept of 'seeking employment to one of creating employment for oneself and others' (Herrington et al., 2014: 19). Researchers Mlatsheni and Leibbrandt (2011: 119) concur that an entrepreneurship focus is well-founded 'as most new jobs for youth in Africa are generated through entrepreneurship, albeit in the informal sector'. In the sections below, we consider why entrepreneurship is tabled as a national strategy to address youth unemployment, and whether it can impact economic growth and provide the conditions for increased employment.

### *Why entrepreneurship?*

Entrepreneurship is a global phenomenon, widely acknowledged as key for addressing poverty and inequality and unlocking growth potential; it is important for the economy, employment and, in socio-economic terms, the wellbeing of societies. A statement by The World Economic Forum articulates its perceived importance as follows (Volkman et al., 2009: 13):

The future, to an even greater degree than the past, will be driven by innovation and entrepreneurship. [...] Innovation and entrepreneurship provide a way forward for solving the global challenges of the 21st century, building sustainable development, creating jobs, generating renewed economic growth and advancing human welfare.

Entrepreneurship is characterised by innovation, vision and the pursuit of new ideas and opportunities. It is considered different to self-employment (where someone earns money by working for themselves) in both mindset and approach.

Researchers, including Kew et al. (2015), Luiz and Mariotti (2011) and Audretsch et al. (2008) propose that entrepreneurial activity is positively correlated with the economic growth of countries because entrepreneurs are agents of change who create new businesses,

drive and shape innovation, speed up structural changes in the economy, and introduce new competition – thereby contributing to productivity. However, this relationship varies according to the country's level of economic development. Entrepreneurship has a positive impact in developed economies (Almodóvar-González et al., 2020) where business activities are largely opportunity driven, serving to introduce new ideas, products or services. However, so-called 'necessity entrepreneurship', more prevalent in developing economies, has a limited impact on economic development (Acs, 2006) because it mostly constitutes small businesses started for survival rather than entrepreneurial aspirations. For economic growth, skilled job creation and social development to occur, entrepreneurship that is opportunity seeking and drives change is fundamental (Audretsch et al., 2008). This differentiation suggests that, especially for a developing country such as South Africa, entrepreneurship is not necessarily a 'magic bullet'.

With this understanding, however, the general sentiment in policy, academia and business discourse is that entrepreneurial activity should be an important 'cornerstone' of economic strategy (Luiz and Mariotti, 2011: 48). The hypothesis is, therefore, that if entrepreneurship contributes to economic growth and employment, then more youth should be encouraged and trained to become entrepreneurs.

### *Why entrepreneurship as a youth development strategy?*

Policymakers and scholars have shown increasing interest in youth entrepreneurship, particularly in developing countries, as a pathway from adolescence to adulthood which allows youth into the labour market at a pivotal time in their lives when economic participation and independence are important (Kew et al., 2015; Mlatsheni and Leibbrandt, 2011). Entrepreneurship is considered an alternative employment option that can lead to improved and sustainable livelihoods that 'counter the increasing number of unemployed, underemployed youths and youth in vulnerable employment' (Singer et al., 2014: 44).

Kew et al. (2013: 12) and organisations including the International Labour Organization (ILO), the United Nations (UN) and the World Bank propose several advantages to stimulating youth

entrepreneurship. These include that entrepreneurship offers unemployed or discouraged youth an opportunity to build sustainable livelihoods and a chance to integrate themselves into society; that young entrepreneurs are more likely to hire fellow youths (stimulating more youth employment); and that young entrepreneurs may also have higher 'life satisfaction'. Another important advantage is the suggestion that young people with entrepreneurial skills are better employees, as many of the competencies developed through entrepreneurship training are also useful in gaining employment in the modern economy. These competencies include non-cognitive skills such as opportunity recognition, innovation, critical thinking, resilience, independence and leadership, which will benefit youth 'whether or not they intend to become or continue as entrepreneurs', and can be applied to other challenges in life (Meyer, 2017: 12).

These advantages point to the holistic benefits of entrepreneurship for youth. However, without consideration of the socio-economic context in which youth live, this strategy would be idealistic. One cannot expect that everyone can or wants to become an entrepreneur. Other factors should also be taken into account; for example, entrepreneurial opportunities, resources, entrepreneurial role models and personality traits. In the case of marginalised youth specifically, Wiger et al. (2015: 3) argue that 'the extent to which entrepreneurship initiatives can help marginalised youth to help themselves depends, to a considerable extent, on the social, financial, economic, and cultural constraints that these youth face'. Similarly, Chigunta (2017) emphasises that these complex issues and challenges can make it difficult for youth to start and run viable businesses. Long-term sustainability is therefore also a 'major constraining factor' (Mlatsheni and Leibbrandt, 2011: 120).

These views suggest that entrepreneurship for youth is, again, not a quick-fix or simple, one-size-fits-all solution. Rather, it is significantly contextually dependent. Despite these concerns, in the literature youth entrepreneurship is generally considered as a viable career option rather than simply a means of escaping unemployment, and a good opportunity for youth to build non-cognitive, self-supporting skills. This chapter therefore goes on to ask: what are the realities of

trying to encourage more entrepreneurial youth participation and develop entrepreneurial skills in the South African context?

### *Entrepreneurial activity in South Africa*

South Africa's policies outline a clear, common vision to use entrepreneurship to drive youth job creation but stimulating entrepreneurship is a difficult task in the current South African entrepreneurial environment. According to the GEM, the country has persistently low levels of entrepreneurial activity and intention, relative to other countries participating in the study. In 2019 Bowmaker-Falconer and Herrington (2019) reported:

- South Africa ranked 49 out of 54 economies on GEM's National Entrepreneurship Context Index (NECI).<sup>2</sup>
- Total Early-stage Entrepreneurial Activity (TEA)<sup>3</sup> was 10.77 per cent, lower than the global (12.81 per cent) and regional (12.08 per cent) averages.
- South Africa's entrepreneurial intentions rate (11.09 per cent) was also significantly lower than the global (23.72 per cent) and regional (39.97 per cent) averages.
- TEA amongst 18–24-year-olds remained extremely low at 8 per cent of the total youth population, slightly lower than the Africa region average.

Table 6.1 shows fluctuation in entrepreneurial activity in the age group 25–34 years, with a decrease since 2017. This is particularly concerning because, generally, this is the age category in which entrepreneurial activity tends to peak (Herrington et al., 2017). Amongst youth specifically, the lack of entrepreneurial culture, education, business experience and access to collateral were seen as contributing factors for low entrepreneurial activity (Department of Trade and Industry, 2013; Herrington et al., 2017). The situation depicted by GEM is not one that would seem to support and grow a

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<sup>2</sup> A measure of 12 optimal entrepreneurial environment conditions that make up the context in which entrepreneurial activity takes place in a country.

<sup>3</sup> The percentage of the adult population between 18 and 64 years who are in the process of starting a business or own a business less than 42 months old.

**Table 6.1: Total Early-stage Entrepreneurial Activity by age group in South Africa, 2009–2019**

YEAR	2009	2013	2014	2015	2016	2017	2019	Africa region 2019 (average)
18–24 years	4.7%	7.8%	4.8%	6.3%	6.7%	8.8%	8.4*%	11%
25–34 years	7.4%	14.1%	9%	10.9%	6.3%	14.5%	12.6%	14.4%

\*Read as 8.4 per cent of 18–24-year-olds in 2019 were engaged in early-stage entrepreneurial activity

*Source: Bowmaker-Falconer and Herrington (2019: 15) and Herrington et al. (2017: 30).*

culture of youth entrepreneurship in South Africa.

Another local study, the Siyakha Youth Assets study,<sup>4</sup> also provided insight into entrepreneurial intention amongst, predominantly, unemployed black African youth from poor backgrounds – the demographic broadly reflecting those most affected by youth unemployment (Graham et al., 2016). The Siyakha findings suggested that although participants rated themselves positively in terms of entrepreneurial efficacy, they typically did not engage in self-employment activities following participation in youth employability programmes. Those who did were doing so ‘in survivalist businesses, as a means of generating income while they were waiting to find formal employment’ (Graham et al., 2016: 59). This seems to indicate that the preference remained for formal employment.

The GEM and Siyakha findings illustrate the challenging environment for promoting entrepreneurship in South Africa. In addition to this macro landscape, the contextual realities of young people most vulnerable to unemployment (outlined in the subsequent section) also raise the question: is an entrepreneurship strategy realistic?

<sup>4</sup> This is a longitudinal evaluation, focused on South African youth employability programmes. It was undertaken by the Centre for Social Development in Africa, University of Johannesburg, and the School of Social Work, University of North Carolina.

## FACTORS CONTRIBUTING TO YOUTH VULNERABILITY

Promoting entrepreneurship is futile if one does not take into account the socio-economic circumstances and lived experience of young people, and the challenges they face in navigating pathways to economic opportunity. It is therefore important to understand the factors that will likely keep young people vulnerable and how these factors need to shift. Insight into how life experiences impact on young people and keep them locked out of the economy can inform how policies and programmes can better support and open up entrepreneurial pathways and opportunities.

The youth described in this chapter still find it difficult to get out of the starting blocks (Yiannakaris, 2019). Factors at the community, household and individual level are keeping young people vulnerable to being locked out of the labour market (Patel et al., 2018). These factors include community location and culture, the role of parents, lack of social capital and lack of positive role models. Also included is a lack of entrepreneurial influences, as a lack of exposure to entrepreneurship can further limit the options available to youth already vulnerable to the risks of poverty and unemployment.

At the community level, low levels of economic participation amongst young people can be attributed in part to apartheid and post-apartheid urban planning (Yiannakaris, 2019). The majority of black South Africans, especially youth, continue to be restricted to areas far away from job and economic opportunities (Graham and De Lannoy, 2016). Their everyday lives and future opportunities are therefore profoundly shaped by the area in which they live. Many of these township areas continue to be marginalised because of restricted income levels, limited social networks and complex family dynamics (Bray et al., 2010). Urban planning, coupled with the limited resources of vulnerable young people, is also likely to result in the 'digital divide': limited or no access to technology which further deprives youth of access to the information and economic opportunities that are increasingly available online. Geographic and digital challenges are significant barriers to enabling upward youth transitions.

Community culture can also affect youth pathways and influence perspectives on identity, choices and what is possible. As Riel and Martin (2017) elaborate, mental models are likely to be informed by life experiences and by information that fits within our existing understanding of the world. If that understanding is negatively informed by our environment and we see the world in a certain way, 'it takes serious effort and willing intent to see it in another way' (2017: 27). This suggests that youth in marginalised neighbourhoods may follow the same paths as those around them, which could keep them at risk of low-skilled work or unemployment. The opposite also holds true, that environments that positively influence beliefs can encourage a world view of possibility; 'entrepreneurship leads to more entrepreneurship' (Urban, 2006: 3).

Additionally, where there is no culture of entrepreneurship in a community, Fink (2013) argues that making the choice to be an entrepreneur can sometimes be incomprehensible to friends and family. Moreover, when family and social resources are limited, attempts at entrepreneurship and the associated risks can be seen to threaten the wellbeing of the family. A job, therefore, generally trumps an entrepreneurial business. Where entrepreneurship is not well-supported in low-income communities, the stigma of failure also constrains people from venturing into their own business (Yiannakaris, 2019). The attitude of a community can therefore stifle entrepreneurial aspirations and discount it as an option for economic participation. Policies and programmes that aim to develop entrepreneurial mindsets may have this contextual challenge to overcome.

The apartheid past also dramatically reduced the culture of formal entrepreneurship in South Africa, resulting in a thin entrepreneurial base amongst black people (Department of Trade and Industry, 2013). As a result, at the household level young South Africans are unlikely to have grown up with entrepreneurial parents who would have shaped their understanding of career options and business (Department of Trade and Industry, 2013). Young potential entrepreneurs are far more likely to 'get their education at the dinner table' (Kourilsky and Esfandiari, 1997: 213) in advantaged rather than lower socio-economic communities. This suggests that, without other influences

and interventions, young people are unlikely to be exposed to entrepreneurs and may not aspire to start their own businesses.

Family and household members are also an important source of ‘bonding’ social capital, and typically provide support and advice about employment, self-improvement and education (Patel et al., 2018). Where this is limited or absent it can be detrimental to the options and pathways of young people. At the individual level, township youth may also have had little ‘bridging’ social capital, such as friends and acquaintances who can provide them with advice, information, resources and social support. As the labour market becomes increasingly competitive, finding employment becomes increasingly reliant on the social networks and social capital from which these youth are excluded (Mlatsheni and Leibbrandt, 2011). A lack of productive social capital therefore increases vulnerability to unemployment for young people. Additionally, social networks can encourage the pursuit of entrepreneurial endeavours and inspire a person’s decision to explore their entrepreneurial potential (Bailey and Ngwenyama, 2013). A combination of limited social networks and the lack of entrepreneurial influences negatively impacts the entrepreneurial intentions of these youth.

Finally, young people may be impacted by the lack of positive role models in their immediate environments. A study of township youth by Sharlene Swartz, cited in Ince (2018), suggests that, in the context of poverty, youth struggle to find positive and caring adult role models to help build self-esteem, cultural capital and resilience skills. In the absence of positive influences to demonstrate what is possible, young people may think, ‘Why aspire for something different if I have not seen anyone else achieve it?’ This can prejudice their economic aspirations and entrepreneurial intentions. In the absence of educational interventions, frequent exposure to entrepreneur role models is arguably the most common means by which a young person evolves into an entrepreneur (Karimi et al., 2010). Taken together, these factors suggest that a young person has a slim chance of becoming an entrepreneur unless they have the right entrepreneurial background, education, role models, social capital and networks, and a community that is supportive of a potential entrepreneur’s aspirations and business.

## CASE STUDY

A case study evaluation of the RAA programme forms the basis of this chapter. Founded in 2005, the RAA is a post-high school, tertiary-level academy based at the University of Johannesburg and the University of Cape Town's Graduate School of Business. The academy offers a university-based, accredited education in entrepreneurship for youth whose socio-economic backgrounds provide limited opportunities for accessing tertiary education, finding employment or starting a business. It encourages and supports youth entrepreneurship through:

- A six-month full-time programme in entrepreneurial and personal development, offered twice per year, with 30 students per course; and
- Business incubation for academy graduates who are starting or running their own businesses.

To be eligible for selection, applicants must be between the ages of 18 and 35 years; hold a Grade 12 certificate or satisfy the requirements for work or volunteer experience recognised as prior learning; and have no previous tertiary qualifications. It is not necessary for them to have their own business. Students contribute R2 500 towards the course costs, which are significantly subsidised. Financial assistance is also available to those in need.

The case study used a mixed methods approach, drawing on quantitative RAA programme data, and qualitative face-to-face interviews with 32 young people from townships around Cape Town who had applied to the RAA, 27 of whom participated in the programme in different cohorts and five of whom were not accepted on to the programme. The average age of interviewees was 24 years at the time of application to the programme; 19 were male and 13 were female. In the direct quotes below, symbols are used to refer to the names of interviewees in order to protect their identity.

Qualitative data (from interviews and application essays) was used to unpack subjective factors, such as background and programme experience. Themes and patterns were identified through the distilling

**Table 6.2: Case study data sources**

Research objective	Qualitative interviews	RAA application forms (including essays)	Alumni survey*	Course evaluation forms	Research participant survey
Develop an understanding of the participants' socio-economic context before the programme	✓	✓			
Investigate participants' perceptions of which aspects of the programme impacted on their pathways, post-graduation	✓		✓	✓	✓
Gather data on economic activity and personal income before and after the RAA programme		✓	✓		✓

\* 214 responses from RAA Alumni from the 2005 to 2017 cohorts

of the qualitative data. Quantitative data (from 214 survey responses, and course evaluations from cohorts 2010 to 2016) was then used to triangulate these findings by tracking information gathered from both programme alumni and the 32 research participants, before and after the programme. Table 6.2 shows the data sources for each of the main research objectives.

## FINDINGS

### *Understanding the common backgrounds of urban township youth*

The RAA case study provided empirical evidence of the contextual effects referred to above and illustrated the common life experiences of the research participants, who can be considered representative of urban township youth from low-income areas on the Cape Flats. The qualitative data illustrated how, as the literature has proposed, socio-economic context influenced the trajectory and attitudes of these youth. Similar themes emerged from the study, namely: the role of parents, the absence of role models and the influence of community. What the data also revealed was that, in some cases, negative contextual factors served to inspire entrepreneurial intentions. Despite this, however, participants reached a point in their lives where they were unable to progress on their own and needed support to move beyond the impediments they experienced as a result of their backgrounds.

#### *The role of parents*

The traditional view is that entrepreneurial parents play a major role in shaping their children's entrepreneurial aspirations (Kourilsky and Esfandiari, 1997). In marginalised communities, this was unlikely due to the apartheid past stifling a culture of formal entrepreneurship. An important finding of the study, however, was that, for some participants, their parents served to inspire their entrepreneurial intentions, although not always in ways that the literature proposed. Parents stimulated entrepreneurial thinking through the role they played in the adverse circumstances these youth experienced growing up. Parents' 'side' or informal 'survivalist' businesses meant that participants saw having their own business as a way out of poverty. In one example, a participant, who was raised by a single mother, spoke of how she sold meat to supplement her weekly farm wage of R150:

I could see that as long as she was selling meat, she was making a lot of money [...] and so I knew that for me to take [myself] out of the situation I need to have my own business.

Others spoke of seeing how their parents worked hard for 'nothing'; they did not want to be in the same position and so pursued business activities as a way to improve their financial circumstances.

For me it was watching my mother working so hard for nothing [...] That for me made me to step up and say you know what, I will do something. [...] So for me I was like ok let me take over [...] those were things that actually contributed to my entrepreneurial life.

For these participants, their parents stimulated entrepreneurial thinking, though perhaps not formally so. It seemed that their aspirations for a life different to the lived experience of their parents, and for a life different to that which they had known growing up, were a catalyst for their entrepreneurial intentions.

Very few participants spoke of having ‘entrepreneurial parents’ who motivated them to start their own businesses. Where they did, they acknowledged that this wasn’t enough and that they needed training and support to progress. This indicated that, even with positive entrepreneurial influences, comprehensive interventions are needed to develop young entrepreneurs.

Interestingly, entrepreneurial skills were also potentially fostered by small-scale trading that participants’ parents had exposed them to. Examples of these small-scale activities were selling items such as sweets, vegetables and clothing to supplement household incomes. Exposure to, and involvement in, small-scale trade was common amongst all the participants. These youth, therefore, seem to be at an advantage when it comes to selling and entrepreneurial skills.

While the interviews illustrated that participants did not generally recognise their small-scale trading as an entrepreneurial skill, or as experience that nurtured entrepreneurial intent, this activity had nonetheless developed an ability that they could rely on as a financial fallback when the need arose. If this tacit skill, which one could assume may be present among many young people from a low socio-economic background, was harnessed and focused, it might present an opportunity to strengthen a young person’s abilities and produce more opportunity-driven entrepreneurs. This is also important because policies that better support informal trade can bridge the gap between informal and formal markets and make entrepreneurial activity a sustainable option for young people, rather than a means of

survival or a side hustle/stop gap.

### *Role models*

Youth in the study felt that in their childhood there had been few positive role models who could offer mentorship, knowledge or contacts to assist with steps to take towards a better future. One participant spoke of the profound impact that limited exposure to role models had on his aspirations and view of what was possible:

I grew up in a very small world of success, with few role models ... we came [to RAA] small because we are exposed to smallness.

When participants did have positive role models, the value of learning from someone who ‘made it in life’ was significant and they often took the chance to follow their ‘lead’. For example, the data showed that RAA graduates were often referred to as the inspiration behind young people applying to the programme:<sup>5</sup>

I was amazed when I heard the story of the guy called X and I was blown away by his social enterprise and I started to research about him where he had done his studies.

Opportunities such as the RAA were seen as a path towards accessing networks and achieving similar successes, especially in a context of limited resources, social capital or academic backgrounds which did not allow participants to pursue a university education:

Once you become an alumni you now have this huge network that you can tap into at any time [...] I’m no longer just Y, but I’m Y who is a graduate of the RAA [...] I wasn’t born with a silver spoon in my mouth, to now have all these contacts is an amazing thing.

It would therefore seem from the participants in the case study

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<sup>5</sup> Applicants are asked where they heard about the RAA during selection interviews.

that youth role models play an important role in promoting entrepreneurship.

*Influence of community*

The study's findings highlighted the impact that the socio-economic characteristics of communities can have on youth aspirations and prospects. Although some participants displayed a deep connection to their community and believed their communities shaped who they were, many others described experiencing deprivation, crime, drinking, gangsterism and drugs, because 'that's what everyone was doing' in the absence of real opportunities in their immediate environments. Some also experienced indifference to their aspirations for a better livelihood. As one participant noted: 'Not a lot of people encouraged my dreams.'

Like their community peers, some would sit around 'chasing the sun' and doing nothing because of a lack of opportunities. One participant referred to her acceptance at the RAA as the point at which her prospects changed.

I mixed myself with people who do not go to school and do not have dreams and then I was stuck. Then I got a break from RAA.

Another participant spoke of how the RAA was an opportunity for her to escape the difficult environment she found herself in.

I wouldn't be here today if it was not for [the RAA]. Before I came to RAA I would go out and drink and things like that [...] because we are poor at home and I cannot find a job, so I was just going to go and waste my life.

In these circumstances, entrepreneurial opportunities such as the RAA seemed to represent a chance for youth who understood that, in order to achieve a better life, they needed to do something different from what may have been considered the norm in their communities.

The common narratives and descriptions of the youth in the study served to confirm the various factors, and the complex interplay

between them, that young people navigate to transition to improved economic livelihoods. The legacy of apartheid and related geographic barriers; social factors such as a lack of role models; limited social networks; the influence of community; and lack of exposure to entrepreneurship all impact on young people's abilities to move forward and develop.

These factors are likely to keep them vulnerable in that, without access to opportunities, their agency and hope only gets them to a point. The principal concern of policy should therefore be to empower young people to navigate these social structures to participate meaningfully in 'forging a better future' (Ramphele, 2002). Entrepreneurship can then start to become a realistic strategy for alleviating youth unemployment. A practical key to encouraging and supporting more youth entrepreneurship is entrepreneurship education and, in particular, context-specific entrepreneurship education that promotes holistic personal development and self-efficacy, and that builds an entrepreneurial mindset.

### *Understanding the impact of RAA's entrepreneurship education programme*

As the GEM data illustrated, stimulating entrepreneurship in the current South African entrepreneurial environment is difficult. Research has, however, shown that entrepreneurship education plays an important role in promoting entrepreneurship and enabling the youth to be active members of society. Effective entrepreneurship education is a critical requirement for an entrepreneurial culture and the human capital necessary for societies of the future (Peterka et al., 2015).

Several of South Africa's national youth plans and strategies recommend the implementation of youth entrepreneurship education programmes. The RAA case study informing this chapter explored whether entrepreneurship education actually provides vulnerable youth with the bridge they are looking for to help them transition into the labour market or to starting their own businesses. It sought to understand if the RAA had impacted on the personal development and economic livelihoods of participants in the programme. And, if so, how.

*Did the RAA influence graduate activity and income post the programme?*

The survey showed that the RAA had three distinct outcomes for graduates:

- Development of an entrepreneurial mindset (skills including opportunity recognition, innovation, critical thinking, optimism, resilience and leadership);
- Increased economic participation; and
- Increased earning potential and monthly income.

Table 6.3 shows the respondents' level of economic participation before and after the RAA entrepreneurial development programme. As seen from the data, the proportion of respondents with permanent employment increased from 17 per cent to 41 per cent after RAA participation. Similarly, the percentage of respondents who are running their own small businesses increased from 6 per cent to 21 per cent after the programme. Evidently, the RAA intervention resulted in increased economic participation as the number of respondents who reported joblessness dropped from 41 per cent to 6 per cent between the two comparator periods.

Table 6.4 shows that 81 per cent of the respondents agreed or strongly agreed with the statement that the RAA had influenced or led to their current activity.

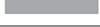
The significant decrease in unemployment from 41 per cent to 6 per cent may indicate a positive impact of the RAA's entrepreneurship education programme. This before and after comparison can, however, not control for other factors that may have had an impact on this shift in employment status. Nevertheless, the fact that the majority of respondents agreed that the RAA directly influenced their current activity does indicate the positive impact of the programme.

In addition to increased economic participation, the data further indicates a positive shift in monthly income for respondents after the RAA; graduates perceived the RAA to have made a significant contribution towards these shifts. Table 6.5 outlines the significant increase in respondent incomes after participation in the RAA. Before applying to the RAA, 49 per cent of participants were earning

**Table 6.3: Activity at time of application to RAA and current activity**

		Response before RAA	Response after RAA
Working (full-time)		17%	41%
Working (part-time)		14%	9%
Own business (full-time)		6%	21%
Own business (part-time)		7%	3%
Working and own business		4%	10%
Unemployed		41%	6%
Volunteering		7%	1%
Studying		3%	6%
Other		1%	3%
<b>Total respondents</b>		214	

**Table 6.4: Did RAA influence or lead to your current activity?**

		Response
Strongly Agree		56%
Somewhat Agree		25%
Neutral		12%
Disagree		8%
<b>Total respondents</b>		209
(skipped this question)		5

between R0 and R 1 000 per month. This figure reduced to 11 per cent after the RAA when 74 per cent of respondents were earning R 5 000 and above. On average, RAA graduates were earning more than the

South African average for their race and age group.<sup>6</sup> This increase in income was directly attributed to participation in the programme by 82 per cent of respondents.

The results suggest that the RAA impacted positively on the economic livelihoods of participants in the programme. They show a significant decrease in unemployment and that respondents strongly agreed that the RAA influenced their current activity. The survey findings also showed a large positive shift in personal income post-RAA, where respondents strongly agreed that participation in the RAA programme directly influenced their current income. These findings do, however, suggest that a level of pragmatism is required about the outcome expectations of youth entrepreneurship education programmes. The RAA results showed that more participants were employed after the programme, versus those who had their own businesses. This indicates that entrepreneurship education was not 'successful' in producing entrepreneurs, but it did seem to make these youth more employable. This supports the view that entrepreneurship training is useful in gaining employment in the modern economy and that entrepreneurship education should play a role in developing entrepreneurial thinking that can be applied in a variety of situations (Kew et al., 2013; Meyer, 2017). The case study of the RAA also supports research findings on youth employability initiatives (Kluve et al., 2017), which indicate that entrepreneurship education programmes targeting the most disadvantaged youth seem to show promise for improving employment, earnings and business performance. Given the vulnerability of this group to unemployment and poverty, these results are meaningful.

The RAA data indicated that entrepreneurship education did have a positive impact for these young people. However, how did the RAA entrepreneurship education programme achieve these results, and which components of the programme were valuable for participants? Evaluation of the components of the RAA programme that participants found valuable showed that it was a combination of programmatic factors that resulted in three specific shifts for

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<sup>6</sup> Income data from the 2016 Labour Market Dynamics Report (Statistics South Africa, 2018a): Median monthly earnings – Youth aged 15–24 years (all race groups) = R 2 608; Youth aged 25–34 years (all race groups) = R 3 200

**Table 6.5: Personal income at the time of application and current (per month)**

		<b>Response before RAA</b>	<b>Response after RAA</b>
R0–R500		40%	9%
R500–R1 000		9%	2%
R1 000–R2 500		15%	6%
R2 500–R5 000		22%	9%
R5 000–R10 000		9%	25%
R10 000–R20 000		2%	30%
R20 000–R30 000		1%	11%
R30 000 and above		1%	8%
<b>Total number of respondents</b>		<b>214</b>	

participants. These were:

- Growth in confidence and development of a personal vision.
- Development of professional and so-called ‘soft’ skills.
- Increased access to networks and opportunities.

Literature on best practices and effective outcomes in entrepreneurship education proposes that high impact entrepreneurship education is based on three content areas: entrepreneurship, business skills and life skills. Analysis of both the RAA survey and interview data unequivocally indicated that the combination of personal development (‘soft skills’) and business skills (‘hard skills’) were important to participants. The integration of both business and personal modules supported participants’ learning and development. They were encouraged to look at themselves before developing their business skills, and invited to think about how they would like to develop as a person and as an entrepreneur or entrepreneurially minded employee.

In terms of business content, participants rated modules on

**Table 6.6: Did participating in the RAA directly influence your current income?**

		No. of respondents	Response as percentage of total
Strongly Agree		112	53%
Somewhat Agree		61	29%
Neutral		23	11%
Disagree		14	7%
<b>Total number of respondents</b>		<b>210</b>	
<b>Skipped this question</b>		<b>4</b>	

‘innovation and idea testing’ highest. These modules were significant because they facilitated a different way of thinking about and exploring new techniques for innovative business-idea generation, thereby encouraging opportunity rather than necessity entrepreneurship. The modules allowed for the practical application of the entrepreneurial skills that were being learned.

The findings highlighted that personal development was the foundation of participants’ experience at the RAA because they said it had impacted on them as individuals rather than being limited to entrepreneurship only. The vision and mission workshop was particularly significant in motivating them to believe in their ability to achieve improved livelihoods and to visualise and define their goals. The rest of the programme seemed to then provide the scaffolding for how to achieve those goals. The blocks on entrepreneurship, ideation, innovation, and personal and professional development were designed to work together to develop students’ entrepreneurial aptitude and attitude.

Several additional themes emerged from the survey and interview data, giving further insight into what the RAA offered participants. This included multiple factors that participants indicated had had an impact on them, both personally and economically. These factors, in addition to a focus on growing the person, were: supportive staff; access to networks and opportunities; an inspiring environment and safe space; and connection to like-minded individuals.

Programme staff played a vital role in delivering the RAA’s

person-centred approach. A critical insight is therefore that entrepreneurship education programmes should be delivered in such a way that they do not make beneficiaries feel ‘less than’ and should not be offered ‘because you can’t find a job’. Entrepreneurship education that overlooks the role of staff and focuses on participant numbers rather than on participants having a ‘name, surname *and* a face’ runs the risk of being impersonal and not empathetic to context. This is particularly important where the beneficiaries of programmes are vulnerable youth.

Another significant theme in both the literature and findings was social capital. The data indicated that a significant shift took place for the participants in the study: their access to networks and opportunities increased as a result of attending the RAA, although it is difficult to quantify the extent to which the RAA actually increased their social capital. The participants also noted the value of being around like-minded peers, and the psychosocial support that came from being in such a group. Their peers become, in a sense, their surrogate role models.

The study findings confirm the views that best practice in entrepreneurship education entails a holistic intervention that combines entrepreneurship, business and personal development, taught in experiential ways. This also suggests that teaching ‘through’ entrepreneurship, using entrepreneurship principles to provide generic life and work skills, rather than ‘for’ entrepreneurship (O’Connor, 2013) has positive effects for vulnerable youth. It also corroborates the argument that entrepreneurship education should be context specific and customised to the needs of the participants (DeJaeghere, 2017). Thus, the strategy of simply training youth in business skills in order to run a business may not work without consideration of the socio-economic context in which youth live. Rather, an entrepreneurship education programme that prepares vulnerable youth to navigate their socio-economic environments, and that has the potential to make them more credible in the labour market, can be an effective intervention to alleviate unemployment.

The RAA case study shows that participation in an entrepreneurial development programme served as a launch pad which helped young

township youth progress to sustainable economic livelihoods. The findings indicate that entrepreneurship education does not necessarily result in youth becoming more entrepreneurial in the traditional sense of ‘starting a business’. This education does, however, support several of the additional advantages to stimulating youth entrepreneurship set out by Kew et al. (2013). Entrepreneurship education does seem to develop an entrepreneurial mindset, and impact on young people’s ability to engage in the economy (mostly through employment) and increase their earning potential. This implies, therefore, that for the government’s youth entrepreneurship strategy to help alleviate unemployment (and the RAA case study shows that it can) context specific, comprehensive entrepreneurship education is key.

## RECOMMENDATIONS

South African youth policy should continue to promote entrepreneurship as a strategy for alleviating youth unemployment. This will, however, require investment in the infrastructure that supports youth businesses, including significant entrepreneurship education.

Policymakers must be pragmatic and acknowledge that entrepreneurship is not a one-size-fits-all solution and that the approach to entrepreneurship education should be context specific. For urban township youth, policymakers must:

- develop a multi-faceted, high-touch and longer-term approach for youth entrepreneurial development;
- promote entrepreneurship as a viable, accessible career and not as a stopgap while waiting to get a job. Teach young people that entrepreneurship is not an either/or, but a mindset and opportunity that can be applied at various stages in their careers, and in various ways;
- promote youth entrepreneur stories that provide positive role models and inspiration for young people;
- support young people’s skills and experience in informal trade and provide policy support and market linkages in order to nurture entrepreneurial intentions. This will help ensure that this

form of business is seen as a long-term opportunity for economic sustainability; and

- provide better information, infrastructure, digital access and professional and financial resources to support youth businesses.

Recommendations for entrepreneurship education:

- Provide comprehensive entrepreneurship education that supports holistic personal development and self-efficacy, and develops an entrepreneurial mindset.
- Programmes should be contextually relevant in approach and design.
- Programmes should use a combination of programme elements, including business and personal development content, supportive staff, and financial and emotional support for participants.
- Outcomes should not be limited to producing traditional entrepreneurs, but should include improved employability skills that make youth more credible in the labour market.

## CONCLUSION

This chapter has sought to provide a better understanding of whether entrepreneurship is a realistic strategy for alleviating youth unemployment, specifically amongst urban township youth. While entrepreneurship cannot be expected to solve the unemployment crisis, initiatives like the RAA have shown it is possible to upskill and develop young people to a point where they can either start and sustain a business or find a suitable job to support themselves and potentially create jobs for others. Developing an entrepreneur takes time, patience and a whole village.

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