ABSTRACT
This paper tracks the development of entrepreneurship policy in South Africa since the birth of democracy. Using the variety of measures suggested by the OECD Framework for measuring entrepreneurship, the Entrepreneurship Indicators Project and GEM, this paper explores the development of a model for the evaluation of Entrepreneurship policies of South Africa. The point is made that while the stimulation of entrepreneurship and small business is important to South Africa, the global competitiveness race and the moves occurring in other parts of the world require us to hasten towards the development and adoption of policies that encourage innovation and entrepreneurship. There appears a concentration of effort at interventions aimed at entrepreneurship for the purposes of poverty alleviation and job creation. While this is laudable, it is suggested that more emphasis should be focused on stimulating growth of existing businesses and encouraging innovation for real entrepreneurship in the country. Despite the E Policy interventions, we are relatively slow in measuring the impact of these policies on our economic development and welfare. This paper attempts to rectify this.

Key Words: Entrepreneurship, Development, Indicators, Welfare, Framework, Small Businesses, Policies, Poverty Alleviation

Introduction
The current global financial crisis has highlighted the shortcomings of industrial policy to promote economic growth and development in a sustainable manner. The favoured approach of many governments, of focusing exclusively on industrial policy to promote economic growth, cannot be pursued any longer, particularly if the objective is to reduce unemployment and poverty.

As policymakers find new or alternate models of growth and sustainable development, the Organisation for Economic Co-operation and Development (OECD, 2011a) and UNCTAD have suggested that policies to promote growth and economic prosperity should be inclined toward enabling an environment that fosters entrepreneurship and Small and Medium Enterprise (SMEs).

Their suggestions are affirmed through evidence from the emerging economies of China and India, in which, approximately 97 per cent of jobs are created by entrepreneurs in SMEs (OECD, 2011a).

More importantly, whilst other countries have experienced negative growth rates (increasing but at a decreasing rate) during the recession, China and India have experienced positive growth rates of up to 10% in some quarters (Chidambaram, 2011). Given its benefits, entrepreneurship has risen on the agendas of policy makers across the globe as a formidable channel for economic and social progress.
However, the OECD has principally noted two serious constraints to effective entrepreneurship policy. First, the regulatory environment, especially in terms of tax and access to finance, often negate strategies that aim to encourage people to become entrepreneurs. Secondly, measuring the effectiveness of these policies and modifying them accordingly is often an unworkable task given the lack of useful data (OECD, 2011a). If governments are to increase their commitment and investment in strategies to promote entrepreneurship, accurate measures are needed to assess their effectiveness, in order that they may be modified accordingly.

Ahmad and Hoffman, (2008:3) acknowledge that: “Many countries now recognise entrepreneurship policy as a separate discipline and, as a consequence, have taken steps to improve the measurement of entrepreneurship at the national level.

At an international level, programs by the World Bank, Eurostat and private organisations such as the Global Entrepreneurship Monitor have also started to develop internationally comparable data”.

The Importance of Entrepreneurship

Empirical evidence suggests that entrepreneurship plays specific, but important roles in economic development. ACS (2006) notes that entrepreneurs, in developed and developing countries, help keep the levels of unemployment and poverty low; simply because they create new businesses, and new businesses in-turn create jobs. High levels of entrepreneurship will thus translate into higher levels of economic development and growth in the macro economy.

Entrepreneurship is often cited as a crucial tool that facilitates the transformation of a country’s economy from a developing one to a developed one. It achieves this by facilitating the structural transformation of countries from low-income, factor driven societies, into high-income technology-based societies (Naudè, 2008). Thus, through the application of existing technologies in innovative ways or launching new technology, entrepreneurs not only increase competition in the market, but also create positive market externalities.

More specifically, Van Praag and Versloot (2007) identify economic benefits of entrepreneurship in four main categories, namely: (i) Employment generation; (ii) innovation; (iii) productivity and growth; and (iv) increasing individuals’ utility levels. Expanding on the important role of entrepreneurs as innovators, Berglund (2005) states that entrepreneurs disrupt prevailing equilibria (a process of creative destruction) in economic markets through innovation, thereby changing various economic benchmarks and enabling growth within the economy.

South Africa’s current economic and socio-economic conditions demand serious economic reform. Although South Africa is one of the strongest economies in Africa, it is distressing to note that unemployment and poverty are still major issues for the majority of citizens. According to Statistics SA (2011), approximately 24% of the working age population is unemployed.

Moreover, infrastructure always has and continues to be, a key constraint to economic growth and sustainability in South Africa (Green, 2011). Furthermore, Foreign Direct Investment (FDI) into South Africa has, over the last two years, slumped by almost 25%. (Creamer, 2010). This aggregates the problem of jobless growth, which in essence, is not beneficial to SA’s current situation.

Entrepreneurs are however, flexible in dealing with poor infrastructure. Smaller firms are more labour intensive than larger firms, and therefore incur lower capital costs and require relatively lower levels of infrastructure in the job creation process. Their ability to utilise labour in favour of capital makes them more likely to succeed in rural, as well as developing urban areas, where they are able to contribute to the spread of economic activity and a more equitable distribution of income within the economy (Abor and Quartey 2010:28).

Naudè (2010) affirms the position that entrepreneurs are the main vehicle for economic development, adding that as the number of entrepreneurs in an economy grows, so does the economy.
Entrepreneurs in developing countries have more opportunities to exploit thereby increasing the potential for entrepreneurship to contribute to decreasing unemployment and increase economic growth.

Abor and Quartey (2010) note that SMEs in South Africa produce up to 57 per cent of the country’s Gross Domestic Product (GDP), and provide about 60 per cent of all employment. In this respect, entrepreneurs can be described as “Efficient and prolific job creators, the seeds of big businesses and the fuel of national economic engines”, especially in a developing country like South Africa (Abor and Quartey, 2010).

Despite this, South Africa performs poorly on the Global Entrepreneurship Monitor (GEM) rankings. In 2009, South Africa ranked 35th out of the 54 GEM countries with a TEA (Total Early stage Entrepreneurial Activity) rate of 5.9%. This is significantly lower than the average for “efficiency driven economies”: 11.2% and “middle to low income countries”: 14.8%. According to Herrington et al (2009) a country at South Africa’s stage of economic development should have been expected to have a TEA rate in the order of 13%.

These conditions have prompted the South African government to focus on the promotion of entrepreneurship and small business as a “priority area” since 1994. As countries around the world commit, entrepreneurship should be an explicit focus of policy framework, policy interventions and implementation in South Africa. The GEM 2009 Report (Herrington et al) point to the importance of ensuring effective and efficient government policies to contribute to an enabling environment for SMMEs. While this has been paid attention to in the past 17 years, the results (CDE, 2004) have been “disappointing”.

Entrepreneurship Policy

There have been debates as to the role and importance of government intervention in an economy where entrepreneurs essentially provide the economic benefits associated with entrepreneurship. Pure economic performance is no automatic justification for public policy. The primary justification or rationale for government intervention is market failure or market distortions (Audretsch, 2007). While Smallbone (2010) notes that the concept of market failure is inappropriate for developing countries, it is clear that South Africa’s history of apartheid caused distortions in the “playing fields” of businesses. The rationale for government intervention in South Africa would therefore be to correct the distortions (race based) and the potential welfare gains to the economy through economic growth and development and increased social inclusion (Smallbone, 2010).

A decade ago, Stevenson and Lundström (2001:11) noted that entrepreneurship policy was an emerging domain of the economic development arena. Interest in entrepreneurship policy has been escalating since that time. Policy frameworks and policy initiatives to support entrepreneurship have evolved over time too. This paper attempts to develop a framework for entrepreneurship policy for South Africa (based on international practice) and then review South Africa’s policy interventions against the framework. Such a review will highlight the successes and or weaknesses of the policy choices we as a country make and guide the process for the future.

The domain of entrepreneurship policy is large. It encompasses interventions at different levels of government and the specific capabilities of government and the partner agencies deployed to foster entrepreneurship vary widely and invariably cut across government departments. Of course a major issue lies in the definition as entrepreneurship policy may refer to policies that affect entrepreneurship (as nearly all government actions and policies must obviously impact small firms). Stevenson and Lundstrom (Audretsch, Grilo and Thurik 2007) point to the lack of clarity concerning
what constitutes entrepreneurship and confusion around the scope of entrepreneurship policy relative to SMME policy.

Policy choices have ranged from traditional SME policy to the development and incorporation of entrepreneurship policy (Storey, 2004; Lundstrom and Stevenson, 2005; Smallbone, 2010). In general, SME policies focus on a range of interventions to assist existing small and medium businesses, whilst entrepreneurship policies focus on individual entrepreneurs who may be at different stages of developing a business (Stevenson and Lundström, 2002; Smallbone 2010). More recently entrepreneurship policy has been incorporating innovation policy (Dahlstrand and Stevenson, 2007; 2010; Stam, 2008).

Policy choices also focus on the extent to which governments choose to either provide direct assistance compared with initiatives that lower the ‘burdens’ or ‘barriers’ to entrepreneurship. Dennis (2005 reported in Storey, 2008) shows these in a 2x2 matrix representing choices to support directly or indirectly under conditions of high impediments or low impediments. The quadrants reflect the choices of countries in Dennis’s 2005 assessment shown hereunder, as follows:

<table>
<thead>
<tr>
<th>Low Direct Assistance</th>
<th>High Direct Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing Countries</td>
<td>USA</td>
</tr>
<tr>
<td>EU</td>
<td>US minorities</td>
</tr>
<tr>
<td>High Impediments</td>
<td>Low Impediments</td>
</tr>
</tbody>
</table>

Through the study of 10 different countries and their respective policies geared towards promoting entrepreneurship, Stevenson and Lundström (2002) identified four different approaches that were adopted by various governments. The first is SME Policy Extension, which refer to those programmes that are added on to existing support structures and mechanisms. The second identified by the authors is the Niche Entrepreneurship Policy, which addresses the barriers (mentioned above) to entrepreneurship and the focus on a specific sector such as technology. The third approach noted is New Firm Creation Policy, which is focused on reducing barriers to business entry to facilitate the business creation process. The final approach listed by Stevenson and Lundstrom (2002) is the Holistic or Generic Policy. This is a comprehensive and integrated approach to achieving all policy objectives for increasing the overall levels of entrepreneurship in a country. Such an approach was found evident in a few countries (Netherlands, Finland and Sweden) in the authors’ successive study of 13 countries (Stevenson and Lundström 2005).

**Framework of Entrepreneurship Policy Measures**

What is clear from previous research is that there is a diversity of philosophies guiding the development of policies and indeed a variety of policy instruments selected for countries across the globe. It is also clear that attention needs to be focused on the development of a framework that incorporates the policy measures (OECD 2007).

Emerging from their research, Stevenson and Lundström (2005:60) developed six policy priorities (that were consistent in their previous research) which they then devise into a policy framework. These are:

1. Entrepreneurship promotion: promoting an entrepreneurship culture
2. Entrepreneurship education: promoting entrepreneurship in schools
3. The environment for start-ups: reducing barriers to entry, eliminating obstacles to business and tax reform,
4. Start-up and seed capital financing: providing loans for new businesses and seed capital
5. Business support measures for start-ups: providing business start-up support, such as incubators, networks and start-up portals,
6. Target group strategies: target underrepresented groups and techno-starters

(Hoffman and Gabr, 2006) use the five drivers of entrepreneurship to develop similar categories of entrepreneurship. They are: Opportunities, Capital, Ability, Incentives, and Culture.

UNCTAD (2009) has been exploring the development of entrepreneurship frameworks for a while. They disseminated a “suggested policy framework relevant to all countries”. This framework comprised:
- General entrepreneurship policy (including enabling environment)
- Awareness and network building
- Access to Finance
- Entrepreneurship education and skills
- R&D technology transfer
- Regulatory environment

However, upon examination of the frameworks one may conclude that the measures are actually a set of policy instruments to achieve specific objectives in entrepreneurship development.

Clearly what is first needed is the development of a policy framework. A policy framework may be described as a collection of all policies to achieve a set of objectives (UNCTAD, 2010). These objectives (related to entrepreneurship) in a developing economy like South Africa are wide and range from economic development to alleviate poverty to encouraging entrepreneurs that could become internationally competitive. Such a framework for entrepreneurship policies must of necessity be a cohesive one in which entrepreneurship is integrated into all facets of the economy. In addition, all policy measures must be offered consistently and seamlessly to entrepreneurs, never mind their stage of growth or indeed their level of operation. Thus Audretsch et al (2007) argues “rather than focus on the addition of entrepreneurship policies to the arsenal of public policy instruments, the debate should rather focus instead on the changing role of public policy in the entrepreneurial economy” (p3).

It is thus important to examine the goals a government designs to move towards and entrepreneurial economy. If as identified by Stevenson and Lundstrom (2007) governments are looking to entrepreneurship to address a range of problems including poverty alleviation, employment generation, labour force integration, social cohesion, innovation and wealth creation, then entrepreneurship policy must be much wider than it currently is.

In this context, a framework for entrepreneurship is conceptualized below in Figure 1.

**Figure 1: Proposed Policy Framework**

<table>
<thead>
<tr>
<th>Objectives of Policy</th>
<th>Poverty Alleviation</th>
<th>Job Creation</th>
<th>Employment Generation</th>
<th>Wealth Creation</th>
<th>Competitiveness</th>
<th>International Competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usual Stage of Business</td>
<td>Survivalist/Informal</td>
<td>Pre start up</td>
<td>Start up</td>
<td>Small</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Policy Programme</td>
<td>LED and Social Entrepreneurship</td>
<td>Entrepreneurship and SME Policy</td>
<td></td>
<td></td>
<td></td>
<td>Science, Technology and Innovation</td>
</tr>
<tr>
<td>Government</td>
<td>Department</td>
<td>Department of Trade and Industry</td>
<td></td>
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</tbody>
</table>
This framework proposes the incorporation of the economic development and science and technology into the traditional entrepreneurship domain. This is done in light of the objectives of government and in the context of the development and growth of business from survivalist through to small and medium to those wanting to be internationally competitive. Such a framework ensures that entrepreneurship is horizontally embedded. The framework describes policy programmes to achieve the desired objectives and the government capability normally assigned the tasks. In this framework education is presented as a cross cutting theme and policy measure by virtue of the positive impact of education on all levels and types of entrepreneurship. Such a framework will deliver a coherent and integrated set of measures to support entrepreneurship and innovation in the country.

**Examination of Entrepreneurship Policy of South Africa**

The effectiveness of policy in a country is assessed through evaluation, which seeks to measure the relevance, efficiency and effects. Evaluation (generally under the rubric of monitoring and evaluation) allows an assessment of the benefits to the larger society resulting from an investment in support for entrepreneurship.

This section of the paper will attempt an assessment of Entrepreneurship policy in South Africa, in the context of the framework presented above. The attempt at evaluation is not a comprehensive one. Indeed, it may be described as a preliminary to the first step in Storey’s Six Steps to Heaven (Storey, 1999), as it documents the research on policy in terms of what is available to South African entrepreneurs and SME owners. It describes the available research that attempts assessment. Some comments are afforded on the development of a comprehensive impact assessment programme later in the paper.

**South Africa’s Strategy for Entrepreneurship**

The South African government has since the birth of its democracy recognized the importance of fostering an enabling environment for the creation and growth of small enterprises. In March 1995 the government articulated a number of measures to foster an enabling environment in the South African National White Paper on Small Business. The Department of Finance (at about the same time) implemented the Growth, Employment and Redistribution (GEAR) strategy, a macroeconomic policy aimed at strengthening economic development, redistributing socio-economic opportunities and improving employment (Knight, 2001). This paved the way for the launch of a variety of new support measures and initiatives for small businesses in the economy (Rogerson, 2004). South Africa’s more recent strategy to promote entrepreneurship by the Department of Trade and Industry, the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (DTI, 2007) aims to foster a more enabling environment for the development of entrepreneurship and small business. The core thrust of the strategy has been focused on “improving access to small business support and information, strengthening small business advocacy, delivering effective service and
monitoring impact.” (DTI, 2007:5). The strategy based on three fundamental pillars, as seen in the figure below gives life to this integrated strategy.

Figure 2: Integrated Strategy

**Strategic Actions**

**Strategic Pillar 1**
- Increase supply for financial and non-financial support

**Collaborative Approaches**
- Streamline resources from the public sector and crowd-in private sector resources

**Strategic Pillar 2**
- Create demand for small enterprise products and services

**New Policy Directives**
- Public sector procurement strategy and BEE codes of good practice as a lever for increased demand

**Strategic Pillar 3**
- Reduce small enterprise regulatory constraints

**Enabling Environment**
- Establish a regulatory impact assessment framework and monitoring mechanism

**Entrepreneurship Measures**
Within the traditional definition of entrepreneurship and SME policy several measures or policy instruments are defined that impact entrepreneurship. These are the components of the frameworks defined by previous authors and appear in the mid section of the proposed framework. While there has been several measures initiated in the past, GEM SA (Herrington et al 2009) recommend policy measures that will enhance South Africa’s entrepreneurial profile. A re-examination and reconfiguration of access to finance; supporting high growth ventures; dealing with crime; liberalisation of the labour market; simplify business registration; incentivising entrepreneurship; increasing government capacity for effective delivery; entrepreneurship education and training have been proposed in the GEM report. This section of the paper reviews the available research on each (or group of) the policy interventions of the proposed framework.

**Entrepreneurship Promotion and Business Support**
According to the Integrated Strategy, “the promotion of entrepreneurship and small business remains an important priority” (DTI, 2005:3). There is broad consensus on the delivery of enterprise supporting mechanisms of government with agencies like Small Enterprise Development Agency (SEDA); the National Youth Development Agency (NYDA) and its various entrepreneurship development initiatives (CDE, 2007). The Small Business Enterprise Development Agency (SEDA) succeeded Ntsika Enterprise Promotion Agency, (DTI, and 2007:5). Based on a number of delivery points located throughout the country, SEDA provides a range of non-financial support services to the SMME sector. SEDA’s mission is to “develop, support and promote small enterprises
throughout the country, ensuring their growth and sustainability in co-ordination and partnership with various role players, including global partners, who make international best practices available to local entrepreneurs” (SEDA, 2011). Oosthuizen (2010) notes that both government and the private sector have engaged in many initiatives aimed at promoting entrepreneurial development and increasing entrepreneurial activity. However, whilst there is a growing consensus regarding the importance of entrepreneurship to economic development, the desired results of these initiatives have not been achieved. Endeavour SA (2010:5) adds that the cultural norms in South Africa do not support entrepreneurs who have failed. This stereotype, it is argued, is not conducive to promoting an entrepreneurial mindset amongst citizens. “People disassociate themselves from them, banks shut them down and the press demonises them”. Despite these negative stereotypes, a recent survey by the Branson Centre of Entrepreneurship (2011) entitled “young Upstarts” noted almost 65% of young people were keen to start their own businesses. These young people however, lacked the relevant role models and mentors to provide them with assistance. It was also quite interesting that of the top 10 role models, 5 were American magnates. A positive finding on entrepreneurial propensity was arrived at in the Mahadea (2011) study too. The authors focus on the effects of socio economic attributes of high school learners on their propensity for entrepreneurship. They find that gender, ethnic background, role models and business skills are significant factors influencing high school learners’ propensity to venture into self employment in the future.

Entrepreneurship Education
Almost all policy analysts have noted entrepreneurship education as among the most important policy instrument in promoting entrepreneurship. The 2009 GEM report found that education in general and entrepreneurship education in specific were key constraints to entrepreneurial activity in the country. The report also acknowledged that poorly conceptualised and implemented educational polices have a marked impact on business efficiency in the SMME sector. Gibb (2006) notes the importance of a model of entrepreneurship education embedded in curricula from primary through secondary, further to higher education. South Africa is no exception as learning institutions at all levels come under pressure to develop and provide entrepreneurial skills (Pretorius, 2008). Entrepreneurship has been introduced into the curriculum of primary and high schools since 2000 as part of the Economic and Management Sciences (EMS) curriculum (DoE, 2002: 14). Since 2005, entrepreneurship has also been included in the curricula as part of Business Studies (DoE, 2003, 12). The 2004 GEM Report quotes research by Friedrich et al (2004) that suggested widespread problems in establishing entrepreneurship in schools. The authors found that more than 50% of the sample schools offered no entrepreneurship education at all (Shay and Wood, 2004). Gouws (2002) referred to the lack of teacher preparedness for entrepreneurship education at school level.

North (2002) reviews public and private sector entrepreneurship education initiatives in South Africa over a decade. He includes a review of learner perceptions to the exposure to entrepreneur education and concludes that entrepreneurship education in South Africa is based on “sound pedagogical principles”.

Entrepreneurship at the higher levels of high school have been also been examined by Isaacs et al (2007). They found interestingly that some 60% of high schools offered no entrepreneurship exposure at all despite it being a learning outcome of the Economic and Management Sciences curriculum.

The situation in higher education institutions has seen mixed evidence too. Ndedi (2009) makes a case for institutions of higher learning to tackle the problems of unemployed graduates through entrepreneurship education. Kabongo and Okpara (2010) in an interesting investigation of entrepreneurship offerings in higher education institutions in sub Saharan African universities, found that most of the 58 universities that they investigated through their online assessment, offer courses in entrepreneurship or small business management but few offered specialization in
entrepreneurship. These authors describe the offerings as “comprehensive” but define them as “consistent with the environmental school of entrepreneurial thought” in view of their provision of minimal information and training compared with the offerings of higher education institutions in the USA. Co and Mitchell (2006) found positive perceptions of and an increased commitment to entrepreneurship education held by academic staff at higher education institutions. They describe entrepreneurship education as being in its “early stages” of development and encourage collaborative development of programmes.

Ladzani and Van Vuuren (2002) examine training in entrepreneurship provided by SME service providers in the Northern Province of South Africa. They find only a small proportion offering “significant entrepreneurship training” (training covering motivation, entrepreneurial skills and business skills). They suggest revisions in training materials and encourage higher education institutions to strengthen an entrepreneurial culture. Dhilwayo (2008) suggests that such training and education should be experiential in nature as conceptualized in work integrated learning.

The Environment for Start-ups
South Africa ranks 34th of 183 economies in terms of the ease of doing business. In terms of starting a business, South Africa is placed at 75th. It takes an estimated 37 days to register a business, during which 6 procedures need to be followed. Relative to the rest of Sub-Saharan Africa, it is easy to start a business in South Africa (World Bank, 2011). Pillar 3 of the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (DTI, 2007) focuses on developing an enabling environment for entrepreneurs by reducing the regulatory constraints facing entrepreneurs and small firms.

However, Mahadea (2008) has identified factors in South Africa’s regulatory environment that negate the effectiveness and impact of policies aimed at promoting entrepreneurship and ease of doing business in South Africa. Respondents note the particular burden of VAT, income tax, the Unemployment Insurance Fund (UIF) and the Skills Development Levy. The study highlights the additional burden of tax compliance both directly and indirectly (time, money and opportunity costs).

Additionally, the 2009 GEM report identified South Africa’s restrictive labour laws as a major constraint to the growth of small business. Government regulation in South Africa is not in-sync with policies aimed at promoting entrepreneurship. GEM (2009) suggests that not enough is being done to reduce the negating effects of the regulatory environment (GEM Report, 2009).

Start-up and Seed Capital Financing
Surveys of potential entrepreneurs suggest access to funding is one of the major hurdles in starting or indeed expanding business. This has prompted focus of attention on financing policy instruments across the globe. South Africa’s mechanisms have been integrated into public strategy, (Ray, 2010). Khula Enterprise Finance, established by the DTI in1996, is a wholesale finance institution, attempting to bridge the "funding gap" to SMEs (www.khula.org.za). The Apex Fund, (established in 2006) provides funding to the micro-enterprise sector (Ray, 2010). Additionally, the National Empowerment Fund (www.nefcorp.co.za) and the Umsobomvu Youth Fund (www.uyf.org.za), (now the Youth Empowerment Fund) provide funding for black and female entrepreneurs aged 18 to 35. For the period 2008 to 2009, approximately R508 million was appropriated to SEDA, the Apex Fund and Khula Enterprise Finance.

Target Group Strategies
Pillar 2 of the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises comprises South Africa’s target group strategy through Black Economic Empowerment (BEE), and
more recently, Broad-based Black Economic Empowerment (BBBEE) and within this framework, Government’s, preferential Public sector procurement strategy (DTI, 2007). According Gunguluza (2011), South Africa is currently experiencing the emergence of a new Black Entrepreneur culture. These new entrepreneurs are increasingly benefiting from the policies aimed at empowering the previously disadvantaged. “Entrepreneurship is the only way to go in a society where jobs are scarce, but opportunities are vast and varied” (Gunguluza, 2011). The Foundation for African Business and Consumer Services (FABCOS) encouraged the private sector to play a role in supporting the growth of SMME’s. Furthermore, they suggested that in the interest of economic growth, all BBBEE stakeholders should be encouraged to employ flexible systems that advance market access to SMME’s. These include, inter-alia; the simplification of registration documents to be on supplier databases; introduction of a rotation system that increases the reach for SMME’s to benefit from procurement within a fair, impartial framework; adherence to payment timelines, and, a tax relief for SMME’s entering the field for the first time to help them survive ‘teething problems’. (FABCOS, 2009)

**Micro enterprise development for Poverty Alleviation**

Interestingly, the *Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises* pays attention to micro enterprise development at the heart of micro economic reform. More importantly, geographical focus, particularly in areas of high poverty and unemployment, is paid special attention (DTI2007)

Rogerson (2011) notes that although Local Economic Development in South African cities is strongly inclined toward pro-growth, there also strategies in place that are pro-poor focused. Accordingly, pro-poor interventions are aimed at strengthening the asset base of poor communities. Among these welfare interventions, Rogerson (2011:13) notes the following entrepreneurship interventions:

"Improved delivery of infrastructure which maximises opportunities for both employment creation and SMME development in disadvantaged areas; Creating an improved regulatory environment for SMMEs in general; Setting aside municipal land and facilitating the activity of urban agriculture and Local government policy intervention to provide a more facilitative environment especially for the functioning of survivalist enterprises”

**Innovation**

It is widely accepted that in the new knowledge economy innovation is key to economic growth. Several calls have been made for an integration of innovation and entrepreneurship policy and some work has advanced in this area (Audretsch, 2004; Dahlstrand and Stevenson, 2010; Wilson, 2010).

South Africa has a National System of Innovation since 1996 and has implemented a number of incentive systems for innovation (SPII; Innovation Fund; THRIP; PII) (www.dst.gov.za). A National Advisory Council on Innovation (NACI) and the Technology Innovation Agency (TIA) have been established and these focus on innovation and entrepreneurship. Comins (2011) comments that South Africa appears to have achieved much, it must challenge the “commercialization chasm” in an aligned way. Marcell (2010) notes concern at the impact of policy and performance on the SMME sector despite the sophistication of support measures.

**Impact Assessment of Entrepreneurship and Small and Medium Enterprise Policy**

The above review attempted a documentation of interventions in the proposed entrepreneurship policy framework. The next stage in the evaluation process is generally to undertake an impact assessment of entrepreneurship policy.
Some impact assessments of specific policy measures have been undertaken in South Africa. Those focussing on finance, training and the regulatory environment have been reviewed by Rogerson (2008) who calls for research into the evaluation of the effectiveness of government programmes. The author emphasises the importance of continuous review of government programmes.

The DTI’s Director-General, Tshediso Matona, conceded that despite the substantial investment in entrepreneurship, the results have been disappointing. Given the needs and challenges, policies to promote entrepreneurship were not able to make an impact (Business Environment Specialists, 2009). The 2009 GEM Report, Tracking Entrepreneurship in South Africa, revealed that government itself, had admitted to unsatisfactory results in its endeavour to support small businesses.

Rogerson (2004) in a comprehensive assessment of South Africa’s SMME programmes for a decade concludes data inadequacies that hamper a full impact assessment of the policies. He does however suggest that existing SMME programmes have been biased towards medium and small sized enterprises rather than on micro enterprises.

While the evaluation of policy instruments delivers an assessment of the effectiveness of specific measures overall evaluation of entrepreneurship policies is needed that provides evidence of the general direction of entrepreneurship policies in a region. From the lack of clarity in the assessments to date, it is clear that what is needed is the measurement a set of indicators formulated on the basis of the objectives for the specific measures/ instruments. A number of researchers/ policy makers have begun looking at standard indicators: Global Entrepreneurship Monitor (GEM) data; Global Entrepreneurship Development Index (GEDI); The World Bank Group’s Entrepreneurship Survey (WBGES); Global University Entrepreneurship Spirit Survey (GUESS); OECD Entrepreneurship Indicators Project (EIP). The goal of these indicators is to develop evidence based research to guide refinement of policy. South Africa in particular needs to develop a set of indicators and document information that will provide the evidence base for both policy assessment and policy refinement.

**Conclusion**

The GEM study is South Africa’s only international indicator of entrepreneurial intensity. By GEM standards South Africa ranks poorly in both opportunity entrepreneurship and new firm activity. This makes it critical for South African policy makers to pay serious attention to the development and monitoring of a policy environment that is enabling and one that enhances entrepreneurship and innovation.

South Africa’s particular circumstances and policy goals requires an entrepreneurship policy that is horizontally embedded. Such a framework is proposed that incorporates local economic development on one hand and innovation for international competitiveness on the other.

The review of the evidence on the policy instruments suggests that South Africa needs to develop a set of indicators (that are comparable with international statistics) that should inform a thorough assessment of entrepreneurship policy and provide the evidence for policy reform.
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