

The Challenges of Youth Entrepreneurship from a Local Government Perspective in South Africa

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Abstract

This paper examines the challenges of youth entrepreneurship and aims to understand whether the local government sector in South Africa can act as a catalyst in consolidating youth entrepreneurship. The local government sector is essential in South Africa as it is mandated to grow and improve local infrastructure and community services and contribute towards economic development. Opening opportunities for young people in the entrepreneurship domain can help reduce unemployment. Through funding and training opportunities, the local government sector, a branch of government closer to the people, can play a significant role in fostering youth entrepreneurship. A qualitative research approach was employed where a literature review was undertaken. Findings revealed that an increasing youth unemployment rate faced South Africa, negatively affecting the need for inclusive development. The paper found that local government can contribute towards reducing youth unemployment by implementing programs encouraging and capacitating youth entrepreneurship and prioritizing entrepreneurship education. However, it was also revealed that the local government sector is confronted with several challenges, such as corruption, wasteful expenditure, and a lack of skilled personnel. Unless these issues are addressed, it will be impossible for the sector to consolidate policies that support and encourage youth entrepreneurship.

Keywords: *Entrepreneurship; Development; Inclusive; Support; Unemployment; Youth*



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INTRODUCTION

According to International Labour Office (2020), in many developing countries, governments are confronted with a bewildering question, how do we position local government as a driver of youth entrepreneurship and development? Youth unemployment globally has become another pandemic, which has unfortunately undermined the idea of inclusive development, especially in developing countries. The International Labour Organization (ILO) reports more than 64 million unemployed youth globally, with 145 million young people living in poverty. Youth employment is a global challenge and has become a significant policy priority. In Africa alone, Ighobor (2017) reveals that youths account for 60% of all of Africa's jobless, and governments are struggling to respond to what is fast becoming a hindrance to inclusive socio-economic development. In South Africa, the global financial crisis still lingers as the country has failed to achieve consistent economic growth since 2008.

Table 1. Youth Unemployment in Selected African Countries

Country	Unemployment rate	Reference
Cape Verde	28.37 %	Dec/20
Rwanda	28.4 %	May/22
Morocco	30.2 %	Jun/22
Namibia	46.1 %	Dec/18
Nigeria	53.4 %	Dec/20
Angola	56.7 %	Jun/22
South Africa	61.4 %	Jun/22

Source: Trading Economics (2022)

Table 1 displays the current youth unemployment rate recorded in African countries, as seen in the table. South Africa, Nigeria, Angola, and Namibia have the highest youth unemployment rates (Trading Economics, 2022). According to Posel, Oyenuhim, & Kollamparambil (2021), even before the COVID-19 pandemic, unemployment – particularly among South African youth – was a serious dilemma. Youth unemployment is one of South Africa's most intractable challenges, and the lack of actionable solutions threatens to undermine the country's envisioned National Development Plan, which speaks to inclusive development.

The youth unemployment dilemma is detrimental in several ways, most notably because it feeds into increasing crime rates as youth seek ways to make a living. The authors contend that the government has run out of ideas to address the problem of youth unemployment. Driving this failure is poor economic growth which has reduced government finances albeit a decrease in taxable income. However, the government has communicated that entrepreneurship is critical for youth development. The thinking is if the government can invest in entrepreneurial projects that entice the youth to participate, it can address the issue of youth unemployment. In support, Chigunta (2017) indicated that governments in Africa are encouraging entrepreneurship to address the employment issues that young people experience since they cannot support labor markets where there is regular or stable work in the official sector. For some young people, entrepreneurship offers a road out of poverty and protection against extreme poverty. De Gobbi (2014) concludes that investment in African youth entrepreneurship is unquestionably a viable answer to unemployment.

While this paper supports the above assertion, it ponders how the government will implement such projects and how the government will ensure such projects are free of corruption. The government has argued that the local government sector (local municipalities) is vital; they ought to be custodians in driving youth entrepreneurship by investing and establishing local economic development projects to consolidate the spirit of entrepreneurship. But the question is, can local government, characterized by maladministration and corruption, undertake this mammoth task?

According to the Department of Cooperative Governance, 64 municipalities were dysfunctional in 2021. This dysfunction stems from bad governance, insufficient institutional capability, poor financial management, corruption, and political instability. Furthermore, the Auditor General (2022) reported that eight municipalities were under administration or provincial intervention in June 2017. By June 2021, 23 municipalities were under management or state intervention, with the number rising to 33 by February 2022 (Auditor General, 2022).

This indicates that governance processes in local municipalities have deteriorated to such an extent that national and provincial governments have had to intervene to restore good governance, financial management, and professionalism. The national government designates an administrator/s to manage and oversee the day-to-day operations of these municipalities, thus indicating a lack of capacity for local governments to function independently as sustainable entities.

Stoddard (2021) notes that the official unemployment rate in South Africa went from 32.5% in the fourth quarter (Q4) of 2020 to 32.6% in the first quarter of 2021, setting a record since the Quarterly Labour Force Survey (QLFS) was introduced in 2008. South Africa has one of the world's highest rates of young unemployment, with 58% of 15 to 24-year-olds not in work, education, or training. While the government observes entrepreneurship as key to addressing youth unemployment and has mandated local governments to drive this initiative, this paper seeks to comprehend how local government (currently in disarray) will achieve this task. How will the local government sector ensure that entrepreneurial projects aimed at addressing youth unemployment are not tainted by corruption and political interference? The authors contend that while the local government sector can play a role in addressing youth unemployment, considerable challenges need to be addressed. The following questions guide this paper; can local government be a catalyst for addressing youth unemployment through entrepreneurial development? What challenges hinder South Africa from consolidating youth entrepreneurship, and to what extent can youth entrepreneurship contribute to inclusive socio-economic development in South Africa?

LITERATURE REVIEW

A study titled "An investigation into the obstacles to youth entrepreneurship in South Africa" by Fatoki and Chindoga (2011) revealed that many youths in South Africa are eager to become entrepreneurs and contribute to economic development. Even though such sentiments existed, the youth felt there was little support from the local government sector despite the economic benefit of entrepreneurship especially considering the youth unemployment rate in South Africa, which stood at 46.3% in the first quarter of 2021 (youth aged 15 to 34). This paper employs the Economic Theory of Entrepreneurship. The theory was the work of G.F. Papanek (1962) and J.R. Harris (1970), who argued that people were only driven to become entrepreneurs because of financial incentives. In essence, an individual's inner drive and the anticipated financial rewards significantly impact how they build entrepreneurial abilities. Studies (Littlewood & Holt, 2018; Francke & Alexander, 2019; Kerrin, Mamabolo & Kele, 2017) agree that in South Africa, the main aim behind establishing entrepreneurial ventures was to maximize income and contribute towards innovation and local economic development. However, the theory also assumes that economic growth and entrepreneurship development occur anytime specific economic conditions are favorable. With this context, this paper argues that while the youth are eager to become entrepreneurs, mandating the local government sector to create opportunities for youth entrepreneurship is misplaced as it does not consider the current state of the local government sector. Echoing this, Mbandlwa and Fagbadebo (2020) declare that ever since the financial crisis of 2007–2008, the local government sector in South Africa has gone from bad to worse. Corruption, political interference, and wasteful expenditures have become synonymous with describing the current state of local government in South Africa.

Therefore, while incentives are at the center of one engaging in entrepreneurial activities, youth entrepreneurship is unlikely to flourish without a conducive environment for business development. As argued above, the youth are motivated and eager to become entrepreneurs. In response to this eagerness, the South African government has mandated local governments to be the drivers of promoting youth involvement in entrepreneurial projects. However, this paper argues that it will be difficult, if not impossible, for local government to achieve this mandate as an array of challenges compounds the local government sector. While this paper supports the assumptions of the economic theory, it argues local government cannot undertake this mandate alone and ought to be supported by the national government to ensure youth entrepreneurship at a local government level becomes achievable. Involving the national government would ensure that local government is supported in terms of policy, eradicating corruption and maladministration, and promoting accountability and transparency, all of which are key elements in ensuring an effective and well-functioning local government sector. Entrenching such elements would ensure local governments can drive projects to promote youth entrepreneurship, thus guaranteeing the youth play a positive role in local economic development. Hence this paper notes that the prospects of generating incentives from one's entrepreneurial activities may motivate one to involve themselves in entrepreneurial activities. However, a degrading local government sector coupled with an unfavorable business environment defeats the purpose of mandating the local government sector to be the driver of promoting youth entrepreneurship.

RESEARCH METHOD

This paper employed a qualitative research approach. This paper reviewed the literature to broaden further the understanding of the challenges of youth unemployment and how or what role can be played by the local government sector in its quest to address this problem. Furthermore, many studies have been undertaken to understand the implications of the increasing youth unemployment rate in South Africa. Such studies have focused on youth unemployment and its relation to increasing crime rates. Additionally, local government has been touted as a key to addressing youth unemployment. However, their dysfunctional state has also raised concerns about its potential success in fulfilling this issue. Therefore, there is ample literature from which the paper will draw its arguments, hence the justification for employing this research approach. The paper will have sufficient information to explore and draw conclusions from.

Table 2. Article inclusion and exclusion criteria

Criteria	Inclusion	Exclusion
Date of publication	Articles published from 2007 to 2022 (before publication)	Articles that included youth entrepreneurship, local government, and any topic not related to youth entrepreneurship before 2007
Article type	Original research articles/ empirical articles and reviews	Conference articles
Language	English articles	Other language articles
Articles relevance	Articles including:	Articles not relevant to the research topic in question for this study.

Criteria	Inclusion	Exclusion
	<ol style="list-style-type: none"> 1. Youth entrepreneurship 2. Entrepreneurship and economic development 3. Entrepreneurship <p>Or articles including any of the above components on challenges surrounding youth entrepreneurship from a local government perspective.</p>	

Table 2 shows the article inclusion and exclusion criteria for the studies included in the literature survey. This study followed the set inclusion criteria (see table 3). Articles that did not meet the specified criteria were then excluded. Moreover, the study strictly followed the set inclusion and exclusion criteria of articles (Snyder, 2019). In the process, scientific databases were used to retrieve the articles. Databases such as google scholar, web of science, published reports, science direct, EBSCOHost, and other available reports were consulted. In doing so, relevant keywords such as “youth entrepreneurship,” “youth entrepreneurship challenges,” “youth entrepreneurship at local government,” and “youth unemployment.” Thus, enabling the study to identify and provide new and future research directions on how youth entrepreneurship can be encouraged from a local government perspective and eradicate the scourge of unemployment amongst the youth.

FINDINGS AND DISCUSSION

The concept of Entrepreneurship

Over the years, much attention has been given to the concept of entrepreneurship and its importance, especially in energizing economies all around the globe. Interestingly, defining the concept of entrepreneurship has often confounded academics (Cunningham & Lischeron, 1991). Moreover, entrepreneurship has been defined and deliberated from various schools of thought. Since there is no absolute definition of entrepreneurship, some scholars have defined it from an economic point of view and others through individual traits (Stevenson, 1983). At the same time, others view it from psychological, sociological, economic development, venture capital, and education (Kent et al., 1982). However, due to the lack of a universal definition of entrepreneurship, Gartner (1988), as cited by Gutterman (2014), argued that whether entrepreneurship is defined or studied from a psychological, social, economic, or demographic context; all initiate the definition from the notion of creating new organizations.

With vast literature defining the concept of entrepreneurship, the notable definition for *entrepreneurship* was that of Schumpeter (2000), who defined entrepreneurship as the process that combines innovation and invention. In other entrepreneurship concepts, Botha and Musengi (2012: Pp.195) described *entrepreneurship* as “a process of creating and building something of value from practically nothing, amid uncertainty and risk, and having the determination to succeed at all costs.” With the entrepreneurship concept being defined from various standpoints, it is worth noting that

there are commonalities observed within the different definitions. Firstly, the process entails creating, inventing, or energizing existing concepts. Secondly, such creations result from various schools of thought that drive the entrepreneurship process. Thirdly, Drucker (1985), as cited by Gedeon (2010), assumes that entrepreneurship also involves opportunity identification and risk.

Entrepreneurship and economic development in South Africa

According to CALED (2020), economic development, like entrepreneurship, is understood from many contexts. However, within the context of this paper, economic development can be derived as the effort by local governments to champion their influence and efficiently utilize limited resources to uplift local economies, improving the quality of life for citizens (CALED, 2020). Moreover, CALED (2020) posits that economic development can be achieved by adopting either of three approaches: enhancing existing businesses, attracting new businesses, and encouraging new business growth. Hence for this paper, local government also has a central role in catalyzing youth entrepreneurship toward solving the unemployment problem in South Africa.

Sergi et al. (2019), in their study of entrepreneurship and economic growth: experiences of developed and developing countries, shed light on the local government's role in motivating entrepreneurship within the local government context. This is proposed by creating local economic clusters as a local economic development strategy, in the process, involving local authorities in identifying lucrative markets that are of particular interest in that regional cluster (Meyer & de Jongh, 2018; Qian, 2018; Sergi et al., 2019), thus, creating and energizing local markets. In the process of encouraging entrepreneurship from a local perspective and supporting youth entrepreneurship, it is worth noting that localized interventions have, over the years, been underutilized as a potential tool for promoting entrepreneurship and achieving localized economic development (Huang & Liu, 2019; Meyer & de Jongh, 2018). Hence there is a need to create an enabling environment for entrepreneurship to achieve localized economic development, somehow as a solution to youth unemployment in South Africa. Hence, it is vital to explore alternative measures that policymakers can undertake concerning the need to consolidate economic development, primarily to ensure that youth are central to economic development.

Adusei (2016), in his study, inquired whether entrepreneurship does promote growth in African countries. The study found that entrepreneurship makes provision for economic development. Hence, the policy of developed countries actively endorses entrepreneurship as a foundation for prosperity in their economies, with entrepreneurship central to creating employment opportunities (Obaji & Olugu, 2014). On the contrary, to achieve economic development, often, governments focus on other policy behaviors, i.e., infrastructure development and financial and fiscal policy programs (Obaji & Olugu, 2014). However, in contradiction, an earlier study by Leff (1979) cautioned against the over-emphasis on entrepreneurship alone as a source of economic development. Leff argued for the need to ensure the diversification of processes that can lead to economic and youth development. However, Leff (1979) also classified and advocated for economic development in developing countries from an economists' view of oligopoly theory and monopoly theory for state-owned enterprises (SOEs), thus, disregarding entrepreneurship as a tool for economic development.

Youth development through entrepreneurship in South Africa

Global outlook

Kasim et al. (2014) highlighted the global problems faced by the youth; substance abuse, violence, crime, HIV/AIDS, sexual issues, education, and training have been the primary issues faced by the youth. Most of the challenges above arise from unemployment. Hence, in fighting unemployment, a study by Hanappi (2015) acknowledged that since 1974, entrepreneurship has been on a downward spiral in the EU. This has been associated with unpredictable entrepreneurship policies (Hanappi, 2015), thus, needing result-driven policies that address country-specific youth developmental needs and initiatives (Göçer & Erdal, 2015). Meanwhile, in Asia, a study by Rahman et al. (2021) highlighted the unemployment rate in Bangladesh as being catalyzed by the poor rate of investment in education by the government (where only 2% of the government budget is spent on funding education). Disabling the education system in creating much-needed human capabilities will not enable innovation among its youth, thus compounding one's development (Rahman et al., 2021). While numerous youth development programs exist in the Americas (a landmass that includes all of North and South America and makes up the New World), many young people still cannot access them. As a result, those who lack access are more likely to suffer adverse life outcomes regarding their health, finances, and social standing (Arnold, 2020). In Africa, a study by Brixiová et al. (2015) conducted in Swaziland found that youth lacked training more than adults, which hindered their development and entrepreneurial success.

South African outlook

According to Stats SA's (2021) first-quarter statistics, 59,5% of youth in South Africa were unemployed. The ILO (2020), in their quarterly labor force survey, ascertained that 59.4% of the youth between the ages of 15 - 24 were unemployed in South Africa. Moreover, shockingly, it is further reported that graduates also feel the brunt of unemployment (Stats SA, 2021).

Table 3. Unemployment in South Africa between the age groups of 15-24

Year	%	Year	%
1999	53.22	2000	53.28
2001	55.7	2002	59.95
2003	61.04	2004	56.34
2005	55.94	2006	54.7
2007	52.62	2008	44.83
2009	47.59	2010	50.52
2011	49.79	2012	51.39
2013	51.31	2014	51.34
2015	50.31	2016	53.63
2017	53.53	2018	53.77
2019	57.47	2020	63.2
2021	66.4 (SQ)*		

Source: O'Neill, (2021); Stoddard, (2021).

* Second Quarter

Other issues that compound South African youth are persistent economic deterioration, imbalanced family structures, and the legacies of the apartheid era (Chigunta, 2017; Schwartz et al., 2017). Thus, the issue of youth entrepreneurship in South Africa requires solutions from a government perspective. Notwithstanding the South African government's efforts to support youth entrepreneurship as a basis for youth development, Sambo (2016) argues that the communication barrier between youth and government, lengthy bureaucratic processes, corruption, and an unfavorable economic environment are some of the barriers hindering a holistic approach to youth development at a local government level.

Consolidating entrepreneurship in Local government and its challenges

In South Africa, local governments have a constitutional mandate to support local economic development (LED), or economic growth, in the regions within their jurisdiction. The government plays a crucial role in selecting attractive development areas and directly promoting local business possibilities and activities via entrepreneurship due to the increased focus on LED (Urban, 2015 & Urban & Nkhumishe, 2019). It has become challenging to consolidate entrepreneurship in Local Government (LG) (Meynhardt & Diefenbach, 2012). The authors observed how local government has shifted from a historically bureaucratic, supply-led culture to a more flexible, customer-oriented culture, which is challenging for most public sector organizations given the profoundly ingrained philosophical beliefs surrounding local municipalities (Meynhardt & Diefenbach, 2012). At the same time, a lack of necessary managerial expertise and an apparent misperception of what it takes to be entrepreneurial further aggravates the lack of entrepreneurship in the public and local government sectors (Mack et al., 2008, cited in Urban & Nkhumishe, 2019).

The level of youth entrepreneurship remains insufficient despite several government-led initiatives, particularly in township districts. James (2012) contends that to combat the nation's high unemployment rate, it may be necessary to support young entrepreneurs. Nafukho and Muyia (2010:100) assert that investing in entrepreneurial education and training is crucial since it may develop the much-needed human resources and support socio-economic growth. Although the involvement of local government in youth entrepreneurship should be prioritized, national and international policies fostering youth entrepreneurship are essential. The national government should champion initiatives to ensure local government is at the forefront of youth and inclusive development. The local government sector faces challenges in consolidating entrepreneurship as a driver for youth development, most notably ensuring the youth's participation and interest in partaking in entrepreneurial initiatives established by local government and removing the widespread notion that the local government sector is corrupt. The local government sector can play a critical role in addressing youth unemployment. However, there are considerable challenges that need to be addressed. While the government has argued for entrepreneurship to be at the center of addressing youth-related challenges, the inaccessibility of youth entrepreneurship support institutions is another issue that acts as a barrier to the consolidation of entrepreneurship in local government. According to Arogundade (2011), entrepreneurial education and training include self-reliance ideologies such as creating a new, productive environment and encouraging new mindsets and cultures to overcome challenges in the future. Several African nations have identified entrepreneurship as an integral approach to addressing the problem of unemployment, particularly among young people (Nafukho & Muyia, 2010, p. 100). Ogundele (2007) asserts that

supporting and expanding entrepreneurial endeavors would spread and diversify economic activity and spur national development. Numerous studies on entrepreneurship concentrate on how it contributes to resource allocation, job creation, innovation, and sustainable economic development. However, they pay little attention to how entrepreneurship education and training can help reduce poverty, particularly in the South African local government sector. The rising unemployment rate significantly influences the growth of the informal sector; as a result, people have been forced to develop informal businesses to fill the gap left by the lack of work opportunities in the formal economy. In emerging nations like South Africa, where historically poor populations were left behind and unable to engage in the formal economy, the informal sector serves as a bridge to economic independence.

The local government remains an important sector contributing towards realizing South Africa's socio-economic objectives. South Africa strives (through the national development plan) to have a vibrant and well-functioning local government sector that can reduce unemployment, poverty, and inequality (Zwane, Radebe & Mlambo, 2021). As such, immediately after the 1994 political transition in the country, the government argued for the need to consolidate entrepreneurship as a catalyst in addressing South Africa's past injustices (Geitlinger, 2016), more importantly, addressing youth unemployment and other social ills. However, South Africa is not the only country to see youth entrepreneurship as key to its development. Li & Matlay (2006) note that local government institutions in China have long been regarded as one of the main drivers of China's economic growth. The need to accelerate local economic development through entrepreneurship in China saw the Chinese Communist Party (CPC at the 19th National Congress pledge to support and encourage employment and business start-ups in rural areas and ensure stability and growth of local government and youth employment (Quan & Qingqing, 2018). In Vietnam, the local government plays a vital role in conjunction with the national government. A report revealed that over 23 million (25 percent) of the population are youth aged 16 to 30. Of them, 43 percent want to become entrepreneurs (Vietnam Investment Review, 2022). However, the United Nations Development Programme (2020) noted that despite Vietnam undergoing a shift from a factor-driven to an efficiency-driven economy, the country is facing many challenges which threaten the country's continued development, including income inequality, climate change, and rapid urbanization. These challenges have consolidated the need for local government to be at the forefront of youth entrepreneurship development to capacitate the youth in terms of skills development and innovation, thus consolidating economic development. Dash & Kaur (2012) argue that while entrepreneurship plays a role in a country's socio-economic development, there has been the perception that the concepts of entrepreneurship and youth entrepreneurship are interchangeable.

Youth entrepreneurship remains somewhat unaddressed in many countries, while considerable attention has been made to entrepreneurship in general. In the Organisation for Economic Co-operation and Development countries, Hofer & Delaney (2010) assert that promoting youth entrepreneurship has become an area of growing policy interest all over OECD countries and beyond and that local government needs to be ready to implement and monitor policies that are geared towards capitating youth involvement in entrepreneurship. In the EU, youth entrepreneurship is high on the EU political agenda as a tool to combat youth unemployment (European Training Foundation, 2014), and EU countries counties together to work with young

leaders to ensure the development and access to development opportunities, ensure young potential entrepreneurs are exposed to career guidance and to support quality internships/apprenticeships. In South Africa, while the government notes the importance of youth entrepreneurial development and its role, business regulations and other infrastructural concerns play an immensely influential role in youth entrepreneurship, both positively and negatively. For example, bureaucratic processes relating to business registration are seen as a barrier to consolidating youth entrepreneurship at the local government level, while incentives, on the other hand, help boost partnership opportunities for young entrepreneurs.

In Nigeria, Ajao & Busari (2019) found that with consistent support, entrepreneurship has contributed significantly to Yewa South Local Government indigenes' standard of living and reduced unemployment and poverty rates. However, there was a strong need for further project development and the need to entice young people into the entrepreneurial space further. Another study in Abakaliki local government area of Ebonyi state revealed that when promoted, youth entrepreneurship is a possible solution to unemployment, poverty, and crime in the society and the most effective means for attaining economic growth (Friday, Eze & Mbam, 2019). Nevertheless, strong local government policies are needed to ensure the success of government-supported youth entrepreneurial projects. In Lusaka's Kamwala Trading Area, Mtonga (2019) found that entrepreneurship was vital in reducing unemployment.

Moreover, youth entrepreneurs had access to loans and trading space as support from the government. While this was important, the registration process, competition, and high-interest rates on loans were some of the challenges associated with government support. The challenge of consolidating youth entrepreneurship in South Africa at a local government level is confronted by challenges that require urgent addressing. For example, on one side, there is the youth with the ideas and energy to partake in local entrepreneurial projects. However, on the other hand, you have a local government sector characterized by corruption and poor service delivery. This then makes it impossible to consolidate local socio-economic development through youth entrepreneurship.

The state of local government in South Africa and consolidating youth entrepreneurship

The Minister of Cooperative Governance and Traditional Affairs, Dr. Zweli Mkhize, recently painted a bleak picture of the state of local government. The minister claims 87 municipalities, or around one-third of South Africa's 257, are still inefficient or in trouble. This dysfunctionality was caused by mismanagement due to political unrest or interference, corruption, and incompetence. This led to poor service delivery in rural regions, extending periods of underdevelopment and limited access to essential services (Brand, 2018). While this paper presents the argument that local governments must play a significant role in fostering young entrepreneurship, it is impossible to overlook the devastating condition in which the local government sector currently finds itself. The statistic supported this claim that corruption in municipalities has grown by 50% in recent years (Accram, 2021). Corruption cases in the Eastern Cape, Free State, KwaZulu-Natal, and Western Cape climbed by 50% over the previous year, according to the research "South Africa Needs Clean Hands. The local government sector in South Africa is also at risk of collapse, according to Dlamini (2021), and immediate political and administrative action is needed to confront the widespread corruption and increasing rates of irregular expenditures. There appears to be a persistent lack of leadership and policy support in the local government sector, which has been made worse by a dearth of

qualified employees who have the necessary abilities to ensure the sector's efficient operation. Despite years of reporting flaws and making suggestions, the Auditor-General (AG) voiced concern that municipalities had not mastered the foundations of financial reporting, with only 28% able to produce appropriate financial statements for audit purposes in the 2019/2020 financial year. Municipalities in South Africa were losing billions of rands via unauthorized spending, and 64% failed to keep acceptable records, hired consultants late, or managed their work efficiently to take advantage of their hiring, essentially outsourcing their duties (Mail and Guardian, 2021).

Felix (2021) revealed R26 billion in unlawful expenditure at municipalities in the 2019–20 fiscal year, emphasizing the demise of the local government sector in South Africa and indicating that local government finances were under strain. The auditor general also disclosed that just 27 of the country's 257 municipalities had gotten clean audits. Finally, just over a quarter of municipalities' financial situation is such that they will be unable to meet their obligations. Furthermore, half of the municipalities show signs of severe financial distress, such as minimal debt collection, operational losses, and inability to pay creditors. The local government loses billions of rands each year due to interest and penalties, which account for a significant chunk of the R3.47 billion in pointless and wasteful spending reported in 2019-20 (Karim, 2021). With the above, it is essential to note that while this paper argues for the consolidation of youth entrepreneurship programs at a local government level, one cannot ignore the fact that the local government sector in South Africa is greatly challenged. Hence there is a need to question whether the local government has the capacity and resources to undertake this vital role. In essence, while the authors support the notion of local government being the custodian of youth entrepreneurship development, it can be argued that local government in South Africa currently cannot undertake this role based on the plethora of challenges currently engulfing the sector. While youth entrepreneurship is key to South Africa's socio-economic development, it cannot succeed without sufficient and consistent support from the national government.

CONCLUSION

It is impossible to be ignorant of the problems the local government sector in South Africa is facing. The National Development Plan (NDP) (2030) of South Africa intends to end poverty and lessen inequality. The plan states that South Africa can accomplish these goals by using the energy of its people, creating an inclusive economy, building capacity, enhancing the state's capability, and encouraging leadership and collaboration across society. However, this paper contends that South Africa's chances of reaching such goals are slim if the country fails to confront the pandemic of corruption in the local government sector. South Africa's unemployment rate has been described as a "catastrophe." While the government has emphasized the importance of reducing youth unemployment, assigning responsibility to local governments is pointless because the sector is experiencing internal issues that have hampered its efficient operation.

While this paper highlighted many conclusions about challenges facing youth entrepreneurship from a local government perspective, the paper emerged with the following notable recommendations for addressing challenges facing youth entrepreneurship. Firstly, stringent actions should be consolidated towards eradicating challenges that hinder the proper functioning of local governments in South Africa; issues such as corruption and mismanagement of budgets meant for assisting citizens. Secondly, the national government should support local

governments in implementing and monitoring youth development projects. Thirdly, local government should establish proper communication channels with the youth to ensure that the youth are aware of any entrepreneurial opportunities available for development. This paper supports the potential role that local government can play in creating and promoting an enabling environment for youth entrepreneurship and eradicating unemployment. As a result, the authors advocate the need for the government to urgently pay attention to local government as a vehicle for solving the issue of youth unemployment, with attention, personnel, and resources deployed in the local government sphere.

LIMITATION & FURTHER RESEARCH

Despite carefully reviewing existing literature and other published sources, the authors note a few considerable limitations encountered in this paper. Firstly, the authors relied on previously published works. Hence, caution shall be considered when generalizing the findings and conclusion of this paper. Moreover, youth entrepreneurship challenges can differ from region to region (Meyer & de Jongh, 2018; Qian, 2018; Sergi et al., 2019). Moreover, this paper holistically focused on and viewed challenges facing youth entrepreneurship from a South African perspective. Finally, it would also be interesting to study longitudinally specific challenges that hinder youth entrepreneurship in already established youth-owned enterprises. This might allow the analysis of how these challenges shape over a certain period.

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