

The biggest challenges facing South African tech hubs

The UK-South Africa Tech Hub, a UK government initiative delivered by the British High Commission, has conducted [research](#) into the challenges and needs of tech-focused entrepreneur support groups accross South Africa. The research revealed that funding security, under-staffing, and a lack of local specialised skills are the biggest challenges faced by these organisations.



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45% of hubs saw a drop in revenue in 2020, 55% of respondents identified under-staffing as a key challenge, and 36% of respondents said that incorrectly skilled staff is a key challenge. Recruiting women entrepreneurs for programmes remains a common challenge.

The research consisted of a survey involving organisations from six provinces that are running physical, tech-focused entrepreneurship hubs in Durban, Gqeberha, Mahikeng, Pretoria, Kimberley and Polokwane; as well as satellite hubs in surrounding townships and peri-urban areas.

Hubs in the well-researched cities of Cape Town and Johannesburg were excluded from the research. These hubs provide programmatic training, mentorship, business services and facilities for local entrepreneurs.

The UK-South Africa Tech Hub said the following about the research:

Despite the challenges, these hubs play a crucial role in developing local economies, and especially engaging local youth and women in entrepreneurial activities. The respondent hubs have collectively supported 2000 South Africans entrepreneurs over their lifetime, mostly youth entrepreneurs and at least 50% women at the idea- to early-stage.

With youth unemployment recorded at 56% in 2020, and expected to rise due to the crippling impact of Covid-19 on local economies, entrepreneurship is a crucial step for young South Africans.



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Shirley Gilbey, director of the UK-South Africa Tech Hub, said: “We wanted to better understand what these hubs were doing, and how we can strengthen their activities with entrepreneurs. Through our Launch League Hubs initiative, we aim to connect and capacitate digitally-focused entrepreneur support organisations to allow them to build more inclusive and vibrant local ecosystems.”

“Although youth unemployment is unfathomably high, 82% of South Africans now view entrepreneurship as a viable career choice. Our intention with these projects is to bolster existing efforts by hubs to support young South African entrepreneurs to launch a business and change their future,” says Gilbey.

New hubs opening since 2019

Following President Cyril Ramaphosa’s commitment to the expansion of government-funded technology business incubators in 2019 as a response to the 4th Industrial Revolution, many new hubs have been opened. These hubs have continued to support entrepreneurs throughout the lockdown, despite major barriers in terms of entrepreneur digital access, said the UK-South Africa Tech Hub.

Yet, the South African hub community remains largely disconnected, with few opportunities to share and learn collectively. There is still a great need for further private and public financial and non-financial support for these crucial organisations. 73% of the hubs surveyed feel that there is not enough support for entrepreneurs in their area, and 55% feel that there is not enough support for their hub from local ecosystem actors.

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