

A solution to economic growth? Try circular economies

By [Hermann Erdmann](#)

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According to the *Global Entrepreneurship Monitor (GEM) 2015-2016 report*, South Africa has been rated as one of the worst-performing African countries in terms of entrepreneurship. The report shows that 73% of adults in SA see entrepreneurship as a good career choice and about 45% of the working-age population feel they have the ability to start a business - yet only 9.2% become entrepreneurs.



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Entrepreneurship should be seen as a lifeline to unlock growth potential in South Africa while boosting the economy. Entrepreneurs create and bring to life new technologies, products and services, building new markets and jobs along the way. And like any economy aiming to move ahead, in South Africa we need lots of them.

While South Africa continues to be seen as a hub for economic growth and empowerment, there do however remain critical challenges, in particular the need to create a significant number of jobs for the growing population, as well as developing home-grown business leaders able to access global markets and drive growth in a sustainable and inclusive manner.

Waste as an opportunity

Transforming ideas into economic opportunities is the crux of entrepreneurship and at REDISA we recognise the possibilities which lie in circular economies specifically, for all those willing to look at waste not as waste, but as an opportunity.

The current levels of production and consumption are no longer sustainable. It is anticipated that by 2030, the world's population could sit at nine billion, with an additional three billion new middle-class consumers over and above today's 1.8-billion.

Expanding supply of consumer goods and services to meet this future demand presents a great challenge, but one that a circular economy model is capable of meeting – particularly if it is implemented within every country, region and community.

The World Economic Forum estimates the circular economy could be worth \$1tn worldwide by 2025. This would mean that doing more with less would bring more wealth and jobs, and less landfill, resource depletion and environmental damage. Currently, there are only a few countries which are experimenting with more circular thinking – these include the United Kingdom, the Netherlands, France, China, Japan and South Africa. The promise of circular economy initiatives is that they will provide brand new business needs which will simultaneously address resource and environmental challenges, and generate economic activity to fund those needs.

Entrepreneurship contributes to productivity

Entrepreneurship is acknowledged as one of the drivers of sustainable economic growth because entrepreneurs create new businesses, drive and shape innovation, speed up structural changes in the economy, and introduce new competition – thereby contributing to productivity.

The circular economy focuses on creating and promoting new business opportunities that entail entrepreneurship and eco-innovation, with the aim of waste being fed back into the production process as raw material.

I believe that entrepreneurs will be the key actors responsible for leading the transition to a circular economy business model and closing the loop on dwindling resources. Essentially this is what we need to be focusing on: pairing both entrepreneurial spirit and concerted effort to find solutions to the many challenges and problems that we face as a country and a continent.

ABOUT HERMANN ERDMANN

Hermann Erdman is CEO at REDISA (Recycling and Economic Development Initiative of South Africa). An entrepreneur and businessman, Erdmann has extensive experience in the manufacturing and retail sectors having served on a number of industry-related boards. His interest in environmental sustainability, transformation and empowerment of the previously disadvantaged resulted in the establishment of REDISA, and the development of the first approved Industry Waste Management Plan.

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