

## **PULLING TOGETHER TO CREATE JOBS - PARTICULARLY IN THE SMME SPACE**

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During the State of the Nation Address earlier this year, President Cyril Ramaphosa spoke on the issue of youth unemployment and job creation and emphasised that “government does not create employment but creates a conducive environment to enable the private sector to create jobs”.

According to Statistics South Africa our unemployment rate decreased by 0.8% to 34,5% in Q1:2022 compared to Q4:2021. Despite this, we still have one of the highest unemployment rates in the world, with more than 7.9 million people without work in South Africa in Q1:2022. Data from the Quarterly Labour Force Survey shows that young people are particularly vulnerable, with two out of every three young people under the age of 35 years unemployed. Youth aged 15-24 years and 25-34 years recorded the highest unemployment rates of 63,9% and 42,1% respectively.

I believe the role of government goes beyond creating a conducive environment for job creation. Government needs to create and strengthen existing policies that promote investments into sectors that would promote the creation of jobs. It also needs to continue to play a regulatory role, to ensure that the jobs created are quality jobs that will help reduce the growing inequalities, pervasive poverty and social unrest calling for change. The regulation of employment involves continuous monitoring to ensure that companies adhere to labour practices (like the minimum wage) and managing the employment of foreign nationals: where companies are not adhering to labour policies and practices stricter penalties should be imposed.

Given all of the above, good things happen when the private and public sector pull together. Research highlighted by the GSDRC<sup>1</sup> has shown that the transformation and growth of a developing economy is heavily reliant on the private sector, which provides an estimated 90% of formal and informal job opportunities\*. The private sector is also an agent of change when it comes to development and contributing to achieving and implementing the National Development Plan (NDP) and the United Nations Sustainable Development Goals (SDGs).

SMMEs in South Africa have been identified as a key driver for employment creation and economic growth, particularly amongst the youth. According to Siphso Pityana, president of Business Unity South Africa, “South Africa’s SMME sector is estimated to employ 47% of the labour force and contributes more than 20% to the country’s gross domestic product, paying about 6% of corporate taxes”. However, SMMEs face several constraints that prohibit them from growing into sustainable businesses. Often, they lack the resources needed to invest in innovative solutions to fuel productivity and development. Strengthening SMMEs will help drive these processes and foster local economic development in the communities in which these businesses operate.

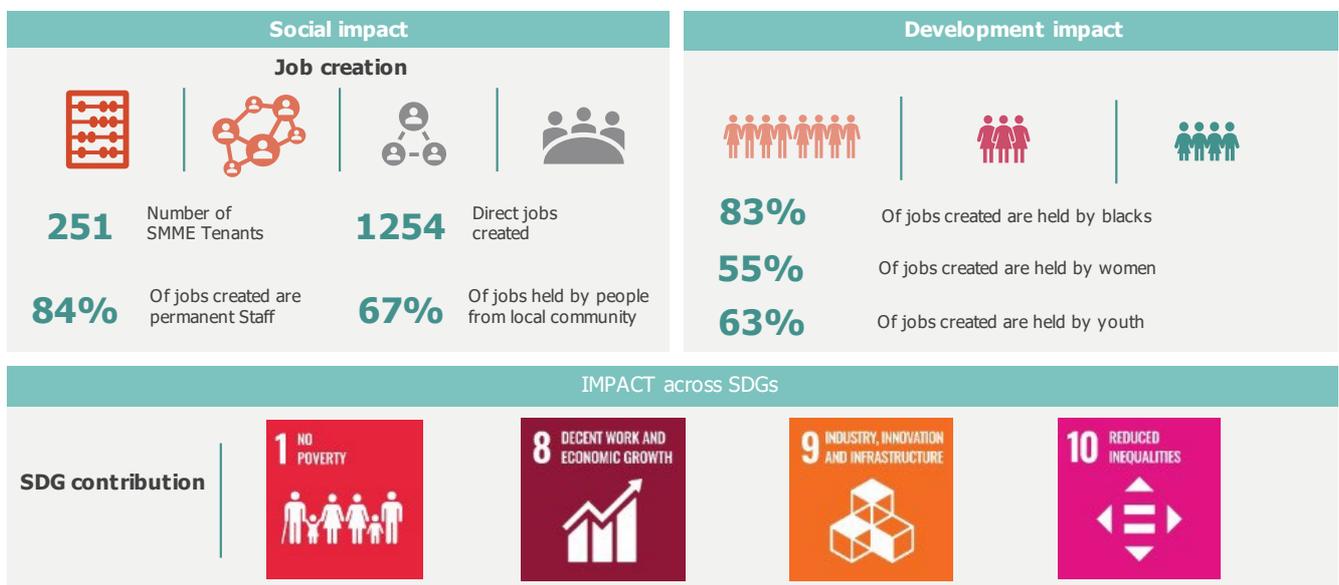
### **Case Study: The Community Property Fund**

<sup>1</sup> Source: GSDRC Topic Guide: The role of the private sector, November 2016

The Futuregrowth Community Property Fund is a case in point. This Fund owns shopping centres in townships and rural areas, where job opportunities are typically scarce and poverty rates are high. The Fund's shopping centres (on behalf of investors) are creating an enabling environment that supports small businesses and local entrepreneurs to start, grow and create decent employment opportunities. This ranges from SMMEs who lease shops in the centres to entrepreneurs who display and sell their wares from tables in the non-GLA spaces - right down to informal traders who typically trade outside of the centres that border taxi ranks. By partnering with SMMEs the Community Property Fund has supported over **251** SMME tenants who have created over **1 254** direct jobs, as detailed below:

## Social & developmental impact

### Centre SMME job creation summary



As at 31 March 2022

### Conclusion

South Africa has one of the highest unemployment rates in the world, with young people being continuously disadvantaged in the labour market. The latest statistics are evidence of high unemployment rates and highlight structural weaknesses in the country's economy. Creating an enabling environment for entrepreneurs to not only thrive but actively participate in economies is one way to promote inclusive economic growth and create job opportunities for the youth. In order to enhance the sustainability of SMMEs we need to support them in reducing some of the obstacles they encounter when looking for funding and tapping into new markets for growth. Our Community Property Fund provides one example of such support.

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