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## **10. WOMEN AND ENTREPRENEURSHIP DEVELOPMENT – THE CASE OF SOUTH AFRICA**

### INTRODUCTION AND BACKGROUND

Women entrepreneurs in developed countries enjoy an advantage over those in developing countries in that they have access to greater support from women mentors and role models and easier access to formal training in the principles of business planning and organisation. Furthermore, access to capital and the acceptance of women as business owners and women in the workplace has dramatically improved. Where women in developed countries do face obstacles, these are societal and based on old norms. Women entrepreneurs are a driving force in today's modern economy. They shape and redefine the workplace, business networks, financial institutions and culture. There are a number of initiatives designed to motivate women entrepreneurs. Studies show that the experience of women in business is different from those of men. There are profound gender differences in both women's experiences of business ownership, and the performance of women-owned firms (DTI, 2005).

Most of the research on women entrepreneurs, limited largely to women in developed countries, has tended to concentrate on unique aspects of the entrepreneurship of women. The studies understanding the different goals that women have for entrepreneurship in the global context, and the relationship between these goals and the structural factors that influence women's entrepreneurship, will be of great help to researchers, planners, as well as practitioners working to promote women entrepreneurs in developing countries, especially on the African continent. This understanding can lead to the development of an "African paradigm", more finely tuned policies and programmes of support for women entrepreneurs (DTI, 2005).

Our clear understanding of the full range of indigenous women's entrepreneurial activities in Africa, from small-scale trade in the informal sector to large-scale enterprises, will enable us to put the importance of African women entrepreneurs to economic growth on the agenda of international development agencies, as well as African governments.

Women entrepreneurs in South Africa remain on the periphery of the national economy. The concentration of activities of women in business is located in the areas of crafts, hawking, personal services and the retail sector. There are low participation levels of women entrepreneurs in value-adding business opportunities. Some of

the chief barriers to promoting women in business include cultural and societal problems, the psychological impact of cultural norms, employment legislation and policy, lack of information, training, finance, markets, technology and business infrastructure, absence of vehicles for skills development and capacity building, fragmented approaches to identifying issues and developing strategy to influence policy affecting business and government interventions.

Accordingly, more and more women are taking the route to informal sector entrepreneurship. The low absorption capacity of the formal economy has forced people to adopt diverse income-generating strategies. These strategies, aimed at ensuring “sustainable livelihoods”, have mostly been only successful for households that possess labour, human capital, productive assets and social capital. The study shows that income sources vary significantly between households in formal housing, informal settlements and backyard shacks. The livelihood strategies of the poor and ultra poor are considerably more varied than those of others.

As we know, economic growth is an essential pillar in the development process. It addresses the serious problems like unemployment, gender equality and poverty worldwide. Due to lack of proper financial and infrastructural support in granting loans, integrated support systems, increased accessibility to finance, job creation and poverty reduction strategies, South Africa will not achieve a 6 percent economic growth 2020. Small business-enterprises (SBE's) development was identified by the government as a priority in creating jobs to solve the high unemployment rate in South Africa and therefore the Small Business Act was introduced in 1996.

The emphasis of the government's strategy was primarily on the development of in previously disadvantaged communities especially women. Moreover, the informal sector contains a large number of the entrepreneurs although many traders enter the informal sector to survive, they become and seek to remain, self-employed entrepreneurs (Anderson et al., 2007). It has been argued that the high unemployment in South Africa can, axiomatically be ascribed to slow economic growth rates and relatively low labour-intensity of economic growth (Department of Trade and Industry (DTI) report, 2005).

The complexity around this issue emanates from the multiple effects of apartheid's exclusion and discouragement of entrepreneurship culture among black women which have led to a lack of positive outlook towards entrepreneurship in South Africa (Ozoemena, 2010). It is to note that about 59.3 percent of poor individuals are rural dwellers and the highest prevalence of poor rural dwellers is found in the female population between the ages of 25–49. 45 percent of the female headed micro and small enterprise were home-based as compared to only 19 percent of the male headed Small Business Enterprises in South Africa. According to the Human Development Report (2011) women are said to be the largest single self-employed segment of the population. With this understanding, the consensus around the Beijing Platform for Action was endorsed by 189 governments and leaders of key international institutions at the United Nations (UN) International Conference on Women in 1995 held in Beijing. The centrality of gender equality was regarded

as one of the prerequisites for poverty reduction and further recognized a set of time-bound and measurable goals, which is now called Millennium Development Goals (MDG's). MDG's were aimed at halving poverty and hunger, improving environmental sustainability, achieving gender equality and women's empowerment.

#### *Statement of the Problem*

South Africa has been characterised as a diverse society with great disparities between the rich and the poor (Republic of South Africa, 2006). Whilst agriculture is the cornerstone of South African economy (Republic of South Africa, 2007), some 70 percent of South Africans are the poor and under privileged who either live in shacks near cities or in rural settlements (Republic of South Africa, 2007). According to the former President of South Africa, Thabo Mbeki (2001), agriculture is a key contributor to South Africa's economy. He states that the agricultural sector's importance lies in its potential to provide significant contribution to economic development through job creation, assisting with poverty alleviation and economic foreign exchange earnings. South African women have been previously marginalised even though their contribution towards economic growth vital. This inherent nature coupled with development of gold mines in the cities resulted with men migrating to cities. Women in rural areas were therefore left unemployed and resorted to agriculture as a business to sustain their families. South Africa needs to encourage women owned small business enterprises in agriculture which will eventually create jobs, contributes to innovations, stimulate economic growth, alleviate poverty and ultimately reduce the crime rate. This will be in line with MDG's.

However, women-owned enterprises have their fair share of challenges and constraints that need to be addressed and specific needs that have to be identified to help them perform on par, if not better, than their male counterparts.

According to Department of Trade and Industry (2005) the key issues facing new and growing women-owned small business enterprises this includes amongst other things: access to capital, access to information and access to networks. Women business owners also experience financing and the effort to balance work and family as their most difficult task (DTI Report, 2005). Females are mostly involved in sole-proprietorship businesses, which are very small firms and as such may lack the necessary collateral to qualify for loans. Women generally lack the necessary natural resources for starting and developing their own businesses such as land and water. Resources critical for success is the assets that women bring with them to the entrepreneurial process in the form of human capital (formal and occupational experiences) and the entrepreneur's ability to access resources in the environment (e.g. capital, suppliers, customers). Human capital is derived through investment in education and training. Research supported the theory that women have been impeded from acquiring adequate levels of human capital because of social and cultural forces. Socio-cultural constraints have limited women's access to a meaningful

business experience and led to careers interrupted by family obligations. They have less human capital for the management and development of their businesses.

Demands on human capital, in terms of education and experience are specific to the nature of the entrepreneurial venture hence vary between industries. The lack of management skills and low levels of management training are issues facing women's entrepreneurial ventures (Andersson et al., 2007).

The narrowing of the gap between the growth in women entrepreneurship and the contextual reality is contingent on skills training and tertiary education; removal of hidden and subtle gender discrimination; change in existing prejudices and stereotypes regarding the role of women in a male-dominated economy; the demand for socio-economic rights and policy advocacy. The paper aimed to determine factors that motivate women into entrepreneurship; to find out factors that affect growth of women-owned SBE's, to identify strategies for growth of these enterprises and to provide policy recommendations that would encourage growth of women owned SBE's in the agricultural sector of South Africa. The study is expected be useful to women entrepreneurs specifically those in agriculture, to the government and other policy institutions.

It is argued that socio-economic transformation in South Africa will continue to be top priority, given the lasting legacy of apartheid on the economic structure and control mechanisms of the economy. Upon analysis, this apartheid legacy left many South Africans ill-equipped with the necessary skills, resources and confidence to start up and run viable businesses of their own. Generations of discriminatory legislation and practice meant that the majority of black South African women had limited access to business opportunities and formal business training. The accumulation process under apartheid confined the creation of wealth to a racial minority and imposed underdevelopment on black communities especially women. This resulted in an economic structure that today still excludes the vast majority of South Africans (Chea, 2008).

### *Objectives*

The objective of this paper is to research women entrepreneurs in South Africa and identify challenges that women encounter to develop their businesses. The following aspects were looked at: to investigate and obtain an insight into the successes and failures of women entrepreneurs in South Africa; to explore and understand the policies and programmes that promotes the growth of women entrepreneurship in the business development.

### *Research Questions*

1. What are the key challenges facing by the women entrepreneurs in South Africa?
2. What are the strategies, policies and programs employed by the government to mitigate the entrepreneurial challenges in South Africa?

It is envisaged that the results of these study will enable the nation to adopt strategies/policies which will help to achieve the objectives of the women entrepreneurial development.

In this chapter an attempt is made to create a better understanding to the constraints and opportunities as perceived and experienced by women entrepreneurs in South Africa. The chapter further reviews existing programmes, policies and funds that provide access to financing for such entrepreneurs in South Africa and to determine the extent to which they are reaching women entrepreneurs. It provides business development support and other ancillary services to support women to grow their businesses in agriculture and access finance. Finally the chapter provides some policy recommendations about the state of access to finance for women entrepreneurs in South Africa, identify where gaps exist, and what programmes or services could be considered to address these gaps in a sustainable manner.

Technical co-operation programmes between South Africa and outside countries to be strengthened to draw experience and partnerships and to ensure women capacity building programmes for the development of entrepreneurs. To review incentives programme to be directed towards providing necessary interventions to restore activities in entrepreneurs in South Africa. Since this study will involve identifying some measures of success, it is anticipated that the ‘right’ female entrepreneurs will be identified to be part of entrepreneurs development initiatives in the country.

Nelson Mandela once said “A nation will never be free until its women are free”. South African women have experienced bitter lives during period of Apartheid and beyond. This has perpetuated poverty hence women in South Africa have carried a disproportionate burden of being underdeveloped and majority still does. South African women therefore continue to face serious inequalities and disadvantages especially in aspects of business development and forming the mainstream of the economy.

### *Research Methodology*

The aim of this survey was to establish the challenges faced by Small Medium Enterprises, and what needed to be done to address these. The main methodologies used in the study were desktop research and a document review.

There is acute shortage of empirical studies on women entrepreneurs in South Africa, in spite of the fact that it is one of the important sectors of the economy with great potential to contribute to the economic growth and development which eventually helps in employment generation. The data available only scan the surface and helps to scrutinise the important issues in relation to the entrepreneurial activities of South African women. Its a fact that the literature on women entrepreneurs in developing countries is limited and that the literature on women entrepreneurs in industrialised countries may not be relevant, the present study is aimed primarily at theory building rather than theory-testing. To guide future research, a new

perspective on women entrepreneurs is proposed and research questions, methods, and implications are discussed.

A major problem in South Africa is the lack of empirical studies on women entrepreneurs and the inadequate quality of statistical data. Research on women entrepreneur's contribution to the South African economy is non-existent and few studies point to a general profile of women entrepreneurs in South Africa. The data available and the profile that emerges are indicative rather than complete. Thus the available data is interpreted carefully, recognising potential inaccuracies.

Women business owners cite a number of reasons for becoming entrepreneurs. An analysis of the main reasons suggests the following trends:

- Challenges/attractions of entrepreneurship;
- Self-determination/autonomy;
- Family concerns – balancing career and family;
- Lack of career advancement/discrimination; and
- Organisational dynamics-power/politics (DTI, 2005).

The desire to make a social contribution is also a strong motivating factor for women entrepreneurs. Helping others has been found to be a key factor in women choosing to become business owners.

#### REVIEW OF LITERATURE

The aim of this literature is to study what other authors have done specifically in this area. The literature review will therefore focus on all aspects that may potentially affect the performance of women entrepreneurs that includes: It explores the challenges faced by women owned small business enterprise in South Africa and the strategies, policies and programs implemented in addressing those challenges.

There are very few studies on women entrepreneurs in Africa. This is largely due to the lack of indigenous research studies, lack of information, lack and limitation in contextual African methodologies, lack of relevant and up-to-date data and appropriate instruments of measure and problems of access to African women entrepreneurs in most African cultures and countries. African women entrepreneurs follow a path that is in most cases different from entrepreneurial activities in the developed countries of the West in an attempt to find an African answer to the applicability of models and theories developed in other parts of the world. In Africa, entrepreneurial activities are gendered in terms of access, control and remuneration. Many women tend to be in small sector microenterprises, mainly in the informal sector. It is inappropriate and undesirable for Africa to import entrepreneurial techniques wholesale from developed countries.

According to Kongolo (2012), women think facing gender challenges depends not only on their training and their own attitude, but also on overcoming cultural barriers that are linked to the gender-based social structure. Abedi et al. (2011) stated that the first South African Convention for the elimination of all forms

of Discrimination against Women defined discrimination as “any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition or enjoyment of exercise by women”. According to Chiloane (2010), the former President Thabo Mbeki stated that the “struggle for the rights of women continues” after the long period of colonialism and apartheid, imposed oppression and exploitation, especially on black women. The South African National Policy Framework for Women’s Empowerment and Gender Equality was aimed at eliminating all forms of discrimination against women internationally. Moreover, the Beijing Platform of Action and the United Nations Convention also were put in place to eradicate all forms of discrimination, be it in business or society at large (Republic of South Africa, 2006). To redress this, the South African government has put in place in the form of policy programmes to recognise women in business, such as the Small Business Act no. 26 of 1996. This Act was as a result of amendment to legislation and regulations to create the spirit of entrepreneurship (<http://readperiodicals.com>).

Mmbengwa et al. (2011) stated that the business is launched and either develops to a viable size or it is aborted at an early stage. Typically in this stage, women in agricultural environment must manage the enterprise largely through their own efforts. In this stage women are bound to show case their leadership skills while faced with ongoing global food price crisis which has refocused international attention on the importance of investing in agriculture, food and nutrition security. This will however not be achieved while gender disparities persist (Bowen et al., 2009). These disparities seriously undermine the potential of women as drivers of agricultural growth and disable them in their roles as the preeminent agents of household food security and welfare. The omission of gender variables in agricultural policies and interventions can represent more than opportunity costs and it can actively hurt or destroy women. In many rural contexts women often toil under the burden of fulfilling multiple tasks as entrepreneurs, producers, gatherers of water and fuel-wood and caregivers of the children as well as their family (Mmbengwa et al., 2011). Labour scarcity often becomes endemic in areas where there have been high levels of male outmigration to the cities. Based on the above mentioned women in the agricultural SBE’s sector tend to have little or no interest in or commitment to their business activities and the entrepreneurial career. They are also said to have limited motivation from their husband or spouses or the society as whole due to gender disparities. The general gender gap is explained by multiple factors (Bowen et al., 2009). The most important among these factors are social and cultural patterns keeping women out of the labour market as well as a tendency of government authorities to invest too little attention and resources in promotion of women’s in agriculture. This is a particularly vulnerable stage for a business as

According to Integrated Growth and Development Plan (IGDP) (2012) despite their small direct share of the total Gross Domestic Product (GDP), agriculture, forestry and fisheries are vital to South Africa and its economy.



*Small Business Enterprises Development in South Africa*

Women play a significant role in economies and are highly represented in the small business enterprises sub-sector. The majority of them are engaged in small income generating self-employment in agriculture and non-agricultural activities with low prospect for growth. Since women's economic wellbeing is linked to the development of the sectors and subsectors in which they operate, the research will be devoted in examining women's role in SBE's and assessing the challenges and opportunities for promoting women's economic development and empowerment through developing the SBE's (Welter & Andersson, 2007).

The SBE sector is globally regarded as the driving force in economic growth and job creation. The South African Department of Trade and Industry (DTI) estimates that small businesses employ almost half of formally employed persons, and contribute to 42 percent of the country's gross domestic product (Whiteside & Sunter, 2000). The role of government in South Africa is of critical importance in shaping the present and future of the SBE sector. A watershed shift has taken place since 1994 in the national policy environment surrounding small enterprises in South Africa. Post-apartheid South Africa has seen the emergence of a changed institutional and policy context, which governs the operations of the SBE economy. This sector has thus received considerable attention in recent years. The South African government has acknowledged the economic potential of a strong SBE sector, and is committed to its promotion and growth. It aims not only to increase the number of new ventures, but also to create an enabling environment to ensure the survival and growth of small businesses (Whiteside & Sunter, 2000).

The current legislation sets forth the national objectives for the SBE economy in South Africa. The goals proposed for the SBE economy, target the spectrum of SBE activities (RSA, 1995). The primary objective is to create an enabling environment for national, regional and local frameworks to stimulate economic growth through removing obstacles and constraints that prevent SBE from contributing to overall growth, to strengthen the cohesion between SBE, to overcome their isolation by promoting the networking of SBE to build collective efficiency, to address development obstacles, and to take opportunities. The other objective is to level the playing field between large enterprise and the SBE and between rural and urban businesses. Lastly, the national strategy targets the goal of enhancing the capacity of small business to comply with the challenges of an internationally competitive economy (NSBA). Small Enterprise Development Agency (SEDA) was established in terms of the NSBA to provide nonfinancial business development services to SBE. This includes amongst others: the provision of business development services; facilitation of business registration and facilitation of financial assistance and business advices (Creedy, 2008).

According to Makgoe (2009), since 1994, the South African government introduced and implemented a range of policy initiatives and programmes aimed at economic reform and in particular, those that give effect to the vision and



objectives of addressing the economic imbalances and uneven development within and between South Africa's regions. The past apartheid regime was characterised by segregated and unequal access to resources. The white minority in South Africa then, which was male dominant, used its exclusive access to both political and economic power to promote own sectional interests at the expense of other population and gender groups (Suda, 2002). This led to not only economic disparities between the different groups of South Africans, but also inequalities in terms of economic growth within South Africa. As tools to address the imbalances in economic inequalities, the government passed certain policies and promulgated a number of pieces of legislation.

Among these pieces of legislation and policy frameworks are: the Preferential Procurement Policy Act, Act 5 of 2000 (PPPFA), the Broad based Black Economic Empowerment Act, Act No. 53 of 2003 (BBBEE Act), (AgriBEE) and the National Small Business Act, Act 102 of 1996 (NSBA). All these are based against the background and vision that the achievement of a democratic system which cannot address the socioeconomic problems within an expanding and growing economy will have little content and will be short-lived. All these Acts and other related policies, underpin in some way both the bill of rights and the obligation of the government to redress and address the socioeconomic imbalances as enshrined in the Constitution of the Republic of South Africa, Act 108 of 1996 (Constitution) (Kongolo, 2012).

It is estimated that the failure rate of the SBEs in South Africa is between 70 percent and 80 percent (South Africa Yearbook, 2000). Rogerson (2006) in the study conducted identified that the following challenges as attributes to the failure rate in the Provinces:

- Access to finance
- Inadequate premises
- Lack of equipment and tools
- Lack of land, irrigation system and pest control
- Inadequate markets or marketing
- Theft
- Transport

According to Witbooi and Ukpere (2011) historically, the financial markets have always been gender blind, thus becoming the major obstacle for women to start, grow and strengthen their enterprises. In the past, many black women in South Africa often saw themselves as third- or even fourth-class citizens and disadvantaged because they were both black and women. Some people (not black women themselves) may say that they are now doubly privileged in times of affirmative action, more so as they can be double-counted, if a quota system for the "disadvantaged" is instituted. It is thus true that race has been identified as the primary driver of economic inequality in South Africa. However, other forms of disparity prevent certain groups, such as women from accessing economic

freedom and opportunity. Although they represent 52 percent of the South African population, women still suffer from historical and cultural disadvantages in terms of accessing opportunities, for a number of reasons. For example, risk taking among female entrepreneurs is based on a number of factors, namely financial risk, social and personal risks (Abor & Quatey, 2010).

Whiteside (1998) mentioned that while access to financial services continues to be largely racially defined in South Africa and other countries, the gender gap between men and women in terms of entrepreneurial venturing does exist and is likely to grow if special efforts are not undertaken to address the underlying issues that constrain women from growing their businesses. The lack of awareness about financial institutions, that helps women to participate in economic activities and lack of entrepreneurial skills were the important problems for them (Zimmerman, 2000).

There is a lack of capacity within government and state-owned enterprises to reach and offer efficient and sufficient support, limiting their scope to achieve the scale required. In agriculture, there has been a significant growth in budgets to provide direct support to black and disadvantaged women in small business development in the form of grants for infrastructure, production inputs.

Although the recent performance of South Africa's economy has been generally positive, both investment and output growth are still below the levels necessary to reduce unemployment and to achieve a more equitable income distribution. Despite growing emphasis on reducing poverty and increasing social spending, enormous social needs remain unmet and a large segment of the population is excluded from the formal economy as indicated by very high unemployment rates and has limited access to social services. Agriculture and rural development in South Africa is not possible without broad economic growth and macroeconomic stability (Kongolo, 2012).

This in turn calls for well gauged fiscal and monetary policies designed to achieve economic growth above the rates prevailing currently. However, in a country like South Africa, broad economic growth is inconceivable without resolving profound humanitarian problems, such as social divisions, illiteracy and low education levels and HIV/Aids. These problems are largely rooted in rural or urban South Africa in which agricultural development has an important role to play in their resolution. There is therefore a circular dependence between agricultural, economic growth and human development, which ultimately represents the most difficult challenge facing South Africa's policy makers (Egun, 2009).

However, the long-term solution requires involving a greater part of the rural poor in economic activities generating sufficient income. While recognising the important role of agricultural development in addressing poverty and inequalities, it should also be clear that the potential of agriculture and agricultural (land) reform itself to reduce poverty is limited. The current and prospective role of agriculture in the economy and South Africa's relatively scarce natural resources (arable land, water) suggest that only a limited number of people may secure fair living standards from agriculture only. The main potential to reduce rural poverty and inequity lies

in the development of overall frameworks providing social security, education and training as well as health care and also developing adequate infrastructures in rural areas. There is therefore a need to examine how recent and ongoing sectoral and economy-wide policies contribute to poverty reduction by integrating poor population in broader economic activities (Gumedde, 2000).

#### CHALLENGES AND OBSTACLES FOR WOMEN ENTREPRENEURS

Women entrepreneurs in most countries in Africa are severely constrained by factors such as the collapse of the official banking systems, poor transportation systems, the unavailability of foreign exchange, the decline in public services and administration, the collapse of supply systems, harassment, extortion and arrest of entrepreneurs for illegal activities. Women suffer from lack of critical resources.

Women in Africa tend to work in small-scale enterprises. African women in informal sector activities seem to be the norm on the continent. Engendered access to control and remuneration creates handicaps that include: insufficient capital, limited expansion and women's networks being restricted to micro-entrepreneurial activities. Female solidarity has had little success in the face of culture, class, ethnic and socio-economic differences (DTI, 2005).

The major constraints to the expansion of entrepreneurial activities for South African women entrepreneurs are lack of capital, landlessness, labour, education, family, discrimination and training.

It can be concluded that the key challenges facing women entrepreneurs in South Africa are:

- Inadequate access to formal credit;
- Vulnerability of women to adverse effects of trade reform;
- Restraints with regard to assets (land);
- Lack of information to exploit opportunities; and
- Poor mobilisation of women entrepreneurs (DTI, 2005).

For sustainable development to succeed in Africa, the participation of women in the economy needs to be promoted by reducing poverty amongst females, increasing their access to educational opportunities and enhancing their access to power and decision-making.

Women generally lack the necessary resources for starting and developing their own businesses. Resources critical for success are the assets that women bring with them to the entrepreneurial process in the form of human capital (formal and occupational experiences) and the entrepreneur's ability to access resources in the environment (e.g. capital, suppliers, customers). Human capital is derived through investment in education and training. Research supported the theory that women have been impeded from acquiring adequate levels of human capital because of social and cultural forces (DTI, 2005).

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Socio-cultural constraints have limited women's access to a meaningful business, and led to careers interrupted by family obligations. They have less human capital for the management and development of their businesses. Demands on human capital, in terms of education and experience, are specific to the nature of the entrepreneurial venture, and hence vary between industries etc. Additionally, barriers have been seen to impede women's access to financial resources (DTI, 2005).

Thus the main obstacles that women face in business are educational and work background, psychological characteristics, motivation, perception and career efficacy, training and skills development, comparative earning levels, management practices, external networking, desire to succeed and other obstacles (DTI, 2005).

The lack of management skills and low levels of management training are issues facing women's entrepreneurial ventures, particularly in the case of micro enterprises. Support organisations cite a lack of sales and marketing skills as the most commonly reported problem faced by female entrepreneurs, after finance (see also DTI, 2005: 6–7).

As women are an emerging sector in the global business environment, support is a potentially important means of raising the level of entrepreneurship in society overall. Support for women in business encompasses the following interventions:

- Encouraging and assisting relevant business support initiatives;
- Appropriate financial assistance to women entrepreneurs;
- General information and education programmes;
- Mentoring programmes; and
- Support for networking structures.

The probability of a woman becoming an entrepreneur can be increased by exposure of the individual to formal learning experiences and to the tasks associated with owning a business. This exposure can be accomplished through mentors or role models in the workplace, home, career guidance, internships, and cooperative education programmes.

Effective networking that aims to inform women entrepreneurs about policies may have secondary benefits in terms of encouraging women in business. Given the increasingly international nature of the business environment, there is a case for introducing specific measures to enable women entrepreneurs to communicate with their counterparts in other countries.

### *Women and the Economy*

South Africa is an Upper Middle Income country with a population of 48,687,000. Of this number 24,693,026 are female. Fifty percent of the workforce is made up of women (World Bank, 2010).

Since Independence, South Africa has been focussing and moving on the right direction to create a conducive environment for entrepreneurs especially for the

women who are more than 50% of the total population in the country. However, the women entrepreneurs have been facing immense challenges in the course of their entrepreneurial journey. Therefore there is an urgent need for the Government to accelerate its unconditional support to provide necessary skills training and financial help to minimise the challenges and provide the cost-effective solutions to make the business more robust and sustainable.

South Africa is the second largest economy in Africa after Nigeria. It leads the continent in industrial output and mineral production and generates a large proportion of Africa's electricity. It has abundant natural resources, well-developed financial, legal, communications, energy and transport sectors, a stock exchange ranked among the top twenty in the world, and a modern infrastructure supporting efficient distribution of goods throughout the Southern African region.

Until the global economic crisis hit South Africa in late 2008, economic growth had been steady and unprecedented. From the first quarter of 1993 to the second quarter of 2008, the country enjoyed an unprecedented 62 quarters of uninterrupted economic growth. However, as the crisis made itself felt, GDP contracted in the third and fourth quarters of 2008, officially plunging the economy into recession (World Bank, 2010).

The global financial crisis 'sharply changed the outlook for an already slowing economy and posed new challenges for macroeconomic policies' in South Africa. Large capital outflows, triggered by investor withdrawal from emerging market assets lowered stock prices and depreciated the South African rand close 15 per dollar in November 2015. South Africa-specific factors, such as the high current account deficit and policy uncertainties created by the upcoming national elections in April 2009, also contributed to an elevated perception of risk. In addition, a sharp decline in external demand and a slump in the prices of some major export commodities further weakened the economy. These shocks pushed the economy into a recession, while the costs of borrowing in international markets rose significantly, as it did for other emerging market economies.

According to the National Development Plan (NDP), government views small and medium enterprises (SMMEs) as contributing about 90% to the growth target of 2030. In line with this, the importance of small businesses in the country has been widely recognised both by the public and private sector.

Currently, about two-thirds of the labour force in the country is employed by SMMEs, translating to a contribution of about 50% of the country's Gross Domestic Product (GDP). The main factor is that small enterprises are usually more labour-intensive than large corporations, therefore possessing the ability of creating the much needed employment for the economy.

#### *Factors Affecting Women Entrepreneurs in South Africa*

While South Africa has long recognised the need to support entrepreneurship to boost economic growth and job creation, the existing policy interventions and

programmes are not having the anticipated impact. The narrowing of the gap between the growth in women entrepreneurship and the contextual reality is contingent on skills training and tertiary education; removal of hidden and subtle gender discrimination; change in existing prejudices and stereotypes regarding the role of women in a male-dominated economy; the demand for socio-economic rights; and policy advocacy.

The effective voice of women in business must shift from the survivalist sector to small business ventures and medium to large-scale enterprises.

Entrepreneurship in South Africa is affected by a number of factors including race, gender and location. The statistics on gender in the economy reveal large differences between women and men and between black and white women. Because of the limited opportunities in the formal employment sector, many women, and especially black women, are forced to work in the poorly paid and largely unregulated informal sector. Access and control over resources is still based on 'race', gender and class. Consequently South Africa remains characterised by extreme poverty, social disintegration, mass unemployment and the exclusion of the majority of people from socio-economic development and growth.

In South Africa men are 1.7 times more likely than women to be involved in entrepreneurial activity. Total entrepreneurial activity rates vary significantly across regions, ranging from 9.9% in Gauteng to 3.1% in the Northern Cape and North West. The difference in prevalence rates is due to differences in opportunity-based entrepreneurial activity rates, which are significantly higher in Gauteng and the Western Cape than in other provinces (DTI, 2005).

There is considerable variation in total entrepreneurial activity across the regions. Total entrepreneurial activity rates range from 9.9% in Gauteng to 3.0% in the Northern Cape and North West. Gauteng and the Western Cape have the highest levels of entrepreneurial activity, although the difference between them is not significant.

Entrepreneurial activity in KwaZulu-Natal is significantly different from either the Western Cape or the Free State. The Free State and the Eastern Cape have similar rates of entrepreneurial activity, which are slightly over half the rate in Gauteng, Mpumalanga and Limpopo and the Northern Cape and the North West. Overall the higher activity levels in Gauteng and the Western Cape considerably boost entrepreneurial activity in South Africa (cf. DTI, 2005).

According to the 2010 Small Business Survey, the largest proportion of small business owners resided in Gauteng province (23%) compared to 9.8% in Limpopo province. The majority of small businesses in Gauteng were service providers (34.2%), while the majority in Limpopo were retail services (78.2%). Small businesses in Gauteng were larger than those in other provinces which contributed significantly in job creation, while small businesses in Limpopo were smaller than those in other provinces. Thus, greater credit demand for investment purposes is expected in Gauteng compared to Limpopo (NCR, 2011).

### *Government Policy*

Whilst it is strategically important for the government to target ‘women’s entrepreneurship’ in South Africa for policy attention, it is critically important to address the limitations and exclusions of issues affecting women entrepreneurs and the ways in which these are interred within policy and state regulatory practices. Government policy and the availability of inputs determine the success of women’s business enterprises:

The quality of social life in a society is one of the most powerful determinants of health strategies in addressing the effects of HIV/AIDS on women entrepreneurs in South Africa. Researchers have emphasised the important role that social networking plays in the entrepreneurial development of women.

### CONCLUSION

This study concludes that further research is needed that would present a realistic profile of women entrepreneurs in South Africa and make a meaningful contribution to women’s business success, personal achievement and multiple societal and national developmental objectives that promote sustainable livelihoods. Therefore, there is an urgent need for more government involvement in women’s entrepreneurial development and greater emphasis should be placed on funding women entrepreneurship in South Africa. Adequate government funding is crucial to the development of women’s entrepreneurship.

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