Zulu says she is on the right track and is aware that radical solutions are needed, writes Samuel Mungadze

Minister hopes small firms will create jobs

IVE months after the creation of the small business development ministry, touted as a solution to SA's unemployment problem, its effect is yet to be felt.

The political principal of the

The political principal of the project, Small Business Development Minister Lindiwe Zulu, insists her mission is gaining traction, while her detractors believe she is digging in the wrong hole for solutions.

The biggest challenge for the African National Congress-led government has been to create jobs. Pressure has been mounting on the new administration to create an environment where businesses can grow and create more jobs, where small and medium-sized enterprises (SMEs) find it easy to raise funds, and where the youth are adequately trained to contribute and participate in the economy.

Statistics SA says 24.1% of South Africans are unemployed.

This situation has been the catalyst for many people to venture into entrepreneurably.

The National Development Plan (NDP) envisages that SMLs will create 90% of the 11-million new jobs the government says can be created by 2030. Ms Zulu admits that the high

Ms Zulu admits that the high rate of unemployment and extreme inequality demands bold and radical solutions—and says growing small businesses is one of them. She believes SA will be a better place if SMEs are placed at the centre of economic development. "I sit in the Cabinet. Clearly, I am able to raise the issues, All the ministers are really excited about it.

"I think they know that SMEs will absorb more people when it comes to unemployment," she says. "Some people think we are comfortable with giving social grants. It's not true. Our history, unfortunately, is such that the government is forced to do so.

"The whole issue that the government is encouraging people not to work is not entirely true. Our department came at the right time; people are being empowered at the level of doing things for themselves."

A recent report by Business Environment Specialists says "getting SA onto a high-growth track requires changing the way the country operates.

the country operates.
"Developing a strong and growing SME community is a keystone of the NDP's vision."

Ms Zulu believes she has the formula to strengthen the sector. She says the government is set to invest millions in entrepreneurship projects in ailing mining towns, aimed at stimulating small businesses.

"There is an interministerial committee looking at the issue. Where the big mining projects are gone, people in those areas will remain and we need to do something," she says.

Democratic Alliance spokesman on small business Toby Chance says that while Ms Zulu's intentions are noble, they raise more questions than solutions. "Some of the issues that this

"Some of the issues that this raises are how do businesses qualify for the grants, are the criteria for loans or grants going to be less onerous than for businesses secking support elsewhere, where is the grant money going to come from?" Mr Chance says decfining mining rowns have lost their main source of income

— wages paid to the miners.

Small Business Institute CEO
Xolani Qubeka believes Ms Zulu
is on the right track. He says the
allocation of incentives in the
form of grants is fundamental in
propelling small enterprises
because it assists in bridging the
capability gaps of small businesses and in kick-starting them.

"The focus on ailing mining

"The focus on ailing mining towns should not take a shotgun approach, but should take a longterm view of generating sustaining enterprises based on a sound business model, considering both market access for products produced in the entities and sustainable job opportunities."

Mr Qubeka says large corporations have access to significant grant schemes, such as those enjoyed by the automotive and manufacturing sector.

Ms Zulu says she is pushing for a re-examination of the regulatory environment often viewed as stifling small-

Lindiwe

business development including the National Small Enterprises Act. "We are prioritising reviewing legislation that can quickly clear things for small enterprises," she says.

The broad impression of

rises, site says.
The broad impression of
the business environment held by respondents to the February SME growth
index was not positive — 71% said
that it became
harder to operate a
business in SA last
year. Only 9% said it
had become easier.
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