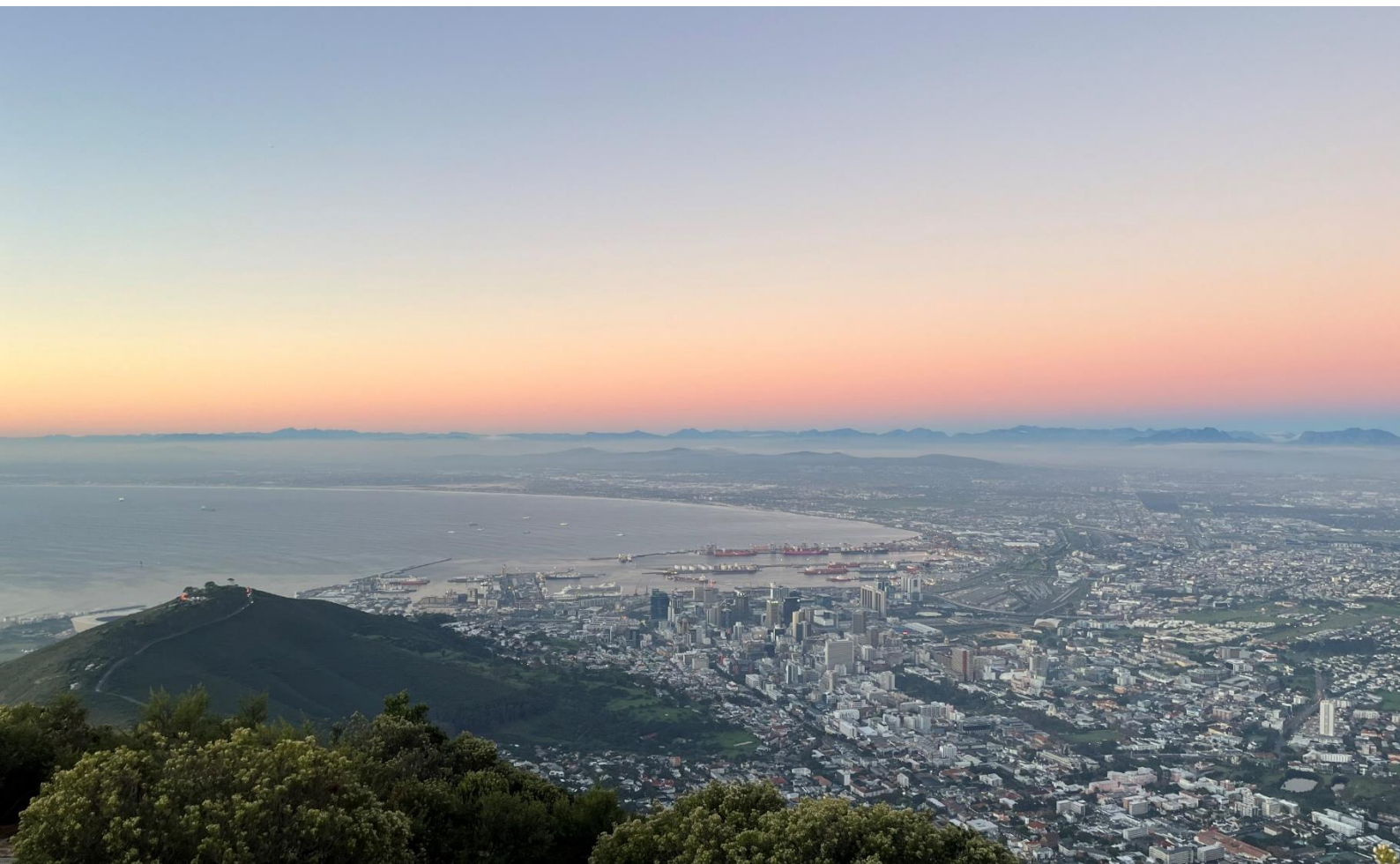


YOUTH EMPLOYMENT
& ENTREPRENEURSHIP
TEAM



Netherlands Enterprise Agency

Ecosystem mapping South Africa





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List of abbreviations

B-BBEE	Broad-Based Black Economic Empowerment
CCMC	CoCreateMyCity
EKN	Embassy of the Kingdom of the Netherlands
ESO	Entrepreneurial Support Organisation
EU	European Union
FI	Financial inclusion
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HE	Higher Education
MACS	Multi-Annual Country Strategy
MFA	Ministry of Foreign Affairs (of the Kingdom of the Netherlands)
MFI	Microfinance Institution
(M)SMEs	(Micro,) Small, and Medium Enterprises
OC	Orange Corners
OCIF	Orange Corners Innovation Fund
PPP	Public-private partnership
PSD	Private Sector Development
RVO	Rijksdienst voor Ondernemend Nederland / Netherlands Enterprise Agency
SDG(s)	Sustainable Development Goal(s)
UN	United Nations
VC	Venture Capital (firm)
YEET	Youth Employment and Entrepreneurship Team (within RVO)

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Preface

Orange Corners is an initiative of the Ministry of Foreign Affairs of the Netherlands that provides young entrepreneurs with training, mentorship, network, funding and facilities to start and grow their businesses. This programme originated in South Africa, and then expanded across Africa, Asia and the Middle East. We support innovative solutions to local challenges, that contribute to the UN Sustainable Development Goals. We partner with various stakeholders to support and strengthen local entrepreneurial ecosystems.

Orange Corners supports young entrepreneurs with growing their businesses through our incubation and acceleration programmes. Furthermore, we also run several projects that are focused on strengthening the entrepreneurial ecosystem, involving education, policy making and skills building. Lastly, Orange Corners also supports entrepreneurs financially through the Orange Corners Innovation Fund (OCIF). Orange Corners is managed by the Netherlands Enterprise Agency at the request of the Dutch Ministry of Foreign Affairs. The Youth Employment and Entrepreneurial Team (YEET) works closely together with the Embassy of the Kingdom of the Netherlands and local partners in each programme country.

For this ecosystem mapping, we would like to thank the Dutch Embassy in Pretoria (especially Deidre Batchelor and William Bowden) and the Dutch Consulate General in Cape Town for their support. Furthermore, we thank all the stakeholders who were open to host us and share their insights on the ecosystem.

Executive summary

Orange Corners, an initiative of the Dutch Ministry of Foreign Affairs and managed by RVO empowers young entrepreneurs across Africa, Asia, and the Middle East with training, mentorship, networks, funding, and facilities to build sustainable and innovative businesses. Originating in South Africa, the programme now plays a central role in strengthening entrepreneurial ecosystems. In South Africa, the Youth Employment and Entrepreneurial Team (YEET) collaborates closely with the Embassy of the Kingdom of the Netherlands, the Dutch Consulate General in Cape Town, and local partners to ensure deep ecosystem engagement and programme relevance.

The ecosystem analysis highlights both persistent structural barriers and emerging opportunities across six domains of change: infrastructure, access to finance, effective policy, business environment, entrepreneurial learning, and culture. Entrepreneurs continue to face unreliable energy and internet access, spatial inequality, limited funding opportunities, low financial literacy, and a policy environment that often favours established firms. Across the business environment, early-stage ventures struggle to access markets, support mechanisms vary in quality, and chronic cash flow challenges hinder growth. Entrepreneurial learning remains overly theoretical, while cultural perceptions—especially in townships and among women—limit participation in entrepreneurship.

Yet these challenges coexist with substantial opportunities. In infrastructure, demand for renewable energy solutions, logistical innovations, and workspaces is rising. In finance, guarantee schemes, entrepreneurship sensitisation, and improved financial literacy offer promising avenues to strengthen investment readiness. The broader ecosystem also shows momentum toward collaboration, improved market access for small-scale sellers, and increased visibility of entrepreneurial role models. Educational institutions are showing greater openness to collaboration, while cultural shifts—supported by success stories and community engagement—create pathways for more inclusive entrepreneurial participation.

These findings have several implications for current Orange Corners programming. Ensuring stable access to energy, internet, and workspaces remains essential. Embedding financial literacy and business fundamentals into programmes, strengthening linkages with funders, and providing clearer guidance on compliance and certification will improve investment readiness. Advancing policy literacy and advocating for the inclusion of early-stage entrepreneurs in policy dialogues will help address regulatory barriers. Enhancing collaboration with universities, TVETs, and other ecosystem actors—while promoting success stories more proactively—will strengthen entrepreneurial learning and cultural acceptance of entrepreneurship as a viable career path.

The analysis also informs a set of strategic programming recommendations. Planned initiatives such as the Agripreneurship Project and the Twin Transition Challenge emphasise green, practical, and ecosystem-aligned solutions. Policy dialogues will focus on bridging the gap between policy and entrepreneurial realities, amplifying young entrepreneurs' voices. The Green Knowledge Centre and TVET K2K initiative aim to strengthen entrepreneurial learning and mindset development by fostering connections with educational institutions and Dutch partners. All proposed interventions require strong linkages with existing Orange Corners programmes, OC Trust, combi tracks, impact clusters, and broader ecosystem initiatives.

Together, these insights and recommendations provide a roadmap for enhancing Orange Corners' impact in South Africa—deepening ecosystem collaboration, strengthening entrepreneurial pathways, and reinforcing entrepreneurship as a driver of inclusive and sustainable economic growth.

Part 1 – Introduction and overview

Background

The past decade OC Trust has become a self-sustaining incubation programme. This paved the way for a second Orange Corners programme to be subsidized, initially focussing on supporting young entrepreneurs in the design & crafts sector. During the continuous development of the Orange Corners programme, the methodology of the ecosystem mapping was developed further. This methodology enables the YEET team at RVO to better understand the context of their work and how to best design initiatives to support youth employment and entrepreneurship in specific countries, regions and sectors. Because this methodology was not yet developed upon the launch of Orange Corners in South Africa, a proper ecosystem mapping had not yet been conducted. Furthermore, multiple other ecosystem activities have taken place, amongst which several #CoCreateMyCity hackathons, and an African Angel Academy. After these years of activities on the subject of entrepreneurship, 2025 marked a good year to do an ecosystem analysis to further support current and future OC initiatives. The geographical focus of this mapping is the ecosystems of Johannesburg/Pretoria and Cape Town. Although the mapping aims to cover all relevant themes, there is a specific focus on entrepreneurial learning and access to finance.

The Embassy remains committed on the topic as stated in the annual plan for 2025: *(In 2025) We contributed to job creation and entrepreneurship in South Africa by providing support to small businesses through initiatives like Orange Corners (...)*¹. Please note that this report is not a comprehensive research of the startup ecosystem of South Africa. It presents an overview of the observations of the Youth Employment and Entrepreneurship Team and the EKN colleague(s) that participated in this study and includes both primary and secondary data sources.

Goals

The goals of this report are as follows:

- To review of the entrepreneurial ecosystem for young entrepreneurs in South Africa;
- To map new relevant partners and initiatives for collaboration;
- To identify existing challenges and opportunities in the entrepreneurial ecosystem and formulate recommendations to the Embassy of the Kingdom of the Netherlands for programmatic engagement;
- Assess changes to the entrepreneurial ecosystem since the launch of Orange Corners in 2015;

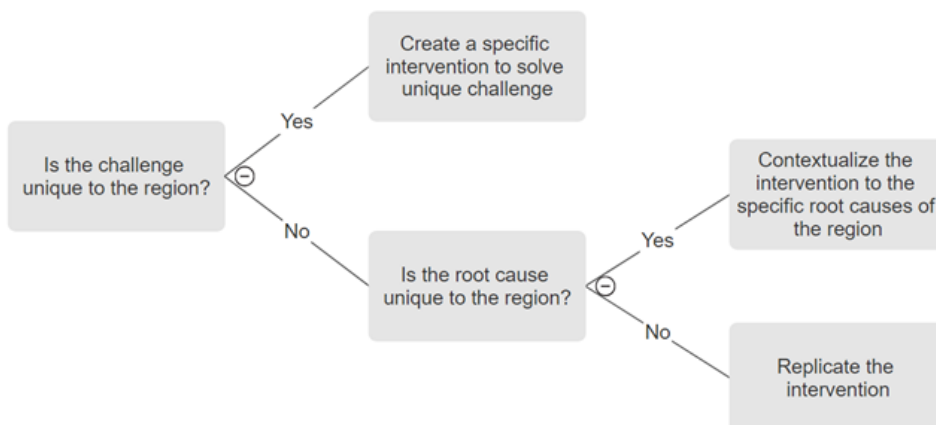
Methodology

The methodology of the ecosystem mapping centres around seven **Domains of Change** that together form the heart of the entrepreneurial ecosystem. The domains are: Infrastructure, Culture, Effective Policy, Business Environment, Access to Finance, and Entrepreneurial Learning. Infrastructure and Culture are primarily **contextual domains**. They describe important external conditions that affect youth entrepreneurship, but are generally outside our direct programming sphere. The other domains are considered **core domains** to YEET. These are areas where YEET can directly design interventions. A more profound focus will be placed on the Access to Finance and Entrepreneurial Learning domains, as these domains are directly related to the current ongoing activities and developments of new initiatives. Understanding the core and contextual domains helps us tailor our programme and projects to the local environment and anticipate potential challenges and/or opportunities.

¹ Annual Plan South Africa 2025

Domain of Change	Definition	Type of Domain
Infrastructure	The availability and reliability of physical and digital infrastructure.	Contextual
Access to Finance	The availability and accessibility of financial services for youth entrepreneurs.	Core
Policy & Enabling Environment	The laws, regulations, and government initiatives that support or hinder youth entrepreneurship.	Core
Market Access	Opportunities and barriers for youth-led businesses to reach local and (inter)national markets.	Core
Skills & Human Capital	Access to relevant entrepreneurship education, vocational training, digital and soft skills needed for youth entrepreneurs to start and grow a business.	Core
Culture	Societal attitudes toward (youth) entrepreneurship including risk tolerance, gender roles, and trust in self-employment.	Contextual
Support Systems & Networks	Availability and quality of mentoring, peer networks, incubators, accelerators, and collaboration platforms that support youth entrepreneurs.	Core

Root causes



For each domains of change, this mapping outlines key developments affecting youth entrepreneurs, with a particular emphasis on the challenges they encounter. Rather than simply listing these challenges, this mapping seeks to uncover and understand their underlying root causes. By gaining a deeper insight into the specific drivers behind each challenge, we are better positioned to design effective and targeted interventions. Depending on the nature of the root causes, interventions may take one of three forms:

- ➔ **Replicate:** If both the challenge and its root cause are consistent with those in other ecosystems, an existing intervention can be replicated.
- ➔ **Contextualize:** If the challenge is similar but the root cause differs, the intervention must be adapted to fit the specific context.
- ➔ **Create:** If both the challenge and its root cause are unique, a new intervention must be developed.

In order to analyse these domains of change and identify the main root causes, several steps were undertaken. A desk study was conducted in early 2025, to do the necessary preparations for the duty trip. Furthermore, OC intern Vivian van Dorssen took the lead in setting out a stakeholder survey and analysing the results. In June and July 2025, Carmen Kurvers and Geerten Schurink went on a duty trip

to South Africa, to conduct interviews in Pretoria, Johannesburg, Delmas, Cape Town and Stellenbosch. Afterward, OC intern Suus Veenstra supported the PAs to analyse the findings and write the final report.

Part 2 – Ecosystem mapping

This section provides an overview of the broader environment in which youth entrepreneurship develops. This is not an in-depth analysis, but a contextual snapshot to inform the more detailed ecosystem mapping in the following chapters.

2.1 Local context

2.1.1. Global indices

Below this box you'll find a list of general development indices. These indices can help to establish a quantitative baseline for future mappings. Note: not all indices are available for all OC locations.

Index	Score 2016 (base)	Most recent score	Comments
Governance			
Fragile State Index	69.90/120	69.60/120 (2024)	The lower the score the less fragile the country. Country ranking 2024: 80/179.
Freedom in the World report	79 / 100	81 / 100 (2025)	The higher the score the more political rights and civil liberties for civilians.
Global Peace index	2.313 / 5	2.443 / 5 (2025)	The lower the score the more peaceful the country. Country ranking 2025: 124/163.
Global Corruption Index	45/100	38.12/100 (2023)	The lower the score the lower the corruption in a country. Country ranking 2025: 124/163
Corruption Perceptions Index	45/100	41/100 (2024)	The higher the score the lower the corruption in a country. Country ranking 2024: 82/176
Bertelmann Transformation Index (BTI)	7.05/10	7.00/10 (2024)	The higher the score the better the performance regarding political transformation. Country ranking: 82/176
Index of Economic Freedom <i>Excludes: Iraq</i>	61.9/100	57.3/100 (2025)	The higher the score the better the economic freedom in a country. Country ranking 2025: 103/184
Labour and human rights			
Doing Business Report <i>Index has been discontinued; report can be used to inform research.</i>	64.89/100	67.0/100 (2020)	The higher the score the better the performance regarding doing business. Country ranking 2020: 84/190.
Global Entrepreneurship Monitor <i>Includes: Sudan, South Africa, Morocco, Egypt,</i>	n/a	3.9/10	The higher the score the more favourable the entrepreneurial ecosystem.

Global Innovation Index	35.85/100	28.3/100 (2024)	The higher the score the more favourable the entrepreneurial ecosystem.
Venture Capital & Private Equity Country Attractiveness Index <i>Excludes: Iraq, Sudan, DRC</i>	n/a	45.3/100 (2023)	The higher the score the more attractive the country is for investors. Country ranking 2023: 66/125
ILO Statistics on Working Poverty	n/a	8.6/100 (2024)	The higher the score the more employed persons living below US\$2.15 PPP a day.
African Entrepreneurial Ecosystem Index (2024) <i>Includes: South Africa, Morocco, Algeria, Egypt, Senegal, Ghana, Nigeria, CDI, Mali, and Angola</i>	n/a	3.91/5	The higher the score the better the entrepreneurial environment in a country. Country ranking 2024: 2/29
WEF Gender Gap Report <i>Excludes: Iraq, Sudan</i>	0.764/1	0.767/1 (2025)	The higher the score the smaller the gender gap between men and women. Country ranking 2025: 33/148
Gender Inequality Index	0.411/1	0.388/0.9	The lower the score the better the performance regarding gender inequality. Country ranking 2023: 95/193
The Global Slavery Index	45.87/100	52.19/100 (2023)	The lower the score the more vulnerable people in this country are to slavery
Human Development Index	0.725/1	0.741/1 (2025)	The lower the score the less developed the country. Country rankings 2025: 106/193
ITUC Global Rights Index	2/5	3/5 (2025)	The higher the score, the more violations of workers' rights occur.
Environmental			
Ecological Threat report	n/a	2.9/5 (2024)	The higher the score, the more risk of ecological threats.

Education or Training) rate of 33%, well below the national NEET rate of roughly 45%.¹² Gauteng, as the country's economic hub, attracts many young job-seekers; ongoing migration of youth from poorer regions to cities has in fact caused the youth population to decline in provinces such as the Eastern Cape and Free State over the past decade.¹³ These patterns suggest that where economic activity and investment concentrate, youth have relatively better prospects, whereas historically disadvantaged regions remain caught in a downward spiral of high unemployment and youth out-migration.

Migration patterns

As of 2022, around 2.4 million migrants lived in South Africa.¹⁴ Most immigrants, 83,5% of them, come from the South African Development Community (SADC) region, with men making up 47,0% and women 36,5%.¹⁵ According to data published by the South African government, migrants have a higher employment rate (45.8% for men, 18.2% for women) than non-migrants. The high employment rate of the migrants comes from the need of low-skilled and low-paid labour, in which the migrants are abundant in.¹⁶ Within the same+ group, the share of unemployed and NEET youth (aged 15–34) is relatively low among immigrants; 8.4% and 6% for men and 10.7% and 18.2% for women).¹⁷

Internal migration within the context of South Africa predominantly refers to rural-urban migration, mostly to urban areas within Western Cape and Guateng.¹⁸ These two provinces, with Gauteng being the country's economic hub, also host the largest youth populations¹⁹ South Africa is primarily a receiving country; emigration to neighbouring countries is relatively limited, while most South Africans migrate to Western countries.²⁰

Climate related impacts

South Africa is highly exposed to climate change, with droughts, floods, and water scarcity disrupting communities and local economies.²¹ Projections indicate that these climate effects will worsen, with increased drought frequency and intensity, rising temperatures and intensified flooding events being the most escalating climate stressors that threaten South Africa's environmental and socio-economic stability.²² This further pushes youth migration from rural to urban areas,²³ 66% are currently living in urban areas, this is expected to increase to 72% and 80% by 2030 and 2050 respectively.²⁴ It also affects young entrepreneurs, many of whom struggle to adapt their businesses to environmental pressures. At the same time, climate change is creating opportunities: more youth are entering green entrepreneurship, focusing on renewable energy, recycling, and climate-smart agriculture.²⁵

Economic situation

Since the early 1990s, economic growth has been primarily driven by the tertiary sector, encompassing wholesale and retail trade, tourism, and communications. The nation is now actively transitioning

¹² Western Cape Government (2025) [westerncape.gov.za](https://www.westerncape.gov.za)

¹³ South Africa's Youth in the Labour Market: A Decade in Review [South Africa Labour Market \(statssa.gov.za\)](https://www.statssa.gov.za/publications/03-09-17/03-09-172023.pdf)

¹⁴ <https://www.statssa.gov.za/publications/03-09-17/03-09-172023.pdf>

¹⁵ <https://www.statssa.gov.za/?p=18042>

¹⁶ Migration Report South Africa (2025) [South Africa migration report 2024 - Stats South Africa \(statssa.gov.za\)](https://www.statssa.gov.za/publications/03-09-17/03-09-172023.pdf)

¹⁷ Ibid.

¹⁸ Human Mobility South Africa (2025) [Human mobility South Africa 2024 - Scalabrini Insititute for Human Mobility in Africa \(sihma.org.za\)](https://www.sihma.org.za)

¹⁹ South African Population Estimates (2024) [South Africa population estimates 2024 - Stats South Africa \(statssa.gov.za\)](https://www.statssa.gov.za/publications/03-09-17/03-09-172023.pdf)

²⁰ South Africa Country Profile (2022) [Integral human development 2022 \(migrants-refugees.va\)](https://www.migrants-refugees.va)

²¹ Climate Change News (2025) [climatechangenews.com](https://www.climatechangenews.com)

²² South Africa Climate Change Knowledge Portal (2021) [Worldbank Climate Knowledge Portal](https://www.worldbank.org/knowledge/portal)

²³ Human Mobility South Africa (2025) [Human mobility South Africa 2024 - Scalabrini Insititute for Human Mobility in Africa \(sihma.org.za\)](https://www.sihma.org.za)

²⁴ Climate Risk Profile: South Africa (2021): [15932-WB_South Africa Country Profile-WEB.pdf](https://www.migrants-refugees.va)

²⁵ Asante Africa Foundation [Asanteafrica.org](https://www.asanteafrica.org)

towards a knowledge-based economy, emphasizing technology, e-commerce, and various financial and other services.²⁶ Despite this evolution, South African economy has experienced a muted period over the last decade, with an average GDP increase of only 0.7%. In 2024, the economy expanded by a mere 0.6%, with growth mainly underpinned by financial services, notably agriculture, due to severe weather, experienced decline. Regarding inflation, the average rate for 2024 was recorded at 4.4%.²⁷ The inflation went down from 5.3% early 2024 to 3.8% in October 2024 due to the new government GNU.

Key sectors that contribute to the gross domestic product in South Africa include manufacturing, retail, financial services, communications, mining, agriculture, and tourism. Beyond these, the economy offers high growth and investment potential in diverse areas such as business process outsourcing & IT-enabled services, capital/transport equipment, electro-technical, advanced manufacturing (e.g., laser technology, advanced robotics, bio-manufacturing), tourism, creative and design industries, infrastructure development, oil and gas, and the water sector.²⁸

South Africa suffers from the highest wage inequality in the world, with women earning 78 cents in 2021 for every rand earned by men, a decrease from 89 cents in 2008. Moreover young women are more affected by unemployment than young men, due to gender norms in SA.²⁹

Political situation

In 2024 the African National Congress (ANC), the ruling party of 30 years, experienced a dramatic loss of support, which resulted in a new coalition: the Government of National Unity (GNU). This party is known for its focus on youth and youth unemployment.³⁰

The country is also experiencing a lot of social tensions. The poor are protesting due to high wealth inequality and unemployment rates (exceeding 30%). Additionally, there is widespread protesting because of the lack of basic services, like water and sanitation.³¹

South African youth stand at a critical point marked by both unprecedented challenges and untapped potential. The South African Youth Council (SAYC) has, therefore, implemented some objectives for 2030 to overcome systematic youth exclusion, demanding integrated and responsive policies across five pillars:³²

- Education: modernize curriculum and link learning outcomes to job readiness.
- Health: improve access to youth-specific health services
- Economy: Double youth-owned formal enterprises by 2030.
- Environment: Empower youth to lead climate adaptation and green job creation.
- Governance: Institutionalize youth voice in decision-making.

Recent shifts and emerging trends

First, South Africa got a loan of 1.5 billion dollars from the World Bank to invest in critical structural reforms to enhance the efficiency, sustainability, and climate resilience of the country's infrastructure services and thus contributing to inclusive growth and job creation. The structural reforms should be accessible for youth and women in SA.³³

²⁶ South African Embassy (2025): [Key Sectors - South African Embassy to the Kingdom of the Netherlands](#)

²⁷ Statistics South Africa (2025): [Economic wrap-up for January 2025 | Statistics South Africa](#)

²⁸ World Bank (2025): [South Africa Overview: Development news, research, data | World Bank](#)

²⁹ Pleace M., Clance M., Nicholls N., (2024): [Gender pay gaps on the rise in South Africa | SA-TIED](#)

³⁰ Steenkamp M., (2025); [2025: The Role of Political and Economic Shifts in South Africa's Real Estate Revival | RSM South Africa.](#)

³¹ Caballero L., (2025): [South Africa in 2025: 8 key factors that will shape the future and test the government](#)

³² South African Youth Council (2025): [South African Youth Council.pdf](#)

³³ World Bank (2025): [Infrastructure Modernization for South Africa Development Policy Loan](#)

Secondly, the South African government has increasingly focused on economic development by expanding infrastructure investment. This strategy aims to diversify the country's export mix, which has been predominantly resource-based since 2000. A major driver of this transformation is the rapid growth of the digital economy. E-commerce in particular has expanded significantly in South Africa, a trend further accelerated by the Covid-19 pandemic. Currently, over 75% of households have internet access and 97% own at least one mobile phone. As a result, online transactions and the use of social media platforms for both personal and business purposes have grown rapidly.³⁴

Third, the digital sector's contribution to South Africa's GDP is projected to rise from about 8-10% in 2020 to 15-20% by 2025. This shift has important social implications: the digital revolution particularly benefits young people, especially young women, by expanding access to education and reducing barriers to professional participation. Increasing digital literacy among the youth positions them to drive future innovation and productivity growth within the South African economy.³⁵

Women's entrepreneurial activity rate increased in 2022 with 11.1% of working-age women (up from 10.2% in 2020), compared to 11.7% for men (up from 11.4% in 2020). Still the lower number of female entrepreneurs are caused due to cultural norms, traditional gender roles, and believes that women have less to contribute to economic development.³⁶

2.1.3. Contextual risk scan

Prevailing CSR risks

Corruption in South Africa, while not as widespread as in many other African countries, still poses a significant challenge to doing business. Across the African continent, labour rights remain under threat: 93% of countries restrict the right to form or join trade unions, and in many cases, workers face arrest, violence, or limits on free expression and assembly. In South Africa, this is no different. The trade unions have shifted their focus from safeguarding workers' rights and encouraging active economic participation, to furthering political interests and acquiring wealth. This shift has accelerated the issues mentioned previously.³⁷ Additionally, child labor is a serious issue, with an estimated 1.6 million children aged 5 to 14 engaged in work, often under hazardous conditions.

Persistent inequality, rooted in the legacy of apartheid, continues to affect millions. Previously disadvantaged groups still experience extreme poverty, especially those with limited education and little access to the job market. Despite legal protection, sexual violence remains alarmingly high.

Xenophobia also persists in parts of the country. Movements like Operation Dudula and Put South Africa First promote anti-immigrant sentiment, blaming migrants for crime and unemployment. Government efforts to protect foreign nationals have been largely ineffective. Refugees and asylum seekers face major barriers to documentation and risk deportation or police harassment due to ongoing registration obstacles.³⁸

High-risk sectors for youth employment

In South Africa, more young people have been showing interest in agriculture in recent years, but entry into the sector remains very difficult. Key barriers include lack of access to land, high input costs, limited access to credit, poor market access, low returns, high costs of mechanization, and insufficient farming knowledge. These challenges continue to hinder youth participation in agricultural activities.

³⁴ [South Africa - Digital Economy](#)

³⁵ DBSA (2025): [Digital revolution benefits for South African youth | DBSA](#)

³⁶ Radebe T.N., Smith M. (2023): [The current state of women's entrepreneurship in South Africa - Women's Report](#)

³⁷ [Worker's Rights In South Africa: An Overview Of Trade Unions – Justine Del Monte](#)

³⁸ [MVO risico checker](#)

³⁹ Due to corruption, the agricultural sector also remains undervalued by the government as a viable employment opportunity for young people, which means it receives less policy priority and investment than it could.⁴⁰

The mining sector, on the other hand, contributes significantly to employment and economic activity in its regions. At the same time, there are widespread concerns about negative impacts such as environmental pollution, social disruption, pressure on infrastructure, and unequal distribution of benefits. Some groups profit more from mining than others, and there is often insufficient communication and engagement between companies and local communities.⁴¹

Other major employers of youth include construction, wholesale and retail, and finance and business services. While these sectors offer significant opportunities for work, they also come with risks such as low wages, temporary or casual contracts without social protection, and unsafe or exploitative working conditions.⁴²

Finally, many young people are engaged in informal or semi-formal businesses. Although these provide income opportunities, they leave youth vulnerable due to a lack of social protection, insecure contracts, exposure to market shocks, poor regulation, and dependence on exploitative intermediaries.

2.2 *Domains of Change*

This section presents the main research findings for each of the seven Domains of Change: Infrastructure, Access to Finance, Policy & Enabling Environment, Market Access, Skills & Human Capital, and Culture.

2.2.1 Infrastructure

This sub-section examines the current state and quality of physical infrastructure in South Africa and how it affects entrepreneurial activities, particularly for youth and women. It focuses on the extent to which infrastructure—such as transport, electricity, internet, and workspace—enables or limits entrepreneurship. Sub-themes explored are: access to energy, transportation & logistics, digital infrastructure, access to co-working spaces, market access (including storage and processing).

Reliable infrastructure remains a defining constraint for young entrepreneurs in South Africa, particularly those operating in townships and rural areas. The most immediate barrier is energy. Frequent power outages, rooted in the country's dependence on a single energy source (coal), long-term mismanagement, and underinvestment, disrupt day-to-day business operations. For many township-based entrepreneurs, alternative energy solutions are not yet practical. One OC entrepreneur noted that even self-sufficient systems are difficult to maintain because equipment is repeatedly stolen. This leaves many young businesses without viable backup options and forces them to plan around unpredictable outages.

³⁹ [Harvest SA \(2024\): Attracting youth to agriculture](#)

⁴⁰ Geza, W., Ngidi, M. S. C., Slotow, R., & Mabhaudhi, T. (2022). The Dynamics of Youth Employment and Empowerment in Agriculture and Rural Development in South Africa: A Scoping Review. *Sustainability*, 14(9), 5041. <https://doi.org/10.3390/su14095041>

⁴¹ Dikgwatlhe, P., & Mulenga, F. (2022). Perceptions of local communities regarding the impacts of mining on employment and economic activities in South Africa. *Resources Policy*, 80, 103138. <https://doi.org/10.1016/j.resourpol.2022.103138>

⁴² [Harambee \(2024\): Firing on All Cylinders: A Joint Approach to Tackling Youth Unemployment.](#)

Connectivity challenges compound the problem. Internet access in underserved areas is often inconsistent, and the high cost of data limits the adoption of digital tools that are increasingly essential for running a business. This affects everything from basic market research to participation in online platforms and payment systems. It also slows down job-seeking and entrepreneurial activity among young people more broadly. While emerging solutions like Starlink are beginning to improve connectivity, access remains uneven and cost sensitive. Digital infrastructure also includes the tools entrepreneurs rely on to operate effectively. Many report that the high cost of business-enabling software—such as Adobe products or accounting systems—creates a barrier to entry. Entrepreneur support organisations (ESOs) could help lower this barrier by exploring collective licensing for their cohorts, reducing individual costs and encouraging adoption of essential systems.

Physical workspaces show a similar divide. Johannesburg and Cape Town both offer a wide range of co-working spaces, often linked to ESOs, but access is far from equal. Travel distances and high usage fees make these facilities inaccessible for many township-based entrepreneurs. As a result, the benefits associated with shared workspaces—community, mentorship, stable power and internet—remain concentrated in well-resourced urban centres. In agriculture, land ownership stands out as a major structural constraint, especially for women. Without secure tenure, agripreneurs face barriers to production, investment, and long-term planning. This limits the growth of youth-led farming enterprises at a time when agriculture could offer significant economic opportunity.

South Africa's broader entrepreneurial ecosystem is sizable, with more than 340 support organisations identified by the Aspen Network of Development Entrepreneurs, including 142 capacity development providers. However, the physical legacy of apartheid-era spatial planning continues to shape who can access this support. Townships, intentionally placed on the edges of cities and separated by physical buffers, remain far from industrial zones and commercial centres. Local infrastructure is limited, and there are few industrial parks or manufacturing spaces located near where people live. For township-based entrepreneurs, this distance makes economic integration challenging and significantly restricts opportunities for local industrial development.

Taken together, these infrastructure gaps—energy, connectivity, workspace, land access, software costs, and spatial design—form a dense web of constraints that young entrepreneurs must navigate. Addressing them is essential for unlocking the full potential of South Africa's emerging entrepreneurial generation.

In [this report](#) a full overview of supporting actors in the entrepreneurial ecosystem is displayed.

Summary key challenges in infrastructure

1. Unreliable access to foundational infrastructure (energy and connectivity)
 - a. The energy crisis persists because of reliance on coal, mismanagement, and long-term underinvestment.
 - b. Theft of equipment makes alternative, self-sufficient energy solutions unfeasible in some townships.
 - c. High data costs and inconsistent internet access prevent widespread digital adoption among youth and entrepreneurs.
2. Limited access to enabling resources and workspaces
 - a. Essential business software is too expensive for many early-stage entrepreneurs.
 - b. Co-working spaces are inaccessible for many due to high fees and long travel distances.
 - c. Township areas lack nearby industrial parks and manufacturing spaces needed for production-based businesses.
3. Structural and spatial barriers to business growth (especially for agripreneurs)
 - a. Townships were deliberately located on the urban periphery, limiting economic integration.
 - b. Local infrastructure remains insufficient to support industrial or commercial development.
 - c. Women agripreneurs face barriers due to limited access to land ownership.

2.2.2 Access to finance

This sub-section looks at the scope of access to formal and informal finance in South Africa. Lack of access to finance is a critical barrier for entrepreneurs, restricting their ability to invest in equipment, expand operations, or launch new products and services. In the absence of reliable financial services, many youth are forced to rely on informal sources—such as family and friends—which often limits the scale and sustainability of their ventures. Sub-themes explored are: grant financing, access to debt financing, access to equity and alternative financing, informal funding and A2F challenges.

Access to finance remains one of the most persistent barriers for young entrepreneurs in South Africa, despite the presence of a wide support ecosystem. According to the Aspen Network of Development Entrepreneurs, more than 340 organisations operate in the national entrepreneurial landscape, including 97 finance providers. Yet nearly all interviewed entrepreneurs—especially those in early stages—describe funding as their biggest constraint. Alumni from the OC Trust, for example, consistently cite the lack of start-up capital as the key limitation to launching or scaling their businesses.

Most young entrepreneurs start with personal savings or informal support from family and friends. Formal financing options are difficult to access and are often perceived as too risky or out of reach. Grants are typically the next option they pursue, but these come with their own set of obstacles. Many entrepreneurs experience grant processes as highly competitive and bureaucratic. The NYDA grant programme, which offers non-repayable support to entrepreneurs aged 18–35, illustrates the challenge. Although grants range from R1,000 to R200,000 (50-10.000 EUR), applicants are required to submit detailed business plans and proof of registration, and the approval process can exceed two years. Throughout this long wait, applicants are repeatedly asked to update their submissions with new information, creating significant delays and uncertainty.

Commercial lending is even more challenging for early-stage entrepreneurs. Collateral requirements, high interest rates—ranging from 12–15% and climbing as high as 27% based on credit scores—and the pressure of repayments all contribute to the perception that bank loans are unsuitable at early stages. Entrepreneurs view banks as highly risk-averse, especially given low repayment rates in rural areas, where institutions like Nefcorp report repayment levels around 27%. At the same time, repayment is notably higher among women-owned businesses, but this has not translated into broader access. Underlying these issues is a systemic trust gap between financiers and young entrepreneurs. Funders often perceive youth as high-risk, inexperienced, or not serious, and they expect evidence of mature revenue long before offering support. Many young entrepreneurs experience *pitch fatigue*, applying repeatedly without feedback or success. As a result, some do not even consider commercial funders as a viable path. Limited financial literacy further restricts access. Many entrepreneurs struggle to understand financial instruments or prepare strong applications. Support organisations note that basic training is common, but deeper guidance is needed. Hot Mustard, for example, recommends embedding financial experts into incubator programmes. OCIF addresses these gaps through its *Let's Talk Finance* sessions, which explain funding requirements at different stages and help entrepreneurs identify appropriate funders. In later stages, accountants assist OCIF participants in developing financial models.

Support organisations also point out that early demand for financing often signals deeper issues within the business. According to CDI, early-stage financing requests frequently mask problems in the product, pricing, routes to market, or basic financial management. In their SCALE project, working with informal businesses, they found that strengthening financial understanding and market strategies—rather than injecting capital—was often what unlocked revenue and growth. This suggests that the ecosystem places too much emphasis on funding itself and too little on core business fundamentals. Capital becomes more realistic and useful once these foundations are in place.

Equity financing adds another layer of exclusion. Although South Africa has active angel and venture capital communities, these networks largely focus on traditional tech start-ups with exponential growth potential—businesses very different from the typical OC entrepreneur. This mismatch limits the relevance of VC pathways for most young founders. Newer models, such as Launch Africa's more inclusive approach with low investment minimums and community-driven participation, may eventually open opportunities for early-stage founders graduating from programmes like OC.

Specialized funds, including the iMbewu Fund and Women Empowerment Fund, do exist. However, many entrepreneurs are simply unaware of these opportunities or do not know how to access them. Others are excluded because of documentation requirements or other formal criteria. Formalisation itself is a barrier: while registration is often a prerequisite for funding, it adds costs and administrative burdens. Some township-based entrepreneurs intentionally remain informal to avoid perceptions of being government-aligned, which can reduce community support.

Taken together, these dynamics create a difficult landscape for young South Africans seeking capital. The financial ecosystem is broad but fragmented, and the pathways that do exist often feel mismatched with the realities of early-stage, township-based, or informal entrepreneurs. Improving access to finance will require not only more inclusive funding instruments, but also stronger financial literacy, better guidance, and business fundamentals that give young entrepreneurs a fair chance to succeed.

In [this report](#) a full overview of financial actors in the entrepreneurial ecosystem is displayed.

Summary key challenges in access to finance

1. Early-stage entrepreneurs struggle to access appropriate financing.
 - a. Formal grants are highly competitive, bureaucratic, and slow to process.
 - b. Commercial loans are unsuitable due to collateral demands, high interest rates, and repayment pressure.
 - c. Rural repayment rates are low, making funders especially reluctant to finance entrepreneurs outside cities.
 - d. Venture capital focuses on high-growth tech businesses that differ from the profile of most young entrepreneurs.
2. A systemic trust and information gap limits entrepreneurs' ability to secure funding.
 - a. Funders perceive young entrepreneurs as high-risk and expect mature revenue before offering support.
 - b. Entrepreneurs often lack awareness of specialised funding options or how to access them.
 - c. Repeated rejection without feedback leads to pitch fatigue and discourages entrepreneurs from applying.
 - d. Documentation and formality requirements exclude entrepreneurs who remain informal for cost or community reasons.
3. Limited financial literacy and weak business fundamentals hinder funding readiness.
 - a. Entrepreneurs often do not understand financial instruments or how to prepare effective applications.
 - b. Incubators tend to provide only basic financial training without deeper, hands-on guidance.
 - c. Early-stage requests for funding often reflect underlying weaknesses in product, pricing, or market strategy.

2.2.3 Effective Policy

This sub-section examines the policy environment that enables or constrains entrepreneurship in South Africa. It considers not only relevant laws and regulations but also public programmes and the roles of key stakeholders involved in supporting business development. An effective policy framework is essential for establishing a regulatory environment in which entrepreneurs can successfully start and grow their businesses. Sub-themes explored are: business registration structures, regulator environment, policy context, relevant public programmes, persisting barriers.

Policy plays a central role in shaping the environment in which young entrepreneurs operate in South Africa. The government has long recognised the importance of entrepreneurship for national development. The National Development Plan 2030 positions MSMEs and entrepreneurship as key instruments for achieving socio-economic goals, building on efforts to promote entrepreneurial activity that date back to the mid-1990s. The National Small Business Act of 1996 translated this recognition into action by defining how government should support small businesses and by establishing the first institutional structures. Over time, these support institutions evolved into the Small Enterprise Development Agency (Seda), the South African Micro Finance Apex Fund (SAMAF), and Khula Enterprise Finance Limited—later consolidated into the Small Enterprise Finance Agency (Sefa) in 2012.

Despite this long-standing policy commitment, entrepreneurs experience the policy environment as unpredictable and difficult to navigate. They report that laws and regulations change frequently without clear communication, making long-term planning challenging and contributing to a broader perception that entrepreneurship is high-risk. At the same time, the slow pace of policy development—

often three to five years, according to CDI—creates further tension. Many frustrations expressed by entrepreneurs stem not from constant change, but from limited access to reliable and accurate information. CDI notes that this information gap becomes clear in cases like CIPC compliance: entrepreneurs often believe they must renew their registration annually, when in reality the requirement is simply to remain tax compliant each year.

Entrepreneurs describe public procurement processes as discouraging, with perceptions that opportunities are not allocated fairly. This erodes trust in government support mechanisms and reinforces scepticism that policy reforms will benefit early-stage businesses. The current regulatory environment tends to favour established enterprises over new or small ones. According to the UNCTAD South Africa Entrepreneurship Strategy Review, early-stage businesses face heavy bureaucracy and strict regulatory standards that are not adapted to their capacity. A one-size-fits-all regulatory model places a disproportionate burden on young ventures, limiting experimentation and innovation. This rigidity weakens the policy environment's ability to support the growth of new enterprises.

Entrepreneurs report that compliance to B-BBEE policies is costly, time-consuming, and poorly aligned with the needs of small or emerging businesses. As a result, the advantages of preferential procurement often go to larger, well-established companies that can meet strict compliance demands.

Despite these challenges, there are emerging efforts to shape more responsive and evidence-based policy. AgriYouth Without Borders (AYWB), for example, is collecting data from young agripreneurs to support advocacy aimed at reforming outdated agricultural policies. Initiatives like this highlight the importance of grounded, youth-informed evidence in shaping a more enabling policy environment for young entrepreneurs.

Overall, while South Africa has strong policy frameworks and a long history of institutional support for small business, gaps in implementation, communication, and accessibility continue to hinder young entrepreneurs. Addressing these gaps will be essential to building a policy environment that truly supports early-stage innovation and inclusive economic participation.

Summary key challenges in effective policy

1. Young entrepreneurs struggle with an unpredictable policy landscape, making long-term planning difficult and increasing perceived risk.
 - a. Frequent regulatory changes and slow policy development create confusion and instability.
 - b. Poor communication from support institutions leaves entrepreneurs misinformed about compliance requirements.
 - c. Information gaps force entrepreneurs to rely on outdated or inaccurate guidance, increasing operational risks.
2. The regulatory and procurement environment disproportionately favours established businesses, sidelining early-stage entrepreneurs.
 - a. Heavy bureaucracy and one-size-fits-all regulations overwhelm small businesses, stifling innovation and growth.
 - b. The public procurement systems discourages participation.
 - c. B-BBEE compliance is costly and complex, benefiting larger firms and excluding smaller enterprises.
3. Government programs focus on short-term targets rather than sustainable business growth, failing to address real entrepreneurial needs.
 - a. KPI-driven initiatives prioritize participant numbers over long-term business viability.
 - b. Policies are often designed without sufficient input from young entrepreneurs, leading to a disconnect with their realities.
 - c. Fragmented institutional support creates inefficiencies and limits access to meaningful resources.

2.2.4 Business Environment

This sub-section explores the nature of the private sector and the feasibility of doing business in South Africa, with particular attention to market access, customer demand, and the structures that connect entrepreneurs to opportunities. It highlights how entrepreneurs—especially youth and women—interact with markets, access services, and navigate business networks. Sub-themes explored are: private sector dynamics, ease of doing business, market access for entrepreneurs, access to business support services, and business associations.

The business environment for young entrepreneurs in South Africa is marked by both significant opportunities and persistent challenges. Market access stands out as a top barrier, with many entrepreneurs reporting that corporate and government buyers are reluctant to work with small suppliers, often due to existing contracts or a preference for established partners. As a result, young entrepreneurs frequently turn to business-to-consumer (B2C) models, which can limit their growth and scalability. Corporate buyers, in particular, are seen as unsupportive when it comes to compliance hurdles, making it difficult for small businesses to meet procurement requirements even when their products or services are in demand.

Township-based entrepreneurs face additional obstacles, struggling to gain external trust and expand their markets. They often encounter perceptions of being unreliable or unprofessional, with trust largely confined to their own communities. Organizations like Hot Mustard, a marketing agency, recognize these challenges and note that market access between different communities remains limited. Building trust outside of one's immediate network is a slow and difficult process, further restricting opportunities for growth.

Entrepreneurial support programmes in South Africa are numerous, but their effectiveness is disputed. Some points of critique mentioned in the ecosystem include lack of systematic thinking and focus on market readiness. Compliance and market readiness are recurring gaps. Several programs report that entrepreneurs often fail to maintain proper registration or meet food safety standards, limiting the resilience of early-stage enterprises and preventing them from scaling. Non-compliance can exclude them from formal markets and supply chains, further hindering their development. For many young people, entrepreneurship is perceived as a high-risk, low-reward endeavour. The lack of visible local success stories and role models contributes to this perception, with some youth noting that alternatives like content creation on social media seem more realistic than starting a business. The absence of relatable success stories and mentors further discourages young people from pursuing entrepreneurship, as they lack clear examples of what success looks like or how to achieve it.

South Africa has more entrepreneurial support organizations than any of its neighbouring countries, yet the number of early-stage enterprises successfully scaling is not higher. This paradox is often described as *a flood of poorly supported startups*. Two root causes underlie this challenge: many support organizations exist due to government policies that incentivize the number of entrepreneurs supported rather than the impact or sustainability of those businesses, and the early-stage investment ecosystem is underdeveloped and extremely risk-averse. Early-stage entrepreneurs struggle to access the finance they need to grow, as investors and lenders prefer to back more established ventures. At the same time, entrepreneurs lack the necessary capital to secure loans.

Business associations, such as chambers of commerce, play a role in advocacy and networking, but their capacity and influence vary significantly across provinces. While some organizations attempt to provide ongoing support throughout a business's development, coordination with other organizations remains a challenge. This lack of cohesion can leave entrepreneurs without the integrated support they need to navigate different stages of growth. Cash flow is another critical issue for early-stage enterprises. When opportunities arise with government or corporate buyers, small and medium-sized enterprises are often required to deliver products or services before receiving payment, with invoices typically settled 30 days or more after completion. This practice places a severe strain on cash reserves, forcing young businesses to operate on thin margins or seek expensive short-term financing.

In summary, the business environment for young entrepreneurs in South Africa is shaped by a complex interplay of market access barriers, inconsistent support, and systemic challenges. While the country offers a wealth of programs and policies aimed at fostering entrepreneurship, the reality for many young entrepreneurs is one of isolation, high risk, and limited opportunities for sustainable growth. Addressing these issues will require a shift from quantity to quality in support programs, better coordination among stakeholders, and a focus on practical, market-ready outcomes.

Summary key challenges in business environment

1. Young entrepreneurs in South Africa struggle to access formal markets and scale their businesses.
 - a. Corporate and government buyers prefer established suppliers, shutting out small and new entrepreneurs from procurement opportunities.
 - b. Township-based entrepreneurs face deep-seated trust deficits and stereotypes, limiting their market reach beyond local communities.
 - c. Complex compliance requirements and certification processes act as barriers, preventing small businesses from entering formal markets.
2. Entrepreneurial support programs are numerous but fail to deliver meaningful, sustainable impact.
 - a. Many programs prioritize quantity over quality, driven by government incentives that reward the number of entrepreneurs supported rather than their long-term success.
 - b. Support initiatives often lack practical, market-ready training, leaving entrepreneurs unprepared for real-world business challenges.
3. Early-stage businesses suffer from chronic cash flow problems and limited access to finance.
 - a. Corporate and government buyers routinely delay payments, forcing small businesses to operate on thin margins or seek expensive short-term loans.
 - b. The early-stage investment ecosystem is underdeveloped and risk-averse, making it difficult for startups to secure the capital needed for growth.

2.2.5 Entrepreneurial learning

This sub-section looks at the scope and quality of entrepreneurial learning in tertiary education (university and vocational education) in South Africa. It explores how competencies -including knowledge, skills and attitudes- are developed and transferred through formal education. Furthermore, this section examines the availability, content & methodology, and quality of entrepreneurial learning offers within these educational institutes. Sub-themes explored: scope of entrepreneurship education in universities, access to complementary training, skills development in innovation & technology, perception of quality of entrepreneurial education, incubation hubs at educational institutes.

Entrepreneurship education in South Africa is present across all 26 public universities, thanks to initiatives like EDHE that promote student entrepreneurship and encourage universities to become more entrepreneurial. However, this education is mostly offered as extracurricular activities or within business faculties, limiting its reach. While student interest in entrepreneurship is growing — seen in the rising number of applications for extracurricular entrepreneurial programs — overall interest in entrepreneurship as a career remains low. Entrepreneurship modules are common in business-related study programs, but they are rarely integrated into other fields of study.

Universities generally indicate their entrepreneurship curricula are of good quality, but there is a clear gap between theory and practice. Alumni often describe the curricula as too basic and not tailored to the real needs of entrepreneurs. This disconnect is partly because many lecturers lack entrepreneurial experience themselves. They have not faced the real-world challenges that entrepreneurs encounter daily. Bringing entrepreneurs into classrooms and offering internships at early-stage enterprises could help bridge this gap, giving students more practical insights.

A major issue is that entrepreneurship education is not part of primary or secondary schooling. Many entrepreneurs argue that entrepreneurial thinking should start at these levels, where it can shape mindsets early on. The reality is that entrepreneurial learning only truly happens through doing. While

students can learn about entrepreneurship in theory, the real learning begins when they actually start and run a business.

First-generation university students often lack family support or entrepreneurial role models. Culturally, entrepreneurship is frequently viewed as a fallback option rather than a desirable career path. Universities also miss opportunities to use alumni success stories and role models to inspire current students. Without student tracking systems, universities often don't know what kinds of jobs their alumni pursue, including entrepreneurial ventures.

Universities rarely collaborate with Entrepreneurial Support Organizations (ESOs) that offer incubation or acceleration programs. Instead, many universities set up their own incubation centres, but these often focus narrowly on technical prototype development and lack expertise in areas like market linkages and access to finance. A stronger partnership between universities and ESOs could combine academic knowledge with practical support, benefiting young entrepreneurs.

TVET colleges, which could play a key role in training future entrepreneurs with practical skills, are often undervalued. There is potential to embed entrepreneurship training within skilled trades, giving students both technical and business skills. This approach could help change perceptions of entrepreneurship and create more pathways for young people to start their own businesses.

In short, while entrepreneurship education exists in South Africa, its effectiveness is limited by a lack of practical experience, cultural attitudes, and missed opportunities for collaboration. To improve, education needs to be more hands-on, integrated across disciplines, and better connected to real-world support systems.

Summary key challenges in entrepreneurial learning

1. Entrepreneurship education in South Africa remains largely theoretical and disconnected from real-world practice, limiting its effectiveness for aspiring entrepreneurs.
 - a. Lecturers often lack firsthand entrepreneurial experience, making it difficult to teach practical problem-solving and real-world business challenges.
 - b. Entrepreneurship modules are mostly confined to business faculties and extracurricular activities, leaving students in other disciplines without exposure.
 - c. Universities rarely collaborate with Entrepreneurial Support Organizations (ESOs) or bring entrepreneurs into classrooms, missing opportunities to bridge the theory-practice gap.
2. Cultural perceptions and a lack of role models discourage young people from pursuing entrepreneurship as a viable career path.
 - a. First-generation university students often lack family support or entrepreneurial role models, reinforcing the view of entrepreneurship as a fallback option.
 - b. Universities do not actively track or showcase alumni success stories, leaving students without relatable examples of entrepreneurial achievement.
 - c. Entrepreneurship is not integrated into primary or secondary education, missing the chance to shape mindsets and normalize entrepreneurship as a career choice.
3. Universities and support systems operate in silos, leading to fragmented and ineffective entrepreneurial learning opportunities.
 - a. Many universities establish their own incubation centers, but these often lack expertise in critical areas like market access and finance.
 - b. TVET colleges, which could provide practical entrepreneurial training, are undervalued and underutilized in fostering entrepreneurial skills.
 - c. There is little coordination between universities and external support organizations, resulting in duplicated efforts and gaps in comprehensive support for young entrepreneurs.

2.2.6 Culture

This sub-section explores how cultural attitudes, social norms, and perceptions shape the entrepreneurial landscape in South Africa. It investigates how people view entrepreneurship—as a career path, as a form of self-expression, or as a necessity—and how these views differ across gender, regions, and age groups. It also analyses risk tolerance, inclusivity, and the extent to which entrepreneurship is seen as accessible or desirable. A core aim is to understand how cultural enablers or inhibitors influence the motivation, inclusion, and success of entrepreneurs, particularly women and youth. Sub-themes explored: entrepreneurial mind-set, perceptions of entrepreneurship as a career path, community and family attitudes, inclusion of underrepresented groups.

In South Africa, formal employment is still seen as the most socially desirable path for young people. The expectation, as highlighted by organizations like Harambee, is to *get educated* and then secure a stable job. This mindset is deeply rooted, even though formal employment opportunities are often scarce. As a result, entrepreneurship is frequently viewed as a fallback option—something to turn to only when other paths fail. It is associated with risk, informality, and financial instability, rather than opportunity or innovation. In many communities, especially among those facing economic challenges, *necessity entrepreneurship* is the most common form, where people start businesses out of need rather than ambition.

Young entrepreneurs, particularly first-generation university students, often lack family support or entrepreneurial role models. Culturally, entrepreneurship is rarely seen as a first-choice career. Without examples of successful entrepreneurs in their families or communities, many young people

struggle to envision entrepreneurship as a viable or attractive path. This lack of exposure reinforces the idea that entrepreneurship is something to consider only when all else fails.

The Youth Advisory Council (YAC) for the NL Embassy in South Africa has noted that many young people today aspire to immediate financial success and have little patience for the trial-and-error process that entrepreneurship requires. Failure is heavily stigmatized, and this fear of failure discourages experimentation and risk-taking. Creating safe environments, such as within schools, where failure can be normalized and even encouraged as part of the learning process, could help shift this mindset. However, such environments are still rare, and the cultural aversion to failure remains a significant barrier.

Efforts are being made to reframe entrepreneurship as a legitimate and desirable career choice. Institutions like the Tshwane University of Technology and the Wits Innovation Centre are integrating entrepreneurial learning into their programs. Despite these efforts, a major gap remains: the lack of visible role models. When young people do not see others like them succeeding in entrepreneurship, it is difficult for them to believe it is a realistic or rewarding path. Role models are crucial for inspiring confidence and demonstrating that entrepreneurship can lead to success.

In family contexts, especially among township-based entrepreneurs, there is a strong cultural expectation of profit-sharing and reinvesting in the community. While this can foster social cohesion, it can also limit the scalability of businesses. Entrepreneurs may feel pressured to distribute profits to family or community members rather than reinvesting in their business's growth. This cultural norm can make it difficult for businesses to expand beyond a certain size or achieve long-term sustainability.

In the field of agripreneurship, there are numerous programmes—often funded internationally—that aim to promote farming as a business. These programs tend to focus on production and typically target existing farmers. Organizations like GrainSA and Buhle Farmers Academy are working to change this by offering skills-building programs that encourage a business-oriented approach to farming, even for first-generation farmers. These efforts are important for shifting the perception of farming from a subsistence activity to a viable business opportunity.

Significant cultural barriers exist for women, particularly young, black, female entrepreneurs. They often face both formal and informal obstacles when trying to access markets, networks, and finance. Research by Sunita Valla of the University of Johannesburg highlights several social barriers for female entrepreneurs: a lack of exposure to entrepreneurship at home, rigid behavioral expectations about gender roles, and negative societal attitudes and stereotypes toward women who pursue careers. These barriers make it especially challenging for young women to enter and succeed in entrepreneurship.

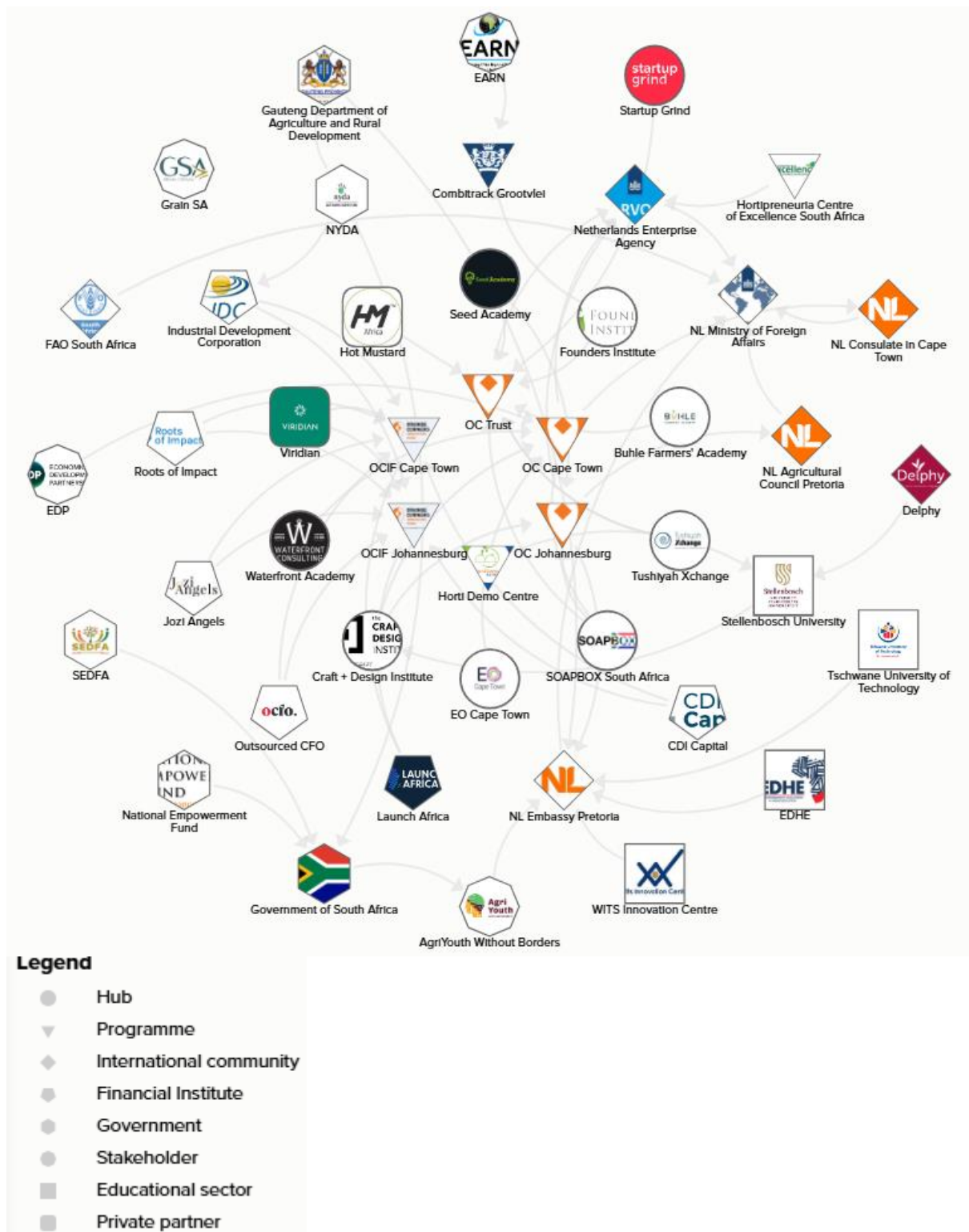
Overall, the entrepreneurial culture in South Africa is shaped by deep-seated social norms, a lack of role models, and persistent gender barriers. While there are efforts to promote entrepreneurship as a legitimate career path, cultural attitudes and structural challenges continue to limit its appeal and accessibility, especially for young people and women. Addressing these issues will require not only educational and institutional support but also a broader shift in how entrepreneurship is perceived and valued in society.

Summary key challenges in culture

1. Entrepreneurship in South Africa is widely perceived as a risky fallback option rather than a desirable career path.
 - a. Formal employment is deeply ingrained as the social ideal, making entrepreneurship seem like a last resort, especially when job opportunities are scarce.
 - b. Families and communities often lack entrepreneurial role models, reinforcing the view that entrepreneurship is only for those who cannot secure formal jobs.
 - c. The stigma around failure discourages young people from taking entrepreneurial risks, as trial-and-error is not normalized or supported in most environments
2. Cultural and social norms create significant barriers, especially for women and township-based entrepreneurs.
 - a. Young, black, female entrepreneurs face formal and informal obstacles, including gender stereotypes, limited access to networks, and societal disapproval of women in business.
 - b. Township-based entrepreneurs experience pressure to share profits with family and community, which can hinder business growth and scalability.
 - c. Traditional gender roles and behavioral expectations at home and in society limit women's exposure to and encouragement in entrepreneurship.
3. Efforts to promote entrepreneurship as a legitimate career choice are hindered by a lack of visible success stories and systemic support.
 - a. Universities and programs are embedding entrepreneurial learning, but the absence of relatable role models makes it difficult for young people to envision success.
 - b. Agripreneurship programs focus on production and existing farmers, but first-generation farmers and youth lack targeted support to see farming as a viable business.
 - c. Safe spaces to experiment and fail—such as schools or incubation programs—are limited, leaving young entrepreneurs without the confidence or skills to persist.

2.3 Stakeholder and initiatives map

This section presents an overview of key stakeholders and their initiatives supporting entrepreneurship and innovation in South Africa. The [interactive overview can be found here](#).



Part 3 – Conclusions and recommendations

3.1 Key challenges and opportunities

Key challenges and opportunities		
Domain of change	Challenges	Opportunities
Infrastructure	<ul style="list-style-type: none"> - Unreliable access to energy and internet - Limited access to enabling resources and workspaces - Structural and spatial barriers to business growth 	<ul style="list-style-type: none"> - Renewable energy - Innovative logistical solutions - High demand for workspaces - Leverage existing sector-specific infrastructure for new projects (e.g. EARN)
Access to Finance	<ul style="list-style-type: none"> - Early-stage entrepreneurs struggle to secure funding - A systemic trust gap makes access to finance challenging - Limited financial literacy and weak business fundamentals hinder investment readiness 	<ul style="list-style-type: none"> - Guarantee schemes - Entrepreneurship sensitisation - Financial literacy training - Business fundamentals
Effective policy	<ul style="list-style-type: none"> - Unpredictable policy landscape, lack of clear communication and poor guidance - Regulatory environment favours established businesses over early-stage entrepreneurs - Government programmes focus on short-term targets rather than sustainable business growth 	<ul style="list-style-type: none"> - Guidance on how to understand and use policy - Renew legislation in line with the needs of early-stage ventures - Include entrepreneurs in policy and programme discussions
Business environment	<ul style="list-style-type: none"> - Early-stage entrepreneurs struggle to access markets - Entrepreneurship support is numerous, but lacks quality and sustainable impact - Early-stage entrepreneurs suffer from chronic cash flow problems and limited access to capital 	<ul style="list-style-type: none"> - Initiatives to promote local, small-scale sellers - Ecosystem collaboration to increase quality and synergies - Offer financial support to address cash flow difficulties
Entrepreneurial learning	<ul style="list-style-type: none"> - Entrepreneurship education remains theoretical and disconnected from real-world practice - Cultural perceptions and lack of role models discourage young people from pursuing entrepreneurship as a viable career path 	<ul style="list-style-type: none"> - Increase collaboration between universities and ESOs - Include entrepreneurship in an earlier stage of education - Track the success of alumni - Enable TVETs to provide entrepreneurship support

	- Universities and support systems operate in silos, leading to ineffective learning	
Culture	<ul style="list-style-type: none"> - Entrepreneurship seen as risky fallback option, rather than viable career path - Cultural and social norms create significant barriers, especially for women and in townships - Lack of visible success stories 	<ul style="list-style-type: none"> - Promote entrepreneurship as viable career option - Sensitise communities and townships - Promote success stories and role models